Chapter 1

General
1.3 Assessing fitness and propriety

1.3.1 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 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 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 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 A firm assessing the fitness and propriety of staff being assessed under FIT should consider:

1. 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 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 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 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 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 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 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 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.