



CENTRAL BANK OF  
TRINIDAD & TOBAGO

# FIT AND PROPER GUIDELINE

The purpose of this Fit and Proper Guideline ('Guideline') is to provide guidance to regulated entities and persons on the criteria, approach and considerations that must be applied when conducting fit and proper assessments.

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## Table of Contents

Table of Contents .....	1
1. INTRODUCTION .....	2
2. PURPOSE OF THE GUIDELINE.....	2
3. SCOPE OF APPLICATION .....	3
4. DEFINITIONS .....	4
5. FIT AND PROPER ASSESSMENT CRITERIA .....	5
6. OBLIGATIONS OF THE REGULATED ENTITY .....	13
7. APPROACH TO FIT AND PROPER ASSESSMENTS .....	14
8. FIT AND PROPER INTERVIEWS BY THE CENTRAL BANK .....	15
9. ONGOING OBLIGATIONS OF APPROVED PERSONS .....	16
10. WHISTLEBLOWING .....	17
TABLE 1: DOCUMENTATION AND FREQUENCY REQUIRED FOR FIT AND PROPER ASSESSMENTS.....	18
APPENDIX I - ISSUES FOR CONSIDERATION IN THE ASSESSMENT OF A CORPORATE SHAREHOLDER.....	21
APPENDIX 2 – FURTHER GUIDANCE ON ASSESSING COMPETENCY AND EXPERIENCE ..	23
APPENDIX 3 - POTENTIAL MATERIAL CONFLICTS OF INTEREST .....	25
APPENDIX 4: FURTHER GUIDANCE ON TIME COMMITMENT ASSESSMENTS.....	27

## 1. INTRODUCTION

- 1.1 Persons regulated by the Central Bank of Trinidad and Tobago (“Central Bank”) are required to be, or to be owned, controlled and managed by persons who are “fit and proper”. Such persons are required to, inter alia, maintain high ethical standards, exhibit conduct and business dealings which support a conclusion of overall integrity and probity, and be competent and qualified to conduct such business.
- 1.2 Governing legislation requires that regulated entities be responsible for ensuring that they are prudently and soundly managed based on the requirements of the relevant legislation. Therefore, on an ongoing basis, the Central Bank requires that those entities develop and implement clear policies, procedures and systems to guide the recruitment and appointment of directors, officers and other persons who are statutorily required to be fit and proper. Legislation also requires that the controlling and significant shareholders of regulated entities be fit and proper persons.
- 1.3 Additionally, the Central Bank has a statutory responsibility to approve controlling and significant shareholders, directors, officers and other persons who own, control, manage or perform key functions in regulated entities, or who conduct key regulated functions themselves, as fit and proper. Consequently, this Fit and Proper Guideline (“Guideline”) is intended to provide guidance to regulated entities and those persons on the criteria, approach and considerations that should be applied when changing significant and controlling shareholders or appointing individuals to key positions.

## 2. PURPOSE OF THE GUIDELINE

- 2.1 The purpose of this Guideline is to provide guidance to regulated entities and persons on the criteria, approach and considerations that must be applied when conducting fit and proper assessments.
- 2.2 The primary objective of assessing fitness and propriety is to ensure that the regulated entity is prudently managed and directed and that persons performing regulated functions are not a source of weakness to the regulated entity. To that end, ensuring that persons are fit and proper serves to safeguard the interest of depositors, policyholders, the public at

large and by extension the financial system against possible harmful conduct.

2.3 Among other things, this Guideline specifies:-

- i. Who is required to be fit and proper;
- ii. The responsibility of the board of regulated entities for establishing and approving fit and proper policies;
- iii. The responsibility of the senior management of the regulated entity for applying the fit and proper policy and implementing related procedures for ensuring persons who direct, manage, control or perform a key regulated function are fit and proper at the time of appointment or recruitment and on an on-going basis.

2.4 The Central Bank will review the Guideline every three years or upon occurrence of an event that it considers to be significant to ensure continued relevance of the Guideline and adherence to international standards and best practices.

2.5 This Guideline replaces the May 2005 Fit and Proper Guideline and has informed amendments to the Personal Questionnaire and Declaration forms ("PQD") and Corporate Questionnaire and Declaration forms ("CQD") issued and utilized by the Central Bank as part of its fit and proper assessment of regulated entities and persons.

2.6 Also, the Guideline should be read in conjunction with the relevant legislation governing regulated entities and persons, the Central Bank's Corporate Governance Guideline and the Prudent Person Approach to Investment and Lending.

