



**ISLE OF MAN
FINANCIAL SERVICES AUTHORITY**

Lught-Reill Shirveishyn Argidoil Ellan Vannin

Training and Competence Framework

**Financial Services Act 2008
Collective Investment Schemes Act 2008
Insurance Act 2008
Retirement Benefits Schemes Act 2000**

1 July 2019

Glossary

| Term | Meaning in this document |
|-----------------------------|--|
| Authority | Isle of Man Financial Services Authority |
| AML/CFT | Anti-Money Laundering and Countering the Financing of Terrorism |
| CISA08 | Collective Investment Schemes Act 2008 |
| Controlled Functions | Certain roles within or for regulated entities – set out within the document ‘Regulatory Guidance – Fitness and Propriety’ |
| CPD | Continuing Professional Development |
| CSP | Corporate Service Provider |
| Designated insurer | See Appendix 9 of the document ‘Regulatory Guidance – Fitness and Propriety’ |
| DMLRO | Deputy Money Laundering Reporting Officer |
| the Framework | this document – the Training and Competence Framework |
| FSA08 | Financial Services Act 2008 |
| IA08 | Insurance Act 2008 |
| IOMRO | Isle of Man Resident Officer (for branch operations) |
| The Island (or IoM) | Isle of Man |
| MLRO | Money Laundering Reporting Officer |
| RBSA00 | Retirement Benefits Schemes Act 2000 |
| Regulated entity | <p>This term is used to mean any of the following:</p> <ul style="list-style-type: none"> • a licenceholder under the FSA2008; • persons authorised or registered under the IA2008; • permit holders, other than EU permit holders, under the IA2008; • persons registered under the RBSA2000; • corporate trustees of authorised retirement benefits schemes; • the governing bodies of certain collective investment schemes in connection with Controlled Function R5 only; • designated insurers where the Controlled Function is R30 - Group Actuary (see Appendix 9); or • applicants to become regulated entities where the context requires. |
| the Rule Book | the current Financial Services Rule Book |
| TSP | Trust Service Provider |

Introduction

The Isle of Man is recognised internationally as a jurisdiction with a robust and effective regulatory environment. A cornerstone of this environment is the knowledge and experience of the individuals working within the financial services sector.

Individuals undertaking certain roles ('Controlled Functions') for regulated entities are required by the relevant legislation to be 'fit and proper'. Fitness and propriety is made up of various elements, one of which is competency.

More information on the concept of fitness and propriety and the various Controlled Functions can be found in the document 'Regulatory Guidance – Fitness and Propriety'. Additionally, the Authority's Licensing Policy for Regulated Activities under the Financial Services Act 2008 provides information regarding the fitness and propriety of applicants.

This Framework¹ sets out the Authority's expectations of 'competency', both for certain Controlled Functions, and more generally for other staff.

The framework is split into two segments:

PART 1 General Training and Competence Requirements – The Authority's expectations of regulated entities in relation to the training and competence of all staff

PART 2 Controlled Functions and Other Functions – Training and Competence – Any additional expectations for individuals undertaking or aspiring to undertake certain Controlled Functions or certain other functions

When applying the Framework, a regulated entity or an applicant to become a regulated entity, should consider the specific risks and needs of its business, alongside the framework and be aware that the primary responsibility for ensuring that a business is managed, staffed and supported by competent individuals rests with that business.

¹ The Framework was first issued in 2006, then revised in 2008, 2010, 2011, 2012, 2014, 2016, 2017, 2018 and 2019.

PART 1 General Training and Competence Requirements

1.1 Commitment to Training and Competence for All Staff

Competence is one of the elements of fitness and propriety. A regulated entity should ensure that all individuals providing services to the regulated entity are competent for the tasks they perform and the entity should have a documented policy which sets out its commitment to employee training and competence. It is the regulated entity's responsibility to ensure that:

- 1 individuals are competent to perform their role;
- 2 individuals remain competent for the work they do;
- 3 individuals are appropriately supervised;
- 4 competence is regularly reviewed; and
- 5 the level of competence is appropriate to the nature of the business.

1.2 Demonstrating Competence

A regulated entity is expected to be able to demonstrate how it has implemented its commitment to training and competence across the business. The following guidance may be of assistance.

1.2.1 Recruitment

When recruiting, a regulated entity should demonstrate that it has considered if the applicant has the knowledge and skills required for the role and that it has taken reasonable steps to obtain sufficient information to verify the applicant's relevant experience, qualifications and training².

1.2.2 Maintaining Competence

A regulated entity should have appropriate arrangements in place to ensure that an employee who has been assessed as competent remains so. Where roles change or grow in scope, or an individual changes their role, any additional competence requirements should be assessed and met, or development plans established, before the change takes effect.

It is recommended that a regulated entity should:

- at appropriate intervals, determine individual training needs and organise appropriate training to address these needs; and
- ensure that training is relevant, timely, planned, appropriately structured and evaluated.

² Furthermore, under paragraph 30 of the Anti-Money Laundering and Countering the Financing of Terrorism Code 2015, a regulated entity must "*establish, maintain and operate appropriate procedures to enable [it] to satisfy itself of the integrity of new directors, officers or partners (as the case may be) ...and of all new appropriate employees and workers.*" Paragraph 31 of the Code requires regulated entities to provide staff training on their anti-money laundering arrangements and to provide refresher training at least annually. Please refer to the [Anti-Money Laundering and Countering the Financing of Terrorism Code 2015](#) for full details.

