

**BANKING STANDARDS BOARD
CONSULTATION PAPER**

**Certification Regime:
(3) Fitness and Propriety assessment record
template**

JUNE 2016

Introduction

The proposals in this template are intended to operate as voluntary good practice guidance and should not be considered as an exhaustive list of factors and practices that a firm should take into account when recording a Fitness and Propriety (F&P) assessment in the context of the Certification Regime¹. This template should not be relied on as the basis for any decision or action.

The Certification Regime requires firms to certify that relevant individuals are 'Fit and Proper' to perform their role. To help develop a common approach to Certification, over the course of 2016 the Banking Standards Board (BSB) has been working with a group of member firms through a Certification Regime Working Group. The Working Group agreed that the BSB should develop a template as a guide to and record of the type of information that a firm should be gathering on a regular basis as part of the Fitness and Propriety (F&P) assessment process. This template could also serve to facilitate the effective sharing between firms, when appropriate, of the approach taken in conducting an F&P assessment (i.e. the sources of information that firm uses and their frequency of use in relation to any particular role).

This document sets out the various sources of information for each F&P element (honesty and integrity, reputation, competence and capability and financial soundness) that a firm may wish to use in assessing an individual's F&P. It is not envisaged that firms will necessarily use or review each source of information every year. Rather, the template leaves a space for a firm to confirm which sources of information they have used, the date this was verified and any further comments.

The comments section can be used to provide any relevant detail for each source of information used; if, for example, an individual did not achieve the performance rating required to demonstrate competence and capability, information could be recorded of any subsequent performance improvement plan. Conversely, where a required competency level was exceeded, details of any additional training and / or qualifications attained could be provided.

A section has also been provided to assess the regulatory reference issued to a new joiner by his or her previous employer (subject to the outcome of the new finalised regulatory rules), and for the hiring firm to record any comments stemming from this (e.g. any information which may call F&P into question).

At the end of the template, there is a section to be completed by the relevant F&P assessor (e.g. the line manager, local supervisor) to record the reasons for their judgement e.g. any

¹ The Individual Accountabilities Regime (of which the Certification Regime is part) was introduced following changes set out in the Banking Reform Act 2013 to replace the approved persons regime, based on the Parliamentary Commission on Banking Standards' (PCBS) recommendations to improve professional standards and culture within the UK banking industry. For further details see: <https://www.the-fca.org.uk/improving-individual-accountability> or <http://www.bankofengland.co.uk/pru/Pages/supervision/strengtheningacc/default.aspx>.

mitigating circumstances, any additional parties they have consulted with and any other points of note.

Finally, space is left for an overall assessment of whether the individual is fit and proper to perform the role.

This document should be read in conjunction with the following papers:

- BSB Consultation Paper – Certification Regime: Fitness and Propriety (June 2016)
- (1) Fitness and Propriety definitions and sources of information (June 2016)
- (2) Fitness and Propriety assessment principles (June 2016)

F&P Assessment record template

Profile of assessed individual

Name of assessed individual	
Name of F&P assessor	
Completion date of assessment	
Role description of individual (to include certificated function(s) in broad terms)	
Individual's certification / F&P history (e.g. previous years that the individual has been certified and the specific role occupied, and any F&P issues raised in previous years)	

Regulatory reference (for new joiners)²

Date requested	
Date received	
Issuing firm	
Comments (e.g. any information which calls into question, or has the potential to call into question, an individual's F&P)	

² In the event that final PRA/FCA rules require this and to be updated in light of these rules.

Other assessed sources of information

(1) Honesty and integrity

Source of information	Source of information used (✓)	Date carried out	Comments
1.1 Results of internal checks			
Conduct rule breaches			
Internal disciplinary proceedings			
1.2 Results of external checks			
Professional body (if appropriate)			
Disclosure and Barring Service (DBS)			
Overseas criminal records check			
Ministry of Justice / Court Tribunals judiciary			
Clearing house (e.g. LCH.Clearnet)			
Staff fraud checks			
Company searches (e.g. prior organisations the individual was involved with (investigations / liquidation))			
Sanctions check			
1.3 Self-declaration			
Contents of the self-declaration form and accuracy of information declared			
1.4 Recruitment process (for new joiners)			
Interview notes			
Results from ethical and psychometric tests			
1.5 Other			
Any other sources of information			

(2) Reputation

Source of information	Source of information used (✓)	Date carried out	Comments
2.1 Results of internal checks			
Performance appraisal (e.g. 360 degree feedback / annual performance rating attained)			
Internal references (e.g. conducted prior to an internal move)			
2.2 Results of external checks			
Regulatory body complaints / breaches			
Professional body complaints / breaches			
Social media ³			
Professional connection websites			
Media profile			
External publications (e.g. academic / professional papers)			
Recorded customer / client feedback			
2.3 Self-declaration			
Contents of the self-declaration form			
2.4 Contribution or service to the profession / industry			
Membership of industry bodies / other financial or professional associations			

³ For example, this could include checking online activity and profile in line with a firm's formalised process for initial and ongoing screening as well as in accordance with data protection legislation.

Source of information	Source of information used (✓)	Date carried out	Comments
Participation and attendance of industry bodies / other financial associations			
Speaker appearances at industry events or other aspects of public professional profile (e.g. contributions in trade journals / press)			
2.5 Other			
Any other sources of information			

(3) Competence and capability

Source of information	Source of information used (✓)	Date carried out	Comments
3.1 Performance management process outcome			
Performance appraisal (e.g. 360 degree feedback / annual performance rating attained)			
3.2 Qualifications and education			
Professional (e.g. Industry / other sector body qualifications)			
Educational (e.g. degree level or equivalent / other)			
3.3 Training			
Firm-wide mandatory training			
Job specific training			
3.4 Recruitment process (for new joiners)			
Application and interviews during the recruitment and selection process (e.g. details of interview notes, assessment results, rationale for hiring)			
3.5 Self-declaration			

Source of information	Source of information used (✓)	Date carried out	Comments
Contents of the self-declaration form			
The annual review by an individual of the job descriptions for their roles			
3.6 Other			
Any other sources of information			

(4) Financial soundness

Source of information	Source of information used (✓)	Date carried out	Comments
4.1 Results of internal checks			
Indicators of financial irresponsibility			
Compliance with expenses policy			
Use of risk assessments to determine attitude towards finances			
4.2 Results of external checks			
Credit reference agencies (e.g. Public and Credit Account Information Sharing (CAIS) check)			
4.3 Self-declaration			
Contents of self-declaration form			
Disclosure of a wider range of statements ⁴			

⁴ For example, the purpose of these statements could be to demonstrate that the cost of meeting liabilities as they fall due, is adequately covered by salary and personal assets.

Source of information	Source of information used (✓)	Date carried out	Comments
4.4 Other			
Any other sources of information			

Summary conclusions

This section should be completed by the relevant F&P assessor⁵ to demonstrate adequate evidence of their F&P conclusion and decision based on the sources of evidence reviewed. This should include any details of mitigating circumstances, any other parties consulted with (e.g. HR and Compliance) and any other points of note.

F&P element	Comments
Honesty and integrity	
Reputation	
Competence and capability	
Financial soundness	

Overall assessment

Fit and proper declaration:

I am satisfied that the individual is fit and proper to perform [insert role(s)]

Yes

No

Completed by:

Role:

⁵ For example; line manager, local supervisor

