



FINANCIAL REGULATOR
Rialtóir Airgeadais

Minimum Competency Requirements

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Minimum Competency Requirements

INTRODUCTION

Consultation papers were issued in 2004 and 2006 seeking views in relation to minimum competency requirements [the Requirements]. The Requirements set out in Appendix 1 have been developed following consideration of the submissions received in response to those consultation papers and subsequent discussions with industry representative bodies, and in particular the main educational institutes active in this area. We would like to express our appreciation to all those who provided contributions and assistance.

The European Communities (Insurance Mediation) Regulations 2005 came into operation on 14 January 2005, and give effect to Directive 2002/92/EC of the European Parliament and of the Council on insurance mediation [IMD]. The IMD¹ requires that "insurance and reinsurance intermediaries shall possess appropriate knowledge and ability, as determined by the home Member State of the intermediary".

As stated in its first Annual Report [May 2003/December 2004], the Financial Regulator has decided that the Requirements should apply to the main sectors of the regulated financial services industry, in addition to the imposition of requirements mandated by the IMD.

We believe that consumers are entitled to a minimum level of professionalism and expertise from their financial advisers and that these Requirements will help achieve this goal. In framing the Requirements we recognise the achievements already made in this sector and we have sought to build on the structures and qualifications which are already available.

The Requirements will be implemented on 1 January 2007. These Requirements are designed to establish minimum standards across all financial services providers from which consumers seek advice on, or seek to purchase, retail financial products.

The Financial Regulator is a principles-based regulator. We recognise that it is not possible to devise rules for every individual circumstance and therefore we expect firms to interpret the competency arrangements in a reasonable and practical manner when considering marginal cases or unusual circumstances. In all such cases, firms should document their interpretation of the arrangements and the rationale for that interpretation.

Legal Background

Under various supervisory enactments, the Financial Regulator is legally empowered to deal with matters concerning the competence of certain employees and controllers of supervised firms.

The Central Bank Act, 1989, as amended, gives us wide powers to draw up codes of conduct that can apply to any or all categories of entities that we supervise. The following is a list of the principal legal provisions on which a requirement for firms to possess appropriate knowledge and skill may be imposed:

¹ Article 4 of the IMD contains specific requirements in relation to professional competence. These requirements must be fulfilled on a permanent basis. Recital 9 to the IMD states that to provide equal treatment, these professional requirements should apply to all individuals regardless of whether they work in a bank, building society, insurance intermediary (broker), etc.

Regulated Firm	Legislative Provision
Banks, or other persons supervised by the Bank under the Central Bank Act 1989 or any other enactment	Section 117, Central Bank Act, 1989
Insurance Intermediaries and Reinsurance Intermediaries	Regulation 15, European Communities (Insurance Mediation) Regulations, 2005
Investment Intermediaries	Section 14(4)(a), Investment Intermediaries Act, 1995
Building Societies	Section 37(2), Building Societies Act, 1989
Insurance Undertakings	Regulation 7(2)(e), European Communities (Life Assurance) Framework Regulations, 1994 Regulation 7(2)(e), European Communities (Non-Life Assurance) Framework Regulations, 1994
Members of the Irish Stock Exchange	Sections 18(5)(f) and 22(1)(c), Stock Exchange Act, 1995
Mortgage Intermediaries	Section 116(9)(e) and (11)(g), Consumer Credit Act, 1995 Section 8H(1)(f), Consumer Credit Act, 1995
Lenders providing credit under credit agreements subject to the Consumer Credit Act 1995, other than licensed moneylenders	Section 8H(1)(f), Consumer Credit Act, 1995

To whom will the Requirements apply?

The Requirements will apply to individuals who, on a professional basis, as, for or on behalf of a *regulated firm*:

- ▶ provide *advice* to consumers on *retail financial products*,
- ▶ arrange or offer to arrange *retail financial products* for consumers, or
- ▶ undertake certain *specified activities*.

Such individuals, having attained and continuing to satisfy the specified minimum competency standards, are referred to in this document as *accredited individuals* where they provide *advice* to consumers on *retail financial products* or arrange or offer to arrange *retail financial products* for consumers, and *specified accredited individuals* where they undertake certain *specified activities*.

Individuals whose only activity is referring or introducing *consumers* to *regulated firms* are subject only to the following requirements on an ongoing basis. They must:

- ▶ know the different types of entities regulated by the Financial Regulator; and
- ▶ know the different registers maintained by the Financial Regulator.

Such individuals must not provide any advice or assistance to *consumers* in relation to a *retail financial product* other than the referral or introduction to a *regulated firm*.

Where an individual's only activity is the processing of quotation requests within a narrow and rigid set of acceptance criteria and according to a prescribed script and routine, the following requirements apply:

- ▶ The acceptance criteria, script and routine must be devised by an *accredited individual*.
- ▶ The individual must have received appropriate training. This training may be in the form of internal training or part[s] of the relevant recognised qualifications. The firm must be able to demonstrate to the Financial Regulator that the training given is relevant and appropriate, e.g., the Insurance Foundation Certificate would demonstrate appropriate training in the case of call centres processing requests for motor insurance renewal quotations.
- ▶ The individual's training must be kept up to date on an ongoing basis.
- ▶ The individual must refer requests for additional information and advice to an appropriately *accredited individual*.
- ▶ The individual must be supervised by an appropriately *accredited individual*.
- ▶ The individual's activity must be monitored to ensure that there is no breach of these requirements.

Credit unions will be subject to these Requirements when providing services for which they require to be authorised by, or registered with, the Financial Regulator under the legislation listed under 'Legal Background' above [i.e., other than the Credit Union Act 1997]. So, for example, the core lending activities of credit unions and the operation by them of credit union share and deposit accounts, are not subject to these Requirements.

Where firms are providing services on a branch or cross-border basis, the following will apply:

- ▶ These Requirements will apply to a financial services provider authorised or registered in another EU or EEA Member State when providing services into the State on a branch or cross-border basis, except where responsibility for Requirements in relation to the provision of such services into the State is reserved to that provider's home state regulator or to a provision of EU law by a European Community instrument.
- ▶ Firms authorised by, or registered with, the Financial Regulator are not subject to these Requirements when providing services in other EU or EEA Member States, but must comply with the corresponding requirements of the Member State into which they are providing their services.

Regulated firm

For the purposes of these Requirements a *regulated firm* is:

- ▶ a firm authorised by the Financial Regulator [except moneylenders authorised under the Consumer Credit Act 1995],
- ▶ a *certified person*²,
- ▶ a firm registered for the purposes of the IMD to undertake insurance mediation or reinsurance mediation in the State, or

² as defined in Section 55, Investment Intermediaries Act, 1995

- ▶ a financial services provider authorised or registered in another EU or EEA Member State and providing services into the State on a branch or cross-border basis.

Retail financial products

For the purposes of these Requirements the following are deemed to be *retail financial products*:

1. Life Assurance Protection Policies

- ▶ temporary assurance policies, which do not provide an encashment value at any stage
- ▶ non-profit whole of life policies
- ▶ permanent health insurance policies which do not provide an encashment value at any stage
- ▶ *industrial assurance business*³ policies.

2. General Insurance Policies

- ▶ non-life insurance policies of the classes specified in Part A of Annex I to the European Communities (Non-Life Insurance) Framework Regulations 1994

3. Shares and Bonds and other Investment Instruments

- ▶ shares in a company listed on a Stock Exchange
- ▶ bonds listed on a Stock Exchange
- ▶ shares in a company not listed on a Stock Exchange [excluding services to corporate clients in relation to capital structure, industrial strategy, mergers, the purchase or sale of undertakings and related matters]
- ▶ collective investment scheme instruments, including:
 - life assurance investment bonds
 - UCITS
 - unit trusts
 - designated companies⁴, which are not a UCITS
 - an investment limited partnership⁵
 - designated investment funds⁶
 - common contractual funds⁷
- ▶ financial instruments which derive their value from an investment instrument traded on a Stock Exchange or

³ as defined in Article 2(1), European Communities (Life Assurance) Framework Regulations, 1994

⁴ as defined in Section 256(5), Companies Act, 1990

⁵ as defined in the Investment Limited Partnership Act, 1994

⁶ investment funds designated by the Revenue Commissioners for the purposes of Section 508, Taxes Consolidation Act, 1997 (BES Funds)

⁷ as defined in Section 6(1), Investment Funds, Companies and Miscellaneous Provisions Act, 2005

from a Stock Market Index, other than Tracker Bonds

- ▶ Tracker Bonds

4. Savings, Investment and Pension Products

- ▶ Life assurance savings, investment and pension policies (i.e., policies which are not life assurance protection policies as listed in 1 above and not *industrial assurance business* policies.)
- ▶ Tracker Bonds
- ▶ collective investment scheme instruments, including:
 - UCITS
 - unit trusts
 - designated companies⁸, which are not a UCITS
 - an investment limited partnership⁹
 - designated investment funds¹⁰
 - common contractual funds¹¹
- ▶ Personal Retirement Savings Accounts

5. Housing Loans¹² and Associated Insurances

including the following associated insurances:

- ▶ Mortgage Protection
- ▶ Permanent Health Insurance
- ▶ Payment Protection Insurance
- ▶ Home and Contents Insurance
- ▶ Endowment Assurances and Pension Plans in relation to their use in repaying housing loans
- ▶ Mortgage Indemnity Guarantee Insurance
- ▶ Homebond Insurance

⁸ as defined in Section 256(5), Companies Act, 1990

⁹ as defined in the Investment Limited Partnership Act, 1994

¹⁰ investment funds designated by the Revenue Commissioners for the purposes of Section 508, Taxes Consolidation Act, 1997 (BES Funds)

¹¹ as defined in Section 6(1), Investment Funds, Companies and Miscellaneous Provisions Act, 2005

¹² as defined in Section 2(1), Consumer Credit Act, 1995

6. Consumer Credit¹³ and Associated Insurances

excluding:

- ▶ *moneylending agreements*¹⁴
- ▶ *housing loans*¹⁵
- ▶ credit cards
- ▶ advances on current accounts,

but including the following associated insurances:

- ▶ *Credit Protection Insurance*
- ▶ *Payment Protection Insurance*
- ▶ *Permanent Health Insurance*

These categories may be reviewed from time to time to reflect changing products and industry practice.

