FINANCIAL SERVICES COMMISSION

FOR CONSULTATION

PROPOSED STANDARDS OF SOUND PRACTICE

FIT AND PROPER

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Standards for Sound Practice – Fitness & Propriety

1. Introduction

1.1. This document establishes the Financial Services Commission's (the "Commission" or "FSC") *Standards for Sound Practice - Fitness and Propriety* ("the Standards"). The Standards sets out the principles and standards by which the Commission will assess the fitness and propriety of natural persons and covered persons engaged in regulated activities. It applies wherever the Commission is empowered to conduct such assessments, including:

(a) The Financial Services Commission Act
(b) The Securities Act
(c) The Insurance Act
(d) The Pensions (Superannuation Funds and Retirement Schemes) Act
(e) The Trust and Corporate Services Providers Act
(f) All relevant regulations made under these Acts; and
(g) All regulatory instruments, guidelines, and directions issued by the Commission.

1.2. The Standards should be read in conjunction with the relevant regulations issued by the Government of Jamaica and regulatory measures issued by the Commission in relation to the regulation/supervision of the financial services industry.

1.3. In determining whether a natural person or covered person is fit and proper, the governing laws establish three core criteria:

a. Honesty, integrity, and reputation;
b. Competence and capability; and
c. Financial soundness.

1.4. Honesty, integrity, and reputation relate to character, ethical conduct, and reliability; competence and capability relate to qualifications, professional experience, and ongoing development relevant to the role; and financial soundness relates to the ability to meet financial obligations and demonstrate prudent financial management.

1.5. Fit and proper assessment under these Standards apply to natural persons and other covered person who own, control, direct, manage, advise, administer or exercise material influence within an FSC-regulated entity. Where the applicant, licensee or registrant is an entity, the FSC will assess the entity's suitability, eligibility, governance, ownership, control, financial soundness and regulatory acceptability through the licensing, registration or supervisory process, while applying the fit and proper test to the relevant natural persons connected to that entity.

1.6. The primary objective of these Standards is to safeguard investors, policyholders, pension beneficiaries, clients of trust and corporate service providers, and the wider public by ensuring that persons in positions of control or influence are fit and proper, thereby reducing the risk of harmful conduct and strengthening confidence in Jamaica's financial system.

2. Statutory Authority

2.1. The requirement that persons in positions of governance and control within regulated entities be fit and proper is already established across the primary legislation governing each sector regulated by the Commission.

2.2. In the pensions sector, section 7(1) of the Pensions Act requires that an applicant seeking licensing as a pension administrator satisfy the Commission that its Board members, manager, assistant manager, accountant, company secretary, and responsible officer are fit and proper. Section 7(3) of the Pensions Act sets out the substantive criteria for this determination, including the absence of dishonesty convictions or undischarged bankruptcy, sound probity, competence and judgement, relevant superannuation knowledge and experience, and freedom from mental incapacity.

2.3. In the insurance sector, sections 11(e) and 73(d) of the Insurance Act establish the fit and proper requirement for insurance companies and intermediaries respectively, with section 73(2)(d) specifically requiring that persons hired by an Insurance Intermediary meet this standard. Section 2(3) of the Insurance Act, 2001 provides the operative definition of "fit and proper" for the sector.

2.4. In the securities sector, section 9(3) of the Securities Act 2013 establishes fit and proper filing requirements applicable to Licensed Securities Dealers and Investment Advisors.

2.5. In the trust and corporate services provider sector, section 6(4)(a) and (b) of the Trust and Corporate Services Providers Act requires the Commission to be satisfied that each individual resident in Jamaica, each relevant person, and the applicant's principal representative are fit and proper persons before a licence is granted. Section 7 of that Act sets out the full statutory test, including the qualifications, professional standing, probity, competence, and judgement to be assessed, alongside a list of disqualifying conduct, such as fraud or dishonesty offences, contraventions of the Proceeds of Crime Act, the Terrorism Prevention Act, or the United Nations Security Council Resolutions Implementation Act, and involvement in illegal drugs, firearms, or weapons of mass destruction.

