



AN POST FINANCIAL SERVICES

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

13/08/2010

Competency

Dear Sir/Madam,

I write in response to the Central Bank & Financial Services Authority of Ireland's request for views on the review of the Minimum Competency Requirements Consultation Paper CP 45.

The document below is One Direct's response on a number of the proposed amendments.

Yours sincerely



Sinead Healy
General Manager
One Direct

Introduction

The following paper is in response to the Central Bank & Financial Services Authority of Ireland's request for views on the review of the Minimum Competency Requirements Consultation Paper CP 45.

Below are our comments on a number of the headings

- **Current three-year cycle for Continuing Professional Development**

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)

Comment:

The proposal to amend the CPD requirement to 15 formal hours on an annual basis would be very effective.

- **Consequences for grandfathered individuals failing to comply with the CPD requirement**

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)

Comment:

Given the importance of complying with CPD requirements it is our view that these consequences are reasonable for anyone who fails to comply.

- **Reinstatement of lost grandfathered Status**

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

Comment:

We agree with this proposal

- **Register**

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)

Comment:

The onus should be on the regulated entity to keep a register up to date and to ensure that all employees are accredited where applicable. The accredited employee's details should not be made public as there is no legitimate reason for a customer to know such personal details. We also agree with the concerns raised in relation to employees' security should such details be made public.

- **Certificate of Compliance**

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)

Comment :

We agree with this proposal

- **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.

Comment:

Grandfathering should not be phased out as many grandfathered individuals have gained a wealth of knowledge and experience due to the fact that they have been working in industry for at least 4 years prior to January 2007.

The CPD programme in place for grandfathered individuals together with the specific product training and refresher trainings will ensure that grandfathered individuals product knowledge is kept at the required levels. Responsibility should be put on employers to ensure that the activities of grandfathered individuals are monitored to ensure that these individuals only provide advice or arrange retail financial services in line with the activity that was grandfathered in originally.

The onus should be put on the Employer to ensure that there is no confusion in their organisation regarding the process, the extent of the activities for which an individual may be grandfathered.

- **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.

Comment:

Those companies providing services retail financial services over the internet should ensure that the product design and information is approved by an accredited individual of the regulated entity providing the services.

- **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?

Comment :

The CPD requirement for Grandfathered Individuals who are grandfathered for some activities and hold a recognised qualification for other activities should be the same as for those who are fully grandfathered for all retail financial products. The requirement should be 20 formal hours per year providing the CPD hours are relevant to the individual's role and the activities they are grandfathered in.

- **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.

Comment:

The proposed requirements to areas that deal directly with consumers in relation to amendments should apply. A review of administration activities falling under “amendments to policies” should be considered to avoid any confusion.