



You're
going to be
assessed

What should
you expect?

DeNederlandscheBank

EUROSYSTEEM

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As part of our remit we assess prospective management and supervisory board members for fitness and propriety for their position. Our assessments deliver an important contribution to a sound and ethical financial sector. Management and supervisory board members are essential to determining an institution's strategy and corporate culture, and therefore to its soundness and future viability.

This brochure is to inform you about the initial assessment. You will only be able to take up your position after you have passed the initial assessment.

In specific cases, if we see reasonable grounds to do so, we can decide to initiate a reassessment. This entails a separate procedure.

For more detailed information about our assessments, please visit our website (<http://www.toezicht.dnb.nl/en/assessments>).

What is a fitness assessment?

An initial fitness assessment takes place upon the proposed appointment of a management or supervisory board member. You should be suitable for the position for which you have been nominated. Do you have the required knowledge, skills and professional conduct for the position? We establish this based on your education, work experience and competences.

The fitness assessment is position-specific. We take into account the position you will be holding, the nature, size, complexity and risk profile of the financial institution, and the composition and functioning of the board as a whole. What is your added value to the board? And are you able to devote sufficient time to the position?

If you have been assessed for fitness before, and your position or remit changes within the same financial institution, you will be reassessed for fitness taking into account the requirements for your new position.

What is a propriety assessment?

In principle, propriety assessments are a one-time procedure. Your propriety should be beyond doubt. Contrary to the fitness assessment, a propriety assessment does not depend on circumstances such as the composition of the board or the institution where you will be appointed.

The assessment is based on information provided by the institution and the results of our own investigations. We check the facts and antecedents that may affect your integrity. We do this by for example requesting information from the Netherlands Authority for the Financial Markets (AFM), the Public Prosecution Service (OM) and the Tax and Customs Administration (Belastingdienst). In particular, we review criminal, financial, supervisory, tax and administrative law antecedents and other relevant information. The Integrity Screening Form explains which facts and antecedents you must inform us about. We consider a failure to inform us of relevant facts and antecedents to be a very serious issue, which could even result in a supervisory antecedent.

This is a once-and-for all assessment. Should relevant facts occur after you have passed the assessment, you and the institution are responsible for letting us know about them. Should you fail to mention relevant facts we could consider this a supervisory antecedent, which could be taken into account in any reassessment.

The assessment interview

We decide on a case-by-case basis whether an assessment interview is necessary. If a clear picture emerges from our preliminary assessment, we may come down in favour of the appointment without initiating an interview. Should we however require more information, we will invite you for an interview to further probe the items from the file that were unclear. The significance of the position or the circumstances at an institution may also provide grounds for an interview. As a rule, we will invite you for an interview if you are nominated for the position of CEO, CFO, CRO, Chair of the Supervisory Board, Chair of the Audit Committee or Risk Committee, or member of an investment advisory committee.

So if you are invited for an interview this does not automatically mean there are doubts about your integrity or expertise. The purpose of the interview is to obtain more information from you in order to assess your fitness and propriety.

The interview will be held at our offices and usually lasts about an hour and a half. We will ask questions about your expertise and competences, your knowledge of the composition of the board as a whole and its functioning. We may also ask questions about propriety. The interview is intended as an open dialogue.

Two or three DNB staff members will attend the interview: a specialist from the Expert Centre on Fit and Proper Assessments and one or two of the institution's supervisors. The latter may include a head of department

or division director. If your new position is at a significant bank under direct European banking supervision, an ECB staff member may attend the interview, or the interview could be held at the ECB's offices in Frankfurt. A staff member, head of department or director of the AFM may also attend the interview if the circumstances so require. We will always inform you in advance of the names and positions of the persons who will conduct the interview.

If the interview does not result in a sufficiently clear and comprehensive picture, a second interview will be scheduled. This will involve other DNB officers and will always be attended by a senior manager. You will be informed in advance of the reason for the second interview.

Preparation for the interview

You can prepare for the assessment interview by familiarising yourself with the position and your institution, its products, organisational structure and corporate culture. We recommend that you read public and internal documents and meet with members of the management board or board of directors, the supervisory board, key function holders and, in the case of pension funds, the members of the management board, the board of trustees, the stakeholder body and the investment advisory committee. This will help you understand relevant trends and developments in the market and regulations and it will allow you to form your own, independent opinion of your financial institution. You may sign a non-disclosure agreement with the institution.

You can also prepare yourself by thinking about the questions we may ask during the interview. These depend on your new portfolio of duties and responsibilities. For example, we will ask different questions if you are to be appointed as a legal expert in a pension fund than if you are to sit on the investment advisory committee, take up position as the chair of the audit committee or as a member of the remuneration committee.

In addition to specific questions, we will ask questions of a more general nature. What would you say are the institution's strengths and weaknesses? Does the institution have a comprehensive risk assessment, or do you think certain risks have been excluded? How can you show that you have the capacity and courage to ask critical questions? Can you give an example of this? How do you deal with conflicts of interest? Have you ever been assessed as a board member? What were the result of this assessment? What exactly did the reported antecedent event involve? What lessons did you learn from this?

You can find more examples of questions on our website. Proposed members of the investment advisory committees of pension funds can consult our guidance document on investment expertise (Guidance normenkader beleggingskennis). It states the minimum requirements candidates must meet and gives some examples of questions.

Planning

The statutory period in which DNB is required to make a decision about an initial assessment depends on the legal basis for the assessment. We strive to inform you of our decision as soon as possible. In practice, it usually takes six to eight weeks after we have received the fully completed forms and the required annexes.

If annexes are missing, the consideration period will be longer. For significant banks, the ECB is also included in the procedure and such an assessment takes a maximum of 13 weeks.

Decision

We will inform you as soon as we have taken a decision on the assessment of your fitness and propriety. We will first tell you by phone and after that we will ring the institution, if the decision is positive. We will follow this up with a written confirmation.

If we intend to decide negatively on your prospective appointment, we will inform you in writing of our intention and we will make a telephone appointment with you to explain our point of view. We advise you to make arrangements with your institution beforehand about how to proceed should we take a negative decision. Will the institution withdraw the nomination or may you then follow formal legal proceedings?

Objection and appeal

If we decide negatively on your fitness or propriety, you and the institution may present your views on our provisional decision, orally or in writing. After considering your views we will reach a final decision and inform you in writing of our decision. If the result of our assessment is negative, you or the institution may submit a notice of objection to DNB, addressed to our Legal Services Division. After the objection procedure you may lodge an appeal against our decision with the administrative-law sector of the District Court. You may lodge a further appeal with the Trade and Industry Appeals Tribunal.



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