

# MFSA

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## MALTA FINANCIAL SERVICES AUTHORITY

### **Circular to Licence Holders and Applicants for a Licence proposing individuals for an Approved Position**

The Authority refers to the [Circular on the Assessment Required Prior to Proposing Individuals for Approved Positions](#) issued on the 26<sup>th</sup> January 2017 and the [Circular to investment services licence holders which qualify as MiFID firms regarding the Joint ESMA and EBA Guidelines on the assessment of suitability of members of the management body and key function holders](#) issued on the 25<sup>th</sup> July 2018.

The purpose of this circular is to provide guidance on the suitability assessment expected to be undertaken by Licence Holders and applicants for a licence (“Applicants”) before submitting a proposal for any position which requires the Authority’s prior approval (hereinafter referred to as “Approved Position”).

#### **Proposed Appointment of Individuals to an Approved Position**

The Authority expects all Licence Holders and Applicants to carry out their own due diligence and suitability assessment prior to proposing an individual for an Approved Position and on an ongoing basis.

The assessment should specify how the individual’s knowledge, skills and experience fit in with the risk profile and business model of the Licence Holder or Applicant concerned.

The suitability criteria on which the assessment shall be based are competence, reputation, conflict of interest / independence of mind and time commitment.

Every request for the appointment of an individual to an Approved Position is to be accompanied by a copy of the suitability assessment carried out by Licence Holder or Applicant.

A suitability assessment submitted pursuant to a proposed appointment shall *inter alia*:

- (i) evaluate the competence (qualifications and work experience) of the proposed individual and how this is relevant to the duties assigned to the proposed role, taking into account the nature, scale, and complexity of the Licence Holder/Applicant’s business model and any specific risks associated with its licensable activities;
- (ii) evaluate the character of the proposed individual ensuring his/her good repute;
- (iii) identify potential conflicts of interest and explain how these will be managed;

- (iv) indicate the time commitment which shall be dedicated to the proposed role;
- (v) provide details of any support arrangements that will be put in place to support the proposed individual in the execution of his duties; and
- (vi) outline how the proposed individual will complement the Licence Holder / Applicant's collective suitability.

Any queries or requests for clarifications in respect of the above should be sent by email to the Authorisation Unit on [AU@mfsa.com.mt](mailto:AU@mfsa.com.mt).

**Communications Unit**  
**Malta Financial Services Authority**  
**14 September 2018**