



FINANCIAL REGULATOR
Rialtóir Airgeadais

Limited Consultation on Proposed Minimum Competency Requirements

January 2006

CONSULTATION PAPER CP14

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Minimum Competency Requirements

Introduction

A consultation paper ['CP4'] was issued in April 2004 seeking views in relation to minimum competency requirements. The closing date for the receipt of submissions was 4 June 2004 and thirty-six submissions were received from various firms, organisations, industry groups, representative bodies and a small number of consumers. The minimum requirements set out in Appendix 1 have been developed following consideration of the submissions received 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 Annual Report May 2003/December 2004, the Financial Regulator has decided that minimum competency requirements should apply to the main sectors of the regulated financial services industry. This is a broader application than that envisaged by the IMD. Our proposals are set out in the attached draft requirements. We believe that consumers expect a high level of professionalism and expertise from their financial advisors and that these minimum competency requirements will help

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.

achieve this goal. In framing the draft minimum 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.

'Limited' Consultation

The Financial Regulator has decided to engage in this final 'limited' consultation before the minimum competency requirements are finalised. 'Limited' means that we are not going to a full public consultation and we do not intend to alter the fundamental structure of the proposed requirements. We will actively seek the views of those who responded to CP4 by sending these documents² to them. In addition, these documents will be sent to all industry representative bodies, Consultative Panels and relevant educational institutes. These documents will also be posted to our website. The term 'limited' does not preclude, however, any other interested party from submitting their views to the Financial Regulator.

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:

² The Limited Consultation document and the Minimum Competency Requirements document.

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
Credit Unions	Section 84(2), Credit Union Act, 1997
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
Moneylenders	Section 93(10)(f) and (11), 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

The Minimum Competency Framework

The proposed minimum competency requirements, which we propose to implement on 1 January 2007, are attached. 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 requirements will apply to individuals who provide advice on or sell retail financial products or who undertake certain specified activities. Such individuals, provided they comply with the ongoing competency requirements, will be known as 'accredited individuals'. Specified activities include claims administration, reinsurance intermediation, management of accredited individuals and adjudicating on complaints.

Retail financial products are divided into six categories:

- life assurance protection policies,
- general insurance policies,
- quoted shares and bonds and other investment instruments,
- savings, investment and pension products,
- mortgage lending and associated insurances, and
- consumer credit and associated insurances.

We have set out specific knowledge requirements for each category of retail financial product and we have also set out a number of qualifications which currently meet those knowledge requirements. In addition, individuals will be required to undertake a programme of Continuing Professional Development [CPD] on an ongoing basis.

Achievement of the Minimum Competency Requirements

We recognise that many individuals will have considerable experience in dealing with the different categories of retail financial product or specified activities. We propose that such individuals would not be obliged to obtain a qualification but would be 'grandfathered' by virtue of their experience and would only be required to comply with the ongoing CPD requirements.

Individuals who do not have sufficient experience to be grandfathered and who do not hold a recognised qualification will be allowed four years to obtain a recognised qualification.

Individuals who are new to the industry will also be allowed four years to obtain a recognised qualification but, prior to dealing with retail consumers, such individuals must have undergone a training programme or have obtained part of a recognised qualification and must be supervised by another 'accredited individual' until they obtain 'accredited individual' status. These requirements also apply to individuals who have been grandfathered in respect of one category of retail financial product or specified activity and subsequently wish to commence another.

Credit Unions

We recognise that the community-based ethos of the credit union movement is an important facet of our society. In accordance with our differentiated approach to the regulation of credit unions, we propose to exempt core activities, i.e., the normal lending activities by credit unions and the operation of share and deposit accounts, from the minimum competency requirements and consult with the movement to develop an appropriate regime. Credit unions which are authorised as insurance intermediaries and mortgage intermediaries will be subject to the requirements in relation to these activities.

Your Views

We welcome your views in relation to the proposed requirements.

