



Banc Ceannais na hÉireann  
Central Bank of Ireland

Eurosystem

# Notice of Intention

Recognition of sustainability knowledge  
and competence in the Minimum  
Competency Code 2017

November 2023

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# Notice of Intention

The Central Bank of Ireland (Central Bank) hereby gives notice of intention to recognise sustainability knowledge and competence in the Minimum Competency Code 2017 (MCC).

1. The Central Bank intends to update the competencies for retail financial products in Appendix 3 of the MCC to include competencies relating to sustainability generally for all retail financial products. There will also be additional amendments to incorporate the suitability requirements under the Markets in Financial Instruments Directive II<sup>1</sup> (MiFID II) and Insurance Distribution Directive<sup>2</sup> (IDD).
2. The Central Bank also intends to recognise sustainability training for Continuing Professional Development (CPD) hours, *where it is directly relevant to a person's role*.

These changes are being introduced by the Central Bank pursuant to the powers set out in Section 50 of the Central Bank Reform Act 2010.

## Background

The MCC establishes minimum professional standards for persons providing certain financial services, in particular when dealing with consumers. The aim of the MCC is to ensure that consumers obtain a minimum acceptable level of competence from individuals acting for, or on behalf of, regulated firms in the provision of advice and information and associated activities in connection with retail financial products.

The Central Bank is aware that there is an increasing appetite for, and growth in, financial activity involving products with sustainability-type features. Consequently, the Central Bank considers that those selling or advising on sustainable financial products and services should be suitably qualified to do so.

More specifically, employees in customer-facing roles that are involved in selling or providing advice to consumers, and employees who are involved in suitability

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<sup>1</sup> <https://www.esma.europa.eu/publications-and-data/interactive-single-rulebook/mifid-ii>

<sup>2</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016L0097>

assessments should have the knowledge and competence to understand and explain products, and be able to undertake a suitability assessment, which takes account of a consumer's sustainability preferences, *where this is relevant to the financial product or service being provided.*

We intend to implement this approach through the addition of sustainability competencies to the list of competencies for all retail financial products set out in Appendix 3 of the MCC.

In addition, the MCC contains requirements for completion of CPD for those holding recognised qualifications. The MCC provides that CPD must be directly relevant to the functions of the person and CPD material must therefore be related to the competencies set out in Appendix 3 of the MCC. The Central Bank therefore intends to recognise sustainability for CPD, *where directly relevant to a person's role.*

This will help to ensure that those performing activities falling within scope of the MCC, where a level of knowledge and competence relating to sustainability is directly relevant to their role, obtain that knowledge and competence.

## Proposed amendments to the MCC

### 1.7.1 CPD Requirement

Add:

“(i) “A person may complete CPD in respect of sustainability where directly relevant to their role.”

## Appendix 3 – Minimum Competencies for Retail Financial Products

### Retail Financial Product: Life Assurance

#### **11. The process by which appropriate advice or information is given to the consumer about a life assurance policy**

*Add:*

- ✓ “To describe how to fulfil the obligations in relation to the suitability requirements under Directive 2016/97/EU on insurance distribution, including the obligations relating to sustainability preferences in the suitability assessment under the Insurance Distribution Directive and having regard to the [EIOPA Guidance on the integration of sustainability preferences in the suitability assessment under the Insurance Distribution Directive \(IDD\)](#), where relevant to the financial product or service being provided.”

*Add:*

- ✓ “To explain, compare and contrast in non-technical terms the main features, benefits, limitations and risks when offering or advising on insurance-based investment products (IBIPs) that promote environmental or social characteristics or that have a sustainable investment objective, as specified in [EIOPA Guidance on the integration of sustainability preferences in the suitability assessment under the Insurance Distribution Directive \(IDD\)](#).”

*Change:*

- ✓ “To compose a suitability statement for a consumer setting out in clear terms the reasons underlying any advice or information given to the consumer regarding a life assurance protection, savings or investment policy.”

