

Communication

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Update of the Fit & Proper Manual

Scope

- *credit institutions, stockbroking firms, payment institutions and electronic money institutions governed by Belgian law, and the branches abroad of these institutions,*
 - *branches established in Belgium of credit institutions, stockbroking firms, payment institutions and electronic money institutions governed by the law of a State that is not a member of the European Economic Area,*
 - *central securities depositories and central counterparties governed by Belgian law, as well as their branches abroad,*
 - *institutions providing support to a central securities depository and custodian banks governed by Belgian law, as well as their branches abroad,*
 - *branches established in Belgium of central securities depositories, central counterparties, institutions providing support to a central securities depository and custodian banks governed by the law of a State that is not a member of the European Economic Area,*
 - *insurance and reinsurance companies governed by Belgian law, as well as their branches abroad, and*
 - *(mixed) financial holding companies and insurance holding companies.*
- These institutions are hereinafter collectively referred to as “financial institutions”.*

Summary/Objectives

This communication concerns an update of the Fit & Proper Manual, which sets out the standards of expertise and professional integrity that financial institutions must apply in assessing the suitability of their directors, senior managers and persons responsible for independent control functions. The new version of the Manual, which is annexed to this communication, is applicable with immediate effect (with one exception). It is also available in a web-friendly format on the Bank’s website.

Dear Sir,
Dear Madam,

According to the various supervisory laws applicable to financial institutions, the directors, senior managers and persons responsible for independent control functions of these institutions must have the expertise and professional integrity required for their positions. The assessment of these persons' suitability is often referred to as the assessment of their fit & proper character.

Suitability has been the subject of several recent regulatory developments at the international level. For instance, the European Banking Authority ("EBA") on 2 July 2021 published new Guidelines on the assessment of the suitability of members of the management body and key function holders, and the European Central Bank ("ECB") in December 2021 issued a new Guide to fit and proper assessments. The jurisprudence of the National Bank of Belgium ("the Bank") has also evolved on several points since 2018.

In this context, the Bank considered it appropriate to update its Fit & Proper Manual.

The new version of the Manual is annexed to this communication. The structure of the Manual is unchanged from the 2018 version. It is intended for all financial institutions within the scope of this communication and contains several chapters listing the specific suitability requirements for different types of institutions. These chapters are also available on the Bank's website in the form of web pages with links to the underlying documents.

The supervisory expectations specified in the Fit & Proper Manual are applicable with immediate effect, with the exception of the recommendations on collective suitability relating to IT security and environmental and climate risks, for which institutions have until 31 December 2023 to adapt their suitability policies.

An electronic copy of this communication will be forwarded to the accredited statutory auditor(s) of your institution.

Yours faithfully,

Pierre Wunsch
Governor

Annex: 1 (Fit & Proper Manual)