



ESMA qualifications guideline

DSI/ESMA Institutional Advisor

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. Candidate can explain how the financial products and instruments offered by the company work;
2. Candidate can describe the factors that determine the level of complexity of the financial products.
3. Candidate can explain the ESG characteristics of financial products;
4. Candidate can describe the utility of asset liability management;
5. 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. 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, but also to the provision of investment services or ancillary services.
2. Candidate is familiar with the common standards for indicating the cost burden, such as the ongoing charges figure and total cost of ownership.
3. Candidate can clearly explain the effects of the costs on the client's investment mandate.
4. Candidate knows 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. Candidate is familiar with the principle and rules of client classification prescribed in MiFID II, especially at the level of professional investor;
2. Candidate is familiar with which investment services and ancillary services the financial institution offers, and can inform the client about their general characteristics;
3. 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. 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. Candidate is familiar with the risks and value characteristics of the financial products that are suggested and managed for the most common investment categories, including shares, fixed-interest assets, real estate, commodities, derivatives and alternative investments, such as private equity, private debt, hedge funds and infrastructure, as well as investment funds that invest in these instruments;
2. Candidate can explain the general principles of sustainability risks for financial products using the legally required sustainability certification;
3. Candidate knows the most common methods for qualitative and quantitative analysis;
4. Candidate can describe how the qualitative and quantitative analysis can be used to arrive at a valuation for financial products;
5. Candidate can make an estimate of the expected total return;
6. 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, greenwashing 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. Candidate can explain the influence of economic data and (geo)political events on financial markets;
2. Candidate can explain the influence of changes to the investment climate on the value of the financial products used, both at the moment that the events occur and after the fact.
3. Candidate can explain the general principles of the consequences of rising or falling interest rates on the value of financial products;
4. Candidate can explain the general impact of central bank policies on the value of financial products;
5. Candidate can explain the general impact that climate risks and a company's non-compliance with climate regulations can have on the value of financial products;
6. Candidate is familiar with the general structure of the Dutch pension system, its supervision and the main changes to the system;
7. Candidate can explain in general terms why benchmark reforms have been implemented and the impact that will have on financial enterprises and clients.

Guideline F

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

Qualifications

1. Candidate is familiar with the various methods for measuring results and the risk/performance parameters prescribed by DNB;
2. 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. Candidate can explain the periodic investment reports, regardless of whether they are drawn up in accordance with the Global Investment Performance Standards;
4. 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 manipulation and combatting money laundering;

Qualifications

1. Candidate is familiar with the current regulations and guidelines pertaining to market misuse and anti-money laundering measures;
2. 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. 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. Candidate is familiar with the content of standard documentation that is representative of investment products, which may be included in clients' mandates;
2. 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;
3. Candidate knows the main general aspects of the Sustainable Finance Disclosure Regulation (SFDR) regarding financial products and the requirements for informing clients.

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. Candidate knows relevant elements of the order implementation policy of the investment firm and the method for commitments in private markets with regard to all financial products that can be used to compile a (bespoke) portfolio, and can explain the policy to the client;
2. 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;
3. Candidate knows the general content of the European Benchmark Regulation.



Guideline J

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

Qualifications

- 1.** Candidate knows the common methods for valuing the listed and non-listed financial products offered;
- 2.** Candidate knows the requirements that DNB places on reports about investment portfolios and results.