International Comparison of Investment Qualifications

Eetu Valjakka

FFI | Federation of Finnish Financial Services

APV SIJOITUS TUTKINNOT

EBTN
EUROPEAN BANKING & FINANCIAL SERVICES TRAINING ASSOCIATION Aisbl

Contents

This study on the international comparison of investment qualifications was conducted by Eetu Valjakka, student at the Oulu Business School of the University of Oulu. It was commissioned by APV Investment Examinations Ltd. 1 September, 2016

BACKGROUND

Financial markets are facing major changes. In Finland, banks and other financial institutions are already under efficiency pressures as the national economy is recovering from recession, interest rates are persistently low, and the market is increasingly volatile and less predictable. At the same time, digitalisation is challenging traditional operating models and pushing banks to provide better and better services with smaller prices. In the post-crisis environment, financial sector structures and operating practices are also controlled and supervised with stricter regulation than before. The implementation of the new Markets in Financial Instruments package (MiFID II and MiFIR) presents challenges, as do new market participants who are able to operate entirely outside of regulation and consumer protection (shadow banking). These new revenue generation models go against traditional practices and also challenge regulation, the purpose of which is to ensure market stability, consumer protection, transparency, and efficiency.

According to ESMA's cost benefit analysis, the MiFID review is estimated to generate one-off compliance costs of between €512 and €732 million and ongoing annual costs of between €312 and €586 million. This means the costs are expected to be smaller than when MiFID I was implemented. The market, however, holds diverging opinions on the benefits the MiFID II package can bring. It is probable the biggest impact will manifest as more stable financial markets, improved consumer protection, and more transparent operating practices.

The institutions that can adapt their strategies to the regulatory changes and have the operational resources to respond to the post-reform environment will come out on top. Regulation will increase costs especially in the higher levels of organisation, and this will give large market participants an edge over smaller ones. At worst, small companies can see this is as an entry barrier that hinders or even prevents them from entering the market. On the other hand, many new market entrants operate specifically in the unregulated areas and base their operations on digital revenue generation models that do not require starting capital. The increasing regulation and growing operating costs of banks may result in higher customer fees as well as stricter credit terms and conditions, and may even drive customers to use non-regulated services.

A key element in improving consumer protection is ensuring that the personnel who provide investment services have sufficient knowledge and competence. The aim of this study was to form an overall picture of the European regulation and self-regulation of the levels of knowledge and competence required of the personnel providing investment information and advice. Particular focus was on investment service qualifications and their different forms.

The information was collected qualitatively with a questionnaire and interviews and from public internet sources. The sample included sixteen countries, ten of which (Belgium, Finland, Germany, Ireland, Italy, Malta, the Netherlands, Poland, Russia, and Spain) responded to the questionnaire.

THE SIGNIFICANCE OF INVESTMENT QUALIFICATIONS AND REGULATION FOR THE FINANCIAL SECTOR

The financial market and the entire investment sector is one of the world's most integrated, civilised and highly regulated markets. The proper functioning of the market is supported with obligations, restrictions and guidelines. Regulation exists to ensure market confidence and stability, consumer protection, market participants' commitment to abide by the same rules, and the prevention of market abuse.

In the aftermath of the 2008 financial crisis, market stability has become a significant regulatory aim especially in the EU region. Market participants have expected efficient implementation of regulation instead of new regulation, but the post-crisis regulatory reform has been slow and its schedules often have not held. This has partially resulted from the wide scope set for the regulation in order to establish a picture of its cumulative effects. The most important regulatory aim in 2016 is to have the already approved directives successfully implemented and to reduce the amount of entirely new regulation.

It is, however, absolutely necessary to review and adapt regulation to the changed market and risks in order to maintain market confidence. Legislative reform must be consistent, and market participants must be informed about it in advance, so that companies and institutions can update their strategies, operating models and data systems for the new environment. It should be noted that certain important questions related to the regulation have so far reached no answers or consensus. This remaining uncertainty in the market has at least two effects. First of all, it influences long-term decisions that pertain to strategy, operating models and organisational structures, especially in banks. Secondly, companies are forced to consider how their existing investments can adapt to the revised regulation.

The implementation of the MiFID II package will give investment qualifications more weight in the regulatory framework. The assessment of the knowledge and competence of persons employed in certain tasks has been part of national self-regulation, and has not been required by any EU legislation. The basic aim of MiFID II is to improve consumer/investor protection. On one hand it regulates investment products, and on the other, their sales and marketing. The package also contains rather general but extensive guidelines on the levels of knowledge and competence required of persons who give investment information and advice. Key requirements are presented under Articles 24 and 25 of MiFID II and in the separate *Guidelines for the assessment of knowledge and competence* issued by ESMA.

The purpose of the requirements is to ensure that the staff who provide investment advice and investment information at banks and investment firms possess the required level of knowledge and competence. Moral and ethical viewpoints must also be taken into consideration in the selling of investment products. A more reliable and regulated sales process is expected to improve consumer protection and confidence in the market.

The guidelines set down assessment criteria for the knowledge and competence required under Article 25(1) of MiFID II in accordance with Article 25(9) of MiFID II. The necessary level and intensity of knowledge and competence is specified under Articles 24 and 25 of MiFID II. Competence can be tested with training or examination that complies with the standards of the guidelines. Appropriate experience is in the guidelines specified as a minimum of 6 months of work (on a full time equivalent basis), during which the member of staff must have successfully demonstrated the ability to perform the relevant services.

The guidelines require a higher level of knowledge and competence from staff that gives out investment advice than from those that only give information on investment products and services. The company must ascertain that the knowledge and competence of these persons meets the relevant regulatory and legal requirements and business ethics standards. The member of staff must also understand the company's internal guidelines and practices and must be able to apply them in practice.

ESMA's guidelines also concern the supervision of members of staff who are without the appropriate qualifications but nevertheless work in duties that would require it. Such employees require a personal supervisor, who is responsible for the supervised to the same level as if the supervisor were the one carrying out the tasks. This arrangement can only last a maximum period of four years. The allowing of such supervision leaves room for interpretation in the implementation of the guidelines, however, and may complicate the establishment of a uniform level of competence. More detailed description of the requirements can be found in the *Guidelines for the Assessment of Knowledge and Competence* published by ESMA.

With the guidelines, ESMA's intention is to increase the uniformity of knowledge and competence and give a consistent set of criteria with which authorities can supervise operations. The guidelines also seek to make it easier for companies to act in the best interests of their customers. After all, the harmonisation of investment service qualifications is an important part of the MiFID II package's aim to improve consumer protection, because it can guarantee the sufficient and uniform level of knowledge and competence of staff giving investment information and advice.

IMPACT OF THE MIFID II PACKAGE ON THE PROVISION OF INVESTMENT SERVICES

The reform has two main elements: the Markets in Financial Instruments Directive (MiFID II, 2014/65/EU), which regards the provision of investment services and financial instruments trade, and Regulation (MiFIR, 2014/600/EU), which governs market structures. The Directive and Regulation will both enter into force on 3 January 2018.

MiFID II will improve upon the original 2007 Markets in Financial Instruments Directive (2004/39/EU), which was found inadequate. For example, by abolishing the stock exchange monopoly, MiFID I made it possible for new venues to emerge and trade to disperse into dark pools and OTC venues. The goal of the MiFIR is to bring all securities trading into organised, regulated markets. The actual changes will begin once the EU publishes official guidelines for the transposition of the Directive into national laws. The implementation must take place by 3 July 2017.

The MiFID II regulation will also be extended to different investment-linked insurances, such as traditional investment insurances and capital redemption policies. The regulation is partly based on the Directive on Insurance Distribution (IDD) and the Regulation on Key Information Documents for Packaged Retail and Insurance-Based Investment Products (PRIIPs).

One of the key purposes of the MiFID II is to increase market transparency by improving investor protection and price discovery. After the reform, it should be clearer to investors what they are paying for and how partial or impartial the advice or information they receive is.

The reform will especially affect independent investment advisers, who are not in the service of banks, funds or insurance companies. The companies' revenue generation model is based on "independent" investment advice, which seeks to sell commission-based products to investors so that the seller gets part of the fee charged from the investor as a soft commission. In other words, this independent advice has been paid for by one of the companies that sell investment instruments, such as a fund management or insurance company. MiFID II prohibits soft commissions by setting down that commissions must be charged directly from customers.

MiFID II defines the concept of "independent investment adviser" and stipulates that an independent investment adviser or portfolio manager may not receive and keep a brokerage fee, commission, or other benefit which a third party or a person acting on behalf of a third party pays or offers or which is related to the provision of the service. Small non-financial benefits have been left outside of the restrictions, however, provided that they can improve the quality of service offered to the customer, and provided that their extent and nature do not hinder the service provider's obligation to act in the best interests of the customer.

