



مصرف الإمارات العربية المتحدة المركزي  
CENTRAL BANK OF THE U.A.E.

# Fitness and Propriety Standards

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## Introduction

These Fitness and Propriety Standards (the Standards) form part of the Fitness and Propriety Regulation (the Regulation) (Circular No. 4/2024). All Licensees must comply with these Standards, which expand on the Regulation. These Standards are mandatory and enforceable in the same manner as the Regulation.

The Standards follow the structure of the Regulation, with each article corresponding to the specific article in the Regulation.

### Article (1): Definitions

The following terms shall have the meaning assigned to them below for the purposes of these Standards:

- 1.1 **Actuary:** a Person licensed or authorized by the CBUAE to determine the value and price of the insurance policies, and to assess the technical provisions, accounts and all matters related thereto.
- 1.2 **Affiliate:** an entity that, directly or indirectly, controls, is controlled by, or is under common control with another entity. The term control as used herein shall mean the holding, directly or indirectly, of voting rights in another entity, or of the power to direct or cause the direction of the management of another entity.
- 1.3 **Applicant:** a nominee for appointment or reappointment to a Designated Function in a Licensee. The term ‘Applicant’ is captured by Authorised Individual, where relevant.
- 1.4 **Authorisation:** the Central Bank’s formal approval or non-objection to the appointment or reappointment of a Person to a Designated Function or any other function within a Licensee, as determined by the Central Bank.
- 1.5 **Authorized Individual:** any natural Person authorized in accordance with the provisions of the Central Bank Laws, to carry on any of the Designated Functions. In the case of Insurance Companies, and Insurance-Related Professionals, the term Authorized Individual includes Senior Employees.
- 1.6 **Authorized Manager:** a natural Person appointed by a foreign Insurance Company to manage its Branch in the State.
- 1.7 **Bank:** any Juridical Person licensed in accordance with the provisions of the Central

Bank Law, to primarily carry on the activity of taking deposits, and any other Licensed Financial Activities.

- 1.8 **Board:** the board of directors of the Licensee. In the case of branches of foreign Licensees, Board refers to the highest decision making body of the Licensee within the State, for example, the Senior Management committee.
- 1.9 **Branch:** a branch of the Insurance Company that carries out insurance activities in the name of the Insurance Company.
- 1.10 **Central Bank:** the Central Bank of the United Arab Emirates (CBUAE).
- 1.11 **Central Bank Law:** the Decretal Federal Law No. (14) of 2018 Regarding the Central Bank & Organisation of Financial Institutions and Activities, as amended.
- 1.12 **Central Bank Laws:** the Central Bank Law and the Insurance Law.
- 1.13 **Chief Executive Officer:** the most senior executive appointed by the Board, and in the case of a Branch, this refers to the Authorized Manager.
- 1.14 **Collective Suitability:** the structure and composition of a Licensees' Board, which allows for full appreciation of the Licensees' risk profile and business strategy to enable it to exercise effective challenge and oversight of decisions. The assessment of Collective Suitability takes into consideration, *inter alia*, size and structure, degree of independence and interaction, degree of diversity, and collective, relevant knowledge, skills and experience.
- 1.15 **Compliance with Islamic Shari'ah Provisions:** refers to compliance with Islamic Shari'ah in accordance with:
  - a. The provisions stated in Section Six of Book Three of the Commercial Transactions Law,
  - b. The provisions contained in the bylaws issued implementing Section Six of Book Three of the Commercial Transactions Law,
  - c. The resolutions, Fatwas, regulations and standards issued or approved by the Higher Shari'ah Authority in relation to businesses and activities of the Licensee ("HSA's Resolutions"),
  - d. The resolutions and Fatwas issued or approved by the Internal Shari'ah Supervision Committee of the respective Licensee, in relation to businesses and activities of such Licensee ("ISSC's Resolutions"), provided that they do not contradict the HSA's resolutions.

- 1.16 **Conflict of Interest:** a situation of actual or perceived conflict between the duty and private interests of a Person, which could improperly influence the performance of his/her duties and responsibilities.
- 1.17 **Continuous Professional Development (CPD):** any type of training or learning undertaken by a Person, which increases relevant knowledge, understanding and experiences of a subject area or role.
- 1.18 **Control Functions:** The Licensee’s functions that have a responsibility independent from management to provide objective assessment, reporting and/or assurance; this includes the risk management function, the compliance function and the internal audit function.
- 1.19 **Designated Functions:** functions of the Authorized Individual at, or for the benefit of, a Licensee of influential nature on the institution's activities.
- 1.20 **Fit and Proper Process:** the evaluation of a Licensee’s proposed and existing members of the Board and Senior Management, Material Risk Takers and other Persons, as determined by the Central Bank.
- 1.21 **Group:** a group of entities that includes an entity (the ‘first entity’) and:
- a. any Parent of the first entity;
  - b. any Subsidiary of the first entity or of any Parent of the first entity; and
  - c. any Affiliate.
- 1.22 **Health Insurance Claims Management Company:** a Juridical Person licensed by the CBUAE to carry out health insurance claims management business.
- 1.23 **Higher Sha’riah Authority:** an authority that exercises the mandates and authorities stipulated in Regulations regarding Takaful Insurance and the notices issued by the Central Bank.
- 1.24 **Insurance Agent:** a Person licensed or authorized by the CBUAE, and is approved by the Insurance Company and authorized to carry out insurance activities on its own behalf or on behalf of a Branch thereof.
- 1.25 **Insurance Broker:** a Juridical Person licensed by the CBUAE and acts as independent intermediary in insurance and reinsurance operations between an insurance or re-insurance

applicant on the one side and any Insurance Company on the other side, and receives, in consideration of its efforts, a commission from the Insurance Company with which insurance or reinsurance is concluded.

