

# Information meeting on fit and proper assessments

28<sup>th</sup> of May 2024

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# Why does DNB conduct assessments?

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# Why we conduct assessments

- Having fit and proper directors and supervisory directors in charge of a financial institution is essential for:
  - An institution's strategy and corporate culture
  - Its soundness and future viability
  - The reputation of the financial sector
- High-quality management and internal supervision contribute to:
  - The stability and integrity of the financial sector
  - Public trust in financial institutions
- An appointee's fitness and propriety are primarily the institution's responsibility
  - Prior to the appointment (and the assessment application)

# Who does DNB assess?

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# Who does DNB assess

- Prior to their appointment, DNB assesses the fitness and propriety of various individuals at financial institutions subject to our supervision whose assessment is required by law.
- Examples are:
  - Board members, Co-policymakers, supervisory board or supervisory committee
  - Holders of a qualifying holding and their directors
  - Key function holders of banks, insurers and pension funds
  - Members of a pension fund's investment committee
  - Ultimate beneficial owners for example of crypto service providers, trust offices
- See the full list at [Fit and proper assessments \(dnb.nl\)](https://www.dnb.nl/en/fit-and-proper-assessments)
- This page also lists who is assessed by DNB and/or the AFM

# What does DNB assess?

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# Types of assessments

## 1. Fitness

- Does the appointee have sufficient knowledge and experience for the proposed function?

## 2. Propriety

- Is the appointee's propriety beyond doubt?

## 3. Reputation

- Is the appointee's integrity beyond doubt and is the person professionally competent?

Or a combination hereof

# When does DNB conduct an assessment?

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# When are assessments conducted?

In the event of:

- a **proposed appointment** before the effective date
- a **proposed change in position** in the board or the company changes significantly
- reasonable grounds for a **reassessment** for fitness and/or propriety
  
- **Propriety assessments** are one-time procedures, unless there are grounds for a reassessment. Propriety assessment is linked to the individual. Fitness assessment is linked to the proposed function.
  
- Examples of changes in position for which DNB assesses fitness can be found on Open Book Supervision: [Change in position \(dnb.nl\)](https://openbook.supervision.dnb.nl)

# How does DNB conduct the assessment

## 1. Assessment process

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# Assessment process

- 1. Assessing application** submitted through MijnDNB (ECB application submitted through IMAS portal)
- 2. Checking for completeness and conducting background screening**
  - DNB requests information from AFM, tax authorities and Public Prosecution Service (for propriety)
  - DNB investigates public sources and makes enquiries through internal sources and international regulators, if applicable
- 3. Forming an opinion on a more thorough investigation**
  - Opinion on whether to conduct a more thorough investigation (calling referees, request for additional information, assessment interview)
  - Internal input from other departments. Approval cycle, resulting in definitive assessment outcome
- 4. Communicating assessment outcome**
  - Positive outcome: written decision communicated to the institution through MijnDNB
  - Negative outcome: explanation communicated orally to appointee and the institution whereafter a provisional written decision is communicated to the institution, who may submit their views and lodge an objection and appeal based on DNB's final decision

# Frequently missing information in an application file

- The **job profile** is not specific
- The **considerations for the appointment** are too superficial. The tasks and responsibilities do not appear to match the job description. The explanation why this appointee meets the criteria is insufficiently substantiated
- **Self-assessment** is not sufficient, e.g. only referring to a resume. The self-assessment needs to be specific and contain clear examples about conduct in the past
- **Suitability matrix** is incomplete, too vague, too repetitive or unrealistic ratings are given, e.g. rating all skills with 'high'. If this is the case, follow-up questions will be asked and delay the process

# Additional information on the assessment process

- [Initial assessment – the assessment procedure step by step](#)
- You can track the status of submitted assessment applications in MijnDNB
- DNB is bound by statutory deadlines for conducting the assessment; these differ for each sector. DNB communicates the deadline for concluding the assessment in the confirmation letter upon receiving the assessment filed by the institution
- Objection and appeal may be lodged against our decision
- Two external confidential counsellors for assessments for filing a complaint about our treatment of the individual or the process:
  - Jaap van Manen and Diana Monissen-Kok
  - They can be contacted at [vertrouwenspersoon@smclaren.com](mailto:vertrouwenspersoon@smclaren.com)
  - More information (Dutch): [Vertrouwenspersonen bij toetsingen DNB en AFM](#)