MiFID II also contains provisions that pertain to the communications between customer and company, for example by enhancing the evaluation of the suitability and appropriateness of advice and products offered to customers of investment advice and/or asset management. The suitability of services and products is assessed in relation to the customer's knowledge, experience, goals, and financial situation. All contact and communications with the advised customer must be recorded. The investment service provider must keep regular contact with the customer for the entire time that the customer holds the said company's investment instruments. Pre-trade, the customer must also be informed how well suited the advice is to their personal goals and other characteristics, and must be given a clear description of how the orders are executed. The purpose of this is to ensure the investment instrument's suitability and appropriateness for the customer also after the trade has taken place.

Banks' commonly used revenue generation model of free investment advice, made possible by intra-group trading of investment instruments for internal commissions, requires more transparency to be viable in the future. Increasing transparency will, in turn, entail significant costs. For example, MiFID II requires a detailed break-down of asset management fees. When a customer is cross-sold products, they must also be informed whether the products can be purchased separately, and what risks and costs the products would then entail.

Future will tell how much customers are willing to pay for "free" investment advice. It is possible that the investment advice of banks and investment firms will only be available for customers with large assets. The management of major assets guarantees yields compared to which the commissions and fees from non-professional (retail) investors are marginal. There is a risk that excessive regulation will drive the smallest retail customers most in need of investment advice to use online services independently to cut back on costs. This, in turn, may well undermine the entire regulation of investment sales.

FINLAND

Organisation

The Finnish investment qualifications scheme was launched in 2000 by the Finnish Association of Securities Dealers. In 2009, the Association merged into the Federation of Finnish Financial Services (FFI), which represents the interests of nearly all financial companies operating in Finland, including banks, insurers, fund management companies, securities dealers, investment firms, and financial sector employers. The FFI has 390 member companies and organisations, who together have about 42,000 employees.

In 2010, the year after the merger, FFI founded the APV Investment Examinations Ltd to maintain and further develop the investment qualifications system. The company manages and organises the investment qualifications scheme in partnership with Aalto University Executive Education (Aalto EE). Aalto EE, a subsidiary of Aalto University, is a triple-accredited (AACSB, AMBA and EQUIS) business school, which in addition to Finland operates in ten other countries in Asia and Europe. It offers education, development services and training to individuals and organisations.

The qualifications are part of the sector's self-regulation. The objective of the qualifications and everything related to them is to maintain and develop both the esteem of the sector as well as the level of staff competence in investment firms. FFI's goal is to improve public confidence in investment services by ensuring that the staff of companies operating in the financial sector have the adequate knowledge and competence for their duties.

Organisation structure and division of duties of the APV qualifications

Qualifications

There are two Finnish investment qualifications:

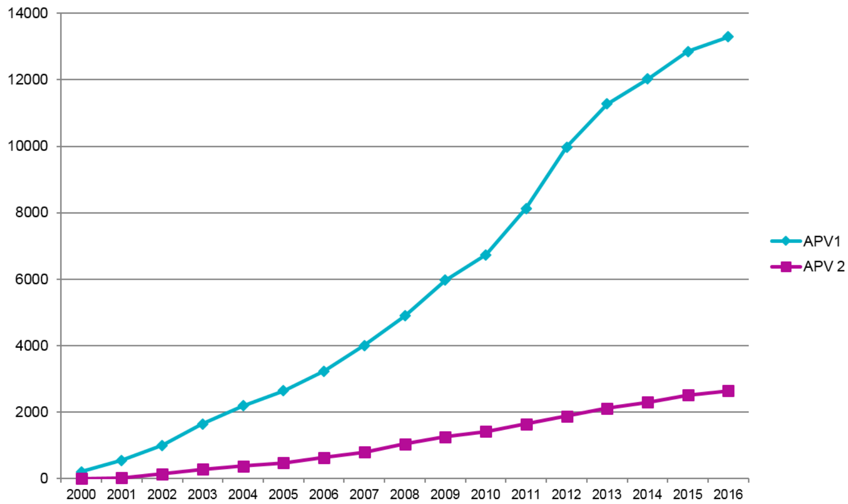
- General Securities Qualification (APV1), 12 ECTS
- Investment Adviser Qualification (APV2), 15 ECTS

The APV Investment Examinations Ltd updates the qualification requirements annually and makes them publicly available. The updated requirements are approved by the company's qualification work group, which maintains and is responsible for the functioning of the qualification system. The qualification work group is comprised of representatives from Aalto University, Aalto EE, the University of Turku, banks, asset management companies, other significant financial institutions, and the Finnish Financial Supervisory Authority.

The qualification requirements are designed to correspond to the legislation, regulation, operating models and practices of companies operating in the sector. The requirements are diverse and cover a comprehensive area of the investment services sector. The qualifications contain the basics from all essential subject areas, such as financing, investment firm legislation, functioning of the market, financial instruments, and the taxation of investments.

Both qualifications cover the following subject areas:
1. National economy and financial markets
2. Corporate finances
3. Investment products and investing
4. Regulation of investment services provision and the basics of civil law
5. Taxation of investors and the basics of family law and inheritance law

The APV1 and APV2 qualifications are recognised also in Sweden, where their contents match the competence requirements of the SwedSec Licens qualification. The recommendation is for the APV1 to be taken within one year and the APV2 within two years of starting work in duties that require the appropriate qualification. FFI recommends that all persons working in customer service duties in the field of investments should hold the APV1 General Securities Qualification. Employees working in challenging duties are recommended to take the APV2 Insurance Adviser Qualification. FFI also recommends that the qualification is retaken if the qualified person has not worked in relevant duties within the last five years. At the end of May 2016, the APV1 qualification exam had been passed by a total of 13,024 persons, of which 2,381 persons had also passed the APV2 qualification exam.



Number of APV1 and APV2 qualifications 2000-2016

Examination

The APV1 General Securities examination is organised four times a year, and the APV2 Insurance Adviser examination is organised twice a year. The exams take place simultaneously in several localities, and are graded on a pass/fail basis. The pass rate is different for each exam but roughly follows Gaussian distribution and is thus around 70 percent. The exam includes multiple choice, correct/false choice, and free response questions.

The APV1 examination participants must answer at least 40 questions. This number does not include free response questions. A correct answer is worth 2 points and an incorrect answer removes a point from the exam taker's score. The pass limit is 50 points.

The APV2 examination participants must answer at least 34 questions. This number does not include free response questions. The grading follows the same model as in the APV1 exam. The pass limit of the APV2 is also 50 points.

There is a two-stage process through which the exam taker can petition for appeal and request the qualification work group to state the reasoning for the correct answer. A corresponding Finnish or foreign qualification (e.g. the CEFA/CIIA or the CFA) that has been approved by the qualification work group can substitute for the APV2 qualification. All training related to the qualifications has been outsourced to free competition and is available, for example, from the Institute of Marketing and as an online course from the NASDAQ.

SWEDEN

Organisation
SwedSec Licensiering AB is the Swedish equivalent of the Finnish APV Insurance Examinations Ltd. It is owned by the Swedish Securities Dealers Association (SSDA). SwedSec was established in 2001 to provide impartial qualification licences that would guarantee the competence of affiliated companies' employees. The SSDA is in charge of the licensing of securities dealers. These affiliated companies include banks, finance houses, insurers, and foreign companies of the same types operating in Sweden.

From 2001 to 2013, SwedSec had only one licence that was uniform for all job descriptions in the sector. In 2013, it introduced a licence for investment advisers, and in 2014, it introduced two more, one of which was aimed for specialists such as brokers, asset managers and analysts, and the other for managerial staff and internal services of companies.

The SSDA was founded in 1908 as an association that represents the common interest of banks and investment services firms active on the securities market. In 2015, it had 29 member organisations. The mission and structure of the SSDA are similar to those of the Federation of Finnish Financial Services (FFI). When appropriate, the SSDA develops self-regulation, industry guidance and standards in order to achieve high market integrity and efficiency. The aim of the Swedish qualifications system is to maintain high confidence in the Swedish securities market.

The goal of the SSDA is to license the employees working in challenging duties at companies that operate in the securities market under the supervision of Finansinspektionen (the Swedish financial supervisory authority). Such duties include, for example, investment advisers, securities dealers, middle management, analysts, internal supervision staff, and various risk management specialists. The duties of the licensed employees must be of the nature that the decisions they make have significant impact on the customer's finances.

