FitchLearning





26th July 2017



Pathways to meet K&C requirements

Chartered Institute for Securities and Investment

CFA Society UK

Conclusion

MiFID II: Article 25(1)

- Natural persons giving investment advice or information about financial instruments, investment services or ancillary services
- Possess the necessary knowledge and competence to fulfil their obligations under Article 24 and this Article



Giving Investment Advice

- MiFID investment advice involves the provision of personal recommendations to a customers, either upon the customer's request or on the firm's initiative. It comprises three main elements:
 - there must be a recommendation
 - the recommendation must be presented as suitable
 - the recommendation must relate to taking certain steps in respect of a particular



Amending the definition of financial advice:

HM Treasury (Feb 2017)

Giving Information

- Directly providing information to clients about financial instruments, structured deposits, investment services or ancillary services, either upon the client's request or at the initiative of the firm
- Situations where employees do not directly face clients, such as, for example, in the case of back-office staff, would fall outside the scope of Article 25(1)



ESMA Guidelines Annex V (49-50)
(Dec 2015)

ESMA guidelines

Those providing information		Those providing advice
Genera	al	
	Appropriate lev	vel and intensity
	Meets regulatory and legal rec	quirements and business ethics
	Staff should know, understand and apply the firm's internal police	cies and procedures designed to ensure compliance with MiFID II
Specifi	c	
1.	Understand key characteristics, risk and features of those investment products available through the firm including any general tax implications and costs to be incurred by the client in the context of transactions. Particular care should be taken when giving information with respect to products characterised by higher levels of complexity.	 Understand key characteristics, risk and features of those investment products being offered or recommended, including any general tax im- plications and costs to be incurred by the client in the context of trans- actions. Particular care should be taken when giving information with respect to products characterised by higher levels of complexity.
2.	Understand the total amount of costs and charges to be incurred by the client in the context of transactions in an investment product, or investment or ancillary service.	 Understand the total amount of costs and charges to be incurred by the client in the context of the type of investment product being offered or recommended and the costs related to the provision of the advice and any other related services being provided
3.	Understand the characteristics and scope of investment services or ancillary services	 Fulfil the obligations required by firms in relation the suitability requirements including the obligations as set out in the Guidelines on certain aspects of the MiFID suitability requirements
		4. Understand how the type of investment product provided by the firm may not be suitable for the client, having assessed the relevant infor- mation provided by the client against potential changes that may have occurred since the relevant information was gathered



ESMA guidelines (cont.)

4.	Understand how financial markets function and how they affect the value and pricing of investment products on which they provide information on clients	Understand how financial markets function and how they affect the value and pricing investment products offered or recommended to cents
5.	Understand the impact of economic figures, national/regional/global events on markets and on the value of investment products on which they provide information	 Understand the impact of economic figures, national/regional/globa events on markets and on the value of investment products being of fered or recommended to clients
6.	Understand the difference between past performance and future performance scenarios as well as the limits of predictive forecasting	Understand the difference between past performance and future pe formance scenarios as well as the limits of predictive forecasting
7.	Understand issues relating to market abuse and anti-money laundering	8. Understand issues relating to market abuse and anti-money launder
8.	Assess data relevant to the investment products on which they provide information to clients such as Key Investor Information Documents, prospectuses, financial statements, or financial data	 Assess data relevant to the type investment products offered or rec- ommended to clients such as Key Investor Information Documents, prospectuses, financial statements, or financial data
9.	Understand specific market structures for the investment products on which they provide information to clients and, where relevant, their trading venues or the existence of any secondary markets	10. Understand specific market structures for the type investment products offered or recommended to clients and where relevant their training venues or the existence of any secondary markets
10.	Have a basic knowledge of valuation principles for the type of investment products in relation to which the information is provided	 Have a basic knowledge of valuation principles for the type of invest ment products offered or recommended to clients
		 Understand the fundamentals of managing a portfolio, including being able to understand the implications of diversification regarding indiversal investment alternatives



Knowledge and experience

- All staff (existing or new) must acquire an appropriate qualification and have appropriate experience in order to meet the necessary knowledge and competence required
- OR
- Work under supervision until he/she achieves the appropriate qualification and experience
- The maximum period of time that a staff member can be allowed to work under supervision is 4 years

ESMA Guidelines Overview (19)

(Dec 2015)



Qualifications

- No extension to list of retail qualifications
- No creation of a list of mandatory qualifications in SYSC.
- Firms need to ensure that the qualifications (or other test or training course) meet the ESMA guidelines criteria.

