



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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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 acquirers, 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.

2. PURPOSE OF THE GUIDELINE

- 2.1 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.
- 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 management body 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 periodically, or upon occurrence of an event that it considers to be significant, to ensure continued relevance 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. Appendix 1 shows the documentation required to be submitted for fit and proper assessments.
- 2.6 This 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 who are licensed, registered or issued a permit by the Central Bank under the FIA, IA¹, CBA, ECA or other relevant legislation e.g. AML/CFT:
- i. Directors and officers², including compliance officers, as defined in the relevant legislation, and their alternates;
 - ii. Controlling³ and significant shareholders of regulated financial entities, whether nominally or beneficially, and the directors and officers of the controlling and significant shareholders;
 - iii. Financial holding companies;
 - iv. Acquirers of regulated financial entities;
 - v. Corporate trustees of occupational pension plans;
 - vi. Actuaries of regulated entities;
 - vii. The principal representative of an association of underwriters or of a foreign financial institution that is conducting insurance business or business of a financial nature;
 - viii. An insurance agent/agency, adjuster, broker/brokerage and sales representative;
 - ix. Electronic money issuers⁴; and
 - x. Payment service providers and payments system operators regulated by the Central Bank including money transfer and remittance businesses.

¹ In relation to entities and persons regulated under the Insurance Act Chapter 84:01, only those parts that are relevant under the current legislative regime will be enforced by the Bank, until such time as the Insurance Act 2018 is proclaimed.

² Directors and officers includes those persons referenced in the definition of "Controller" in the Insurance Act, Chap. 84:01 until such time as it is repealed and fully replaced by the Insurance Act 2018.

³ Controlling shareholder includes those persons referenced in the definition of "Controller" in the Insurance Act Chap. 84: until such time as it is repealed and replaced.

⁴ Upon enactment of the E-money Order pursuant to Section 17 (4) of the FIA.

- 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 in some respects differ from that applied to natural persons who perform regulated functions. As such, Appendix 2 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 or perform key functions at the regulated entity.

4. DEFINITIONS

- 4.1 All expressions used in this Guideline (except where defined below or where the context otherwise requires) have the same meanings as defined in relevant legislation applicable to the regulated entity, activity or function.

- 4.2 For the purpose of this Guideline the following definitions are provided –

“**AML/CFT**” means Anti-money laundering and combatting the financing of terrorism.

“**CBA**” means the Central Bank Act Chap. 79:02.

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

“**FIA**” means the Financial Institutions Act, 2008.

“**IA**”⁵ means the Insurance Act, Chapter 84:01.

“**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 required to be or 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 an exchange bureau, business of brokering, insurance business or intermediation, payment services and e-money issuance.

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

⁵ Until such time as it is repealed and the Insurance Act 2018 is enacted.

“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 CBA, 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. *Is contravening, or 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. *Is contravening, or 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. *Is being investigated, or 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. *Is engaging, or 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. *Is associated, or 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. *Is holding, or 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. *Is, or 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. *Is, or 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. *Is acting, or has ever acted, unfairly or dishonestly in his dealings with his customers, employer, auditors and regulatory authorities;*
- xii. *Is demonstrating, or 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. *Is contributing, or has ever contributed, to the failure of an organization or a business unit;*
- xiv. *Is showing, or 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, or has ever been, 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 regulated 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 regulated function.

- b. When assessing whether a person is competent and capable of performing a regulated function (see Appendix 3) 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; and*
 - iv. *the level of responsibility.*
- c. In assessing a person's competency, capability and soundness, the board and/or the Nomination Committee (NC) 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 regulated function for which the person is employed or for which the regulated entity intends to employ him; and*
 - 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 regulated 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.*

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. Financial means will not, in itself, be a determining factor in the measure of financial integrity. In the case of legal persons and shareholders, the criteria pertaining to assessment of their financial integrity and soundness are set out in Appendix 2.
- b. In determining a person's sound management of financial affairs, consideration should be given to whether:

- i. *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;*
- ii. *The person has ever been subject to any judgment debt payment that is or has ever been, unsatisfied in whole or in part;*
- iii. *The person has managed his or another person's financial affairs in a manner that has caused detriment to others;*
- iv. *The person has met applicable capital and/or solvency requirements;*
- v. *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 of Board members; 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 deemed to arise if a person were to make or participate in the making of a decision in the execution of his office and at the same time knows or ought reasonably to have known, that in the making of the decision, there is an opportunity either directly or indirectly to further his private interests, or that of a member of his family, or of any other person⁶.*
- b. Having a conflict of interest does not necessarily mean that a person cannot be considered suitable. This may 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 an appropriate policy for the management of conflicts of interest that identifies, prevents/mitigates, monitors and manages conflicts of interest, whether actual, potential (i.e. reasonably foreseeable) or perceived.

