

Training Handbook Supplement

Training and Competence
for Administration Functions

March 1997

TRAINING HANDBOOK Supplement

**Training and Competence
for Administration Functions**

March 1997

This supplement to the Training Handbook has been written to assist Firms with implementing Training and Competence standards for Administration Functions, which will be included within the existing IMRO Training and Competence Rules and the IMRO Training and Competence Code from 1 January 1998.

Like the existing Training Handbook, this supplement is informal guidance and is not meant to be prescriptive. The Training and Competence Code has the status of formal guidance and is referred to and quoted in this supplement where appropriate.

Frequent cross-reference is made in this supplement to the existing Training Handbook and Firms should therefore read it in conjunction with the existing Training Handbook. IMRO intends to amalgamate the two documents and reissue the Training Handbook with appropriate sections on Administration Functions. This is likely to happen towards the end of 1997.

Further copies of this document are available from IMRO at the address below.

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INTRODUCTION

- 1.1. The purpose of extending the existing Training and Competence requirements to Administration Functions is to ensure that key staff in these areas are adequately trained and competent. This is particularly important as a number of IMRO Rules relate, wholly or in part, to administrative activities and non-compliance with these Rules leads potentially, either directly or indirectly, to investor loss.
- 1.2. During 1995/96, IMRO's Training Standards Panel considered the case for including Administration Functions within Training and Competence requirements. Initial views from Firms, trade associations and other interested parties were supportive, and the Panel established a committee of administration practitioners, the Administration Training and Competence Advisory Group, to advise the Panel on relevant issues.
- 1.3. In February 1996, IMRO issued a Discussion Paper to a cross-section of Firms and relevant industry bodies. Subsequently, a Consultation Document was issued in October 1996 ("CD 30"). As part of the consultation process, a series of workshops was held for Firms to discuss the proposals with IMRO in depth. A total of 16 Training and Competence workshops were held, including some which focused on specific industry areas.
- 1.4. The consultation period ended on 29 November 1996. The feedback from workshops and the written responses was both encouraging and supportive of the proposals, recognising that they represent a formalisation of best practice.
- 1.5. It is recognised that many Firms set high standards in this area of their own accord. The requirements seek to build on best practice and ensure that adequate standards are achieved and maintained among all Firms.
- 1.6. **The Training and Competence requirements apply to staff who on a day-to-day basis supervise or control Administration Functions. The requirements are not aimed at all staff engaged in carrying out Administration Functions, but only at those who have day-to-day control or supervision of an administration process (see section 2.3 below for a more detailed explanation).**

- 1.7. This supplement is divided into three parts. This is Part I: **Introduction**.
- 1.8. Part II: **Requirements** deals with the ongoing arrangements which a Firm needs to have in place.
- 1.9. Part III: **Implementation** deals with particular issues raised by implementation.

REQUIREMENTS

2.1 TRAINING AND COMPETENCE ARRANGEMENTS

- 2.1.1. From 1 January 1998, Rule 1.1(10) of Chapter IV of the IMRO Rules will provide that Firms must include within their Training and Competence arrangements “employees of the Firm who on a day-to-day basis supervise or control Administration Functions”.
- 2.1.2. Firms are referred to the Training and Competence Code which is set out at Appendix 1.1(10) of Chapter IV of the IMRO Rules. The Code sets out the minimum arrangements that a Firm should have in place to ensure that the requirements of Rule 1.1(10) are met.

2.2 SCOPE OF THE REQUIREMENTS

- 2.2.1. The wording of Rule 1.1(10) of Chapter IV of the IMRO Rules has been amended and extended with effect from 1 January 1998 to include “employees of the Firm who on a day-to-day basis supervise or control Administration Functions”.
- 2.2.2. A new definition of Administration Functions will be included in the Definitions Schedule of the IMRO Rules from 1 January 1998, as follows:
- “Administration Functions means those functions carried out by a Firm in connection with its Investment Business, including any of the following activities:
- (a) custody of clients’ monies and assets;
 - (b) arranging settlement;
 - (c) monitoring and processing corporate actions and income;

What activities are covered?

