

In case of discrepancies between the French and the English text, the French text shall prevail.

Luxembourg, 13 October 2017

To all the professionals under the prudential supervision of the CSSF that provide investment services, carry on investment activities referred to in Section A of Annex II of the Law of 5 April 1993 on the financial sector, market structured deposits or give advice regarding these products to clients or provide ancillary services referred to in Section C of Annex II of the Law of 5 April 1993 on the financial sector

CIRCULAR CSSF 17/670

Re: ESMA Guidelines for the assessment of knowledge and competence in the framework of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU ("MiFID II") - criteria regarding external training on knowledge and competence

Ladies and Gentlemen,

This circular follows up on Circular CSSF 17/665 of 31 July 2017 relating to the ESMA Guidelines for the assessment of knowledge and competence (the "Guidelines") ("Circular CSSF 17/665"). It aims at communicating (i) the minimum criteria that must be included in the external training foreseen in Circular CSSF 17/665 and (ii) details regarding the application file for registration on the list published on the CSSF website that the organisations proposing external professional training shall submit (the "application file").

Unless otherwise specified, the terms used in MiFID II or in the Guidelines shall have the same meaning in this circular.

1. Content of the external training programme

As defined in Circular CSSF 17/665, the professionals shall ensure that staff providing the relevant services (as defined in the Guidelines) have the necessary knowledge and

competence to meet the relevant regulatory and legal requirements and business ethics standards.

In order to fulfil the obligation to verify the minimum knowledge and competence, professionals may:

- either make their own internal assessment, by any appropriate means, according to a formalised procedure that may be verified by the CSSF at a later stage;
- or ensure that staff concerned has followed external professional training delivered by an organisation registered on the list published on the CSSF website.

Organisations that wish to propose external professional training and to be registered on the list published on the CSSF website shall present their training programme in an application file to be introduced with the CSSF.

The content of the training programme shall be established by the training organisations and shall include all the topics covered by the criteria published in Circular CSSF 17/665, in order to ensure that natural persons giving investment advice or information about financial instruments, investment services or ancillary services to clients on behalf of the professional have at least the necessary knowledge and competence to fulfil their obligations under Articles 24 and 25 of MiFID II and the Guidelines.

The organisations that wish to propose external professional training and be registered on the list published on the CSSF website shall present a detailed programme in their application file, together with a correlation table allowing the CSSF to determine whether all of the minimum competences and knowledge referred to in the previous subparagraph are fully covered. The training organisations may propose a more general training programme or cover additional topics according to the needs of the individual professionals.

The professionals may use external training for only part of the topics, the rest being covered by internal training. Training organisations must be able to offer professionals flexibility as to the topics covered by training and, for example, allow professionals to use external training only for part of the topics. It should be noted that the CSSF only accepts application files proposing a complete training programme, which may, however, be divided into different modules.

The application file must identify the number of minimum hours for each topic, taking into account the fact that the level and intensity of knowledge and competences expected from persons providing investment advice shall be of a higher standard than those expected from persons that only give information on investment products and services (including, in particular, discretionary management) and by allowing training tailored to the specific needs of every professional and its personnel. In this respect, it must be noted that although the schedule may be adapted to the professionals' needs, a reasonable and consistent number of hours must be allocated to each topic, allowing the complete acquisition of necessary knowledge and competence.

2. Criteria

External training must be delivered by an organisation that justifies its capacity to organise training in accordance with the conditions laid down in this circular.

Training must have a total duration (for all the topics) of at least 60 hours. The number of hours allocated to each topic must be disclosed in the application file.

Training may also be provided remotely, e.g. via a dedicated e-learning platform.

A test, to be organised in this case by the training organisation, validating the acquisition of minimum knowledge is not mandatory. However, every professional is required to be able to demonstrate to the CSSF that the persons undergoing training really attended every session and acquired the minimum knowledge defined by this circular.

The documents relating to the training must be handed out to the professional concerned and kept on a durable medium by the organisation that provided the training and by the professional for a period of at least five years and must be made available to the CSSF upon request.

A person who attended an external training provided by an organisation registered on the list published on the CSSF website or recognised by another competent authority, and who changes employer, works for the account of a new professional or changes function within the same employer, must not necessarily follow a new external training, subject to the assessment of the new employer as regards the specificity of his/her new functions.

3. Application file

The application file shall include:

- a specific and full identification of the applicant (name of the organisation, identity of the managers and of the persons responsible for training, contact details, address);
- the articles of incorporation, date of inception, date of registration in the Registre de Commerce et des Sociétés (where applicable);
- where applicable, a copy of the authorisations or certifications relating to training;
- the detailed description of the (human and material) means dedicated to training;
- the detailed training programme, including the number of hours allocated per topic and the correlation table allowing the CSSF to verify if all the minimum criteria laid down in Circular CSSF 17/665 and in Articles 24 and 25 of MiFID II are covered;
- where the organisation offers distance learning, a detailed presentation of the means that are implemented to control the proper functioning of the distance learning;
- a detailed description of the policies governing identification, prevention and management of potential conflicts of interest;

- a description of staff concerned and prerequisites;
- the price of the trainings and a copy of advertisement documents (even in draft status);
- any other information that may be of interest to the CSSF.

In order to be listed on the CSSF website as an organisation recognised by the CSSF to deliver external training within the meaning of this circular, the application file shall include the following:

- the original application file in paper format; and
- an electronic copy in a standard format.

The application file must be signed by a natural person duly approved by the organisation applying for registration on the list published on the CSSF website and justifying this approval. The CSSF only accepts files introduced by legal persons, companies or associations.

The application file shall be sent:

- By mail to: Commission de Surveillance du Secteur Financier - Service
JUR-CC

L-2991 Luxembourg

- Or by e-mail to:

Listeformations_MiFIDII@CSSF.lu

The content of the training programme shall be updated in accordance with the developments and recent events relating to the applicable laws and regulations, the documents published by ESMA, market development, specificities of the Luxembourg market, etc. The training organisation shall inform the CSSF without delay of any update of or modification to the programme. An update shall be made whenever necessary and at least every three years as from the registration of the training organisation on the list published on the CSSF website.

The CSSF shall publish on its website a list of organisations whose application file has been approved. The organisations that do no longer fulfil the conditions laid down in this circular shall be withdrawn from the list.

Moreover, the CSSF reserves the right to amend the conditions laid down in this circular where necessary as it deems appropriate. In this case, the training organisations published on the list of institutions whose application file has been approved shall adapt to the new conditions.

The application file shall be drawn up under the sole responsibility of the institution that seeks registration on the list published on the CSSF website. Registration on the list does not imply that the CSSF delivered an opinion (positive or negative) on the

relevance or accuracy of the information contained in the training or the quality of the instructors.

Any statement contrary to or reference to the published list on the CSSF website for purposes other than informative is prohibited.

4. Application

This circular enters into force upon its publication on the CSSF website.

Yours faithfully,

COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER

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Director	Director	Director

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