- 1.26 **Insurance Company:** an insurance company established in the State as well as a foreign insurance company licensed to carry out insurance business in the State, either through a Branch or through an Insurance Agent; and a Re-Insurance Company licensed to engage in re-insurance business either in the State or abroad.
- 1.27 **Insurance Consultant:** a Person licensed or authorized by the CBUAE to examine insurance requirements for their clients and give advice in respect of the suitable insurance coverage, assistance in preparing insurance requirements and receives their remuneration from their clients.
- 1.28 **Insurance Law:** the Federal Decree-Law No. (48) of 2023 Regulating Insurance Activities and its Executive Regulations, and any amendments thereof.
- 1.29 **Insurance-Related Professions:** any Person licensed or authorized by the CBUAE to operate as an Insurance Agent, Insurance Broker, Surveyor and Loss Adjuster, Insurance Consultant, Actuary or Health Insurance Claim Manager, or any other profession related to insurance as determined and regulated by a resolution of the Board of Directors of the Central Bank.
- 1.30 **Internal Shari'ah Supervision Committee (ISSC):** a body appointed by an Islamic financial institution/ a Takaful Insurance Company, comprised of scholars specialized in Islamic financial transactions, which independently supervises transactions, activities, and products of the Islamic financial institution / the Insurance Company and ensure its Compliance with Islamic Shari'ah Provisions in all its objectives, activities, operations, and code of conduct.
- 1.31 **Islamic Financial Institutions:** the Licensed Financial Institutions that conduct all or part of their activities and businesses in accordance with the provisions of Islamic Shari'ah.
- 1.32 **Juridical Person:** any person who is not a natural Person.
- 1.33 **Licence:** authorisation issued by the Central Bank to conduct the business of a Licensee.
- 1.34 **Licensed Financial Activities:** the financial activities subject to Central Bank licensing and supervision, which are specified in Article (65) of the Central Bank Law.
- 1.35 **Licensed Financial Institutions:** Banks and Other Financial Institutions licensed in

accordance with the provisions of the Central Bank Law, to carry on a Licensed Financial Activity or more, including those which carry on the whole or a part of their business in Compliance with the Islamic Shari`ah Provisions, and are either incorporated inside the State or in other jurisdictions, or have branches, Subsidiaries or Representative Offices inside the State.

1.36 **Licensee:** a Licensed Financial Institution, an Insurance Company, Takaful Insurance Company or an Insurance-Related Profession, which is subject to the provisions of the Regulation and its accompanying Standards.

1.37 **Material Risk Takers:** Staff whose work is deemed to have a significant impact on the overall risk profile of the Licensee or the Group.

1.38 **Other Financial Institutions:** any Juridical Person, other than Banks, licensed, in accordance with the provisions of the Central Bank Law, to carry on a financial activity or more, of the Licensed Financial Activities.

1.39 **Parent:** an entity (the ‘first entity’) which:

- a. holds a majority of the voting rights in another entity (the ‘second entity’);
- b. is a shareholder of the second entity and has the right to appoint or remove a majority of the board of directors or managers of the second entity; or
- c. is a shareholder of the second entity and controls alone, pursuant to an agreement with other shareholders, a majority of the voting rights in the second entity.

**Or;**

- d. if the second entity is a subsidiary of another entity which is itself a subsidiary of the first entity.

1.40 **Person:** a natural Person.

1.41 **Regulations:** any resolution, regulation, circular, rule, standard or notice issued by the Central Bank or any resolution issued by the Higher Sha’riah Authority.

1.42 **Representative Offices:** an office licensed in accordance with the provisions of the Central Bank Law, to carry on representation of a financial institution incorporated in other jurisdictions.

- 1.43 **Senior Employee:** any Person who occupies an executive position equivalent to the duties of a Director-General, Authorized Manager or the deputy or assistant of either one, or any department director, internal audit director or Branch manager.
- 1.44 **Senior Management:** the executive management of the Licensee responsible and accountable to the Board for the sound and prudent day-to-day management of the Licensee, generally including, but not limited to, the Chief Executive Officer, chief financial officer, chief risk officer, heads of the compliance and internal audit functions.
- 1.45 **Staff:** all the Persons working for a Licensee including the members of Senior Management, except for the members of its Board.
- 1.46 **State:** the United Arab Emirates (UAE).
- 1.47 **Subsidiary:** an entity (the ‘first entity’) is a subsidiary of another entity (the ‘second entity’) if the second entity:
- a. holds a majority of the voting rights in the first entity;
  - b. is a shareholder of the first entity and has the right to appoint or remove a majority of the board of directors or managers of the first entity; or
  - c. is a shareholder of the first entity and controls alone, pursuant to an agreement with other shareholders, a majority of the voting rights in the first entity.
- Or;**
- d. if the first entity is a subsidiary of another entity which is itself a subsidiary of the second entity.
- 1.48 **Surveyor and Loss Adjuster:** a Person licensed or authorized by the CBUAE to inspect and assess the damage incurred in the subject of insurance.
- 1.49 **Takaful Insurance:** a collective contractual scheme intended to achieve solidarity and cooperation among a group of contributors to address certain risks, where each one pays an amount of money called “contribution” to be deposited in a Takaful insurance fund, through which compensation is to be paid to eligible persons when a risk is sustained.
- 1.50 **Takaful Insurance Company:** an Insurance Company, which is incorporated and practices its business in accordance with the provisions of the Central Bank Laws and Regulations, and whose carried out businesses and activities are in Compliance with the Islamic Shari’ah Provisions.



**Article (2): Fit and Proper Conditions**

- 2.1 An Authorized Individual must not be considered fit and proper for any role other than the position that the Central Bank has authorised the Person to hold.
- 2.2 Where an Authorized Individual has undergone the Fit and Proper Process and been Authorised by the Central Bank to be appointed to a Designated Function, and is being considered to take on another or additional Designated Functions within a Licensee, where permitted, the Person must be reassessed and an application for Authorisation must be submitted to the Central Bank prior to the Person being assigned to any Designated Function, other than what has been authorised by the Central Bank.
- 2.3 In the event that a Designated Function becomes vacant unexpectedly or temporarily, with limited notice, a Licensee must immediately notify the Central Bank; and may submit an urgent request to the Central Bank to assign an Authorized Individual to the vacant function on an interim basis. The Central Bank, at its sole discretion and on a case by case basis, will determine the conditions and requirements for granting its Authorisation for an interim appointment, including timeframes and required assessments and reporting, where not specified in applicable Regulations.
- 2.4 The Central Bank will usually approve an interim appointment for a maximum period of six (6) months, following which an extension may be granted, if requested by the Licensee and supported by adequate justification.
- 2.5 Fitness and propriety and suitability, including Collective Suitability, must be monitored by Licensees on an ongoing basis, outside of the annual appraisal process, and particularly where material concerns emerge.
- 2.6 The Fit and Proper Process must consider the proportionality principle, in that, the competency and capability requirements for each function being assessed must be tailored to *inter alia*, the nature and scale of the activities, size, business model, complexity of the operations and risk profile of the Licensee. The proportionality principle must never be applied in the assessment of honesty, integrity and reputation or independence of mind.