Where a *retail financial product* is provided free of charge in conjunction with another financial product it is excluded from these Requirements.

Who is a 'consumer'?

For the purposes of these Requirements, the term '*consumer*' means:

- a) A natural person acting outside their business, trade or profession;
- b) A person or group of persons, but not an incorporated body with an annual turnover in excess of three million euro. For the avoidance of doubt a group of persons includes partnerships and other unincorporated bodies such as clubs, charities and trusts, not consisting entirely of bodies corporate;
- c) Incorporated bodies having an annual turnover of three million euro or less in the previous financial year [provided that such body shall not be a member of a group of companies having a combined turnover greater than the said three million euro];
- d) A member of a credit union;

and includes, where appropriate, a potential '*consumer*' [within the meaning above].

Advice

For the purposes of these Requirements, the term '*advice*', in relation to a *retail financial product*, means a recommendation or opinion provided to a *consumer* which may lead the *consumer* to enter into or to become entitled to benefit under, terminate, exercise any right or option under, or take any benefit from one or *more retail financial product*.

¹³ cash loans, credit sale agreements, hire-purchase agreements and consumer-hire agreements to which the Consumer Credit Act, 1995 applies, other than the exceptions stated above.

¹⁴ as defined in Section 2(1), Consumer Credit Act, 1995

¹⁵ as defined in Section 2(1), Consumer Credit Act, 1995

The following are *not* considered to be 'advice' for the purposes of these Requirements:

- ▶ the provision of a brochure or booklet or other information to a *consumer*, without the provision of *advice* to that *consumer*;
- ▶ information given in a newspaper, journal, magazine or other publication, including electronic publications, where the principal purpose of the publication taken as a whole is not to lead *consumers* to use any specific *retail financial product* or any specific provider of such products;
- ▶ information given in a lecture, seminar or similar event or series of such events, where the principal purpose of the event or events taken as a whole is not to lead *consumers* to use a specific *retail financial product* or any specific provider of such products and where persons engaged in the organisation or presentation of such events will earn no remuneration, commission, fee or other reward as a result of any particular decision, by a *consumer* attending such event and arising out of such attendance, to use any particular *retail financial product* or any specific provider of such products;
- ▶ information given in sound or television broadcasts where the principal purpose of such broadcasts taken as a whole is not to lead *consumers* to use any specific *retail financial product* or any specific provider of such products;
- ▶ advice to undertakings on capital structure, industrial strategy and related matters and advice relating to mergers and the purchase or sale of undertakings;
- ▶ providing information on an incidental basis in conjunction with some other professional activity, so long as the purpose of the activity is not to assist a *consumer* to enter into or to become entitled to benefit under, terminate, exercise any right or option under, or take any benefit from one or more *retail financial product*.

Specified activities

For the purposes of these Requirements the following are deemed to be *specified activities*:

1. being involved in the decision-making process in relation to claims or assisting consumers in the administration or performance of claims arising under contracts of insurance;
2. being directly involved in the activity of *reinsurance mediation*, as defined in Article 2(4) of the IMD;
3. acting for or on behalf of a *regulated firm* in the direct management or supervision of those *accredited individuals* who act for or on behalf of that provider in providing *advice* to *consumers* about *retail financial products* or who arrange or offer to arrange *retail financial products* for *consumers*;
4. acting for or on behalf of a *regulated firm* in adjudicating on any complaint communicated to that provider by a *consumer* which relates to *advice* about a *retail financial product* given to that *consumer* or the arranging of a *retail financial product* for that *consumer* by an individual acting for or on behalf of that provider.

Where adjudication on complaints is through a panel of experts or by an individual who is not a *specified accredited individual*, at least one *accredited individual* or *specified accredited individual*, accredited for the relevant activity, should be involved and that individual should sign off on any final decision.

Minimum competency requirements

Appendix 1 sets out current specified Requirements applying in respect of different *retail financial products*.

Accredited individuals will be required to meet the Requirements for the *retail financial products* in respect of which they are acting.

Specified accredited individuals will be required either to meet the Requirements for the *retail financial products* in respect of which the *specified activity* is carried out or to hold a qualification recognised by the Financial Regulator in relation to that *specified activity*.

Existing *accredited individuals* or *specified accredited individuals* who wish to provide services in an additional category of *retail financial product* or *specified activity* must either have obtained a relevant recognised qualification or otherwise comply with the requirements for new entrants outlined below.

Recognised qualifications

Compliance by *accredited individuals* with the Requirements specified in Appendix 1 can only be fulfilled by attainment of a recognised qualification from an external professional educational body (except in the case of those who are eligible for the grandfathering arrangements outlined below).

A great deal of work has been done by various professional educational bodies in recent years to develop and enhance competency standards among those who provide advice to *consumers* about *retail financial products* and services.

This has led to the development of the *Qualified Financial Adviser [QFA]* diploma for financial advisers, a joint initiative of the *Institute of Bankers in Ireland*, the *Insurance Institute of Ireland* and the *LIA*, with the support of the Financial Regulator.

In addition, the *Insurance Institute of Ireland* has developed the *Certified Insurance Practitioner [CIP]* diploma for those advising on general insurance.

The *Irish Brokers Association* has developed a general insurance course aimed at the broker market which is accredited by the *Insurance Institute of Ireland* and is awarded the CIP designation.

These programmes grant entry into the *Joint Financial Services Diploma* and subsequently the *Bachelor of Financial Services Degree*, awarded by NUI, Dublin.

A list of qualifications that meet the current specified Requirements for the various categories of *retail financial products* is set out in *Appendix 2*. A list of additional qualifications recognised by the Financial Regulator for *specified accredited individuals* is set out in *Appendix 3*.

Where a number of qualifications meet the Requirements, it is the responsibility of the *regulated firm* to assess which is the most appropriate qualification for individual employees or principals of the firm, having regard to the Requirements, and to monitor compliance with those Requirements. Where a *regulated firm* takes full and unconditional responsibility for the investment business activities of tied agents or others, the *regulated firm* is required to monitor the compliance with the Requirements of those tied agents or others. Any qualification should be appropriate to an individual's job role, and should be relevant and up to date.

It is not our intention to take part in course design or examinations. Our relationship with educational bodies will be confined to setting and reviewing the Requirements and confirming whether any particular professional qualification meets these requirements or not.

Other qualifications

Other qualifications may also meet the competencies set out. New qualifications may be developed by recognised professional educational bodies or existing qualifications may be modified to ensure that they meet the specified Requirements. Such qualifications will be considered as part of the ongoing assessment of the Requirements. However, any additional qualifications should have support within the industry, and the Financial Regulator reserves the right to enter into a public consultation in relation to these qualifications and to have them reviewed by an independent external body.

Grandfathering arrangements and transitional arrangements

The specified Requirements will apply to relevant individuals on 1 January 2007.

Grandfathering arrangements

Individuals who would otherwise be *accredited individuals* on 1 January 2007, but who do not at that date hold a recognised qualification in respect of the specified categories of *retail financial products* for which they are acting as an *accredited individual* on that date, may continue to act as an *accredited individual* in respect of those activities PROVIDED they have carried on the same activity for a period of at least four years in the eight-year period 1 January 1999 to 1 January 2007.

When considering the 4-year experience requirement, firms may take account of relevant experience in another EU or EEA Member State. A period of up to a maximum of 2 years in the eight-year period 1 January 1999 to 1 January 2007 may be taken into account.

Certification of compliance with the experience requirement will be the responsibility of the *regulated firm*. Before 1 January 2008, the *regulated firm* must certify and retain on file the compliance of individuals who act as, for or on behalf of the firm, including employees, principals and those tied agents or others where the firm takes full and unconditional responsibility for their investment business activities. The criteria for assessment of individuals for grandfathering purposes must be documented by the firm.

Individuals who avail of the grandfathering arrangements will be required to comply on an ongoing basis with the Continuing Professional Development requirements set out below, commencing from the date the individual's compliance with the experience requirement was certified by the regulated firm, i.e., from 1 January 2008 at the latest.