- (d) client administration liaison and reporting, including valuation and performance measurement;
- (e) PEP administration;
- (f) Collective Investment Scheme administration; **and**
- (g) Investment Trust Saving Scheme administration”.

2.2.3. It is important to note that the list of activities contained within this definition of Administration Functions is not exhaustive and is not meant to provide a definitive list of all activities falling within the definition.

2.2.4. Whether or not a particular function is included within the definition will depend upon the nature of the business of the Firm and whether the function in question is being carried out by or on behalf of the Firm “in connection with its Investment Business”.

2.2.5. By way of general guidance, the following are some examples of functions which IMRO would expect to be included by Firms within the definition of Administration Functions, as set out in 2.2.2. above:

- custody of clients’ monies and assets - would include stock lending and margining;
- client administration liaison - would include helpdesk functions (including telephone call centres), opening and closing of client accounts, credit risk/rating and proxy voting services;
- Collective Investment Scheme administration - would include unit trust dealing, dealing in OEICs, and related tax recovery and trustee functions.

2.2.6. The following are examples of functions which IMRO would **not** expect to be included within the definition:

- compliance, (including complaints handling);
- the postroom (although IMRO would expect staff involved in the handling of client monies and assets and correspondence to have proper procedures to follow and to be properly supervised);

- dealing (other than unit trust and OEIC dealing);
- marketing and sales;
- banking;
- money market placement (with the exception of money awaiting investment);
- arrangement of settlement in respect of Venture Capital Business.

Q1 *Why are compliance/complaints handling functions not included within the definition of Administration Functions?*

The IMRO Training Standards Panel specifically excluded both compliance and complaints handling from the scope of the proposals set out in CD 30. However, many delegates at the Training and Competence workshops expressed the view that both compliance and complaints handling functions should be included within the scope of Training and Competence and similar views were expressed with regard to dealers. IMRO is giving further consideration to this issue.

Common Questions

2.3 LEVEL OF THE REQUIREMENTS

2.3.1 As noted above, with effect from 1 January 1998, Rule 1.1(10) of Chapter IV of the IMRO Rules 1991 has been amended to include within Training and Competence standards “employees of the Firm who on a day-to-day basis supervise or control Administration Functions”.

2.3.2. The aim of the revised Rule is not to cover every employee who has responsibility for carrying out Administration Functions, nor is it necessarily aimed at individuals who supervise other members of staff. The aim is to include those members of staff who supervise or control administration processes, in the sense that they **regularly** take decisions affecting those processes. They may or may not also supervise other members of staff, but it is the **supervision or control of the**

Who will be included in the Training and Competence Standards for Administration Functions?

administration process which is important for the purposes of Training and Competence and it is in this sense that the term “supervisor” is used throughout this supplement. By the same token, it is not IMRO’s intention to include senior management decision-takers, unless they also regularly have day-to-day control of Administration Functions. This may well be the case in smaller Firms where the total number of employees in the administration area is relatively small.

- 2.3.3. IMRO has adopted a flexible and non-prescriptive approach to the question of which members of staff need to be included in the administration Training and Competence programme. This is important because Firms vary so much in their structure and approach.

