CENTRAL BANK &
FINANCIAL SERVICES
AUTHORITY OF IRELAND

EUROSYSTEM

Review of Minimum Competency Requirements

Consultation Paper CP 45

June 2010

Consultation Paper on Review of Minimum Competency Requirements

Introduction

The Minimum Competency Requirements (the Requirements) were introduced on 1 January 2007 and established minimum standards of financial services knowledge across all financial services providers, with particular emphasis on areas dealing with consumers. Regulated firms are required to ensure that individuals who provide advice on or sell retail financial products to consumers or who undertake certain specified activities on their behalf acquire the competencies set out in the Requirements.

As it is more than three years since the introduction of the Requirements, we are now undertaking a review in order to address issues that have arisen during that period and to expand on certain areas, such as the ongoing Continuing Professional Development requirements, the requirement to maintain a publicly available register and the records to be maintained by the regulated firm in order to demonstrate compliance. We have also incorporated the Addendum to the Minimum Competency Requirements issued in May 2008.

Your views

We have included a number of proposed amendments in a revised Requirements document which is attached. We are also seeking views on other proposals that we will consider further following this consultation.

Proposals included in draft revised Requirements

We welcome your views on the proposed amendments to the Requirements, which are included in the attached document. While we would appreciate your views on any of the proposed amendments, we would particularly welcome your comments on the following:

- The current definition of 'advice' is based on the definition contained in the Investment Intermediaries Act 1995. We propose amending this definition to more closely reflect the definition contained in the European Communities (Markets in Financial Instruments) Regulations 2007.

- We propose changing from the current three-year cycle for Continuing Professional Development (CPD) to an annual requirement. We believe that an annual requirement would be more effective for both individuals and regulated firms to manage. In addition, we are proposing that CPD will only be made up of formal hours that can be validated and no longer include a requirement for informal hours that is difficult to verify. The proposed annual requirement will be 15 formal hours. (Requirement 3.2.1)

- Grandfathered individuals are required to undertake CPD on an ongoing basis in order to retain their grandfathered status. We have set out the consequences for grandfathered individuals of failing to comply with this requirement. (Requirement 3.2.4)

- We propose allowing an individual who has lost his/her grandfathered status to have that status reinstated in certain circumstances. (Requirement 3.2.5)

- Some regulated firms have indicated that there may be concerns in relation to the security of their employees arising from the requirement to make the Register publicly available. We propose retaining the requirement to maintain a register. Regulated firms may continue to provide the Register to the public or they may choose to provide each accredited individual and specified accredited individual with a certificate in a defined format, setting out the areas in which the individual has been grandfathered or holds a relevant recognised qualification. Consumers must be informed that they may request sight of the Register or the certificate. (Requirement 4.1)

- We are proposing that regulated firms that have allowed individuals to avail of the grandfathering arrangements would be required to provide those grandfathered individuals with a Certificate of Compliance with the Experience Requirement for Grandfathering when they cease employment with the firm. We have set out the format of the proposed Certificate. (Requirement 4.4)

Additional proposals

There are a number of other issues that we are considering but we have not yet framed proposed amendments to the Requirements. We would like feedback from the industry and other stakeholders on these issues in order to inform our thinking and consider our approach further. We would like your views on the following specific issues:

- ***Grandfathering***

  We are considering phasing out the grandfathering arrangements and are proposing that this would take place over a period of time. A number of issues have arisen since the introduction of the Requirements in relation to the grandfathering process. There appears to be confusion in the industry regarding the process, the extent of the activities for which an individual may be grandfathered and the activities a grandfathered individual may undertake. In order to ensure a consistent standard across the industry, we propose phasing out the grandfathering arrangements over a four-year period. We would expect that all those providing services that fall within the scope of the Requirements would hold a relevant recognised qualification by 2015.

  We would welcome your views on the proposal to phase out the grandfathering arrangements and also on the proposed timeframe.

- ***Internet***

  At present, the Requirements do not apply to those providing services over the internet. We would welcome your views as to whether individuals setting up internet sites that provide financial services should be subject to the Requirements.

- ***Outsourcing***

  The Requirements do not apply to firms involved in the professional management of claims for an insurance or re-insurance undertaking. This activity falls outside the definition of insurance mediation in the European Communities (Insurance Mediation) Regulations 2005 and, therefore, does not require authorisation. In order to ensure that all those dealing with claims are appropriately qualified, we are considering including a provision that would require regulated firms to ensure that the Requirements are complied with by firms undertaking certain activities on an outsourced basis. We would welcome your views on this proposal.

- ***CPD hours***

  Individuals may be grandfathered for some activities and hold a recognised qualification for other activities. At present, a CPD requirement of 60 hours over a three-year cycle applies if an individual has been grandfathered for all retail financial products. However, an individual grandfathered for some activities and holding a recognised qualification for others may be required to undertake up to 120 hours' CPD over a three-year cycle. Under the new proposal set out above, this would become 30 formal hours each calendar year. Individuals may reduce the number of hours to be completed overall by undertaking CPD on common areas, for example, legislation, regulation or economic issues.

  We would welcome your views as to whether there should be a reduction in the CPD requirement for grandfathered individuals who hold a recognised qualification. If so, please explain why and specify what would be an appropriate requirement in these circumstances?

- ***Loan restructuring***

  The Requirements focus on the sales/advisory process and on certain specified activities. In view of the difficulties currently being experienced by many consumers in mortgage/loan arrears, should the Requirements specifically include the restructuring of existing loans?

- ***Investment management***

  Should investment management be included in the Requirements as a separate activity? If so, please set out the reasons why. Please also indicate whether you think the current recognised qualifications are appropriate for this activity and if there are other relevant qualifications that may also be appropriate.

- ***Administrative functions***

  It has been suggested that there are different views in the industry on the application of the Requirements to areas that deal directly with consumers in relation to amendments to policies. It is our view that this activity falls within the scope of the Requirements as dealing with amendments to policies would involve arranging and/or providing advice on the policy concerned. We would welcome your views as to whether this activity should be separately specified and whether there are any other activities that should also be separately specified. In particular, we would be interested in receiving views as to whether different issues arise depending on whether the context is related to life assurance or non-life insurance.

Making Your Submission

The closing date for submissions is 13 August 2010. We welcome comments from all interested parties. Please make your submissions in writing and, if possible, by e-mail (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

Minimum Competency Requirements

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Chapter 1: Introduction and Background

Introduction

The Minimum Competency Requirements (the Requirements) were introduced on 1 January 2007 and established minimum professional standards across all financial services providers, with particular emphasis on areas dealing with consumers. The Requirements were introduced to ensure that consumers obtain a minimum acceptable level of competence from individuals acting for or on behalf of regulated firms in the provision of advice and associated activities on retail financial products. The Requirements are also designed to meet requirements mandated by the Insurance Mediation Directive (IMD) in respect of the activity of insurance mediation and reinsurance mediation. An Addendum to the Requirements for Retail Credit Firms and Home Reversion Firms was issued in May 2008 and was implemented on 1 June 2008.

Regulated firms are required to ensure that individuals who provide advice on, arrange or offer to arrange retail financial products or who undertake certain specified activities on their behalf acquire the competencies set out in the Requirements.

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

The Qualified Financial Adviser (QFA) designation, which was developed as 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, and the Certified Insurance Practitioner (CIP) designation, developed by The Insurance Institute of Ireland, are the core qualifications recognised for the purposes of the Requirements and represent the minimum professional standard for accredited individuals in respect of the relevant retail financial products.

The academic qualifications required to achieve these two designations are included in the National Framework of Qualifications at level 7.

We have now updated the Requirements in the light of experience and market developments since 2007. The revised Requirements will be implemented on xx xxxxx xxxx.

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:

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
Retail credit firms and home reversion firms	Section 33A(3), Central Bank Act, 1997
Investment firms	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

Regulated Firm	***Legislative Provision***
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

Definitions

Advice

For the purposes of these Requirements, the term 'advice', in relation to a retail financial product, means the provision of a personal recommendation to a consumer, either at the consumer's request or at the initiative of the firm, 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 products.

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).

Regulated firm

For the purposes of these Requirements a regulated firm is:

- a firm authorised or licensed by the Financial Regulator (except moneylenders authorised under the Consumer Credit Act 1995),
- a certified person[1],
- a firm registered for the purposes of the IMD to undertake insurance mediation or reinsurance mediation in the State, or
- 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.

