

Fit and Proper test for Employees and Senior Personnel sourcebook

Chapter 1

General

1.3 Assessing fitness and propriety

- 1.3.1** **G** The *FCA* will have regard to a number of factors when assessing the fitness and propriety of a *person* to perform a particular *controlled function*, as more particularly described in ■ FIT 2 (Main assessment criteria).
- 1.3.1A** **G** The *FCA* would expect *firms* that are required to assess the fitness and propriety of *staff being assessed under FIT* to have regard to substantially the same factors as those outlined in ■ FIT 2.
- 1.3.1B** **G** In the *FCA's* view, the most important considerations will be the *person's*:
- honesty, integrity and reputation;
 - competence and capability; and
 - financial soundness.
- 1.3.2** **G** In assessing fitness and propriety, the *FCA* will also take account of the activities of the *firm* for which the *controlled function* is or is to be performed, the *permission* held by that *firm* and the markets within which it operates.
- 1.3.2A** **G** A *firm* assessing the fitness and propriety of *staff being assessed under FIT* should consider:
- (1) the nature, scale and complexity of its business, the nature and range of financial services and activities undertaken in the course of that business; and
 - (2) whether the *candidate* or *person* has the knowledge, skills and experience to perform the specific role that the *candidate* or *person* is intended to perform.
- 1.3.2B** **G** A *firm* is reminded that, in assessing a *candidate* for a position within the *management body* of the *firm*, ■ SYSC 4.3A.3R(3) requires the *firm* to ensure that the *management body*, as a collective, possesses adequate knowledge, skills and experience to understand the *firm's* activities.
- 1.3.3** **G** The criteria listed in ■ FIT 2.1 to ■ FIT 2.3 are *guidance* and will be applied in general terms when the *FCA* is determining a *person's* fitness and propriety.

- It would be impossible to produce a definitive list of all the matters which would be relevant to a particular determination. A *firm* assessing the fitness and propriety of *staff being assessed under FIT* should be guided by substantially the same criteria in ■ FIT 2.1 to ■ FIT 2.3 (to the extent applicable to the *firm*), recognising that this is not intended to be a definitive list of matters to be considered.
- 1.3.4** **G** If a matter comes to the *FCA's* attention which suggests that the *person* might not be fit and proper, the *FCA* will take into account how relevant and how important it is. In the same way, if a matter comes to the attention of a *firm* which suggests that any *staff being assessed under FIT* might not be fit and proper, the *firm* should take into account how relevant and how important that matter is.
- 1.3.4A** **G** A *firm* assessing the continuing fitness and propriety of an *approved person* is required to notify the *FCA* under section 63(2A) of the *Act* if it forms the opinion that there are grounds on which the *FCA* could withdraw its approval (see ■ SUP 10C.14.24R). In discharging its obligation to notify the *FCA*, a *firm* should take into account how relevant and how important the matter is that comes to its attention which suggests an *approved person* might not be fit and proper before determining that a notification should be made.
- 1.3.4AA** **G** In relation to a *firm* assessing continuing fitness and propriety of an *approved person* under section 63(2A) of the *Act* during a temporary absence, see the *guidance* at ■ SUP 10C.14.5GG.
- 1.3.4B** **G** A *firm* assessing the continuing fitness and propriety of *staff being assessed under FIT* should assess the role that the individual is actually performing at the time the assessment is done. For this purpose, the assessor(s) should be provided with an up-to-date job description for that individual in advance of the assessment.
- 1.3.5** **G** During the application process for a *controlled function*, the *FCA* may discuss the assessment of the *candidate's* fitness and propriety informally with the *firm* making the application and may retain any notes of those discussions.