



Association des Banques et Banquiers, Luxembourg
The Luxembourg Bankers' Association
Luxemburger Bankenvereinigung

ABBL Position Paper

Response to the EBA and ESMA Consultation on revised joint Guidelines on the assessment of the suitability of members of the management body and key function holders

Author: Sandrine ROUX - Secretary General at ABBL

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Executive Summary of the ABBL Position Paper

The ABBL welcomes the opportunity to respond to the EBA and ESMA consultation on the revised Joint Guidelines on the assessment of the suitability of members of the management body and key function holders.

The ABBL **supports the overarching objective of promoting sound governance, effective oversight, integrity, competence, independence of mind, adequate time commitment and supervisory convergence across the European Union.** A robust and credible suitability framework is essential to the resilience of institutions and to confidence in the financial system.

At the same time, the ABBL considers that certain aspects of the Draft Guidelines appear to go beyond the mandate conferred by CRD VI and related Level 1 provisions. In several areas, the Draft Guidelines **risk introducing detailed substantive obligations through Level 3 guidance, thereby creating legal uncertainty and additional administrative burden for institutions.**

The ABBL therefore calls for the final Guidelines to remain **principle-based, proportionate, legally certain and fully respectful of national corporate law frameworks and the diversity of governance models across Member States.** Suitability requirements should enhance governance outcomes without transforming fit and proper assessments into formalistic or overly burdensome compliance exercises.

In particular, the ABBL considers that the final Guidelines should:

- **Remain within the scope of CRD VI** by avoiding requirements that are not clearly grounded in Level 1 legislation, including prescriptive cooling-off periods or an extension of competent authority assessments beyond the key function holders expressly covered by CRD VI.
- Ensure meaningful proportionality by **recognising differences in institutions' size, complexity, risk profile, ownership structure and business model**, and by allowing simplified implementation for smaller entities and subsidiaries relying on group-level governance frameworks.



Postal address:
P.O. Box 13,
L-2010 Luxembourg

Office address:
12, rue Erasme,
L-1468 Luxembourg

+352 46 36 60-1
mail@abbl.lu

www.abbl.lu

Member of



ABBL a.s.b.l.
R.C.S. Luxembourg: F352
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- **Respect national company law and governance structures** by avoiding interference with national rules on board composition, appointment processes, allocation of responsibilities and the functioning of one-tier or other domestic governance models.
- Preserve the **principle of collective suitability** by clarifying that the management body should possess adequate knowledge, skills and experience collectively, and that individual members should not be expected to demonstrate deep expertise in all areas, including ESG, ICT, AI, AML/CFT and data protection.
- Limit unnecessary documentation requirements by **allowing institutions to rely on existing governance documentation** where roles, responsibilities, reporting lines and suitability arrangements are already adequately described.
- Clarify reassessment and notification triggers so that institutions are required to notify competent authorities **only where verified and material circumstances could affect individual or collective suitability**.
- **Ensure objective and individualised reputation assessments** by avoiding reliance on unverified information, adverse media or mere association with sanctioned entities, high-risk jurisdictions or politically exposed persons without substantiated evidence of personal responsibility or involvement.
- **Avoid duplication with other EU frameworks**, including the gender balance requirements under Directive (EU) 2022/2381, internal governance requirements, ESG governance expectations, AML/CFT obligations and data protection principles.
- Reduce administrative burden through a **“once only” principle**, whereby information already held by competent authorities, such as CVs, criminal records, identification documents or other fit and proper materials, should not be resubmitted unnecessarily.
- **Provide realistic implementation and assessment timelines**, including a sufficiently long transitional period, with the ABBL proposing application from **31 December 2027**.
- Align the Guidelines with the EBA Guidelines on internal governance, which are not yet finalized.

Overall, the ABBL supports high governance standards and effective supervisory convergence. However, it urges the EBA and ESMA to recalibrate the Draft Guidelines to ensure that the final framework remains proportionate, risk-based, operationally workable and consistent with the CRD VI mandate.

This would allow the suitability framework to strengthen governance in practice while preserving legal certainty, national corporate law diversity and the attractiveness of management body and key function holder roles within European institutions.

Question 1: Are subject matter, scope of application, definitions and date of application appropriate and sufficiently clear?

The draft Joint EBA-ESMA Guidelines provides a clear and coherent framework more aligned with CRD VI and existing CRD and MiFID governance requirements. The subject matter, scope and definitions are generally appropriate, with helpful clarification of individual and collective suitability criteria and proportional application across entity types and group structures.