The grandfathering arrangements outlined above will also apply to *specified accredited individuals* in respect of *specified activities*.

Grandfathered individuals may only act as an *accredited individual* or a *specified accredited individual* in respect of the activity or activities for which they have the relevant experience to avail of the grandfathering arrangements.

Transitional arrangements

Individuals who would otherwise be *accredited individuals* on 1 January 2007, but who do not at that date hold a recognised qualification in respect of the specified categories of *retail financial products* for which they are acting as *accredited individuals* and who cannot benefit from the grandfathering arrangements set out above, must obtain a recognised relevant qualification in respect of each category of *retail financial product* for which they are acting as an *accredited individual* by 1 January 2011.

Prior to 1 January 2011 such individuals may continue to act as an *accredited individual* for those activities they are carrying out on 1 January 2007 but must be working towards obtaining a relevant recognised qualification. If individuals wish to act as an *accredited individual* in respect of any other activities they must first comply with the relevant Requirements for that activity and, in respect of that activity, must comply with the requirements outlined below for new entrants.

The transitional arrangements outlined above will also apply to *specified accredited individuals* in respect of *specified activities*.

New entrants

Individuals who wish to act, **for the first time**, as an *accredited individual* after 1 January 2007, but who do not possess at that time the relevant qualification appropriate to the particular activity, may commence to act as an *accredited individual* in relation to an activity provided:

- ▶ they have already undergone a relevant training programme organised by that *regulated firm* or they have obtained part of a relevant recognised qualification for that particular activity, and
- ▶ they are working towards obtaining a recognised qualification; and
- ▶ they act under the immediate direction and supervision of another nominated *accredited individual* who possesses at that time the relevant qualification appropriate to the particular activity or who has been grandfathered in respect of the particular activity, and
- ▶ the maximum period for which they can act as an *accredited individual* for or on behalf of all *regulated firms* in respect of that activity without obtaining a relevant qualification is 4 years in total. Compliance with this maximum 4 year period will be the responsibility of the *regulated firm* for which or on whose behalf the individual acts at that time.

The requirements outlined above for new entrants will also apply to *specified accredited individuals* in respect of *specified activities*.

Register

A *regulated firm* must maintain a register of all *accredited individuals* and *specified accredited individuals*, acting as, for or on behalf of the *regulated firm*. The register must include those who have availed of the grandfathering arrangements and those who have obtained recognised qualifications. The register must be available to the public on request.

Summary of Arrangements

<i>Individuals who commenced an activity on or before 1 January 2007, and who have carried on that activity for at least four years between 1 January 1999 and 1 January 2007</i>	<i>Individuals who commenced an activity on or before 1 January 2007, but who have carried on that activity for less than four years between 1 January 1999 and 1 January 2007</i>	<i>Individuals who commence an activity after 1 January 2007</i>
Grandfathered	<ul style="list-style-type: none"> • 4 years to obtain a recognised qualification; and • must be working towards obtaining a recognised qualification. 	<ul style="list-style-type: none"> • 4 years to obtain a recognised qualification; and • must complete a relevant training course or part of a recognised qualification; and • must be working towards obtaining a recognised qualification; and • must be supervised by another <i>accredited individual</i> or <i>specified accredited individual</i>, as appropriate.

Continuing Professional Development [CPD]

The Requirements must be complied with by relevant individuals on a continuing basis.

All *accredited individuals* and *specified accredited individuals*, whether accredited through grandfathering or obtaining a recognised qualification, will be obliged to complete a number of hours of CPD each year.

Qualifications such as the QFA diploma and the CIP diploma already have a specific CPD requirement in order for holders of that qualification to continue to hold it.

Qualifications that have a CPD requirement

Where an *accredited individual* or *specified accredited individual* holds a qualification satisfying the Requirements, fulfilment of the CPD requirement attaching to that qualification will be considered sufficient.

Qualifications without a CPD requirement and grandfathered individuals

For *accredited individuals* and *specified accredited individuals* who hold qualifications which do not have a CPD requirement or for those who are allowed under the grandfathering provisions to act as an *accredited individual* or *specified accredited individual*, the following CPD requirement will apply:

- ▶ Total hours to be completed over three year cycle = 60, of which at least 40 must be formal CPD. The balance of 20 hours may be wholly comprised of either formal or informal activities or it may comprise a mix of both formal and informal activities.
- ▶ Minimum hours to be completed in each year of the three year cycle = 15, of which at least 10 hours must be formal CPD.

The content of the CPD hours must be directly relevant to the activities undertaken by the *accredited individual* or *specified accredited individual*. Formal or structured hours may be obtained by attending seminars, lectures, conferences, certified completion of appropriate e-learning tutorials, workshops or courses dealing with a directly relevant topic, while informal hours include research and reading industry or other relevant material.

Individuals who hold qualifications without a CPD requirement and grandfathered individuals may arrange their own CPD or may participate in a CPD scheme operated by an external professional educational body that provides a qualification that meets the relevant competency requirements. Where individuals arrange their own CPD, they must retain records to demonstrate that they have satisfied the requirement [e.g., maintenance of a log, receipts from courses attended, etc.], including the requirement that the content of the course was relevant to the activities undertaken by that *accredited individual* or *specified accredited individual*.

Compliance with CPD requirements

In all cases, while account will be taken of any spot-checks carried out by a relevant professional educational body, the Financial Regulator reserves the right to check any individual's compliance with the CPD requirements during the course of an inspection of a *regulated firm*.

Appendix 1 - Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: Life Assurance Protection Policies

SUBJECT MATTER	KNOWLEDGE
1. The concept of financial planning	<ul style="list-style-type: none"> ✓ To know the main generic types of financial needs a consumer may have at different stages. ✓ To understand the concept of financial planning and the benefits it can provide to consumers in terms of meeting their financial plans and objectives.
2. Legal principles	<ul style="list-style-type: none"> ✓ To know the main elements of a valid contract, how a contract is discharged and the remedies for breach of contract. ✓ To know and understand the particular legal principles underlying life assurance, including in particular the principles of <i>insurable interest</i> and <i>utmost good faith</i>. ✓ To know the main requirements which these legal principles impose on consumers effecting life assurance policies, including in particular the duty to disclose material facts, and how these principles can impact on policy benefits. ✓ To understand the concept of <i>agency</i> and to know the main duties of an agent to his or her <i>principal</i> and how an agency may be terminated.
3. Life assurance protection policies	<ul style="list-style-type: none"> ✓ To know the main features, benefits, limitations and risks of the different generic types of life assurance protection policies. ✓ To know the typical explicit charges of the different generic types of life assurance protection policies. ✓ To know the different ways in which a life assurance protection policy can be arranged and owned and to understand the impact of each different arrangement on entitlement to benefit under the policy. ✓ To know the fiscal treatment for the consumer of premiums and benefits under the different generic types of life assurance protection policies.
4. The underwriting process	<ul style="list-style-type: none"> ✓ To understand the function of the life assurance underwriting process and the relationship between underwriting and the premium charged for life assurance protection policies. ✓ To know the typical underwriting process and associated requirements applicable to the effecting of a life assurance protection policy. ✓ To know what <i>reinsurance</i> is, understand why life assurance companies use reinsurance, and know its potential impact on the underwriting process for life assurance protection policies. ✓ To know the main different types of reinsurance a life company can enter into.

Appendix 1 - Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: Life Assurance Protection Policies

SUBJECT MATTER	KNOWLEDGE
5. The claims process	<ul style="list-style-type: none"> ✓ To know the main requirements on both the consumer and the life assurance company throughout the claims settlement process under the different generic types of life assurance protection policies.
6. Wills and estates	<ul style="list-style-type: none"> ✓ To understand the difference between <i>joint tenants</i> and <i>tenants in common</i> ownership of assets. ✓ To know the main legal requirements which apply to the making of a valid Will and how a valid Will can be revoked. ✓ To know the main Succession Act rights which the next of kin of a deceased may have to his or her estate and the possible impact on a spouse's Succession Act rights of a legal separation or divorce.
7. Personal taxation	<ul style="list-style-type: none"> ✓ To know the main schedules under which Income Tax is assessed and the types of income which fall under each schedule. ✓ To know the main Income Tax reliefs and credits which can be claimed by a consumer. ✓ To know how to calculate an Inheritance Tax liability that could arise on the inheritance of an asset and the main exemptions and reliefs which apply. ✓ To know the main features and benefits of the reliefs afforded to life assurance protection policies used to fund Inheritance Tax.
8. Business consumers	<ul style="list-style-type: none"> ✓ To know the main legal and taxation differences between a partnership and a limited company. ✓ To know the different ways in which <i>Partnership Insurance</i> can be arranged and the taxation implications of each. ✓ To know what <i>Keyperson Insurance</i> is, how it can be arranged and the taxation implications.
9. The process by which appropriate advice is given to the consumer about a life assurance protection policy	<ul style="list-style-type: none"> ✓ To know the main items of information about a consumer which should be sought <i>before</i> providing advice to that consumer about a life assurance protection policy. ✓ To know the main survivor's pension and disability benefits provided by the Social Insurance and Assistance schemes, and to know how to determine a consumer's potential entitlement to such benefits. ✓ To know how to analyse information about a consumer's financial needs and resources in order to accurately identify, quantify and prioritise their protection needs.