Qualifications
There are three qualifications in Sweden:
1. Licensing exam for insurance and investment advisers
2. Licensing exam for specialists such as analysts, brokers, and asset managers
3. Licensing exam for management and control functions

The proficiency requirements are divided into sections (subject areas), subsections, and checkpoints, in addition to which the questions are divided into three cognitive difficulty levels. The following cognitive difficulty levels are used:

Level	Definition
Recall (R)	The exam taker must identify and recall concepts, definitions and facts.
Comprehend (C)	The exam taker must understand and explain different relationships and connections between facts.
Apply (A)	The exam taker must demonstrate the ability to apply the learned information, for example formulas, rules and methods

Each checkpoint is marked with the letter R, C or A according to the cognitive level of the question. For instance, if a checkpoint is marked with A, the exam taker is expected to demonstrate that they can understand, explain, and identify the subject matter. A checkpoint can be marked with several letters, in which case it includes elements from several cognitive difficulty levels.

1. The licensing exam for insurance and investment advisers
The proficiency requirements are divided into four general areas:
1. Products and customer transactions
2. Economic theory and finance
3. Ethics, rules and regulation
4. Pensions and insurance

The licensing exam for advisers consists of 25 standardised questions from each section. The exam thus comprises a total of 100 questions. All questions have been subject to a thorough quality check in terms of facts, quality and language. In addition, all questions have been trialled and analysed using statistical methods. This is done by including five as yet not approved questions from each section, the answers to which will not have an effect on the final result. The exam takers' answers to these five questions will therefore not influence the final score, but will be used for statistical analysis. The exam takers are not told which questions influence the final score and which are being trialled for statistical purposes. The exam taker therefore answers a total of 120 questions, of which 100 will determine the final score. To pass the licensing examination, the test taker must answer at least 70 percent of the questions correctly, and must answer at least 60 percent of each section's questions correctly.

To facilitate the movement and working of investment advisers between the two neighbouring countries, the Swedish SwedSec Licensiering AB and the Finnish Insurance Examination Ltd have mutually agreed that the Swedish licensing exam for advisers is equivalent to the Finnish APV1 General Securities Qualifications, and vice versa.

2. The licensing exam for specialists
The licence candidate must be proficient in different concepts, definitions and structures of various financial instruments. The requirements are divided into the following three areas:
1. Financial instruments, markets and trading
2. Economic analysis
3. Ethics, rules and regulation

The licensing exam for specialists consists of 30 standardised questions from each section. The exam thus comprises a total of 90 questions. All questions have been subject to a thorough quality check in terms of facts, quality and language. In addition, all questions have been trialled and analysed using statistical methods. This is done by including five as yet not approved questions from each section, the answers to which will not have an effect on the final result. The exam takers' answers to these five questions will therefore not influence the final score, but will be used for statistical analysis. The exam takers are not told which questions influence the final score and which are being trialled for statistical purposes. The exam taker therefore answers a total of 105 questions, of which 90 will determine the final score. To pass the licensing examination, the test taker must answer at least 70 percent of the questions correctly, and must answer at least 60 percent of each section's questions correctly.

3. The licensing exam for management and control functions
The requirements are divided into the following three areas:
1. Governance and internal control
2. Financial economy, risks and capital adequacy
3. Rules and regulations of the securities market

The number of questions, structure and grading of the exam are the same as in the exam for specialists.

Disciplinary sanctions
SwedSec has a disciplinary board which decides on the sanctions imposed on licence holders whose conduct has been inappropriate. The following sanctions may be imposed on licence holders:
1. Reprimand
2. Warning
3. Temporary licence revocation
4. Permanent licence revocation

The disciplinary board may revoke a licence if its holder has violated or seriously neglected their obligations in the performance of their duties.

The following sanctions may be imposed on affiliated companies:
1. Fines
2. Exclusion

SwedSec's board of directors decides whether a company must pay a fine and the amount of such fine. If an affiliated company has seriously violated the Rules and Regulations, SwedSec's board of directors may rule that the company is excluded, i.e. no longer affiliated.

Licensing requirements
To qualify as a licence holder, an employee must
- be employed at a SwedSec affiliated company;
- work in duties that require the licence;
- pass the licensing examination;
- agree to follow the Rules and Regulations of SwedSec; and
- permit the use of their personal data in the SwedSec register.

In addition to the abovementioned conditions, the licence holder must undergo an annual exam to ensure that they are up to date in their knowledge and competence. The contents of the annual knowledge update are decided by the SwedSec review board. The review board is responsible for ensuring that the licensing examination and the annual knowledge updates correspond to how the market, legislation, and regulation have developed.

NORWAY

Organisation
The Norwegian financial sector is supervised by Finanstilsynet (Financial Supervisory Authority of Norway). Finanstilsynet is an independent regulator that builds on international standards for financial supervision and regulation in addition to the laws and decisions issued by the Parliament, the Government and the Ministry of Finance. Through its supervision of enterprises and markets, Finanstilsynet strives to promote market stability and confidence. The supervised entities include banks, finance companies, mortgage companies, insurance companies, pension funds, stock exchanges and authorised market places, settlement centres and securities registers, estate agencies, debt collection agencies, external accountants and auditors.

The Norwegian Securities Dealers Association (NSDA) represents the national interests of the financial sector. The NSDA is one of Norway's oldest trade organisations, originally the result of a merger between the Norwegian Stock Exchange Brokers Association and the Norwegian National Stockbrokers Association in 1978. NSDA's strategic vision is to regard investment firms as profitable enterprises which have competitive framework conditions and which carry out their activities in a way that imbues respect and trust among clients and the authorities. The vision is complemented by the core values of the organisation: integrity, professionalism, and quality.

Qualifications
There are two financial sector qualifications in Norway:
- The Accreditation Scheme for Sellers and Advisers in Non-Life Insurance (GOS)
- The Authorisation Scheme for Financial Advisers (AFR)

Of these, the Authorisation Scheme for Financial Advisers (AFR) is an investment qualification that functions as authorisation. It is owned by Finance Norway and the Norwegian Fund and Asset Management Association, and is implemented by the Finance Industry Authorisation Schemes (FinAut). The purpose of the scheme is to benefit the financial sector and its customers by guaranteeing good standards of competence and ethical operating practices. FinAut is responsible for keeping the contents of the scheme up-to-date with current requirements. Its principle is that all customers should have access to competent, trustworthy and uniform advice from a certified investment adviser.

Authorisation is required from investment services staff and managerial staff. Persons employed in solely administrative duties do not need authorisation. It is left at the companies' own discretion to decide which of their staff members are classified as investment advisers and therefore subject to the authorisation requirement.

Examination
The authorisation process entails that the candidate passes a written exam. The exam includes six subject areas, a simulated ethical test, and an extensive practical assessment test. The practical assessment is designed to ascertain the candidate's ability to provide high-quality investment advice in practice. The simulated test is also called "the Conversation". It is an ethical test that includes several requirements, such as identifying and bringing up ethical problems. Authorisation also requires at least one year's relevant professional experience. The Norwegian investment qualification emphasises ethicality and practical application of knowledge.

Contents of the theoretical exam include:

1. Personal finance
2. Macroeconomics
3. Financial markets
4. Product groups
5. Regulation

In addition to the abovementioned subject areas, the candidates are also tested in two subject areas that are common for all of the schemes arranged by FinAut:

1. Ethics and good advisory practice
2. General regulation

After the candidate is authorised, they must update their competencies annually according to the continuous syllabus of the scheme. Although not required, it is recommended that banks, investment firms, funds, and other similar institutions ensure the competency of all their employees with the AFR qualification.

DENMARK

Organisation
The Danish Securities Dealers Association (DSDA, Børsmæglerforeningen) is a trade organisation founded in 1987. Its role is to represent the interests of its member organisations and thereby support the positive development of the Danish securities market. The association promotes the economical and professional interests of securities dealers to the Danish government, parliament, and other public authorities, and in addition to the national level also participates in the work of international organisations relevant to the market.

Qualifications
The DSDA has focused more on the certification of securities dealers than investment service providers. Working as a securities dealer in Denmark requires the Securities Dealer Certification. In order to become certified, the candidate must take the DSDA's Certification Course.

The certification is required of all new employees in DSDA member companies that operate in the corporate bonds market or otherwise in the capital market. Such employees include sales personnel, traders, and analysts. "New employees" refer to staff employed after 1 January 2005, who have not previously been employed in duties requiring certification.

