

EBA and ESMA launch consultation to revise joint guidelines for assessing the suitability of members of the management body and key function holders

Combating money laundering and terrorist financing is crucial for maintaining stability and integrity in the financial system. Therefore, uncovering any involvement of credit institutions and investment firms in money laundering and terrorist financing can have an impact on the viability and trust in the financial system. In this context, the draft joint Guidelines clarify that the knowledge, experience and skill requirements are important aspects in the fit and proper assessment of members of the management body and key function holders as they contribute to identifying, managing and mitigating money laundering and financing of terrorism risks.

These draft joint Guidelines also clarify that being a member of affiliated companies or affiliated entities does not in itself represent an obstacle for a member of the management body to acting with independence of mind.

The Guidelines further specify that a gender-balanced composition of the management body is of particular importance. Institutions should respect the principle of equal opportunities for any gender and take measures to improve a more gender-balanced composition of staff in management positions.

The draft joint Guidelines also take into account the recovery and resolution framework introduced by the Bank Recovery and Resolution Directive (BRRD) and provide further guidance in this regard. As part of early intervention measures and during resolution, the suitability of newly appointed members of the management body and of the management body collectively is relevant and requires an assessment.

Finally, the draft joint Guidelines consider the new legislative framework for investment firms adopted in 2019 for the identification of the investment firms subject to the various guidelines.

Consultation process

The EBA and the ESMA invite stakeholders to send comments solely on the amendments to the joint EBA and ESMA Guidelines on the assessment of the suitability of members of the management body and key function holders as shown in the tracked changes version. Comments to this consultation can be sent to the EBA by clicking on the “send your comments” button on [the consultation page](#). Please note that the deadline for the submission of comments is 31 October 2020.

A public hearing will take place on 1 October 2020 from 14: 00 to 16:00. All contributions received will be published following the end of the consultation, unless requested otherwise.

Legal basis and next steps

These draft Guidelines have been developed on the basis of according to Article 91 (12) of Directive 2013/36/EU (CRD) and Article 9 of Directive 2014/65/EU.

The joint EBA and ESMA Guidelines will apply to Competent Authorities across the EU, as well as to institutions on a solo and consolidated basis. Once the revised Guidelines will enter into force, the [2017 Guidelines](#) will be repealed.