Paragraph 13

We note that this paragraph refers to the “*cooling-off period*” that the draft revised Guidelines on internal governance recommend applying when a former CEO or an executive director becomes chair or a member of the management body in its supervisory function (paragraph 107(b) of the draft revised Guidelines on internal governance) and to the mitigating measures to be taken in the absence thereof.

We consider that by providing a “*cooling-off period*” to (i) all members of the management body in its supervisory function (including the chair) and to (ii) all members of the management body (in its executive function), the EBA goes far beyond the requirements of the CRD and the existing national legal frameworks based on it.

This would, in practice, amount to a pre-emption of legislation that normally falls within the competence of national parliaments and/or the EU legislator.

Furthermore, company law already provides mechanisms to address conflicts of interest, that would preserve the independence of mind requirement applicable to all directors, in the case any potential conflict of interest situation would exist.

By introducing a three-year “*cooling-off period*”, the EBA would exceed the mandate conferred on it by Article 74(3) of the CRD, read in conjunction with Article 16(1) of the EBA Regulation, which allows it to fill gaps in the requirements set out in the CRD, but not to establish rules that go beyond it.

→ ABBL proposal

We would suggest to remove the paragraph 13.

Paragraph 20

The proposed date of application is too short given the breadth and granularity of the new requirements, particularly for group-wide policies and documentation, and a longer transitional period should be warranted.

→ ABBL proposal

We would suggest to delay the date of application to 31 December 2027.

Paragraph 27

The last sentence states that members of the management body and key function holders should have knowledge regarding climate risks.

We see no legal ground for this requirement. Besides, this requirement should not apply individually to each member of the management body but to the management body as a whole.

→ ABL proposal

We would suggest to adapt this requirement to the management body as a whole, instead of individually.

Paragraph 64

The executive summary and § 64 suggest that competent authorities may unilaterally assess “*other KFH on request*”, than the heads of the internal control functions and the CFO, without any legal basis in CRDVI (see article 91bis, par. 5, CRD VI).

→ ABL proposal

We would suggest to delete these provisions.

Title I – Application of the proportionality principle

We support the inclusion of the proportionality principle in the draft Guidelines and acknowledges its importance in ensuring that governance requirements are applied in a manner appropriate to the size, nature and complexity of institutions.

However, we would like to highlight that, in practice, the increasing level of detail and formalisation required across the Guidelines may limit the effective application of proportionality, particularly for smaller institutions and subsidiaries within a banking group.

In particular, smaller entities, including certain subsidiaries within a group, often rely to a significant extent on group-level governance frameworks, policies and processes, and operate with limited resources and simplified organisational structures.

In this context, applying the same level of expectations in terms of documentation, formalised processes, and governance arrangements as for larger or more complex institutions may not be proportionate.

→ ABL proposal

We would therefore welcome further clarification that the principle of proportionality should allow:

- a **simplified implementation of suitability processes for smaller entities**,
- and a **greater reliance on group-level frameworks, where appropriate**.

This could include for example:

- relying on group-level assessments or frameworks for the evaluation of key function holders, where functions are aligned with group standards and methodologies;
- allowing flexibility in the composition of the management body, taking into account the size and complexity of the entity, rather than applying uniform expectations across all institutions;
- limiting the need for additional local documentation where equivalent governance arrangement are already in place at group level.

Such clarification would contribute to ensuring a more practical and proportionate application of the Guidelines across institutions of different sizes and organisational structures.

Question 2: Are the changes made in Title II appropriate and sufficiently clear?

Paragraph 29 & Paragraph 34

Most of our members do not consider the requirement for entities to establish individual statement to be necessary, as the roles and responsibilities of members of the management body and senior management are already clearly defined through existing regulatory frameworks, internal governance arrangements and policies. **Introducing an additional layer of “individual statements” would create unnecessary administrative burden, without providing meaningful added value from a governance or supervisory perspective.**¹

This requirement goes beyond CRD VI, that provide the use of this tool **primarily for competent authorities when assessing governance arrangements** (Recital 54 of CRD VI). Furthermore, this paragraph appears to require that the statement of responsibilities be established **prior to taking up office**, although such a requirement is not provided for by CRD VI.

Similarly, the ABBL would recommend to eliminate the obligation to prepare a **“mapping of duties” document for the body in its supervisory function**, given that the roles and responsibilities of the governing bodies are already extensively described in other internal regulatory documents.

