



Civil Aviation Economic Guidelines – 101

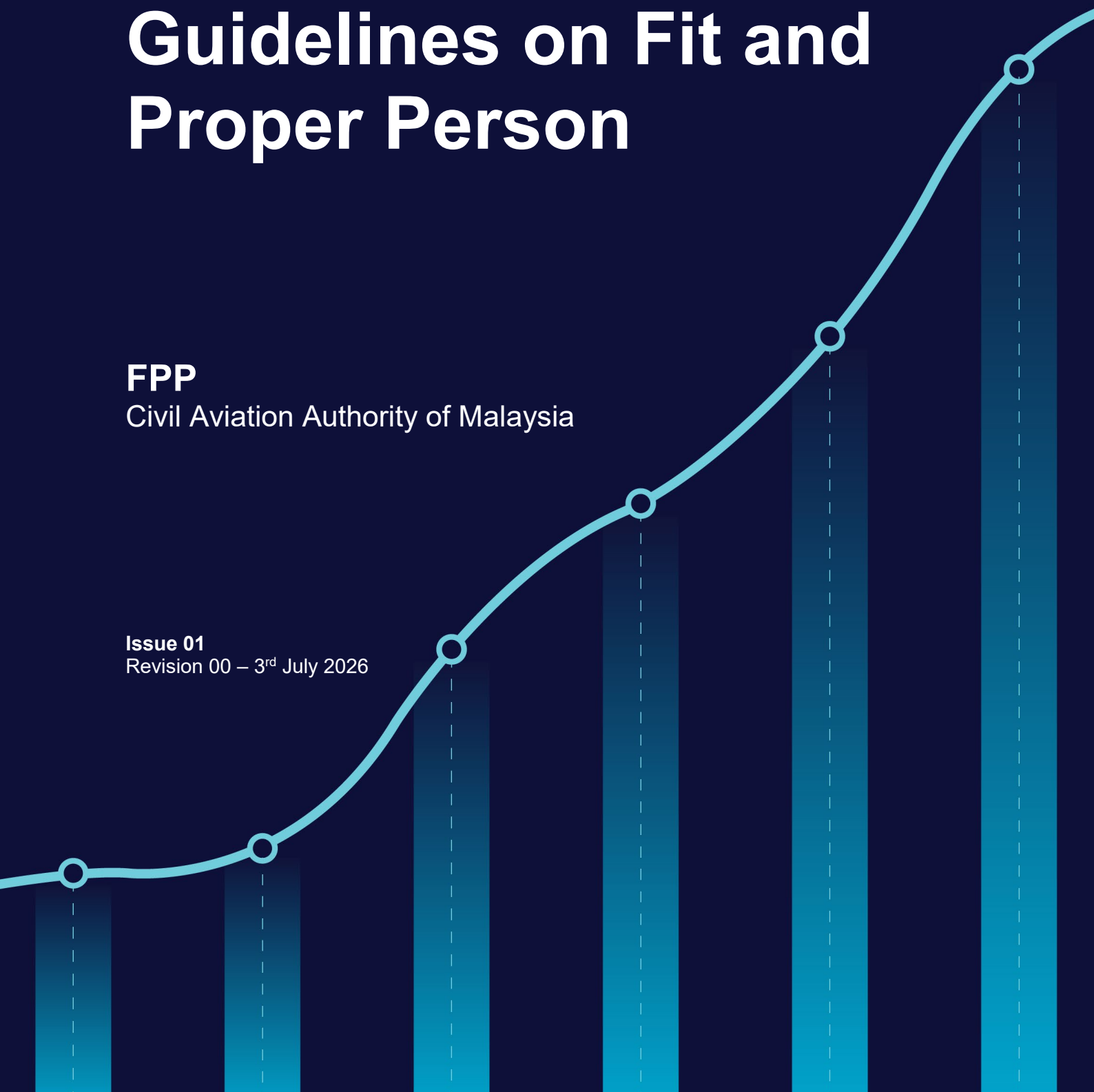
Guidelines on Fit and Proper Person

FPP

Civil Aviation Authority of Malaysia

Issue 01

Revision 00 – 3rd July 2026



INTENTIONALLY LEFT BLANK

Introduction

In exercise of the powers conferred by Section 43B(1) of the Civil Aviation Authority of Malaysia Act 2017 [Act 788], the Civil Aviation Authority of Malaysia (CAAM/Authority) issues these Civil Aviation Economic Guidelines (CAEG) – *relating* to the Fit and Proper Person assessment of key responsible persons in an aviation service company.

