



EUROPEAN CENTRAL BANK

BANKING SUPERVISION

# Fit and Proper Guide

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# Purpose of fit and proper enhancement measures

What is our vision and objective?



**Raise the bar** and increase **efficiency and transparency** with the following measures

Reinforcement of **reassessment** policy and additional policy on **individual accountability**

Encourage banks to pursue an ex ante approach

Initial supervisory expectations on **climate risks** expertise and **gender diversity**

Increased **clarity** on information to be **provided** in fit and proper (F&P) applications








# Revised F&P Guide – Overview of contents and additions

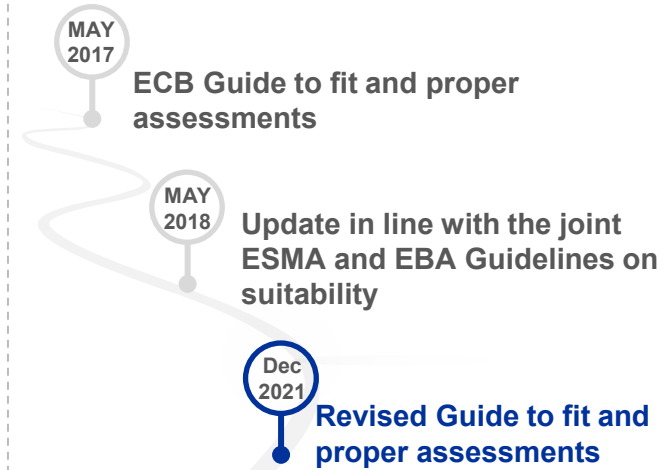
## What's new?

## Structure of the F&P Guide

## How we got here



Guiding principles and scope of the ECB's fit and proper assessments	
Legal framework	
Assessment criteria	
Fit and proper-related authorisations	
Situations that trigger a fit and proper assessment other than new initial appointments	
Interviews	
Notifications, decisions and ancillary provisions	



## Reassessments



### Objective

Clarify the reassessment process and further define the concepts of materiality and severity  
Enhance guidance on reassessments, with a special focus on anti-money laundering (AML) findings and ongoing proceedings

### Main measure

**Clarification of process:** (a) pre-screening phase; (b) Step 1 reassessment; and (c) Step 2 reassessment  
**Guidance on substance:** introduction of a decision wheel to guide materiality and severity assessment  
**Focus on ongoing proceedings and on AML:** specific guidance in relation to ongoing proceedings and proceedings related to AML

# Revised F&P Guide – “increasing transparency and raising the bar”

## Ex ante approach



### Objective

Promote harmonisation and a level playing field without prejudice to national law by frontloading assessments for chief executive officer (CEO) and other executive positions in top entities of significant institutions

### Main measure

Banks in scope are invited to submit the respective F&P questionnaire and CV for the newly appointed **CEO and/or executive members** of the management body as soon as there is an **intention to appoint** (e.g. after the proposal from the nomination committee).

## Individual accountability



### Objective

Clarify that severe supervisory findings for which the appointee has no direct responsibility may still impact an appointee’s suitability, as the appointee may be held individually accountable for good management and adequate decision-making

### Main measure

**F&P criteria impacted:** reputation, experience, independence of mind (case-by-case analysis)

**Outcome:** a) positive decision either with ancillary provisions or addressing supervisory expectations regarding the individual accountability of board members; or b) possible negative decision where the facts are not mitigated

## Climate-related and environmental risks



### Objective

Reinforce the F&P Guide by including elements from the ECB Guide on climate-related and environmental risks which should also be considered in F&P assessments, including experience and collective suitability

### Main measure

Additions were made to the F&P Guide – **experience, collective suitability and ECB approach to interviews**

# Revised F&P Guide – “increasing transparency and raising the bar”

## Diversity



### Objective

Reinforce the F&P Guide as regards collective suitability by reflecting current practice in addressing diversity concerns: preliminary focus will be on gender diversity, but other diversity components may be addressed in the future. ECB policies on diversity will be further developed.

### Main measure

Additions were made to the F&P Guide – **collective suitability**



**Thank you for your attention**

**Q&A**