



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Addendum to the Minimum Competency Code (2017)

16 May 2022

MINIMUM COMPETENCY CODE (2017)

ADDENDUM FOR NEW RCF/CSF ACTIVITIES

INTRODUCTION

The Central Bank Act 1997 (the 1997 Act) has been amended by the Consumer Protection (Regulation of Retail Credit and Credit Servicing Firms) Act 2022 (the 2022 Act) to bring additional activities within scope of retail credit firm and credit servicing firm authorisation requirements. The 1997 Act requires firms carrying out a relevant activity (as defined in the 1997 Act) and credit servicing (as defined in the 1997 Act) to be authorised as retail credit firms or credit servicing firms, respectively.

A relevant activity is defined, under the 1997 Act, as: (a) directly or indirectly providing credit to, or (b) entering into a consumer-hire agreement or hire-purchase agreement with, a relevant person (the “new retail credit firm activities”). The definition of credit servicing, in the 1997 Act, has been expanded to include credit servicing relating to hire-purchase agreements and consumer-hire agreements (the “new credit servicing firm activities”). For the purposes of this Addendum, the new retail credit firm activities and the new credit servicing firm activities are referred to as the “new RCF/CSF activities”.

With effect from 16 May 2022, a person carrying out the new RCF/CSF activities must be authorised as a retail credit firm and/or a credit servicing firm (unless the person is specifically exempt from authorisation under the 1997 Act, including, by way of an existing authorisation).

For the purposes of applying the Minimum Competency Code 2017 (the MCC) to persons carrying out the new RCF/CSF activities, the following amendments are now made:

- transitional arrangements are included for persons carrying out the new RCF/CSF activities on behalf of a regulated firm,
- footnote 13 to Category 8, Appendix 1 (retail financial products) of the MCC, Consumer Credit Agreements and Associated Insurance, is amended to include directly or indirectly providing credit, or entering into a hire-purchase agreement or consumer-hire agreement to which the 1997 Act applies, and
- the definition of a new RCF/CSF activity is included.

This Addendum is effective 16 May 2022.

LEGAL BASIS

Pursuant to Section 50 of the Central Bank Reform Act 2010, Part 1 and Appendix 1 of the MCC are hereby amended as set out below.

AMENDMENTS TO THE MINIMUM COMPETENCY CODE 2017 (MCC)

DEFINITIONS

The 'Definitions' section of the MCC is hereby amended, by adding a new definition of "new RCF/CSF activity" as follows:

'new RCF/CSF activity' means:

- (a) an activity falling within the definition of a 'relevant activity' or 'credit servicing', each as defined in Section 28 of the Central Bank Act 1997, which did not require authorisation as a retail credit firm or a credit servicing firm prior to the coming into operation of Section 2 of the Consumer Protection (Regulation of Retail Credit and Credit Servicing Firms) Act 2022, and
- (b) in respect of which, a person has not already availed of transitional arrangements under the MCC.

TRANSITIONAL ARRANGEMENTS

The following text is hereby added to Part 1 of the MCC after Section 1.8:

1.8(A) TRANSITIONAL ARRANGEMENTS FOR REGULATED FIRMS PROVIDING A NEW RCF/CSF ACTIVITY

A person exercising a controlled function on a professional basis on behalf of a regulated firm at 16 May 2022 in relation to a new RCF/CSF activity, the exercise of which includes the following:

- providing advice or information in relation to a retail financial product,
- arranging or offering to arrange a retail financial product, including the restructuring or rescheduling of same; or

- the exercise of a specified function in relation to a retail financial product that falls within categories 4,5 and 8 as set out in Appendix 2,

who does not hold a *recognised qualification* in respect of that function may, until 16 May 2026, perform that function as if that person were a *qualified person* provided:

- a) The *person* is working towards obtaining a relevant *recognised qualification*. In this regard, the *person* must:
 - i) register for the first available sitting of the relevant examination which the *person* could reasonably be expected to sit, and should the *person* fail to pass the examination on that occasion, each available sitting thereafter until the *person* obtains the qualification;
 - ii) work towards obtaining examinations for the relevant qualification on a consistent and timely basis, until completion;
 - iii) maintain a record of all examinations completed, results obtained and examinations scheduled for completion;

and

- b) the person obtains a relevant recognised qualification by 16 May 2026. A pro-rata adjustment to this timeframe may be applied in the same circumstances as outlined in Section 1.4(e) (ii) of this Code in respect of new entrants.

APPENDIX 1: RETAIL FINANCIAL PRODUCTS

AMENDING FOOTNOTE 13 TO INCLUDE A RELEVANT ACTIVITY

Footnote 13 to Category 8, Appendix 1 (retail financial products) of the MCC, Consumer Credit Agreements and Associated Insurances, is hereby replaced by the following text:

13 Consumer credit, for the purpose of Category 8 of Appendix 1 of this Code, means: (i) a credit agreement to which the European Communities (Consumer Credit Agreements) Regulations 2010 applies, (ii) consumer credit agreements, credit sale agreements, hire-purchase agreements and consumer-hire agreements in respect of each of which the Consumer Credit Act, 1995 applies, and (iii) directly or indirectly providing credit, or entering into a consumer-hire agreement or hire-purchase agreement to which the Central Bank Act 1997 applies.

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