**Article (3): Central Bank Powers**

- 3.1 The decision on which functions constitute Designated Functions and are therefore subject to Central Bank Authorisation, will be communicated by the Central Bank. These designations may differ depending on the legal form and organisational and governance structure of the Licensee and therefore equivalent positions should be taken into

consideration. The list of Designated Functions is presented in Attachment 1 to the Standards, and may be amended by the Central Bank from time to time.

- 3.2 The Central Bank will not grant Authorisation for the appointment of a Person to a Designated Function until all required information and documentation is provided and all requirements in relation to the fit and proper Authorisation application are fully met.
- 3.3 The Central Bank may request the participation of an Authorized Individual or any other Person in an interview/s to inform a decision on Authorisation. The decision on whether to conduct an interview is at the sole discretion of the Central Bank.
- 3.4 The Central Bank may require the participation of a Licensee in meeting/s with the Central Bank to inform a decision on Authorisation of an Authorized Individual.
- 3.5 Upon the resignation or termination of employment or engagement of an Authorized Individual or any other Person employed or engaged by a Licensee, the Central Bank may conduct an exit interview with that Person.
- 3.6 The Central Bank, at its sole discretion, may impose a ban on a Person whose request for Authorisation has not been successful, from employment within Licensees, for a specified period or indefinitely.

#### **Article (4): Responsibilities of the Licensee**

- 4.1 The Board must ensure the fitness and propriety of Persons holding Designated Functions in accordance with Central Bank Regulations and the Licensee's policies, procedures and requirements. The Board must therefore establish a Fit and Proper Process for the selection, continued assessment and monitoring of the Board, Senior Management, Material Risk Takers and other Persons.
- 4.2 The Fit and Proper Process must be inextricably linked to the Licensee's determination of a Person's suitability for a particular function. Therefore, Applicants and proposed Material Risk Takers must be assessed as fit and proper and suitable for the proposed function by a Licensee prior to their appointment. In the case of an Applicant, the appointment of that Person must not take place prior to the Licensee receiving formal Central Bank Authorisation.
- 4.3 A Licensee must satisfy itself that the information and documentation provided by a Person in the course of the Fit and Proper Process is truthful, complete, fair, accurate and not misleading.

- 4.4 The Board must ensure that processes are implemented, maintained and monitored to ensure that members of the Board and Senior Management meet the fit and proper requirements on an ongoing basis and are under constant review.
- 4.5 Licensees must adopt and implement comprehensive fit and proper and suitability assessment frameworks which establish the Fit and Proper Process and clearly identify the procedures to be followed in the selection and assessment of Authorized Individuals, Material Risk Takers and other Persons; and include, at a minimum, clear and detailed policies and adequate resources to ensure that fit and proper and suitability assessments are conducted in a comprehensive and regulatory compliant manner.
- 4.6 A Licensee's policies and procedures must, at a minimum:
- a. Establish the minimum fit and proper criteria for all Persons subject to fit and proper/suitability requirements;
  - b. Detail the Licensee's Fit and Proper Process including timing, regularity, processes and accountabilities;
  - c. Document criteria which will trigger a fit and proper reassessment, including, *inter alia*, negative press, changes in the Licensee's risk profile, enforcement or supervisory action or performance deficiencies;
  - d. Establish and define the steps to be taken if a Person is found to be not fit and proper, including options for remedial action and communication with the Central Bank;
  - e. Include the list of documents, information, and/or data required to conduct the Fit and Proper Process and reassessments;
  - f. Identify who holds responsibility for establishing and reviewing the fit and proper/suitability assessment framework and for conducting the Fit and Proper Process;
  - g. Designate appropriate responsibilities with timeframes for the submission of reports, applications for Authorisation, and any other communication with the Central Bank related to the Fit and Proper Process;
  - h. The ongoing training requirements and resources for Persons conducting assessments;
  - i. Set the steps and activities involved in the Fit and Proper Process;
  - j. Establish how the information, records and documents related to the Fit and Proper Process are verified, authenticated and stored securely;
  - k. Set the procedures for managing Conflicts of Interest in the Fit and Proper Process; and
  - l. Document the role of internal audit in the Fit and Proper Process, including reviews to ensure effectiveness.
- 4.7 Policies and procedures related to the Fit and Proper Process must be reviewed regularly

and revised in line with *inter alia*, updates to the legal and regulatory framework and industry best practice.

- 4.8 Where a Person being assessed has been subject to authorisation or approval by a financial services regulator(s) in another jurisdiction(s), the Central Bank may require that the Licensee contacts the relevant regulator/s to ascertain the status of the authorisation or approval and share all relevant information, to the extent legally permissible, with the Central Bank.
- 4.9 Following the formal Authorisation by the Central Bank for the appointment of an Authorized Individual, a Licensee must officially notify the Central Bank of the appointment of the Person within seven (7) business days, providing confirmation of the appointment date, tenure of the contract and any additional pertinent details not previously provided to the Central Bank.
- 4.10 Unless otherwise specified by applicable law or Regulations, where a Designated Function becomes vacant, for whatever reason, a Licensee must ensure that it appoints a Person to the position within thirty (30) days of the vacancy date, either on an interim or permanent basis, and subject to the Authorisation requirements in the Regulation and the Standards.
- 4.11 With the exception of criteria relevant to the assessment of honesty, integrity and reputation, if a Licensee's assessment or re-assessment identifies easily remediable shortcomings in a Person's knowledge, skills or experience, the Licensee should take appropriate corrective measures to overcome those shortcomings in a timely manner. The Licensee must prepare a training plan for the Person which must be submitted to the Central Bank as part of the application for Authorisation.