→ ABBL proposal

We request this requirement to be removed or, at a minimum, explicitly allow institutions to rely on existing governance documentation, where these already adequately describe the roles and responsibilities of the relevant individuals. The same considerations apply to key function holders, whose roles and responsibilities are already adequately documented within existing governance arrangements. Consequently, the ABBL requests the removal of the references to Individual Statements and Mapping of roles and duties in Paragraphs 34/173 and 174.

→ ABBL alternative proposal

If our proposal is not retained, we would request some changes in order to strengthen proportionality, clarify triggering events for assessments, and improve consistency across individual, collective and key function holder (KFH) suitability assessments. Some limited areas would nevertheless benefit from further clarification to support consistent implementation.

A few aspects could benefit from clarification in the final Guidelines:

- Threshold for “material” changes
While examples are provided, **further guidance or illustrative supervisory expectations on what constitutes a material change triggering reassessment** (particularly for collective suitability) could reduce divergent interpretations across entities and jurisdictions.
- Interaction with group level assessments

¹ Reference to ABBL response to the Consultation on EBA Guidelines on Internal Governance

Although group aspects are addressed elsewhere, **a brief cross reference or clarification in Title II on how individual entity assessments should interact with group wide suitability processes** would enhance operational clarity for cross border groups.

- Proportionality for smaller and less complex entities

While proportionality is a guiding principle, **more explicit confirmation that simplified reassessment processes are acceptable for non-significant entities** could further support consistent application.

Question 3: Independent non-executive directors:

The Joint GL set out provisions on independent non-executive members of the MB. The Joint GL apply in a proportionate manner and distinguish between different types of entities (GSII, OSII and other institutions) and specify that for institutions other than significant ones only one independent director as a minimum is required. Furthermore, the Joint GL provide criteria for the assessment of “being independent”. In light of the above, the EBA and ESMA would appreciate further input on the impact of the independence criteria. Do you have any views on the provisions regarding these independence criteria? Please share any experiences related to the effectiveness, clarity, or implementation of these independence criteria across different business models/types of institutions.

We support the objectives of the Draft Guidelines to **strengthen the role of independent non-executive members** of the management body and to ensure an appropriate level of challenge within the management body.

The clarification of the criteria used to assess whether a member can be considered independent is welcome and contributes to greater consistency in the application of governance requirements across the European Union.

However, we would like to highlight that the **practical application of these criteria may differ depending on the governance structure and business model of the institution, in particular in the case of subsidiaries of international banking groups**. In such institutions, the composition of the management body typically reflects both local governance requirements and the broader governance framework implemented at group level.

It is therefore common for certain members of the management body to be appointed (or “approved”) by the parent institution or to have professional links with the group, while still being able to exercise their duties with independence of mind.

Executive Directors

→ ABBL proposal

We would welcome further clarification on how independence should be assessed where members of the management body have professional links with the parent institution or other entities with the group (which allows the subsidiary to leverage Group knowledge and be more competent, while not creating any conflict of interest). **Additional guidance or practical examples could help ensure a consistent and proportionate application of the independence criteria in group structures.**

We also note that certain criteria mentioned in the guidelines, **such as the duration of the mandate or the existence of certain economic relationships (linked to the employee's role or the belonging to the Group), may arise in practice without necessarily impairing the ability of a member to exercise objective judgment.** The possibility for institution to justify to the competent authority that independence is not compromised is therefore an important element of the proposed framework.

Further clarification regarding the expectations of competent authorities in terms of documentation and justification would be helpful to ensure a consistent supervisory approach.

Non-executive directors

There are still unclarities about the practical implementation of the independence requirements for non-executive directors.

While the proportional framework (distinguishing between significant, non-significant, listed and non-listed entities, and allowing exemptions) goes in the right direction, it calls for greater precision on several points:

→ ABBL proposal

We would recommend to:

- specify how less significant entities (LSI) are categorized (i.e. not G-SII or O-SII and cumulatively has not been designated as significant by the competent authority),
- what constitutes a "sufficient number" of independent directors (it should be referred to an explicit threshold, e.g. one third or one half), and
- how independence requirements should apply at board committee level.

Overall, there is a need of further guidance to ensure consistent and workable application across different business models and institutional setups.

Question 4: Are the changes made in Title III appropriate and sufficiently clear?