[1] as defined in Section 55, Investment Intermediaries Act, 1995

Chapter 2: Scope and Application

2.1 To whom do the Requirements apply?

2.1.1 Advising/arranging/specified activities

The Requirements apply to regulated firms that, on a professional basis:

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

Regulated firms must ensure that individuals who provide such services on their behalf meet the Requirements. 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.

2.1.2 Referring/introducing

Where an individual's only activity in relation to retail financial products is referring or introducing consumers to regulated firms, the following requirements apply on an ongoing basis. The individual 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.

2.1.3 Prescribed script and routine

Where an individual operates within a narrow and rigid set of criteria and according to a prescribed script and routine, the following requirements apply:

1. The criteria, script and routine must be devised by an accredited individual.
2. 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.

3. The individual's training must be kept up to date on an ongoing basis.
4. The individual must refer requests for additional information and advice to an appropriately accredited individual.
5. The individual must be supervised by an appropriately accredited individual.
6. The individual's activity must be monitored to ensure that there is no breach of these requirements.
7. The firm must maintain records to demonstrate compliance with the above requirements.

2.1.4 Credit unions

Credit unions are subject to these Requirements when providing services in relation to retail financial products 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). 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.

2.1.5 Passporting

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

- These Requirements 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.

2.2 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
- whole of life policies
- permanent health insurance policies which do not provide an encashment value at any stage
- industrial assurance business[2] 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
    - exchange traded funds
    - unit trusts, providing facilities for the public to participate in the profits or income from the trust
    - designated companies[3], which are not a UCITS
    - an investment limited partnership[4]
    - designated investment funds[5]
    - common contractual funds[6]
- financial instruments which derive their value from an investment instrument traded on a Stock Exchange or from a stock market index, other than tracker bonds

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[2] as defined in Article 2(1), European Communities (Life Assurance) Framework Regulations, 1994
[3] as defined in Section 256(5), Companies Act, 1990
[4] as defined in the Investment Limited Partnership Act, 1994
[5] investment funds designated by the Revenue Commissioners for the purposes of Section 508, Taxes Consolidation Act, 1997 (BES Funds)
[6] as defined in Section 6(1), Investment Funds, Companies and Miscellaneous Provisions Act, 2005

- tracker bonds

4. Savings, Investment and Pension Products

including:

- 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.)
- deposits with a term equal to or greater than one year
- tracker bonds
- collective investment scheme instruments, including:
  - UCITS
  - exchange traded funds
  - unit trusts, providing facilities for the public to participate in the profits or income from the trust
  - designated companies[7], which are not a UCITS
  - an investment limited partnership[8]
  - designated investment funds[9]
  - common contractual funds[10]
- Personal Retirement Savings Accounts

excluding:

- deposits with a term of less than one year

5. Housing Loans[11], Home Reversion Agreements[12] 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 accumulating funds to repay housing loans
- mortgage indemnity guarantee insurance
- structural defect insurance

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[7] as defined in Section 256(5), Companies Act, 1990
[8] as defined in the Investment Limited Partnership Act, 1994
[9] investment funds designated by the Revenue Commissioners for the purposes of Section 508, Taxes Consolidation Act, 1997 (BES Funds)
[10] as defined in Section 6(1), Investment Funds, Companies and Miscellaneous Provisions Act, 2005
[11] as defined in Section 2(1), Consumer Credit Act, 1995
[12] As defined in Part V of the Central Bank Act 1997

6. Consumer Credit[13] and Associated Insurances

excluding:

- moneylending agreements[14]
- housing loans[15]
- credit cards
- advances on current accounts,

but including the following associated insurances:

- 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.

2.3 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.

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[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

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, in the regulated firm should be involved and that individual should sign off on any final decision.

2.4 Recognised qualifications

Appendix 1 sets out current Minimum Competency Requirements applying in respect of different retail financial products.

Compliance with the Requirements specified in Appendix 1 can be fulfilled only by attainment of a recognised qualification from an external professional educational body (except in the case of those who have availed of the grandfathering arrangements outlined in Appendix 4).

Firms are required to ensure that accredited individuals meet the Requirements for the retail financial products in respect of which they are acting or to hold a qualification recognised by the Financial Regulator in relation to the activity being carried out by the regulated firm on whose behalf the accredited individual is acting.

Firms are required to ensure that specified accredited individuals either 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/new activities outlined below.

A recognised qualification for a category of retail financial product must assess the relevant competencies for that category of retail financial product specified in Appendix 1.

The Qualified Financial Adviser (QFA) designation, which was developed as 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, and the Certified Insurance Practitioner (CIP) designation, developed by The Insurance Institute of Ireland, are the core qualifications recognised for the purposes of the Requirements and represent the minimum professional standard for accredited individuals in respect of the relevant retail financial products.

The academic qualifications required to achieve these two designations are included in the National Framework of Qualifications at level 7.

A list of qualifications that meet the current Minimum Competency 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 responsibility for the 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 the Requirements or not.

2.5 Other qualifications

Other qualifications may also meet the competencies set out in Appendix 1. 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 broad support within the relevant industry;
- include the competencies set out in Appendix 1;
- provide a standard of knowledge at least equivalent to that provided by the existing qualifications;
- have their underlying academic qualifications included in the National Framework of Qualifications at level 7 or higher; and
- include ongoing Continuing Professional Development requirements.

In addition, the Financial Regulator reserves the right to enter into a public consultation in relation to such qualifications and to have them reviewed by an independent competent external body.

There are a number of qualifications that cover some of the competencies set out in the Requirements. We would expect that the educational bodies providing recognised qualifications would treat fairly any application for exemption from all or part of their examinations and would apply any exemption decisions consistently. In this regard, both the QFA Board and The Insurance Institute of Ireland have published comprehensive schedules of exemptions from their examinations, which cover various qualifications available in Ireland, and also UK and other international qualifications. The QFA Board, the Institute of Bankers in Ireland, the LIA and The Insurance Institute of Ireland have committed to have schedules of exemptions from recognised qualifications available publicly, which will be kept up to date as new applications are determined. Where the formal appeals process within existing structures has been exhausted, it would always be open to individuals to raise concerns with the Financial Regulator. Based on this, we can review the Requirements on an ongoing basis.

2.6 New entrants/new activities

Individuals who wish to act, **for the first time**, as an accredited individual, or who wish to undertake a new activity, but who do not possess the relevant qualification appropriate to the particular activity, may commence to act as an accredited individual in relation to an activity provided:

1. 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
2. they are working towards obtaining a recognised qualification; and
3. they act under the immediate direction and supervision of another nominated accredited individual, within the firm, 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
4. 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 is the responsibility of the regulated firm for which or on whose behalf the individual acts at that time.

For new entrants and new activities, supervision must be by an appropriately grandfathered or qualified individual within the firm and may not be by an individual outside the firm. If there is no suitably grandfathered or qualified individual within the firm, the new entrant or individual wishing to undertake new activities must obtain a relevant recognised qualification before undertaking the particular activity.

The supervision requirement does not apply in the case of individuals who commence an activity in this State but who have significant relevant experience in another EU or EEA Member State, i.e., at least four years' experience.

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

It is the responsibility of the regulated firm to ensure that a new entrant is competent in relation to those retail financial products or specified activities in respect of which the new entrant is acting.

Chapter 3: Continuing Professional Development (CPD)

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

Regulated firms must ensure that relevant individuals comply with the CPD requirements on an ongoing basis.

3.1 Qualifications that have a CPD requirement

3.1.1 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.

3.1.2 Failure to comply

An individual who has had his/her professional designation removed due to failure to comply with the relevant CPD regulations must be removed from the regulated firm's Register and will not be in a position to act as an accredited individual or specified accredited individual, as appropriate, until the professional designation has been reinstated by the relevant professional educational body.

3.2 Qualifications without a CPD requirement and grandfathered individuals

3.2.1 CPD requirement

Accredited individuals and specified accredited individuals who hold qualifications that do not have a CPD requirement and those who are allowed under the grandfathering provisions to act as an accredited individual or specified accredited individual must complete 15 hours of formal CPD each calendar year.