Appendix 1 - Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: Life Assurance Protection Policies

SUBJECT MATTER	KNOWLEDGE
	<ul style="list-style-type: none"> ✓ To know how to accurately identify and compare the features, benefits, limitations and risks of different generic types of life assurance protection policies so as to be able to recommend to a consumer a policy or a portfolio of policies appropriate to that consumer's financial needs, resources and attitude to risk. ✓ To know how to draft a reason-why statement for a consumer setting out in clear terms the reasons underlying any advice given to the consumer regarding a life assurance protection policy. ✓ To know why a regular review of a consumer's financial needs and resources should be conducted.
10. Inflation and compound interest	<ul style="list-style-type: none"> ✓ To understand the impact inflation can have over time on a consumer's financial needs and resources, and on life assurance protection policy benefits. ✓ To know how to calculate a sum accumulated over a specified period at a specified rate of interest, using appropriate accumulation tables. ✓ To know how to calculate a sum discounted over a specified period at a specified rate of interest, using appropriate discounting tables.
11. Best practice	<ul style="list-style-type: none"> ✓ To understand the importance of confidentiality in relation to the collection, maintenance and processing of personal data related to consumers. ✓ To know the ethical issues arising in relation to the conduct of business.
12. Legislation, regulation and compliance	<ul style="list-style-type: none"> ✓ To know why Governments seek to regulate financial services companies. ✓ To know and understand the difference between structural, systemic, prudential and consumer protection regulation. ✓ To know the structure of the Financial Regulator and its main functions, including its enforcement powers. ✓ To know the different types of <i>insurance intermediaries</i>, authorised under the Investment Intermediaries Act, 1995. ✓ To know the main regulatory requirements which directly apply to the activity of advising consumers on and effecting of a life assurance protection policy, including in particular: <ul style="list-style-type: none"> • the registration and authorisation requirements of <i>insurance intermediaries</i> • who prudentially regulates life assurance companies and the role of the Appointed Actuary

Appendix 1 - Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: Life Assurance Protection Policies

SUBJECT MATTER	KNOWLEDGE
	<ul style="list-style-type: none"> • the European Communities (Insurance Mediation) Regulations, 2005 • the European Communities (Distance Marketing of Consumer Financial Services) Regulations, 2004 • relevant provisions of the Consumer Credit Act, 1995 in relation to insurance and housing loans • the provisions of relevant Codes of Conduct, issued by the Financial Regulator • the conditions of 'execution only' transactions • the Revenue reporting duties of insurance intermediaries who arrange foreign life policies for Irish residents • obligations on insurance intermediaries and companies as <i>designated bodies</i> under the Criminal Justice Act, 1994 • the provisions of Life Assurance (Provision of Information) Regulations, 2001 • the benefits provided to consumers by the Investor Compensation scheme • the details of the Financial Services Ombudsman scheme • the provisions of the Data Protection Act, 1988 related to the maintenance, disclosure and use of personal data.

Appendix 1 - Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: General Insurance Policies

SUBJECT MATTER	KNOWLEDGE
1. The concept of insurance	<ul style="list-style-type: none"> ✓ To understand the concept of general insurance planning and the benefits it can provide to consumers in terms of protecting them against the consequences of adverse events. ✓ To understand the risks faced by consumers in a comprehensive manner and to know how to identify appropriate insurance solutions.
2. Basic legal and insurance principles	<ul style="list-style-type: none"> ✓ To know the main elements of a valid contract, how a contract is discharged and the remedies for breach of contract. ✓ To know and understand the particular legal principles underlying general insurance, including in particular the principles of <i>insurable interest</i> and <i>utmost good faith</i>. ✓ To know the main requirements which these legal principles impose on consumers effecting general insurance policies, including in particular the duty to disclose material facts, and how these principles can impact on policy benefits. ✓ To understand the concept of <i>agency</i> and to know the main duties of an agent to his or her <i>principal</i> and how an agency may be terminated. ✓ To understand the role of the legal system and its main parties in claims settlement. ✓ To understand the need for and importance of the insurance documentation required by insurance organisations for fulfilment of legal and regulatory requirements.
3. Insurance products in the market	<ul style="list-style-type: none"> ✓ To know the main features, benefits, limitations and risks of the different generic types of general insurance policies. ✓ To know the different ways in which a general insurance policy can be arranged and owned and to understand the impact of each different arrangement on entitlement to benefit under the policy. ✓ To know the fiscal treatment for the consumer of premiums and benefits under the different generic types of general insurance policies.
4. Underwriting procedures and policy wording	<ul style="list-style-type: none"> ✓ To understand the function of the general insurance underwriting process and the relationship between underwriting and the premium charged for general insurance policies. ✓ To know the typical underwriting process and associated requirements applicable to the effecting of a general insurance policy.

Appendix 1 - Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: General Insurance Policies

SUBJECT MATTER	KNOWLEDGE
	<ul style="list-style-type: none"> ✓ To understand the role of proposal forms and other insurance documentation and the importance of the accuracy and completeness of the information provided and to know how to ask questions (even if outside the scope of the proposal form) which extract the necessary information for consumers to be provided with the most appropriate product and ensure that they fulfil their duty with regard to material facts. ✓ To understand insurer rating guides and their application in determining premiums charged to consumers. ✓ To know what <i>reinsurance</i> is, understand why general insurance companies use reinsurance, and know its potential impact on the underwriting process for general insurance policies. ✓ To know the main different types of reinsurance a general insurance company can enter into.
<p>5. In-depth knowledge of a specific aspect of general insurance</p>	<ul style="list-style-type: none"> ✓ To know and understand in depth one of the following aspects of general insurance: <ul style="list-style-type: none"> • Personal general insurance • Commercial general insurance • Private medical insurance • General insurance broking • General insurance account management • Claims advice.
<p>6. Claims procedure</p>	<ul style="list-style-type: none"> ✓ To know the requirements on both the customer and the insurance company throughout the claims settlement process. ✓ To know the methods by which claims costs can be managed. ✓ To know the role of the legal system and its main parties in the claims settlement process. ✓ To know how to identify the extent to which the claim falls (or does not fall) within the scope of an insurance policy and why (or why not).
<p>7. Risk management process</p>	<ul style="list-style-type: none"> ✓ To know the main techniques used in risk management. ✓ To know how risk management techniques can protect consumers and their business (physically and financially).

Appendix 1 - Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: General Insurance Policies

SUBJECT MATTER	KNOWLEDGE
	<ul style="list-style-type: none"> ✓ To know how to analyse information about a consumer's assets or business in order to identify opportunities for the application of risk prevention, reduction, avoidance and retention techniques and options.
<p>8. Customer advice principle</p>	<ul style="list-style-type: none"> ✓ To know the main items of information about a consumer which should be sought <i>before</i> providing advice to that consumer about a general insurance policy. ✓ To know how to analyse information about a consumer's general insurance needs in order to accurately identify, quantify and prioritise their general insurance needs. ✓ To know how to accurately identify and compare the features, benefits, limitations and risks of different generic types of general insurance policies so as to be able to recommend to a consumer a policy or a portfolio of policies, appropriate to that consumer's insurance needs and attitude to risk. ✓ To know how to draft a reason-why statement for a consumer setting out in clear terms the reasons underlying any advice given to the consumer regarding a general insurance policy. ✓ To know why a regular review of a consumer's general insurance needs should be conducted.
<p>9. Best practice</p>	<ul style="list-style-type: none"> ✓ To understand the importance of confidentiality in relation to the collection, maintenance and processing of personal data related to consumers. ✓ To know the main sources of risk management information, such as information provided by relevant government bodies and market associations. ✓ To know the ethical issues arising in relation to the conduct of business.
<p>10. Legislation, regulation and compliance</p>	<ul style="list-style-type: none"> ✓ To know why Governments seek to regulate financial services companies. ✓ To know and understand the difference between structural, systemic, prudential and consumer protection regulation. ✓ To know the structure of the Financial Regulator and its main functions, including its enforcement powers. ✓ To know the different types of <i>insurance intermediaries</i>, authorised under the Investment Intermediaries Act, 1995.

Appendix 1 - Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: General Insurance Policies

SUBJECT MATTER	KNOWLEDGE
	<p>✓ To know the main regulatory requirements which directly apply to the activity of advising consumers on and effecting of a general insurance policy, including in particular:</p> <ul style="list-style-type: none"> • the registration and authorisation requirements of <i>insurance intermediaries</i> • who prudentially regulates general insurance companies • the European Communities (Insurance Mediation) Regulations, 2005 • the European Communities (Distance Marketing of Consumer Financial Services) Regulations, 2004 • relevant provisions of the Consumer Credit Act, 1995 in relation to insurance and housing loans • the provisions of relevant Codes of Conduct, issued by the Financial Regulator • the conditions of 'execution only' transactions • obligations on insurance intermediaries as designated bodies under the Criminal Justice Act, 1994 • the benefits provided to consumers by the Investor Compensation scheme and the limitations of that scheme • the details of the Financial Services Ombudsman scheme • the provisions of the Data Protection Act, 1988 related to the maintenance, disclosure and use of personal data.