Passing the Certification Course entails good knowledge of the Danish Securities Trading Act and EU legislation. The Certification Course consists of the following subject areas:

1. Market abuse
2. Trading venues and their regulation
3. Investor protection
4. Investment analysis
5. Money laundering
6. Good business practice and risk labelling
7. DSDA's recommendations to counter conflicts of interest between investment banks

Examination
Although the Certification Course itself is compulsory for certification, physical participation is optional and the course can also be taken as independent study. The study material covers the main subject areas of the course and is handed to the candidates beforehand. The course material and tuition are available only in Danish, but the exam can be taken in Danish or English. A passing score in the certification exam awards the candidate the title of a Certified Securities Dealer.

GERMANY

Organisation
The German financial market is supervised and regulated by the Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin). It supervises about 2,700 banks, 800 investment institutions and more than 700 insurance undertakings. BaFin was formed in the fusion of three supervisory authorities in 2002 when the new Financial Services and Integration Act entered into force. The purpose of the fusion was to integrate all financial sector supervision under one organisation and thus enable more transparent and controlled operations and regulation that covers all sub-sectors.

BaFin employs about 2,100 persons. Its operations are fully funded by contributions collected from the supervised institutions and companies. In the securities market, BaFin's role is to protect the interests of both consumers and institutions.

In 2003, the German Banking Act (Kreditwesengesetz or KWG) was amended so that BaFin's responsibilities also extended to collecting detailed information from financial institutions, in addition to supervising their creditworthiness. The purpose of this amendment was to improve consumer protection and the financial sector's image.

In September 2003, BaFin introduced licensing requirements (official recommendations) for individuals and companies offering banking or investment services in Germany. The recommendations were issued as a Circular, which distinguished between direct or target-oriented offering of services and passive service provision. Only the direct/target-oriented services require licensing. Due to this distinction, it is possible for an investment institution to operate in Germany without being licensed, provided that the organisation does not have or solicit customers in Germany.

There is currently no separate licence or qualification for investment specialists in Germany. Like in many other European countries that have no state-obligated financial sector self-regulation pertaining to employees, private licensing companies are important also in the German market. An employee may benefit from licensing, but there is no actual legal obligation to apply for or require it. The sole exception are managerial positions in banks, which require written authorisation from BaFin.

ITALY

Organisation
Italy has one qualification called "Promotore Finanziario" for persons who sell investment information. Its licence holders usually work at banks or investment firms in duties of varying difficulty. The focus group is consumers, and the employees usually work in "off-premises offer" duties as representatives of the bank or investment firm they work for. A licensed investment specialist should be able to assess the uncertainty factors in the market and carefully and determinedly guide the investor's decisions in a rational direction. A significant proportion of Italian consumers' savings pass through the hands of investment advisers.

The Italian qualifications are under the responsibility of Organismo per la tenuta dell'albo dei Promotori Finanziari (APF), which, at the time this study was written, was about to change its name to Organismo di vigilanza e tenuta dell'albo unico dei Consulenti Finanziari (OCF). APF is a non-profit organisation that is legally obliged to keep a register of *promotore finanziario* qualifications. The organisation and management of APF's operations is under shared responsibility of the Italian Banking Association (ABI), the National Association of Financial Advisors (ANASF), and the National Association of the Company Distribution of Financial Products and Investment Services (ASSORETI).

APF is legally entitled to define its own organisation, and has financial autonomy. However, APF is supervised by the official Italian regulator Comissione Nazionale per le Società e la Borsa (CONSOB). CONSOB supervises the market with the aim of ensuring transparency and correct behaviour by financial market participants as well as the disclosure of complete and accurate information by listed companies.

The *promotore finanziario* was originally based on an Italian law enacted in 1991, but its current, more detailed definition is based on a later law enacted in 1998. The latter defines *promotore finanziario* as a natural person who can act as a tied agent in accordance with the Directive 2004/39/EC. This makes them the only persons permitted to market and trade investment products and services in Italian investment institutions.

In order to become a licensed *promotore finanziario*, the candidate must pass an examination, agree to rules of ethical conduct, and comply with the CONSOB Regulation on Intermediaries. APF's register only accepts persons who fulfil all the above-mentioned requirements.

Qualifications
Only licensed investment advisers (*promotore finanziario*) have the authorisation to sell investment information and instruments in Italy. The role of such advisers is to explain the different kinds of risks the products entail and to make sure that the products fit the needs and purposes of the customer. The customer profile can be either retail or professional. The register accepts the following:

1. Brokers who are registered by the Italian Ministry of Economy and Finance;
2. Intermediaries;
3. Bank officials who are responsible for an investment service or activity, or who have been responsible for the marketing of the bank's investment instruments, the supervision of investments, or for internal control.
4. Investment institution employees who have performed at least one of the duties referred to in the law or have had similar duties.

Of the above, (3) and (4) may act as investment advisers without obtaining the qualification licence, provided that they have at least three years of experience in APF-approved duties. APF evaluates the applicant's skill level and rules on whether the applicant is included in the register.

The *promotore finanziario* licence is granted for life. A licence holder may, however, lose their right to the licence if they neglect the annual member contribution or break the rules. In 2012, Italy had 33,032 registered investment advisers. Only a minuscule proportion (0.25%) required disciplinary action.

The licence holder must also participate in the Continuing Professional Development programme and cover the costs of the qualification process. However, the employer is expected to contribute to the costs if the person is employed in relevant duties.

Examination

The qualification examination is taken on a tablet computer. The examination lasts 85 minutes and includes a total of 60 multiple choice questions. Each multiple choice question has four possible answers, and a correct answer is worth 2 points.

A) Financial mathematics and concepts; financial planning and behavioural economics. (24 questions)
B) The Italian financial market/securities market act and the regulation of intermediaries and investment advisers. (19 questions)
C) Tax law and related concepts. (6 questions)
D) Private law and commercial law concepts. (5 questions)
E) Pension and insurance law concepts. (6 questions)

The maximum score is 100, and the lowest passing score is 80/100.

AUSTRIA

Organisation

The Austrian Securities Supervision Act (Wertpapieraufsichtsgesetz, WAG) is applied to all financial services, which includes the entire banking sector and investment advice, investment management, and securities trading. The Act has a slightly misleading name, as its scope of application does not cover only securities but also regular investments, with the exception of real estate. Market supervision is under the responsibility of the Federal Securities Supervisory Authority (Bundes-Wertpapieraufsich, BWA). Its duties include the prevention of insider dealing, the representation of investors' interests by ensuring the sector employees' skills and competence, and granting new licences to companies.

There are three market supervisors:

- Federal Ministry of Finance (BMF)
- Oesterreichische Nationalbank (OeNB)
- Financial Market Authority (FMA)

The Financial Market Authority (FMA), formed in 2002, brings together all financial sector supervision under a single roof. The aim was to get rid of product-specific regulation and establish new, integrated supervision that qualitatively assesses risks in the entire Austrian financial market. Its supervision now reaches to banks, insurance undertakings, pension companies, fund management companies, investment firms and financial conglomerates.

FMA has the power to enact new binding standards, e.g. regulations and decisions. Its powers also include imposing sanctions, which range from the revoking of business licences to the discharge of individual upper management personnel.

Austria does not have any investment qualification for natural persons. Control is based on the regulation and self-regulation of organisations and institutions.

IRELAND

Organisation

In 2011, the Central Bank of Ireland introduced a Minimum Competency Code (MCC) that applies to the employees of companies subject to financial sector regulation. Regulated companies include significant financial institutions, such as credit and insurance companies and the providers of financial services and products. The purpose of the MCC is to ensure a minimum acceptable level of competence and service quality to consumers. Grandfathered work experience (i.e. work experience from relevant duties before they became subject to the qualification requirement) was still accepted in Ireland about eight years ago, but now qualification is required of all individuals acting for and on behalf of regulated firms.

For investment instruments, the minimum requirements concern employees, who

1. provide advice to consumers;
2. arrange or offer to arrange retail financial products for consumers, including any amendments to insurance cover and the restructuring or rescheduling of loans; or
3. undertake a specified function as
    a. managers of employees offering advice or investment products; or
    b. employees adjudicating conflicts between customers and investment advisers.