# How does DNB conduct the assessment?

## 2. Fitness requirements

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# Fitness requirements

- Fitness consists of **knowledge, skills and professional conduct**
- DNB establishes this based on **education, work experience and competences**
- **Fitness criteria:**
  - A: Governance, organisation and communication
  - B: Products, services and markets
  - C: Sound and ethical operational management
  - D: Balanced and consistent decision-making
  - E: Sufficient time
- **Proportionate application**, giving due consideration to:
  - Function
  - The institution's type, size and complexity
  - Composition and functioning of the management body as a collective
- [Policy Rule on Suitability 2012 \(dnb.nl\)](#) and [Final GL on the assessment of suitability of MB members and KFH \(europa.eu\)](#)

# How does DNB conduct the assessment?

## 3. Background checks

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# Type of antecedents

- Antecedents play an important role in our investigation into a person's propriety. Antecedents can also affect a person's reputation and/or fitness and may trigger a reassessment.
- **Five different types of antecedents:**
  - Criminal antecedents, such as convictions, settlement, (conditional) dropping of charges, acquittal or discharge from prosecution
  - Financial antecedents, such as major private or business-related financial issues and bankruptcies
  - Supervisory antecedents, such as incorrect or incomplete disclosure to a supervisory authority, rejection of a licence application or imposition of a formal or informal measure
  - Tax antecedents, such as personal or business tax offence penalties imposed by a tax authority
  - Other antecedents, such as a disciplinary measure or employment conflict

# How does DNB detect antecedents?

- Notifications by supervised institutions (continuous notification requirement)
- Notifications by the individuals to be assessed and already assessed (continuous notification requirement)
- Information from government agencies, such as (National) Public Prosecutor, Public Prosecutor's Office, police, tax authorities, Fiscal Intelligence and Investigation Service (FIOD)
- Information from other supervisory authorities, such as the AFM and foreign supervisory authorities
- Information from public sources
- Notifications in the media

# How does DNB assess the antecedents

- **Factors taken into consideration:**
  - Nature and severity of offences (category of antecedent)
  - Culpability
  - Time passed
  - Disclosure (reported of own accord or not)
  - Completeness
  - Amount or severity of sanction
  - Individual's position and circumstances of the event or offence
  - Combination of antecedents (multiple antecedents and/or behavioural pattern)
  - Attitude regarding the antecedent, transparency and explanation of the situation (self-reflection)
- Most antecedents, once reported, do not immediately lead DNB to express a negative opinion on someone's propriety and/or fitness.
- See also: [Antecedents \(dnb.nl\)](https://www.dnb.nl/antecedents)

# How does DNB conduct the assessment?

## 4. Assessment interview

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# When does DNB conduct an assessment interview

- DNB does not invite everyone to an assessment interview; we complete most of the assessments without an assessment interview
- If DNB has a clear understanding about the candidate, it may be decided to conclude the assessment without initiating an assessment interview
- DNB may have additional questions in which case the candidate will be invited for an interview
- The significance of the function or the circumstances at an institution may also provide grounds for an interview. As a rule, DNB is more likely to invite appointees nominated for the function of CEO, chair of the supervisory board or supervisory council, or, in the case of a pension fund, member of the investment committee or investment advisory committee.
- See also: [The assessment interview \(dnb.nl\)](https://www.dnb.nl/en/assessments/assessment-interview)

# What can the candidate expect during the interview?

- **Open interview** to help DNB form an opinion on fitness, propriety and/or reputation
- As a rule, there are **no more than three interviewers**, including someone from the Expert Centre on Fit & Proper Assessments and someone who supervises the institution
- The **focus** of the interview depends on the proposed function and the circumstances; DNB communicates this to the appointee in advance
- An interview generally **takes a maximum of 1.5 hours**.
- Being prepared for the job means being prepared for the assessment interview
- See also: [Initial assessment – sample questions \(dnb.nl\)](#)

# How does DNB conduct the assessment?

## 5. Reassessment

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# Reassessment

- In exceptional circumstances, we may decide to reassess a previously appointed person based on new facts or circumstances, such as non-compliance with laws and regulations which for example results in a fine imposed by a regulator
- This is conducted in the following way:
  1. First, we determine whether these new facts or circumstances provide **reasonable grounds** to initiate a reassessment; if so
  2. DNB informs the person to be reassessed and start the reassessment
- A reassessment may relate to propriety, reputation and/or fitness
- DNB conducts around 5 reassessments per year
- Reassessments are (highly) confidential.
- See also: [Reassessment \(dnb.nl\)](#)

How often does DNB conduct assessments?

