



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

T +353 1 224 6000 F +353 1 671 6561

Bosca OP 559, Sráid an Dáma, Baile Átha Cliath 2, Éire.  
*PO Box No. 559 Dame Street, Dublin 2, Ireland.*

[www.centralbank.ie](http://www.centralbank.ie)

31 August 2011

## **Re: Minimum Competency Requirements**

Dear Sir/Madam

The Minimum Competency Requirements (the Requirements) were introduced in 2007 to establish a minimum standard of knowledge for financial firms providing services to consumers. In 2010, a Consultation Paper (CP45) was issued seeking views in relation to proposed amendments to the Requirements. Following consideration of the submissions received and subsequent discussions with industry representative bodies and other stakeholders, the Requirements have now been revised.

The revised Requirements will be published on our website on 1 September 2011 and will apply to regulated entities with effect from 1 December 2011. The revised Requirements will be issued under Section 50 of the Central Bank Reform Act 2010 and will be closely linked to the new Fitness and Probity regime which will also come into effect on 1 December 2011. On 1 September 2011, the Central Bank will also publish on its website Regulations (prescribing who will be covered by the new Fitness and Probity regime), statutory Standards of Fitness and Probity (setting out the relevant standards which will apply to those covered in the regime) and Guidance on the new regime.

The main amendments to the Requirements include:

- changing the Continuing Professional Development (CPD) requirement from a three-year cycle which included a mix of formal and informal CPD hours to an annual requirement of 15 formal hours;
- amending the categories of retail financial product;
- detailed supervision requirements for new entrants; and

- clarifying the activities that fall within the scope of the Requirements, for example, restructuring and rescheduling of loans, amendments to insurance policies and services provided over the internet.

The Consultation Paper sought views on phasing out the grandfathering arrangements and requiring all grandfathered individuals to obtain a relevant recognised qualification by 2015. The majority of submissions to the Consultation Paper were strongly opposed to this proposal. We have considered the points made, both in favour of and against phasing out the grandfathering arrangements, the impact on industry and consumers, and a wide range of legal issues. While we have decided to retain the grandfathering arrangements, we have included additional measures to improve clarity and consistency.

We are aware that many people in the industry focus on providing services in specific areas, and that grandfathered persons, in particular, may have been discouraged from undertaking qualifications that cover a broader range of activities than those in respect of which they have availed of the grandfathering arrangements. We have now rearranged the categories of retail financial product and the two main recognised qualifications, the Qualified Financial Advisor and the Certified Insurance Practitioner, have been restructured. The revised approach will provide opportunities for individuals in the industry, including grandfathered persons, to undertake focussed qualifications in specific areas that will satisfy the minimum standards and will also ultimately lead to the QFA or CIP qualifications. I would encourage individuals to avail of these opportunities, particularly in light of research undertaken by the NCA which indicates that consumers value both qualifications and experience.

The revised Requirements are available on our website at [www.centralbank.ie](http://www.centralbank.ie). If you have any queries in relation to the revised Requirements, please email [competency@centralbank.ie](mailto:competency@centralbank.ie).

Yours sincerely



**Director, Consumer Protection**