3. Statement of Objective(s)

3.1. The purpose of these Standards is to establish a unified, principles-based framework for assessing the fitness and propriety, including ongoing suitability, of natural persons and covered persons engaged in regulated activities under the supervision of the Commission. The Standards seek to ensure that persons entrusted with positions of control or influence consistently meet high standards of integrity, competence, and financial responsibility.

4. Scope of Application

4.1. The Standards shall be applied by the Commission in assessing whether applicants for licences, registrants, and persons performing controlled functions within regulated entities are fit and proper. It extends to natural persons, to include beneficial owners, controllers, directors, officers, senior managers, responsible officers, nominated officers, trustees, shareholders with significant influence and any natural person who exercises significant influence over the governance or operations of a regulated entity.

4.2. The Commission retains discretion to initiate or renew F&P assessments where circumstances warrant, including but not limited to:

(a) Changes in ownership or control of a regulated entity;
(b) Appointment of new directors, officers, or controllers;
(c) Material adverse findings in supervisory reviews or compliance examinations;
(d) Evidence of misconduct, regulatory breaches, or reputational concerns; and
(e) Developments within financial groups or outsourcing arrangements that may affect governance or risk management.

4.3. The Standards therefore applies across all non-DTIs regulated by the FSC, ensuring that fitness and propriety is treated not as a one-time requirement but as a continuous obligation integral to maintaining confidence in Jamaica's financial system.

5. Definitions

5.1. The following definitions are provided for the purpose of these Standards:

(a) "**Controlled Function**" means any position in which a person has applied to be, or is performing, the function of director, senior officer, manager, controller, shareholder of significant influence, or licensed professional in accordance with the relevant Jamaican legislation. It also includes any other function for which a fit and proper assessment is required under a regulatory law or the Anti-Money Laundering Regulations. For clarity, a controlled function encompasses any role that requires the individual to be directly accountable to the board of the financial service provider or applicant, and which the Commission determines plays a significant role in the management, governance, or decision-making of the entity at a senior level.

(b) "**Financial Service Provider ("FSP")**" means a person, licensee, registrant, or other entity subject to the Commission's regulatory functions under the Financial Services Commission Act (2001), the Securities Act (1993), the Insurance Act (2001), the Pensions Act (2004), the Trust and Corporate Services Providers Act (2017), or monitored by the Commission under the Anti-Money Laundering Regulations.

(c) “**Legal Person**” means a body corporate, partnership, company, trust, or any other entity incorporated or established under the laws of Jamaica or any other jurisdiction.

(d) “**Person**” refers to either a natural person and, for purposes of these Standards, means the natural person or covered person whose fitness, propriety, suitability, probity, competence, capability or financial soundness is being assessed. Where a statute uses “person” more broadly, the FSC will distinguish between entity-level licencing or suitability requirements and fit and proper assessments of natural persons.

(e) “**Source of Wealth**” refers to the origin of the entire body of wealth (i.e., a person’s total assets). This information should provide an indication of the volume of wealth a person would reasonably be expected to have, and demonstrate how such wealth was accumulated.

(f) “**Source of Funds**” refers to the origin of the specific funds or assets that are the subject of a business relationship with a regulated entity (e.g., amounts invested, deposited, or transferred). This information must go beyond identifying the financial institution from which the funds were transferred, and should substantively establish the provenance and rationale for the acquisition of such funds.

6. General Principles of Assessment

6.1. In assessing the fitness and propriety of any person, the Commission will take into account the specific function for which the individual is proposed, the role currently being performed, and the nature of the activities of the FSP or applicant. A person deemed fit and proper for one role may not necessarily be suitable for another role within the same entity or across different entities.

6.2. The fit and proper assessment is both an initial test undertaken during the consideration of an application for licensing or registration, and a continuing test applied throughout the conduct of business and the person’s ongoing relationship with the Commission.

6.3. Where a person has previously been regarded as fit and proper, the Commission reserves the right to reassess whether that person continues to meet the criteria for current or proposed positions.