#### **Article (5): Material Risk Takers**

- 5.1 Licensees must subject Material Risk Takers to the Fit and Proper Process and ensure that they have obtained the appropriate competence, skills, experience and training required to perform the relevant function.
- 5.2 The Licensee's assessment of Material Risk Takers' fitness and propriety must be based on the relevant criteria established in Article (7) of the Standards. When assessing qualifications, knowledge, skills and experience, the role and duties of the specific position must be considered.
- 5.3 The Licensee must establish and implement approved policies and procedures to ensure that Material Risk Takers meet and continue to meet the fitness and propriety criteria throughout their tenure. The policies and procedures must, at a minimum, cover the

applicable criteria established in Article (7) of the Standards. These policies and procedures must be reviewed on a regular basis and must be kept aligned with CBUAE requirements, as they evolve.

- 5.4 The Central Bank must be notified of the appointment of Material Risk Takers within thirty (30) days of the appointment.
- 5.5 The Licensee must provide the Central Bank with access to the information collected or procedures conducted in the context of the nomination and appointment of Material Risk Takers, when requested.
- 5.6 Material Risk Takers must undergo a comprehensive training programme at the commencement of their engagement with the Licensee, which is relevant to their function, where required. Specific training programmes may need to be completed for certain functions and these may be set by the Central Bank in separate Regulations.
- 5.7 Licensees must ensure that the knowledge of Material Risk Takers is up to date and that Material Risk Takers undergo training on an ongoing basis, relevant to their particular functions.
- 5.8 Licensees must conduct ongoing assessments of Material Risk Takers to ensure that they remain suitable for their posts over the entire period of their engagement. In addition to the criteria established in Article (7) of the Standards, the assessments must take into account the following, where applicable:
  - a. the nature of the functions undertaken by the Person;
  - b. the quality of advice or information provided to consumers;
  - c. the quality of the decisions taken by the Material Risk Taker;
  - d. the Person's knowledge of and compliance with legal and regulatory requirements relevant to the role;
  - e. the results of performance reviews or assessments of the Person;
  - f. any complaints that have been lodged in relation to the Person; and
  - g. the verified number of hours of CPD completed or scheduled to be completed.

#### **Article (6): The Fit and Proper Process**

- 6.1 Authorized Individuals and Material Risk Takers must undergo the Fit and Proper Process prior to their appointment, reappointment or contract renewal, as the case may be. The non-exhaustive list of Designated Functions is presented in **Attachment 1** to the Standards. The list of positions should be reviewed in the context of the operations of the

Licensee, in that, equivalent positions which may be titled differently within individual Licensees, need to be considered for Authorisation. The list is consistently under review and Licensees must keep abreast of updates to ensure compliance with the Regulation and Standards.

- 6.2 In applying the Regulation and Standards to Persons who hold or intend to hold Designated Functions, Licensees must consider the job description and requirements of the function and therefore not rely on the precise naming of the functions in **Attachment 1**. The Regulation and the Standards do not impose a requirement for a Licensee to have in place all functions listed in the List of Designated Functions.

### **Approach**

- 6.3 Licensees must incorporate the following into their processes for selecting Persons for Designated Functions or as Material Risk Takers:
- a. Consideration of the duties and responsibilities of the position;
  - b. A selection process that allows for the assessment of the qualifications and experience of the Person in relation to the requirements of the position;
  - c. Verification of qualifications, experience, references and professional memberships;
  - d. Propriety checks, including personal, financial and professional; and
  - e. An assessment of how the Person contributes to the Collective Suitability of the Board, where applicable.
- 6.4 The Person must be made responsible for completing the prescribed forms and providing all supporting documentation and information to the Licensee, as far as possible.
- 6.5 The Licensee's verification and authentication of information and documents must be comprehensively undertaken and include detailed checks to confirm accuracy.
- 6.6 The Licensee must sign the prescribed forms including the declarations, confirming that all required assessments and checks have been completed and that the Licensee has verified, as far as is reasonably possible, the information in the forms.
- 6.7 An application to the Central Bank for Authorisation must be submitted through designated CBUAE portals, where available, or official electronic mail accounts from Persons authorised by the Licensee to do so and must not be submitted from personal accounts.
- 6.8 Any false or misleading replies to questions in the forms or deliberate withholding of material information must be considered by the Licensee during the Fit and Proper

Process as a strong indication that the Person lacks integrity.

- 6.9 Licensees must assess all necessary information to ensure that fit and proper assessments are comprehensive and accurate and provide confirmation that the Person has been found by the Licensee to meet the required criteria to fulfil the function.
- 6.10 The Fit and Proper Process for the heads of the internal Shari'ah audit and internal Shari'ah control departments shall be carried out in consultation with the ISSC.
- 6.11 Notwithstanding the requirement to conduct reassessments prior to the reappointment or renewal of contracts of Authorized Individuals, reassessments may be required where a need for one is triggered. Reassessments must be conducted by the Licensee in the following cases:
- a. Where there are concerns regarding the fitness and propriety or suitability of the Person;
  - b. In the case of any event that may materially affect the fitness and propriety or suitability of the Person;
  - c. Where the Licensee is proposing to significantly change the responsibilities of the Designated Function;
  - d. As part of the review of the internal governance arrangements by the Board and/or Senior Management;
  - e. When the Licensee becomes aware that any information, documents, or responses to any of the questions in the prescribed forms or otherwise provided by the Person as part of the Fit and Proper Process may be inaccurate, erroneous or there are questions about their authenticity; or
  - f. Where there is evidence that the Person may have acted in a manner considered detrimental to the interests of the Licensee, its depositors, policyholders or participants or other creditors.
- 6.12 Additionally, the Central Bank may request a reassessment/s based on additional triggers including, when the Central Bank has cause to question the management and direction of the Licensee's business or where the Licensee has breached any of its legal, regulatory and/or other compliance obligations.
- 6.13 The CBUAE requires Licensees to assess all necessary information to ensure that reassessments are comprehensive and accurate. All fit and proper reassessments must take consideration of the following, at a minimum:
- a. Information collected in the prescribed form;
  - b. Annual and other appraisals;
  - c. Internal records, including disciplinary actions; and

- d. Annual and other Board and Senior Management collective assessments.