Such individuals may either:

- participate in a CPD scheme operated by an external professional educational body that provides a qualification that meets the relevant competency requirements set out in this document, provided that the requirements of the CPD scheme are essentially the same as the CPD requirements attaching to the recognised qualification; or
- arrange their own CPD.

3.2.2 Formal hours

Formal or structured CPD 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.

The content of the CPD hours must be directly relevant to the retail financial products or the specified activities for which the individual is accredited. In the case of accredited individuals, the overriding objective of the CPD requirement is to ensure that the knowledge needed to provide advice on or sell retail financial products to consumers is kept up to date. The CPD material for accredited individuals must therefore be related to the competencies set out in Appendix 1 for the retail financial products for which they are accredited.

CPD needs to be widely spread, to ensure that accredited individuals and specified accredited individuals maintain and enhance their knowledge across a range of topics relevant to the retail financial products or the specified activities for which they are accredited.

All formal CPD hours must be accredited by one of the professional educational bodies providing recognised qualifications that have a CPD requirement. The maximum number of formal hours in any day is eight hours and the maximum for any single topic is four hours.

Surplus hours in one year may not be carried into the following year.

Where individuals arrange their own CPD, they must retain written records to demonstrate that they have satisfied the requirement (e.g., maintenance of a log, supported by receipts from courses attended, certificates of attendance, certificates of completion, etc.), including the requirement that the content of the course was relevant to the retail financial products or the specified activities for which they are accredited.

3.2.3 Pro-Rata Adjustment of CPD Hours

A pro-rata adjustment may be applied by the regulated firm in the following circumstances:

- Statutory Leave: A pro-rata adjustment in requirements may be applied to those taking:
  - block parental leave,
  - statutory maternity leave,
  - statutory adoption leave, or
  - statutory carer's leave,

  provided the individual is not acting as an accredited individual or specified accredited individual while availing of the statutory leave (includes statutory paid and unpaid leave only; does not include additional unpaid leave or holidays).
- Serious Illness: Individuals out of work due to long term illness, i.e., not less than 2 months, may apply a pro-rata adjustment subject to medical certification of the illness.

A pro-rata adjustment will **not** apply in the following circumstances:

- Part-time work
- Unemployment (where the individual wishes to retain accredited status)
- Retirement (where the individual wishes to retain accredited status)
- Career Break
- Holidays

3.2.4 Failure to comply

Any individual who fails to complete the required number of CPD hours in a given year, must make up the shortfall by the end of the following year (in addition to the requirements for that CPD year).

If an individual incurs a shortfall in any of the three years following a previous shortfall, he/she will be deemed to no longer meet the Requirements. Grandfathered individuals will be deemed to have lost their grandfathered status.

Individuals who do not meet the Requirements must be removed from the regulated firm's Register and will not be in a position to act as an accredited individual or specified accredited individual, as appropriate.

3.2.5 Reinstatement

Individuals holding qualifications that do not have a CPD requirement and individuals who have lost their grandfathered status, may be reinstated subject to the following:

- Reinstatement within one year, provided the individual has been removed from a regulated firm's Register no more than once:
  - Individuals must complete any shortfall in CPD hours and, in addition, must complete five penalty hours CPD.
- Other reinstatements :
  - An individual who holds a recognised qualification that does not have a CPD requirement will be required to pass the final examination of that qualification within two years of reinstatement.
  - An individual who has lost his/her grandfathered status will be required to complete a relevant recognised qualification within four years of reinstatement.

  Such individuals will not be required to be supervised while undertaking such an examination or qualification. However, if the individual is not consistently working towards obtaining the examination or relevant recognised qualification, he/she may not provide advice on or arrange retail financial products or undertake specified activities.

Failure to meet these conditions of reinstatement will result in loss of capacity to act as an accredited individual or specified accredited individual, as appropriate.

Chapter 4: Demonstrating Compliance

Regulated firms failing to comply with the Requirements may be subject to the imposition of administrative sanctions under Part IIIC of the Central Bank Act 1942.

Regulated firms must maintain written records to demonstrate that they are in compliance with the Requirements.

4.1 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 identify those who have obtained recognised qualifications, those who have availed of the grandfathering arrangements and those who are new entrants, and the retail financial products or specified activities for which each individual meets the Requirements. The register should contain the following information in respect of each individual that falls under the Requirements:

- name;
- qualification, grandfathered status, new entrant;
- retail financial product or specified activity;
- date individual obtained a recognised qualification or was grandfathered;
- if individual is a new entrant or new to a particular activity,
    - date of commencement of the activity,
    - qualification being pursued, and
    - name of supervisor;
- date individual ceased to act as an accredited individual/specified accredited individual.

Each regulated entity must ensure that each branch office has a register of all accredited individuals and specified accredited individuals working in that branch.

Firms must either make the register, or an extract from the register, available to the public on request or provide each accredited individual and specified accredited individual with a certificate on the firm's headed stationery in the following format:

I, ____________________(name)_______________(job title) certify that the undermentioned

_________________(name of accredited/specified accredited individual)

meets the Minimum Competency Requirements and is deemed competent in respect of the following products/activities:

Example:

- *providing advice on and arranging:*
    - *housing loans*
    - *private medical insurance*
    - *pension products*
- *dealing with claims.*

This Certificate is valid until [insert date]

Signed by: _________________________

Job Title: ___________________________

Date of signing: _____________________

This Certificate remains the property of [the regulated firm].

Consumers must be informed that they may request sight of the register or the certificate.

The certificate must be provided by an individual holding a senior position in the firm with responsibility for ensuring compliance with the Requirements. The regulated firm should carry out an annual review of the certificates issued to ensure they are still accurate and up to date.

4.2 Grandfathering assessments

When the Requirements were introduced in 2007, they included grandfathering provisions for those individuals with four years' experience in dealing with retail financial products or specified activities (see Appendix 4). Firms were required to carry out and document an assessment for grandfathering purposes and to certify each individual's compliance with the experience requirement.

Firms must ensure that the following records are retained on file for each grandfathered individual:

1. The criteria for assessment for grandfathering purposes.
2. Certification of the individual's compliance with the experience requirement.
3. Supporting documentation to confirm the individual's experience, for example, samples of advice or sales to consumers, confirmation from previous employers of the individual's experience, etc. (self-certification by the individual is not sufficient).
4. Where the grandfathering assessment was carried out after 31 December 2007, the reason for the delay.
5. Any relevant documentation in relation to marginal cases or exceptional circumstances.

4.3 New entrants/new activities

Firms must ensure that the following written records are maintained in respect of new entrants and individuals new to a particular activity:

1. Date the individual commenced the activity.
2. Details of the training or part of a recognised qualification completed by the new entrant prior to dealing with consumers.
3. Qualification being obtained.
4. Details of the arrangements for supervision by an appropriately qualified or grandfathered individual, including name of supervisor, date supervision commenced and level of supervision.
5. Any relevant documentation in relation to marginal cases or exceptional circumstances.

4.4 Grandfathered individuals: documentation to be provided on leaving a regulated firm

When a grandfathered individual ceases employment with a regulated firm, and that regulated firm carried out the assessment of the individual's experience for grandfathering purposes, the regulated firm must provide the individual with a Certificate of Compliance with the Experience Requirement for Grandfathering in the format set out in Appendix 5. The certificate must be provided by an individual holding a senior position in the firm with responsibility for ensuring compliance with the Requirements.

4.5 Compliance with CPD requirements

Where its employees are members of a CPD scheme administered by an external professional educational body that provides a qualification that meets the relevant competency requirements, a regulated firm may rely on information provided by the educational body regarding the compliance or non-compliance of those employees with the requirements of the CPD scheme. However, responsibility to ensure compliance with the Requirements remains with the regulated firm at all times.

Where a regulated firm relies on information provided by the educational body, it should have its own written procedures in place (including appropriate audit trail) to take (and demonstrate that it has taken) the necessary action where it has received information that some employees are no longer compliant with the requirements of the educational body's CPD scheme.

Plans for and actual progress in undertaking CPD requirements (including the number of hours CPD and relevance to the categories of product for which the individual is accredited) should be reviewed regularly by the line manager of each accredited individual. Ideally, this would be carried out as part of a regulated firm's normal staff review/performance appraisal process.

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.