These CAEG set out the Authority's approach, explanation and guidance to the fit and proper assessment of key responsible persons in an aviation service company. These CAEG are intended to assist licence and permit applicants and holders to assess whether key responsible persons in an aviation service company are fit and proper to provide effective and strategic leadership to its company.

These CAEG shall apply to key responsible persons in an aviation service company applying for a licence or permit and to key responsible persons in aviation service companies that already have a licence or permit.

Non-compliance with these CAEG

Any person who contravenes any provisions of these CAEG may be subject to a financial penalty imposed by the Authority, which shall not exceed RM1,000,000 in the case of an individual, or 5% of the body corporate's annual turnover from the preceding financial year in the case of a body corporate, in accordance with Section 43B(1) of Act 788.



(Dato' Captain Norazman bin Mahmud)
Chief Executive Officer
Civil Aviation Authority of Malaysia



INTENTIONALLY LEFT BLANK



INTENTIONALLY LEFT BLANK



INTENTIONALLY LEFT BLANK



Table of Contents

1	GENERAL	11
1.1	CITATION	11
1.2	APPLICABILITY	11
1.3	REVOCATION	12
2	FIT AND PROPER ASSESSMENT	12
2.1	THE ASSESSMENT	12
3	DECISION	15
4	GLOSSARY	15
5	FORMS	16
5.1	DECLARATION AND CONSENT FORMS.....	16



INTENTIONALLY LEFT BLANK

1 General

1.1 Citation

1.1.1 Purpose and Policy Objective of the Guidelines

1.1.2 These Guidelines are the Civil Aviation Economic Guidelines (CAEG) – relating to the Fit and Proper Person assessment of key responsible persons in an aviation service company (FPP). These CAEG set out the Authority's approach, explanation and guidance to the fit and proper assessment of key responsible persons in an aviation service company. These CAEG are intended to assist licence and permit applicants and holders to assess whether key responsible persons in an aviation service company are fit and proper to provide effective and strategic leadership to its company.

1.1.3 The Authority requires that members of the board and the senior management of an aviation service company are competent and have the necessary qualities and qualifications suited to hold a position that can ensure that aviation service companies remain viable in the larger context of the aviation industry. These CAEG shall apply to key responsible persons in an aviation service company applying for a licence or permit and to key responsible persons in aviation service companies that already have a licence or permit.

1.2 Applicability

1.2.1 These CAEG are issued by the Authority in the exercise of its power pursuant to section 43B of the Civil Aviation Authority Malaysia Act 2017 [Act 788] to provide explanation and guidance on the Authority's assessment of a fit and proper person.

1.2.2 These Guidelines shall apply to key responsible persons within a company providing aviation services where such company is an applicant of a licence or permit under sections 36E and 36H of the Act or a licence or permit holder under sections 36A, 36B, 36C or 36D of the Act. The Authority may also carry out the fit and proper person assessment on a licence or permit holder from time-to-time, at any point throughout the duration of a licence or permit.

1.2.3 Key responsible persons of an aviation service company are identified as the following:

a) boards of directors;

b) senior management team;

c) any other person –

1) who directly or indirectly holds 10% or more of shares of the applicant; or

- 2) who has the power to make or cause to be made, decisions in respect of the business or administration of the aviation service company and to give effect to such decisions or cause them to be given effect to; and
- 3) any other key person as may be determined by the Authority.

1.2.4 All key responsible persons identified in paragraph 1.2.3 above must assure the Authority that they comply with the fit and proper person criteria in section 2.

1.2.5 The factors which may be considered by the Authority in implementing these CAEG are not exhaustive and the Authority reserves the right to take into account any other factor or impose any additional requirements in its fit and proper assessment. The fit and proper assessment shall be carried out on a case-by-case basis.

1.2.6 When a fit and proper person assessment is carried out by the Authority, the onus is on the key responsible persons in the aviation service company to prove that they are fit and proper according to the Authority's standards laid out in these CAEG. Any aviation service company in doubt on how these Guidelines may be applicable to it may wish to seek independent legal advice.

1.2.7 For the avoidance of doubt, the fit and proper assessment carried out by the Authority is only in pursuance to the Act.

1.2.8 The Authority will assess the fitness and propriety of a person in the following areas:

- a) Probity, reputation and integrity;
- b) Competency and capability; and
- c) Financial integrity.

1.2.9 Section 2 of these Guidelines details the factors that the Authority will consider in its fit and proper person assessment.

