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CORPORATE & COMMERCIAL ALERT

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FSCA issues guidance note on the requirements for Continuous Professional Development

The Financial Sector Conduct Authority (FSCA) has released a guidance note on compliance with the continuous professional development (CPD) requirements for Financial Service Providers (FSPs), key individuals (KIs) and representatives set out in Chapter 4 of the Determination of Fit and Proper Requirements for Financial Service Providers, 2017 (Board Notice 194 of 2017) (Fit and Proper Requirements).

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FSCA issues guidance note on the requirements for Continuous Professional Development

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The Financial Sector Conduct Authority (FSCA) has released a guidance note on compliance with the continuous professional development (CPD) requirements for Financial Service Providers (FSPs), key individuals (KIs) and representatives set out in Chapter 4 of the Determination of Fit and Proper Requirements for Financial Service Providers, 2017 (Board Notice 194 of 2017) (Fit and Proper Requirements).

The CPD requirements are aimed at ensuring that FSPs, KIs and representatives maintain their competence and continuously improve their knowledge, skills and abilities in a changing and dynamic environment. The CPD requirements compliance period runs over a 12-month cycle, from 1 June every year to 31 May of the following year (CPD Cycle). The guidance note seeks to provide clarity on the CPD requirements following the exemption granted by the FSCA on 1 June 2019, exempting FSPs, KIs and representatives from complying with these requirements for the 2018 CPD Cycle (ending 31 May 2019) until 31 July 2019.

Sections 12 and 13 of the Fit and Proper Requirements sets overarching principle-based competence requirements and provides for the mechanisms, such as policies, controls and monitoring processes which need to be put in place by an FSP to evaluate and monitor its required competence. An FSP is required to maintain a record of compliance with these sections and a competence register showing all qualifications, completed regulatory examinations, product training and CPD of the FSP, its KIs and representatives.

The CPD activities must be recorded in the competence register of the FSP within 30 days after the expiry of the CPD Cycle (s32(3) of the Fit and Proper Requirements sets out duties in this regard). The FSCA has not yet prescribed the form, manner and intervals in which FSPs must submit the competence register to the FSCA, however FSPs must continue to maintain these registers and will be required to submit the competence register once this information is requested by the FSCA.

The CPD requirements are not intended to be a mere "tick-box" exercise, but to ensure that customers ultimately have access to appropriately knowledgeable and skilled financial services providers. The training and development that takes place in respect of CPD must therefore be targeted, and must address any competency gaps identified, and/or develop additional knowledge and skills expertise where this is identified by the FSP as a future need. It is the responsibility of FSP, KI and/or representative to ensure that CPD activities undertaken are relevant to the function and role of that FSP, KI and/or representatives.

The Fit and Proper Requirements do not prescribe what type of activities must be undertaken by FSPs, KIs and representatives however it should be noted that a CPD activity excludes an activity performed towards a qualification and product specific training. It is essential for FSPs, KIs and representatives to apply their minds to the definition of "CPD activity" and determine the relevance to the function and role of that particular FSP, KI and representative.

FSCA issues guidance note on the requirements for Continuous Professional Development...continued

Non-compliance with any competence requirement, including the CPD requirements, will result in regulatory action being taken against the FSP, KI and/or representative.

A CPD activity must be accredited by a "professional body" (as defined in the Fit and Proper Requirements), allocated an hour value by that professional body and it must also be "verifiable". The list of recognised professional bodies can be accessed [here](#).

Non-compliance with any competence requirement, including the CPD requirements, will result in regulatory action being taken against the FSP, KI and/or representative. If it is clear that a representative will not meet the CPD requirements by the end of a CPD Cycle, the FSP can pro-actively move

the representative to a role that does not require compliance with the CPD requirements prior to the expiry of the CPD Cycle and remove the representative from its representative register. However, if a representative is already non-compliant with the CPD requirements, the FSP must debar the representative.

The guidance note (available [here](#)) provides more details on these requirements in order to assist FSPs to comply and embed CPD in their businesses. It also includes frequently asked questions (FAQs) to further help FSPs, KIs and representatives apply the CPD requirements.

Nuhaa Amardien and John Gillmer

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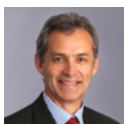


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