### **Documentation**

- 6.14 Licensees must explain the Central Bank's documentation requirements to the Authorized Individual.
- 6.15 The Licensee must collect sufficient and appropriate information and documentation to assess whether a Person meets the fit and proper requirements. The information to be collected and its assessment may differ depending on the role of the Person being assessed.
- 6.16 Licensees must ensure that the prescribed forms are filled completely and accurately and sign off on the forms to indicate that all required reviews, assessments and verifications have been completed.
- 6.17 The Central Bank may request any information or documentation from a Licensee and/or Authorized Individual, it deems necessary to support an application for Authorisation.
- 6.18 The Central Bank will not commence its review of an application for Authorisation for any Person until all required information and documents have been received. If the complete set of documents is not received within the period specified by the Central Bank, the application request may be closed off and a new request for Authorisation may need to be submitted, where applicable.
- 6.19 Where the Central Bank requests the submission of additional information and/or documents, the timeframe set by the Central Bank for submission must be met by the Licensee. Failure to provide the information and/or documents within the timeframe may result in the application request being closed off and the need for the Licensee to submit a new request for Authorisation, where applicable.
- 6.20 Licensees must immediately notify the Central Bank of any material change to documents and/or information provided to the Central Bank as part of application for Authorisation.
- 6.21 Licensees must validate, authenticate, verify and/or review all relevant documentation, where applicable, as part of the Fit and Proper Process. Unless otherwise established in separate Regulations, the following documents, where applicable, should be assessed and provided to the Central Bank as part of the application for Authorisation of an Applicant. The Central Bank may prescribe the documentation required for assessments within individual Licensees or holders of specific Licences.



- a. Fully completed and signed form/questionnaire, as prescribed by the Central Bank;

***Applicant Information:***

- b. Copy of passport;
- c. Copy of second form of national photo identification (for example, national ID or driver's license);
- d. Copies of any other passports held;
- e. Evidence of previous nationality or Marsoom letter;
- f. Copy of Emirates ID;
- g. UAE residence visa;
- h. Coloured photograph (passport size and with white background);
- i. Complete Family Book;
- j. No objection/National Service Letter from the UAE Ministry of Defense for UAE Citizens under the age of forty (40);
- k. Comprehensive, current resume or curriculum vitae of the Applicant which includes detailed information on qualifications and work experience of the Person;
- l. Offer letter and employment contract and/or card;
- m. Proof of previous employment including UAE experience certificates;
- n. Attested academic certificates;
- o. Qualification and training certificates;
- p. Any other professional certificates;
- q. Valid certificate of good conduct (police clearance) addressed to the Central Bank;
- r. Recent, original stamped banker's or other financial reference;
- s. Recent professional references (including from previous employers which are Licensees) and/or character references; and
- t. Proof of relevant anti-money laundering/combating the financing of terrorism and sanctions screening.

***Licensee Information:***

- u. Approved job description for the proposed function;
- v. A list of all of the other roles that the Person currently holds and the expected time commitment for each role (where permitted);
- w. The report documenting the results of the Fit and Proper Process for the Person;
- x. Self-declaration by the Person that they have sufficient time to dedicate to all the mandates confirmed, by the Licensee;
- y. Updated trade licence of the main branch of the Licensee;
- z. Appointment approval request letter addressed to the Central Bank;
- aa. Board approved authorisation instrument for the Person signing on behalf of the Licensee;

- bb. Resignation letter of the former employee;
  - cc. The Licensee must confirm that it has assessed the Collective Suitability of the Board and provide justification on how it has determined that the appointment of the Person would be a strategic and effective fit with the other members of the Board and contribute to maintaining or improving the Collective Suitability; and
  - dd. Any other information or documents requested by the Central Bank.
- 6.22 The Central Bank may amend the information requirements for an Authorisation request, at its sole discretion, on a case-by-case basis.
- 6.23 Where the Licensee has found the Person deficient in any of the fit and proper assessment factors, a detailed explanation of the mitigating or compensating factors must be submitted to the Central Bank. If the Person does not fully meet the qualification or experience requirements, the Licensee is required to submit the written justification for wishing to proceed with the appointment, including compensating factors or plans for timely remediation, in the case of qualification requirements.

**Article (7): Fit and Proper Criteria**

- 7.1 In order to meet fit and proper requirements, an Authorized Individual or Material Risk Taker must have and demonstrate the necessary qualities that will allow him/her to perform the duties and carry out the responsibilities of his/her function within the Licensee. These qualities relate at a minimum to: honesty, integrity and reputation; competence and capability; good financial conduct; independence of mind and time commitment.

**Honesty, Integrity and Reputation**

- 7.2 Authorized Individuals and Material Risk Takers must be honest, diligent, of good reputation and independent-minded, and act ethically and with integrity and fairness. The Person must, at all times, act in full compliance with their contract of employment, including adherence to the Licensee’s code of conduct and/or ethics.
- 7.3 The conduct and actions of the Person who is subject to the Fit and Proper Process must be such that his/her integrity is beyond reasonable doubt. Indicators of integrity include criminal, financial, supervisory and other aspects.
- 7.4 Supervisory indicators include information collected by supervisors, including the Central Bank in the performance of their duties. Negative indicators could include the withholding of information from competent authorities, submission of incorrect financial or other statements, prior refusal of regulatory approval, other corrective actions or interventions

by a competent authority.