In the case of a new employee or an employee new to an activity or role, the regulated entity should assess training requirements and ensure that:

- training takes into account the necessary knowledge and skills to fulfil the role;
- training is effective and up to date;
- training takes into account changes in the market, products, legislation and regulation; and
- training methods are appropriate to the activity and to the employee's circumstances and role (and the development of that role if appropriate).

1.2.3 Supervision of Staff

Where an individual is working towards achieving the required level of competence, they should be supervised by a person who is fully competent until that individual can demonstrate the appropriate level of competence. It is the regulated entity's responsibility to ensure that such arrangements are in place and working successfully.

1.2.4 Record Keeping

A regulated entity should maintain appropriate training records for each individual for at least 6 years from the date of the training. Records should note how the training relates to and supports the individual's role.

The Authority may review training records at any time to assess the regulated entity's systems and to review how it ensures that its staff members are competent and remain competent for their roles.

PART 2 **Controlled Functions and Other Functions - Training and Competence**

2.1 **Levels of Competence**

Certain roles are important to the regulatory framework because they involve:

- Controlled Functions (for example, Directors, Head of Compliance, Money Laundering Reporting Officers) - individuals holding or wishing to hold Controlled Functions are subject to fitness and propriety assessments (see 'Regulatory Guidance – Fitness and Propriety'); or
- Other important functions for which specific competencies are considered important.

Individuals in such roles should be able to demonstrate that they have the core competencies required to carry out the role. When assessing an individual's competence, the Authority will also consider the size and scope of the proposed role and the existing expertise and support available within the regulated entity.

The individual framework is based upon the Core Competency Table (section 2.2.1) combined with requirements for Ongoing Training and CPD (2.2.2).

2.2.1 **Core Competency Table**

The Core Competency Table sets out core competencies associated with certain roles and suggests how competence can be demonstrated. Different roles pose different regulatory risks, therefore the framework assigns one of three levels to the competency for each specific role:

Requirement: where there is a relevant qualification and it is mandatory that an individual will hold the relevant qualification (as well as relevant experience) as part of their demonstration of competence (e.g. individuals providing investment advice to retail consumers).

Expectation: where there is a relevant qualification for the role and it is expected that an individual will hold the relevant qualification (as well as relevant experience) as part of their demonstration of competence.

Guidance: where it is appropriate to provide a guideline rather than a benchmark, and where there may be a commonly accepted qualification for the role, however an individual may put forward other supporting evidence to demonstrate competence, including relevant proven experience over a number of years.

Experience - The Authority appreciates the value of appropriate experience in demonstrating individual competence. In relation to the 'Guidance' level it is possible to demonstrate competence without holding a particular qualification where there is evidence of sufficient relevant experience.

Benchmarks - For brevity, the Core Competency Table states standard professional qualifications and commonly held specific qualifications relevant to a function. The table is not intended to be an exhaustive list of appropriate qualifications.

Where a different qualification is held of the same or a higher level or standard and it is relevant to the function, this can demonstrate competence. In assessing a qualification the regulated entity should consider whether it is commonly held by persons undertaking that function in the Island, the UK or in a comparative jurisdiction.

When considering competence and the relevance of qualifications, the Authority and regulated entities may take account of any guidance issued by local industry and professional bodies.

| Functions for which competencies are set out (and an indication if the function is or may be a Controlled Function ³ ('CF')) | Core competencies | How competence may be demonstrated |
|---|--|---|
| <p>Non-executive director of a regulated entity</p> <p>CF = Yes (R4)</p> | <p>Non-executive directors should have:</p> <ul style="list-style-type: none"> - an appropriate level of maturity and experience to demonstrate independence from the executive; - a clear understanding of the role and responsibilities of a director and the particular role played by a non-executive director; - a good understanding of the relevant financial services industry and its regulatory environment. <p>When taken as a whole, any Board should be able to demonstrate an appropriate balance of skills and experience.</p> | <p>GUIDANCE</p> <p>This individual should be experienced in the relevant financial services industry. Competence could be demonstrated by:</p> <ul style="list-style-type: none"> • being a Chartered Director or holding a relevant professional qualification⁴; or • a significant length of service (5+ years at director or senior management level) in the financial services industry (or another regulated industry) in the Island or an appropriate jurisdiction; or • previous experience as non-executive director. |

³ See 'Regulatory Guidance – Fitness and Propriety' for details of the Controlled Function numbering and details regarding Fitness and Propriety Assessments

⁴ Relevant professional qualifications could include legal, accountancy or Chartered Secretary or Chartered Governance Professional qualifications or a qualification directly relevant to the business sector. Appropriate academic qualifications may also be taken into account.

| Functions for which competencies are set out (and an indication if the function is or may be a Controlled Function ³ ('CF')) | Core competencies | How competence may be demonstrated |
|---|---|---|
| <p>Executive director of a regulated entity⁵</p> <p>CF = Yes (R4)</p> | <p>This role requires:</p> <ul style="list-style-type: none"> - a clear understanding of the role and responsibilities of a director; - a good understanding of the regulated entity's business, the broader industry and its regulatory environment; - the relevant experience and qualifications associated with any specific executive responsibilities of the director. <p>When taken as a whole, any Board should be able to demonstrate an appropriate balance of skills and experience.</p> | <p>GUIDANCE</p> <p>This individual should be experienced in, and demonstrate a thorough knowledge of, the relevant financial services industry.</p> <p>Competence could be demonstrated by:</p> <ul style="list-style-type: none"> • being a Chartered Director or holding a relevant professional qualification⁶; • where the executive role requires defined experience and qualifications (e.g. accountancy qualifications for finance directors) these should also be held. |
| <p>Group directors of a Managed Insurer</p> <p>CF = Yes (R4)</p> | <p>Directors from within an insurer's group of companies that are proposed to the Board of a managed regulated insurer, to represent the interests of the shareholders, should have:</p> <ul style="list-style-type: none"> - a clear understanding of the role and responsibilities of a director; and - a good understanding of the risks covered by the insurance business. <p>When taken as a whole, any Board should be able to demonstrate an appropriate balance of skills and experience.</p> | <p>GUIDANCE</p> <p>This individual should be experienced in the risks insured by the business.</p> <p>Competence could be demonstrated by:</p> <ul style="list-style-type: none"> • a significant length of service (5+ years at director or senior management level) within a group company or a company within the same or similar insurance industry; or • previous experience as a director within the industry of the risks being underwritten. |