Common Questions

- | | |
|---|--|
| Q1 <i>What happens when the supervisor is away from the office on holiday or during periods of sickness or other leave?</i> | A stand-in supervisor may carry out his duties during the period of absence. A stand-in supervisor should either be Threshold Competent or, if not, should be adequately supervised. The person supervising the stand-in supervisor need not necessarily be Threshold Competent himself, although he should be competent, in the general sense, to carry out the task effectively. (See Section 2.7 of the Training Handbook). |
| Q2 <i>What happens to Firms which engage supervisory staff on a temporary or contract basis?</i> | The principles set out in the answer to Q1 above apply here to temporary or contract staff who carry out a role for which the permanent holder needs to be Threshold Competent or adequately supervised. |
| Q3 <i>What about staff who are not in a supervisory role but who are keen to sit the necessary examinations?</i> | IMRO is keen to encourage an increased level of relevant training amongst Firms’ staff generally. |

2.4 RECRUITMENT, IDENTIFICATION, INDUCTION, TRAINING PROGRAMME (GAINING THRESHOLD COMPETENCE), PRACTICAL EXPERIENCE, APPLICATION SKILLS AND OTHER KNOWLEDGE AND DIRECT SUPERVISION

- 2.4.1 These areas are all covered in the Training and Competence Code. For the most part, the Training and Competence Code is not changed by the inclusion of Administration Functions within Training and Competence. The main exception to this is Paragraph 2 of the Code, "Identification", which provides that as from 1 January 1998 the Firm's arrangements for identifying those individuals to whom the regime applies includes arrangements for identifying "*employees who on a day-to-day basis supervise or control Administration Functions*".
- 2.4.2. These areas are also dealt with in detail in Sections 2.1-2.4 and 2.6-2.7 of the Training Handbook. The guidance contained within these Sections applies, for the most part, to Training and Competence for Administration Functions in exactly the same way as it applies to the existing Training and Competence regime. The main exceptions to this are the few examples and Common Questions and Answers within the existing Training Handbook which are specific to existing Training and Competence and those which indicate that Administration Functions are outside the scope of the Training and Competence regime (e.g. Q12 on page 19).

2.5 EXAMINATIONS

*The Rules
Chapter IV*

1.1(10)(b)(i)

“... an individual to whom the Rule applies cannot attain Threshold Competence unless he passes an appropriate Approved, Recognised or Accredited In-House Examination ...

- 2.5.1. Firms are referred to Section 2.5 (starting on page 27) of the Training Handbook, on the subject of examinations generally.
- 2.5.2. Staff included within the requirements for Administration Functions need to demonstrate knowledge and understanding of:
 - (1) the financial services sector (Stage 1);
 - (2) its regulation (Stage 2);
 - (3) its regulations and practices specific to the activities which are relevant to their role (Stage 3).
- 2.5.3. An element of flexibility has been built into the examination element of the requirements.
- 2.5.4. With the exception of those benefiting from the transitional provisions (see section 3.1 below), all individuals seeking to achieve Threshold Competence will need to pass an examination at Stages 1 and 2. In addition, where an examination exists at Stage 3 that is relevant to an individual's role, the individual will need to pass that examination before being considered Threshold Competent.
- 2.5.5. There are a number of “parallel” examination routes, including the Securities Institute's Investment Administration Qualifications – Merit Award, developed by practitioners for administration activities, as Approved Examinations for the three areas of knowledge and understanding outlined in paragraph 2.5.2 above.

<i>Stage</i>	<i>Area</i>	<i>Investment Administration Qualifications - Merit Award module</i>	<i>Securities Institute Diploma</i>	<i>Assessed Experience Route</i>
1	industry awareness	Introduction to Securities and Investment	Operations Management paper	N/A
2	regulatory knowledge	IMRO Regulatory Environment	Operations Management paper	N/A
3	administration practice relevant to specific role	Unit Trust Administration Global Custody Bond Settlement PEP Administration Basics of CREST Other modules which are developed in due course may be added to this list.	Operations Management paper	Where no relevant examination exists at Stage 3, Firms may use other methods to demonstrate that individuals possess the required level of knowledge, as outlined in paragraph 2.5.8. below.

*Figure 1
Approved Examinations and Assessed Experience Route*

2.5.6. IMRO's Training Standards Panel is considering other appropriate qualifications, including proposals from the banking institutes and The Institute of Chartered Secretaries and Administrators (ICSA). A list of exemptions from the Approved Examinations is included in Annex I. It is intended to issue an updated Examination and Exemption Schedule as soon as possible.