1.3 Revocation

1.3.1 These CAEG revokes the guidelines issued pursuant to the Malaysian Aviation Commission Act 2015 [Act 771]:

- a) Guidelines on Fit and Proper Person dated 19 August 2019

2 Fit and Proper Assessment

2.1 The Assessment

2.1.1 Probity, Reputation and Integrity

-
- 2.1.1.1 In determining whether a key responsible person is of good character, the Authority will look into a person's character and personal attributes such as –
- a) integrity, honesty, diligence;
 - b) independence and fairness in decision-making; and
 - c) propensity or willingness to disregard the law.
- 2.1.1.2 These qualities are demonstrated over time and demand a disciplined and ongoing commitment to high ethical standards. The Authority will also look into past behaviour as insight into a person's future conduct.
- 2.1.1.3 In the Authority's assessment of a person's probity, reputation and integrity, the Authority shall place emphasis on factors that are necessary and relevant to assess whether a person can hold a position of leadership in an aviation service provider, including inter alia whether a person:
- a) has been convicted for any registrable offence under the Registration of Criminals and Undesirable Persons Act 1969 [Act 7] or such similar offences under any other jurisdiction;
 - b) in civil cases has admitted liability or been found liable by any Court for dishonesty under any jurisdiction;
 - c) has been imposed financial penalty or has had any enforcement action taken against him by a professional or financial regulatory authority in any jurisdiction;
 - d) has been refused the right to carry on any trade, business or profession for which a specific authorisation by any regulatory authority, professional or government agency is required by law in any jurisdiction;
 - e) has been dismissed, asked to resign or has resigned from employment or from holding office as a director of a company because of fraud or dishonesty;
 - f) has objected or been unwilling to cooperate with regulatory authorities resulting in a failure or potential failure to comply with legal, regulatory and professional requirements or standards.
- 2.1.1.4 The above is not an exhaustive list. The Authority may take into consideration other factors in assessing a person's probity, reputation and integrity.
- 2.1.2 Competency and Capability
- 2.1.2.1 A key responsible person in an aviation service provider is required to demonstrate that he is a competent person. A person must demonstrate that

he has the appropriate competence and possesses capability with the relevant knowledge and experience.

2.1.2.2 The Authority will further assess a person's ability to understand the technical requirements of the business, the inherent risks and the management process to undertake and fulfil his obligations and responsibilities that are associated with his role and position, effectively.

2.1.2.3 In assessing the competency of a person, the Authority shall consider all relevant factors, including, but not limited to—

- a) whether the person has demonstrated, through qualifications, training, skills, practical experience and commitment to effectively undertake the responsibilities of the position;
- b) whether the person has a sound knowledge of the business;
- c) whether the person has satisfactory past performance or expertise the nature of the business being conducted.

2.1.3 Financial Integrity

2.1.3.1 In assessing a person's financial integrity, the Authority will determine whether a person is able to demonstrate his solvency and the prudent control over his own financial affairs which serves as an indication of a person's capacity to the safety and soundness of the business and protection of the interests of other stakeholders.

2.1.3.2 In determining a person's financial integrity, the Authority shall have regard to all relevant factors, including but not limited to:

- a) whether there are any indicators that a person will not be able to meet any debts as they fall due;
- b) whether relevant solvency requirements are met;
- c) whether the person has been subject to any judgment debt that remains outstanding in any jurisdiction; and
- d) whether the person has made arrangements with creditors, filed for bankruptcy or been adjudicated a bankrupt or had assets sequestered in any jurisdiction.

2.1.3.3 However, a person's limited financial means will not necessarily affect the person's ability to satisfy the financial integrity criteria.

3 Decision

- 3.1 Upon completion of the fit and proper person assessment, the Authority may factor the results of the assessment in evaluating the licence or permit application to determine whether an aviation service provider is eligible to be granted a licence or permit. The result of a fit and proper person assessment is part of the Authority's internal procedure and shall be disclosed to the applicant, if the result of the assessment is unfavourable. Such information shall not be provided to any other party.

4 Glossary

- | | |
|---------------------------------|---|
| 1. Act | Civil Aviation Authority Malaysia (Act 2017) [Act 788] |
| 2. Aviation Service | As defined in section 2 of the Act |
| 3. Aviation service company | A company providing aviation services |
| 4. Authority | Civil Aviation Authority Malaysia |
| 5. Guidelines/CAEG | Guidelines on Fit and Proper Person |
| 6. Licence holder/permit holder | A licence or permit holder is a holder of a licence or permit that has been granted pursuant to section 36E of the Act |
| 7. Senior management | Senior management consists of a core group of individuals who are primarily responsible for the day-to-day management and decision-making in an aviation service company.

Senior management is responsible for establishing a management structure that promotes accountability and overseeing line managers and other employees in carrying out their functions in specific areas and activities consistent with the policies and procedures set by the board of directors. |