⁶ Definition adapted from the Integrity in Public Life Act Chap. 22:01

- 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. The board should be notified of all actual, potential or perceived conflicts of interest, indicating the conflict of interest and how it is being or will be prevented, mitigated or managed by the regulated entity. The board will be expected to assess the materiality of the conflict of interest and the adequacy of the measures adopted or proposed.
- f. The conflict of interest policy developed by the regulated entity should include a process that includes a reporting framework as well as a risk rating system to rate the materiality of the conflict and its potential effect on the person's ability to objectively carry out the regulated function they have been or will be appointed to do.
- g. Where the conflict of interest risks cannot be appropriately managed or mitigated, the regulated entity needs to give serious consideration to the appropriateness of that person being appointed a director, officer, or a significant or controlling shareholder of the regulated entity.
- h. Information regarding conflicts of interest including the board approved policy and assessment of actual or potential conflicts must be made available to the Central Bank upon request.

Without prejudice to national law, Appendix 4 includes examples of situations where a material conflict of interest is presumed to exist. The information in Appendix 4 is 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. The directors 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;*

what was done to determine the suitability of the applicant for the position. Such internal assessments must be made available to the Central Bank upon request.

- 6.4 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.
- 6.5 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 person 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, honesty, integrity and reputation; competency, capability and soundness of judgment; and the financial integrity and soundness of applicants. Consideration will also be given to the issues of time commitment; conflict of interest and collective suitability⁷. 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, Appendix 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

⁷ It should be noted that a person will not be disqualified as fit and proper on collective suitability considerations. However, where gaps in the composition of the Board are identified by the Central Bank, the Bank may direct the institution to take certain actions to address the gap.

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.
- 7.5 The Bank's approach will be informed by all available information taken together. 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 evidence 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 his/her 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 reasonable notice in writing of the date, time and place of the requested interview. The interview process 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.
- 8.4 The interview panel will generally consist of a minimum of three officers of the Central Bank.

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.

- 9.2 Where there is a material⁸ change to a person's Personal Questionnaire and Declaration ('PQD') or Corporate Questionnaire and Declaration ('CQD'), an updated PQD or CQD 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 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 regulated function.

11. GRACE PERIOD

- 11.1 This guideline will come into effect upon issuance to the industry. However, regulated entities will be given a grace period of three months to institute or update relevant policies and procedures as set out in this Guideline. Examples of such include a conflict of interest or code of conduct policy as well as a documented process for assessing the collective suitability of the board and development of a suitability matrix.
- 11.2 New applications to the Central Bank after the date of issuance must be made using the revised Personal and Corporate Questionnaire and Declaration forms and be accompanied by all relevant documentation as set out in Table 1 of this Guideline and the relevant appendices to the Questionnaires.

⁸ Material change in the context of this Guideline is any change that will significantly impact the fitness and propriety of a person.

APPENDIX I - 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)	At application stage	
	Updated PQD Forms	Within one month of a material change	Where the information pertaining to a person has changed materially during the year, a revised PQD should be submitted within 30 days of the change taking place.
2	Fully completed and duly certified Corporate Questionnaire and Declaration Form (CQD)	At application stage	
	Updated CQDs	Within one month of a material change.	Where the information pertaining to a legal person has materially changed a revised CQD should be submitted within 30 days of the change taking place.
3	Up to date and signed Curriculum Vitae (CV)	At application stage and upon re-assessment for a new position within the existing entity or a new entity.	CVs are to accompany all applications for persons seeking fit and proper approvals.
4	Certificate of Character from the Trinidad and Tobago Police Service (TTPS) issued within 6 months of a fit and proper application to be considered valid.	At application stage and every five 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 valid (issued within 6 months of the application), original certificates issued by the TTPS or a copy of such which has been certified by the Corporate Secretary or a senior officer of the regulated entity.
5	Overseas law enforcement clearance reports	At application stage and every five years or when there is a change that may impact a person's status on the law enforcement clearance report	This requirement applies to persons who have at any time within the last ten (10) years worked, studied or habitually resided in an overseas jurisdiction for twelve or more continuous months. These clearance reports are required to be requested by the regulated entity from the law enforcement agency within each applicable jurisdiction. The report must be submitted in

	Document	Required Frequency	Comments
			English and where a copy is provided it must be certified by the Corporate Secretary or a senior officer of the regulated entity.
6	Valid Work Permit or CARICOM/CSME Skills Certificate certified by the Corporate Secretary of the regulated entity.	At application stage and upon renewal (where relevant)	This requirement applies to a person who is not a citizen of Trinidad and Tobago.
7	A colour copy of government issued photo identification.	At application stage and upon expiration thereafter if the person continues to hold the position.	This requirement applies to all applicants.