⁵ This also includes employees of an Insurance Manager proposed to be directors of a managed insurer, or of a Class 7 licenceholder proposed to be directors of a managed entity.

⁶ Relevant professional qualifications could include legal, accountancy or Chartered Secretary or Chartered Governance Professional qualifications or a qualification directly relevant to the business sector. Appropriate academic qualifications may also be taken into account.

| Functions for which competencies are set out (and an indication if the function is or may be a Controlled Function ³ ('CF')) | Core competencies | How competence may be demonstrated |
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| <p>Member of a governing body of a collective investment scheme (in respect of Authorised / Full International / Regulated and Recognised Funds only)</p> <p>CF = Yes (R5)</p> | <p>Please see the 'Guidance note – Governance of Collective Investment Schemes' for further details.</p> | <p><i>GUIDANCE</i></p> <p>This individual should be experienced in discharging duties for a fund of the relevant type.</p> <p>Competence is addressed further in the 'Guidance note – Governance of Collective Investment Schemes', which includes its demonstration by:</p> <ul style="list-style-type: none"> • professional experience; • any relevant academic or professional qualifications held; • appropriate understanding of the legal and regulatory obligations of a member of the governing body of the type of fund concerned; • specialist knowledge relevant to the fund's investment objectives; • whether the individual's competence profile aligns with the needs of the governing body taking account of other members' competence. |

| Functions for which competencies are set out (and an indication if the function is or may be a Controlled Function ³ ('CF')) | Core competencies | How competence may be demonstrated |
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| <p>Chief Executive of a regulated entity</p> <p>CF = Yes (R8)</p> | <p>This role requires:</p> <ul style="list-style-type: none"> - a clear understanding of the role and responsibilities associated with the role; - a good understanding of the regulated entity's business, the broader industry and its regulatory environment; - the relevant experience and qualifications associated with any executive responsibilities. | <p>GUIDANCE</p> <p>This individual should be experienced in, and demonstrate a thorough knowledge of, the relevant financial services industry.</p> <p>Competence could be demonstrated by:</p> <ul style="list-style-type: none"> • being a Chartered Director or holding a relevant professional qualification⁷; • a significant length of service (5+ years at director or senior management level) in the financial services industry (or another regulated industry) in the Island or an appropriate jurisdiction; and • where the role requires defined experience and qualifications (e.g. accountancy qualifications for finance directors) these should also be held. |
| <p>Company secretary of a regulated entity</p> <p>CF = Yes (R9)</p> | <p>A company secretary should demonstrate:</p> <ul style="list-style-type: none"> - a good understanding of company law and corporate governance; - a good understanding of the relevant financial services industry and the regulatory framework. | <p>EXPECTATION</p> <p>A company secretary will typically be a qualified lawyer, accountant or Chartered Secretary (see section 19(4) of the Companies Act 1982).</p> <p>In addition they should demonstrate a thorough knowledge of the relevant financial services industry.</p> |

⁷ Relevant professional qualifications could include legal, accountancy or Chartered Secretary or Chartered Governance Professional qualifications or a qualification directly relevant to the business sector. Appropriate academic qualifications may also be taken into account.

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| <p>Appointed actuary of an insurer</p> <p>CF = Yes (R11)</p> | <p>An appointed actuary should:</p> <ul style="list-style-type: none"> - be a senior official with reporting line direct to the Board; - have the ability and experience to take overall responsibility for confirming, to the Board and to the Authority, that the technical provisions and capital requirements have been calculated appropriately, and in particular that they have due regard to the fair treatment of policyholders⁸; - have the appropriate level of maturity and experience to demonstrate independence from colleagues, clients and the Board; - be able to provide suitably independent and objective advice to the Board; - have experience of decision-making and cross-functional engagement at a senior management level. | <p>REQUIREMENT</p> <p>An appointed actuary must be a Fellow of the Institute and Faculty of Actuaries, or must be able to satisfy the Authority that they hold another actuarial qualification of similar standing.</p> <p>EXPECTATION</p> <p>An appointed actuary should be able to demonstrate the equivalent of 4 years' full-time post-qualification experience in the last 6 years dealing with most of the following types of work at a level where he or she has worked closely with an existing Appointed Actuary or an actuary at an equivalent level:</p> <ul style="list-style-type: none"> a) determining the appropriate methodologies and assumptions to be used in valuing technical provisions; b) assessing emerging experience compared with that expected based on valuation assumptions; c) assessing the sufficiency and quality of the data used in valuing technical provisions; d) where applicable, addressing, in the valuation of technical provisions, issues arising from insufficiency of data of appropriate quality; e) determining or assessing pricing bases and/or underwriting policy for long-term insurance contracts or life reinsurance contracts, including applicable options; f) determining or assessing appropriate reinsurance or retrocession arrangements, analysing the impacts on technical provisions and on the risk profile of the undertaking and assessing effectiveness in different scenarios; |
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| Functions for which competencies are set out (and an indication if the function is or may be a Controlled Function ³ ('CF')) | Core competencies | How competence may be demonstrated |
|---|-------------------|--|
| | | <p>g) analysing the factors affecting the risks undertaken by a long-term business insurer or life reinsurer, and otherwise contributing to the effective implementation of risk management processes; and</p> <p>h) assessing the requirements for capital (both current and future) and the possible range of future capital needs under expected and stressed scenarios in accordance with the Corporate Governance Code.</p> |

⁸ If a proposed appointed actuary also acts as appointed actuary (or in similar roles) for other insurers, the actuary must demonstrate having sufficient time and resources to do so, mindful of the responsibilities of the role and that these responsibilities pertain throughout the year.