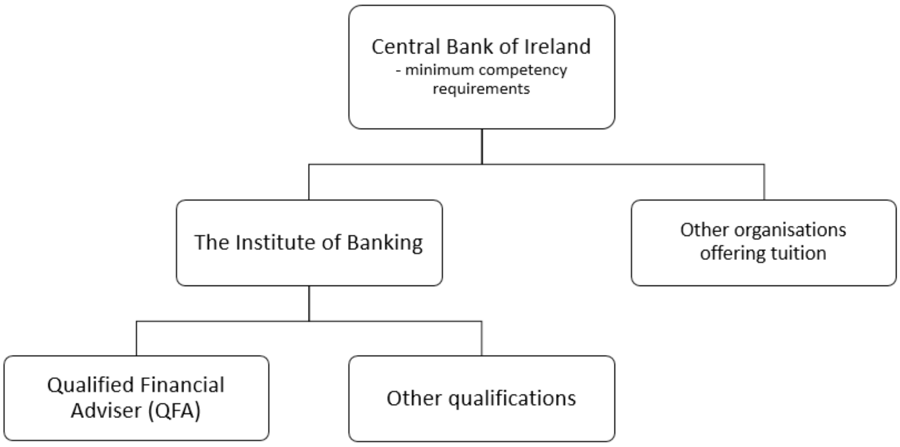
The Central Bank of Ireland has defined the qualification requirements for different work functions. The qualifications range from customer service to upper management, different levels of banking functions, and other significant duties in the financial sector. The qualification courses can be provided by all tuition organisations that fulfil the requirements set by the Central Bank of Ireland. The Central Bank of Ireland maintains a list [2] of the qualifications that are recognised for each level.

The Institute of Banking, for example, provides the following qualifications: Qualified Financial Adviser (QFA), Accredited Product Adviser (APA), Registered Stockbroker, Charted Banker, and Licentiate of the Association of Compliance Officers in Ireland (LCOI).

Qualified Financial Adviser (QFA) is divided into six qualifications that specialise in separate subject areas: APA means its holder has specialised in one of these subject areas. Securities dealers and managerial employees also have their own qualifications. All of the qualifications include practical learning, theory, and online assignments, both as lectures and as working groups. To maintain the validity of the qualification, its holder must undertake fifteen hours of Continuing Professional Development (CPD) each year. The purpose of the CPD is to uphold competence and add up-to-date knowledge of current duties.

According to the Irish Institute of Banking, 70 percent of customers assume that bank employees are certified with qualifications relevant to their tasks and field of business.

2 http://www.centralbank.ie/regulation/processes/minimum-competency/Pages/qualifications.aspx



Qualifications

The qualification programme is called the Professional Diploma in Financial Advice, and successful completion of the programme grants the professional designation of Qualified Financial Adviser (QFA). Its holder is expected to be able to:

- Provide competent advice to consumers regarding investments, various loan offerings available, the process involved and the implications of these offerings to consumers.
- Discuss the different types of retirement provision available, the need for them, and the regulation and restrictions on such provision.
- Describe regulation that is relevant to financial services, and effects of the regulation on the sector.
- Explain the types of investment needs of consumers and the important issues arising as a result of these needs.
- Provide competent advice to consumers regarding their life assurance needs and the implications of decisions they may make.
- Use analytical skills to make recommendations to clients regarding financial planning.

The qualification contains the following modules:

• Regulation	NQF Level 7 (5 ECTS)
• Life assurance	NQF Level 7 (5 ECTS)
• Loans	NQF Level 7 (5 ECTS)
• Investments	NQF Level 7 (5 ECTS)
• Pensions	NQF Level 7 (5 ECTS)
• Financial planning	NQF Level 7 (5 ECTS)

Examination

The QFA is studied in the form of online learning. A two-hour exam is arranged for each module at the end of the semester. The exam taker must correctly answer 40 percent of each module's questions to pass the exam.

For the modules of regulation, life assurance, loans, investment and pensions, the exam consists of 100 multiple choice questions. For the financial planning module, the exam consists of written case-study and essay questions.

RUSSIA

Organisation
The qualifications are under the responsibility of the Central Bank of the Russian Federation. It accredits the organisations that provide the qualifications. These include, for example, self-regulating expert organisations that operate in the securities market.

Qualifications
In Russia, a personal qualification licence is required from securities dealers and brokers, and from private and investment bankers. Institutions also need to be licensed to operate in the corresponding fields of business. The provision of consultation services does not require a separate licence, but most consultation companies have nevertheless obtained the relevant licences.

A specific proportion of the staff of licensed institutions must hold the qualification of Financial Market Specialist in some skill area. Obtaining the qualification requires passing a basic level exam and an exam in some specific skill area. The licence requirement depends on the nature of the employee's duties. For example, the manager, deputy manager and the controller of a division each require a licence in all the areas that the division operates in. The managing director of the institution is required to have a licence in one of the company's areas of operation.

Obtaining the Financial Market Specialist qualification licence also requires registration, a university degree, and relevant work experience. The work experience requirement depends on the duties and the company, however. There is no statistical data available on the number of licence holders.

The licence is granted for life, but it can be revoked as a result of rule violations or misconduct.

Examination
The exam consists of questions which test the candidate's skills and knowledge in their duties.

Depending on the supervising organisation, the exam can be pen and paper or electronic.

POLAND

Organisation

The Polish qualifications system is currently in the middle of a substantial reform that aims at utilising licensing to increase and maintain the competencies required in various duties. The new system would also facilitate the mobility of labour in Europe and enable a harmonised level of competency. The licensing would be arranged by qualified organisations, and the scope of the qualification course would be related to the ECTS framework. Main responsibility for the project is held by the Polish Educational Research Institute (IBE). The new system is called the Polish Qualifications Framework (PQF), and it will be related to the European Qualifications Framework (EQF), in which the required learning outcomes are divided into eight different levels.

The qualifications are under the responsibility of the Polish Financial Supervision Authority (Komisji Nadzoru Finansowego, KNF). Its scope of supervision includes financial institutions and conglomerates in the banking, financing, insurance and pensions sectors. The objective of KNF’s supervisory measures is to ensure regular operation of the financial market, to increase stability, security and transparency, to improve market confidence, and to protect the interests of market participants.

Qualifications

There are currently two qualification licences for investment advisers in Poland. One of them is for portfolio managers and investment advisers, and the other is for investment brokers. There is no official register of licence holders and the responsibility for each employee’s competency lies with the companies themselves.

The European Financial Planning Association (EFPA) qualifications are also widely used in Poland. The EFPA qualifications will be discussed in more detail in a later section of this study.
The Polish investment adviser qualification covers the following subject areas:

- Legislation
- Accounting
- Financial market and instruments
- Financial mathematics
- Analysis and valuation of investment products
- Valuation of businesses and equities
- Investment strategies
- Trading and OTC
- Ethics and market abuse

Examination

The traditional pen and paper exam consists of multiple choice and applied knowledge questions.

NETHERLANDS

Organisation

The Netherlands' financial sector relies on self-regulation in the market. There is no official licensing of specialists who offer investment advice. It is not required of any other duties in the sector, either. There is, however, a certification system that is based on workplace learning, and six months of relevant work experience is therefore a general requirement for certified specialists.

The certificates are granted by the Dutch Security Institute (DSI). The DSI was established in 1999 and is recognised by the Financial Markets Authority (AFM) and De Nederlandsche Bank, and supported by branch organisations in the sector. Although certification is not a legal obligation, it has been obtained by every other investment adviser and three out of four sales employees. The certification is valid for three years, and its renewal requires the passing of a CDP exam.

DSI-certified persons can be sanctioned for violating the Code of Conduct. DSI-certified persons can also access the register to check the certificate validity of a natural person or an institution.

Examination

The exam typically covers subject areas such as taxation, market operation, financial instruments, corporate law, ethics, integrity, and what are known as soft skills and competencies.

The exam is electronic with some sections taken via webcam. The webcam sections assess the soft skills and competencies mentioned above.

BELGIUM

Organisation
In Belgium, all persons offering investment information or advice must be registered with the Financial Services and Market Authority (FSMA). The successor of the former Banking, Finance and Insurance Commission (CBFA) since 2011, the FSMA is a self-governing regulator. Its objective is to ensure the honest and equitable treatment of customers and the integrity of the financial market. One of FSMA's duties is to supervise listed companies' reporting and thereby to ensure that the companies disseminate transparent and correct information on their financial standing and also comply with codes of conduct and regulation.

FSMA shares the supervision of the Belgian financial sector with the National Bank of Belgium (NBB). FSMA's set of objectives includes the following: supervision of financial markets and listed companies, authorisation and supervision of certain categories of financial institutions, oversight of compliance and investment products marketed to the general public, "social supervision" of supplementary pensions, and development of financial sector qualifications.

The FSMA is legally obligated to comply with and perform the public-interest tasks assigned to it by the Parliament. The members of FSMA's governing bodies are appointed by the Belgian Government for a period of six years, but have the status of private sector employees.

The Belgian registration and licence requirements depend more on the product category, not so much on the type of customer (retail vs. institutional). FSMA has determined the minimum requirements a specialist must fulfil to be included in the register. The requirements include, for example, a certain level of education/degree and relevant work experience. The general minimum requirements are a qualifying diploma from secondary education, and passing the licence examination. Persons who have a master's degree in finance or one of the bachelor's degrees accepted by FSMA are exempt from taking the exams. About 35 percent of the licence holders have obtained it through examination.