In particular, we would like your views on the following specific issues:

- *Time allowed to obtain appropriate qualifications*

As outlined above, we propose that individuals who are new to the industry or to a particular activity will be allowed four years to obtain a relevant qualification. Similarly, individuals who do not have sufficient

experience to avail of the grandfathering arrangements will also be allowed four years to obtain a recognised qualification. It has been suggested that this period is too long and we would like your views as to whether a period of three years would be more appropriate.

- *Grandfathering*

We propose that grandfathering would apply to individuals who first commenced dealing with a particular retail financial product or a specified activity on or before 1 September 2000, and who have continued to carry on the same activity up to the date of implementation of the competency requirements. Such individuals would not be obliged to obtain a qualification but would be considered accredited individuals by virtue of their experience.

As the proposed implementation date is 1 January 2007, the experience requirement would be six years and four months. We would like your views as to whether four years experience would be sufficient. This would mean that the relevant date for grandfathering would be 1 January 2003 instead of 1 September 2000.

- *Qualifications*

We propose that only those qualifications set out in the proposed minimum competency requirements be recognised initially. We would welcome your views as to whether there are any other qualifications which would also satisfy the specified knowledge requirements and ongoing CPD requirements for each category of retail financial product.

We have considered whether qualifications that are recognised in other EU jurisdictions should be recognised. However, we are concerned that such qualifications would not satisfy a number of the specific knowledge requirements set out in the requirements, in particular those related to Irish taxation and legislation. We suggest that individuals who hold such qualifications should apply to the providers of the recognised qualifications for exemptions from some or, where appropriate, all parts of those recognised qualifications. We would welcome your views in

relation to this approach or your suggestions as to an alternative approach which would satisfy the specified knowledge requirements and ongoing CPD requirements for each category of retail financial product.

Definition of advice

We have tried to be clear and comprehensive in the definition of advice and to be consistent with the general understanding of what constitutes advice. Do you think the definition conflicts with your understanding of the term 'advice'. If so, please indicate how the definition should be amended.

Making Your Submission

The closing date for submissions is 31 March 2006. We welcome comments from all interested parties. Please make your submissions in writing and, if possible, by e-mail or on disk. You can post them, fax them or e-mail them to us (see details below).

When addressing any issue raised in this paper, please use the headings in this paper to identify the section you are referring to. If you are raising an issue that we have not referred to in this paper, please indicate this in your submission.

We intend to make submissions available on our website after the deadline for receiving submissions has passed. Because of this, please do not include commercially sensitive material in your submission, unless you consider it essential. If you do include such material, please highlight it clearly so that we may take reasonable steps to avoid publishing that material. This may involve publishing submissions with the sensitive material deleted and indicating the deletions.

Despite the approach outlined above, we make no guarantee not to publish any information that you deem confidential. So be aware that, unless you identify any commercially sensitive information, you are making a submission on the basis that you consent to us publishing it in full.

Please clearly mark your submission 'Competency' and send it to:

Consumer Protection Codes Department
Financial Regulator
PO Box 9138
6 – 8 College Green
Dublin 2

E-mail: competency@financialregulator.ie

Fax: 01 4104969



MINIMUM COMPETENCY REQUIREMENTS

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Minimum Competency Requirements

Minimum competency 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 for *consumers retail financial products*, 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*.

Individuals whose only *investment business* activity is referring 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 to a regulated firm.

Regulated firm

For the purposes of these minimum competency requirements a *regulated firm* is:

- a firm authorised by the Financial Regulator,
- a *certified person*³, or
- a firm registered for the purposes of the Insurance Mediation Directive to undertake insurance mediation or reinsurance mediation in the State.