- 7.5 A Person must not be considered of good repute if their personal or business conduct gives rise to any material doubt about their ability to ensure the sound and prudent management of or participation in the Licensee.
- 7.6 In determining the honesty, integrity and reputation of a Person, consideration must be given to whether the Person:
- a. has a record or evidence of previous conduct and activities where he/she has been convicted for a criminal offence under any legislation designed to protect members of the public from financial loss, due to dishonesty, incompetence, malpractice, misappropriation of assets, embezzlement and other fraud.
  - b. is or has been the subject of any adverse finding or any settlement in civil proceedings of an offence related to misconduct, misrepresentation, breach of trust, dishonesty, fraud, money laundering, theft, or other financial crime within the prior ten year period.
  - c. has at any time shown a strong objection or lack of willingness to cooperate with competent authorities resulting in a failure or potential failure to comply with legal obligations, regulatory or professional requirements and standards, including compliance with tax requirements and obligations, or has been obstructive, misleading or untruthful in dealing with competent authorities or a court.
  - d. has not been fair, truthful and forthcoming in dealings with customers, auditors and/or competent authorities.
  - e. has had any judgements or decisions issued against them by the courts, dispute resolution committees or other judicial or semi-judicial bodies; or has ever been disqualified or restricted from acting as a director or serving in a managerial capacity.
  - f. has been convicted or found guilty in any proceedings of a disciplinary, regulatory or criminal nature, including the practice of any unauthorised or unlicensed activity.
  - g. any entity in which the Person holds or has held any position of responsibility or influence or is or has been a significant shareholder, is or has been, subject to any disciplinary proceedings, civil penalty, enforcement action, has been suspended, or has been issued a censure, warning, reprimand or other administrative sanction or its equivalent, by the Central Bank, clearing house or exchange, or by any other competent authority, considering also the level of direct or personal involvement of the Person.
  - h. has contravened any of the material requirements of the Central Bank Laws or any of its Regulations or any equivalent requirements of another competent authority.
  - i. is or has been associated, in ownership, directorship or management capacity, with a company, partnership or other business association which is being or has been wound up by a court or other competent authority; that has been refused registration, authorisation, membership or a licence to conduct trade, business or profession; has been prohibited, restricted or suspended from the right to carry on any trade, business or profession for which a licence, registration or other authorisation is required by the law in that jurisdiction; or has had that registration, authorisation, membership or

- licence revoked, withdrawn or terminated, or struck off the register of companies (or its equivalent) on an involuntary basis; and/or has been found to have contributed significantly to the failure of an organisation or a business unit, considering also the level of direct or personal involvement of the Person.
- j. has been the subject of any complaint made to the Central Bank, the financial services ombudsman or any equivalent body, relating to activities regulated by the Central Bank or regulated by an equivalent competent authority. In considering whether the complaint adversely affects the Person's ability to carry out a relevant function, consideration shall be given to the outcome of any inquiry or investigation or any similar process into that complaint if same has been concluded.
  - k. without prejudice to the presumption of innocence, has been the subject of any proceedings of a criminal or disciplinary nature or has been notified of any such potential proceedings or any investigation which may lead to such a proceeding.
  - l. has been untruthful or provided false or misleading information to the Central Bank or has been uncooperative in any dealings with the Central Bank;
  - m. has at any time shown strong objection or a lack of willingness to maintain effective internal control systems and risk management practices.
  - n. has engaged in any business or professional practices which are deceitful, negligent, oppressive or otherwise improper (whether unlawful or not), or which otherwise reflect discredit on his/her professional conduct.
  - o. has been dismissed, asked to resign or has resigned from any profession, vocation, office or employment or from any position of trust or fiduciary appointment, whether or not remunerated because of questions about his/her honesty and integrity, or has breached a fiduciary obligation.

### **Competence and Capability**

- 7.7 An Authorized Individual or Material Risk Taker must have the necessary academic qualification, competence, capacity, theoretical knowledge, adequate experience and skills to perform his/her role effectively, as well as the ability to understand the technical requirements of the business of the Licensee, the legal and regulatory framework, the risks and the management process. Additionally, the Person must meet all requirements set by the Central Bank, which may include specific qualification, academic, or training requirements related to the specific function the Person holds or is being proposed to assume.
- 7.8 In determining the competence and capability of a Person, a Licensee must consider and assess whether the Person:
- a. has the appropriate professional or other qualifications, training and capability to demonstrate their capacity to undertake the responsibilities of the positions and more generally, their suitability for the relevant function.

- b. has the competence, proficiency and an appropriate range of skills and experience to understand, operate and manage the affairs of the Licensee and to effectively and efficiently fulfil the role and responsibilities of the function.
- c. meets minimum qualification and training requirements established by the Central Bank, where applicable.
- d. has an adequate number of years of relevant, practical experience.
- e. has the technical knowledge and ability to perform prescribed duties for which they are engaged, specifically professional qualifications and membership in relevant professional bodies. The Licensee must take consideration of any specific, required experiences, skills and/or qualifications for key functions.
- f. has a sound knowledge of the business of the Licensee as a whole, and the specific responsibilities that are to be undertaken in the relevant function.
- g. has satisfactory past performance or expertise in the nature of the business being conducted and history of compliance with the law and Regulations.
- h. has a clear and comprehensive understanding of the legal and regulatory environment relevant to the function.
- i. is of sound mind.
- j. has been dismissed or suspended from employment.

7.9 Additionally, Authorized Individuals and Material Risk Takers should demonstrate theoretical knowledge and understanding in some of the following areas:

- a. the financial sector and financial markets;
- b. the legal and regulatory framework, including Shari'ah requirements, where Shari'ah is applicable;
- c. financial sector risks, risk management and internal controls;
- d. climate and environmental risks;
- e. environmental, social and governance (ESG) and sustainability factors;
- f. corporate governance;
- g. strategic planning;
- h. accounting, auditing and financial statement analysis; and
- i. the business, financial and economic environment.

### **Financial Conduct**

7.10 In assessing the financial conduct of Persons, the Licensee must assess whether the Person can maintain solvency and prudent financial control, including but not limited to, meeting liabilities as they become due.

7.11 A Person's financial conduct is relevant to an assessment of his/her professional integrity

as it may have an impact on his/her reputation.

- 7.12 In assessing the financial conduct of a Person, the Licensee must give due consideration to whether the Person:
- a. has the experience needed to manage their financial obligations and affairs prudently and properly.
  - b. can be reasonably expected to meet debts as they fall due.
  - c. has been subject to any judgment, debt or award that they have defaulted on, remains outstanding or has not been satisfied within a reasonable period of time.
  - d. has sought relief for any debt or made arrangements with creditors or made an assignment for the benefit of creditors, filed for bankruptcy or been adjudged bankrupt or had assets sequestered or confiscated or been in any proceedings related to any of the aforementioned.
  - e. has been able to provide the Licensee with satisfactory credit reference/s, where applicable.
  - f. is or has been unable to fulfil their financial obligations as they fall due;
  - g. has seriously or persistently failed to manage personal debts or financial affairs in a satisfactory manner that has caused detriment or loss to others.
  - h. has held in the past year or currently holds a loan or other credit facility with the Licensee which has been or is in arrears for a period of greater than ninety (90) days.
  - i. was able to manage any previous business dealings in a sound and prudent manner.
  - j. has been an owner, director, partner, senior manager or otherwise involved in the management of an entity that has gone into receivership, insolvency, or compulsory liquidation while the Person was connected with that entity or within a reasonably short period (for example, one year) after the Person's departure from the institution.

