

FCA latest guidance – updated 30/03/2023

Fitness and propriety

Positive indicators

F&P checks identify new issues with staff – some fail.

Relevant SMFs actively oversee the F&P process and ensure appropriate reporting.

Competence assessment demonstrates that thought has been given to each specific role (including managers).

Development plans are put in place as a result of F&P assessments.

Managers are adequately trained in the firm's approach to F&P and understand what is expected of them.

A detailed F&P process has been introduced and integrated into existing HR/performance management processes (it covers what happens if someone fails F&P).

F&P panels – which include senior managers - are convened to consider marginal cases.

Firm has appropriate criteria and a robust process for identifying certification staff on an ongoing basis.

Regulatory references disclose misconduct/relevant concerns and are produced in a timely manner.

Negative indicators

F&P checks identify nothing new; a 'rubber stamp' exercise.

Relevant SMFs have delegated the F&P process and cannot demonstrate adequate oversight and reporting.

Competence assessment is perfunctory and/or cannot be evidenced as being objective.

No development needs are identified.

Managers are poorly trained and/or have inadequate guidance as to what is expected of them in terms of F&P.

F&P is considered (without review) to already be covered by pre-existing HR/performance management processes and/or there is no process for dealing with someone who fails F&P.

Process for considering marginal F&P cases either does not exist or is rarely convened.

Identification of certification population is ad hoc and/or a burdensome manual process.

Regulatory references fail to provide the necessary information and/or are not available promptly.

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Conduct Rules

Positive indicators

Relevant SMF can demonstrate appropriate involvement/oversight of training.

Training is interactive and uses realistic scenarios.

Examples/scenarios draw out nuances of how the rules apply to each type of role.

Line managers are involved in training delivery, not just HR or the project team.

Training is reinforced regularly and built into on-boarding.

Effectiveness of Conduct Rules training is assessed.

Training is put in the context of the overall regime.

Regime/Conduct Rules are presented as a step change in regulatory expectations.

Conduct is linked to F&P and performance assessments.

Negative indicators

Relevant SMF has limited knowledge of training approach and/or has delegated with limited oversight.

Simple computer-based training only – with little attempt to tailor to role.

Training only gives obvious examples of breaches – for example, fraud or not attending mandatory training - which do not draw out nuances.

Training is delivered by a HR, compliance or the project team with no line management involvement.

Training is a one-off exercise and/or not built into on-boarding.

No measures of the effectiveness of Conduct Rules training.

Training is not put in context of the overall regime.

Regime/Conduct Rules are presented as nothing new, simply 'what we do already'.

Conduct rule not linked to F&P or performance assessments.