

**Fit and Proper test for Employees and Senior Personnel sourcebook**

# Chapter 1

## General

## 1.1 Application and purpose

### 1.1.1

**G** *FIT* applies to:

- (1) a *firm* (including an *SMCR firm*);
- (2) an applicant for *Part 4A permission*;
- (3) an *EEA firm* or a *Treaty firm* that wishes to establish a *branch* into the *United Kingdom* using *EEA rights* or *Treaty rights*; or apply for a *top-up permission*;
- (4) an *approved person* performing an *FCA controlled function*;
- (5) a *candidate* for an *FCA controlled function*;
- (6) a *certification employee* performing an *FCA certification function*;  
and
- (7) a *person* whom an *SMCR firm* is proposing to certify to perform an *FCA certification function*.

### 1.1.2

**G** The purpose of *FIT* is to set out and describe the criteria that:

- (1) an *SMCR firm* should consider when:
  - (a) assessing the fitness and propriety of a *candidate* whom the *firm* is proposing to put forward for approval as an *FCA-approved SMF manager*;
  - (b) assessing the continuing fitness and propriety of a *person* approved to perform the function of an *FCA-approved SMF manager*, including for formulating an opinion about whether there are any grounds on which the regulator could withdraw the approval given to that individual to perform that function under section 63(2A) of the *Act*;
  - (c) assessing the fitness and propriety of a *person* whom the *firm* is proposing to certify to perform an *FCA certification function*; and
  - (d) assessing the continuing fitness and propriety of a *person* whom the *firm* has certified to perform an *FCA certification function*;  
and
- (2) the *FCA* will consider when assessing the fitness and propriety of a *candidate* for a *controlled function*, including a *designated senior management function* (see generally ■ SUP 10A and ■ SUP 10C on

*approved persons*), and may consider when assessing the continuing fitness and propriety of *approved persons*.

1.1.3 **G** The table in ■ FIT 1.1.4G summarises the situations to which *FIT* applies.

1.1.4 **G** Table: Situations to which *FIT* applies

What FIT applies to	Does it apply to <i>SMCR firms</i> ?	Does it apply to <i>firms</i> that are not <i>SMCR firms</i> ?	Comment
(1) A <i>firm</i> assessing the fitness and propriety of a <i>candidate</i> whom the <i>firm</i> is proposing to put forward for approval	Yes	No	However, the answer to Question 11 in SUP 10A Annex 1 (Frequently asked questions) says that the <i>FCA's</i> approval process is not a substitute for the checks that a <i>firm</i> should be carrying out on its prospective recruits. <i>FIT</i> may be a useful guide to matters that a <i>firm</i> that is not an <i>SMCR firm</i> should take into account.
(2) A <i>firm</i> assessing the continuing fitness and propriety of an <i>approved person</i>	Yes	No	However, a <i>firm</i> should employ personnel with the skills, knowledge and expertise necessary for the discharge of the responsibilities allocated to them (SYSC 5.1). <i>FIT</i> may be a useful guide to matters which a <i>firm</i> should take into account if it is not an <i>SMCR firm</i> .
(3) The <i>FCA</i> assessing the fitness and propriety of a <i>candidate</i> for approval as an <i>approved person</i>	Yes	Yes	
(4) The <i>FCA</i> assessing the continuing fitness and propriety of	Yes	Yes	

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What FIT applies to	Does it apply to SMCR firms?	Does it apply to firms that are not SMCR firms?	Comment
<p><i>an approved person</i></p> <p>(5) A firm assessing the fitness and propriety of a <i>person</i> whom a firm is proposing to certify to perform an <i>FCA certification function</i></p>	Yes	No	<p><i>FCA certification functions do not apply to a firm that is not an SMCR firm.</i></p> <p>However, see the comment on row (2).</p>
<p>(6) A firm assessing the continuing fitness and propriety of a <i>person</i> whom a firm has certified to perform an <i>FCA certification function</i></p>	Yes	No	<p><i>FCA certification functions do not apply to a firm that is not an SMCR firm.</i></p> <p>However, see the comment on row (2).</p>