



Circular

“Fitness and Propriety”

1. Introduction

1.1 This circular applies to all financial institutions and individuals registered and/or licensed, or applying to be registered or licensed with the Financial Services Commission (FSC). It was issued in order to enhance financial institutions’ knowledge of fitness and propriety standards applied by the FSC, the assessment process and ongoing obligations associated with demonstrating continued fitness and propriety.

1.2 The requirement to assess suitability for all financial institutions and individuals regulated by the FSC was established with the enactment of the Financial Services Commission Act, 2010-21 (FSC Act) and reinforced with amendments to the Insurance Act Cap. 310; Exempt Insurance Act Cap. 308A; Co-operatives Societies Act Cap. 378A; Mutual Funds Act Cap. 320B, and Securities Act Cap. 318A, which were made in 2011. For some financial institutions the fit and proper test was a customary practice; however, this exercise has now been expanded to incorporate all financial institutions and individuals in furtherance of the FSC Act requirements.

2. Fit and Proper Framework

2.1 The Fit and Proper Framework may be applicable to the financial institution itself and/or to the individuals involved who have control and/or management, as well as to those who discharge certain responsibilities on behalf of the institution (key persons).

2.2 Timing of Fit and Proper Assessments

- 2.2.1 Fitness and propriety is assessed initially i.e. in consideration of an application for registration and licensing or in respect of the approval of key persons. The assessment also occurs whenever key persons change.
- 2.2.2 Where permitted under the legislation, the FSC may decline an application for registration or licensing, or refuse the approval of an individual if the individual is deemed not fit and proper.
- 2.2.3 An individual or financial institution must continue to be fit and proper. There is also a continuing obligation on regulated persons to demonstrate that individuals and the financial institution are fit and proper to conduct the regulated activities. In the event that there is a material change in information, which may negatively impact a person's fitness and propriety, persons should seek to disclose the change to the FSC within thirty (30) days of the material change.

2.3 Assessment Criteria

- 2.3.1 In conducting fit and proper assessments the FSC is seeking to ascertain the following in respect of key persons:
- i. reputation, honesty and integrity*
The criteria examined by the FSC include whether key individuals have been convicted, on indictment of dishonesty, fraud, breach of trust, money laundering, theft or financial crimes.
 - ii. competence and capability as it relates to experience, educational and qualifications*
The criteria examined by the FSC include whether key persons satisfy relevant training requirements in relation to the function they perform or are intended to perform, and whether key persons demonstrate by experience and training that they are suitable to perform the function.

iii. financial soundness

The criteria examined by the FSC include whether key persons have been subject to any judgment debt or award in Barbados or elsewhere, that remains outstanding or was not satisfied either in whole or in part; or whether in Barbados, or elsewhere, key persons have made any arrangements with their creditors, filed for bankruptcy, been adjudged as bankrupt, been the subject of bankruptcy petition or have been involved in proceedings relating to any of these.

3. Fit and Proper Assessment

3.1 Documentation

- i. A completed version of the Individual Questionnaire (questionnaire) released by the FSC;
- ii. An up-to-date résumé detailing the professional background of the individual (**Beneficial owners are not required to submit a résumé**);
- iii. A certified copy of the individual's passport picture page;
- iv. A valid original Police Certificate of Character (certificate) or an Affidavit where a certificate cannot be obtained from the country of residence (issued within the last three(3) months); and
- v. Documents submitted in support of the application should be submitted in English. Where the documents are in a foreign language, however, an independently authenticated translation must be provided, i.e. a translation by a professional translator with the full name, address, contact information and signature of the translator and the date of the translation.

3.2 The questionnaire must be completed by individuals who are proposed or existing directors and relevant officers, principals, and promoters (mutual funds), as well as individuals who are 10% or more shareholders and ultimate beneficial owners.

3.3 In completing the questionnaire individuals should be guided by the instructions in the Individual Questionnaire, as well as by this circular.

4. Submission of Documentation

4.1 The completed fit and proper documentation should be submitted to the Registration and Licensing Division of the FSC. In the case of documentation submitted in respect of an application for registration or licensing, the entire application package, together with fit and proper documentation, should be submitted to the Registration and Licensing Division.

5. Confidentiality, Disclosure and Maintenance of Information

5.1 All information submitted, including documentation, will be maintained in a strictly confidential manner. Disclosure of information internally will, therefore, be restricted.

5.2 Disclosure of information to external persons will only be undertaken as permitted by the law.

5.3 A central database containing details of the persons who have been assessed will be maintained by the Registration and Licensing Division. The database eliminates the need for individuals to re-submit documentation multiple times in respect of further applications or approvals. In the event that there has been a material change in the information initially disclosed, further disclosures, including completion of a revised questionnaire, may be required in order to update the database.