³ as defined in Section 55, Investment Intermediaries Act, 1995

Retail financial products

For the purposes of these minimum competency 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*⁴ 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. Quoted Shares and Bonds and other Investment Instruments

- shares in a company listed on a recognised Stock Exchange
- bonds listed on a recognised Stock Exchange
- collective investment schemes
- financial instruments which derive their value from an investment instrument traded on a recognised Exchange or from a recognised index, other than 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
- UCITS
- Non-UCITS collective investment schemes, including unit trusts and investment companies
- Personal Retirement Savings Accounts
- Unlisted shares, e.g., BES Schemes

⁴ as defined in Article 2(1), European Communities (Life Assurance) Framework Regulations, 1994

5. Housing Loans⁵ and Associated Insurances

including the following associated insurances:

- Mortgage Protection
- Permanent Health Insurance
- Payment Protection Insurance
- Home & Contents Insurance
- Mortgage Endowment Assurances and Mortgage Pension Plans

6. Consumer Credit⁶ and Associated Insurances

including the following associated insurances:

- Credit Protection Insurance
- Payment Protection Insurance
- Permanent Health Insurance

but *excluding* :

- *moneylending agreements*⁷
- *housing loans*⁸
- credit cards
- advances on current accounts

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

Who is a 'consumer'?

For the purposes of these minimum competency requirements, the term 'consumer' means:

- in relation to *Consumer Credit Agreements*, the same meaning as in Section 2(1) of the Consumer Credit Act, 1995;
- for all other *retail financial products and related financial services*, the same meaning as that used for the Financial Services Ombudsman scheme, i.e., 'a natural person when not acting in the course of, or in connection with, the carrying on of a business'., including any additional

⁵ as defined in Section 2(1), Consumer Credit Act, 1995

⁶ credit agreements, hire-purchase agreements and consumer-hire agreements to which the Consumer Credit Act, 1995 applies, other than the exceptions stated above.

⁷ as defined in Section 2(1), Consumer Credit Act, 1995

⁸ as defined in Section 2(1), Consumer Credit Act, 1995

categories of persons defined as a 'consumer' by the Financial Services Ombudsman Council from time to time. In addition, Statutory Instrument 190 of 2005 has extended the definition of *consumer* to include groups including partnerships, clubs, charities, trusts, and incorporated bodies with a turnover of €3m or less. However, the term *consumer* will *not* be deemed to include the trustees of an occupational pension scheme, as defined in the Pensions Act, 1990, but will include individuals who are members of such schemes.

In order to ensure consistency between the Consumer Protection Code and the Minimum Competency Requirements the same definition has been used in both contexts.

Advice

For the purposes of these minimum competency requirements, the term '*advice*', in relation to a *retail financial product*, means advice provided to a *consumer* to enter into or to become entitled to benefit under, terminate, exercise any right or option under, or take any benefit from a specific *retail financial product*.

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

- the provision of a brochure or booklet to a *consumer*, without the provision of *advice* to that *consumer*;
- advice 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;
- advice 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;

- advice 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;
- 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 a specific *retail financial product*.

Specified activities

For the purposes of these minimum competency requirements the following are deemed to be *specified activities*:

1. assisting 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 Insurance Mediation Directive;
3. acting for or on behalf of a *regulated firm* in the direct management 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 *accredited individual* acting for or on behalf of that provider.

Minimum competency requirements

Appendix 1 sets out current specified minimum competency requirements applying to *accredited individuals* in respect of different *retail financial products*.

The minimum competency requirements for *accredited individuals* undertaking *specified activities* will be those for the *retail financial products* in respect of which the *specified activities* are carried out.

Recognised qualifications

Compliance by *accredited individuals* with the minimum competency 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]* qualification 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 minimum competency requirements for the various categories of specified *retail financial products* and related specified activities is set out in *Appendix 2*.

Other qualifications may also comply with the requirements. New qualifications may be developed by recognised professional educational bodies or existing qualifications may be modified to ensure that they meet the specified minimum competency requirements. Such qualifications will be considered as part of the ongoing assessment of the competency requirements. However, any additional qualifications should have the support of 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.