All organisations and institutions that organise and certify the officially accepted financial sector qualifications are committed to adhere to the minimum requirements. Febelfin Academy, a non-profit organisation that represents 263 Belgian financial institutions, is currently the only organiser of licences and licence examinations accepted in the Belgian market. It also provides training materials for the qualifications, such as practice exams, and optional private tutoring.

Qualifications
Belgium has four qualification licences that each have their own subject area. The licences are aimed for persons who work with customers and provide investment advice. As a result, back office employees, for example, do not need to be licensed in Belgium. A new employee can perform duties that require licensing without a licence for the first year, provided that they are personally supervised.

Each of the four qualifications is governed by its own legislation: banking, insurance, lending, and internal control. Qualification must be obtained separately for each subject area, and the knowledge and competence requirements concern the relevant legislation. Once a person has successfully passed the qualification, they do not need to retake or maintain it with further exams in the future.

The banking exam covers four areas:
1. Basic principles of banking and finance
2. Supervision
3. Payments and saving
4. Investment products

Examination
The exam is taken on a computer in a room supervised by the Febelfin Academy. None of the course materials, or anything else that helps, may be used during the exam. Each module has its own exam which consists of twenty multiple choice questions, of which 60 percent must be answered correctly for a passing grade. The expenses are usually paid by the employer.

SPAIN

Organisation
Spain does not have any investment qualification scheme based on legislation, nor does it have any financial sector licensing programmes, except for the ones provided by private sector organisations such as the EFPA. However, the Comisión Nacional del Mercado de Valores (CNMV) is currently preparing a MiFID II -compliant reform that would enable the licensing of persons offering investment advice or information. The CNMV is the agency in charge of supervising the Spanish securities market. It operates under the Ministry of Economy and Competitiveness, but is an independent organisation responsible for the organising and supervision of financial market regulation. Its objective is to secure the stability and transparency of the financial market.

There are no specific work experience requirements, either. Instead, the regulator evaluates the work experience and suitability of each person applying for a managerial level job in an investment institution. The Spanish financial sector strongly relies on self-regulation. EFPA is currently the largest certification provider and has licensed about 20,000 employees in Spain. An EFPA licence is valid for two years, after which re-certification requires 30 to 40 hours of CPD studies as well as renewed commitment to comply with the Ethical Code of Conduct.

EFPA Spain has given responsibility for the exams to a “Chinese wall” company. Contents of the exam depend on the particular EFPA qualification. European Financial Advisor (EFA) is the most popular qualification. It is worth 12 ECTS on the EQF level 5/6. The exams are taken with pen and paper, and are held four times a year in all major cities in Spain.

OTHER COUNTRIES AND INSTITUTIONS

SWITZERLAND

In 2014, the Swiss Federal Council opened the consultation period for two legislative proposals: the Financial Services Act (FIDLEG), and the Financial Institutions Act (FINIG). The two proposals aim at a broad structural reform in Swiss financial sector regulation. One core objective is to ensure the competence of investment advisers and asset managers with registration and licensing. Licensing is currently only required of organisations and institutions.[2]

The regulatory framework of Switzerland consists of five acts:
1. Banking Act
2. Stock Exchange Act (SESTA)
3. Collective Investment Schemes Act (CISA)
4. Anti-Money Laundering Act (AMLA)
5. Financial Market Supervision Act (FINMASA)

Many of them contain provisions on the rights and obligations of market participants. FINMASA has designated the Swiss Financial Market Supervisory Authority (FINMA) as the financial market regulator. FINMA’s recommendations and decisions concern technical aspects and leave the regulation of the relationship between an investment institution and its customers in the hands of civil law.
In late 2015, the discussion of whether financial regulation should be made stricter in accordance with the MiFID II package arose in the Swiss Federal Parliament.

2 https://www.sif.admin.ch/sif/en/home/dokumentation/medienmitteilungen/medienmitteilung.msg-id-59331.html

ROMANIA

In Romania, the financial sector is supervised by the independent and self-funded regulator Financial Supervisory Authority (ASF). Financial market and investment instruments regulation is based on the Romanian Capital Markets Law (297/2004). ASF adapts its regulation to match the latest EU Directives.
ASF's objective is to ensure stability, competitiveness and transparency of the Romanian market. Promoting trust in the market and preventing disloyal, abusive and fraudulent practices are also among its key interests. The scope of ASF's supervision includes all investment and insurance institutions, private pension providers, and all other financial market institutions.

MALTA

All institutions that operate in the Maltese investment market are required to license their employees with the Malta Financial Services Association (MFSA). MFSA maintains a list of the qualifications and training programmes it has approved, but the programmes are under the responsibility of several other organisations. All persons involved in the investments market must be licensed. The licensing is based on the Maltese banking act, implemented by MFSA.

It is estimated that 90 percent of all specialists working in the field of investments are licence holders. The remaining ten percent may already be performing duties that require licensing, although their licensing process is still incomplete.

The contents of the qualification depend on the duties of the employee and the specific licence. The Diploma for Financial Advisers licence, for example, contains two units. The first one covers regulation and ethics, and its exam consists of 100 multiple choice questions. The second module focuses on products, services and legislation that informs the financial planning and advice process. This unit is assessed by coursework and short answer questions. The exam is taken electronically, and the qualification is typically paid by the organisation that is applying for the licensing of the employee. Obtaining the qualification can be part of an employee incentive scheme, or the person can apply for financial support and/or tax deductions from the Government.

A licence is permanent and does not have external requirements such as work experience. As of late, however, there has been some discussion concerning the possibility to introduce a Continuous Professional Development (CPD) programme for persons working in challenging duties.

EUROPEAN FINANCIAL PLANNING ASSOCIATION – EFPA

EFPA is Europe's first and largest non-governmental organisation that licenses persons offering investment information and advice. Its objective is to increase and harmonise competencies in the European financial sector. EFPA has accredited more than fifty European universities and banking or investment institutions to offer the EFPA European Financial Advisor (EFA) and EFPA European Financial Planner (EFP) qualifications to financial sector professionals. It operates in Austria, the Czech Republic, Spain, Estonia, France, Germany, Hungary, Ireland, Italy, Poland and England.

Since the year 2003, EFPA qualifications have been obtained by more than 30,000 persons. All licence holders are committed to adhere to the EFPA Code of Ethics, and must annually refresh their knowledge according to the CPD programme.

SUMMARY OF RESULTS AND CONCLUSIONS

Summary

The aim of this study was to form an overall picture of how the knowledge and competence requirements set for persons providing investment information and advice are regulated and self-regulated in Europe. Particular focus was on investment qualifications. The study compared the organisers of the qualifications, how they operate, how common the qualifications are, and what their curriculums cover. The information was gathered qualitatively with a questionnaire (see the Appendix) and from public internet sources. The thirteen questions of the questionnaire concerned the current practices and legislation that pertain to the contents and organisation of the investment qualifications and the professions or duties that require such qualifications. The costs of the qualifications were also addressed. The countries compared in the study comprised Austria, Belgium, Denmark, Finland, Germany, Ireland, Italy, Malta, the Netherlands, Norway, Poland, Romania, Russia, Spain, Sweden and Switzerland. Of these, Belgium, Finland, Germany, Ireland, Italy, Malta, the Netherlands, Poland, Russia, and Spain responded to the questionnaire.

In addition to the Nordic countries (Denmark, Finland, Norway and Sweden), Belgium, Ireland, Italy, the Netherlands, Poland and Russia have active investment qualifications schemes. It should be noted that the financial markets of countries with relatively smaller banking sectors are more regulated and compliant with EU regulation in terms of investment qualifications than other countries. Conversely, large banking countries, such as Germany and Switzerland, did not show self-regulation, and had also been slow to implement the regulation imposed in the Directives.

The financial markets of EU countries are widely regulated, and market participation is subject to authorisation. A company is granted authorisation only if it fulfils certain requirements and commits to the national terms and conditions. Licensed market participants are usually supervised by a designated national supervisory authority. In this context, some countries have made regulation stricter on a national level to ensure employees' sufficient levels of knowledge and competence, for example with different kinds of investment qualifications.

While there is some variation between countries, investment qualifications are usually aimed for banking specialists or persons who offer investment information to customers. The knowledge and competence of insurance staff, securities dealers, and personnel in upper management are typically also regulated in the countries that enact self-regulation. The regulators base their operations on EU regulation and national legislation. In all the countries included in this study, the core objective of regulators was to improve reliability, transparency and security, and to thus ensure the national and international credibility of the markets.

