



Legal Update

Sustainability Knowledge and Competency

The Central Bank of Ireland (the “Central Bank”) has recently issued a Notice of Intention (the “NOI”) to inform market participants that it intends to update the Minimum Competency Code 2017 (the “MCC”) to include recognition of sustainability knowledge and competence. The changes planned will be of general importance to all aspects of retail focussed financial services, including asset management.

Background

The MCC sets out minimum professional standards for persons involved in providing certain financial services and acting in specific roles. The purpose of the MCC is to ensure that an acceptable minimum level of competence is maintained by those acting for regulated firms in the provision of advice and information to consumers regarding retail financial products. In light of the increase in interest by consumers in products relating to sustainability or in related aspects of other products it has deemed it appropriate to update the MCC to ensure relevant staff have the knowledge and competence to understand and explain products as well as to undertake suitability assessments taking into account consumer’s sustainability preferences.

Proposed Amendments

The Central Bank has clarified that it intends to make various amendments to Appendix 3 of the MCC in this regard. These amendments will address all retail financial products, including life assurance, pensions, general insurance, consumer credit and

debt management services as well as savings and investment products.

In addition, the current requirements around Continuous Professional Development (“CPD”) are to be updated to clarify that CPD may be undertaken in respect of sustainability topics where this is directly relevant to the persons role.

Next Steps and Timeline

The amendments to the MCC will come into force for those selling or providing advice on financial products or services that incorporate a sustainability element from 1st January 2025.

How Clerkin Lynch can Help

The asset management team at Clerkin Lynch LLP provides timely updates on all aspects of regulatory developments relating to the financial services industry in Ireland and aids firms seeking to ensure compliance. We can advise on updating policies and procedures to meet the requirements of the updated MCC as well as preparing related educational materials.



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