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| Expert Centre on Fit and Proper Testing (ECT) |
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| Expertise and capabilities matrix  Part of the fitness assessment for board members  (sector: providers of crypto services) |
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| Introduction  (This matrix is a tool for the fitness assessment. The Policy Rule on Fitness 2012 is decisive for the outcome of the fitness assessment: https://www.toezicht.dnb.nl/en/4/4/51-226297.jsp)  The ‘Expertise and capabilities matrix’ form should be completed by the organisation in consultation with the appointee (the person to be assessed). It is important that the appointee’s scores are well substantiated using specific examples of, for example, relevant training courses and experience, so that it is sufficiently clear how the organisation determined the score. Merely referring to ‘has 20 years of work experience’ will not suffice as this does not explain the type of work experience and responsibilities of the person to be assessed.  Furthermore, it is important that the scores of the other directors are also included, so that it becomes clear how the board members complement each other and what added value the appointee brings to the board. This is why we do not expect that each individual scores high for each section, but collectively, as a whole (as team), they have sufficient experience/knowledge on the topics described in each section. For each section, we have provided a brief explanation to provide further guidance on the requirements set to assess the suitability of the appointee. In the last section of this form, additional information can be provided to elaborate on the strengths and weaknesses within the board as a whole. This should complement the scores given in the matrix.  Please enter a score as follows:  • L = Low = has basic knowledge of the subject matter  • M = Medium = has a good understanding of the subject matter through knowledge, skills and experience (but is not an expert)  • H = High = has extensive knowledge and experience concerning the subject matter (expert)  (If there are more than 4 board members, a column can be added to the table)  Date:  Expertise and capabilities matrix for [person’s name]  FULL-TIME EQUIVALENT in organisation: | | | | | | | |
| Part of Policy Rule on Fitness 2012 | Explanatory note from DNB: | Examples for the person to be assessed by subject matter | Appointee: [name]  Position:  Score (L/M/H) | Collective | Director: [name no.1]  Position:  Score (L/M/H) | Director: [name no.2]  Position:  Score (L/M/H) | Director: [name no.3]  Position  Score (L/M/H): |
| **A.** **Governance,** **organisation** **and** **communication** |  |  |  |  |  |  |  |
| A.1. Is knowledgeable and experienced in managing processes, areas of responsibility and employees | It is important for an organisation that someone on the board has management experience to ensure the correct implementation of policy and strategy. |  |  |  |  |  |
| A.2. Is knowledgeable and experienced in managing and running an organisation | An organisation must be able to adapt to changes in internal and external circumstances. The board is able to apply this transition to the organisation. |  |  |  |  |  |
| A.3. Is knowledgeable and experienced in observing social, ethical and professional standards | The board is expected to communicate an appropriate, professional, ethical standards framework that has an effective impact on the corporate culture. |  |  |  |  |  |
| A.4. Is experienced in observing and enforcing applicable legislation and regulations (among which Anti-Money Laundering and Anti-Terrorist Financing Act (Wet ter voorkoming van witwassen en financieren van terrorisme – Wwft) and the Sanctions Act (Sanctiewet 1977 – Sw) | It is essential that the board has sufficient experience with relevant legislation and regulations so that the organisation can meet the requirements of legislation and regulations. |  |  |  |  |  |
| A.5. Is knowledgeable and experienced in engaging external experts to help in the proper performance of his/her duties | The board is responsible to have sufficient relevant information at its disposal, utilising the support of external experts where necessary. |  |  |  |  |  |
| A.6. Knows when stakeholders (including supervisory authorities, shareholders, customers, external auditor) need to be informed | The board must be sufficiently transparent towards all stakeholders of the organisation. The supervisory authority wants to be continuously informed about relevant developments. |  |  |  |  |  |
| A.7. Is knowledgeable and experienced in communicating in the event of incidents | The board must be able to communicate effectively with the relevant stakeholders (e.g. in the event of a data breach, suspicious transactions or a reputation issue). |  |  |  |  |  |  |
| A.8. Knows how knowledge (including continuous education) can be safeguarded within an organisation | Continuous investments in staff, particularly in an evolving market, will be necessary to ensure the continuity of an organisation. The board must be able to gauge the knowledge needed to keep the organisation up and running. It is also important that employees are sufficiently aware of integrity risks. |  |  |  |  |  |  |
| Other areas of knowledge and experience that are relevant for this section  To be completed, if and insofar as relevant |  |  |  |  |  |  |
| **B. Products, services and markets in which the organisation operates** |  |  |  |  |  |  |
| B.1. Is knowledgeable and experienced in drawing up and implementing the institution’s strategies (including the business model) | The board must be capable of translating a realistic vision of future developments into long-term objectives and drawing up a strategic plan to achieve these long-term objectives, for example, by applying scenario analysis. |  |  |  |  |  |
| B.2. Has knowledge and experience regarding the products, services and markets in which the institution operates | The board must have extensive knowledge of the products, services and markets to be able to make well-informed decisions for the organisation. For cryptos it is important that the board has knowledge about the relevant regulation and legislation and the developments herein. |  |  |  |  |  |