### 3. SCOPE OF APPLICATION

3.1 This Guideline applies to the following persons:

- i. Directors and officers including compliance officers as defined in relevant legislation and their alternates;
- ii. Controlling and significant shareholders of regulated financial entities, whether nominally or beneficially;

- iii. Acquirers of regulated financial entities;
- iv. Trustees and management committees of occupational pension plans;
- v. External and outsourced auditors and actuaries of regulated entities;
- vi. The principal representative of an association of underwriters;
- vii. The principal representative of a foreign financial institution that is conducting insurance business or business of a financial nature; and
- viii. An insurance agent, adjuster, broker and sales representative.

3.2 It is important to note that while having some similar elements, the fit and proper test applied to legal persons such as corporate shareholders, will generally differ from that applied to natural persons who perform regulated functions. As such, Appendix 1 provides the issues for consideration in the assessment of fitness and propriety of a legal person, such as a corporate shareholder.

3.3 Regulated entities are required to reflect the elements of this Guideline in their internal policies, procedures and controls and apply this guidance in their assessment of persons who manage, control, direct, own or perform key functions at the regulated entity.

## 4. DEFINITIONS

4.1 For the purpose of this Guideline the following definitions are provided –

“AML/CFT” means Anti-money Laundering and Combatting the Financing of Terrorism.

“ECA” means the Exchange Control Act, Chap. 79:50.

“FIA” means the Financial Institutions Act, 2008.

“IA” means the Insurance Act, 2018.

“legal person” means a body corporate, partnership, company, or any other such entity incorporated under the laws of Trinidad and Tobago or in any other jurisdiction.

“management body” refers to the directors and officers of the regulated entity collectively.

“person” means a natural person who is required to be fit and proper under relevant legislation or legal person which is licensed, registered or issued a permit under relevant legislation.

“regulated activity” means any activity regulated by the Central Bank including the conduct of the business of banking, business of a financial nature, business of a bureau de change, business of brokering, insurance business, business as an insurance intermediary and e-money issuance .

“regulated entity” means an institution which is licensed, registered or granted a permit under the ECA, FIA and IA or an institution for which the Central Bank is the AML/CFT Supervisory Authority.

“regulated function” means a function pertaining to the carrying out of a regulated activity by a person and which by law must be conducted by persons who are approved by the Central Bank.

“relevant legislation” includes the ECA, FIA, IA and the Proceeds of Crime Act and Regulations, Chapter 11:27 (POCA) and the Anti-Terrorism Act, Chapter 12:07 including subordinate legislation made under the relevant statute and any amendment, re-enactment or modification thereunder.

## 5. FIT AND PROPER ASSESSMENT CRITERIA

5.1 Persons must be assessed as having satisfied the following minimum criteria initially and on an ongoing basis:

5.1.1 Probity, honesty, integrity and reputation;

5.1.2 Competence, capability and soundness of judgment; and

5.1.3 Financial integrity and soundness.

The factors to be considered in assessing the above criteria are detailed below.

**5.1.1 Probity, honesty, integrity and reputation**

- a. Probity, honesty, integrity and reputation are qualities that can be demonstrated over time and demand a disciplined and ongoing commitment to high ethical standards. In assessing a person's level of probity, honesty, integrity and reputation, consideration must be given to whether the person: -
- i. *Is or has been the subject of any proceedings of a disciplinary or criminal nature, or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings;*
  - ii. *Has ever contravened any provision made by or under, any written law designed to protect members of the public against financial loss due to dishonesty, incompetence, fraud, insider trading or malpractice;*
  - iii. *Has ever contravened any code of conduct to which it/he is bound or the requirements and standards of any regulatory body, professional body, government or its agencies;*
  - iv. *Has been investigated, disciplined, suspended or reprimanded by a regulatory or professional body, a court or tribunal, whether publicly or privately in relation to any business in which it/he has a controlling or significant interest or exercises significant influence;*
  - v. *Has ever engaged in any business practices which are misleading, oppressive, or otherwise improper (whether unlawful or not), or which otherwise reflect discredit on its/his professional conduct or which could negatively impact the reputation of the regulated entity;*
  - vi. *Has ever been dismissed, asked to resign, or has resigned from employment or a position of trust, fiduciary appointment or similar position because of questions about his/her honesty, integrity or financial propriety;*