Appendix 1 - Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: Shares and Bonds and other Investment Instruments

SUBJECT MATTER	KNOWLEDGE
1. Understanding the concept of financial planning	<ul style="list-style-type: none"> ✓ To know the main generic types of investment needs a consumer may have at different stages. ✓ To understand the concept of financial planning and the benefits it can provide to consumers in terms of meeting their financial plans and objectives.
2. The financial services market	<ul style="list-style-type: none"> ✓ To know and understand the main functions which the financial system fulfils. ✓ To know the key participants of the financial services system. ✓ To know the main financial services which financial institutions provide. ✓ To know what <i>capital markets</i> are and to understand the difference between the <i>primary</i> and <i>secondary</i> capital markets. ✓ To know the main functions of the Irish Stock Exchange, including the main types of securities listed on the Exchange.
3. Legal principles	<ul style="list-style-type: none"> ✓ To know the main elements of a valid contract, how a contract is discharged and the remedies for breach of contract. ✓ To understand the concept of <i>agency</i> and to know the main duties of an agent to his or her <i>principal</i> and how an agency may be terminated.
4. The economy	<ul style="list-style-type: none"> ✓ To understand the difference between <i>monetary</i> and <i>fiscal</i> policy. ✓ To understand the difference between <i>Gross Domestic Product</i> and <i>Gross National Product</i>. ✓ To know the different causes of inflation. ✓ To know the different causes of unemployment. ✓ To know the main benefits of international free trade. ✓ To know the main features of the European System of Central Banks
5. Investment	<ul style="list-style-type: none"> ✓ To know what the main investment asset classes are. ✓ To understand the concept of the <i>volatility</i> of investment returns and how this volatility varies by the main investment asset classes. ✓ To understand the concept of the <i>correlation</i> of investment returns between different investments.

Appendix 1 - Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: Shares and Bonds and other Investment Instruments

SUBJECT MATTER	KNOWLEDGE
	<ul style="list-style-type: none"> ✓ To know the main advantages and disadvantages of collective investment over individual direct investment. ✓ To know the main features of the different generic forms of investment funds, including the difference between <i>open ended</i> and <i>closed ended</i> funds. ✓ To know and understand the difference between <i>active</i>, <i>passive</i> and <i>consensus</i> investment management styles. ✓ To know and understand the potential impact of different forms of risk associated with investment. ✓ To know how to accurately determine a consumer's attitude to investment risk. ✓ To know how investment risk can be reduced by <i>diversification</i>. ✓ To know the main restrictions which may apply to trustee investments under the Trustee (Authorised Investments) Act, 1958.
<p>6. Quoted shares</p>	<ul style="list-style-type: none"> ✓ To know the different types of ordinary and preferences shares, and their differing shareholder rights. ✓ To know and understand the different factors which can have an influence on quoted share prices, from time to time. ✓ To know the main ratios used to assess and compare quoted share values, including in particular <i>dividend yield</i>, <i>earnings per share</i>, <i>PER</i>, and <i>net asset value</i>. ✓ To know the steps and costs for the consumer involved in buying or selling quoted shares, including settlement procedures. ✓ To know the difference between <i>discretionary</i>, <i>advisory</i> and <i>execution only</i> services provided by Stockbrokers. ✓ To know the different methods of registering ownership of quoted shares. ✓ To know what the main ISEQ indices are. ✓ To know and understand the different risks for a consumer investing in a quoted share. ✓ To understand what the terms '<i>yield gap</i>' and '<i>equity risk premium</i>' are and how they are calculated.

Appendix 1 - Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: Shares and Bonds and other Investment Instruments

SUBJECT MATTER	KNOWLEDGE
7. Company law and accounting	<ul style="list-style-type: none"> ✓ To know how a company is formed. ✓ To know the difference between a private company and a public limited company (plc). ✓ To know the information contained in a typical company's Memorandum of Association and Articles of Association. ✓ To know the basic accounting principles which apply to the accounts of a typical trading company. ✓ To know what information a typical trading company's Balance Sheet, Profit and Loss Account and Cash Flow statements contain and how this information may aid the assessment of the value of the company.
8. Quoted bonds	<ul style="list-style-type: none"> ✓ To know what a <i>bond</i> is and what it offers consumers. ✓ To know the steps and costs involved in a consumer buying or selling quoted bonds, including settlement procedures. ✓ To know the main terms used in relation to the return offered by a Treasury Bond, including <i>running or flat yield</i>, <i>gross redemption yield</i> and <i>net redemption yield</i> and to know how to calculate these returns, approximately, in the case of a particular bond. ✓ To know what factors can influence the returns offered by bonds, from time to time. ✓ To know and understand the different risks for a consumer investing in a quoted bond.
9. Tracker Bonds	<ul style="list-style-type: none"> ✓ To know how generic types of life assurance and deposit Tracker Bonds are structured to provide the benefits promised to the investor. ✓ To know the main differences for the consumer in the taxation treatment of returns received from life assurance and deposit based Tracker Bonds. ✓ To know and understand the different risks for a consumer investing in a Tracker Bond.
10. Collective investment scheme instruments	<ul style="list-style-type: none"> ✓ To know the different legal structures of, regulatory provisions applying to, and the main features, benefits, charges and risks for a consumer investing in the following forms of collective investment scheme instruments, i.e., life assurance investment bonds, unit trusts, designated investment companies, investment limited partnerships, UCITS, and BES designated investment funds.
11. Exchange Traded Funds (ETFs)	<ul style="list-style-type: none"> ✓ To know what an Exchange Traded Fund (ETF) is and its advantages and disadvantages for a consumer as a means of investing in quoted shares traded on a particular Stock Exchange.

Appendix 1 - Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: Shares and Bonds and other Investment Instruments

SUBJECT MATTER	KNOWLEDGE
	<ul style="list-style-type: none"> ✓ To know what the ISEQ 20 EFT is.
12. Derivatives	<ul style="list-style-type: none"> ✓ To know and understand what the main features, benefits and risks are for a consumer of investing in financial derivatives, linked to the movement in the value of quoted shares, including the following: <ul style="list-style-type: none"> • Contracts for Difference (CFDs) • Covered Warrants • Options • Futures
13. Unquoted shares	<ul style="list-style-type: none"> ✓ To know the main benefits and risks for a consumer investing in unquoted shares, including in particular Film and BES company shares.
14. Retirement portfolios	<ul style="list-style-type: none"> ✓ To know what an ARF portfolio is, and who is entitled to transfer funds into an ARF. ✓ To know what an exempt unit trust is and what types of investors can invest in such a unit trust. ✓ To know the main statutory restrictions on ARF investments. ✓ To know the taxation treatment of distributions from an ARF. ✓ To know what a <i>Small Self Administered Pension Scheme</i> is and the current Revenue practice and statutory restrictions on investment powers of such schemes.
15. Personal taxation	<ul style="list-style-type: none"> ✓ To know how consumers are taxed in respect of income received from quoted shares and bonds. ✓ To know how to calculate a Capital Gains Tax liability that could arise for a consumer on the disposal of a share or bond and the main exemptions and reliefs which apply. ✓ To know the taxation treatment of a consumer investing in the following collective investment scheme instruments, i.e., life assurance investment bonds, unit trusts, designated investment companies, investment limited partnerships, UCITS and BES designated investment funds. ✓ To know the taxation treatment of a consumer investing in a BES qualifying company and a Film qualifying company. ✓ To know how a consumer is taxed on profits arising from investing in derivatives, including Contracts for Difference, Covered Warrants, options and futures.

Appendix 1 - Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: Shares and Bonds and other Investment Instruments

SUBJECT MATTER	KNOWLEDGE
16. Business consumers	<ul style="list-style-type: none"> ✓ To know the main legal and taxation differences between a partnership and a limited company. ✓ To know the main features, benefits, restrictions and taxation treatment of <i>Approved Share Options</i>, <i>SAYE scheme</i> and <i>Approved Profit Sharing Schemes</i> which employers may provide for employees.
17. The process by which appropriate investment advice is given to the consumer	<ul style="list-style-type: none"> ✓ To know the main items of information about a consumer which should be sought <i>before</i> providing investment advice to that consumer. ✓ To know how to analyse information about a consumer's financial needs and resources in order to accurately identify, quantify and prioritise their financial needs. ✓ To know how to recommend to a consumer an investment portfolio appropriate to that consumer's financial needs, resources and attitude to investment risk. ✓ To know how to draft a reason-why statement setting out in clear terms the reasons underlying any investment advice given to a consumer. ✓ To know why a regular review of a consumer's financial needs and resources should be conducted.
18. Inflation and compound interest	<ul style="list-style-type: none"> ✓ To understand the impact inflation can have over time on a consumer's financial needs and resources and on returns from quoted shares and bonds. ✓ To know how to calculate a sum accumulated over a specified period at a specified rate of interest, using appropriate accumulation tables. ✓ To know how to calculate a sum discounted over a specified period at a specified rate of interest, using appropriate discounting tables. ✓ To know how to calculate the Net Present Value of a simple investment proposition, using appropriate discounting tables. ✓ To know what the terms <i>IRR</i>, <i>APR</i> and <i>CAR</i> mean and how they can be used to compare different financial products.
19. Best practice	<ul style="list-style-type: none"> ✓ To understand the importance of confidentiality in relation to the collection, maintenance and processing of personal data related to consumers. ✓ To know the ethical issues arising in relation to the conduct of business.
20. Legislation, regulation and compliance	<ul style="list-style-type: none"> ✓ To know why Governments seek to regulate financial services companies.