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| <p>Head of Actuarial Function (in respect of an insurer to whom paragraph 5(1)(b) of the Corporate Governance Code of Practice for Commercial Insurers applies)</p> <p>CF = Yes (R11)</p> | <p>A Head of Actuarial Function should:</p> <ul style="list-style-type: none"> - be a senior official with a reporting line direct to the Board; - have the ability and experience to take overall responsibility for confirming to the Board and to the Authority, that the technical provisions and capital requirements have been calculated appropriately; - have the appropriate level of maturity and experience to demonstrate independence from colleagues, clients and the Board; - be able to provide suitably independent and objective advice to the Board; - have experience of decision-making and cross-functional engagement at a senior management level. | <p>REQUIREMENT</p> <p>A Head of Actuarial Function must be a Fellow of the Institute and Faculty of Actuaries, or must be able to satisfy the Authority that they hold another actuarial qualification of similar standing.</p> <p>EXPECTATION</p> <p>A Head of Actuarial Function should be able to demonstrate the equivalent of 4 years' full-time post-qualification experience in the last 6 years, dealing with most of the following types of work at a level where he or she has worked closely with an existing Head of Actuarial Function, Signing Actuary, or an actuary at an equivalent level:</p> <ul style="list-style-type: none"> a) determining the appropriate methodologies and assumptions to be used in valuing technical provisions; b) assessing emerging experience compared with that expected based on valuation assumptions; c) assessing the sufficiency and quality of the data used in valuing technical provisions; d) where applicable, addressing in the valuation of technical provisions, issues arising from insufficiency of data of appropriate quality; e) determining or assessing pricing bases and/or underwriting policy for insurance contracts or reinsurance contracts, including applicable options; f) determining or assessing appropriate reinsurance or retrocession arrangements, analysing the impacts on technical provisions and on the risk profile of the insurer and |
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| Functions for which competencies are set out (and an indication if the function is or may be a Controlled Function ³ ('CF')) | Core competencies | How competence may be demonstrated |
|---|-------------------|---|
| | | <p>assessing effectiveness in different scenarios;</p> <p>g) analysing the factors affecting the risks undertaken by an insurer or reinsurer, and otherwise contributing to the effective implementation of risk management processes; and</p> <p>h) assessing the requirements for capital (both current and future) and the possible range of future capital needs under expected and stressed scenarios in accordance with the Corporate Governance Code.</p> <p>The experience should be relevant to the nature of insurance being undertake. For a Head of Actuarial Function for a non-life insurer the experience should relate to non-life insurance.</p> |

| Functions for which competencies are set out (and an indication if the function is or may be a Controlled Function ³ ('CF')) | Core competencies | How competence may be demonstrated |
|---|--|---|
| <p>For entities regulated under the Insurance Act 2008, individuals that have a role that fits within the definition of Principal Control Officer set out at section 54 of that Act (other than Head of compliance (R13) / Head of internal audit (R14) / MLRO (R15) and DMLRO (R16) / Head of Actuarial Function (R11) which are separate controlled functions).</p> <p>CF = Yes (R12)</p> | <p>Such individuals require:</p> <ul style="list-style-type: none"> - a clear understanding of their role and responsibilities; - a good understanding of the regulated entity's business; - the relevant experience and qualifications associated with their primary responsibilities; - a good understanding of the relevant financial services industry and its regulatory environment. | <p>EXPECTATION</p> <p>An individual who controls the exercise of functions on behalf of the regulated entity will have an appropriate level of experience in the relevant industry and will typically hold a relevant professional qualification and specific knowledge related to that specialist function.</p> |
| <p>Head of compliance</p> <p>CF = Yes (R13)</p> | <p>The head of compliance should:</p> <ul style="list-style-type: none"> - be a senior official with reporting line direct to the Board; - have the ability and experience to take overall responsibility for implementation and maintenance of compliance policy and procedures; - have the appropriate level of maturity and experience to demonstrate independence from colleagues, clients and the Board; - have a thorough understanding of the industry and the regulatory framework applicable to the industry. | <p>EXPECTATION</p> <p>The head of compliance should typically hold a relevant professional qualification and / or a qualification specifically related to the compliance role.</p> <p>In addition the individual should have a thorough knowledge of the relevant financial services industry (having served in that industry for 2+ years at management level).</p> |