Firms must ensure they retain the following written records on file:

1. Records demonstrating compliance by grandfathered and qualified individuals with the CPD requirements.
2. Pro-rata adjustments: number of hours, reason for adjustment, medical certification of illness, where appropriate[16].
3. Any relevant documentation in relation to marginal cases or exceptional circumstances[17].

[16] These records may be held by an external professional educational body in the case of members of a CPD scheme administered by that body

[17] These records may be held by an external professional educational body in the case of members of a CPD scheme administered by that body

Appendix 1 – Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: Life Assurance Protection Policies

SUBJECT MATTER	COMPETENCIES
1. The concept of financial planning	√ To analyse the main generic types of protection needs a consumer may have at different life stages. √ To explain the concept of financial planning and assess the benefits it can provide to consumers in terms of meeting their financial plans and objectives.
2. Legal principles	√ To explain the main elements of a valid contract, how a contract is discharged and the remedies for breach of contract. √ To illustrate the particular legal principles underlying life assurance protection policies, including in particular the principles of *insurable interest* and *utmost good faith.* √ To describe the main requirements which these legal principles impose on consumers effecting life assurance protection policies, including in particular the duty to disclose known material facts, and how these principles can impact on policy benefits. √ To interpret the concept of *agency* and define the main duties of an agent to his or her *principal* and discuss how an agency may be terminated.
3. Life assurance protection policies	√ To compare and contrast the main features, benefits, limitations and risks of the different generic types of life assurance protection policies. √ To discuss the typical explicit charges of the different generic types of life assurance protection policies. √ To identify the different ways in which a life assurance protection policy can be arranged and owned and assess the impact of each different arrangement on entitlement to benefit under the policy. √ To illustrate the fiscal treatment for the consumer of premiums and benefits under the different generic types of life assurance protection policies.
4. The underwriting process	√ To explain the functions of the life assurance protection policy underwriting process and discuss the relationship between underwriting and the premium charged for life assurance protection benefits. √ To describe the typical underwriting process and associated requirements, including statutory restrictions, applicable to the effecting of a life assurance protection policy. √ To define what *reinsurance* is, explain why life assurance companies use reinsurance, and assess its potential impact on the underwriting process for life assurance protection policies. √ To describe the main different types of reinsurance a life company can enter into, and the benefits of such reinsurance for the life assurance company.
5. The claims process	√ To explain the main requirements on both the claimant and the life assurance company throughout the claims settlement process under the different generic types of life assurance protection policies.
6. Wills and estates	√ To differentiate between *joint tenants* and *tenants in common* ownership of assets. √ To identify the main legal requirements which apply to the making of a valid Will and explain how a valid Will can be revoked.

Retail Financial Product: Life Assurance Protection Policies

SUBJECT MATTER	COMPETENCIES
	√ To define the main Succession Act rights which the next of kin of a deceased may have to his or her estate and describe the possible impact on a spouse's Succession Act rights of a legal separation or divorce. √ To define the main requirements for the legal transfer of assets, including the death benefit under a life assurance protection policy, of a deceased to his or her next of kin.
7. Personal taxation	√ To list the main schedules under which Income Tax is assessed and identify the types of income which fall under each schedule. √ To describe the main Income Tax reliefs and credits which can be claimed by a consumer. √ To calculate a consumer's Income Tax liability, given details of his or her earnings and reliefs. √ To calculate an Inheritance Tax liability that could arise on the inheritance of an asset and apply the main exemptions and reliefs. √ To evaluate the main features and benefits of the reliefs afforded to life assurance protection policies used to fund Inheritance Tax.
8. Business consumers	√ To compare and contrast the main legal and taxation differences between a partnership and a limited company. √ To describe the different ways in which *Partnership Insurance* can be arranged and illustrate the taxation implications of each. √ To define *Keyperson Insurance,* explain 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	√ To identify the main items of information about a consumer which should be sought *before* providing advice to that consumer on his or her life assurance protection needs. √ To describe the main survivor's pension and disability benefits provided by the Social Insurance and Assistance schemes, and assess a consumer's potential entitlement to such benefits. √ To analyse information about a consumer's financial needs and resources in order to accurately identify, quantify and prioritise their life assurance protection needs. √ To compare and contrast 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 compose 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 explain why a regular review of a consumer's financial needs and resources should be conducted.
10. Inflation and financial mathematics	√ To illustrate the impact inflation can have over time on a consumer's financial needs and resources, and on life assurance protection policy benefits. √ To calculate a sum accumulated over a specified period at a specified rate of interest, using appropriate accumulation tables. √ To calculate a sum discounted over a specified period at a specified rate of interest, using

Retail Financial Product: Life Assurance Protection Policies

SUBJECT MATTER	COMPETENCIES
	appropriate discounting tables. √ To define what the terms *RIY*, *APR* and *EAR* mean and demonstrate how they can be used to compare different financial products.
11. Best practice	√ To describe the importance of confidentiality in relation to the collection, maintenance and processing of personal data related to consumers. √ To recognise the ethical issues arising in relation to the conduct of business.
12. Legislation, regulation and compliance	√ To discuss why Governments seek to regulate financial services companies. √ To distinguish between structural, systemic, prudential and consumer protection regulation. √ To describe the structure of the Central Bank of Ireland and its main functions, including its enforcement powers. √ To describe the main functions of the National Consumer Agency in relation to the provision of financial services to consumers. √ To identify the different types of *insurance intermediaries*, authorised under the Investment Intermediaries Act, 1995. √ To explain 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: • the registration and authorisation requirements of *insurance intermediaries* • 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 (and relevant Regulations made under the Act) in relation to insurance and housing loans • the provisions of relevant Codes of Conduct, issued by the Central Bank of Ireland • the Revenue reporting duties of insurance intermediaries who arrange foreign life assurance policies for Irish residents • obligations on insurance intermediaries and financial services providers as *designated bodies* 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 Acts, 1988 and 2003 related to the maintenance, disclosure and use of personal data and the Equal Status Act 2002.

Appendix 1 – Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: General Insurance Policies

SUBJECT MATTER	COMPETENCIES
1. The concept of insurance	√ To explain the concepts related to insurance; in particular that of general insurance planning and evaluate the benefits it can provide to consumers in terms of protecting them against the consequences of adverse events. √ To analyse the risks faced by consumers in a comprehensive manner and identify appropriate insurance solutions.
2. Basic legal and insurance principles	√ To illustrate the relevant legal principles underlying general insurance. √ To describe the main requirements which these legal principles impose on consumers effecting general insurance policies, and how these principles can impact on policy benefits. √ To explain the main elements of a valid contract, how a contract is discharged, the remedies for breach of contract and the application of these elements in the context of general insurance. √ To explain the concept of *agency*, discuss the main duties of an agent to his or her *principal*, outline how an agency may be terminated and apply the law of agency to insurance. √ To outline the law of tort as applied to general insurance.
3. Insurance products in the market	√ To compare and contrast the main features, benefits, limitations and risks of the different types of general insurance policies. √ To identify the different ways in which a general insurance policy can be arranged and owned and assess the impact of each different arrangement on claim payments under the policy. √ To illustrate the fiscal treatment of premiums and benefits under the different types of general insurance policies.
4. Underwriting procedures and policy wording	√ To explain the function of the general insurance underwriting process and the relationship between underwriting, the scope of policy coverage and the premium charged for general insurance policies. √ To describe the typical underwriting process and associated requirements applicable to the effecting of a general insurance policy. √ To explain the function and legal significance of proposal forms and other insurance documentation and demonstrate the importance of the accuracy and completeness of the information provided (even if outside the scope of the proposal form) in providing consumers with the most appropriate product and in ensuring that they fulfil their duty with regard to material facts. √ To explain the basis for rating and its application to the various classes of general insurance. √ To define what *reinsurance* is, explain why general insurance companies use reinsurance, describe the main different types of reinsurance and assess its potential impact on the underwriting process for general insurance policies. √ To illustrate the social and legislative constraints on underwriting practice as it relates to general insurance.

