



BIPAR Response to ESMA/EBA consultation on Draft Joint Guidelines on the assessment of the suitability of members of the management body and key function holders under CRD and MiFID II

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BIPAR is the European Federation of Insurance Intermediaries. It groups 48 national associations in 32 countries. Through its national associations, BIPAR represents the interests of insurance agents and brokers and financial intermediaries in Europe.

Apart from some large multinationals, the insurance intermediation sector consists of hundreds of thousands of SMEs and micro-type operators. It accounts for 0.7% of European GDP, and over one million people are active in the sector. Insurance and financial intermediaries facilitate the insurance and financial process for several hundreds of millions of customers. The variety of business models, the high level of competition and the geographical spread in the sector ensure that everyone in Europe has easy access to tailor-made insurance and financial services. The sector is highly regulated and strictly supervised.

BIPAR is a member of the World Federation of Insurance Intermediaries (WFI). Founded in Paris in 1937, BIPAR has been established in Brussels since 1989.

A. Introductory comments

BIPAR welcomes the opportunity provided by EBA and ESMA to comment on the revision of the guidelines on the assessment of the suitability of members of the management body and key function holders under CRD and MiFID II.

BIPAR represents 48 national associations of insurance and financial intermediaries. Many of the financial intermediaries who are members of our national associations, are micro to SME-type companies. Under MiFID II, many of these firms fall under “opt-out” national regimes (according to Article 3 of MiFID II). Some of these small firms however, are investment firms that do not fall under an Article 3 exemption.

BIPAR believes that it is very important that the revised Guidelines take a proportionate approach when it comes to micro-size/small firms.

We support in this respect some of the changes proposed, for instance regarding diversity/gender equality, but we believe that more could be done to enhance proportionality, especially for small firms.

In particular with regard to the addition of AML-related requirements we believe it is important not to go beyond the existing AML regime that is already burdensome for SMEs in particular.

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

BIPAR response:

It is expected that the amended Guidelines will enter into force 6 month after the publication of all translations of the Guidelines, **but not later than 31 December 2026** (see p 36). This deadline of December 2026 seems very short, considering the consultation only closes at the end of May. There will be very little time to get acquainted with the final Guidelines.

With regard to Title I, we refer to our introductory remarks: it is important indeed that the revised Guidelines take a proportionate approach when it comes to micro-size/small firms.

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

BIPAR response:

- In Title III (Notions of suitability listed in Article 91(1211) of Directive 2013/36/EU (p 45), point 50 adds “and record” with regard to “sufficient time commitment of a member of the management body”.

At a time where burden reduction is a central concern and aim for the EU and national regulatory frameworks, we wonder why an additional recording requirement is added in the Guidelines. We suggest sticking to the monitoring requirement.

*(“Entities should monitor **and record** whether the members of the management body commit sufficient time to performing their functions. Preparation for meetings, attendance and the active involvement of members in management body meetings are all indicators of time commitment.)*

- Adequate knowledge, skills and experience (p 49)

Members of the management body should have an up-to-date understanding. In point 62 reference is made to: “including all of the areas specified in paragraph 77”

Paragraph 77 now reads as follows:

- a. the business of the entity and main risks related to it;*
- b. each of the material activities of the entity;*
- c. relevant areas of sectoral/financial competence, including financial and capital markets, solvency and models, **environmental, governance and social risks** and risk factors;*
- d. financial accounting and reporting;*
- e. risk management, compliance and internal audit;*

f. information and communication technology and security, including the RELEVANT requirements within Regulation (EU) 2024/168941 on artificial intelligence systems;

g. local, regional and global markets, where applicable;

h. the legal and regulatory environment;

i. managerial skills and experience;

j. experience in implementing a culture of probing and challenging MB decision

k. the ability to plan strategically;

l. the management of (inter)national groups and risks related to group structures, where applicable.

m. ESG factors and ESG risks and their impacts on the above mentioned areas, where relevant

n. RELEVANT Requirements under Regulation (EU) 2022/2554 42 regarding digital operational

resilience, including the respective delegated technical standards

We believe that in points f) and n), the word “relevant” should be added (as is already the case in some other points) in these points dealing with the AI Act and DORA.

See above proposed additions in blue of the word “relevant”.

Also in point 69 additional requirements are added, where we believe it may be good to add the words “where relevant”. See in particular:

“d. risk management (identifying, assessing, monitoring, controlling and mitigating the main types of risk of an entity including ESG risks and risk factors **as well as information and communication technology risks**);

(...)

h. anti money laundering and counter terrorist obligations;

i. data protection requirements and their implementation in light of other prudential requirements,

j. the ability to present their views, discuss strategies and business objectives;

- **Collective suitability criteria (p 53)**

On p 53, the list of aspects for appropriate understanding of the management body collectively has been amended and points have been added which we believe may not be proportionate for small players. We think in particular of new point j.): *“experience in implementing a culture of probing and challenging MB decision”*

- **Reputation, honesty and integrity (p 57)**

In this heading, a new part has been proposed with AML-related requirements. We believe it is important not to go beyond the existing AML regime that is already burdensome for SMEs in particular. Additional requirements are not justified.

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

BIPAR response:

We note that in Title V (Diversity within the management body), proportionality has been added, as some of these criteria would now only apply to “significant entities” (see in particular point 117: *“The diversity policy of significant entities should ensure that the management body in its management function and in its supervisory function are having an appropriate gender balance.”* And new point 119: *“To ensure that a proportionate approach is applied, entities that are not significant may express the target in a qualitative way, if their management body has fewer than five members.”*).

We support such addition of proportionality, which is important, in particular for smaller players. Due to their size, it may indeed be very difficult for very small firms to comply with diversity policy requirements for the management body.