Appendix 1 - Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: Shares and Bonds and other Investment Instruments

SUBJECT MATTER	KNOWLEDGE
	<ul style="list-style-type: none"> ✓ To know and understand the difference between <i>structural</i>, <i>systemic</i>, <i>prudential</i> and <i>consumer protection</i> regulation. ✓ To know the structure of the Financial Regulator and its main functions, including its enforcement powers. ✓ To know the main functions of the Director of Corporate Enforcement in relation to the regulation of corporate governance. ✓ To know the regulatory role of the Irish Stock Exchange in relation to Member Firms. ✓ To know the different types of intermediaries, authorised under the Investment Intermediaries Act, 1995 ✓ To know the main regulatory requirements which directly apply to the activity of advising consumers in relation to quoted shares and bonds and other investment instruments, including in particular: <ul style="list-style-type: none"> • the main provisions of the Rules of the Irish Stock Exchange Limited • the provisions of relevant Codes of Conduct, issued by the Financial Regulator • the conditions of 'execution only' transactions • the Revenue reporting duties of intermediaries who arrange investment in offshore investment funds for Irish residents • obligations on Stockbrokers and investment business firms as designated bodies under the Criminal Justice Act, 1994 • the benefits provided to consumers by the Investor Compensation scheme • the details of the Financial Services Ombudsman scheme • the main insider dealing provisions of the Companies Act, 1990 • the provisions of the Market Abuse Regulations • the provisions of the Data Protection Act, 1988 related to the maintenance, disclosure and use of personal data • the pensions whistle blowing obligations on <i>relevant persons</i> in relation to the operation of occupational pension schemes and PRSAs.

Appendix 1 - Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: Savings, Investment and Pension Products

SUBJECT MATTER	KNOWLEDGE
1. The concept of financial planning	<ul style="list-style-type: none"> ✓ To know the main generic types of savings and investment needs a consumer may have at different stages. ✓ To understand the concept of financial planning and the benefits it can provide to consumers in terms of meeting their financial plans and objectives.
2. The financial services market	<ul style="list-style-type: none"> ✓ To know and understand the main functions which the financial system fulfils. ✓ To know the key participants of the financial services system. ✓ To know the main financial services which financial institutions provide. ✓ To know what <i>capital markets</i> are and to understand the difference between the <i>primary</i> and <i>secondary</i> capital markets. ✓ To know the main functions of the Irish Stock Exchange, including the main types of securities listed on the Exchange.
3. Legal principles	<ul style="list-style-type: none"> ✓ To know the main elements of a valid contract, how a contract is discharged and the remedies for breach of contract. ✓ To understand the concept of <i>agency</i> and to know the main duties of an agent to his or her <i>principal</i> and how an agency may be terminated.
4. The economy	<ul style="list-style-type: none"> ✓ To understand the difference between <i>monetary</i> and <i>fiscal</i> policy. ✓ To understand the difference between <i>Gross Domestic Product</i> and <i>Gross National Product</i>. ✓ To know the different causes of inflation. ✓ To know the different causes of unemployment. ✓ To know the main benefits of international free trade. ✓ To know the main features of the European System of Central Banks.
5. Savings and Investment	<ul style="list-style-type: none"> ✓ To know what the main investment asset classes are. ✓ To understand the concept of the <i>volatility</i> of investment returns and how this volatility varies by the main investment asset classes. ✓ To understand the concept of the <i>correlation</i> of investment returns between different investments.

Appendix 1 - Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: Savings, Investment and Pension Products

SUBJECT MATTER	KNOWLEDGE
	<ul style="list-style-type: none"> ✓ To know the main advantages and disadvantages of collective investment over individual direct investment. ✓ To know the main features of the different generic forms of investment funds, including the difference between <i>open ended</i> and <i>closed ended</i> funds. ✓ To know and understand the difference between <i>active</i>, <i>passive</i> and <i>consensus</i> investment management styles. ✓ To know and understand the potential impact of different forms of risk associated with investment. ✓ To know how to accurately determine a consumer's attitude to investment risk. ✓ To know how investment risk can be reduced by <i>diversification</i>. ✓ To know the main restrictions which may apply to trustee investments under the Trustee (Authorised Investments) Act, 1958.
<p>6. Investment linked life assurance and pension policies</p>	<ul style="list-style-type: none"> ✓ To know the main features, benefits, limitations and risks for a consumer of the different generic types of investment linked life assurance and pension policies including regular savings plans, lump sum investment bonds, annuities, PRSAs, Personal Pension Plans, AVCs, Buy Out Bonds, and individual defined contribution employer sponsored pension arrangements. ✓ To know the typical explicit charges of the different generic types of investment linked life assurance and pension policies. ✓ To know the different ways in which investment linked life assurance policies can be arranged and owned and to understand the impact of each arrangement on entitlement to benefit under the policy. ✓ To know the taxation treatment for the consumer of premiums and benefits under the different generic types of investment linked life assurance and pension policies. ✓ To know and understand the different risks for a consumer investing in an investment linked life assurance or pension policy
<p>7. Tracker Bonds</p>	<ul style="list-style-type: none"> ✓ To know how generic types of life assurance and deposit Tracker Bonds are structured to provide the benefits promised to the investor. ✓ To know the main differences for the consumer in the taxation treatment of returns received from life assurance and deposit based Tracker Bonds. ✓ To know and understand the different risks for a consumer investing in a Tracker Bond.

Appendix 1 - Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: Savings, Investment and Pension Products

SUBJECT MATTER	KNOWLEDGE
8. Collective investment scheme instruments	<ul style="list-style-type: none"> ✓ To know the different legal structures of, regulatory provisions applying to, and the main features, benefits, charges and risks for a consumer investing in the following forms of collective investment scheme instruments, i.e., unit trusts, designated investment companies, investment limited partnerships, UCITS, and BES designated investment funds.
9. Pensions and associated benefit options	<ul style="list-style-type: none"> ✓ To understand the difference between <i>defined contribution</i> and <i>defined benefit</i> pension arrangements. ✓ To know how an approved occupational pension scheme is set up. ✓ To know the main legislative restrictions on the investment and operation of and the benefits arising from occupational pension schemes, AVCs, retirement annuities, ARFs, Buy Out Bonds and Personal Retirement Savings Accounts. ✓ To know the Revenue Pensions Practice limitations on the maximum approvable benefits which can be provided for a member of an approved occupational pension scheme and to know how to calculate the maximum benefit in any individual case. ✓ To know what a <i>Small Self Administered Pension Scheme</i> is and the current Revenue Pensions Practice and statutory restrictions on the operation of such schemes. ✓ To know the different retirement benefit options under different types of pension arrangements and to know how to compare the advantages and disadvantages of alternative benefit options for a consumer. ✓ To know the main options open to an employee who leaves services with an entitlement to a preserved benefit under his or her employer's occupational pension scheme. ✓ To know the tax relief afforded to ordinary and special contributions to an approved occupational pension scheme and to overseas pension arrangements, and to know how to calculate the relief for an employer special contribution paid to an approved occupational pension scheme in a particular case.
10. Retirement portfolios	<ul style="list-style-type: none"> ✓ To know the main different ways in which pension arrangements can invest in geared property investment. ✓ To know what an exempt unit trust is and what types of investors can invest in such a unit trust. ✓ To know what an ARF portfolio is, and who is entitled to transfer funds into an ARF.

Appendix 1 - Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: Savings, Investment and Pension Products

SUBJECT MATTER	KNOWLEDGE
	<ul style="list-style-type: none"> ✓ To know the main statutory restrictions on ARF investments. ✓ To know the taxation treatment of distributions from an ARF. ✓ To know what a <i>Small Self Administered Pension Scheme</i> is and the current Revenue practice and statutory restrictions on investment powers of such schemes.
11. Personal taxation	<ul style="list-style-type: none"> ✓ To know the main schedules under which Income Tax is assessed and the types of income which fall under each schedule. ✓ To know the main Income Tax reliefs and credits which can be claimed. ✓ To know how termination and compensation payments are taxed, and to know how to calculate the taxable part of a termination payment in an individual case. ✓ To know how to calculate a Capital Gains Tax liability that could arise on the disposal by a consumer of an asset and the main exemptions and reliefs which apply. ✓ To know how to calculate an Inheritance Tax liability that could arise on the inheritance of an asset and the main exemptions and reliefs which apply. ✓ To know the taxation treatment of a consumer investing in the following collective investment scheme instruments, i.e., unit trusts, designated investment companies, investment limited partnerships, UCITS, and BES designated investment funds.
12. Business consumers	<ul style="list-style-type: none"> ✓ To know the main legal and taxation differences between a partnership and a limited company. ✓ To know the main features, benefits, restrictions and taxation treatment of <i>Approved Share Options</i>, <i>SAYE scheme</i> and <i>Approved Profit Sharing Schemes</i> which employers may provide for employees.
13. The process by which appropriate investment advice is given to the consumer	<ul style="list-style-type: none"> ✓ To know the main items of information about a consumer which should be sought <i>before</i> providing investment advice to that consumer. ✓ To know how to analyse information about a consumer's financial needs and resources in order to accurately identify, quantify and prioritise their financial needs.