Title III - Section 6

Our members would support the objective of ensuring that members of the management body possess adequate knowledge, skills and experience, both at an individual and collective level.

However, we would like to highlight the importance of **maintaining a clear distinction between individual suitability requirements and the principle of collective suitability of the management body.**

In particular, the draft Guidelines introduce more detailed expectations regarding individual knowledge, including in areas such as ESG risks, ICT and emerging technologies. While these developments are understandable in light of recent regulatory and technological evolutions, **the draft Guidelines implies an expectation for each individual member to have a deep expertise covering all the areas of the entity.**

We would like to recall that, in line with Article 91 of Directive 2013/36/EU, the management body is expected to possess collectively adequate knowledge, skills and experience. In practice, this implies that different members contribute complementary expertise, rather than each member covering all areas in depth.

Furthermore, we would like to recall that the management body in its supervisory body is **not a technical expert body. Its role is not to substitute to the Internal Control Functions in charge.**

→ ABBL proposal

- Clarify that the assessment of knowledge, skills and experience should continue to **primarily rely on a collective approach**, and
- Clarify that individual requirements **should be interpreted in a proportionate manner**, taking into account the specific role and responsibilities of each member.
- Remove in paragraphs **62 and 67** the requirements for **all board members to have an appropriate understanding of all the areas listed in paragraph 77.**
- Remove in paragraph **68 and 69** the requirements for all board members to have **AML/CFT and Data Protection Specific Knowledge.**

Paragraph 84

The Draft Guidelines identify a number of situations that the entity must take into account when assessing the potential impact on the fulfilment of the reputation requirement. For this purpose, both current and past situations concerning the Director are taken into consideration, including civil decisions and administrative proceedings (para. 84, letter d). It's requested that administrative proceedings and any civil judgments should not be considered relevant for the assessment of reputation requirements.

→ ABBL proposal

We would suggest that letter (d) of paragraph 84 is deleted.

Paragraphs 86, 87 and Section 26

The draft excessively expands the list of circumstances and risk factors that competent authorities should consider when assessing reputation and potential AML/CFT risks with the risk that such extension may lead to assessments based on association or exposure rather than on personal conduct, responsibility or demonstrable involvement.

This would conflict with fundamental principles such as proportionality, legal certainty and the presumption of innocence.

Besides, the description of factors in paragraphs 86(d) and (e) lacks sufficient precision.

Their consideration in isolation (in the absence of the other factors referred to in points (a) to (c)), where no suspicion of money laundering or terrorist financing exists, may give rise to discriminatory outcomes, **as individuals could be adversely affected solely on the basis of their links to a high-risk country or their status as politically exposed persons**

→ ABBL proposal

The ABBL recommends the revision of paragraphs 86 and 87.

Paragraphs 93/95 and paragraph 13 of the background and rationale

We note that the draft introduces a recommended three-year cooling-off period for an executive director who becomes a non-executive director or chair of the board, in order to preserve independence of mind.

This proposal should be deleted. Cooling-off periods are already regulated at legislative level in several Member States for the purposes of qualifying as an independent director.

Introducing an additional prescriptive requirement at Level 3 risks interfering with national company law and exceeding the mandate of the Guidelines.

Moreover, the automatic presumption that independence of mind is impaired without a three-year cooling-off period does not sufficiently account for the diversity of governance structures across Member States. The assessment of independence of mind should remain case-by-case, based on objective criteria and actual conflicts of interest.

→ ABBL proposal

The ABBL recommends the revision of paragraph 93 and 95 to remove the reference to a cooling-off period.

Question 5: Are the changes made in Title IV appropriate and sufficiently clear?

On Title IV (Human and financial resources for training of members of the management body) of the draft Joint EBA/ESMA Guidelines, the revised provisions are generally clear, coherent and operational, particularly when read in conjunction with Titles III and VII.

However, some additional clarification, mainly on benchmarking and AI-related training, could further enhance supervisory convergence.

→ ABBL proposals:

- Where the Guidelines refer to “available relevant industry benchmarks” (e.g. training budget, training days), specify whether these benchmarks are indicative, minimum expectations, or supervisory reference points.
- Add further guidance on the requirement to provide training on how AI technologies on depth, target audience (all MB members vs. relevant members), and frequency, in order to improve consistency across entities.
- While timelines for closing knowledge gaps are specified, the consequences of failure to meet those timelines are addressed only indirectly via Title VII, which may require cross-referencing for clarity.