- vii. *Has ever been associated, in ownership or management capacity, with a company, partnership, or other business association that has been refused registration, authorization, membership or a license to conduct any trade, business or profession, or has had that registration, authorization, membership or license revoked, suspended, withdrawn or terminated;*
- viii. *Has ever held a position of responsibility in the management of a business that has gone into receivership, insolvency, or involuntary liquidation while the person was connected with that business;*
- ix. *Has ever been a director of, or directly concerned in the management of, any corporation which is being or has been wound up by a court or other authority competent to do so within or outside Trinidad and Tobago;*
- x. *Has ever been a director of, or directly concerned in the management of any regulated entity, the license, registration or permit of which has been revoked, suspended, withdrawn or terminated;*
- xi. *Has ever acted unfairly or dishonestly in his dealings with his customers, employer, auditors and regulatory authorities;*
- xii. *Has at any time demonstrated a strong objection or lack of willingness to cooperate with regulatory authorities resulting in a failure or potential failure to comply with legal, regulatory and professional requirements and standards;*
- xiii. *Has ever contributed to the failure of an organization or a business unit;*
- xiv. *Has at any time shown strong objection or a lack of willingness to maintain effective internal control systems and risk management practices; and*
- xv. *Is involved in any business or other relationship which could materially pose a conflict of interest or interfere with the exercise of good judgment when exercising a controlled function which would be disadvantageous to the interests of the regulated entity or conversely advantageous to the person.*

### **5.1.2 Competency, Capability and Soundness of Judgment**

- a. Competency, capability and soundness of judgment are demonstrated when a person possesses the relevant knowledge, experience and ability to understand the technical requirements of the business, objectivity in decision making as well as keen awareness of the inherent risks and the management processes required to effectively perform a controlled function.
- b. When assessing whether a person is competent and capable of performing a controlled function (refer to Appendix 2) the following should be taken into consideration:
  - i. *the main activity conducted by the regulated entity;*
  - ii. *the nature, complexity and volume of business;*
  - iii. *the jurisdictions in which products and services will be offered;*
  - iv. *the level of responsibility; and*
  - v. *the collective competence and experience of those who will govern the regulated entity.*
- c. In assessing a person's competency, capability and soundness, the board and/or the Nomination Committee of the board shall consider, *inter alia*, whether the person:
  - i. *Has the appropriate qualifications, training, skills and practical experience to effectively fulfill the roles and responsibilities of the position;*
  - ii. *Has satisfactory past performance or expertise in the nature of the business being conducted including whether the person has demonstrated by experience through years of employment and positions held that the person is able, or will be able if approved, to perform the controlled function for which the person is employed or for which the regulated entity intends to employ him;*
  - iii. *Has a high level of understanding in his professional area of expertise and an appropriate level of understanding of other areas that may affect the business of the regulated entity including financial markets, the regulatory and legal*

*environment pertaining to the controlled function, strategic and business planning, risk management practices, accounting and auditing, understanding financial statements, and corporate governance. In addition, the person should be knowledgeable about the business affairs of the regulated entity, the industry in which the regulated entity operates and the regulated entity's products and services; and*

- iv. *Has any health issue which may affect performance or whether the person is mentally ill within the meaning of the Mental Health Act, 1975.*

### **5.1.3 Financial Integrity and Soundness**

- a. The assessment of financial integrity and soundness is aimed at determining whether the person can meet its/his personal liabilities when they become due and mitigate financial risks on a continuous basis. Financial integrity and soundness is demonstrated by a person who manages its/his own financial affairs properly and prudently or those of an entity in which he had a controlling interest or was involved with at a managerial level. The fact that a person may be of limited financial means does not in itself, affect the person's ability to satisfy the financial integrity criteria.
- b. In the case of legal persons and shareholders, the criteria pertaining to assessment of their financial integrity and soundness are set out in Appendix I.
- c. In determining a person's sound management of financial affairs, the Central Bank will consider, inter alia, whether:
  - i. *The credit report provided by the person in accordance with the requirements set out in Table 1 shows satisfactory evidence of how his financial indebtedness has been managed;*
  - ii. *In Trinidad and Tobago, or elsewhere, the person has ever made any arrangements with his creditors, filed for bankruptcy, been adjudged bankrupt, had assets sequestrated, or been involved in proceedings relating to personal solvency or that of any entity in which they had a controlling interest;*

- iii. *The person has ever been subject to any judgment of debt payment that remained outstanding for a substantial period of time or is presently outstanding;*
- iv. *The person has persistently failed to manage financial affairs in a manner that has caused detriment to others;*
- v. *The person has met applicable capital and/or solvency requirements;*
- vi. *The person was able to manage any previous business dealings in a sound and prudent manner.*

5.2 In addition to those areas specified above, the following areas must be considered when assessing persons for appointment to the management body of a regulated entity.