EU countries have placed particular focus on the financial independence and unobstructed administration of regulators. Investment qualifications are a small piece with which this confidence is built, and perhaps for this reason have been outsourced to the private sector such as EFPA in some countries. In the outsourced schemes, either the regulation is enacted by the private sector, or there is no regulation and the investment qualifications are a personal competency marketing tool.

The countries included in this study have implemented EU legislation in widely diverse ways, and as a result, there are notable differences also in their national legislation. This is a substantial regulatory issue which causes coordination problems in the entire EU area.

The Nordic self-regulation is comprehensive and well implemented, and has a major role in ensuring market functioning. The responsible organisations are clearly defined and their objectives are well known. The contents of the investment qualifications match the current requirements of the markets, and further training (e.g. as continuing professional development) is executed well.

Conclusions

The reformed MiFID II package contains guidelines which urge companies to ensure that the employees offering information and advice on investments have the sufficient knowledge and competence for the task. This knowledge and competence must fulfil regulatory, legal, and business ethical requirements. The guidelines require a higher level of knowledge and competence from staff that gives out investment advice than from those that only give information on investment products and services. This in itself supports the idea of two levels or areas of qualifications: one for investment information providers, and another for investment advisers. However, an employee who only provides investment information will have a much broader range of duties in practice, and the two qualifications therefore do not correspond to the actual division of labour in the best way possible, at least in Nordic companies.

The two Finnish APV investment qualifications all but completely match ESMA's MiFID II guidelines. They cover all the subject areas relevant to investments and thus ensure the capability of the qualification holders. The exam requirements have been intentionally set high, and only about 70 percent of the candidates successfully pass them. It would be easy to raise the level of difficulty by introducing a separate minimum score requirement for each subject area. This would also guarantee that the candidates have sufficient knowledge and competence in all areas.

The APV examinations are organised consistently and reliably. The pen and paper exam is held four times a year in several localities at the same time. Transitioning to an electronic exam could significantly benefit the organising and assessment of the exams. The accumulated data would also be easier to store and analyse statistically.

The Finnish APV qualifications are comparable to the high quality qualifications of Sweden and Norway. However, the Finnish qualifications have a wider curriculum and do not differentiate the contents based on the candidate's professional duties as much as the Swedish qualifications do. The Swedish qualifications are separately aimed for investment and insurance advisers. Qualification is also obligatory for investment specialists such as analysts, brokers and business management. This division emphasises the subject areas relevant in each qualification and corresponds to ESMA's guidelines. In Norway, managerial personnel require authorisation but do not have their own qualification. It must be noted that in the Swedish scheme, the qualification aimed for managerial employees does not include any separate ethical requirements.

The Finnish scheme has a notable difference compared to the others in that the subject of ethics is not included in its curriculums. Moral and ethical practices and principles have a much larger presence in many of the other countries' investment qualifications. The MiFID II guidelines note that companies must ascertain their employees' knowledge and competence also in the ethical requirements of business. It would be fully possible to include ethics in the Finnish APV curriculums, for example in the form of essay questions. Ethics also includes aspects such as customer interaction and knowing how to ask the right questions. In the Netherlands, for example, these kinds of soft skills and competencies are subjectively tested via webcam in the qualification exam.

Another thing that needs attention in the Finnish investment qualification scheme is the implementation of Continuing Professional Development (CPD). My interpretation is that the Finnish qualifications do not fulfil the requirements of ESMA's guidelines in this respect. Many other countries have already implemented a CPD programme, the purpose of which is to ensure the up-to-date knowledge and competence of employees as well as the credibility of the investment qualifications. The annual updating and evaluation of qualification holders' knowledge and competence would be easy and cost-effective to organise with electronic solutions.

The implementation of MiFID II will, as a whole, cause many structural changes in the European financial markets. The most extensive changes will be necessary in the countries that have not yet comprehensively organised the assessment of financial employees' knowledge and competence. The harmonisation of curriculums and the CDP will also entail changes. If the countries decide to implement the reforms by outsourcing the organisation and assessment of the qualification exams to the private sector, it will result in significant growth in the consultation and investment services market.

SOURCES

Sources cited for Introduction and Conclusions:
http://www.talouselama.fi/sijoittaminen/pankkien-sijoitusneuvonta-mullistuu-jatkossa-vain-varakkaille-3486587
http://lexia.fi/fi/2015/08/31/4947/
http://www.ey.com/Publication/vwLUAssets/EY-time-to-take-action-on-mifid-II/$FILE/EY-time-to-take-action-on-mifid-II.pdf
http://www.economist.com/blogs/economist-explains/2016/02/economist-explains-0
http://www.investors.com/news/here-are-the-top-5-takeaways-from-jamie-dimons-annual-letter/
https://newsroom.mtb.com/document-archive/annual-report-letters/2015-annual-report-message-to-shareholders.htm
https://www.kpmg.com/BE/en/IssuesAndInsights/ArticlesPublications/Documents/MiFID-what-is-it.pdf
http://ec.europa.eu/finance/general-policy/index_en.htm
https://www.esma.europa.eu/policy-rules/mifid-ii-and-mifir
https://www.esma.europa.eu/press-news/esma-news/esma-finds-room-improvement-in-national-supervision-investment-advice-retail
https://www.esma.europa.eu/sites/default/files/library/2015-1886_fi.pdf
http://www.finanssivalvonta.fi/fi/Saantely/Saantelyhankkeet/MiFID/Pages/Default.aspx
http://eur-lex.europa.eu/legal-content/FI/TXT/PDF/?uri=CELEX:52016PC0057&from=EN
http://eur-lex.europa.eu/legal-content/FI/TXT/?uri=CELEX%3A32014L0065
http://www.consilium.europa.eu/fi/press/press-releases/2016/04/28-markets-financial-instruments/

Interview: Joseph Soler, EFPA

Sources cited for Finland:
http://www.aaltoee.fi/sites/aaltoeefi/files/courses/apv1vaatimukset01012016_final.pdf
http://www.aaltoee.fi/sites/aaltoeefi/files/courses/apv1_auktorisointisaannot_final.pdf
http://www.aaltoee.fi/yrityksemme#tab512
Www.aaltoee.fi/ohjelma/sijoituspalvelututkinnot/yleista-tietoa
http://www.aaltoee.fi/sites/aaltoeefi/files/courses/apv1_auktorisointisaannot_final.pdf
http://www.aaltoee.fi/sites/aaltoeefi/files/courses/apv2vaatimukset01012016_final.pdf
http://www.aaltoee.fi/ohjelma/sijoituspalvelututkinnot/sisalto-aikataulu
http://www.aaltoee.fi/sites/aaltoeefi/files/courses/apv2_auktorisointi.pdf
http://apvtutkinnot.fi/?page_id=6
(Www.apvtutkinnot.fi)
http://www.aaltoee.fi/sites/aaltoeefi/files/courses/apv1vaatimukset01012016_final.pdf
http://www.aaltoee.fi/sites/aaltoeefi/files/courses/apv2_auktorisointi.pdf
http://www.aaltoee.fi/ohjelma/sijoituspalvelututkinnot/sisalto-aikataulu
http://www.aaltoee.fi/ohjelma/sijoituspalvelututkinnot/sisalto-aikataulu
http://www.aaltoee.fi/sites/aaltoeefi/files/courses/apv2_auktorisointi.pdf
http://www.aaltoee.fi/ohjelma/sijoituspalvelututkinnot/kustannukset

Interview: Markku Savikko, APV Investment Examinations Ltd

Sources cited for Sweden:
http://www.aaltoee.fi/uutiset/suomi-ja-ruotsi-yhteistyosopimukseen-sijoituspalvelualan-tutkinnoista
http://www.swedsec.se/en/about-swedsec
http://www.swedsec.se/en/licensing-rules-and-regulations-with-commentaries/
http://www.swedsec.se/en/proficiency-requirements-for-swedsec-s-licensing-examination-advisers/
http://www.swedsec.se/files/3714/5226/3416/ENG_Kunskapskrav_licensieringstest_for_radgivare_2016_20160108.pdf
http://www.swedsec.se/en/proficiency-requirements-for-swedsec-s-licensing-exam-specialists/
http://www.swedsec.se/files/1914/5226/3486/ENG_Kunskapskrav_specialister_2016_20160108.pdf
http://www.swedsec.se/en/proficiency-requirements-for-swedsec-s-licensing-exam-for-management-and-control-functions/
http://www.swedsec.se/files/4014/5226/3532/ENG_Kunskapskrav_LoK_2016_20160108.pdf
(Www.swedsec.se/en/about-swedsec)
http://www.fondhandlarna.se/english/