MiFID II Implementation – Policy Statement II – FCA (Jun 2017)

Complying with the MiFID II K&C requirements

Two routes to achieving the K&C requirements for MiFID II

Professional Qualifications

- CISI Qualifications
- CFA UK and CFA Institute Qualifications

External Exam of Competence

Fitch Learning
MiFID II K&C Portal
with competence exam

Meeting ESMA Knowledge & Competence Guidelines through the CISI

Richard Bennett Regional Director

26 July 2017



CISI Qualifications - Retail

Information Providers

- International Introduction to Securities & Investment
- Introduction to Securities & Investment

Investment Advisors

- International Certificate in Wealth & Investment Management
- International Certificate in Advanced Wealth Management
- Investment Advice Diploma (UK RDR-compliant)
- Any other CISI UK RDR-compliant qualification



CISI Qualifications - Wholesale

Information Providers

Introduction to Securities & Investment

Investment Advisors

- Certificate in Securities
- Certificate in Derivatives & Financial Derivatives
- Certificate in Corporate Finance
- Currently mapping Registered Representative examination
- Professional Refreshers to cover any gaps



CISI CPD & Business Ethics





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Popular videos:

High Frequency Trading Behavioural economics Regulation

Thank You

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CFA Qualifications and the ESMA Knowledge & Competency requirements

Nick Bartlett, CFA, ASIP Director of Education, CFA UK 26th July 2017



Background and key ESMA points

Key considerations on the ESMA Training and Competency requirements

- Definitions ('Appropriate qualifications') and Scope
- Relative level and intensity
- Proportionate application
- Firm specific components
- SMCR, existing regulation and timelines

SYSC 5.1.1 (Rule) – A firm must employ personnel with the skills, knowledge and expertise necessary for the discharge of the responsibilities allocated to them.

SYSC 5.1.4A and 5.1.5A (Guidance) – Take TC sourcebook into account



CFA UK/Institute Qualifications

IMC

Broad coverage of the ESMA T&C guidelines but will not cover firm specific product information

Combines with CFA
Program to meet RDR
requirements

Investment Foundations

CFA Program

Gaps to be filled in:

- Local regulation
- Local markets and participants
- Products where extend beyond MiFIDTax

Regulator recognition in UK

Regulator recognition in Bulgaria, Greece, Ireland, Netherlands, Portugal, United Kingdom



Firm feedback – what we are hearing

Scope

- 'Do you feature in the chain of client interaction?'
- Firms will put in scope non EEA advisors if they are giving EEA product information/advice

Solutions

- Most firms are not mandating qualifications and will deliver training internally
- Firms will launch a basic solution for MiFID II K&C for Jan 2018 and will refine it later

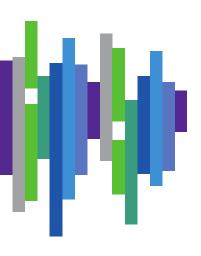
Leverage

- Think about how SMCR solutions can solve MiFID II requirements, use SMCR as stick to get staff to get on board with MiFID II

Ongoing

 CPD will be the gold plating for complying with MiFID II on top of any qualifications already obtained





For detailed mapping documents and to discuss your requirements further, please contact:

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How Fitch Learning can help you meet the MiFID II K&C requirements

Fitch Learning can help the K&C requirements for MiFID II

Professional Qualifications



Classroom and online learning solutions for CISI, CFA and IMC qualifications

External Exam of Competence

Fitch Learning Knowledge & Competence online learning portal, exam and annual CPD



Languages:

- English
- French
- German
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