5.2.1 Conflicts of interest;

5.2.2 Time commitment; and

5.2.3 Collective suitability of the Board.

Each of the aforementioned areas is discussed in turn in the following paragraphs.

### **5.2.1 Conflicts of Interest**

- a. Members of management bodies should be able to make sound, objective and independent decisions i.e. act with independence of mind. Independence of mind can however be affected by conflicts of interest. **A conflict of interest is a set of circumstances which creates a risk that a person's ability to apply judgment or act in one role is, or could be, impaired or influenced by a secondary interest (such as personal gain or the interests of others e.g. his relatives or friends).**
- b. Having a conflict of interest does not necessarily mean that a person cannot be considered suitable. This will only be the case if the conflict of interest poses a material risk and if it is not possible to prevent, adequately mitigate or manage the conflict of interest under the written policies of the regulated entity.

- c. Each regulated entity should therefore have appropriate policies in place for identifying, disclosing, mitigating, managing and preventing conflicts of interest, whether actual, potential (i.e. reasonably foreseeable) or perceived.
- d. Each regulated entity shall be responsible, on an ongoing basis, for assessing the materiality of the risk posed by a conflict of interest as each situation arises. If a conflict of interest is considered to be material, the regulated entity must adopt adequate measures. Namely it must:
  - i. Perform a detailed assessment of the particular situation; and
  - ii. Decide which preventative/mitigating measures will be implemented, primarily based on its internal conflicts of interest policy or national law as applicable.
- e. Upon an initial fit and proper application, the person should notify the Central Bank of all actual, potential or perceived conflicts of interest via a "*Conflict of Interest Statement*" indicating the conflict of interest and how it is being or will be prevented, mitigated or managed. The Central Bank will assess the materiality of the conflict of interest and the adequacy of the measures adopted or proposed by the regulated entity.
- f. The Central Bank may impose conditions in respect of the individual application if it is felt that the measures set out in the Conflict of Interest Statement are not adequate or appropriate. Possible conditions include but are not limited to:
  - i. *Prohibition in the participation of meeting or decision-making concerning a particular disclosed interest;*
  - ii. *Resignation from a certain position;*
  - iii. *Specific monitoring by the regulated entity;*
  - iv. *Specific reporting to the Central Bank on a particular situation;*
  - v. *Cooling-off period for the person;*
  - vi. *Obligation on the regulated entity to publish the conflict of interest;*

- vii. *Any application of the “at arm’s length” principle; and*
- viii. *Specific approvals by the entire board for a certain situation to continue and in accordance with an approved conflict of interest management policy.*
- g. If the measures taken by the regulated entity or the imposition of a condition by the Central Bank are not considered sufficient to adequately mitigate or manage the risks posed by the conflict of interest situation, the person cannot be considered suitable and approved as fit and proper.
- h. Without prejudice to national law, the table at Appendix 3 includes examples of situations where a material conflict of interest is presumed to exist. These situations will be assessed in detail on a case-by-case basis and the information provided by the regulated entity regarding the material or non-material nature of the conflict will be considered. The table is, however, non-exhaustive and the inclusion of same in this Guideline does not prevent the Central Bank from finding material conflicts of interest in cases that are not covered by these situations and thresholds.

### **5.2.2 Time commitment**

- a. All members of the management body of a regulated entity must be able to commit sufficient time to performing their functions in the regulated entity. The time a person can dedicate to his or her functions may be affected by several factors, such as:
  - i. current employment and the level of responsibility and accountability required of that position;
  - ii. the number of other directorships or employments held giving consideration to the size and the circumstances of these other entities; the nature, scale and complexity of the activities of these entities; and the location of these entities, whether local or foreign;
  - iii. other professional or personal commitments and circumstances (e.g. a court case in which the person is involved).

- b. When assessing whether the person will be able to commit sufficient time to performing his/her functions, the regulated entity should also take into account the need for ongoing learning and development, as well as, the ability to respond in a timely manner when unexpected or urgent circumstances arise.
- c. In conducting time commitment assessments regulated entities should have regard to the further guidance provided in Appendix 4.

### **5.2.3 Collective Suitability of the Board of a Regulated Entity**

- a. An effective board needs to include individuals with an appropriate mix of knowledge, skills and experiences that cover the major business activities and risks that the regulated entity faces. It is therefore the responsibility of the institution to ensure that the board as a whole is sufficiently competent on an on-going basis.
- b. The regulated entity has the primary responsibility for identifying gaps in the collective suitability of the board. Consequently, the regulated entity should develop and maintain a suitability matrix and ensure that board self-assessments are conducted regularly.
- c. Where the Central Bank identifies gaps in the collective suitability of a board it may, among other things, request the result of the periodic self-assessment conducted by the regulated entity's board.

