

## Minimum Competency Requirements Themed Inspection Results

### Information Release 1 December 2009

The Financial Regulator today publishes the results of a themed inspection of compliance with the Minimum Competency Requirements (the Requirements). Themed inspections took place in a number of Credit Institutions and focussed on the Grandfathering provisions and Register Maintenance provisions of the Requirements (see notes to editors).

The Requirements which came into effect on 1 January 2007, apply to all regulated financial service providers and establish minimum standards for financial service providers, who are required to ensure that individuals who provide advice on or sell retail financial products, or who undertake certain specified activities on their behalf, possess the competencies set out in the Requirements. In addition, individuals are required to undertake a programme of Continuing Professional Development (CPD) on an ongoing basis. Financial service providers are required to ensure that these individuals comply with CPD requirements. Individuals who satisfy the Requirements are known as accredited individuals or specified accredited individuals.

With the exception of two institutions, the results were unsatisfactory. Some Credit Institutions were unable to demonstrate compliance with certain aspects of the Requirements and this is being addressed with the individual Credit Institutions concerned. The findings from this themed inspection will feed into a review of the Requirements.

The Financial Regulator has recently written to all Credit Institutions, including those not included in the themed inspection programme, to highlight the following issues identified:

1. Each Credit Institution's procedures must ensure that individuals were certified as being eligible to be grandfathered by the Credit Institution, and not by the individual themselves. The responsibility to certify compliance with the Requirements rests with the Credit Institution and not the grandfathered individual.
2. Credit Institutions must ensure that the criteria for the assessment of grandfathered individuals is clearly documented, as required by the Requirements.
3. Credit Institutions must ensure that they have certified compliance with the experience criteria of the Requirements in respect of each grandfathered individual.
4. Credit Institutions must ensure that they can determine that each grandfathered individual has firstly completed the required number of hours of CPD, and secondly that each hour is relevant to that individual's activities. The responsibility to ensure compliance with the Requirements rests with the institution at all times, regardless of whether aspects of the CPD process are recorded by educational bodies or not.
5. The purpose of the register is to inform the consumer that individuals providing any of the services set out in the Requirements possess an appropriate level of knowledge and expertise. A consumer seeking advice in relation to an investment product, for example, should be able to determine from the register that the individual providing the advice holds a recognised qualification or is grandfathered for that category of product.

### Notes to Editors

Individuals who commenced an activity on or before 1 January 2007, who have carried on that activity for at least 4 years between 1 January 1999 and 1 January 2007, and who do not hold a relevant recognised qualification, could avail of the grandfathering arrangements

Each financial service provider is also obliged to keep a register of all accredited and specified accredited

individuals, and this register must be publicly available, on request.