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Proposed Amendments to Suitability Assessment Framework

The joint consultation launched on **25 February 2026** by the **European Banking Authority (EBA)** and the **European Securities and Markets Authority (ESMA)** proposes targeted amendments to the existing guidelines on the assessment of the suitability of members of the management body and key function holders in credit institutions and investment firms. The revisions form part of the broader “**Suitability Package**” aimed at enhancing harmonisation of supervisory practices and achieving greater convergence in the application of suitability requirements across the Union.



A central objective of the proposed amendments is alignment with the updated obligations introduced under the revised **Capital Requirements Directive (CRD)**. The draft text incorporates new governance-related requirements applicable to large institutions, including provisions concerning the use of ex-ante applications in circumstances where competent authorities otherwise undertake ex-post assessments. The integration of these CRD-driven elements is intended to ensure that suitability assessments are carried out in a manner consistent with the revised prudential framework and that institutions can demonstrate compliance through more clearly articulated evidentiary standards.

The consultation reinforces expectations regarding the assessment of individuals performing key functions. Although such roles have been within the scope of the joint guidelines, the proposed revisions emphasise the supervisory importance of assessing the suitability of individuals occupying senior control and financial roles, including heads of control functions and chief



financial officers. This enhanced focus is reflective of the authorities' view that governance risks arise not solely at board level but equally through individuals who exercise material influence over risk management, internal control, and financial reporting processes.

Another substantive component of the proposed revisions concerns the application of suitability requirements to third-country branches operating within the Union. The draft guidelines further specify how the updated CRD framework applies in this context, thereby providing greater legal certainty regarding the expectations imposed on individuals responsible for managing EU branches of non-EU institutions. These clarifications are aimed at ensuring consistent supervisory treatment irrespective of the institution's home jurisdiction and strengthening governance oversight in cross-border structures.

The revised text also deepens the connection between suitability assessments and the Union's anti-money laundering and counter-terrorist financing (AML/CFT) regime. The consultation sets out guidance intended to assist competent authorities in identifying reasonable grounds to suspect money-laundering or terrorist-financing risks in the context of individual assessments. In addition, the authorities propose further harmonisation of documentation and information required in support of suitability reviews. The accompanying draft Regulatory Technical Standards specify the minimum content of questionnaires, CVs, and internal assessments, with the objective of ensuring completeness, comparability, and consistency across Member States.

Overall, the proposals reflect a regulatory shift toward more calibrated and transparent suitability governance, reinforcing scrutiny across control functions, financial leadership, and third-country branch arrangements while contributing to a more coherent supervisory landscape within the internal market.



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