APPENDIX 2 - 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 or other similar compliance databases 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 it relates to fraud, insider trading, money laundering, terrorist financing, bankruptcy, winding-up, malpractice or other dishonesty.

The Company will be required to disclose proceedings related to other matters which have been brought or upheld against it as well as whether it has been investigated, disciplined, charged, suspended or reprimanded by a regulatory or professional body, a court or tribunal, whether publicly or privately within the past 10 years.

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 also be required to provide the following:

- a. a diagram depicting the group structure (where relevant) showing shareholding percentages;
- b. the applicant entity's organizational chart;
- c. personal and corporate questionnaire and declaration forms for relevant persons and entities; and
- d. copies of approved statutory filings regarding the ownership of the entity.

III. **Financial integrity and soundness**

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

- a. 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;
- b. Copies of credit rating reports, business plans, feasibility studies and due diligence reports if applicable;
- c. Copies of the Management Letters from the External Auditors for the past three fiscal periods;
- d. Evidence of financial resources such as bank/financial institution statements or source of funds statements where the documents listed in (1) and (3) are not available;
- e. If a regulated entity, copies of the last two reports of examinations conducted by the relevant regulatory authority;
- f. Any other information the Central Bank deems necessary.

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 Considerations

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

- a. Has carried on its business in a prudent manner;
- b. Has suspended, is about to suspend payment, or is unable to meet its obligations as they fall due; and
- c. 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 3 – 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 practical experience in banking, insurance or a related field.

Non-executive Director: three years of recent relevant practical experience at high level managerial positions (including practical experience in banking, insurance or financial services). Practical experience gained in the public or private sector will 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 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 is 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 who does not meet the above-mentioned thresholds for the position may still be considered suitable if (i) the member has IT or other relevant 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.

APPENDIX 4 - POTENTIAL MATERIAL CONFLICTS OF INTEREST

CATEGORY OF CONFLICT	DEGREE AND TYPE OF CONNECTION AND, WHERE APPLICABLE, THRESHOLD
Personal	<p>The person, within the past three (3) years:</p> <ul style="list-style-type: none"> • Has, or has had, a close personal relationship⁹ with a Board member or other person performing a regulated function or a substantial or controlling shareholder of the regulated entity or in the parent undertaking or its subsidiaries; • Is or was a party in legal proceedings against the regulated entity or against the parent undertaking/its subsidiaries; • Conducts, or has conducted business, in private or through a company, with the regulated entity or with the parent undertaking/its subsidiaries
Professional	<p>The person or a close personal relation, within the past three (3) years:</p> <ul style="list-style-type: none"> • Holds, or has held, 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; • Has, or has had, 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.
Financial	<ul style="list-style-type: none"> • The person or a close personal relation, within the past three (3) years, has or has had a substantial financial interest in or financial obligation to: <ul style="list-style-type: none"> ○ The regulated entity; ○ The parent undertaking or its subsidiaries; ○ Any of the regulated entity's clients; ○ Any of the regulated entity's competitors; <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-material-</p> <ul style="list-style-type: none"> ○ All non-preferential secured personal residential mortgages that are in keeping with the requirements of section 43 (5) of the FIA or

⁹ 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	DEGREE AND TYPE OF CONNECTION AND, WHERE APPLICABLE, THRESHOLD
	<p>relevant section of the Insurance Act which are performing;</p> <ul style="list-style-type: none"> o Current shareholdings is less than or equal to 5% of the regulated entity or of a connected party of the regulated entity.
Political	<p>The person or a close personal relation, within the past three (3) years, holds or has held a position of high political influence.</p> <p>“High influence” is possible at every level: local politician, regional or national politician, public employee or state representative.</p> <p>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.</p>

APPENDIX 5: FURTHER GUIDANCE ON TIME COMMITMENT ASSESSMENTS

The regulated entity should be aware of the time commitment required for each role on the board and require the following from each board member:

- i. a list of all of the other mandates or positions that the applicant currently holds and the expected time commitment for each mandate or position; and
- ii. a self-declaration by the person that they have sufficient time to dedicate to all the mandates confirmed by the regulated entity.

The following additional information about the applicant should also be known (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 other entity/entities will demand more time from the applicant (e.g. the entity is regulated, listed etc.);
- iv. confirmation that ongoing learning, development and activation of emergency business continuity procedures have been provided for; and
- v. 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.