| Functions for which competencies are set out (and an indication if the function is or may be a Controlled Function ³ ('CF')) | Core competencies | How competence may be demonstrated |
|---|---|--|
| <p>Head of internal audit</p> <p>CF = Yes (R14)</p> | <p>A head of internal audit should:</p> <ul style="list-style-type: none"> - be a senior official with reporting line direct to the Board; - have the ability and experience to take overall responsibility for objectively assessing the quality and effectiveness of the corporate governance framework and the risk management system, including the internal controls system; - have the appropriate level of maturity and experience to demonstrate independence from colleagues, clients and the Board; - have a thorough understanding of the relevant financial services industry and the regulatory framework applicable to that industry. | <p><i>GUIDANCE</i></p> <p>This individual should be experienced in the relevant financial services industry, and preferably hold a relevant professional qualification.</p> |
| <p>MLRO</p> <p>CF = Yes (R15)</p> | <p>The MLRO should:</p> <ul style="list-style-type: none"> - be a senior experienced individual, either at director level or with a direct reporting line to the Board; - understand the business and how the AML/CFT legislation applies to it; - have the appropriate level of maturity and experience to demonstrate independence from colleagues, clients and the Board. | <p><i>EXPECTATION</i></p> <p>The MLRO should typically hold a relevant professional qualification and / or a qualification specifically related to AML/CFT.</p> <p>In addition the individual should have a thorough knowledge of the relevant financial services industry and of the applicable regulatory requirements.</p> |
| <p>DMLRO</p> <p>CF = Yes (R16)</p> | <p>As for the MLRO – see row above.</p> | <p>As for the MLRO – see row above.</p> |

| Functions for which competencies are set out (and an indication if the function is or may be a Controlled Function ³ ('CF')) | Core competencies | How competence may be demonstrated |
|---|--|--|
| <p>Senior manager with significant influence (reporting directly to the Board of the regulated entity as a whole, or an individual member of the Board)</p> <p>CF = Yes (R18)</p> | <p>Such individuals require:</p> <ul style="list-style-type: none"> - a clear understanding of their role and responsibilities; - a good understanding of the regulated entity's business; - the relevant experience and qualifications associated with their primary responsibilities; - a good understanding of the relevant financial services industry and its regulatory environment. | <p>EXPECTATION</p> <p>A member of the senior management of a regulated entity will have an appropriate level of experience in the relevant financial services industry and will typically hold, or be working towards, a relevant professional qualification related to that industry.</p> <p>A member of senior management who has responsibility for a specialist function should demonstrate specific knowledge related to that specialist function.</p> |
| <p>Financial controller</p> <p>CF = Yes (R19)</p> | <p>A financial controller should:</p> <ul style="list-style-type: none"> - demonstrate an appropriate level of maturity and experience to demonstrate independence from other functions, yet equal stature; - have a good understanding of the regulated entity's business, the broader industry and its regulatory environment; - have the ability and experience to take overall responsibility for managing the financial risks of the organisation. | <p>EXPECTATION</p> <p>A financial controller should typically:</p> <ul style="list-style-type: none"> • hold a relevant professional qualification (accountancy or actuarial), and • have a significant length of service (5 + years at director or senior management level) in the financial services industry (or other regulated industry) in the Island or an appropriate jurisdiction. |

| Functions for which competencies are set out (and an indication if the function is or may be a Controlled Function ³ ('CF')) | Core competencies | How competence may be demonstrated |
|---|---|--|
| <p>Senior manager with responsibility for persons providing investment or insurance advice</p> <p>CF = Yes (R21)</p> | <p>This role requires an individual who:</p> <ul style="list-style-type: none"> - is a senior official who should ideally have a reporting line direct to the Board; - has the ability and experience to take overall responsibility for objectively assessing the quality and effectiveness of the investment or insurance advice given; and - in the case of investment advice, holds at least the qualifications expected of the persons who provide investment advice. | <p>EXPECTATION</p> <p>For investment advice, as for individuals providing investment advice – see rows below.</p> <p>For investment and insurance - having a thorough understanding of the products offered, the relevant financial services industry and the regulatory framework applicable to that industry.</p> |

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| <p>Individual providing investment advice</p> <p>CF = Yes (R21A)</p> | <p>This role is typically within a financial adviser firm and requires:</p> <ul style="list-style-type: none"> - a thorough understanding of relevant financial products; - the ability to assess the suitability of those products for different customers according to their needs and their risk tolerance; - a good awareness of the Island's taxation associated with investment activities; - a thorough understanding of the regulatory requirements relating to the provision of investment advice; - a minimum of three years relevant recent experience. <p><i>See section 1.2.3 - where an individual does not have three years relevant recent experience, and is working towards full competence, they should be supervised by a competent person until that individual can demonstrate the appropriate level of competence. It is the regulated entity's responsibility to ensure that such arrangements are in place and working successfully.</i></p> <p>Where the role is within a stockbroker it also requires an in-depth understanding of financial markets, trade execution and settlement.</p> <p>Where the role is within a portfolio manager it also requires a thorough understanding of the principles of investment management, markets, settlement and investment management processes.</p> | <p>REQUIREMENT</p> <p>Where advice is provided to retail investors an appropriate RDR level 4 qualification must be held which is relevant to the role.</p> <p>The RDR level 4 qualifications include:</p> <ul style="list-style-type: none"> - CII Diploma in Regulated Financial Planning; - London Institute of Banking and Finance Diploma for Financial Advisers; - CISI Investment Advice Diploma; - CFA Investment Management Certificate + CFA Paper 1; - IOM Senior Practitioner's Assessment. <p>The Authority may also consider relevant qualifications, not listed above, upon request.</p> <p>In addition, those providing advice to retail investors must:</p> <ul style="list-style-type: none"> - undertake a minimum of 35 hours relevant Continuing Professional Development training per annum; and - hold a valid 'IOM Statement of Professional Standing'⁹ issued by an industry body approved by the Authority. <p>Where the role is within a stockbroker the benchmark qualifications include:</p> <ul style="list-style-type: none"> - CISI Investment Advice Diploma (with relevant modules); - CFA Investment Management Certificate. <p>Or if the role includes oversight:</p> <ul style="list-style-type: none"> - CISI Level 6 Diploma; - CFA Charterholder. <p>EXPECTATION</p> <p>Where investment advice is provided to non-retail investors it is expected that an appropriate qualification is held to underpin experience.</p> |
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| Functions for which competencies are set out (and an indication if the function is or may be a Controlled Function ³ ('CF')) | Core competencies | How competence may be demonstrated |
|---|---|---|
| <p>Head office personnel who have a clear and direct responsibility for the Isle of Man branch or who will be overseeing the work of that branch</p> <p>CF = Yes (R22A)</p> | <p>Such individuals require:</p> <ul style="list-style-type: none"> - a clear understanding of their role and responsibilities; - a good understanding of the regulated entity's business; - a good understanding of the relevant financial services industry and its regulatory environment; - a good understanding of the Isle of Man laws, regulatory and otherwise. | <p>EXPECTATION</p> <p>Such individuals should be a member of the senior management of the company, of which the branch is part and will have an appropriate level of experience in the relevant financial services industry. An individual who has responsibility for a specialist function should demonstrate specific knowledge related to that specialist function.</p> |
| <p>The most senior executive in an overseas jurisdiction, and responsible for a branch in that jurisdiction, of an Isle of Man incorporated entity</p> <p>CF = Yes (R22B)</p> | <p>Such individuals require:</p> <ul style="list-style-type: none"> - a clear understanding of their role and responsibilities; - a good understanding of the regulated entity's business; - a good understanding of the relevant financial services industry and its regulatory environment in that overseas jurisdiction; and - a good understanding of the Isle of Man laws, regulatory and otherwise. | <p>EXPECTATION</p> <p>Such individuals should be a member of the senior management of the company, of which the branch is part, and will often be in a Controlled Function (or similar) in their host jurisdiction.</p> |