5.	**In-depth knowledge of a specific aspect of general insurance**	√ To explain in depth one of the following aspects of general insurance: • Personal general insurance • Commercial general insurance • Private medical insurance • General insurance broking • General insurance account management • Claims.
6.	**Claims**	√ To explain the requirements on both the customer and the insurance company throughout the claims settlement process. √ To describe the methods by which claims costs can be managed as they relate to general insurance. √ To explain the role of legislation and the legal system, including the main parties in the claims settlement process. √ To explain the claims decision making process, outline the procedural aspects of claims handling, the use of professionals and the various complaint handling and dispute resolution channels available. √ To identify the extent to which the claim falls (or does not fall) within the scope of an insurance policy and explain why (or why not).
7.	**Risk management process**	√ To identify the main techniques used in risk management. √ To describe how risk management techniques can protect consumers and their business (physically and financially). √ To identify the main sources of risk management information and analyse the risks faced by consumers in order to identify risk management opportunities.
8.	**Customer advice principle**	√ To describe the information and documentation necessary for customer service and legal and regulatory compliance. √ To analyse information about a consumer's general insurance needs in order to accurately identify, quantify and prioritise their general insurance needs. √ To compare and contrast the features, benefits, limitations and risks of different 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 explain why a regular review of a consumer's general insurance needs should be conducted in light of industry and market changes for the purpose of developing improved customer service.
9.	**Best practice**	√ To explain the importance of confidentiality in relation to the collection, maintenance and processing of personal data related to consumers. √ To recognise the ethical issues arising in relation to the conduct of business.

10. Legislation, regulation and compliance	√ To discuss why Governments seek to regulate financial services companies. √ To distinguish between structural, systemic, prudential and consumer protection regulation. √ To describe the structure of the Central Bank of Ireland and its main functions, including its enforcement powers. √ To explain the regulation surrounding the authorisation and supervision of insurance undertakings. √ To explain the main regulatory requirements which directly apply to the activity of advising consumers on and effecting of a general insurance policy, including but not limited to: • the European Communities (Distance Marketing of Consumer Financial Services) Regulations, 2004 • relevant provisions of the Consumer Credit Act, 1995 • the provisions of relevant Codes of Conduct , issued by the Central Bank of Ireland • 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 Acts, 1988 and 2003 related to the maintenance, disclosure and use of personal data and the Equal Status Act 2002.

Appendix 1 – Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: Shares and Bonds and other Investment Instruments

SUBJECT MATTER	COMPETENCIES
1 Understanding the concept of financial planning	√ To analyse the main generic types of investment needs a consumer may have at different life stages. √ To explain the concept of financial planning and assess the benefits it can provide to consumers in terms of meeting their financial plans and objectives.
2 The financial services market	√ To explain the main functions which the financial system fulfils. √ To list the key participants of the financial services system. √ To describe the main financial services which financial institutions provide. √ To define what *capital markets* are and differentiate between the *primary* and *secondary* capital markets. √ To identify the main functions of the Irish Stock Exchange, including the main types of securities listed on the Exchange.
3 Legal principles	√ To explain the main elements of a valid contract, how a contract is discharged and the remedies for breach of contract. √ To interpret the concept of *agency* and define the main duties of an agent to his or her *principal* and discuss how an agency may be terminated.
4 The economy	√ To distinguish between *monetary* and *fiscal* policy. √ To differentiate between *Gross Domestic Product* and *Gross National Product.* √ To identify the different causes of inflation and deflation. √ To identify the different causes of unemployment. √ To discuss the main benefits of international free trade. √ To describe the main features of the European System of Central Banks.
5 Investment	√ To discuss the main investment asset classes. √ To discuss alternative investment asset classes. √ To explain the concept of the *volatility* of investment returns and describe how this volatility may vary by the main investment asset classes. √ To discuss the concept of the *correlation* of investment returns between different investments. √ To explain the main advantages and disadvantages of collective investment over individual direct investment. √ To describe the main features of the different generic forms of collective investment funds, including differentiating between *open ended* and *closed ended* funds. √ To explain market efficiency and its implications for *active*, *passive* and *consensus* investment management styles. √ To assess the potential impact of different forms of risk which may be associated with an investment. √ To accurately appraise a consumer's attitude to investment risk.

		√ To describe the difference between *optimisation* and *maximisation* of investment returns. √ To describe *portfolio theory* and its implications for how investment risk can be reduced by *diversification.* √ To identify the main restrictions which may apply to trustee investments under the Trustee (Authorised Investments) Act, 1958. √ To identify the main restrictions which apply to the investment of credit union assets.
6	**Quoted shares**	√ To list the different types of ordinary and preferences shares, and describe their differing shareholder rights. √ To explain the different factors which can have an influence on quoted share prices, from time to time. √ To calculate and interpret the main ratios used to assess and compare quoted share values, including in particular *dividend yield*, *dividend cover*, *earnings per share*, *PER*, *EBITDA*, and *net asset value.* √ To explain the steps and costs for the consumer involved in buying or selling quoted shares, including settlement procedures. √ To distinguish between *discretionary*, *advisory* and *execution only* services provided by investment firms. √ To identify the different methods of registering ownership of quoted shares. √ To describe what the main ISEQ indices are. √ To assess different potential risks for a consumer investing in a quoted share. √ To define and calculate '*yield gap'* and '*equity risk premium*'.
7	**Company law and accounting**	√ To describe how a company is formed. √ To differentiate between a private company and a public limited company (plc). √ To list the information contained in a typical company's Memorandum of Association and Articles of Association. √ To define the basic accounting principles which apply to the accounts of a typical trading company. √ To identify what information a typical trading company's Balance Sheet, Profit and Loss Account and Cash Flow statements contain and analyse this information to aid the assessment of the value of the company.
8	**Quoted bonds**	√ To define what a *bond* is and what it offers consumers √ To identify the steps and quantify costs involved in a consumer buying or selling quoted bonds, including settlement procedures. √ To explain the main terms used in relation to the return offered by a bond, including *running* or *flat yield*, *gross redemption yield* and *net redemption yield* and calculate these returns, approximately, in the case of a particular bond. √ To list the factors that influence the returns offered by bonds, from time to time. √ To describe the different potential risks for a consumer investing in a quoted bond.

Retail Financial Product: Shares and Bonds and other Investment Instruments

9	**Tracker Bonds**	√ To describe how generic types of life assurance and deposit Tracker Bonds are structured to provide the benefits promised to the investor. √ To illustrate the main differences for the consumer in the taxation treatment of returns received from life assurance and deposit based Tracker Bonds. √ To explain the different potential risks for a consumer investing in a Tracker Bond.
10	**Collective investment scheme instruments**	√ To explain the different legal structures of, regulatory provisions applying to, and compare and contrast 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 and equivalent offshore funds.
11	**Exchange Traded Funds (ETFs)**	√ To define an Exchange Traded Fund (ETF) and discuss its advantages and disadvantages for a consumer as a means of investing in quoted shares. √ To explain what the ISEQ 20 EFT is.
12	**Derivatives**	√ To discuss the main features, benefits and risks for a consumer of investing in financial derivatives, linked to the movement in the value of quoted shares, including the following: • Contracts for Difference (CFDs) • Covered Warrants • Options • Futures
13	**Unquoted shares**	√ To describe the main benefits and risks for a consumer investing in unquoted shares, including in particular Film and BES company shares.
14	**Retirement portfolios**	√ To explain what an ARF portfolio is, and identify who is entitled to transfer funds into an ARF. √ To define an exempt unit trust and explain what types of investors can invest in such a unit trust. √ To identify the main statutory investment restrictions on ARF, PRSA and occupational pension scheme investments. √ To demonstrate the taxation treatment of distributions from an ARF. √ To define what a *Small Self Administered Pension Scheme* is and illustrate the current Revenue practice and statutory restrictions on the investment powers of such schemes.
15	**Personal taxation**	√ To demonstrate how consumers are taxed in respect of income received from quoted shares and bonds. √ To calculate a Capital Gains Tax liability that could arise for a consumer on the disposal of a quoted share or bond and apply the main exemptions and reliefs. √ To demonstrate 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 and equivalent offshore funds. √ To demonstrate the taxation treatment of a consumer investing in a BES qualifying

