

By Email

4 September 2019

Dear Senior Executive Officers (SEO) of DFSA Authorised Firms

Demonstrating competence and expertise – Continuing Professional Development

In this “Dear SEO letter”, the DFSA would like to remind Authorised Firms of the new requirements relating to Continuing Professional Development (CPD) that will come into force on 1 January 2020. The DFSA expects Authorised Firms to plan accordingly for this change.

Consultation Paper

On 13 December 2018, the DFSA issued [Consultation Paper No.122 \(CP122\)](#), which outlined the DFSA’s proposals to introduce specific CPD requirements.

The DFSA made these proposals because we were concerned that, while a number of requirements in the DFSA’s regime state the need for an Authorised Firm to have staff who are competent to carry out their roles, we have not previously set out any expectations in terms of what this means and what actions we expect Authorised Firms to carry out.

The proposals were agreed by the DFSA Board and will come into effect 1 January 2020.

Requirements

The DFSA Board agreed on CPD requirements for the:

- a. Senior Executive Officer (SEO);
- b. Compliance Officer (CO); and
- c. Money Laundering Reporting Officer (MLROs).

We will require, initially, a minimum of 15 hours of CPD per year for any Employee who falls within the categories listed above.

The Authorised Firm must ensure that:

- a. the CPD undertaken is relevant to the Employee’s role and any anticipated change in that role and to the Employee’s professional skill and knowledge;
- b. the CPD consists of structured activities which means participating in courses, seminars, lectures, conferences, workshops, web-based seminars or e-learning, which require a commitment of thirty (30) minutes or more; and
- c. the Employee retains adequate records of CPD activities to be able to demonstrate that the CPD requirements are met.

The DFSA’s Supervision team will expect the requisite CPD records to be made available, on request, and intends to look at a sample of these each year to assess compliance with the Rules.



The specific provisions are included in Appendix I (GEN 5.3.19A) and will be included in the General Module of the DFSA Rulebook. However, the provisions will not be published in the DFSA Rulebook on our website until later in the year.

We strongly encourage you to consider these changes immediately and to send us any questions well in advance of the date the Rules come into force.

Lastly, Authorised Firms are reminded that general communications with the DFSA should be made using the [Supervised Firm Contact Form](#). This includes any questions regarding these new requirements.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Peter Smith', is positioned above the printed name.

Peter Smith
Manager Director Strategy, Policy & Risk

Appendix I

In this Appendix underlining indicates new text and striking through indicates deleted text.



The DFSA Rulebook

General Module

(GEN)

5 MANAGEMENT, SYSTEMS AND CONTROLS

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5.3 Systems and controls

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Staff and agents

5.3.13 An Authorised Person must establish and maintain systems and controls that enable it to satisfy itself of the suitability of anyone who acts for it.

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5.3.19 (1) An Authorised Firm must ensure, as far as reasonably practical, that its Employees are:

- (a) fit and proper;
- (b) competent and capable of performing the functions which are to be assigned to those Employees; and
- (c) trained in the requirements of the legislation applicable in the DIFC.

(2) An Authorised Firm must establish and maintain systems and controls to comply with (1). An Authorised Firm must be able to demonstrate that it has complied with these requirements through appropriate measures, including the maintenance of relevant records.

Guidance

1. When considering whether an Employee is fit and proper, competent and capable, an Authorised Firm should consider any training undertaken or required by an Employee, the nature of the Clients to whom an Employee provides Financial Services, and the type of activities performed by an Employee in the provision of such Financial Services including any interface with Clients.
2. When assessing the fitness and propriety of Employees, an Authorised Firm should be guided by the matters set out in section 2.3 of the RPP Sourcebook and should also monitor conflicts or potential conflicts of interest arising from all of the individual's links and activities.
3. When assessing the competence and capability of an Employee, an Authorised Firm should:
 - a. obtain details of the skills, knowledge and experience of the Employee relevant to the nature and requirements of the role;
 - b. take reasonable steps to verify the relevance, accuracy and authenticity of any information obtained;
 - c. determine, in light of the Employee's relevant skills, knowledge and experience, that the Employee is competent and capable of fulfilling the duties of the role; and

- d. consider the level of responsibility that the Employee will assume within the Authorised Firm, including whether the Employee will be providing Financial Services to Retail Clients in an interfacing role.
4. An Authorised Firm should also satisfy itself that an Employee:
 - a. continues to be competent and capable of performing the role;
 - b. has kept abreast of market, product, technology, legislative and regulatory developments that are relevant to the role, through training or other means; and
 - c. is able to apply his knowledge.
5. Refer to section 2.2.13 of the RPP Sourcebook for criteria for suitability of members of the Governing Body of the Authorised Firm.

Continuing Professional Development

- 5.3.19A** (1) An Authorised Firm must ensure that an Employee who falls within a category specified in (2) remains competent by completing a minimum of 15 hours of continuing professional development (CPD) in each calendar year.
- (2) The categories of Employees specified for the purposes of (1) are:
- (a) the Senior Executive Officer;
 - (b) the Compliance Officer; and
 - (c) the Money Laundering Reporting Officer.
- (3) An Authorised Firm must ensure that:
- (a) the CPD in (1) is relevant to the Employee's:
 - (i) current role and any anticipated change in that role; and
 - (ii) professional skill and knowledge;
 - (b) the CPD consists of structured activities; and
 - (c) the Employee keeps adequate records of CPD activities to be able to demonstrate that the requirements in this Rule have been met.
- (4) In (3), "structured activities" means courses, seminars, lectures, conferences, workshops, web-based seminars or e-learning which require a commitment of thirty minutes or more.

Guidance

1. The requirement in Rule 5.3.19A does not derogate from the requirement in Rule 5.3.19 for an Authorised Firm to ensure that Employees generally are competent and capable of

performing their functions. This requires the Authorised Firm to consider what training is undertaken or required for all Employees, including Employees not covered by this Rule.

2. The structured activities that are completed as CPD may consist of activities conducted internally or externally, and may include activities conducted by a professional body.

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