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 minimum competency 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 minimum competency 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 minimum competency requirements and confirming whether any particular professional qualification meets these requirements or not.

Grandfathering arrangements and transitional arrangements

The specified minimum competency 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 first commenced carrying on that activity on or before the 1 September 2000, and
- they have continued to carry on the same activity in the period up to 1 January 2007.

Certification of compliance with this experience requirement will be the responsibility of the *regulated firm* which, before 1 January 2008, must certify 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 *regulated firm* must maintain a register of such *accredited individuals* acting as, for or on behalf of the *regulated firm* and this register must be available to the public on request.

Such *accredited individuals* will be required to comply on an ongoing basis with the Continuing Professional Development requirements set out below.

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 can continue to act as an *accredited individual* for those activities they are carrying out on 1 January 2007. If individuals wish to act as an *accredited individual* in respect of any other activities they must first comply with the relevant minimum competency requirements for that activity and, in respect of that activity, must comply with the requirements outlined below for new entrants.

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, can 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 act under the direct 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.

Summary of Arrangements

<i>Individuals who commenced an activity on or before 1 September 2000</i>	<i>Individuals who commenced an activity between 2 September 2000 and 31 December 2006</i>	<i>Individuals who commence an activity on or after 1 January 2007</i>
Grandfathered	4 years to obtain 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 supervised by another accredited individual.

Continuing Professional Development [CPD]

The attainment of minimum competency requirements by relevant individuals must be fulfilled on a continuing basis.

All *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 qualification 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* holds a qualification satisfying the minimum competency 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* 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*, 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.

The content of the CPD hours must be directly relevant to the activities undertaken by the *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*.

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 Accredited Individuals 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 Accredited Individuals 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 & 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. √ To know how to accurately identify and compare the features, benefits, limitations and risks of different generic types of life assurance

Appendix 1 – Minimum Competency Requirements for Accredited Individuals Retail Financial Product: Life Assurance Protection Policies

SUBJECT MATTER	KNOWLEDGE
	<p>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.</p> <p>√ 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.</p> <p>√ To know why a regular review of a consumer's financial needs and resources should be conducted.</p>
<p>10. Inflation and Compound Interest</p>	<p>√ To understand the impact inflation can have over time on a consumer's financial needs and resources, and on life assurance protection policy benefits.</p> <p>√ To know how to calculate a sum accumulated over a specified period at a specified rate of interest, using appropriate accumulation tables.</p> <p>√ To know how to calculate a sum discounted over a specified period at a specified rate of interest, using appropriate discounting tables.</p>
<p>11. Best Practice</p>	<p>√ To understand the importance of confidentiality in relation to the collection, maintenance and processing of personal data related to consumers.</p> <p>√ To know the ethical issues arising in relation to the conduct of business.</p>
<p>12. Legislation, Regulation & Compliance</p>	<p>√ To know why Governments seek to regulate financial services companies.</p> <p>√ To know and understand the difference between structural, systemic, prudential and consumer protection regulation.</p> <p>√ To know the structure of the Financial Regulator and its main functions, including its enforcement powers.</p> <p>√ To know the different types of insurance intermediaries, authorised under the Investment Intermediaries Act, 1995.</p> <p>√ 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:</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 ○ relevant provisions of the Consumer Credit Act, 1995 in relation to insurance and housing loans

**Appendix 1 – Minimum Competency Requirements for Accredited Individuals
Retail Financial Product: Life Assurance Protection Policies**

SUBJECT MATTER	KNOWLEDGE
	<ul style="list-style-type: none"> ○ 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 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 Accredited Individuals 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. √ 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.

Appendix 1 – Minimum Competency Requirements for Accredited Individuals Retail Financial Product: General Insurance Policies

SUBJECT MATTER	KNOWLEDGE
	<ul style="list-style-type: none"> √ To understand insurer rating guides and their application in determining premiums charged to consumers. √ To know what <i>reinsurance</i> is, understand 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). √ 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.

