



ESMA qualifications guideline

DSI/ESMA Information Provider

Guideline A

To understand the most important characteristics, risks and aspects of investment products available via the company, including any general fiscal consequences and the costs incurred by the client with regard to the transactions. Special care must be taken when information is provided about products with a higher level of complexity;

Qualifications

1. The candidate can explain to the client how the financial products and instruments offered by the company work.
2. The candidate can describe the factors that determine the level of complexity of the financial products and instruments.
3. The candidate can describe the utility of asset liability management.
4. The candidate understands the importance of the products for strategic asset allocation, matching, and the various investment strategies based on these concepts, such as asset-only and liability-driven strategies.

Guideline B

To understand the total amount of costs and expenses incurred by the client as a result of transactions in an investment product, investment service or ancillary service.

Qualifications

1. The candidate can explain the full cost structure that the client will be confronted with when he/she begins investing. This pertains to transactions in financial products and instruments, whether or not they are listed, but also to the provision of investment services or ancillary services.
2. The candidate is familiar with the common standards for indicating the cost burden, such as the ongoing charges figure and total cost of ownership.
3. The candidate can clearly explain the effects of the costs on the client's investment mandate.
4. The candidate is familiar with the differences between fixed management fees and results-based management fees.

Guideline C

To understand the characteristics and scale of investment services or ancillary services;

Qualifications

1. The candidate is familiar with the principle and rules of client classification prescribed in MiFID 2, especially those pertaining to the level of the professional investor.
2. The candidate is familiar with which investment services and ancillary services the financial institution offers and can inform the client about their general characteristics.
3. The candidate can differentiate between the duty to inform, the duty to warn, the duty to refuse and the duty to investigate in the context of the duty of care.
4. The candidate is familiar with the requirements inherent in the concept of a 'prudent person'.



Guideline D

To understand how financial markets operate, and how they influence the value and prices of the investment products about which the advisor provides information to clients.

Qualifications

1. The candidate is familiar with the risks and value characteristics of the financial products and instruments that are suggested and managed for the most common investment categories, including shares, fixed-interest assets, forms of responsible investment, real estate, commodities, derivatives and non-listed investments, such as private equity and hedge funds, as well as investment funds that invest in these instruments.
2. The candidate is familiar with the most common methods of qualitative and quantitative analysis and can explain how they are used to arrive at a valuation of financial products and instruments, and a justified estimate of the expected total return.
3. The candidate can describe which risks the investment process may entail, including market risk, credit risk, settlement risk, counterparty risk, solvency risk, liquidity risk, inflation risk, political risk and risks pertaining to government policy.

Guideline E

To understand the consequences of economic statistics and of national/ regional/ global events on markets and on the value of investment products about which the advisor provides information;

Qualifications

1. The candidate can explain the influence of economic data and (geo)political events on financial markets.
2. The candidate can explain the influence of changes to the investment climate on the value of the financial products and instruments used, both at the moment that the events occur, and in reports after the fact.

Guideline F

To understand the difference between past performance and scenarios for future results, as well as the limits of prognoses;

Qualifications

1. The candidate is familiar with the various methods for measuring results and the risk/performance parameters prescribed by DNB.
2. The candidate is familiar with the concepts that are relevant for the absolute and relative performance and for identifying attribution, such as Sharpe ratio, tracking error and information ratio.
3. The candidate can explain the periodic investment reports drawn up by the organisation or by external managers, whether or not in accordance with the Global Investment Performance Standards.
4. The candidate can explain the scenario- and risk analyses applicable to the mandates, as well as the model uncertainties pertinent to such prognoses.

Guideline G

To understand issues pertaining to market misuse and combatting money laundering;

Qualifications

1. The candidate is familiar with the current regulations and guidelines pertaining to market misuse and anti-money laundering measures.



2. The candidate is familiar with the procedures for reporting possible situations of market fraud or money laundering within the organisation, as well as the scope of the sanctions list utilised by DNB.
3. The candidate is familiar with the relevance and general application of internal codes of conduct.

Guideline H

To evaluate data which are relevant to the investment products about which the advisor provides information to clients, including documents with essential investor information, prospectuses, financial overviews or financial data;

Qualifications

1. The candidate is familiar with the content of standard documentation that is representative of investment products, which may be included in clients' mandates.
2. The candidate is familiar with the types of documents that must be shared with the client, which contain information about the specific investment and the market in which it is traded.

Guideline I

To understand specific market structures for the investment products about which the advisor provides information to clients, and if applicable, their trading platforms or the existence of any secondary markets;

Qualifications

1. The candidate is familiar with the order implementation policy of the investment firm for which he/she works, and the work method for commitments in private markets pertaining to all financial products and instruments which can be used to compile a (bespoke) portfolio and can communicate this policy clearly to the client.
2. The candidate can describe the concepts 'clearing' and 'settlement' to institutional investors and the various types of parties which may play a role in such concepts.

Guideline J

To possess basic knowledge of the methods for valuing the type of investment products about which information is provided;

Qualifications

1. The candidate is familiar with the common methods for valuing the listed and non-listed financial products and instruments offered.
2. The candidate is familiar with the requirements that DNB places on reports about investment portfolios and results.