*To:*

- ✓ “To compose a suitability statement for a consumer setting out in clear terms the reasons underlying any advice or information given to the consumer regarding a life assurance protection, savings or investment policy, including how the consumer’s sustainability preferences have been taken into account in any recommendation, where relevant to the financial product or service being provided.”

## Appendix 3 – Minimum Competencies for Retail Financial Products

### Retail Financial Product: Pensions

#### **7. The process by which appropriate advice or information is given to the consumer about pension products and benefits**

*Change:*

- ✓ “To compose a suitability statement for a consumer setting out in clear terms the reasons underlying any retirement planning advice or information given to the consumer.”

*To:*

- ✓ “To compose a suitability statement for a consumer setting out in clear terms the reasons underlying any retirement planning advice or information given to the consumer, including how the consumer’s sustainability preferences have been taken into account in any recommendation, where relevant to the financial product or service being provided.”

## Appendix 3 – Minimum Competencies for Retail Financial Products

### Retail Financial Product: Savings and Investments

#### **17. The process by which appropriate investment advice or information is given to the consumer**

*Change:*

- ✓ “To describe how to fulfil the obligations on firms in relation to the suitability requirements set out in Directive 2014/65/EC on markets in financial instruments, including the obligations set out in the ESMA Guidelines on certain aspects of the MiFID suitability requirements”

*To:*

- ✓ “To describe how to fulfil the obligations on firms in relation to the suitability requirements set out in Directive 2014/65/EC and Delegated Regulation 2017/565 on markets in financial instruments, including the obligations set out in the [ESMA Guidelines on certain aspects of the MiFID II suitability requirements](#), where relevant to the financial product or service being provided.”

*Add:*

- ✓ “To explain, compare and contrast in non-technical terms the main features, benefits, limitations and risks when offering or advising on insurance-based investment products (IBIPs) that promote environmental or social characteristics or that have a sustainable investment objective, as specified in [EIOPA Guidance on the integration of sustainability preferences in the suitability assessment under the Insurance Distribution Directive \(IDD\)](#).”

*Add:*

- ✓ “To describe how to fulfil the obligations in relation to the suitability requirements under Directive 2016/97/EU on insurance distribution, including the obligations relating to sustainability preferences in the suitability assessment under the Insurance Distribution Directive and having regard to the [EIOPA Guidance on the integration of sustainability preferences in the suitability assessment under the Insurance Distribution Directive \(IDD\)](#), where relevant to the financial product or service being provided.”

*Change:*

- ✓ “To compose a suitability statement setting out in clear terms the reasons underlying any investment advice or information given to the consumer.”

To:

- ✓ “To compose a suitability statement setting out in clear terms the reasons underlying any investment advice or information given to the consumer, including how the consumer’s sustainability preferences have been taken into account in any recommendation, where relevant to the financial product or service being provided.”

## 20. Legislation, regulation and compliance

Change:

“ESMA Guidelines on certain aspects of the MiFID suitability requirements”

To:

“ESMA Guidelines on certain aspects of the MiFID II suitability requirements”

**Under “ESMA Guidelines on certain aspects of the MiFID suitability requirements”**

Add:

- ✓ “EIOPA Guidance on the integration of sustainability preferences in the suitability assessment under the Insurance Distribution Directive (IDD)”

## Appendix 3 – Minimum Competencies for Retail Financial Products

### Retail Financial Product: Personal General Insurance

7. **The process by which appropriate advice or information is given to the consumer about a general insurance policy**

*Change:*

- ✓ “To draft a suitability statement for a consumer setting out in clear terms the reasons underlying any advice or information given to the consumer regarding a general insurance policy.”

*To:*

- ✓ “To draft a suitability statement for a consumer setting out in clear terms the reasons underlying any advice or information given to the consumer regarding a general insurance policy, including how the consumer’s sustainability preferences have been taken into account in any recommendation, where relevant to the product or service being provided.”