		company and a Film qualifying company. √ To demonstrate how a consumer is taxed on profits arising from investing in derivatives, including Contracts for Difference, Covered Warrants, options and futures.
16	**Business consumers**	√ To identify the main legal and taxation differences between a partnership and a limited company. √ To compare and contrast the main features, benefits, restrictions and taxation treatment of *Approved Share Option schemes*, *Unapproved Share Option schemes*, *SAYE scheme* and *Approved Profit Sharing Schemes* which employers may provide for employees.
17	**The process by which appropriate investment advice is given to the consumer**	√ To identify the main items of information about a consumer which should be sought *before* providing investment advice to that consumer on shares, bonds and collective investment scheme instruments. √ To analyse information about a consumer's financial needs and resources in order to accurately identify, quantify and prioritise their investment needs. √ To recommend to a consumer an investment portfolio appropriate to that consumer's financial needs, resources and attitude to investment risk. √ To compose a reason why statement setting out in clear terms the reasons underlying any investment advice given to a consumer. √ To explain why a regular review of a consumer's financial needs and resources should be conducted.
18	**Inflation and financial mathematics**	√ To illustrate the impact inflation can have over time on a consumer's financial needs and resources and on returns from quoted shares and bonds, and collective investment scheme instruments. √ To calculate a sum accumulated over a specified period at a specified rate of interest, using appropriate accumulation tables. √ To calculate a sum discounted over a specified period at a specified rate of interest, using appropriate discounting tables. √ To calculate the *Net Present Value* of a simple investment proposition, using appropriate discounting tables. √ To define what the terms *IRR*, *APR* and *CAR* mean and demonstrate how they can be used to compare different financial products. √ To describe and calculate measures of the volatility of investment returns.
19	**Best practice**	√ To describe the importance of confidentiality in relation to the collection, maintenance and processing of personal data related to consumers. √ To recognise the ethical issues arising in relation to the conduct of business.
20	**Legislation, regulation and compliance**	√ To discuss why Governments seek to regulate financial services companies. √ To distinguish between *structural*, *systemic*, *prudential* and *consumer protection* regulation. √ To describe the structure of the Central Bank of Ireland and its main functions, including its enforcement powers.

√ To describe the main functions of the National Consumer Agency in relation to the provision of financial services to consumers.

√ To list the main functions of the Director of Corporate Enforcement in relation to the regulation of corporate governance.

√ To explain the regulatory role of the Irish Stock Exchange in relation to Member Firms.

√ To identify the different types of intermediaries, authorised under the Investment Intermediaries Act, 1995.

√ To explain the main regulatory requirements which directly apply to the activity of advising consumers in relation to quoted shares and bonds and collective investment scheme instruments, including in particular:

- the main provisions of the Rules of the Irish Stock Exchange Limited
- the provisions of relevant Codes of Conduct , issued by the Central Bank of Ireland
- the Revenue reporting duties of intermediaries who arrange investment in offshore investment funds for Irish residents
- obligations on investment firms, insurance intermediaries 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 main provisions of the Market Abuse Regulations
- the provisions of the Data Protection Acts, 1988 and 2003 related to the maintenance, disclosure and use of personal data and the Equal Status Act 2002
- the Pensions Act whistle blowing obligations on *relevant persons* 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	COMPETENCIES
1 The concept of financial planning	√ To analyse the main generic types of savings, investment and retirement needs a consumer may have at different life stages. √ To explain the concept of financial planning and assess the benefits it can provide to consumers in terms of meeting their financial plans and objectives.
2 The financial services market	√ To explain the main functions which the financial system fulfils. √ To list the key participants of the financial services system. √ To describe the main financial services which financial institutions provide. √ To define what *capital markets* are and differentiate between the *primary* and *secondary* capital markets. √ To identify the main functions of the Irish Stock Exchange, including the main types of securities listed on the Exchange.
3 Legal principles	√ To explain the main elements of a valid contract, how a contract is discharged and the remedies for breach of contract. √ To interpret the concept of *agency* and define the main duties of an agent to his or her *principal* and discuss how an agency may be terminated.
4 The economy	√ To distinguish between *monetary* and *fiscal* policy. √ To differentiate between *Gross Domestic Product* and *Gross National Product.* √ To identify the different causes of inflation and deflation. √ To identify the different causes of unemployment. √ To discuss the main benefits of international free trade. √ To describe the main features of the European System of Central Banks.
5 Savings and Investment	√ To discuss the main investment asset classes. √ To discuss alternative asset classes. √ To explain the concept of the *volatility* of investment returns and describe how this volatility may vary by the main investment asset classes. √ To discuss the concept of the *correlation* of investment returns between different investments. √ To explain the main advantages and disadvantages of collective investment over individual direct investment. √ To describe the main features of the different generic forms of collective investment funds, including differentiating between *open ended* and *closed ended* funds. √ To explain market efficiency and its implications for *active*, *passive* and *consensus* investment management styles. √ To assess the potential impact of different forms of risk which may be associated with an investment. √ To accurately appraise a consumer's attitude to investment risk.

		√ To describe the difference between *optimisation* and *maximisation* of investment returns. √ To describe *portfolio theory* and its implication for how investment risk can be reduced by *diversification.* √ To identify the main restrictions which may apply to trustee investments under the Trustee (Authorised Investments) Act, 1958. √ To identify the main restrictions which apply to the investment of credit union assets.
6	**Investment linked life assurance and pension policies**	√ To compare and contrast 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 quantify the typical explicit charges of the different generic types of investment linked life assurance and pension policies. √ To explain the different ways in which investment linked life assurance policies can be arranged and owned and demonstrate the impact of each arrangement on entitlement to benefit under the policy. √ To demonstrate the taxation treatment for the consumer of premiums and benefits under the different generic types of investment linked life assurance and pension policies. √ To assess the different risks for a consumer investing in an investment linked life assurance or pension policy.
7	**Tracker Bonds**	√ To describe how generic types of life assurance and deposit Tracker Bonds are structured to provide the benefits promised to the investor. √ To illustrate the main differences for the consumer in the taxation treatment of returns received from life assurance and deposit based Tracker Bonds. √ To explain the different risks for a consumer investing in a Tracker Bond.
8	**Collective investment scheme instruments**	√ To explain the different legal structures of, regulatory provisions applying to, and describe 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, BES designated investment funds, and equivalent offshore funds.
9	**Pensions and associated benefit options**	√ To differentiate between *defined contribution* and *defined benefit* pension arrangements. √ To describe how an approved occupational pension scheme is set up. √ To explain 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 apply the Revenue Pensions Practice limitations on the maximum approvable benefits which can be provided for a member of an approved occupational pension scheme and calculate the maximum benefit in any individual case. √ To apply the Revenue Pensions Practice limitations on the maximum ordinary annual contribution which can be paid to an approved occupational pension scheme in respect of a member, and calculate the maximum ordinary annual contribution in any individual case. √ To define what a Small Self Administered Pension Scheme is and illustrate the current

		Revenue Pensions Practice and statutory restrictions on the operation of such schemes. √ To assess the different retirement benefit options under different types of pension arrangements and to compare the advantages and disadvantages of alternative benefit options for a consumer. √ To assess 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 demonstrate the tax relief afforded to ordinary and special contributions to an approved occupational pension scheme and to overseas pension arrangements, and calculate the relief for an employer special contribution paid to an approved occupational pension scheme in a particular case.
10	**Retirement portfolios**	√ To explain the main different ways in which pension arrangements can invest in geared property investment. √ To define an exempt unit trust and explain what types of investors can invest in such a unit trust √ To explain what an ARF portfolio is, and identify who is entitled to transfer funds into an ARF. √ To identify the main statutory restrictions on ARF, PRSA and occupational pension scheme investments. √ To demonstrate the taxation treatment of distributions from an ARF. √ To define what a *Small Self Administered Pension Scheme* is and illustrate the current Revenue practice and statutory restrictions on investment powers of such schemes. √ To explain what a *chargeable excess* is, how it can arise, and calculate the chargeable excess in an individual case.
11	**Personal taxation**	√ To list the main schedules under which Income Tax is assessed and identify the types of income which fall under each schedule. √ To apply the main Income Tax reliefs and credits which can be claimed. √ To demonstrate how termination and compensation payments are taxed, how the tax free part of termination payments is related to pension tax free lump sum entitlement, and to calculate the taxable part of a termination payment in an individual case. √ To calculate a Capital Gains Tax liability that could arise on the disposal by a consumer of an asset and the apply main exemptions and reliefs which are available. √ To calculate an Inheritance Tax liability that could arise on the inheritance of an asset and apply the main exemptions and reliefs which are available. √ To demonstrate 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 and equivalent offshore funds.
12	**Business consumers**	√ To identify the main legal and taxation differences between a partnership and a limited company. √ To compare and contrast the main features, benefits, restrictions and taxation treatment of *Approved Share Options*, *Unapproved Share Option schemes*, *SAYE scheme* and *Approved Profit Sharing Schemes* which employers may provide for employees.