Sources cited for Norway:
http://www.finanstilsynet.no/en/Secondary-menu/About-Finanstilsynet/
http://www.vpff.no/eng/About-us
http://www.vpff.no/eng/About-us/History
http://www.vpff.no/eng/About-us/Core-values
http://www.autorisasjonsordningen.no/afr-engelsk/
http://www.godkjenningsordningen.no/about/
http://www.autorisasjonsordningen.no/competence-standards/
http://www.finaut.no/ethics/
http://www.finaut.no/role-division-between-finaut-and-other-actors/

Sources cited for Denmark:
http://www.dbmf.dk/US/Pages/About%20DBMF/Purpose%20and%20history.aspx
http://www.dbmf.dk/US/Pages/Certification.aspx

Sources cited for Germany:
http://www.shearman.com/~/media/Files/NewsInsights/Publications/2004/03/German-License-Requirement-for-CrossBorder-Banki__/Files/Download-PDF--German-License-Requirement-for-Cro__/FileAttachment/MA_0304.pdf
http://businessperspectives.org/journals_free/bbs/2006/BBS_en_2006_03_Broker.pdf
http://www.mybankinglicense.com/15193/german-federal-financial-supervisory-authority/
http://www.bafin.de/EN/Aufsicht/BoersenMaerkte/stockexchangesmarkets_node.html
http://www.bafin.de/EN/Aufsicht/AufsichtlicheOffenlegung/Bankenaufsicht/aufsichtlicheoffenlegung_node_en.html

Interview: Dr. Nina Nolte, BaFin
Interview: Fatma Dirkes, Frankfurt School of Finance & Management

Sources cited for Italy:
https://www.albopf.it/web/area_pubblica/promotorefinanziario/chie
https://www.albopf.it/web/area_pubblica/chi_siamo/missione
http://www.consob.it/mainen/consob/index.html
http://www.consob.it/mainen/consob/what/what.html?symblink=/mainen/consob/what/index.html
http://www.consob.it/mainen/documenti/english/laws/reg16190e.htm
http://www.consob.it/mainen/documenti/english/laws/reg11971e.htm
http://www.consob.it/mainen/documenti/english/laws/fr_decree39_2010.htm
http://www.consob.it/mainen/documenti/english/laws/fr_decree58_1998.htm
https://www.albopf.it/web/area_pubblica/promotorefinanziario/cosafa
https://www.albopf.it/SearchBulletin-web/getFile?file=2402.html

Interviews: Aida Maisano and Corrado Iannucci, ABIFormazione

Sources cited for Austria:
https://www.fma.gv.at/en/about-the-fma.html
http://www.dbj.at/publications/securities-supervision-act-provisions-licences-and-protection-investors
https://english.bmf.gv.at/financial-sector/Financial-Market-Supervision.html

Sources cited for Ireland:
http://www.centralbank.ie/regulation/processes/authorisation/Pages/business-types.aspx
http://www.centralbank.ie/regulation/processes/authorisation/Pages/introduction.aspx
http://www.centralbank.ie/REGULATION/PROCESSES/MINIMUM-COMPETENCY/Pages/minimum-competency.aspx
http://www.centralbank.ie/regulation/processes/minimum-competency/Pages/default.aspx
http://www.centralbank.ie/Pages/home.aspx
http://www.iob.ie/?q=node/108
http://www.iob.ie/?q=node/434
http://www.iob.ie/?q=QFA
http://www.iob.ie/?q=QFA

Interview: Michael Feeney, The Institute of Banking

Sources cited for Russia:
Interview: International Banking Institute

Sources cited for Switzerland:
https://www.walderwyss.com/publications/1333.pdf
http://www.iflr.com/Article/3383542/Switzerlands-financial-regulatory-overhaul-assessed.html

Sources cited for Poland:
http://www.knf.gov.pl/en/About_us/KNF_Polish_Financial_Supervision_Authority/task_and_objectives/index.html
http://www.knf.gov.pl/dla_rynku/egzaminy/Maklerzy_papierow_wartosciowych_egzaminy/Informacje_dotyczace_egzaminow.html
http://www.kwalifikacje.edu.pl/en/sectorial-qf/1054-banks
http://www.kwalifikacje.edu.pl/en/polish-framework/262-pqf-validation
http://www.kwalifikacje.edu.pl/en/polish-framework/263-pqf-credits
http://www.kwalifikacje.edu.pl/en/polish-framework/265-pqf-transparency
http://www.kwalifikacje.edu.pl/en/polish-framework

Interview: Mariola Szymańska, Warsaw Institute of Banking

Sources cited for the Netherlands:
https://www.dsi.nl/en/professional/certification
https://www.dsi.nl/en/about-dsi
https://www.dsi.nl/en/professional/screening

Interview: Clemens Spoorenberg, NIBE-SVV

Sources cited for Belgium:
http://www.fsma.be/en/About%20FSMA/Organisatie.aspx
https://www.febelfin-academy.be/nl/opleidingen/detail/bankbemiddeling-wet-willems-zelfstudie-met-examen
http://www.fsma.be/en/Supervision.aspx
https://www.nbb.be/en/financial-oversight/financial-sector-continuity

Interview: Werner Abelshausen, Febelfin Academy

Sources cited for Spain:
http://www.cnmv.es/portal/Menu/Sobre-CNMV.aspx
http://www.cnmv.es/portal/quees/Funciones/Funciones.aspx

Interview: Joseph Soler, EFPA

Sources cited for Romania:
http://www.asfromania.ro/en/about-asf/our-mission
http://www.romanianlawoffice.com/permit-license-company-romania.htm
http://asfromania.ro/en/about-asf/about-us

Sources cited for Malta:
http://www.ifsmalta.org/en/qualifications/qualifications2/36/dipfa.htm?catid=4
http://www.mfsa.com.mt/pages/viewcontent.aspx?id=356

Interview: Ann Marie D´Amato, Institute of Financial Services

Sources cited for EFPA:
http://www.efpa-eu.org/whats_efpa
http://www.efpa-eu.org/who_we_are/efpa_countries
http://www.efpa-eu.org/our_standards

Interview: Josep Soler, EFPA

APPENDICES

Questionnaire:
Question 1: Does your country require a licence from professionals who provide investment advisory services or sell investment products to private clients, institutions or both? If yes, please specify which client group(s) this applies to?
Question 2: In addition to the licence, are there other requirements the professionals must meet to qualify for job in investment advice/sales)? E.g. degree, registration, experience etc.
Question 3: What organisation/organisations are responsible for the licences?
Question 4: Is/are the licence(s) based on law or self-regulation? If on law, please specify who monitors it. If based on self regulation, please specify whether there is a party who monitors the process.
Question 5: Are there any other kinds of positions, e.g. back office, in which the licence is required?
Question 6: What percentage of the professionals working in investment advisory services have taken the exam in your country? What percentage of sales personnel have taken the exam?
Question 7: How long is the licence valid for? Permanently or for a limited time? If limited time, please specify for how long.
Question 8: Who is responsible for organising the examinations for the licences?
Question 9: What topics does the licence exam cover? For example: taxation, economics, financial market, financial instruments, ethics, corporate law etc. Please provide a link to a website for more information.
Question 10: How is the exam taken? E.g. paper exam/ electronic exam.
Question 11: Is it possible to work in investment advice/sales based on experience, without the licence? If yes, how many years of experience is required?
Question 12: Who typically pays for the examination? The employer or the person taking the exam? How much does it cost?
Question 13: Are there websites for more information about the topics? If yes, please write the addresses here.

Your name:

Organisation:

Contact information:

Fees and charges of the qualifications in different countries

Finland
General Securities Qualification (APV1)
- €380 + VAT (€471.20)
- Retake €180 + VAT (€223.20)

Investment Advisor Qualification (APV2)
- €680 + VAT (€843.20)
- Retake €300 + VAT (€372)

Denmark

• Course participation and course materials:	DKK 5,250
• Course materials (independent study)	DKK 2,100
• Examination/certification (in Danish)	DKK 2,100
• Examination/certification (in English)	DKK 12,600

Ireland
In Ireland, the qualification is usually paid for by the company who has primary responsibility over the competence of the person fulfilling the minimum requirements. Annual study fee is €50, and annual CPD fee is €105.

QFA fees:

• Regulation	€295
• Life assurance	€295
• Loans	€295
• Investments	€295
• Pensions	€295
• Financial planning	€295

Russia
RUB 1500-3000 depending on the organiser.

Poland

• Brokerage licence exam	PLN 500
• Investment advisor exam	PLN 500 per exam
• Total price	PLN 1500

Spain
Total price of the exam and certification is about €200 without study materials. In 60 percent of the cases, the qualification is paid by the employer. Registration and re-certification cost €82.