Question 6: Are the changes made in Title V appropriate and sufficiently clear?

In Title V (Diversity within the management body), the diversity dimensions to be considered (gender, age, educational and professional background, geographical provenance) are clearly listed, with appropriate caveats where national law may restrict certain criteria (e.g. geographical provenance).

The ABBL has the view that while the framework is clear overall, a few points could benefit from additional guidance.

→ ABBL proposals:

- **Limit the requirements on gender balance to the level of the Composition of the Board of Directors, not to its specialized committees. First, this requirement would go beyond the requirements of Article 91 of CRDVI. Secondly, there is enough complexity to form, with the current rules for adequate competences and skills, the to compose these bodies.**
- Interaction with Directive (EU) 2022/2381 (listed companies): Title V references listed entities, but **further clarification on how the Guidelines interact in practice with binding gender balance requirements under Directive 2022/2381 would help avoid duplication or inconsistent interpretation**, particularly for cross border listed groups.
- Use of qualitative targets for small management bodies: while allowed, **the notion of “qualitative targets” could be further illustrated** (e.g. examples of acceptable formulations) to ensure supervisory convergence across jurisdictions.
- Employee representatives and gender balance: the statement that employee representatives of the under-represented gender alone are insufficient is clear in principle, but **further clarification on how this should be reflected in target setting and reporting would enhance operational clarity.**

Question 7: Are the changes made in Title VI appropriate and sufficiently clear?

With respect to Title VI (Suitability policy and governance arrangements), roles and responsibilities of the management body, nomination committee (where established), and internal control functions are clearly articulated, and the link with Articles 88, 91 and 91a CRD is explicit.

However, further clarification could be helpful regarding the following points:

Interaction between group and local suitability policies

While the obligation to implement a group wide policy is clear, further guidance could help clarify the level of permitted local deviations; and how conflicts between group standards and third country legal constraints should be documented and justified vis à vis competent authorities.

In practice, many institutions operate within international banking groups, where governance arrangements – including suitability policies and succession planning processes – are often designed and implemented at group level, while being applied at the level of individual entities.

In this context, we welcome the recognition within the guidelines, of the group dimension of suitability policies. At the same time, further clarification on the practical interaction between group-level frameworks and entity-level responsibilities could be helpful, in particular, regarding:

- the articulation between group suitability policies and local policies adopted by subsidiaries;
- the role of group governance bodies in the nomination process; (in order to ensure that the subsidiary remain consistent with the interests of the Group);
- the documentation expected at the entity level where certain governance processes are organised at group level.

In large banking groups, governance arrangements are designed to ensure consistency across entities while preserving the responsibilities of each entity's management body. Additional guidance in this area would therefore contribute to ensuring a consistent and proportionate application of the guidelines for institutions operating within cross-border group structures.

Boundary between suitability and performance considerations

References to performance observations in the context of re appointment and succession planning could benefit from clarification to ensure a clear distinction between prudential suitability and employment or performance management considerations, especially in sensitive governance contexts.

Practical expectations for documentation depth

While documentation requirements are clearly listed, additional proportionality guidance (e.g. examples by entity size or complexity) could support more consistent application and reduce over documentation risk.

Question 8: Are the changes made in Title VII appropriate and sufficiently clear?

While Title VII provides a robust, structured and largely clear framework for the assessment of suitability by entities, certain aspects would benefit from further clarification to support consistent and proportional implementation.

In particular:

- additional guidance on the prudential scope of performance considerations,
- proportionality of documentation requirements,
- interaction with competent authorities during remediation phases,
- thresholds for event driven re assessments,
- and alignment with other governance frameworks (AML/CFT obligations, ESG governance expectations, remuneration and FaP)
- ongoing and re-assessment of suitability
- assessment of key function holders

Paragraphs 160 and 171

We note that the draft Guidelines requires institutions to keep up to date the information on suitability of members of the management body, to review it at least annually and to inform the competent authority of any material change. A general obligation to report any "material change" is overly broad and may lead to unnecessary supervisory notifications.

The ABBL supports the view that **only changes that could affect the individual's or collective suitability for the management body or key function holders must be reported.**

➔ ABBL proposals:

The ABBL suggests the rewording of paragraph 160 and 171 accordingly.

Paragraph 167

We note that the draft Guidelines adds that entities “*should also ensure that all material individual roles and duties of the management body are allocated to a member of the management body*”.