## **6. OBLIGATIONS OF THE REGULATED ENTITY**

- 6.1 When a regulated entity seeks to appoint or engage a person to perform a regulated function, it is the responsibility of the regulated entity to satisfy the Central Bank that the person is fit and proper to perform the function for which they are being appointed or engaged.
- 6.2 It is expected that the assessment conducted by the regulated entity will take place at the recruitment stage and on an ongoing basis and that the regulated entity will make every effort to verify qualifications, experience, references and membership in professional bodies. It is

also expected that the regulated entity will conduct probity checks on criminal history, sanctions, legal proceedings, and other similar matters. The regulated entity should be able to satisfy the Central Bank that the person acting or proposed to act in a controlled function possesses good character and integrity as well as competence, capability and financial soundness for the particular function.

6.3 The Central Bank expects that where a third party is submitting the fit and proper documentation on behalf of a regulated entity or person (for e.g. in the case of a licensing application when an attorney or other representative is submitting the application), that the third party shall obtain and submit all relevant information as required and ensure that only complete applications are submitted to the Central Bank.

6.4 The responsibilities of the Board of a regulated entity with respect to fitness and propriety are as follows:-

- i. Ensuring that the regulated entity develops and implements fit and proper policies and procedures, including assessment processes and such policies, procedures and processes shall be approved by the Board and reviewed at least annually.
- ii. Either alone or through its Nominating Committee, the Board shall be directly responsible for conducting fit and proper assessments of directors, the CEO and the company secretary and making decisions on their appointments.
- iii. The Board or Nominating Committee may delegate the responsibility for fit and proper assessments and decisions for appointment of other persons required to be fit and proper to the CEO or other designated person or committee.

Notwithstanding any delegation of authority, the Board remains ultimately accountable for all such assessments and decisions.

## **7. APPROACH TO FIT AND PROPER ASSESSMENTS**

7.1 The Central Bank will evaluate probity, integrity and reputation; competency, capability and soundness of judgment; financial integrity and soundness; time commitment; and collective suitability. In addition, the Central Bank will determine the suitability of significant

and controlling shareholders via in-depth due diligence assessments which would involve examination of the transparency of ownership structures, financial resources, financial soundness and probity as well as conformity with laws and ethical standards that govern business conduct.

- 7.2 Persons will be assessed in accordance with the stipulations of the relevant legislation as well as the principles outlined in Section 5 of this Guideline - "Fit and Proper Assessment Criteria", Table I and Appendix 2.
- 7.3 In determining whether a person meets the "fit and proper" requirements, the considerations set out in Section 5 and Appendix 2 will be assessed individually as well as on a cumulative basis according to their relative importance. Failure to meet one indicator may not, on its own, mean failure to meet the "fit and proper" criteria.
- 7.4 The weight of the contribution of each of the relevant criteria to the evaluation of the fitness and propriety of a person may vary depending on the degree of the person's influence and responsibilities in the affairs of the entity. For example, consideration will be given to whether there are material changes in the nature and scope of the responsibilities assumed by the person who would require higher standards of competence or judgement in order to properly perform the duties associated with said position. Material changes in expected duties could give rise to conflicts that could impair the person's performance in the position.
- 7.5 The Bank's approach will be informed by all available evidence taken together, including third-party evidence. Where evidence becomes available which puts into question the fitness and propriety of a person already assessed as fit and proper, the regulated entity is required to notify the Central Bank as soon as possible as well as internally re-assess the person's fitness and propriety. The Central Bank is also expected to consider this information and re-evaluate the person where relevant.

## **8. FIT AND PROPER INTERVIEWS BY THE CENTRAL BANK**

- 8.1 Where the Central Bank has a concern about a proposed appointee who is to be a director or officer of a regulated entity, the Bank may

request an interview. Interviews are an opportunity to probe a person on his practical experience or to determine whether he is well informed about the regulated entity, relevant market developments as well as the level of understanding of their roles and responsibilities. Interviews may also be used to explore issues of integrity and propriety or to query /verify facts in order to gain more assurance about specific elements of his fitness and propriety.