13	**The process by which appropriate investment advice is given to the consumer**	√ To identify the main items of information about a consumer which should be sought *before* providing investment advice to that consumer on savings, investment and pension products and benefits. √ To analyse information about a consumer's financial needs and resources in order to accurately identify, quantify and prioritise their savings, investment and retirement needs. √ To compare and contrast the features, benefits, limitations and risks of different generic types of savings, investment and pension products, so as to be able to recommend to a consumer an investment portfolio or product appropriate to that consumer's financial needs, resources and attitude to investment risk. √ To compose a reason why statement setting out in clear terms the reasons underlying any investment or retirement planning advice given to the consumer. √ To explain why a regular review of a consumer's financial needs and resources should be conducted.
14	**Inflation and financial mathematics**	√ To illustrate the impact inflation can have over time on a consumer's financial needs and resources and on returns from savings, investment and pension products. √ To calculate a sum accumulated over a specified period at a specified rate of interest, using appropriate accumulation tables. √ To calculate a sum discounted over a specified period at a specified rate of interest, using appropriate discounting tables. √ To calculate the *Net Present Value* of a simple investment proposition, using appropriate discounting tables. √ To define the terms *IRR*, *APR* and *CAR* and demonstrate how they can be used to compare different financial products. √ To describe and calculate measures of the volatility of investment returns.
15	**Best practice**	√ To describe the importance of confidentiality in relation to the collection, maintenance and processing of personal data related to consumers. √ To recognise the ethical issues arising in relation to the conduct of business.
16	**Legislation, regulation and compliance**	√ To discuss why Governments seek to regulate financial services companies. √ To distinguish between *structural*, *systemic*, *prudential* and *consumer protection* regulation. √ To describe the structure of the Central Bank of Ireland and its main functions, including its enforcement powers. √ To describe the main functions of the National Consumer Agency in relation to the provision of financial services to consumers. √ To identify the different types of intermediaries, authorised under the Investment Intermediaries Act, 1995. √ To explain the main regulatory requirements which directly apply to the activity of advising consumers in relation to savings, investment and pension products, including in particular: • the registration and authorisation requirements of *insurance intermediaries* • 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 Central Bank of Ireland
- 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 firms, insurance intermediaries and investment business firms as *designated bodies* 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 Acts, 1988 and 2003 related to the maintenance, disclosure and use of personal data and the Equal Status Act 2002
- the Pensions whistle blowing obligations on *relevant persons* 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, Home Reversion Agreements and Associated Insurances

SUBJECT MATTER	COMPETENCIES
1. Legal	√ To distinguish between *ownership* and *possession* of property and explain the two main different forms of ownership and possession of property.
2. Housing loans and home reversion agreements	√ To describe the main features, benefits, restrictions and risks for the consumer of the different generic types of housing loans, including in particular the *capital & interest*, *endowment*, *pension* and *interest only* mortgages.
	√ To explain what a home reversion agreement is, its main features, benefits, restrictions and risks for the consumer, and how a home reversion agreement differs from a housing loan.
	√ To identify the main forms of security typically required by a mortgage lender in relation to providing housing loans to consumers.
	√ To explain the main benefits and risks for the consumer associated with endowment, pension and interest only mortgages.
	√ To explain the main benefits and risks for the consumer associated with home reversion agreements.
	√ To compare and contrast the different interest options offered by generic types of housing loans, including in particular *variable rate*, *fixed rate* and *tracker variable rate*.
	√ To explain how housing loans can be used for '*debt consolidation*', and describe the benefits, restrictions and risks for the consumer in consolidating other debts and loans into a housing loan.
	√ To explain the different ways housing loans and home reversion agreements can be used for *'equity release'*, and describe the benefits, restrictions and risks for the consumer in obtaining capital in this manner.
	√ To discuss the different methods by which housing loan lenders may deal with consumers who have accumulated arrears on a housing loan, including procedures for initiating legal proceedings.
3. Taxation	√ To explain the main details of, and apply the tax relief afforded to, mortgage interest for housing loans, including bridging loans.
	√ To calculate the tax relief afforded to investors on interest payments on housing loans in respect of rented residential property.
4. Associated insurances	√ To compare and contrast the main features, benefits, limitations and risks of the different generic types of life assurance protection policies, endowment mortgage policies, pension polices, and general insurance policies which can be used to provide for housing loan repayment in the event of death, disability or unemployment of the borrower, and/or to accumulate a fund to repay the housing loan by the end of the loan term.
	√ To assess the main features, benefits and limitations of the Structural Defect Insurance cover.
	√ To compare and contrast 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 identify the obligations on mortgage lenders, under the Consumer Credit Act, 1995, in relation to insurance of mortgaged property.
	√ To identify the obligations on mortgage lenders, under the Consumer Credit Act, 1995, in

relation to the provision of mortgage protection insurance cover for housing loan borrowers.

√ To assess 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 describe the main restrictions on mortgage agents, in the 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

√ To identify the main items of information about a consumer which should be sought *before* providing advice to that consumer about a housing loan and/or associated insurances.

√ To explain 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 list 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 compare and contrast the features, benefits, costs, limitations and risks of different generic types of housing loans so as to recommend to a consumer a type of housing loan appropriate to that consumer's financial needs, resources and attitude to risk.

√ To compare and contrast 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 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 compose 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.

6. Compound interest

√ To calculate a sum accumulated over a specified period at a specified rate of interest, using appropriate accumulation tables.

√ To calculate a sum discounted over a specified period at a specified rate of interest, using appropriate discounting tables.

√ To define what the term *APR* means and demonstrate how it can be used to compare different loans.

7. Best practice

√ To describe the importance of confidentiality in relation to the collection, maintenance and processing of personal data related to consumers.

√ To recognise the ethical issues arising in relation to the conduct of business.

8. Regulation

√ To discuss the structure of the Central Bank of Ireland and its main functions, including its enforcement powers.

√ To explain the main regulatory requirements which directly apply to the activity of advising a consumer on and the arrangement of a housing loan or home reversion agreement:

- the authorisation requirements of *mortgage intermediaries*, under Part IX Consumer Credit Act 1995
- the different obligations and restrictions imposed on *mortgage intermediaries*,

mortgage lenders, and *mortgage agents* 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 Central Bank of Ireland
- the main functions of the National Consumer Agency in relation to the provision of financial services to consumers.
- obligations on mortgage lenders as *designated bodies* under the Criminal Justice Act, 1994
- the details of the Financial Services Ombudsman scheme
- the provisions of the Data Protection Acts, 1988 and 2003 related to the maintenance, disclosure and use of personal data and the Equal Status Act 2002.

Appendix 1 – Minimum Competency Requirements for Retail Financial Products

Retail Financial Product: Consumer Credit and Associated Insurances

SUBJECT MATTER	COMPETENCIES
1. Consumer contracts	√ To explain the main elements of a valid contract, how a contract is discharged and the remedies for breach of contract. √ To describe the impact of the Unfair Terms in Consumer Contracts Regulations, 1995 on consumer contracts.
2. Consumer credit agreements	√ To describe the form and content of cash loans, hire purchase, consumer hire and personal loan agreements, and how they differ from each other. √ To assess the main features of typical credit assessment and underwriting procedures used by credit institutions when advancing consumer credit. √ To identify the main forms of security which a credit institution may require when advancing consumer credit. √ To discuss the different methods by which credit institutions may deal with consumers who have accumulated arrears on loans including procedures for initiating legal proceedings.
3. Associated insurances	√ To compare and contrast 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 assess 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	√ To identify the main items of information about a consumer which should be sought *before* providing advice to that consumer about a consumer credit agreement. √ To explain the various items of documentation a credit institution will typically seek from a consumer before offering to provide credit to that consumer. √ To list 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 compare and contrast 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 compare and contrast 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 compose 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.
5. Compound interest	√ To calculate a sum accumulated over a specified period at a specified rate of interest, using appropriate accumulation tables.