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# Number of assessments

- Some 2,000 assessments per year (2,088 in 2022 and 1,769 in 2023)
- DNB assists in assessments conducted by foreign supervisory authorities
- 10-15% are in-depth assessments (interviews)
- 3-5% result in a negative outcome; vast majority of assessments have positive outcome
- Small proportion have positive outcome subject to condition imposed (18 in 2022 and 44 in 2023)

# Number of assessments

Tabel 20 Aantal getoetste beleidsbepalers

|   | 2018         | 2019         | 2020         | 2021         | 2022         | 2023         |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Kredietinstellingen                                       | 99           | 287          | 219          | 185          | 247          | 244          |
| Kredietinstellingen 2e echelon                            | 43           | 51           | 49           | 54           | 67           | 70           |
| Verzekeraars  | 183          | 303          | 342          | 186          | 230          | 267          |
| Verzekeraars 2e echelon                                   | 40           | 31           | 33           | 36           | 38           | 18           |
| Overige Wft <sup>1</sup>                                  | 242          | 179          | 308          | 353          | 453          | 345          |
| Pensioenfondsen   | 410          | 557          | 713          | 416          | 369          | 347          |
| Betaalinstellingen  | 40           | 340          | 259          | 354          | 285          | 191          |
| Trustkantoren   | 135          | 179          | 170          | 169          | 174          | 117          |
| Cryptodienstverleners <sup>2</sup>                        |              |              | 110          | 117          | 212          | 138          |
| Overige <sup>3</sup>                                      | 70           | 17           | 48           | 39           | 13           | 32           |
| <b>Totaal<sup>4</sup></b>                                 | <b>1.262</b> | <b>1.944</b> | <b>2.251</b> | <b>1.909</b> | <b>2.088</b> | <b>1.769</b> |
| <i>Waarvan:</i>   |              |              |              |              |              |              |
| Positieve uitkomst met voorwaarden                        | 13           | 4            | 12           | 9            | 18           | 44           |
| Formeel negatief besluit <sup>5</sup>                     | 2            | 1            | 0            | 0            | 0            | 1            |
| Ingetrokken aanvraag n.a.v. toetsing <sup>6</sup>         | 28           | 19           | 20           | 25           | 8            | 13           |
| Ingetrokken aanvraag tijdens toetsingsproces <sup>7</sup> | 15           | 26           | 21           | 7            | 10           | 13           |

|  | 2018      | 2019      | 2020      | 2021      | 2022      | 2023      |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| Ingetrokken aanvraag voor toetsingsproces <sup>8</sup> | 72        | 68        | 145       | 87        | 157       | 124       |
| Buiten behandeling gesteld <sup>9</sup>                | 15        | 22        | 49        | 46        | 48        | 11        |
| Hertoetsing geschiktheid en/of betrouwbaarheid         | 5         | 10        | 5         | 5         | 3         | 1         |
| <b>Percentage negatieve uitkomst<sup>10</sup></b>      | <b>6%</b> | <b>5%</b> | <b>4%</b> | <b>3%</b> | <b>2%</b> | <b>3%</b> |

1 Toetsingen bij financiële holdings, afwikkelondernemingen, beleggingsondernemingen, beleggingsholdings, clearinginstellingen en premiepensioeninstellingen.

2 Vanaf de inwerkingtreding van de 'Implementatiewet wijziging vierde anti-witwasrichtlijn' op 21 mei 2020 dienen aanbieders van cryptodiensten een registratie aan te vragen en toetst DNB bestuurders, mede-beleidsbepalers, commissarissen en houders van een gekwalificeerde deelneming van aanbieders van cryptodiensten.