- 8.2 The Central Bank may also conduct interviews where it has concerns about the person's ability to perform the regulated function or is aware of information that may impact the person's fit and proper assessment and/or where additional information requested from the regulated entity did not assist in allaying the concerns.
- 8.3 Where the Central Bank determines that an interview should be conducted, the person and as appropriate, the regulated entity will be given adequate notice in writing of the date, time and place of the requested interview. The interview process for a person identified at 8.2 may include issuing a statement to the person which details the Central Bank's concerns or issues and giving a timeframe for the person to make representation either verbally, or in writing, in respect of the issued statement before a determination is made of the person's fitness and propriety.
- 8.6 The interview panel will generally consist of a minimum of three persons.

## 9. ONGOING OBLIGATIONS OF APPROVED PERSONS

- 9.1 The obligation for an approved person to be fit and proper is an ongoing commitment and does not apply only at the application stage. Consequently, regulated entities are required to ensure that proper systems, procedures and controls are put in place to enable assessment of persons required to be fit and proper on an ongoing basis. Where there are changes to a regulated person's fit and proper Personal Questionnaire and Declaration ('PQD'), an updated PQD must be submitted to the Central Bank.

## 10. WHISTLEBLOWING

- 10.1 The regulated entity should institute a Whistleblowing Policy that would allow any person who has a reasonable basis to believe that a prospective person or a person approved to perform a regulated function does not meet the fit and proper criteria to report it to an appropriate authority at the regulated entity.
- 10.2 The Whistleblowing Policy must require that all reasonable steps are taken to ensure that no person making such disclosures in good faith is victimized or otherwise disenfranchised because of any notification in purported compliance with the requirements of the Whistleblowing Policy.
- 10.3 The regulated entity and its subsidiaries must ensure that they do not do not prohibit any person, directly or indirectly from disclosing information or providing documents to the Central Bank on the fitness and propriety of a prospective person or a person approved to perform a controlled function.

**TABLE 1: DOCUMENTATION AND FREQUENCY REQUIRED FOR FIT AND PROPER ASSESSMENTS**

	Document	Required Frequency	Comments
1	Fully completed and duly certified Personal Questionnaire and Declaration Form (PQD)	Initially	PQDs are required prior to or within legislatively stipulated timeframes for persons required to be fit and proper.
	Updated PQD Forms	Within one month of a material change or annually	Where the information pertaining to a person has changed during the year, a revised PQD should be submitted within 30 days of the change taking place.  PQDs are also to be submitted as at 31 December, within 30 days of the calendar year end where there has been a change to the information provided to the Central Bank since the last submission.
2	Fully completed and duly certified Corporate Questionnaire and Declaration Form (CQD)	Initially	CQDs are required prior to or within legislatively stipulated timeframes relating to controlling and significant shareholders, acquirers and financial holding companies.
	Updated CQDs	Within one month of a material change or annually	Where the information pertaining to a legal person has changed during the year, a revised CQD should be submitted within 30 days of the change taking place.

	Document	Required Frequency	Comments
			CQDs are also to be submitted as at 31 December, within 30 days of the calendar year end where there has been a change to the information provided to the Central Bank since the last submission.
3	Up to date and signed Curriculum Vitae (CV)		CVs are to accompany all applications for persons seeking fit and proper approvals. Where PQDs are being re-submitted on account of a change an updated CV should also accompany this PQD.
4	Certificate of Character from the Trinidad and Tobago Police Service (TTPS) dated within 6 months of a fit and proper application.	Initially and every three years thereafter or when there is a change that may impact a person's status on the certificate of character.	The Bank requires the submission of original certificates issued by the TTPS.
5	Overseas law enforcement clearance reports	Initially	This requirement applies to persons who have at any time worked, studied or habitually resided in overseas jurisdictions for six or more months, since attaining the age of eighteen years. These clearance reports are required to be requested by the licensee from the law enforcement agency within each applicable jurisdiction. The overseas law enforcement agency is to be requested to submit their report (in English) when submitting

	Document	Required Frequency	Comments
			an initial application for the person.
		Every three years or when there is a change that may impact a person's status on the law enforcement clearance report.	This requirement applies to a person who has habitually resided in an overseas jurisdiction for six or more months, subsequent to the last "fit and proper" assessment.
6	Valid Work Permit certified by the Corporate Secretary of the regulated entity.	Initially and upon renewal (where relevant)	This requirement applies to a person who is not a citizen of Trinidad and Tobago.
7	A certified or notarised copy of government issued photo identification in colour	Initially and every five years thereafter	This requirement applies to all persons who reside overseas.
8	Conflict of Interest Statement (where applicable)	Initially	This statement should be submitted indicating the conflict of interest and how it is being or will be prevented, mitigated or managed.
9	Collective Suitability Statement on the current composition of the board	With every application for appointments to the board.	This statement should provide information on how the person will complement or contribute to the regulated entity's current board composition and its collective suitability needs.
10	Credit Report dated within 3 months of the application	Initially	This report must be issued by a reputable credit assessment/rating agency.