The ABBL supports the view that the management body is a collegiate body with collective responsibility.

While individual area of competences should be formalized in the individual and collective assessment process, the ABBL objects to the formal allocation or mapping of duties of all material roles to specific members risks blurring the distinction between collective responsibility and individual executive functions and may be incompatible with our local governance model.

Paragraph 179

We noted that the draft Guidelines requires institutions to inform the competent authority each time a re-assessment is triggered because new circumstances “become known”.

The ABBL fears that **this provision, as it is worded, would include unverified information such as any bad press or even rumors from the market**. Triggering a notification obligation merely because information becomes known creates disproportionate - and unjustified - reporting burdens.

It should be clarified that this requirement should be limited to cases where the “new circumstance” can be verified by a trustable mean (world check as an example). In addition, automatic notification should be limited to situations where the institution concludes that suitability could be materially affected once analyzed by the Management Body in its Supervisory Function.

Question 9: Are the changes made in Title VIII appropriate and sufficiently clear?

The ABBL notes that CRD VI introduces significant changes to Article 91 of the CRD, generally requiring banks to assess their senior management before they assume their duties (ex-ante assessment principle).

The ex-ante assessment principle, as well as the principle to have a distinct entity led and authority led assessment process are already well embedded into our local governance framework.

Still, the interaction between **entity led and authority led assessments, and the practical application of supervisory tools would further support consistent and effective implementation across Member States.**

- The text of the Guidelines should faithfully reproduce the text of the Directive, specifying that **both the ex-ante and ex-post evaluations must be conducted prior to the taking up the position - and not prior to the appointment** - and consequently aligning the wording across the entire document.

- Application to large entities: as the entity shall submit to the Authority the application in the case of the appointment of an executive director or the chairman of the board of directors, at least 30 days before the candidates take up their functions, the documentation to be provided to the Authority should remain realistic to take into account the importance of filling in the role, as soon as possible, to ensure continuity in those roles.
Therefore, we request that the requirement set forth in the Directive be deemed satisfied if the bank submits a simplified set of information that includes the personal data of the candidate proposed by shareholders for the position and, for example, the curriculum vitae, including past roles and experiences. Based on this information, dialogue with the Supervisory Authority could then be initiated.
- Application to non-large entities: While Title VIII indicates that competent authorities may consider similar supervisory procedures for entities other than large entities, it provides limited guidance on how this discretion should be exercised in practice.
Additional clarification on the criteria (e.g. risk profile, complexity, cross border activity) that should guide this supervisory judgement would help avoid divergent national approaches and enhance consistency across Member States.
- Interaction between entity led and authority led re assessments: the Draft Guidelines recognize that **suitability assessments and re assessments are primarily the responsibility of entities**, while also allowing competent authorities to conduct their own assessments as part of ongoing supervision. However, **the respective roles and expectations could be clarified further**, in particular regarding:
 - the extent to which competent authorities may rely on entity performed re assessments,
 - circumstances in which authorities are expected to perform an additional or independent assessment, and
 - how discrepancies between entity conclusions and supervisory views should be addressed.
- Use and escalation of supervisory tools: although Title VIII lists a range of supervisory tools (e.g. interviews, requests for additional information, enhanced dialogue), **further guidance on their proportional and risk based use**—especially for re assessments or borderline cases—would support more predictable supervisory outcomes and legal certainty for institutions.
- Decision outcomes and remedial measures: The possible supervisory decisions and remedial measures are clearly enumerated, **but additional clarification on their sequencing and proportional application, particularly where shortcomings are considered remediable**, could help ensure consistent supervisory expectations across jurisdictions.

Section 26

While we acknowledge the importance of ensuring robust supervisory assessment procedures, **we plead for suitability assessment to remain individualized and based on objective grounds.**

In today's world, where, realistically, most institutions with even the most reputable names, were, or will be at some point of time, subject to an administrative, and/or judicial sanction, these sanctions shall not automatically trigger a suspicion affecting all past or current members of the management body of the concerned institutions.

Our financial institutions should remain in capacity to attract and retain experienced members of management bodies and key functions holders, if we want to ensure the required competence, experience, and diversity to be achieved within our management bodies.

From this perspective, we believe it is essential that any **“reasonable grounds to suspect” (as referenced in Paragraphs 30.d and 233) are consistently supported by objective and substantiated evidence, rather than by unverified external resources such as 'adverse media' or sensationalist journalism.**

Relying on such sources could introduce significant subjectivity into the assessment process, potentially undermining the rigorous and fact-based approach that should characterize the suitability framework and the principle of legal certainty.