| B.3. Is able to assess services and markets in which the institution operates, to identify the long-term interests of the institution and to act accordingly | The board is able to ensure that their strategic choices for products and services are satisfactorily in line with the demand from international markets, and in doing so, to take the current state of technology and future developments into account. |  |  |  |  |  |
| B.4. Is knowledgeable about the potential misuse of the institution's products and services in terms of money laundering and terrorist financing | Providers of crypto services are prone to being abused for money laundering and terrorist financing purposes, which is why crypto exchange institutions and wallet providers are now subject to integrity supervision by DNB. It is important that the board is aware of how their products and services could be misused and thus be able to make relevant analyses. |  |  |  |  |  |
| Other areas of knowledge and experience that are relevant for this section  To be completed, if and insofar as relevant |  |  |  |  |  |  |  |
| **C. Sound and ethical operational management** |  |  |  |  |  |  |  |
| C.1. Is able to assess the structure and operation of the administrative organisation and internal control in terms of functionality/effectiveness (AO and IC) | The board must be capable of developing relevant policies, and setting up operational processes, an administrative organisation and internal control, and assessing their functioning. |  |  |  |  |  |  |
| C.2. Is able to assess the design, operation and results of the compliance function | The compliance function must be able to operate independently. The board must be able to critically examine these results and take the necessary measures within the organisation. |  |  |  |  |  |  |
| C.3. Is able to understand the risk management policy and the associated procedures and measures | The board must be able to gauge the risks within an organisation and adequately mitigate these risks. The focus for crypto companies will mainly be on integrity risk and cyber security risk (Cloud access, storage, processing, etc.). |  |  |  |  |  |  |
| C.4. Is able to understand the outsourcing policy and to pose critical questions in this regard | Once processes have been outsourced to a third party, the organisation is still responsible, which means that the board must be aware of how the third party designs its processes and understands the risks involved. |  |  |  |  |  |  |
| C.5. Is experienced in implementing/executing integrity policy and procedures | The board is responsible for an effective integrity policy. Directors approve the policy and must implement and communicate the policy and assign tasks so that the integrity risk remains manageable. |  |  |  |  |  |  |
| C.6 Is knowledgeable and experienced in customer acceptance processes and can critically assess these | The board is responsible for the customer acceptance process and is capable of ensuring that good systems and processes are in place to comply with the Wwft and the Sw. |  |  |  |  |  |  |
| C.7 Is knowledgeable and experienced in setting up and assessing transaction monitoring processes and the reporting obligation | The board is responsible for reporting suspicious transactions and is capable of setting up transaction monitoring properly to comply with the the Wwft and the Sw. |  |  |  |  |  |  |
| C.8 Is knowledgeable and experienced in observing the Sw | The board is responsible for the process within the organisation to ensure adequate compliance with the Sw. |  |  |  |  |  |  |
| Other areas of knowledge and experience that are relevant for this section  To be completed, if and insofar as relevant |  |  |  |  |  |  |  |
| **D. Balanced and consistent decision-making** |  |  |  |  |  |  |  |
| D.1. Considers enough alternatives in a decision-making process | The board takes well-founded decisions and considers the alternatives. |  |  |  |  |  |  |
| D.2. Has experience in recognising and broaching conflicts of interest in the decision-making process | The board should recognise situations in which conflicts of interest may arise and take adequate measures to maintain an open and transparent decision-making process. |  |  |  |  |  |  |
| D.3. Makes clear choices with reasoning | The board must be sufficiently decisive and be able to provide convincing reasoning for their decisions. |  |  |  |  |  |  |
| D.4 Is able to identify the interests of different stakeholders and takes them into consideration when making decisions | The board serves the interests of all stakeholders and these interests must be sufficiently taken into account in the decision-making process. |  |  |  |  |  |  |
| Other areas of knowledge and experience that are relevant for this section  To be completed, if and insofar as relevant |  |  |  |  |  |  |  |
| **E. Time allocation** |  |  |  |  |  |  |  |
| E.1. How many hours are you available to carry out your responsibilities when the company is operating under normal circumstances? | Enter the number of hours a week that each board member spends performing his/her duties under normal circumstances. |  | ….hours a week |  | ….hours a week | ….hours a week | ….hours a week |
| E.2 How many hours are you available to carry out your responsibilities when the company is operating under stressed circumstances? | Enter the number of hours a week that each board member spends performing his/her duties under stressed circumstances (for example during a crisis). |  | ….hours a week |  | ….hours a week | ….hours a week | ….hours a week |
| Other areas of knowledge and experience that are relevant for this section  To be completed, if and insofar as relevant |  |  |  |  |  |  |  |

***Considerations for the composition of the collective and additional questions***

Please answer the following questions concerning the collective.

In your opinion, on which points does the collective score best and worst? Please explain your answer.

How do you plan to compensate for the weaker points within the collective?

[e.g. training programmes or external/internal expertise, etc.]

***Other***

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| *Matrix was completed by:* | [name], [position] |
| *Has the appointee checked the completed matrix?* | [yes/no] |
| *Have the scores been discussed collectively?* | [yes/no] |

If you have any questions please send an email to toetsing.cryptos@dnb.nl