6.4. Ongoing assessment includes a review of any material changes affecting the probity questions in the Personal Questionnaire (PQ). Persons are required to notify the Commission of such changes within twenty-one (21) days.

6.5. Each case will be considered on its own merits. The Commission may take into account all relevant matters, including but not limited to those set out in these Standards.

6.6. In assessing fitness and propriety, the Commission may consider current, past, and prospective matters, as well as the cumulative effect of multiple factors which, taken individually, may not be sufficient to demonstrate unfitness. The criteria are non-exhaustive and applied on a case-by-case basis.

6.7. The Commission will only accept a fit and proper submission for assessment when the sponsoring FSP or applicant has submitted the prescribed form, completed all mandatory declarations, provided all required supporting documentation and certified that the submission is complete, accurate and relevant to the proposed role. An incomplete submission may be rejected at intake, returned without substantive assessment, or placed on hold until the deficiency is corrected.

6.8. Where the Commission is not satisfied that a covered person is fit and proper, the Commission may refuse approval, impose conditions, restrict the role, require replacement or removal, initiate an enhanced assessment, issue a proposed adverse decision, debar or prohibit the person from specified functions where permitted, or take such other action as may be available under the applicable law. The sponsoring FSP or applicant bears the responsibility to satisfy the Commission, through complete and verified evidence, that the person meets the applicable standards for the proposed function.

6.9. Sponsoring FSPs and applicants are expected to provide complete and truthful information. Under the applicable laws, a person commits an offence if they: a) knowingly, recklessly, or wilfully supply false or misleading information to the Commission; or b) make, order, or permit the making of any false statement in any document submitted to the Commission.

6.10. Persons approved by the Commission are expected to remain fit and proper. Where evidence arises that a person no longer meets the criteria, the FSP must immediately notify the Commission.

6.11. The Commission will maintain adherence to international standards relating to fitness and propriety and will review these Standards periodically to ensure ongoing relevance and effectiveness.

6.12. Failure to satisfy the Commission in relation to these criteria may result in the FSP being unable to appoint, or continue to appoint, the person to perform a controlled function.

7. Obligations of the Financial Service Provider or Applicant

7.1. When a FSP seeks to appoint a person to perform a controlled function, the burden rests with the sponsoring FSP or applicant to demonstrate to the Commission that the individual is fit and proper to perform the proposed role. The FSP or applicant must not submit a person for FSC assessment unless it has first completed its own internal assessment and is able to evidence the basis on which it considers the person suitable for the role.

7.2. The Commission expects that the assessment undertaken by the FSP or applicant will occur both at the recruitment stage and on an ongoing basis. This assessment must include verification of qualifications, professional memberships, employment history, and references. It must also extend to probity checks covering criminal records, regulatory sanctions, civil or legal proceedings, and other matters relevant to integrity and reputation. The FSP or applicant must be able to satisfy the Commission that the person proposed for a controlled function possesses the competence, capability, and character required for the responsibilities of that role. The FSP or applicant must keep a written record of its internal assessment and must provide that record, together with supporting evidence, when requested by the Commission.

7.3. Where documentation is submitted to the Commission by third parties on behalf of an applicant or proposed individual, the Commission requires that such information be provided in the prescribed form, complete in all respects, and accurate. Incomplete or misleading submissions may delay the assessment process and may constitute a breach of law. Repeated incomplete, irrelevant, inconsistent or poor-quality submissions may be treated as a governance and compliance concern in respect of the sponsoring FSP or applicant.