## APPENDIX I - ISSUES FOR CONSIDERATION IN THE ASSESSMENT OF A CORPORATE SHAREHOLDER

### **I. Probity, honesty, integrity and reputation**

Where the company is not an entity regulated by a financial regulator, the Central Bank will look to open sources of information such as internet searches and news sources as well as World Check to obtain information as to the integrity and reputation of the company.

The Company will also be required to disclose to the Central Bank any past and current legal proceedings brought or upheld against it as well as indicate if it has been investigated, disciplined, charged, suspended or reprimanded by a regulatory or professional body, a court or tribunal, whether publicly or privately.

### **II. Competency and capability;**

In order to conduct an assessment of the competence and capability of a company, the board of directors, significant shareholders and officers of the acquiring company will be assessed individually as proposed in section 5 of the Guideline.

The Company will be required to provide an organizational chart of the legal structure of the group (where necessary) showing shareholdings as well as the individual organizational chart of the entity showing the governance structure. Approved statutory filings regarding the ownership of the entity would also be required to be presented.

### **III. Financial integrity and soundness**

Financial integrity and soundness assessment will entail a thorough review of the following:

1. Copies of audited financial statements of the company for the three consecutive years immediately preceding its application or for each year it has been in operation, if less than three years;
2. Copies of credit rating reports, business plans, feasibility studies and due diligence reports if applicable;
3. Copies of the Management Letters from the External Auditors for the past three fiscal periods;

4. Evidence of financial resources;
5. Copies of the last two reports of examinations conducted by the relevant regulatory authority;

This information will aid in determining the current solvency position of the company; past performance and financial management; and overall whether previous business dealings were conducted in a sound and prudent manner.

#### **IV: Other Assessment Considerations**

The Central Bank will also seek to determine whether or not the company:

- i. Has carried on its business in a prudent manner;
- ii. Has suspended, is about to suspend payment, or is unable to meet its obligations as they fall due; and
- iii. Or the affairs of the company or any associated person are being conducted in a manner prejudicial to the soundness of the company in question or to the financial system of Trinidad and Tobago;

## APPENDIX 2 – FURTHER GUIDANCE ON ASSESSING COMPETENCY AND EXPERIENCE

### Stage 1 – Assessment against thresholds

Experience is assessed against guiding presumptions of sufficient experience based on thresholds. If the thresholds are met, the person is ordinarily presumed to have sufficient experience, unless there is an indication to the contrary. These thresholds are without prejudice to national law and do not automatically lead to the conclusion that persons who do not meet the thresholds are not fit and proper.

#### Presumption of adequate experience for the management body in its management function

**CEO/MD** - ten years of recent practical experience in areas related to banking or financial services. This should include a significant proportion of senior level managerial positions.

**Executive Director:** five years of recent practical experience in areas related to banking, insurance or financial services in senior level managerial positions.

**Non-executive Chair:** ten years of recent relevant practical experience. This should include a significant proportion of senior level managerial positions and significant theoretical experience in banking, insurance or a similar relevant field.

**Non-executive Director:** three years of recent relevant practical experience at high level managerial positions (including theoretical experience in banking, insurance or financial services). Practical experience gained in the public or academic sector could also be relevant depending on the position held.

“Relevant experience” can be broader for the Chair or a non-executive director than for an executive director. In any case, not all members of the board in its supervisory function are required to have practical experience in areas related to banking, insurance or financial services.

### Stage 2 – Complementary assessment

If the thresholds at which sufficient experience is presumed are not met, the person can still be considered suitable if the regulated entity can adequately justify his appointment. This will be analysed by conducting a complementary assessment of the person's experience, taking into account the need to have sufficient diversity and a broad range of experiences in the management body and, where relevant, national requirements to have staff representatives in the management body.

Examples of justifications may include a training plan in case of a partial lack of experience in a specific field, the overall collective suitability of the members of the

management body already present, appointment for a specific role limited in time (such as in an institution in wind-down) or where the person has specific theoretical or practical experience which the institution needs. For example, a member of the management body in its supervisory function who does not meet the above-mentioned thresholds for the position may still be considered suitable if (i) the member has IT experience which addresses the institution's specific needs; (ii) the member and the institution commit to the necessary training being undertaken to overcome the specific lack of knowledge identified; and (iii) the member fulfills all other fit and proper requirements.