√ To calculate a sum discounted over a specified period at a specified rate of interest, using appropriate discounting tables.

√ To define what the term *APR* means and demonstrate how it can be used to compare different credit agreements.

6. Best practice

√ To describe the importance of confidentiality in relation to the collection, maintenance and processing of personal data related to consumers.

√ To recognise the ethical issues arising in relation to the conduct of business.

7. Regulation

√ To describe the functions of the National Consumer Agency in relation to the regulation of credit intermediaries and the provision of consumer credit.

√ To explain the main regulatory requirements which directly apply to arranging credit for a consumer:

- the authorisation requirements of *credit intermediaries*, under Part XI Consumer Credit Act 1995
- the role of the Central Bank of Ireland in relation to the imposition of charges in consumer credit agreements
- the different obligations and restrictions imposed on *credit intermediaries* 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 Central Bank of Ireland applying to regulated financial services providers and retail credit firms
- obligations on credit institutions as *designated bodies* under the Criminal Justice Act, 1994
- the details of the Financial Services Ombudsman scheme
- the provisions of the Data Protection Acts, 1988 and 2003 related to the maintenance, disclosure and use of personal data and the Equal Status Act 2002.

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	• Qualified Financial Adviser *(Institute of Bankers School of Professional Finance, LIA and The Insurance Institute of Ireland)* • Certified Insurance Practitioner plus Bridge Examination in Life Assurance Protection Policies (*The Insurance Institute of Ireland*) • Member, Associate or Fellow of the Irish Institute of Pensions Managers (post 2006 syllabus)
2	General Insurance Policies	• Certified Insurance Practitioner (*The Insurance Institute of Ireland*) • Associate or Fellow of the Chartered Insurance Institute • Qualified Financial Adviser plus Professional Certificate in General Insurance[18] (*Institute of Bankers School of Professional Finance, LIA and The Insurance Institute of Ireland*) – for personal lines general insurance only • Diploma in Private Medical Insurance (*The Insurance Institute of Ireland*) – for private medical insurance only • Certificate in Private Medical Insurance (*The Insurance Institute of Ireland*) – for private medical insurance only (only for individuals holding QFA or grandfathered for other forms of insurance)
3	Shares and Bonds and other Investment Instruments	• Qualified Financial Adviser *(Institute of Bankers School of Professional Finance, LIA and The Insurance Institute of Ireland)* • Professional Certificate in Stockbroking[19] or Registered Stockbroker *(Institute of Bankers School of Professional Finance)* • Member, Associate or Fellow of the Irish Institute of Pensions Managers (post 2006 syllabus)
4	Savings, Investment and Pension Products	• Qualified Financial Adviser *(Institute of Bankers School of Professional Finance, LIA and The Insurance Institute of Ireland)* • Member, Associate or Fellow of the Irish Institute of Pensions Managers (post 2006 syllabus) • Professional Certificate in Stockbroking[20] or Registered Stockbroker plus Professional Certificate in Pensions[21] (*Institute of Bankers School of Professional Finance*)
5	Housing Loans, Home Reversion Agreements and Associated Insurances	• Qualified Financial Adviser *(Institute of Bankers School of Professional Finance, LIA and The Insurance Institute of Ireland)* • Professional Certificate in Mortgage Practice[22] (*Institute of Bankers School of Professional Finance and LIA*)

[18] Formerly Bridge Examination in General Insurance Policies
[19] Formerly ISE Certificate in Stockbroking, Registered Representative
[20] Formerly ISE Certificate in Stockbroking, Registered Representative
[21] Formerly Bridge Examination in Pensions
[22] Formerly Mortgage Diploma, Certificate /Specialist Certificate in Mortgage Practice

Appendix 2 – Qualifications which meet the minimum competency requirements for Retail Financial Products

6	Consumer Credit and Associated Insurances	• Qualified Financial Adviser *(Institute of Bankers School of Professional Finance, LIA and The Insurance Institute of Ireland)* • Professional Certificate in Consumer Credit[23] (*Institute of Bankers School of Professional Finance*)

Credit Unions		**Additional Qualifications recognised by the Financial Regulator**
	Credit Union acting as an insurance intermediary	• Credit Union Adviser (*LIA* and Credit Union Development Association) • Advanced Certificate in Credit Union Practice (*University of Ulster* and Irish League of Credit Unions)

[23] Formerly Foundation Certificate in Consumer Credit

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

Category of *specified activity*		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	• Associate or Fellow of the Chartered Insurance Institute • Diploma in Life and Disability Underwriting (*The Insurance Institute of Ireland*) • Diploma in Life and Disability Claims (*The Insurance Institute of Ireland*) • 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	• Associate or Fellow of the Chartered Institute of Loss Adjusters • Diploma in Loss Adjusting (*The Insurance Institute of Ireland*) • 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	• Licentiate of the Association of Compliance Officers in Ireland • Solicitor Member of the Law Society of Ireland • Barrister-at-Law called to the Bar of Ireland

Appendix 4 – Grandfathering arrangements and transitional arrangements

The following are extracts from the original Minimum Competency Requirements, issued in July 2006, and the Addendum to the Minimum Competency Requirements, issued in May 2008, setting out the grandfathering and transitional arrangements.

Minimum Competency Requirements, July 2006

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*.

Appendix 4 – Grandfathering arrangements and transitional arrangements

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.*

Addendum to the Minimum Competency Requirements, May 2008

Grandfathering arrangements and transitional arrangements for retail credit firms and home reversion firms

The specified Requirements will apply to relevant individuals from 1 June 2008.

Grandfathering arrangements

Individuals who would otherwise be *accredited individuals* on 1 June 2008, 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 June 2000 to 1 June 2008.

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 June 2000 to 1 June 2008 may be taken into account.

Certification of compliance with the experience requirement will be the responsibility of the *regulated firm.* Before 1 June 2009, 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 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 1 June 2009.

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 June 2008, 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 June 2012.

Prior to 1 June 2012 such individuals may continue to act as an *accredited individual* for those activities they are carrying out on 1 June 2008 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

Appendix 4 – Grandfathering arrangements and transitional arrangements

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.*

N.B. To be completed on the headed stationery of the regulated firm.

GRANDFATHERING UNDER THE MINIMUM COMPETENCY REQUIREMENTS

CERTIFICATE OF COMPLIANCE WITH THE EXPERIENCE REQUIREMENT

I certify that ____(full name of grandfathered individual) has been grandfathered in respect of the following activities:

Life Assurance Protection Policies	
➢ temporary assurance policies, which do not provide an encashment value at any stage	
➢ whole of life policies	
➢ permanent health insurance policies which do not provide an encashment value at any stage	
➢ industrial assurance business policies.	
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. Please indicate the forms of non-life insurance for which grandfathered.	
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	
• exchange traded funds	
• unit trusts, providing facilities for the public to participate in the profits or income from the trust	
• designated companies, which are not a UCITS	
• an investment limited partnership	

• designated investment funds	
• common contractual funds	
➢ financial instruments which derive their value from an investment instrument traded on a Stock Exchange or from a Stock Market Index, other than Tracker Bonds	
➢ Tracker Bonds	
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.)	
➢ deposits with a term equal to or greater than one year	
➢ tracker bonds	
➢ collective investment scheme instruments, including:	
• UCITS	
• exchange traded funds	
• unit trusts, providing facilities for the public to participate in the profits or income from the trust	
• designated companies, which are not a UCITS	
• an investment limited partnership	
• designated investment funds	
• common contractual funds	
➢ Personal Retirement Savings Accounts	
Housing Loans, Home Reversion Agreements 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 accumulating funds to repay housing loans	
➢ mortgage indemnity guarantee insurance	
➢ structural defect insurance	
Consumer Credit and Associated Insurances	
including the following associated insurances:	
➢ payment protection insurance	
➢ permanent health insurance	

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.	

Signed by:____

Job Title:____

On behalf of:____

Name of Regulated Firm

FINANCIAL REGULATOR
Rialtóir Airgeadais

PO Box No 9138
College Green,
Dublin 2, Ireland

T +353 1 224 4000
www.financialregulator.ie