Furthermore, it is essential that the presumption of innocence be fully respected in the context of suitability reassessments.

Supervisory concerns relating to AML/TF risks should not result in indirect or anticipatory consequences for individuals in the absence of concrete evidence of personal involvement or responsibility. The Guidelines should therefore clarify that entity-level deficiencies do not, per se, undermine the suitability of individual candidates and that any reassessment must be grounded in specific, substantiated facts attributable to the individual concerned.

Paragraph 182, 193 and 201

We request to limit the assessment of the suitability of Key Function Holders by the Competent Authorities to the Head of Internal Control Functions and the CFO in large entities, as already the case in our local governance framework.

The ABBL notes that the requirement to extend the periodic assessment of Key Function Holders goes beyond the provision of CRDVI. The yearly assessment of the Key Function Holders is already covered through the “usual” yearly individual assessment process.

→ ABBL proposal

We propose the removal of Paragraph 182, and the deletion of the last paragraph 193.

Paragraph 208

We have the view that the maximum period for assessment of four months by the competent authorities is excessive, and we would suggest a **reduction to 30 days**, once a complete file has been submitted. Alternatively, we would suggest maintaining the **four months maximum, without any extension allowed.**

We trust the current level of cooperation and information exchange between the competent supervisory authorities has improved significantly these past years enabling more efficient coordination and reducing procedural delays.

Question 10: Are the changes made in Title IX appropriate and sufficiently clear?

The items appropriately clarify how suitability assessments should be handled in resolution scenarios, which were less explicitly addressed in previous guidelines.

There is a clear allocation of responsibilities and it distinguishes the respective roles of competent authorities and resolution authorities, in particular by confirming that suitability assessments during resolution remain aligned with Title III criteria, while taking into account the urgency of resolution actions.

The references to Articles 27, 28 and 34(1)(c) BRRD and the obligation to exchange information between competent and resolution authorities are clearly articulated, reinforcing consistency with the existing EU resolution framework.

The provision that suitability assessments may be conducted after appointment in resolution contexts, with an indicative target of one month, appropriately reflects the emergency nature of resolution while maintaining governance safeguards.

The explicit clarification that special managers appointed under Article 35 BRRD are not subject to competent authority suitability assessments avoids ambiguity and potential overlap of responsibilities.

However, the ABBL would propose to further **clarify the Draft Guidelines on how information flows should operate in practice (e.g. sequencing, minimum information sets), especially in cross-border resolution cases. Further, it could be clarified to what extent the assessment focuses strictly on individual suitability versus the collective suitability of the management body during resolution-driven appointments.**

Question 11: Are the changes made to Annex I and Annex II appropriate and sufficiently clear?

The updated Annex I appropriately reflects the expanded scope of collective knowledge expectations, notably by explicitly incorporating ESG risks, ICT risks and artificial intelligence related considerations, in line with the revised requirements for management bodies.

The continued use of a flexible template, allowing entities to adapt the matrix to their size, complexity and governance structure, supports the proportionality principle and is therefore appropriate.

However, the Guidelines could further clarify:

- the expected level of granularity when mapping skills to individual members, particularly for non significant entities;
- how to demonstrate sufficiency of coverage where knowledge areas (e.g. ESG, ICT or AI) are shared across several members rather than concentrated in one individual;
- the supervisory expectations regarding the use of alternative methodologies instead of the Annex I template, to ensure consistency across institutions and jurisdictions.

On Annex II, some elements could be improved:

- clearer guidance on how behavioural skills (e.g. judgement, independence of mind, stress resistance) should be evidenced and documented in practice;
- additional clarification on the interaction between Annex II skills and Annex I mapping, in particular whether and how behavioural skills should be reflected in the collective suitability matrix;
- further alignment between the skills listed and newly emphasised risk areas (such as AI governance), to ensure consistent interpretation across entities;
- add as behaviour skills the ability to integrate local legal requirements and banking regulations into daily operations, ensuring all activities align with oversight standards while proactively identifying and addressing compliance gaps. Alternatively, to refer to an "ethical leadership" i.e. that promotes a "culture of compliance".

Question 12: Is the table on scope of application of the Joint Guidelines appropriate and sufficiently clear?

The ABBL has the view that the table on scope of application of the Joint Guidelines is appropriate and clear.