3 Toetsingen bij instellingen op de BES-eilanden en bij centrale tegenpartijen (central counterparty of CCP's).

4 Dit totaal bestaat uit de drie soorten toetsingen die DNB uitvoert: toetsingen waarbij DNB op geschiktheid én betrouwbaarheid toetst, toetsingen waarbij DNB alleen op betrouwbaarheid toetst en toetsingen waarbij DNB op reputatie toetst (waarbij DNB vaststelt of de te toetsen persoon betrouwbaar en vakbekwaam is).

5 Zaken waarbij DNB na een toetsingsgesprek tot het oordeel komt dat de kandidaat ongeschikt of onbetrouwbaar is en dit heeft neergelegd in een besluit dat naar de onderneming is verzonden.

6 Zaken waarbij DNB na een toetsingsgesprek tot het oordeel komt dat de kandidaat ongeschikt of onbetrouwbaar is en de instelling besluit om negatief besluit door DNB bekend is gemaakt

7 Zaken waarbij de instelling besluit om de ka voordat DNB tot een oordeel is gekomen, ma vraag om informatie, of een eerste toetsingsg

maar was onderdeel van de algemene categorie 'ingetrokken aanvragen'. Vanaf 2018 is deze categorie 'ingetrokken aanvragen' gesplitst in 'ingetrokken tijdens toetsingsproces' en 'ingetrokken voor toetsingsproces'.

8 Zaken waarbij de instelling besluit om de kandidaat terug te trekken voordat DNB is gestart met het toetsingsproces.

9 Zaken die door DNB buiten behandeling zijn gesteld, bijvoorbeeld doordat de instelling de aanvraag niet tijdig heeft aangevuld.

10 Het percentage negatieve uitkomst bij geschiktheid is een optelsom van het aantal formeel negatieve besluiten, het aantal ingetrokken aanvragen n.a.v. toetsing en het aantal ingetrokken aanvragen tijdens toetsingsproces, gedeeld door het aantal toetsingen waarbij DNB op geschiktheid of geschiktheid én betrouwbaarheid heeft getoetst (in 2023: 789).

# Recent developments?

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# Recent developments

- **Knowledge of and experience gained with climate-related and environmental risks**
  - Ability to assess the institution's exposure to these risks and make well-considered decisions about them (see: [Climate risks are now a part of fit and proper assessments \(dnb.nl\)](#))
- **IT and cyber risks and digital resilience (DORA)**
  - To ensure sound and ethical operational management (see: [Policy Rule on Suitability 2012 \(dnb.nl\)](#))
- **Transition to new pension system (Future of Pensions Act)**
  - This requires pension funds to timely prepare for the transition, careful decision-making and well-managed implementation
  - In our assessments, DNB focus areas include coordination, data quality, IT agility, outsourcing risks and clear communication (see DNB's Dutch-language web page: [Geschiktheidstoetsingen in aanloop naar Wtp \(dnb.nl\)](#))
- **Diversity within the collective suitability of the management body**
  - The [Policy Rule on Suitability 20212](#) includes additional clarification resulting from specific statutory requirements
  - Dutch listed companies, when appointing supervisory board members, must ensure at least one-third are men and one-third women.
  - The transitional quota in Section 2:142b of the Dutch Civil Code means that we do not approve any appointment in violation of this statutory provision
- **MiCAR:**
  - 1 July 2024: assessment policy makers issuers Asset Referenced Tokens (DNB)
  - 1 January 2025: assessment policy makers Crypto Asset Service Providers at the AFM: portal open now

# New developments in MijnDNB

- Assessment status can be tracked in MijnDNB
- DNB continually works on further digitalization
- Suggestions are welcome!

# Additional information

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# More information

- Open Book Supervision: [Fit and proper assessments \(dnb.nl\)](#)
- [The assessment process explained – YouTube \(English captions available\)](#)
- Dutch-language podcast: [DNB-Talks-Bestuurlijke-integriteit-Wie-is-er-geschied](#)
- Policy Rule on Suitability: [Policy Rule on Suitability 2012 \(dnb.nl\)](#)
- Questions in an assessment interview: [Initial assessment – sample questions \(dnb.nl\)](#)
- Email address of external confidential advisers: [vertrouwenspersoon@smclaren.com](mailto:vertrouwenspersoon@smclaren.com)
- Any questions? Drop us a line at: [toetsing.expertisecentrum@dnb.nl](mailto:toetsing.expertisecentrum@dnb.nl)

Thank you for you  
participation!

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