8. Criteria for Assessing Fitness and Propriety

Honesty, Integrity, and Reputation

8.1. This criterion relates to a person's character, ethical conduct, and reliability. It encompasses past behavior, adherence to laws, and the ability to act with fairness and transparency. When assessing honesty, integrity, and reputation, the Commission will consider matters including, but not limited to, whether the person has been:

(a) convicted of any criminal offence, particularly offences of dishonesty, fraud, financial crime, or offences relating to financial services or institutions.
(b) subject to adverse findings or settlements in civil proceedings, especially in connection with investment or financial business, misconduct, or corporate management.
(c) investigated or disciplined by the Commission, other regulatory authorities, clearing houses, exchanges, professional bodies, or government agencies.
(d) subject to disciplinary or criminal proceedings, or notified of potential proceedings or investigations.
(e) in contravention of regulatory requirements, rules, codes of practice, or guidance issued by the Commission or other authorities.
(f) the subject of justified complaints relating to regulated activities in Jamaica or elsewhere.
(g) involved with an entity that has been refused, revoked, or terminated in its registration, authorisation, or licence, or expelled by a regulatory body.

(h) connected to a business that entered insolvency, liquidation, or administration during or shortly after their involvement.
(i) investigated, censured, or suspended by a regulatory or professional body, court, or tribunal.
(j) dismissed or asked to resign from employment or a fiduciary appointment.
(k) disqualified from acting in a controlled function.
(l) in demonstration of candour and truthfulness in dealings with regulators and a willingness to comply with regulatory and professional obligations.
(m) convicted of money laundering, fraud, theft, or other financial crimes.

8.2. Integrity is the foundation of trust in financial markets. Without it, investor confidence erodes, consumer protection is compromised, and systemic risk increases.

Competence and Capability

8.3. This criterion relates to the qualifications, technical knowledge, and practical experience necessary to perform the responsibilities of a controlled function. When assessing competence and capability, the Commission will consider the type of regulated activity conducted by the FSP or applicant, the complexity and volume of business, and the jurisdictions in which products and services are offered, as well as whether the person has:

(a) technical knowledge to perform the controlled function, supported by recognised academic or professional qualifications and memberships.
(b) demonstrated through employment history and positions held that they are able to perform the controlled function.
(c) received appropriate training necessary to fulfil the role.
(d) sufficient understanding of the regulatory and legal environment relevant to the controlled function.
(e) requisite knowledge of the business affairs of the FSP or applicant, the industry, and the products associated with the role.

8.4. The Commission will also give consideration to whether the collective competence and experience of the governing body is sufficient to oversee the FSP or applicant.

8.5. Competence ensures that regulated entities are managed prudently and in compliance with laws. Inadequate capability can lead to poor decision-making, operational failures, and financial instability.

Financial Soundness

8.6. This criterion relates to a person's financial integrity and ability to meet personal obligations. It considers whether financial distress may impair judgment or fiduciary responsibility. When assessing financial soundness, the Commission will consider whether financial references provide satisfactory evidence of sound financial relationships, as well as whether the person has:

(a) made arrangements with creditors, filed for bankruptcy, been adjudged bankrupt, or been involved in proceedings relating to personal solvency or that of an entity they controlled.
(b) been subject to judgments of debt payment that remain outstanding.
(c) persistently failed to manage financial affairs in a manner that caused detriment to others.
(d) met capital or solvency requirements applicable to them or their business.
(e) managed previous business dealings in a sound and prudent manner.

8.7. The Commission will also give consideration to the source of wealth and source of funds for individuals and corporate shareholders/controllers, assessed using a risk-based approach. Where a corporate shareholder or ownership structure is involved, the Commission will require sufficient information to identify and assess the relevant natural person controllers and beneficial owners.

9. Extended Criteria for Assessing Fitness and Propriety

Independence and Conflicts of Interest

9.1. This criterion assesses whether individuals can exercise independent judgment free from undue influence, and whether conflicts of interest are disclosed and managed appropriately. When assessing independence and conflicts of interest, the Commission will consider matters including, but not limited to, whether the person has:

(a) disclosed all actual or potential conflicts of interest, including financial, familial, or professional relationships that may impair judgment.
(b) served in multiple roles across entities that may create conflicts or reduce independence.
(c) demonstrated the ability to act in the best interest of the regulated entity and its stakeholders.
(d) previously failed to disclose or manage conflicts of interest in a regulated or fiduciary role.

9.2. The Commission will also give consideration to whether the FSP has documented policies and procedures for managing conflicts of interest, and whether the person complies.