⁹ See Guidance Note – Statement of Professional Standing ('SPS') For Class 2 Financial Services Licenceholders - issued November 2017: <https://www.iomfsa.im/media/2355/sps-guidance-note.pdf>

| Functions for which competencies are set out (and an indication if the function is or may be a Controlled Function ³ ('CF')) | Core competencies | How competence may be demonstrated |
|--|---|---|
| <p>IOMRO of branches of non-IOM incorporated entities that are regulated under the FSA08</p> <p>CF = Yes (R28)</p> | <p>Such individuals require:</p> <ul style="list-style-type: none"> - a clear understanding of their role and responsibilities; - a good understanding of the regulated entity's business; - a good understanding of the relevant financial services industry and its regulatory environment; - a good understanding of the Island's laws, regulatory and otherwise. | <p>EXPECTATION</p> <p>Such individuals should be a member of senior management, and will have an appropriate level of experience in the relevant financial services industry.</p> |
| <p>Group Principal Control Officer (where the Authority is the Group Supervisor for an insurance group)</p> <p>CF = No</p> | <p>Such individuals require:</p> <ul style="list-style-type: none"> - to be a senior official with a reporting line to the Head of the insurance group; - to have a clear understanding of their role and responsibilities; - to have a good understanding of the business across the insurance group, and the regulatory environment in all jurisdictions in which members of the group carry on insurance business - relevant experience and qualifications associated with their primary responsibilities. | <p>EXPECTATION</p> <p>A Group Principal Control Officer should typically:</p> <ul style="list-style-type: none"> • hold a relevant professional qualification, • have experience in the insurance industry, and • have specific knowledge relating to the precise function undertaken (e.g. internal audit, compliance, risk management, etc.). |
| <p>Group Actuary (where the Authority is the Group Supervisor for an insurance group)</p> <p>CF = Yes (R30)</p> | <p>Such individuals require:</p> <ul style="list-style-type: none"> - to be a senior official with a reporting line to the Head of the insurance group; - relevant experience and qualifications. | <p>REQUIREMENT</p> <p>A Group Actuary must be able to satisfy the Authority that they hold actuarial qualifications of similar standing to those required by CF R11 – Appointed actuary of an insurer.</p> |

| Functions for which competencies are set out (and an indication if the function is or may be a Controlled Function ³ ('CF')) | Core competencies | How competence may be demonstrated |
|---|---|--|
| <p>Director or company secretary of a client entity of a CSP/ director or company secretary of a corporate acting as a director of a client entity</p> <p>CF = Yes (R23/24)</p> | <p>Such an individual should demonstrate:</p> <ul style="list-style-type: none"> - a clear understanding of the role and responsibilities associated with the role of a company director or officer; - a good understanding of company law and corporate compliance; - a good understanding of the industry and its regulatory environment. | <p><i>GUIDANCE</i></p> <p>An individual should have an appropriate level of experience in the industry and would normally hold a relevant professional qualification.</p> |
| <p>Professional officer¹⁰ (Classes 4(6) and 5(2), (5) & (6))</p> <p>CF = Yes (R23/25)</p> | <p>This role requires:</p> <ul style="list-style-type: none"> - a clear understanding of the responsibilities associated with the role of a company director / trustee / protector / enforcer (as appropriate); - a good understanding of company / trust law and corporate compliance; - a thorough understanding of the industry and its regulatory environment. | <p><i>EXPECTATION</i></p> <p>A professional officer should have an appropriate level of experience in the industry and would normally hold a relevant professional qualification.</p> |
| <p>Trustee of a client trust of a TSP or director of a corporate trustee</p> <p>CF = Yes (R25/26)</p> | <p>This role requires:</p> <ul style="list-style-type: none"> - a clear understanding of the role and responsibilities associated with the role; - a good understanding of trust law (and company law if a director); - a good understanding of the industry and its regulatory environment. | <p><i>GUIDANCE</i></p> <p>An individual should have an appropriate level of experience in the industry and would normally hold a relevant professional qualification.</p> |