Appendix 1 – Minimum Competency Requirements for Accredited Individuals Retail Financial Product: General Insurance Policies

SUBJECT MATTER	KNOWLEDGE
<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 & 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 insurance intermediaries, 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 general insurance policy, including in particular: <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

Appendix 1 – Minimum Competency Requirements for Accredited Individuals
Retail Financial Product: General Insurance Policies

SUBJECT MATTER	KNOWLEDGE
	<ul style="list-style-type: none"> ○ 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 and companies as <i>designated bodies</i> 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 Accredited Individuals

Retail Financial Product: Quoted 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.

Appendix 1 – Minimum Competency Requirements for Accredited Individuals Retail Financial Product: Quoted Shares and Bonds and other Investment Instruments

SUBJECT MATTER	KNOWLEDGE
	<ul style="list-style-type: none"> √ To understand the concept of the <i>correlation</i> of investment returns between different investments. √ 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 involved in an investor 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 in 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 Accredited Individuals

Retail Financial Product: Quoted 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 investors. √ To know the steps involved in an investor 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</i> or <i>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 in investing in a quoted bond.
9 Collective Investment Schemes	<ul style="list-style-type: none"> √ To know the different legal structures, main features, benefits and risks for a consumer of the following forms of collective investment schemes, i.e., unit linked life assurance investment bonds, unit trusts, investment companies, investment limited partnerships, UCITS, BES designated investment funds, OEICs, and Common Contractual Funds.
10 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. √ To know what the ISEQ 20 EFT is.
11 Derivatives	<ul style="list-style-type: none"> √ To know what the main features, benefits and risk are for a consumer of investing in the following financial derivatives, linked to the movement in the value of quoted shares: <ul style="list-style-type: none"> ○ Contracts for Difference (CFDs)

Appendix 1 – Minimum Competency Requirements for Accredited Individuals Retail Financial Product: Quoted Shares and Bonds and other Investment Instruments

SUBJECT MATTER	KNOWLEDGE
	<ul style="list-style-type: none"> ○ Covered Warrants ○ Spread betting
12 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 the main statutory restrictions on ARF investments. √ To know the fiscal treatment of benefits received from an ARF portfolio. √ To know what a <i>Small Self Administered Pension Scheme</i> is and the current Revenue practice restrictions on investment powers of such schemes.
13 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 quoted share or bond and the main exemptions and reliefs which apply. √ To know the taxation treatment for the investor of an investment in the following forms of collective investment schemes, i.e., unit linked life assurance investment bonds, unit trusts, investment companies, investment limited partnerships, UCITS, BES designated investment funds, OEICs, and Common Contractual Funds. √ To know the taxation treatment for an investor of an investment in a BES qualifying company and a Film qualifying company. √ To know how a consumer is taxed on profits arising from investing in Contracts for Difference, Covered Warrants and spread betting.
14 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.
15 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 Accredited Individuals

Retail Financial Product: Quoted Shares and Bonds and other Investment Instruments

SUBJECT MATTER	KNOWLEDGE
	<ul style="list-style-type: none"> √ 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 the consumer. √ To know why a regular review of a consumer's financial needs and resources should be conducted.
16 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.
17 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.
18 Legislation, Regulation & Compliance	<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 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.

Appendix 1 – Minimum Competency Requirements for Accredited Individuals Retail Financial Product: Quoted Shares and Bonds and other Investment Instruments

SUBJECT MATTER	KNOWLEDGE
	<p>√ To know the main regulatory requirements which directly apply to the activity of advising consumers in relation to quoted shares and bonds, including in particular:</p> <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 Stock Brokers and investment business firms as <i>designated bodies</i> 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 intermediaries in relation to the operation of occupational pension schemes and PRSAs.

Appendix 1 – Minimum Competency Requirements for Accredited Individuals 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 & 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.

