



**GUIDELINES ON FIT AND PROPER CRITERIA
FOR FINANCIAL INSTITUTIONS' FRONTLINE STAFF
GUIDELINES NO. FCI/G1/2018/1**

1. INTRODUCTION

- 1.1 These Guidelines aim to provide guidance on the assessment of fit and proper criteria for the appointment of frontline staff in accordance to Section 4.3 of the Notice on Market Conduct (Notice No: FCIU/N2/2017/1). Frontline staff are required to carry out his/her duties efficiently, honestly, fairly and to act in the best interests of the financial institutions and its customers.
- 1.2 It is up to individual financial institutions to determine how best these Guidelines should be implemented. The way in which the criteria are implemented will depend on factors such as the financial institution's size and the nature, complexity and geographical extent of its business, and the legal and regulatory framework within which it operates. In determining whether that staff meets the fit and proper criteria, financial institutions should have their own assessment methodology taking into account the criteria set out in these Guidelines.
- 1.3 These Guidelines set the minimum standards expected and financial institutions are encouraged to exceed these standards wherever possible. The considerations set out should be assessed individually as well as on a cumulative basis. Failure to meet one indicator may not, on its own, necessarily mean failure to meet the fit and proper criteria.
- 1.4 For the purpose of these Guidelines, the following terms shall have the following meanings: -

“Financial Institution” has the same meaning as Section 2 (1) of the Autoriti Monetari Brunei Darussalam Order, 2010.

“Frontline staff” means existing staff who attend to customers of financial institutions and members of the public to offer financial services and products, which includes financial advisory services.

1.5 These Guidelines are issued pursuant to section 32 of the Autoriti Monetari Brunei Darussalam Order 2010, and applies to all banks and financial institutions. These Guidelines should be read together with the: -

- i. Banking Order, 2006 and Regulations;
- ii. Finance Companies Act (Chapter 89);
- iii. Insurance Order, 2006 and Regulations;
- iv. Islamic Banking Order, 2008 and Regulations;
- v. Money-Changing and Remittance Business Act (Chapter 174);
- vi. Pawnbrokers Order, 2002;
- vii. Securities Markets Order, 2013 and Regulations;
- viii. Takaful Order, 2008 and Regulations; and
- ix. Other Notices and Guidelines which have been issued by AMBD from time to time.

1.6 These Guidelines shall take immediate effect.

2. FIT AND PROPER CRITERIA

2.1 Frontline staff should meet the fit and proper criteria set out in these Guidelines. For this purpose, all financial institutions are expected to obtain, independently verified through reasonable means, and review relevant information necessary to support their assessment of the frontline staffs' compliance with the fit and proper criteria set out below.

2.2 The criteria for considering whether frontline staff are fit and proper include, but are not limited to the following:

- 2.2.1 Competence and capability;
- 2.2.2 Honesty, integrity, fairness and ethical behavior; and
- 2.2.3 Financial soundness.

2.3 Financial Institutions should exercise a commensurate degree of reasonableness (i.e. having sound judgement, being fair and sensible) and objectivity when considering whether these criteria have been met.

3. COMPETENCE AND CAPABILITY

- 3.1 Frontline staff must be able to demonstrate that he/she possesses necessary skills, experience, ability and commitment to carry out his/her role, including, where appropriate, detailed knowledge of the structure, purpose and risks of the products and services offered by the financial institution. These are characteristics which are essential in ensuring that he/she provides satisfying services to the financial institutions' customers and members of the public efficiently and effectively, and hence increase the level of confidence towards the financial services industry.
- 3.2 In assessing the competence and capability of a frontline staff, the financial institutions shall consider matters including but not limited to the following:
 - 3.2.1 Whether he/she has the appropriate qualification(s), training, skills, practical experience and commitment to effectively fulfil the role and responsibilities of the position;
 - 3.2.2 Whether he/she has the technical knowledge and ability to perform the prescribed duties for which they are engaged;
 - 3.2.3 Where he/she is an individual who is assuming concurrent responsibilities, whether such responsibilities would give rise to a conflict of interest or otherwise impair his or her ability to discharge his or her duties; and
 - 3.2.4 Whether he/she has satisfactory past performance or expertise in the nature of the business being conducted, if any.
- 3.3 Notwithstanding paragraph 3.2 above, financial institutions are to ensure that newly appointed frontline staff are to be supervised and monitored for an appropriate period of time to ensure a sufficient level of competency. For the avoidance of doubt, in assessing what may constitute a reasonable "period of time", financial institutions may consider whether the supervised or monitored frontline staff have achieved a sufficient level of competency.