Appendix 1 - Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: Savings, Investment and Pension Products

SUBJECT MATTER	KNOWLEDGE
	<ul style="list-style-type: none"> ✓ To know how to accurately identify and compare the features, benefits, limitations and risks of different generic types of savings and investment products, so as to be able to recommend to a consumer an investment portfolio appropriate to that consumer's financial needs, resources and attitude to investment risk. ✓ To know how to draft a reason-why statement setting out in clear terms the reasons underlying any investment advice given to the consumer. ✓ To know why a regular review of a consumer's financial needs and resources should be conducted.
<p>14. Inflation and compound interest</p>	<ul style="list-style-type: none"> ✓ To understand the impact inflation can have over time on a consumer's financial needs and resources. ✓ To know how to calculate a sum accumulated over a specified period at a specified rate of interest, using appropriate accumulation tables. ✓ To know how to calculate a sum discounted over a specified period at a specified rate of interest, using appropriate discounting tables. ✓ To know how to calculate the Net Present Value of a simple investment proposition, using appropriate discounting tables. ✓ To know what the terms <i>IRR</i>, <i>APR</i> and <i>CAR</i> mean and how they can be used to compare different financial products.
<p>15. Best practice</p>	<ul style="list-style-type: none"> ✓ To understand the importance of confidentiality in relation to the collection, maintenance and processing of personal data related to consumers. ✓ To know the ethical issues arising in relation to the conduct of business.
<p>16. Legislation, regulation and compliance</p>	<ul style="list-style-type: none"> ✓ To know why Governments seek to regulate financial services companies. ✓ To know and understand the difference between <i>structural</i>, <i>systemic</i>, <i>prudential</i> and <i>consumer protection</i> regulation. ✓ To know the structure of the Financial Regulator and its main functions, including its enforcement powers. ✓ To know the different types of intermediaries, authorised under the Investment Intermediaries Act, 1995.

Appendix 1 - Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: Savings, Investment and Pension Products

SUBJECT MATTER	KNOWLEDGE
	<p>✓ To know the main regulatory requirements which directly apply to the activity of advising consumers in relation to savings and investment products, including in particular:</p> <ul style="list-style-type: none"> • the registration and authorisation requirements of <i>insurance intermediaries</i> • who prudentially regulates life assurance companies and the role of the Appointed Actuary • the European Communities (Insurance Mediation) Regulations, 2005 • the European Communities (Distance Marketing of Consumer Financial Services) Regulations, 2004 • the provisions of relevant Codes of Conduct, issued by the Financial Regulator • the conditions of 'execution only' transactions • the Revenue reporting duties of intermediaries who arrange investment in offshore investment funds and foreign policies for Irish residents • obligations on investment business firms as <i>designated bodies</i> under the Criminal Justice Act, 1994 • the provisions of Life Assurance (Provision of Information) Regulations, 2001 • the benefits provided to consumers by the Investor Compensation scheme • the details of the Financial Services Ombudsman scheme • the details of the Pensions Ombudsman Scheme • the provisions of the Data Protection Act, 1988 related to the maintenance, disclosure and use of personal data • the pensions whistle blowing obligations on <i>relevant persons</i> in relation to the operation of occupational pension schemes and PRSAs.

Appendix 1 - Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: Housing Loans and Associated Insurances

SUBJECT MATTER	KNOWLEDGE
1. Legal	<ul style="list-style-type: none"> ✓ To understand the difference between <i>ownership</i> and <i>possession</i> of property and the two main different forms of ownership and possession of property.
2. Different types of, and uses of, housing loans	<ul style="list-style-type: none"> ✓ To know the main features of the generic types of housing loans, including in particular the <i>capital and interest</i>, <i>endowment</i>, <i>pension</i> and <i>interest only</i> mortgages. ✓ To know the main forms of security typically required by a mortgage lender in relation to providing housing loans to consumers. ✓ To know the main benefits and risks for the consumer associated with endowment, pension and interest only mortgages. ✓ To know the different interest options offered by generic types of housing loans, including in particular <i>variable rate</i>, <i>fixed rate</i> and <i>tracker variable rate</i>. ✓ To know how housing loans can be used for 'debt consolidation', and to know and understand the benefits, limitations and risks for the consumer in consolidating other debts and loans into a housing loan. ✓ To know the different ways housing loans can be used for 'equity release', and to know and understand the benefits, limitations and risks for the consumer in obtaining capital in this manner.
3. Taxation	<ul style="list-style-type: none"> ✓ To know the main details of tax relief afforded to mortgage interest for housing loans, including bridging loans. ✓ To know the tax relief afforded to investors on interest payments on housing loans in respect of rented residential property.
4. Associated insurances	<ul style="list-style-type: none"> ✓ To know the main features, benefits, limitations and risks of the different generic types of life assurance protection policies, endowment mortgage policies, pension policies, and general insurance policies which can be used to protect a housing loan and/or housing loan repayments in the event of death, disability or unemployment, and/or to accumulate a fund to repay the housing loan in one repayment at the end of the loan term. ✓ To know the main features, benefits and limitations of the Homebond Insurance scheme. ✓ To know the main features, benefits and limitations of the different generic types of general insurance policies which can be used to insure a house and the contents of a house, mortgaged in connection with a housing loan.

Appendix 1 - Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: Housing Loans and Associated Insurances

SUBJECT MATTER	KNOWLEDGE
	<ul style="list-style-type: none"> ✓ To know the obligations on mortgage lenders, under Section 124 Consumer Credit Act, 1995, in relation to insurance of mortgaged property. ✓ To know the obligations on mortgage lenders, under Section 126 Consumer Credit Act, 1995, in relation to the provision of mortgage protection insurance cover. ✓ To know how to compare the relative advantages and disadvantages for the housing loan borrower of arranging associated insurances under a block policy arranged by the mortgage lender, compared with arranging such cover on an individual policy basis. ✓ To know the main restrictions on mortgage agents, in Section 127 Consumer Credit Act, 1995, in relation to linking services in connection with the arrangement or provision of a housing loan.
<p>5. The process by which appropriate advice is given to the consumer about a housing loan and associated insurances</p>	<ul style="list-style-type: none"> ✓ To know the main items of information about a consumer which should be sought <i>before</i> providing advice to that consumer about a housing loan. ✓ To know the various items of documentation a mortgage lender will typically seek from a consumer in order to process a housing loan application from that consumer. ✓ To know how to identify and itemise all the various explicit charges and costs a consumer is likely to bear when applying for and obtaining a housing loan, including the cost of any Payment Protection Insurance the credit institution may offer to arrange for the consumer in connection with the housing loan. ✓ To know how to accurately identify and compare the features, benefits, costs, limitations and risks of different generic types of housing loans so as to be able to recommend to a consumer a type of housing loan appropriate to that consumer's financial needs, resources and attitude to risk. ✓ To know how to accurately identify and compare the features, benefits, costs, limitations and risks of different generic types of life assurance and general insurance which can be required as part of a housing loan, so as to be able to recommend to a consumer the type of cover and method of arrangement appropriate to that consumer's financial needs, resources and attitude to risk. ✓ To know how to draft a reason-why statement setting out in clear terms the reasons underlying any advice given to the consumer regarding a housing loan and/or the arranging of life assurance and/or general insurance related to the housing loan and the mortgaged property.

Appendix 1 - Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: Housing Loans and Associated Insurances

SUBJECT MATTER	KNOWLEDGE
6. Compound interest	<ul style="list-style-type: none"> ✓ To know how to calculate a sum accumulated over a specified period at a specified rate of interest, using appropriate accumulation tables. ✓ To know how to calculate a sum discounted over a specified period at a specified rate of interest, using appropriate discounting tables. ✓ To know what the term <i>APR</i> means and how it can be used to compare different mortgages
7. Best practice	<ul style="list-style-type: none"> ✓ To understand the importance of confidentiality in relation to the collection, maintenance and processing of personal data related to consumers. ✓ To know the ethical issues arising in relation to the conduct of business.
8. Regulation	<ul style="list-style-type: none"> ✓ To know the structure of the Financial Regulator and its main functions, including its enforcement powers. ✓ To know the main regulatory requirements which directly apply to the activity of advising a consumer on and the arrangement of a housing loan: <ul style="list-style-type: none"> • the authorisation requirements of <i>mortgage intermediaries</i>, under Part IX Consumer Credit Act 1995 • the different obligations and restrictions imposed on <i>mortgage intermediaries</i>, <i>mortgage lenders</i>, and <i>mortgage agents</i> by the Consumer Credit Act, 1995 in relation to housing loans and associated insurance requirements • the European Communities (Distance Marketing of Consumer Financial Services) Regulations, 2004 • the provisions of relevant Codes of Conduct, issued by the Financial Regulator • obligations on mortgage lenders as <i>designated bodies</i> under the Criminal Justice Act, 1994 • the details of the Financial Services Ombudsman scheme • the provisions of the Data Protection Act, 1988 related to the maintenance, disclosure and use of personal data.