Appendix 1 – Minimum Competency Requirements for Accredited Individuals Retail Financial Product: Savings, Investment and Pension Products

SUBJECT MATTER	KNOWLEDGE
	<ul style="list-style-type: none"> √ To understand the concept of the <i>correlation</i> of investment returns between different investments. √ 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 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 fiscal 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 in 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 fiscal treatment of returns received from life assurance and deposit based Tracker Bonds.

Appendix 1 – Minimum Competency Requirements for Accredited Individuals Retail Financial Product: Savings, Investment and Pension Products

SUBJECT MATTER	KNOWLEDGE
	<ul style="list-style-type: none"> √ To know and understand the different risks for a consumer in investing in a Tracker Bond.
<p>8 Unit Trusts</p>	<ul style="list-style-type: none"> √ To know the main differences between a unit trust fund and a life company unit linked fund. √ To know how unit trusts are structured, and the main parties involved. √ To know the typical explicit charges of a unit trust investment. √ To know the difference between the <i>dual pricing</i> and the <i>single pricing</i> systems of unit pricing. √ To know the main features and restrictions of the regulatory system applying to non UCITS unit trusts authorised under the Unit Trusts Act, 1990. √ To know the different generic types of unit trust funds, including <i>umbrella funds</i>, <i>fund of funds</i>, and <i>Hedge Funds</i>. √ To know the fiscal treatment of returns received by a consumer from a unit trust authorised under the Unit Trusts Act, 1990. √ To know what an exempt unit trust is and how it differs from a unit trust authorised under the Unit Trusts Act, 1990. √ To know and understand the different risks for a consumer in investing in a unit trust.
<p>9 Open Ended Investment Companies (OEICs)</p>	<ul style="list-style-type: none"> √ To know what an <i>Open Ended Investment Company</i> is and how it differs from a unit trust. √ To know the typical explicit charges of an OEIC investment. √ To know the fiscal treatment for a consumer of returns received from an OEIC. √ To know and understand the different risks for a consumer in investing in an OEIC.
<p>10 UCITS</p>	<ul style="list-style-type: none"> √ To know what the term <i>UCITS</i> means and the different types of investment funds which can be a UCITS. √ To know the main features and restrictions of the regulatory system applying to UCITS funds. √ To know the typical explicit charges of a UCITS investment.

Appendix 1 – Minimum Competency Requirements for Accredited Individuals Retail Financial Product: Savings, Investment and Pension Products

SUBJECT MATTER	KNOWLEDGE
	<ul style="list-style-type: none"> √ To know the fiscal treatment for a consumer of returns received from a UCITS fund. √ To know and understand the different risks for a consumer in investing in a UCITS.
11 Investment Companies	<ul style="list-style-type: none"> √ To know the main differences between a <i>closed end investment company</i> and <i>open ended investment company</i>. √ To know and understand what a <i>discount to net asset value</i> means in relation to a closed end investment company. √ To know the different types of closed end investment company shares. √ To know the typical explicit charges of an investment company investment. √ To know the fiscal treatment for a consumer of returns received from an investment company. √ To know the various potential risks for a consumer of investing in an investment company.
12 Offshore investment funds	<ul style="list-style-type: none"> √ To know the main generic types of offshore investment funds. √ To know the fiscal treatment for a consumer of returns received from different types of offshore investment funds. √ To know and understand the various potential risks for a consumer of investing in an offshore investment fund.
13 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 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 restrictions on the operation of such schemes.

Appendix 1 – Minimum Competency Requirements for Accredited Individuals Retail Financial Product: Savings, Investment and Pension Products

SUBJECT MATTER	KNOWLEDGE
	<ul style="list-style-type: none"> √ 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.
14 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 ARF portfolio is, and who is entitled to transfer funds into an ARF. √ To know the main statutory restrictions on ARF investments. √ To know the fiscal treatment of benefits received from an ARF portfolio. √ To know what a <i>Small Self Administered Pension Scheme</i> is and the current Revenue practice restrictions on investment powers of such schemes.
15 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.
16 Business consumers	<ul style="list-style-type: none"> √ To know the main legal and taxation differences between a partnership and a limited company.