### **Independence of Mind**

- 7.13 Authorized Individuals and Material Risk Takers must demonstrate the capacity to employ independent judgement and make sound, objective and independent decisions, without being unduly, externally influenced. The assessment of independence of mind must consider whether the Person has the ability to express divergent opinions and resist groupthink. The Person should show a record of being able to question and challenge members of Senior Management and the Board.

- 7.14 Authorized Individuals and Material Risk Takers must be assessed as independent from influence in performing their duties to the Licensee, giving due consideration to any other employment interests, obligations or situations which may give rise to a Conflict of Interest or which could, in any way, impair the Person's ability to independently perform the duties..
- 7.15 Licensees must assess whether the Person's membership in other boards of directors or similar positions has the potential to conflict with the interests of the Licensee.
- 7.16 The Licensee must not allow for Persons to conduct concurrent responsibilities which have the potential to impair their ability to discharge the duties of the Designated Function. Where not already set in existing Regulations, the Licensee must set reasonable limits on the number of memberships held by members of the Board in other boards of directors or similar positions.
- 7.17 Licensees must conduct thorough assessments of whether a Person is involved in any business or other relationship which could materially pose a Conflict of Interest or interfere with the exercise of his/her judgement and has the potential to be disadvantageous to the interests of the Licensee.
- 7.18 The Licensee must not allow for a Person to simultaneously hold two or more positions within the Licensee where the appointments could result in a material conflict.
- 7.19 All financial and non-financial interests that could create potential or perceived Conflicts of Interest should be disclosed by the Licensee to the Central Bank as part of the application for Authorisation. The Licensee should notify the Central Bank about any material Conflicts of Interest, when they arise along with details of the proposed resolution plan.

### **Time Commitment**

- 7.20 Licensees must ensure that a Person has adequately demonstrated their ability to commit time to perform their role and meet the responsibilities associated with their function in the Licensee, by assessing the following, at a minimum:
- a. whether the Person is in full time employment and assessing the number of hours or days dedicated to each role;
  - b. whether any of the roles have any additional responsibilities such as membership and/or chair of committees;
  - c. whether the nature, type and size of the other entity/entities will demand more time from the Person (e.g. the entity is regulated, listed etc.); and

- d. whether the experience of the Person, either generally or with respect to the Licensee, is such that the Person could carry out their duties with greater familiarity and therefore efficiency.

7.21 In order to ensure that time commitment is met by a Person, the Licensee must, at a minimum, request, review and submit to the Central Bank as part of its application for Authorisation, where applicable, the following:

- a. a list of all of the other formal roles that the Person currently holds and the expected time commitment for each role; and
- b. a declaration by the Person that they have sufficient time to dedicate to all the roles confirmed by the Licensee.

### **Article (8): Collective Suitability**

8.1 A Licensee must establish target representation to ensure diversity on the Board.

8.2 A Licensee must undertake an assessment of the Collective Suitability when proposing appointees to its Board. The results of this assessment must be submitted to the Central Bank as part of the package for approval of the appointment of an Applicant.

8.3 In assessing and determining the Collective Suitability of its Board, a Licensee must consider the nature, size and scope of its business operations; the business model, objectives and strategy, and the risk appetite, risk tolerance and risk profile.

8.4 Licensees must establish and implement a policy for the induction and training of members of the Board which should be tailored and aligned with the entity's goals related to achieving Collective Suitability. The resources allocated by the Licensee for induction and training must be sufficient to achieve the objectives of Collective Suitability and to ensure members' ongoing fitness and propriety and suitability. Licensees must have a process in place to identify the areas in which training is required, both for the Board as a collective body and for individual directors.

8.5 A Licensee's assessment of Collective Suitability must take into consideration the Board members' collective knowledge and understanding of the following, at a minimum:

- a. Financial institution governance and management;
- b. Islamic finance and Shari'ah requirements, where applicable.
- c. The business of the Licensee, including, *inter alia*, products, services and markets;
- d. Risk management, compliance and internal and external audit;



- e. Main business risks including financial, information technology, information and cyber security, climate, environmental and other industry specific risks and their management;
- f. Money laundering and terrorist financing risks;
- g. Strategic planning, operational resilience and digital transformation;
- h. The legal and regulatory environment and related prudential and other compliance requirements;
- i. Relevant international and other sectoral standards;
- j. The financial sector and business environment;
- k. Outsourcing arrangements;
- l. Financial and management accounting and reporting; and
- m. Group risks and management, where applicable.

**Article (9): Continuous Professional Development (CPD) Requirements**

- 9.1 At the start of each financial year, Licensees must submit to the Central Bank, a Board approved training plan detailing the areas of training, and Authorized Individuals and Material Risk Takers identified for these training opportunities. The Licensee must be able to demonstrate that the training plan contributes to the suitability of Persons in addition to the Collective Suitability of the Board.
- 9.2 An Authorized Individual’s or Material Risk Taker’s failure to maintain appropriate qualifications or memberships, where they are relevant, must trigger a reassessment of that Person’s fitness and propriety.
- 9.3 The Central Bank may exempt an Authorized Individual or Material Risk Taker from the minimum CPD requirement generally, or in a particular year, in exceptional circumstances including cases of serious illness.
- 9.4 Authorized Individuals and Material Risk Takers must complete the minimum required CPD hours set by the Licensee or the Central Bank, as the case may be. CPD hours completed in one year must not be carried over to another year.
- 9.5 The content of the CPD hours used to meet the requirements herein must be directly relevant to the specific function of the Person.
- 9.6 Relevant CPD hours may be comprised of participation at conferences, lectures, workshops, seminars, formal training courses and/or appropriate electronic learning platforms.

- 9.7 Licensees must document and inform the Central Bank of any breaches of CPD requirements.