¹⁰ Professional officers are individuals licensed under the FSA08 to carry on only activities falling within either or both of —(a) paragraph (6) of Class 4 (acting as director or alternate director of company); and (b) paragraph (2), (5) or (6) of Class 5 (acting as trustee, protector or enforcer).

| Functions for which competencies are set out (and an indication if the function is or may be a Controlled Function ³ ('CF')) | Core competencies | How competence may be demonstrated |
|---|--|--|
| <p>Trust Service Provider with class 5(4) – acting in a Controlled Function for a TSP that holds trust corporation permissions</p> <p>CF = Yes (any Controlled Function if it is undertaken for a TSP with class 5(4) permission)</p> | <p>Individuals in Controlled Functions in a TSP that is also a trust corporation should have a thorough knowledge of the functions of a trust corporation including trust law and probate law.</p> | <p>EXPECTATION</p> <p>Such individuals should be able to demonstrate that they have experience of a similar role in a trust corporation for at least the previous 3 years.</p> <p>It is also desirable for individuals to hold a qualification known to include matters of probate.</p> |
| <p>Class 3 Fund accountant (responsible for valuation process)</p> <p>CF = Not of itself but likely to be a person in Controlled Function R18</p> | <p>This individual requires:</p> <ul style="list-style-type: none"> - a good understanding of collective investment schemes and accounting principles; - a good understanding of the relevant regulatory requirements in the IOM and any other jurisdiction relevant to the funds administered. | <p>EXPECTATION</p> <p>A fund accountant will typically hold an accountancy qualification.</p> <p>In addition he/she should demonstrate a thorough knowledge of the industry.</p> |
| <p>Class 3 Senior fund administrator (responsible for share registration services)</p> <p>CF = Not of itself but likely to be a person in Controlled Function R18</p> | <p>This individual requires:</p> <ul style="list-style-type: none"> - a good understanding of collective investment schemes and their administration; - a good understanding of the relevant regulatory requirements in the IoM and any other jurisdiction relevant to the funds being administered. | <p>EXPECTATION</p> <p>A senior fund administrator will typically hold the CISI Investment Advice Diploma (with relevant modules), a relevant fund management qualification or a relevant professional qualification.</p> <p>In addition he/she should demonstrate a thorough knowledge of the industry.</p> |

| Functions for which competencies are set out (and an indication if the function is or may be a Controlled Function ³ ('CF')) | Core competencies | How competence may be demonstrated |
|---|---|--|
| <p>Asset manager and investment adviser to collective investment schemes (Class 3 (6) & (7))</p> <p>CF = Not of itself but likely to be a person in Controlled Function R21 or R21A</p> | <p>This individual requires:</p> <ul style="list-style-type: none"> - a good understanding of the principles of asset management, markets, settlement and fund management processes; - a good understanding of the industry and its regulatory environment. | <p>EXPECTATION</p> <p>The benchmark qualifications include:</p> <ul style="list-style-type: none"> - CISI Certificate in Private Client Investment and Management or Investment Advice Diploma (with relevant modules); - CFA Investment Management Certificate; - Chartered Financial Analyst; - Chartered Alternative Investment Analyst; <p>or other relevant investment / fund management qualifications.</p> <p>Depending upon the level of oversight, other relevant qualifications may also be considered.</p> |
| <p>Locum</p> <p>CF = Not of itself but if the locum is an individual that person may be determined by the Authority to be a person in Controlled Function R10</p> | <p>A locum must be able to step into the regulated entity's shoes at short notice with the requisite degree of competence for the business.</p> <p>This role requires:</p> <ul style="list-style-type: none"> - a clear understanding of the role and responsibilities associated with the locum's role; - a good understanding of the industry and its regulatory environment; - the relevant experience and qualifications for any executive responsibilities. | <p>EXPECTATION</p> <p>A locum will typically be:</p> <ul style="list-style-type: none"> - an existing regulated entity in the same industry; or - hold qualifications and experience appropriate to the business; or - have significant length of service (5+ years at director level) in the relevant or other licensed industry in IoM or appropriate jurisdiction. |

Please also refer to the list of Professional Bodies / Trade Associations and qualifications (Appendix A). This list is not exhaustive and the Authority will consider other comparative qualifications in relation to individual positions.

2.2.2 Ongoing Training and CPD

Where the Authority has requirements in relation to CPD, this will be stated within the legislation applicable to the type of regulated entity.

Regardless of specific requirements, the Authority believes that ongoing training and CPD for all regulated entities' staff and officers is good practice. Such training and CPD should be relevant to the role of the individual and take account of new developments (for example, new products / changes to tax legislation/ new regulatory requirements, etc.).

Generally, CPD ought to be predominantly structured CPD, namely:

- training courses, workshops, seminars, conferences;
- lectures, exam training, exams; and
- e-learning, interactive webcasts.

Where an individual holds a highly technical role, or one in which there are frequent changes, a regulated entity should ensure that the individual undergoes sufficient additional training to continue to meet specific job requirements.

APPENDIX A Professional Bodies / Trade Associations and Qualifications

For brevity, the Core Competency Table indicates certain commonly held qualifications which are appropriate to particular activities. If a qualification is not listed in the table or in this Appendix this does not mean that the qualification cannot be used when demonstrating competence.