Appendix 1 – Minimum Competency Requirements for Accredited Individuals Retail Financial Product: Savings, Investment and Pension Products

SUBJECT MATTER	KNOWLEDGE
	<ul style="list-style-type: none"> √ 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 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.
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. √ 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 & Compliance	<ul style="list-style-type: none"> √ To know why Governments seek to regulate financial services companies.

Appendix 1 – Minimum Competency Requirements for Accredited Individuals Retail Financial Product: Savings, Investment and Pension Products

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 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 savings and investment products, 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 ○ 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 intermediaries in relation to the operation of occupational pension schemes and PRSAs.

Appendix 1 – Minimum Competency Requirements for Accredited Individuals Retail Financial Product: Housing Loans & 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 mortgages	<ul style="list-style-type: none"> √ To know the main features of the generic types of housing loans, including in particular the <i>capital & interest</i>, <i>endowment</i>, <i>pension</i> and <i>interest only</i> mortgages. √ To know the main risks for the borrower 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>.
3. Mortgage interest tax relief	<ul style="list-style-type: none"> √ To know the main details of tax relief afforded to mortgage interest for housing loans.
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 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. √ 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.
5. The process by which appropriate advice is given to the consumer about a housing loan 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 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

Appendix 1 – Minimum Competency Requirements for Accredited Individuals Retail Financial Product: Housing Loans & Associated Insurances

SUBJECT MATTER	KNOWLEDGE
	<p>application from that consumer.</p> <ul style="list-style-type: none"> √ To know how to identify and itemise all the various explicit charges 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, 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, 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.
<p>6. 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 mortgages.
<p>7. 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>8. Regulation</p>	<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

**Appendix 1 – Minimum Competency Requirements for Accredited Individuals
Retail Financial Product: Housing Loans & Associated Insurances**

SUBJECT MATTER	KNOWLEDGE
	<ul style="list-style-type: none">○ 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 Accredited Individuals Retail Financial Product: Consumer Credit & 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	<ul style="list-style-type: none"> √ To know the form and content of different forms of consumer hire and consumer credit 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 a consumer credit agreement, 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 & 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. √ 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.

Appendix 1 – Minimum Competency Requirements for Accredited Individuals Retail Financial Product: Consumer Credit & Associated Insurances

SUBJECT MATTER	KNOWLEDGE
	<p>√ 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>
<p>5. Compound interest</p>	<p>√ To know how to calculate a sum accumulated over a specified period at a specified rate of interest, using appropriate accumulation tables.</p> <p>√ To know how to calculate a sum discounted over a specified period at a specified rate of interest, using appropriate discounting tables.</p> <p>√ To know what the term <i>APR</i> means and how it can be used to compare different credit agreements.</p>
<p>6. Best Practice</p>	<p>√ To understand the importance of confidentiality in relation to the collection, maintenance and processing of personal data related to consumers.</p> <p>√ To know the ethical issues arising in relation to the conduct of business.</p>
<p>7. Regulation</p>	<p>√ To know the functions of the Office of Director of Consumer Affairs in relation to the regulation credit intermediaries and the provision of consumer credit.</p> <p>√ To know the main regulatory requirements which directly apply to arranging credit for a consumer:</p> <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 ○ 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 respective competency requirements

Category of retail financial product & related specified activities	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>)
2 General Insurance Policies	<ul style="list-style-type: none"> • Associate of the Chartered Insurance Institute • Fellow of the Chartered Insurance Institute • Certified Insurance Practitioner (<i>The Insurance Institute of Ireland and the Irish Brokers Association</i>)
3 Quoted shares and bonds	<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>)
4 Savings, Investment & 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>)
5 Housing Loans & 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>)
6 Consumer Credit & 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>)



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All submissions should be made on or before 31 March 2006