PUBLIC CONSULTATION PAPER

Proposed Standards for Sound Practice - Fit and Proper

Consultation period: 8 July – 5 August 2026

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1. INTRODUCTION

The mandate of the Financial Services Commission ("FSC" or the "Commission") is operationalized through a suite of sector specific statutes, including the Securities Act, Insurance Act, Pensions Act, and the Trust and Corporate Services Providers Act. Each of these laws embeds fit and proper ("F&P") provisions, requiring that directors, officers, and significant shareholders demonstrate integrity, competence, and financial soundness before being entrusted with stewardship of regulated entities.

The Commission is revising its framework around F&P to harmonise the approach across all its regulated sectors, ensuring consistency in application, enhance supervisory effectiveness and align Jamaica's standards with international best practices. A more robust and enforceable F&P regime will safeguard the integrity of the financial system and reinforce public trust and investor confidence in Jamaica's FSPs.

In light of aforementioned, the Commission has developed the proposed *Standards for Sound Practice – Fitness & Propriety* (the "Standards"), attached as Appendix I, to establish a unified framework with clear, enforceable standards applicable to all FSPs. The proposed Standards articulates the overarching principles and criteria for assessing F&P.

This Public Consultation Paper invites feedback from the industry, the professional community, and the wider public on the proposed measures before they are finalised and brought into effect upon enactment of the proposed Standards.

2. PURPOSE OF THIS CONSULTATION

The purpose of this consultation is to seek stakeholder feedback on the proposed Standards, which establishes a unified, principles-based framework for assessing the fitness, propriety, and ongoing suitability of natural persons and other covered persons engaged in regulated activities under the supervision of the Commission.

The proposed Standards is intended to promote consistent standards of integrity, competence, capability, and financial soundness among individuals occupying positions of control, influence, or responsibility within regulated entities. Through this consultation, the Commission aims to gather views on the effectiveness, clarity, and practical application of the proposed requirements to ensure that the framework is robust, proportionate, and aligned with regulatory objectives and industry best practices. Feedback received will be reviewed and considered in finalising the instrument.

3. SCOPE: SUMMARY OF THE PROPOSED STANDARDS

The proposed Standards would be applied by the Commission in assessing the fitness, propriety, and ongoing suitability of applicants for licences, registrants, and individuals performing controlled functions within regulated entities. The proposed framework is intended to apply to natural persons occupying positions that may materially influence the governance, management, or operations of a regulated entity.

For the purposes of the proposed Standards, covered persons include, but not be limited to, beneficial owners, controllers, directors, officers, senior managers, responsible officers, nominated officers, trustees, significant shareholders, and any other natural person who exercises significant influence or control over the governance, strategic direction, or operations of a regulated entity.

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.

The Standards therefore applies across all entities and persons regulated by the Commission, ensuring that fitness and propriety is treated as a continuous obligation integral to maintaining confidence in Jamaica's financial system.

4. INTERNATIONAL STANDARDS AND BEST PRACTICES

The proposed Standards has been informed by internationally recognized standards and principles governing the assessment of individuals who own, direct, manage, or otherwise exercise significant influence over financial institutions.

International standard-setting bodies, including the International Organization of Securities Commissions ("IOSCO"), the International Association of Insurance Supervisors ("IAIS"), the International Organisation of Pension Supervisors ("IOPS"), the Group of International Finance Centre Supervisors ("GIFCS"), and the Organisation for Economic Co-operation and Development ("OECD"), emphasize the importance of ensuring that key individuals possess the integrity, competence, and financial soundness necessary to perform their roles effectively.

These international frameworks also emphasize the importance of ongoing suitability assessments, recognizing that fitness and propriety is not a one-time determination but a continuing obligation throughout an individual's tenure. In addition, they support strong governance arrangements, effective risk management, clear accountability, and supervisory powers to take appropriate action where concerns regarding suitability arise.

The proposed Standards reflects these internationally accepted principles and seeks to establish a consistent, risk-based framework for assessing fitness and propriety across the Commission's regulated entities. In doing so, it aims to promote sound governance, strengthen regulatory oversight, enhance consumer and investor confidence, and support the stability and integrity of Jamaica's financial services sector.