2.5.7. IMRO is participating in the development of administration standards as part of the national standards programme (National Vocational Qualifications NVQ/Scottish Vocational Qualifications SVQ), which may offer a suitable parallel route.

2.5.8. Where the Firm considers that there is no examination at Stage 3 which is relevant to an individual's role, the Firm should arrange for alternative methods of ensuring that the individual has the required level of knowledge and understanding. Evidence of an individual's competence in the areas in question will need to be fully documented. The onus, in all cases, will be on Firms to justify where they decide that no relevant examination exists at Stage 3.

Common Questions

- Q1 *Does an employee who has attained Threshold Competence, but who subsequently takes on responsibilities in a new area have to sit an examination in the new discipline?*
- No. However, IMRO would expect the Firm to ensure that training in the new discipline be provided as part of the continuing competence of the employee, and should, if necessary, supervise the activities of the employee until satisfied that he is competent in the new area of work (see section 2.7 on continuing competence below).
- Q2 *What happens if a Firm moves into a completely new area of business, e.g. PEP administration?*
- As outlined in Q1 above, it is up to the Firm to satisfy itself that its employees who act in a Training and Competence role are either Threshold Competent, or, if not, that they are adequately supervised. If a Firm becomes involved in an area of administration with which it is unfamiliar, IMRO would expect to see strong evidence of the steps being taken to ensure that its staff receive adequate training and are properly supervised, until the Firm is satisfied that Threshold Competence has been attained. IMRO would expect the Firm, where necessary, to recruit outside expertise, either on a temporary or on a permanent basis.
- Q3 *The definition of a “Trainee” in the Training Handbook is a “Company Representative or employee who has not yet reached Threshold Competence”. Does this mean that junior and/or very senior members of staff who are not subject to the Administration Training and Competence regime are “Trainees”?*
- No. By implication, the term “Trainee” is restricted to those who on a day-to-day basis supervise or control Administration Functions, who have not yet reached Threshold Competence.

2.5.9. Firms will continue to be able to apply for a waiver from the examination requirement on the basis of the employee's experience. IMRO's Rules Waiver (Examination Exemptions) Committee will assess applications received from Firms in Administration areas (see section 3.2, Rules Waiver, below).

2.5.10. Where a Threshold Competent individual wishes to move between the front and back offices, those aspects of knowledge, skills and experience in which he is already Threshold Competent and which are relevant to his new role may be recognised by the Firm. For example, he will already have some of the "firm and job specific knowledge and understanding" required in his new role. On transferring roles, therefore, the individual will only need to be assessed by the Firm in relation to those competencies which are new to the role.

*Transferability
between Front
and Back
Offices*

2.5.11. Recognising that the competencies required by administration staff differ in many respects from those required by front office staff, an individual who has been deemed Threshold Competent in relation to front office activities should not automatically be deemed Threshold Competent in relation to Administration Functions, and vice versa.

2.5.12. Individuals who are deemed Threshold Competent in relation to Administration Functions and have satisfied the examination requirement at Stages 1 and 2 will gain partial exemption from the existing examination requirements for front office functions.

2.5.13. IMRO recognises that in a number of Firms some individuals have responsibilities in both the front office and Administration Functions. The majority of those who on 1 January 1998 fall within the existing Training and Competence requirements and who will in addition be included in the requirements for Administration Functions will be able to take advantage of the grandfathering provisions. After 1 January 1998, grandfathering will not be available, and those individuals who fill dual roles will need to be assessed as Threshold Competent in relation to each, although, as identified above, there will be considerable overlap between the knowledge, skills and experience required.