**Article (10): Reporting and Record Keeping**

- 10.1 A Licensee must keep detailed records of the following, where applicable, in relation to the conduct of the Fit and Proper Process for all applicable Persons and submit, where required or provide access to the Central Bank immediately upon request:
- a. Prescribed forms and all supporting documents as stipulated in the Standards;
  - b. Sources of all information, verifications and authentications;
  - c. Character, professional and regulatory references and evidence of criminal and other checks conducted;
  - d. Any information that may affect the Central Bank's review of the application and or decision to issue Authorisation for the Person;
  - e. The reports and decisions resulting from the Fit and Proper Process including clear rationale for all decisions; and
  - f. The reports and all related records from assessments conducted by any third party.
- 10.2 Licensees must, at least on an annual basis, provide a report to the Central Bank with information on the following:
- a. Vacant Designated Functions; and
  - b. CPD undertaken by Persons, where required.
- 10.3 The Central Bank will prescribe any additional information required to be submitted and/or to be presented in the Licensee's annual report.

**ATTACHMENT 1: LIST OF DESIGNATED FUNCTIONS**

Banks	Insurance and/or Reinsurance Companies	Finance Companies	Exchange Houses	Insurance Brokers/ Third Party Administrators	All Other Licensees
<ol style="list-style-type: none"> <li>1. Members of the Board of Directors;</li> <li>2. Chief Executive Officer (CEO);</li> <li>3. Deputy Chief Executive Officer;</li> <li>4. Chief Financial Officer (CFO);</li> <li>5. Chief Risk Officer (CRO);</li> <li>6. Chief Internal Auditor (CIA);</li> <li>7. Chief Compliance Officer (CCO);</li> <li>8. AML Compliance Officer and/or Money Laundering Reporting Officer (MLRO);</li> <li>9. General Counsel;</li> <li>10. Advisor to Board or Senior Leadership;</li> <li>11. Chief Representative Officer;</li> <li>12. Chief Credit Officer (CCO);</li> <li>13. Chief Operating Officer (COO);</li> <li>14. Chief Information Security Officer - CISO (InfoSec);</li> <li>15. Chief of Business;</li> <li>16. Members of Internal Shari'ah Supervision Committee (ISSC) – Islamic Financial Institution (IFI);</li> <li>17. Head of Internal Shari'ah Control Division or Section - IFI;</li> <li>18. Head of Internal Shari'ah Audit Division or Section – IFI; and</li> <li>19. Any other executive positions reporting directly to the CEO and/or the Board, as designated by the CBUAE.</li> </ol>	<ol style="list-style-type: none"> <li>1. Members of the Board of Directors;</li> <li>2. Board Secretary;</li> <li>3. Chief Executive Officer;</li> <li>4. Deputy Chief Executive Officer;</li> <li>5. Chief Financial Officer;</li> <li>6. Chief Risk Officer;</li> <li>7. Chief Internal Auditor;</li> <li>8. Chief Compliance Officer;</li> <li>9. AML Compliance Officer and/or Money Laundering Reporting Officer;</li> <li>10. General Counsel;</li> <li>11. Advisor to Board or Senior Leadership;</li> <li>12. Chief Actuary</li> <li>13. Chief Operating Officer;</li> <li>14. Director of Legal Affairs;</li> <li>15. Chief of Claims;</li> <li>16. Chief of Underwriting;</li> <li>17. Chief of Reinsurance;</li> <li>18. Chief Information Security Officer - CISO (InfoSec);</li> <li>19. Chief of Business;</li> <li>20. Members of the Internal Shari'ah Supervision Committee - IFI;</li> <li>21. Head of Internal Shari'ah Control Division or Section - IFI;</li> <li>22. Head of Internal Shari'ah Audit Division or Section – IFI; and</li> <li>23. Any other executive positions reporting directly to the CEO and/or the Board, as designated by the CBUAE.</li> </ol>	<ol style="list-style-type: none"> <li>1. Members of the Board of Directors;</li> <li>2. Chief Executive Officer;</li> <li>3. Deputy Chief Executive Officer;</li> <li>4. Chief Financial Officer;</li> <li>5. Chief Risk Officer;</li> <li>6. Chief Compliance Officer;</li> <li>7. Chief Internal Auditor;</li> <li>8. AML Compliance Officer and/or Money Laundering Reporting Officer;</li> <li>9. Chief Credit Officer;</li> <li>10. Chief Operating Officer;</li> <li>11. Chief of Business; and</li> <li>12. Any other executive positions reporting directly to the CEO and/or the Board, as designated by the CBUAE.</li> </ol>	<ol style="list-style-type: none"> <li>1. Members of the Board of Directors;</li> <li>2. Chief Executive Officer;</li> <li>3. Deputy Chief Executive Officer;</li> <li>4. Chief Financial Officer;</li> <li>5. Chief Risk Officer;</li> <li>6. Chief Compliance Officer;</li> <li>7. Chief Internal Auditor;</li> <li>8. AML Compliance Officer and/or Money Laundering Reporting Officer;</li> <li>9. Chief of Business; and</li> <li>10. Any other executive positions reporting directly to the CEO and/or the Board, as designated by the CBUAE.</li> </ol>	<ol style="list-style-type: none"> <li>1. Managing Partners or Members of the Board of Directors, as the case may be;</li> <li>2. Chief Executive Officer;</li> <li>3. Chief Risk Officer;</li> <li>4. Director of Internal Audit;</li> <li>5. Chief Compliance Officer;</li> <li>6. AML Compliance Officer and/or Money Laundering Reporting Officer;</li> <li>7. Chief of Business; and</li> <li>8. Any other executive positions reporting directly to the CEO and/or the Board, as designated by the CBUAE.</li> </ol>	<ol style="list-style-type: none"> <li>1. Members of the Board of Directors;</li> <li>2. Chief Executive Officer;</li> <li>3. Chief Financial Officer;</li> <li>4. Chief Risk Officer;</li> <li>5. Chief Compliance Officer;</li> <li>6. Chief of Internal Audit;</li> <li>7. Chief Information Security Officer - CISO (InfoSec);</li> <li>8. AML Compliance Officer and/or Money Laundering Reporting Officer;</li> <li>9. Chief Operating Officer;</li> <li>10. Chief of Business; and</li> <li>11. Any other executive positions reporting directly to the CEO and/or the Board, as designated by the CBUAE.</li> </ol>