Global Financial Services Regulatory Guide - Czech Republic

3. What types of activities require a license in your jurisdiction?

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# What types of activities require a license in your jurisdiction?

The Czech Republic regulates a broad range of activities, including the following:

Accepting deposits – This covers typical retail banking activities involving the operation of current and deposit accounts.

Issuing electronic money – Electronic money is a prepaid electronic payment product that can be card- or account-based.

Carrying on payment services – This covers a broad range of activities involving matters such as money remittance, card issuance, acquiring card transactions and the operation of payment accounts.

Consumer lending – This covers a broad range of subjects providing credit to consumers, both as plain consumer credit and as mortgage consumer credit.

Carrying on insurance business – This involves effecting and carrying out contracts of both life and general insurance.

Trading in investment instruments as principal or as agent on the basis of client’s instruments – This predominantly covers entities such as investment firms.

Arranging transactions in investment instruments – This activity predominantly covers the role of intermediaries and tied agents in transactions with investment instruments.

Investment advice in relation to investment instruments and investment mediation (this does not include advice on capital structure, industrial strategy, and related matters and advice and services relating to mergers and the purchase of undertakings; provision of such advice and services does not require CNB license).

Insurance mediation activities – Czech regulation covers various insurance brokering activities as well as the handling of claims on behalf of the insured.

Investment management – Managing investment instruments on behalf of another person is a regulated activity. Specific permission is required where a person carries on this activity in relation to an investment fund.

Establishing, operating and winding up an investment fund – These include collective investment funds and funds of qualified investors.

Providing custody (safeguarding and administration of investment instruments) – Providing custody services in relation to assets that include investment instruments is a regulated activity. Specific permission is required to act as the depositary of an investment fund.

What is the regulatory status of crypto-assets and cryptocurrencies in your jurisdiction?

The Czech Republic regulates a broad range of activities surrounding cryptocurrencies, fostering an environment for the development of crypto-assets and cryptocurrencies within the established legal framework. Ordinarily, only a general trade license is required for activities regarding crypto-assets and cryptocurrencies. However, in some cases, specific permission is required.

Certain cryptocurrencies may be deemed electronic money. Notably, if a cryptocurrency represents a claim against its issuer, is issued against the receipt of funds for payment transactions, and is accepted by parties other than the issuer, it could qualify as electronic money. Stablecoins, backed by centralized services ensuring exchange guarantees, might meet this criterion. Consequently, entities issuing such digital tokens may require registration or licensing from the CNB to operate as electronic money issuers.

The CNB does not classify crypto-assets as traditional investment instruments. However, trading derivatives linked to crypto-asset prices or managing investors' assets invested in crypto-assets necessitates authorization. Individuals engaged in continuous, profit-oriented cryptocurrency mining are considered entrepreneurs, requiring a trade license.

The provision of services encompassing the sale, purchase, holding, exchange, and other activities associated with crypto-assets falls under regulatory purview. While the purchase or sale of crypto-assets for personal accounts generally does not require special authorization, specific situations involving currency exchange necessitate adherence to payment transaction regulations.

The Czech anti-money laundering legislation broadly designates obliged entities in the context of crypto-assets. Providers offering exchange services between crypto-assets and fiat currencies, along with those offering crypto-related services in their business activities, are categorized as virtual asset service providers and must comply with anti-money laundering rules.

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