

**Training and Competence**

## Chapter 1

# Application and Purpose

## 1.1 Who, what and where?

### Who and what?

**1.1.1** **R** This sourcebook applies to a *firm* where its *employee* carries on an activity in ■ TC App 1 for *retail clients, customers or consumers* (subject to the limitations set out in ■ TC App 3).

**1.1.1A** **R** The application of this sourcebook is modified for:

- (1) a *MiFID investment firm* and a *third country investment firm* by the provisions in ■ TC 4.1 where its *employee* carries on an activity in ■ TC App 1 which is also an activity in ■ TC 4.1.2R; and
- (2) a *firm* carrying on *insurance distribution activities* by the provisions in TC 4.2.

**1.1.1B** **G** ESMA has issued guidelines specifying criteria for the assessment of knowledge and competence (3 January 2017 ESMA71-1154262120-153 EN (rev)).

### Where?

**1.1.2** **R** The territorial scope of this sourcebook is set out in ■ TC App 2.

### Purpose

**1.1.3** **G** The *competent employees rule* is the main requirement relating to the competence of *employees*. The purpose of this sourcebook is to support the FCA's supervisory function by supplementing the *competent employees rule* for retail activities.

### Meaning of competence

**1.1.4** **G** In this sourcebook, competence means having the skills, knowledge and expertise needed to discharge the responsibilities of an *employee's* role. This includes achieving a good standard of ethical behaviour.



## 1.2 Actions for damages

### 1.2.1

**R**

A contravention of the *rules* in *TC* does not give rise to a right of action by a *private person* under section 138D of the *Act* (and each of those rules is specified under section 138D(3) of the *Act* as a provision giving rise to no such right of action).