9.3. Independence ensures that decisions are objective and aligned with the interests of investors, policyholders, pension beneficiaries, and clients. Poor conflict management undermines governance, exposes institutions to reputational risk, and weakens supervisory confidence.

Regulatory Compliance and Conduct History

9.4. This criterion considers a person's track record of compliance with laws, regulations, and supervisory directions, both in Jamaica and internationally. When assessing regulatory compliance and conduct history, the Commission will consider matters including, but not limited to, whether the person has:

(a) been subject to regulatory sanctions, warnings, or enforcement actions.
(b) demonstrated cooperation with regulators, including timely and accurate disclosure of information.
(c) contravened regulatory requirements, codes of practice, or industry standards.
(d) been involved in repeated compliance failures or systemic weaknesses in prior roles.
(e) demonstrated a willingness to uphold supervisory standards and implement corrective measures when required.

9.5. Past conduct is a strong predictor of future behavior. A poor compliance history signals risk to consumers and markets, while a strong compliance record enhances supervisory confidence and supports Jamaica's reputation as a credible financial centre.

Ethical Culture and Accountability

9.6. This criterion evaluates whether individuals promote a culture of compliance, transparency, and fair treatment of customers, and whether they accept accountability for their decisions. When assessing ethical culture and accountability, the Commission will consider matters including, but not limited to, whether the person has:

(a) demonstrated accountability for decisions and accepted supervisory oversight.
(b) promoted ethical practices within the organization, including fair treatment of customers and transparent reporting.
(c) supported compliance and risk management functions, rather than undermining them.
(d) previously fostered or tolerated misconduct, poor governance, or unethical practices.
(e) alignment of their conduct with the values and standards expected of regulated entities.

9.7. A strong ethical culture reduces misconduct, supports consumer protection, and strengthens Jamaica's reputation as a well-regulated financial centre. Accountability ensures that individuals cannot evade responsibility for poor decisions or misconduct.

Group-Wide and Outsourcing Considerations

9.8. This criterion recognises that group structures, outsourcing arrangements and delegated functions may affect the assessment of natural persons who own, control, direct, manage or materially influence regulated activities. When assessing group-wide and outsourcing considerations, the Commission will consider matters including, but not limited to, whether:

(a) parent companies, subsidiaries, and beneficial owners exert influence over the regulated entity.
(b) natural persons exercising "mind and management", control, supervision or material influence over outsourced regulated activities satisfy the applicable fit and proper standards.
(c) the FSP has disclosed group structures, ownership chains, and outsourcing arrangements to the Commission.
(d) governance mechanisms exist to ensure accountability across group entities and service providers.
(e) prior group or outsourcing arrangements have led to regulatory breaches, governance failures, or consumer harm.

9.9. Financial groups and outsourcing arrangements can create contagion risks and dilute accountability. Extending F&P assessments ensures that governance standards are upheld across structures and that responsibility for regulated activities remains clear. The FSC will not treat outsourcing as a basis for avoiding accountability by directors, senior officers, controllers or other covered persons.

10. Ongoing Obligations of FSPs

10.1. The fit and proper assessment is both an initial and a continuing test for as long as a person holds a controlled function. Accordingly, the Commission will, in certain circumstances, reassess whether a person remains fit and proper. Such circumstances include, but are not limited to, where:

(a) the Commission has been notified of any material changes affecting the responses provided in the probity questions of the Personal Questionnaire ("PQ").
(b) the direction, governance, or management of an FSP's business has not been conducted in a fit and proper manner.
(c) the person has been subject to, or involved in, any matters listed in this Standards for Sound Practice – Fitness and Propriety, including regulatory breaches, disciplinary actions, or adverse findings.
(d) new information arises that materially affects the assessment of the person's honesty, integrity, competence, financial soundness, or other criteria set out in these Standards.
(e) the Commission has reason to believe that the continued appointment of the person may pose risks to systemic stability, consumer protection, or the reputation of Jamaica's financial system.

10.2. FSPs are obligated to notify the Commission promptly of any material changes affecting the fitness and propriety of persons in controlled functions. Such notifications must be made within twenty-one (21) days of the change.