4. HONESTY, INTEGRITY, FAIRNESS AND ETHICAL BEHAVIOUR

- 4.1 Frontline staff must be able to demonstrate reasonably that he/she possesses qualities such as honesty and integrity. Further, he/she must be able to act ethically and with integrity and fairness in all situations. These are all characteristics that are essential to ensuring the upholding of the financial services industry's good reputation and trustworthiness in general.
- 4.2 In assessing the honesty and integrity of a frontline staff, financial institutions shall consider matters including, but not limited to the following:
- 4.2.1 Whether in Brunei Darussalam, he/she is or has been the subject of any proceedings of a disciplinary or criminal nature, or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings;
 - 4.2.2 Whether he/she has contravened any provisions or has been compounded or convicted of any offence under any legislation administered by the Authority, any regulatory body, professional body, government or its agencies in Brunei Darussalam;
 - 4.2.3 Whether he/she has had any judgment relating to the finding of fraud, misrepresentation, dishonesty, money laundering, theft or financial crime entered against him/her in any criminal or civil proceedings in Brunei Darussalam, or is a party to any pending proceedings that may lead to such a judgment;
 - 4.2.4 Whether he/she has engaged in any business practices which are deceitful, oppressive or otherwise improper, whether unlawful or not, or which otherwise reflect discredit on his method of conducting business;
 - 4.2.5 Whether he/she has acted in a manner which may cast doubt on his/her fitness to undertake his/her tasks or acted in blatant disregard for proper professional conduct;

- 4.2.6 Whether he/she has been dismissed or asked to resign or has resigned from employment or from a position of trust, fiduciary appointment or similar position because of questions of honesty and integrity; and
- 4.2.7 Whether, in the past, he/she has proven to have acted unfairly or dishonestly in dealings with his/her customers and employers in any jurisdiction.

5. FINANCIAL SOUNDNESS

- 5.1 Frontline staff must be able to demonstrate that he/she is able to manage his/her own debts or financial affairs prudently such that there are no loan defaults or court judgements related to debt or credit facilities in his/her name.
- 5.2 In assessing the financial soundness of a frontline staff, financial institutions should consider matters including, but not limited to the following:
 - 5.2.1 Whether he/she has been declared an undischarged bankrupt or is a person in respect of whom a bankruptcy proceeding is pending in Court in Brunei Darussalam or elsewhere;
 - 5.2.2 Whether he/she has been the subject of a judgement debt which is unsatisfied, either in whole or in part, whether in Brunei Darussalam or elsewhere.
- 5.3 Notwithstanding paragraph 5.2 above, the fact that a frontline staff may be of limited financial means does not itself, affect his/her ability to satisfy the financial soundness criteria. The financial institutions should exercise a degree of reasonableness especially if the financial distress is unintentional and inevitable brought about by external factors.

6. ACTIONS TO BE TAKEN BY FINANCIAL INSTITUTIONS

- 6.1 In the event that a frontline staff is deemed not to fulfil the criteria, financial institutions may: -

- i. provide the frontline staff with the relevant knowledge, qualifications and/or certifications to enable frontline staff to undertake their tasks effectively. This should include capacity building conducted in-house for the frontline staff;
- ii. re-assign the frontline staff to a more appropriate position;
- iii. issue a warning letter, suspend or otherwise; and/or
- iv. any other action deemed proper with regard to the circumstances of the case.

**MANAGING DIRECTOR
AUTORITI MONETARI BRUNEI DARUSSALAM**

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