In such instances, where a different qualification is held of the same or a higher level or standard and it is relevant to the activity this is equally relevant. When considering other qualifications the regulated entity and Authority may take into account whether the qualification is commonly held by persons undertaking that activity in the Island, in the UK or in a comparative jurisdiction. More weight should be given to a full professional qualification than to lesser qualifications.

The list below sets out a range of commonly held qualifications, as well as professional bodies and local trade associations across the sectors regulated by the Authority. For ease of reference, qualifications have been grouped into generic headings - this should not be taken to mean that the qualification is only relevant for positions under that heading.

This list is for guideline purposes only and should not be taken to be exhaustive.

Deposit Taking

- Local professional body / trade association – Isle of Man Bankers Association
- Associate of the Chartered Institute of Bankers (ACIB) (linked to the London Institute of Banking and Finance)
- BSc (Hons) in Financial Services through the London Institute of Banking and Finance
- (Chartered) Associate of the London Institute of Banking and Finance
- Chartered Banker through the Chartered Institute of Bankers in Scotland

Collective Investment Schemes and Investments

- Local professional body / trade association – Isle of Man Wealth & Fund Services Association
- Chartered Institute of Securities and Investments
 - Certificate in Private Client Investment and Management
 - Investment Advice Diploma
- CFA Society of the UK
 - Investment Management Certificate
 - Chartered Financial Analyst
- Chartered Alternative Investment Analyst Association
 - Chartered Alternative Investment Analyst Level 1 and 2
- The Financial Markets Association
 - The ACI Diploma
 - The ACI Dealing Certificate

The following qualifications will be considered relevant for providing financial advice:

- Chartered Institute of Securities and Investments
 - Investment Advice Diploma
- Chartered Insurance Institute
 - Diploma in Regulated Financial Planning
- London Institute of Banking and Finance
 - Diploma for Financial Advisers
- CFA Society of the UK
 - Investment Management Certificate plus CFA Paper 1

Corporate and Trust Services

- Local professional body / trade association – Association of Corporate Service Providers

- Institute of Chartered Secretaries and Administrators
 - Fellow (FCIS) or Member (ACIS)
 - Diploma in Offshore Finance and Administration
 - Diploma in International Finance and Administration
 - Certificate in Offshore Finance and Administration
 - Subsidiary Diploma in International Finance and Administration
 - Award in International Finance and Administration
 - Advanced Certificate in International Finance and Administration
 - Subsidiary Certificate in International Finance, Accounting and Administration
 - Subsidiary Certificate in International Finance, Investment and Administration
 - Certificate in International Finance and Administration
 - Chartered Governance Professional
- Society of Trust and Estate Practitioners
 - Full Membership (TEP)
 - Diploma in International Trust Management
 - Foundation Certificate in International Trust Management

Compliance and Anti-Money Laundering

- Local professional body / trade association - Alliance of Isle of Man Compliance Professionals

- International Diploma in Anti-Money Laundering and International Diploma in Compliance from the International Compliance Association – ICA
- Diploma in Regulation and Compliance from the Chartered Institute of Securities and Investments.

Legal

- Local professional body / trade association - Isle of Man Law Society

- Advocate
- Solicitor or Barrister qualified in England and Wales, Northern Ireland or Scotland
- Advocate/Solicitor/Barrister in a jurisdiction with standards equivalent to the Isle of Man

The following qualifications may be considered appropriate for certain positions.

- Fellow of the Institute of Legal Executives

Accountancy

- Local professional body / trade association - Isle of Man Society of Chartered Accountants

- Fellow / Associate of the Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants of Scotland or the Institute of Chartered Accountants in Ireland (FCA / ACA)
- Fellow / Associate of the Association of Chartered Certified Accountants (FCCA / ACCA)
- Fellow / Associate of the Chartered Institute of Management Accountants (FCMA / ACMA)
- Associate of the Chartered Institute of Public Finance and Accountancy (ACPFA)
- Associate of the Institute of Certified Public Accountants in Ireland.
- Authorised Public Accountant (APA)

The following qualifications may be considered appropriate for certain positions.

- Certificate in Finance, Accounting and Business from the Institute of Chartered Accountants in England and Wales
- Diploma in Accounting and Business and Certified Accounting Technician (CAT) from the Association of Chartered Certified Accountants
- Financial Accountant Diploma and Professional Financial Accountant from the Institute of Financial Accountants
- Level 4 Diploma in Accounting from the Association of Accounting Technicians (AAT)

Management

- Chartered Director (Institute of Directors)
- Masters in Business Administration (MBA)

The following qualifications may be considered appropriate for certain positions.

- Certificate and Diploma in Company Direction from the Institute of Directors
- Chartered Management Institute – Level 4 and above
- Institute of Leadership and Management - Level 4 and above

Insurance

- Local professional body / trade association - Isle of Man Captives Association
- Local professional body / trade association - Manx Insurance Association
- Local professional body / trade association – Financial Planners and Insurance Brokers Association

The following qualifications may be considered appropriate for certain positions.

- Chartered Insurance Institute
 - Certificate in Insurance
 - Diploma in Insurance
 - Advanced Diploma in Insurance
 - Diploma in Financial Planning
 - Advanced Diploma in Financial Planning

Pensions

- Local professional body / trade association – Isle of Man Association of Pension Scheme Providers

The following qualifications may be considered appropriate for certain positions.

- Pensions Management Institute
 - Certificate in Pensions Essentials
 - Certificate in Pensions Administration
 - Diploma in Pensions Administration
 - Certificate in DC Governance
 - Diploma in International Employee Benefits
 - Advance Diploma in Retirement Provision
 - Aware in Pension Trusteeship