2.6 ASSESSMENT

- 2.6.1. This area is included in the Training and Competence Code, and is unchanged by the inclusion of Administration Functions within the Training and Competence regime. It is dealt with in Section 2.8 on page 46 of the Training Handbook and Firms should refer there for detailed guidance.
- 2.6.2. However, it is worth stressing that IMRO would expect to see Firms making use of an annual appraisal system or, if none exists, implementing and documenting such a system as a means of setting standards and goals and of monitoring the progress of relevant staff.

2.7 CONTINUING COMPETENCE

- 2.7.1. The need for individuals to continue to develop skills and knowledge after attaining Threshold Competence comes from many sources including:
- changes in regulatory rules or legislation;
 - changes in Firms' in-house procedures;
 - changes in the industry;
 - increased responsibilities or new roles;
 - changes in technology or methodology;
 - new products or services.
- 2.7.2. Firms are referred to Section 2.9, starting on page 54, of the Training Handbook on the subject of continuing competence. The principles set out in that Section apply equally to Administration Training and Competence.

Q1 *Do the continuing competence requirements apply to an individual who will receive an examination credit under transitional provision (2), but who is not yet in a supervisory role?*

No, not unless and until appointed to a role within the scope of the Training and Competence requirements.

Common Questions

A member of staff employed in an Administration Function has over two years experience in a non-supervisory post on 1 January 1998. He is assessed by the Firm as satisfying the knowledge element that would otherwise be demonstrated by a pass in an appropriate examination and therefore receives an examination credit. In October 1998, he starts a leave of absence and returns part-time in July 1999. In January 2000, he resumes full-time working and later is promoted to a supervisory role. Since returning from leave, he has received on-the-job training to bring him up to date with new developments which have occurred within the Firm and within the department during his leave and he has attended technical training courses. He is supervised in his new role as a supervisor for the first month and during that time receives coaching on management skills, as well as attending a one day management training course. At the end of the first month in his new role, he is assessed Threshold Competent by the Firm and is able to operate unsupervised. A formal record is made including the criteria and evidence for the assessment. He is now subject to the continuing competence requirements.

Example

Q2 *How would continuing competence apply to a Threshold Competent individual employed in a role within the scope of the requirements who has a leave of absence?*

Continuing competence is only relevant while an individual is in post, so it would not normally apply to someone who has a leave of absence. A Threshold Competent employee who has a leave of absence could be included within continuing competence by e.g. being given details of changes in the Firm's procedures, regulatory rules and legislation and new products or services and by attending occasional training courses while on leave. This would obviously make the return to post smoother and easier for both the Firm and the employee. However, an employee who has a leave of absence and who does not keep up with relevant changes during his absence, will probably need to receive appropriate refresher training, and to be supervised until the Firm is satisfied that he is competent in the role.

2.8 RECORDS

2.8.1. Firms are referred to Section 2.10 starting on page 57 of the Training Handbook on the subject of records.

IMPLEMENTATION

3.1 TRANSITIONAL PROVISIONS

3.1.1. The Training and Competence requirements for Administration Functions will come into force on 1 January 1998.

3.1.2. The transitional provisions to Rule 1.1(10)(b) of Chapter IV of the IMRO Rules provide for exemptions to the examination requirements in certain circumstances, as follows:

- (1) a member of staff employed by a Firm as at 1 January 1998 in a role involving the day-to-day supervision or control of an Administration Function will not be required to pass an examination in accordance with the Rule if he has at that date two years experience which is current and relevant to the role; **and** he has otherwise been assessed by the Firm as Threshold Competent;
- (2) a member of staff employed by a Firm as at 1 January 1998 in a role which does not involve the day-to-day supervision or control of an Administration Function will not be required to pass an examination in accordance with the Rule if he has two years experience which is current and relevant to the role and he is assessed by the Firm as satisfying the knowledge element that would otherwise be demonstrated by a pass in an appropriate examination **and** he is subsequently assessed by the Firm to be Threshold Competent when appointed to a role which does involve day-to-day supervision or control of a Firm's Administration Functions.