5. JURISDICTIONAL/ AGENCY COMPARISON

A review of selected international jurisdictions indicates a growing regulatory preference for harmonised F&P frameworks that apply consistently across multiple financial sectors. The British Virgin Islands, Cayman Islands, European Union, Singapore, and the United Kingdom have each implemented approaches that seek to establish common standards for assessing the suitability of directors, senior managers, controllers, beneficial owners, and other key persons within regulated entities.

These frameworks generally apply common assessment criteria relating to integrity, competence, capability, experience, reputation, and financial soundness. They also extend suitability assessments beyond directors and senior management to include controllers, significant shareholders, beneficial owners, and other key function holders whose actions may materially influence the governance and risk profile of regulated entities.

The review further demonstrates a supervisory shift from one-time approval processes to ongoing assessments of fitness and propriety, supported by regulatory obligations requiring timely notification of material changes affecting an individual's suitability. In several jurisdictions, regulators are empowered to issue directions, remove individuals from approved positions, or impose other supervisory measures where fitness and propriety concerns arise.

Although implementation approaches vary between principles-based and rules-based models, the jurisdictions reviewed consistently seek to promote sound governance, strengthen individual accountability, mitigate conduct and financial crime risks, and enhance supervisory consistency across sectors. The international experience suggests that a unified F&P framework can support more effective risk-based supervision while reducing regulatory fragmentation and promoting greater consistency in regulatory outcomes.

6. HOW TO RESPOND TO THIS CONSULTATION

6.1 Who may respond

The Commission welcomes responses from all interested stakeholders, including regulated entities, industry associations, professional bodies, consumer advocacy groups, market participants, and members of the public.

The Commission invites respondents to provide comments on any aspect of the proposed Standards including its scope, application, assessment criteria, implementation considerations, and potential impacts on regulated entities and stakeholders.

6.2 How to submit

Submissions must be made using the response template at Annex A and forwarded by email to Mr. Paul McAllister at respol@fscjamaica.org on or before 5 August 2026. Submissions received after the close of the consultation period may not be considered.

6.3 Form of feedback

To ensure that all responses receive due consideration, respondents should make clear reference to the specific instrument and section being commented on, and ensure that comments are unambiguous, clearly articulated, and based on fact. Where feedback proposes a change to a policy position or a material amendment to a requirement of a proposed measure, the respondent must provide information and supporting evidence for the position taken.

The table below illustrates the Commission's expectations regarding the form of feedback. The example is illustrative only and does not reflect the content of the proposed measures.

Example of a helpful comment	Examples of comments needing more support
The term "business day" is used in paragraph 3.1 but is not defined in the definitions section, and it is unclear whether it excludes public holidays. This creates uncertainty as to how the stated time period is to be calculated. Suggested wording: that "business day" be added to the definitions section and defined as "any day other than a Saturday, Sunday, or public holiday in Jamaica."	✗ This is not what is done in other jurisdictions. ✗ I don't think the requirement should apply. ✗ The Commission has not considered industry views.

The consultation process is not designed to address individual complaints or grievances. Feedback of that nature should be submitted through the Commission's established complaints process.

6.4 Confidentiality of submissions

Submissions will be treated as confidential and will not be published in attributed form. The Commission may, however, publish a summary of the feedback received and of how it has been addressed, on a non-attributed basis, in the interest of transparency. The Commission may also be required to disclose submissions where compelled to do so by law.

7.0 CONTACT INFORMATION

Should you have any queries regarding this consultation, please contact:

Mr Paul McAllister
Senior Director, Research and Policy Division
Financial Services Commission
Email: respol@fscjamaica.org

The Commission thanks all respondents in advance for their time and engagement in this important consultation.

Annex A — Response Template

The template should be completed as one entry per respondent. Additional rows or copies of the template may be used as required to capture multiple comments, as needed. Please submit the completed template by email to respol@fscjamaica.org on or before 5 August 2026.

Respondent name	[Individual or organisation name]
Organisation / capacity	[e.g. regulated entity, legal practitioner, industry body, member of public]
Contact email	[email address]
Instrument	Proposed Standards of Sound Practice on Fit & Proper
Section / paragraph reference	[e.g. Licensing Requirements, para. 4.2]
Comment and supporting rationale	[State your comment clearly and unambiguously]
Suggested wording (if applicable)	[Proposed alternative wording]