



The Compliance Officer  
«InstitutionName»  
t/a «Trading Name»  
«AddressLine1»  
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«AddressLine4»  
«AddressLine5»

Ref: «InstitutionNumber»

19 October 2010

**Re: Regulatory Disclosure Statement  
Prudential Supervision & Compliance Contact Address  
Minimum Competency Requirements (MCR) Themed Inspection**

Dear Compliance Officer

This letter contains important information for all **intermediary firms**, regarding the following matters:

- Regulatory Disclosure Statement;
- Prudential Supervision & Compliance contact address; and
- Feedback from a recent themed inspection on MCR.

**Regulatory Disclosure Statement**

Under new legislation, the functions carried out by the Financial Regulator have merged with those of the Central Bank to form a new Central Bank of Ireland. The new, single, integrated structure has responsibility for the supervision of the financial health and stability of Irish financial services institutions and combines the existing role of the Central Bank with the responsibilities for the prudential supervision and conduct of business of financial institutions. Your regulatory disclosure statement, which is a requirement under the statutory Consumer Protection Code, must be updated accordingly.



The regulatory disclosure statement must take the following form:

“[Full legal name of regulated entity (and trading name, if applicable)] is regulated by the Central Bank of Ireland”

With effect from the date of this letter, each reference to the “Financial Regulator” in your disclosure statement contained in all **new** advertisements and on your website must be changed to “Central Bank of Ireland”. It will not be necessary to alter advertisements that are currently running or are already in the course of preparation. The firm’s stationery, letterheads, business cards, etc., must be amended once current stocks are exhausted.

The above change to the regulatory disclosure will be included in the forthcoming review of the Consumer Protection Code. A consultation paper on the review is planned to be published on our website later this year.

### **Prudential Supervision and Compliance Contact Address**

It has been decided that prudential supervision and conduct of business supervision are to be located within the one department. In this regard, please note that responsibility for prudential supervision of intermediaries has transferred to the Consumer Protection Codes Department.

All Authorised Advisors and Multi-agency Intermediaries authorised under the Investment Intermediaries Act 1995 are required to submit their annual audited accounts within six months of the end of the firm’s relevant reporting period. If you have not already submitted your accounts, please send them to the following email address: [brokers@centralbank.ie](mailto:brokers@centralbank.ie). Please also forward any queries in relation to the conduct of business and the capital and reporting requirements of your firm to the above address.



Queries in relation to your authorisation and registration status should continue to be addressed to [retailintermediaries@centralbank.ie](mailto:retailintermediaries@centralbank.ie).

We intend to send industry letters, such as this one, to you by email in the future. To facilitate this, please send a suitable email address to [brokers@centralbank.ie](mailto:brokers@centralbank.ie), by cob 1 November 2010. Please ensure you include your reference number (which is at the top of this letter) in your email.

### **Themed Inspection: Minimum Competency Requirements (MCR)**

The Consumer Protection Codes Department recently conducted a themed inspection of a number of intermediaries in relation to their compliance with the Minimum Competency Requirements (MCR). The findings of the inspections have been incorporated into the ongoing Review of the Minimum Competency Requirements. We wish to provide general feedback to the industry in relation to the Authorised Officers' findings on those inspections. We expect that you will consider the issues set out below to ensure your firm is fully compliant with MCR.

### **Grandfathering arrangements**

A number of firms were found not to have correctly certified grandfathered individuals. Individuals with four years' experience providing advice on or selling retail financial products or undertaking certain specified activities in the period 1 January 1999 to 1 January 2007 could avail of the grandfathering arrangements. The assessments for grandfathering purposes and the certification of compliance with the experience requirement are the responsibility of the regulated firm, and should have been completed before 1 January 2008. The criteria for assessment of individuals for grandfathering purposes must be documented by the firm. This means that the firm must retain supporting documentation on file which should provide third party verification of the individual's experience (i.e., self-certification by the individual is



not sufficient; it must be supported by documentation that will confirm the individual's experience, for example, samples of advice or sales to consumers, confirmation from previous employers of the individual's experience, etc.).

Firms must have procedures in place to ensure that grandfathered individuals who are recruited from another firm in the financial services industry **have experience that is relevant to the role** they will carry out in the firm. The verification of this must be documented and recorded.

A small number of firms were found to have individuals dealing in products where they had been deemed by the firm to be grandfathered in this area, but in fact did not have the required four years experience in that particular area, for example private medical insurance. The Financial Regulator issued a Public Response to CP37 Limited Consultation on Minimum Competency Requirements for Private Medical Insurance in December 2009. This document is available on our website, [www.centralbank.ie](http://www.centralbank.ie) and you should refer to it for further details on this issue.

### **Continuing Professional Development [CPD]**

Firms must ensure that all staff, and not only those involved in sales, who are subject to the MCR and whose status requires them to complete CPD, are monitored on an ongoing basis to ensure that the minimum amount of CPD is being completed and that the CPD is relevant to the staff member in question. A number of firms seemed unaware that it is their responsibility to monitor staff's CPD hours.

### **Record Keeping**

In the course of the inspections we noted a number of instances where due to poor record keeping, it appeared that individuals were not appropriately qualified or had not completed the MCR, but on further examination by these firms, they could provide proof of compliance. Firms must ensure that their records are kept up to date, and incomplete CPD records must be investigated and addressed.



## Register

A number of firms appeared to be completely unaware of the requirement to maintain a register or its purpose. All firms must maintain a register of all accredited individuals and specified accredited individuals, acting as, for or on behalf of the regulated firm. The register must include those who have obtained recognised qualifications, those who have availed of the grandfathering arrangements and those who are new entrants. The retail financial products for which each individual meets the MCR should also be included. The register must be available to the public on request. Firms must implement procedures to ensure that the register is kept up to date on an ongoing basis to ensure that consumers are not provided with out of date information.

Please note that the MCR are imposed under our statutory powers and firms in breach of these requirements may be subject to the Administrative Sanctions Procedures. We appreciate that not all of the issues referred to in this letter may be applicable to your firm. We ask that these findings are incorporated into your review of your firm's compliance with the Minimum Competency Requirements.

Should you have any queries on the contents of this letter, please contact Ms Renée Behan or Mr Paul Gallagher at [brokers@centralbank.ie](mailto:brokers@centralbank.ie)

Yours sincerely

A handwritten signature in black ink that reads "Sharon Donnery".

**Sharon Donnery**  
**Head of Consumer Protection Codes Department**