## Appendix 3 – Minimum Competencies for Retail Financial Products

### Retail Financial Product: Commercial General Insurance

#### **7. The process by which appropriate advice or information is given to the consumer about a general insurance policy**

*Change:*

- ✓ “To draft a suitability statement for a consumer setting out in clear terms the reasons underlying any advice or information given to the consumer regarding a general insurance policy.”

*To:*

- ✓ “To draft a suitability statement for a consumer setting out in clear terms the reasons underlying any advice or information given to the consumer regarding a general insurance policy, including how the consumer’s sustainability preferences have been taken into account in any recommendation, where relevant to the product or service being provided.”

## Appendix 3 – Minimum Competencies for Retail Financial Products

### Retail Financial Product: Private Medical Insurance and Associated Insurances

#### 6. The process by which appropriate advice or information is given to the consumer about a private medical and associated insurance policy

*Change:*

- ✓ “To draft a suitability statement for a consumer setting out in clear terms the reasons underlying any advice or information given to the consumer regarding a private medical and associated insurance policy.”

*To:*

- ✓ “To draft a suitability statement for a consumer setting out in clear terms the reasons underlying any advice or information given to the consumer regarding a private medical and associated insurance policy, including how the consumer’s sustainability preferences have been taken into account in any recommendation, where relevant to the financial product or service being provided.”

## Appendix 3 – Minimum Competencies for Retail Financial Products

### Retail Financial Product: Mortgage Credit Agreements, Housing Loans, Home Reversion Agreements and Associated Insurances

#### 6. The process by which appropriate advice or information is given to the consumer about a housing loan or mortgage credit agreement and associated insurances

*Change:*

- ✓ “To compose a suitability statement setting out in clear terms the reasons underlying any advice or information given to the consumer regarding a housing loan or mortgage credit agreement and/or the arranging of life assurance and/or general insurance related to the housing loan or mortgage credit agreement and the mortgaged property.”

To:

- ✓ “To compose a suitability statement setting out in clear terms the reasons underlying any advice or information given to the consumer regarding a housing loan or mortgage credit agreement and/or the arranging of life assurance and/or general insurance related to the housing loan or mortgage credit agreement and the mortgaged property, including how the consumer’s sustainability preferences have been taken into account in any recommendation, where relevant to the financial product or service being provided.”

### Appendix 3 – Minimum Competencies for Retail Financial Products

#### Retail Financial Product: Consumer Credit Agreements and Associated Insurances

#### 4. The process by which appropriate advice or information is given to a consumer about consumer credit and associated insurances

Change:

- ✓ “To compose a suitability statement setting out in clear terms the reasons underlying any advice or information given to a consumer regarding the provision of credit and/or the arranging of insurance on the credit outstanding on a consumer credit agreement.

To:

- ✓ “To compose a suitability statement setting out in clear terms the reasons underlying any advice or information given to a consumer regarding the provision of credit and/or the arranging of insurance on the credit outstanding on a consumer credit agreement, including how the consumer’s sustainability preferences have been taken into account in any recommendation, where relevant to the financial product or service being provided.”

## Appendix 3 – Minimum Competencies for Retail Financial Products

### Retail Financial Product: Providing Debt Management Services

#### 6. The process by which appropriate advice or information is given to the consumer about debt management services

*Change:*

- ✓ “To compose a statement of suitability for a consumer setting out in clear terms the reasons underlying any recommendation made to the consumer by the firm, an explanation of the options available and the risks and consequences for the consumer of accepting any of those options.”

*To:*

- ✓ “To compose a statement of suitability for a consumer setting out in clear terms the reasons underlying any recommendation made to the consumer by the firm, an explanation of the options available and the risks and consequences for the consumer of accepting any of those options, including how the consumer’s sustainability preferences have been taken into account in any recommendation, where relevant to the financial product or service being provided.”

## Next Steps

The Central Bank will publish the Addendum to the MCC. These changes will come into force for anyone selling or providing advice on financial products or services that incorporate a sustainability element from 1 January 2025.

Should you have any queries about this Notice of Intention please submit them by email to [competency@centralbank.ie](mailto:competency@centralbank.ie) by 5 January 2024.



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