Appendix 1 - Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: Consumer Credit and Associated Insurances

SUBJECT MATTER	KNOWLEDGE
1. Consumer contracts	<ul style="list-style-type: none"> ✓ To know the essential requirements of a valid legal consumer contract. ✓ To know the impact of the Unfair Terms in Consumer Contracts Regulations, 1995 on consumer contracts.
2. Consumer credit agreements	<ul style="list-style-type: none"> ✓ To know the form and content of cash loans, hire purchase, consumer hire and personal loan agreements, and how they differ from each other. ✓ To know the main features of typical credit assessment and underwriting procedures used by credit institutions when advancing consumer credit. ✓ To know the main forms of security which a credit institution may require when advancing consumer credit.
3. Associated insurances	<ul style="list-style-type: none"> ✓ To know the main features, benefits, limitations and risks of the different generic types of life assurance and general insurance policies which can be used to insure the credit outstanding and/or repayments under credit sale, hire purchase, consumer hire and personal loan agreements and under credit cards, in the event of death, disability or unemployment. ✓ To know how to compare the relative advantages and disadvantages for the consumer of arranging associated insurances under a block policy arranged by the credit institution, compared with arranging such cover on an individual policy basis.
4. The process by which appropriate advice is given to a consumer about consumer credit and associated insurances	<ul style="list-style-type: none"> ✓ To know the main items of information about a consumer which should be sought <i>before</i> providing advice to that consumer about a consumer credit agreement. ✓ To know the various items of documentation a credit institution will typically seek from a consumer before offering to provide credit to that consumer. ✓ To know how to identify and itemise all the various explicit charges a consumer is likely to bear when applying for and obtaining credit, including the cost of any Payment Protection Insurance or other insurance the credit institution may offer to arrange for the consumer in connection with the consumer credit agreement. ✓ To know how to accurately identify and compare the features, benefits, limitations and risks of different generic types of credit agreements so as to be able to recommend to a consumer a form of credit appropriate to that consumer's financial needs, resources and circumstances.

Appendix 1 - Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: Consumer Credit and Associated Insurances

SUBJECT MATTER	KNOWLEDGE
	<ul style="list-style-type: none"> ✓ To know how to accurately identify and compare the features, benefits, limitations and risks of different generic types of life assurance and general insurance policies which can insure the credit outstanding and/or repayments on a consumer credit agreement, so as to be able to recommend to a consumer the type of cover and method of arrangement of such cover appropriate to that consumer's financial needs, resources and attitude to risk. ✓ To know how to draft a reason-why statement setting out in clear terms the reasons underlying any advice given to a consumer regarding the provision of credit and/or the arranging of insurance on the credit outstanding on a consumer credit agreement.
<p>5. Compound interest</p>	<ul style="list-style-type: none"> ✓ To know how to calculate a sum accumulated over a specified period at a specified rate of interest, using appropriate accumulation tables. ✓ To know how to calculate a sum discounted over a specified period at a specified rate of interest, using appropriate discounting tables. ✓ To know what the term <i>APR</i> means and how it can be used to compare different credit agreements.
<p>6. Best practice</p>	<ul style="list-style-type: none"> ✓ To understand the importance of confidentiality in relation to the collection, maintenance and processing of personal data related to consumers. ✓ To know the ethical issues arising in relation to the conduct of business
<p>7. Regulation</p>	<ul style="list-style-type: none"> ✓ To know the functions of the Office of Director of Consumer Affairs in relation to the regulation of credit intermediaries and the provision of consumer credit. ✓ To know the main regulatory requirements which directly apply to arranging credit for a consumer: <ul style="list-style-type: none"> • the authorisation requirements of <i>credit intermediaries</i>, under Part XI Consumer Credit Act, 1995 • the role of the Financial Regulator in relation to the imposition of charges in consumer credit agreements • the different obligations and restrictions imposed on <i>credit intermediaries</i> and credit institutions by the Consumer Credit Act, 1995 in relation to the provision and advertisement and arranging of consumer credit • the European Communities (Distance Marketing of Consumer Financial Services) Regulations, 2004

Appendix 1 - Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: Consumer Credit and Associated Insurances

SUBJECT MATTER	KNOWLEDGE
	<ul style="list-style-type: none">• the provisions of relevant Codes of Conduct, issued by the Financial Regulator• obligations on credit institutions as <i>designated bodies</i> under the Criminal Justice Act, 1994• the details of the Financial Services Ombudsman scheme• the provisions of the Data Protection Act, 1988 related to the maintenance, disclosure and use of personal data.

Appendix 2 - Qualifications which meet the Minimum Competency Requirements for Retail Financial Products

Category of retail financial product	Qualifications which are deemed to meet the current Minimum Competency Requirements, set out in Appendix 1
1. Life Assurance Protection Policies	<ul style="list-style-type: none"> • Qualified Financial Adviser (<i>Institute of Bankers in Ireland, LIA and The Insurance Institute of Ireland</i>) • Certified Insurance Practitioner plus Bridge Examination in Life Assurance Protection Policies (<i>The Insurance Institute of Ireland and the Irish Brokers Association</i>) • Member, Associate or Fellow of the Irish Institute of Pensions Managers (post 2006 syllabus)
2. General Insurance Policies	<ul style="list-style-type: none"> • Certified Insurance Practitioner (<i>The Insurance Institute of Ireland and the Irish Brokers Association</i>) • Qualified Financial Adviser plus Bridge Examination in General Insurance Policies (<i>Institute of Bankers in Ireland, LIA and The Insurance Institute of Ireland</i>) • Associate or Fellow of the Chartered Insurance Institute
3. Shares and Bonds and other Investment Instruments	<ul style="list-style-type: none"> • Qualified Financial Adviser (<i>Institute of Bankers in Ireland, LIA and The Insurance Institute of Ireland</i>) • Registered Representative (<i>Irish Stock Exchange</i>) • Member, Associate or Fellow of the Irish Institute of Pensions Managers (post 2006 syllabus)
4. Savings, Investment and Pension Products	<ul style="list-style-type: none"> • Qualified Financial Adviser (<i>Institute of Bankers in Ireland, LIA and The Insurance Institute of Ireland</i>) • Member, Associate or Fellow of the Irish Institute of Pensions Managers (post 2006 syllabus)
5. Housing Loans and Associated Insurances	<ul style="list-style-type: none"> • Qualified Financial Adviser (<i>Institute of Bankers in Ireland, LIA and The Insurance Institute of Ireland</i>) • Mortgage Diploma (<i>LIA</i>) • Certificate in Mortgage Practice (RoI) (<i>Institute of Bankers in Ireland</i>) • Certificate in Mortgage Practice (<i>Institute of Bankers in Ireland and LIA</i>)
6. Consumer Credit and Associated Insurances	<ul style="list-style-type: none"> • Qualified Financial Adviser (<i>Institute of Bankers in Ireland, LIA and The Insurance Institute of Ireland</i>) • Foundation Certificate in Consumer Credit (<i>Institute of Bankers in Ireland</i>)

Appendix 3 - Additional qualifications recognised by the Financial Regulator for specified accredited individuals

Category of <i>specified activity</i>	Additional qualifications recognised by the Financial Regulator
1. Being involved in the decision-making process in relation to claims or assisting consumers in the administration or performance of claims arising under contracts of life assurance	<ul style="list-style-type: none"> • Associate or Fellow of the Chartered Insurance Institute • Diploma in Life and Disability Underwriting (<i>The Insurance Institute of Ireland</i>) • Diploma in Life and Disability Claims (<i>The Insurance Institute of Ireland</i>) • Solicitor Member of the Law Society of Ireland • Barrister-at-Law called to the Bar of Ireland
2. Being involved in the decision-making process in relation to claims or assisting consumers in the administration or performance of claims arising under contracts of general insurance	<ul style="list-style-type: none"> • Associate or Fellow of the Chartered Institute of Loss Adjusters • Solicitor Member of the Law Society of Ireland • Barrister-at-Law called to the Bar of Ireland
3. Acting for or on behalf of a regulated firm in adjudicating on any complaint communicated to that provider by a consumer which relates to advice about a retail financial product given to that consumer or the arranging of a retail financial product for that consumer by an individual acting for or on behalf of that provider	<ul style="list-style-type: none"> • Professional Diploma in Compliance (<i>Association of Compliance Officers in Ireland, Institute of Bankers in Ireland, LIA and The Insurance Institute of Ireland</i>) • Solicitor Member of the Law Society of Ireland • Barrister-at-Law called to the Bar of Ireland



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