

# Summary of MiFID II / ESMA and IDD Guidelines on Proficiency Requirements

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## **[ESMA/2015/1886](#) V.III Criteria for knowledge and competence for staff giving investment advice**

18. Firms should ensure that staff giving investment advice have the necessary knowledge and competence to
- a) understand the key characteristics, risk and features of the investment products being offered or recommended, including any general tax implications to be incurred by the client in the context of transactions. Particular care should be taken when providing advice with respect to products characterised by higher levels of complexity;
  - b) understand the total 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;
  - c) 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;
  - d) understand how the type of investment product provided by the firm may not be suitable for the client, having assessed the relevant information provided by the client against potential changes that may have occurred since the relevant information was gathered;
  - e) understand how financial markets function and how they affect the value and pricing investment products offered or recommended to clients;
  - f) understand the impact of economic figures, national/regional/global events on markets and on the value of investment products being offered or recommended to clients;
  - g) understand the difference between past performance and future performance scenarios as well as the limits of predictive forecasting;
  - h) understand issues relating to market abuse and anti-money laundering;

- i) assess data relevant to the type investment products offered or recommended to clients such as Key Investor Information Documents, prospectuses, financial statements, or financial data;
- j) understand specific market structures for the type investment products offered or recommended to clients and where relevant their trading venues or the existence of any secondary markets;
- k) have a basic knowledge of valuation principles for the type of investment products offered or recommended to clients;
- l) understand the fundamentals of managing a portfolio, including being able to understand the implications of diversification regarding individual investment alternatives.

**[ESMA/2015/1886](#) V.II Criteria for knowledge and competence for staff giving information about investment products, investment services or ancillary services**

17. Firms should ensure that staff giving information about investment products, investment services or ancillary services that are available through the firm have the necessary knowledge and competence to:
- a) understand the 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;
  - b) 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 services or ancillary services;
  - c) understand the characteristics and scope of investment services or ancillary services;
  - d) understand how financial markets function and how they affect the value and pricing of investment products on which they provide information to clients;
  - e) understand the impact of economic figures, national/regional/global events on markets and on the value of investment products on which they provide information;
  - f) understand the difference between past performance and future performance scenarios as well as the limits of predictive forecasting;
  - g) understand issues relating to market abuse and anti-money

- laundering;
- h) 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;
  - i) 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;
  - j) have a basic knowledge of valuation principles for the type of investment products in relation to which the information is provided.

**DIRECTIVE (EU) 2016/97 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 20 January 2016 on insurance distribution (recast)**

**ANNEX I – MINIMUM PROFESSIONAL KNOWLEDGE AND COMPETENCE REQUIREMENTS** (as referred to in Article 10(2) Directive 2009/138/EC)

**I Non-life risks classified under classes 1 to 18 in Part A of Annex I to Directive 2009/138/EC:**

- a) minimum necessary knowledge of terms and conditions of policies offered, including ancillary risks if covered by such policies;
- b) minimum necessary knowledge of applicable laws governing the distribution of insurance products, such as consumer protection law, relevant tax law and relevant social and labour law;
- c) minimum necessary knowledge of claims handling;
- d) minimum necessary knowledge of complaints handling;
- e) minimum necessary knowledge of assessing customer needs;
- f) minimum necessary knowledge of the insurance market;
- g) minimum necessary knowledge of business ethics standards; and
- h) minimum necessary financial competency.

**II Insurance-based investment products:**

- a) minimum necessary knowledge of insurance-based investment products, including terms and conditions and net premiums and, where applicable, guaranteed and non-guaranteed benefits;
- b) minimum necessary knowledge of advantages and disadvantages of

- different investment options for policyholders;
- c) minimum necessary knowledge of financial risks borne by policyholders;
- d) minimum necessary knowledge of policies covering life risks and other savings products;
- e) minimum necessary knowledge of organisation and benefits guaranteed by the pension system;
- f) minimum necessary knowledge of applicable laws governing the distribution of insurance products, such as consumer protection law and relevant tax law;
- g) minimum necessary knowledge of the insurance market and of the saving products market;
- h) minimum necessary knowledge of complaints handling;
- i) minimum necessary knowledge of assessing customer needs;
- j) conflicts of interest management;
- k) minimum necessary knowledge of business ethics standards; and
- l) minimum necessary financial competency.

### **III Life risks classified in Annex II to Directive 2009/138/EC:**

- a) minimum necessary knowledge of policies including terms, conditions, the guaranteed benefits and, where applicable, ancillary risks;
- b) minimum necessary knowledge of organisation and benefits guaranteed by the pension system of the relevant Member State;
- c) knowledge of applicable insurance contract law, consumer protection law, data protection law, anti-money laundering law and, where applicable, relevant tax law and relevant social and labour law;
- d) minimum necessary knowledge of the insurance and other relevant financial services markets;
- e) minimum necessary knowledge of complaints handling;
- f) minimum necessary knowledge of assessing consumer needs;
- g) conflicts of interest management;
- h) minimum necessary knowledge of business ethics standards; and
- i) minimum necessary financial competency.