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## APPENDIX 3 - POTENTIAL MATERIAL CONFLICTS OF INTEREST

CATEGORY OF CONFLICT	PERIOD	DEGREE AND TYPE OF CONNECTION AND, WHERE APPLICABLE, THRESHOLD
Personal	Current	<p>The person:</p> <ul style="list-style-type: none"> <li>• Has a close personal relationship <sup>1</sup>with a Board member or other person performing a controlled function or a substantial or controlling shareholder of the regulated entity or in the parent undertaking or its subsidiaries;</li> <li>• Is a party in legal proceedings against the regulated entity or against the parent undertaking/its subsidiaries;</li> <li>• Conducts business, in private or through a company, with the regulated entity or with the parent undertaking/its subsidiaries</li> </ul>
Professional	Current or over the past two years	<p>The person or a close personal relation:</p> <ul style="list-style-type: none"> <li>• Holds at the same time a management or senior staff position in the regulated entity or any of its competitors, or in the parent undertaking/its subsidiaries;</li> <li>• Has a significant commercial relationship with the regulated entity or any of its competitors, or with the parent undertaking/its subsidiaries. The significance of the commercial interest will depend on what (financial) value it represents to the business of the person or his close personal relation.</li> </ul>
Financial	Current	<ul style="list-style-type: none"> <li>• The person or a close personal relation has a substantial financial interest in or financial obligation to: <ul style="list-style-type: none"> <li>○ The regulated entity;</li> <li>○ The parent undertaking or its subsidiaries;</li> <li>○ Any of the regulated entity's clients;</li> <li>○ Any of the regulated entity's competitors;</li> </ul> </li> </ul> <p>Examples of financial interests/obligations are shareholdings, other investments and loans.</p> <p>The substantiality depends on what (financial) value the interest or obligation represents to the financial resources of the person.</p> <p>The following would, in principle, be considered non-</p>

<sup>1</sup> A close personal relationship includes a parent, grandparent, brother, sister, spouse, son-in-law or daughter-in-law or a stepchild. A spouse in relation to the person means a person to whom the person is married or living with in conjugal relationship outside of marriage.

CATEGORY OF CONFLICT	PERIOD	DEGREE AND TYPE OF CONNECTION AND, WHERE APPLICABLE, THRESHOLD
		material- <ul style="list-style-type: none"> <li>○ All non-preferential secured personal residential mortgages that are in keeping with the requirements of section 43 (5) of the FIA or relevant section of the Insurance Act which are performing;</li> <li>○ Current shareholdings is less than or equal to 5%of the licensee or of a connected party of the licensee.</li> </ul>
Political	Current or over the past two years	The person or a close personal relation holds a position of high political influence. “High influence” is possible at every level: local politician, regional or national politician, public employee or state representative. The materiality of the conflict of interest depends on whether there are specific powers or obligations inherent in the political role which would hinder the person from acting in the interest of the regulated entity.

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## APPENDIX 4: FURTHER GUIDANCE ON TIME COMMITMENT ASSESSMENTS

The minimum set of information required from the FI is as follows:

- i. a specification by the FI of the time commitment required for the role;
- ii. a full list of the other mandates or positions from the person and the expected time commitment for each mandate or position; and
- iii. a self-declaration by the person that they have sufficient time to dedicate to all the mandates confirmed by the FI.

The following additional information should be provided (in the light of individual circumstances and based on a proportionate approach):

- i. whether the person is in full time occupation or not, providing the number of hours or days dedicated to each mandate or position;
- ii. whether any of the mandates have any additional responsibilities such as membership of committees (e.g. chair of the audit, risk, remuneration, and/or nomination committee);
- iii. whether the nature, type and size of the FI will demand more time (e.g. the FI is regulated, listed etc.);
- iv. confirmation that ongoing learning, development and activation of emergency business continuity procedures have been provided for;
- v. when mandates or positions are not counted because the organisations concerned do not pursue predominantly commercial objectives, a description of the objectives of the organisations, unless this is clear from public information;
- vi. where the number of directorships exempted from counting is high (e.g. the person is a member of the management body in numerous subsidiaries), an explanation of how synergies within the different mandates could reduce the time commitment, if applicable;
- vii. whether the experience of the person, either generally or with respect to the company, is such that the person could carry out his duties with greater familiarity and hence efficiency.