10.3. The Commission expects FSPs to maintain ongoing internal monitoring of the fitness and propriety of their directors, officers, controllers, and other persons in controlled functions. This includes periodic reviews of qualifications, probity, compliance history, and financial soundness.

10.4. Failure to satisfy the Commission that a person continues to be fit and proper may result in regulatory action, including restrictions on the appointment, suspension, or removal of the individual from the controlled function. The Commission may also consider debarment, barring or prohibition from specified roles where the legal basis and circumstances support such action.

11. Enforcement and Sanctions

11.1. Where the Commission determines that a person is not, or no longer remains, fit and proper to perform a controlled function, the Commission may take enforcement action in accordance with the relevant laws.

11.2. Enforcement powers available to the Commission include, but are not limited to:

(a) refusal of an application for licensing, registration, or approval of a controlled function.
(b) suspension or removal of a person from a controlled function.
(c) imposition of conditions or restrictions on the licence or registration of an FSP.
(d) administrative fines or penalties for breaches of regulatory requirements.
(e) public censure or publication of enforcement actions.
(f) revocation of licences or registrations where breaches are material or persistent;
(g) referral of matters to law enforcement or other competent authorities where criminal conduct is suspected.

11.3. The Commission will apply enforcement measures proportionately, taking into account the seriousness of the breach, the impact on systemic stability, consumer protection, and the reputation of Jamaica's financial system.

11.4. In determining the appropriate sanction, the Commission may consider:

(a) The nature and gravity of the misconduct.
(b) Whether the breach was deliberate, reckless, or negligent.
(c) The duration and frequency of the misconduct.
(d) The degree of cooperation shown by the person or FSP during the investigation.
(e) Any remedial action taken to address the breach.
(f) The cumulative effect of multiple breaches or failures.

11.5. Enforcement actions will be documented, and where appropriate, published to promote transparency, accountability, and deterrence. Public reporting reinforces confidence in the independence and authority of the Commission.

11.6. The Commission will maintain adherence to international standards on enforcement and sanctions, ensuring that Jamaica's framework remains credible and aligned with global best practice.

12. Opportunity to be Heard

12.1. Where the Commission proposes to make an adverse fit and proper decision, the affected covered person will be given an opportunity to be heard, unless the applicable law or urgent protective circumstances justify a different process. The notice will ordinarily identify the proposed adverse action, the statutory or regulatory basis, the material concerns, the evidence or categories of evidence relied upon, and the manner and timeframe for response.

12.2. The Opportunity to be Heard process is intended to support procedural fairness. It does not require the Commission to disclose confidential intelligence, legally privileged material, information subject to statutory secrecy, or information where disclosure would prejudice an investigation, enforcement action or public interest objective.

13. Debarment, Barring and Prohibition

13.1. Where the facts warrant and the applicable law permits, the Commission may consider debarment, barring or prohibition of a covered person from specified roles, functions or sectors. Such action may be considered where the person presents an unacceptable risk to investors, policyholders, pension members, clients, market integrity, regulatory confidence or the reputation of Jamaica's financial system.

13.2. Debarment or barring will be considered on a proportionate basis having regard to the seriousness of the conduct, role and responsibility of the person, evidence of dishonesty or misconduct, regulatory history, client or market harm, cooperation, remediation, elapsed time, recurrence risk and any representation made through the Opportunity to be Heard process.

14. Tribunal and Review Process

14.1. Where statute provides a right of appeal or review, an aggrieved person may pursue the applicable Tribunal or review process in accordance with the relevant law. Decision letters issued by the Commission will identify the decision taken, the principal reasons for the decision, and the applicable review or appeal route where required.

14.2. The Commission will maintain an appeal-ready decision file, including the application, supporting documents, internal assessment record, material evidence, correspondence, Opportunity to be Heard record, decision rationale and any conditions imposed. This supports transparency, accountability and defensibility of regulatory decisions.

15. Effective Date

15.1. Effective upon the date of gazetting.