3.1.3. The provisions for examination exemptions are therefore more extensive than were available under existing Training and Competence arrangements in that there is an exemption for supervisors in post as at 1 January 1998 and also for experienced administration staff with two years relevant experience. However, it is important to stress that in the latter case, while the exam credit may be used at some future stage,

the Firm would still have to assess the employee as Threshold Competent when eventually appointed to a supervisory role.

- 3.1.4. It will be up to the Firm to decide whether experience is “current and relevant” and whether a particular individual can be assessed as either Threshold Competent or as “satisfying the knowledge element that would otherwise be demonstrated by a pass in an appropriate examination”, for the purposes of the transitional provisions. IMRO wishes to maintain a non-prescriptive approach to Training and Competence. By way of general guidance, Firms will be expected to demonstrate that any individual who receives an examination credit under the transitional provisions has the appropriate experience **and** the necessary knowledge, skills and competencies for the role held. This is a matter of judgement for the Firm, and the judgements should be recorded in full.

Common Questions

- | | |
|---|---|
| Q1 <i>Does it matter if the employee in post as at 1 January 1998 gained some of his experience in a completely different role within the Firm or another IMRO Regulated Firm?</i> | The transitional provisions state that the individual must as at 1 January 1998 have two years experience which is <i>current and relevant to the role</i> . So, while the experience does not necessarily have to have been gained within the same role or even within the same Firm, the experience gained must be relevant to the role currently held. |
| Q2 <i>What about experience gained in a non-IMRO regulated environment, e.g. in an SFA or PIA regulated firm?</i> | Experience gained in a non-IMRO regulated firm will count, if it is <i>current and relevant to the role</i> . |
| Q3 <i>Will members of staff employed within a supervisory role, but within part of the group which is non-IMRO regulated (e.g. SFA, DTI or Bank of England regulated) be able to take advantage of the transitional provisions?</i> | No. In order to be able to take advantage of the transitional provisions an individual must be employed by an IMRO Regulated Firm on 1 January 1998. The provisions do not extend to employees of non-IMRO regulated firms, even if the role being undertaken is relevant and the employee works for a part of the same group as the IMRO Regulated Firm. However, previous experience gained in a non-IMRO firm may be relevant in |

assessing whether an employee of an IMRO Regulated Firm has experience which is current and relevant (see Q2 above). It will be open to Firms to apply for a Rules Waiver (see section 3.2 on Rules Waiver, below) in respect of relevant individuals appointed after 1 January 1998.

An occupational pension scheme appoints an individual to a supervisory administration role on 1 January 1997. The individual was transferred from the sponsoring firm, where he had been an auditor for almost two years. The individual will be eligible to be grandfathered in accordance with the transitional provisions, if:

- (1) he is still in post as a supervisor on 1 January 1998;*
- (2) his experience as an auditor is deemed to be “current and relevant” by his OPS employer when assessing whether he has the necessary two years’ experience, albeit gained in a non-IMRO regulated environment; and*
- (3) his OPS employer considers him Threshold Competent on 1 January 1998.*

Example

Q4 *Many firms have international operations and place personnel overseas to work. Will employees who are working overseas at 1 January 1998 get the benefit of an examination credit under the transitional provisions?*

An individual who is on secondment but who is still employed by the Firm on 1 January 1998 will be able to benefit under the transitional provisions, assuming the criteria for eligibility is set out and the transitional provisions are met.

- Q5 *What happens if an employee who has received an examination credit under the transitional provisions wants to move to another IMRO Firm? Does the benefit of the examination credit move with him?*
- Yes. Details of examination credits should be kept by Firms as part of their record keeping requirements (see section 2.8 above) and IMRO would expect Firms to be ready to pass this information on to other IMRO Firms as part of the referencing procedure for prospective employees and company representatives. However, the onus is on the receiving Firm to satisfy itself that any employee or prospective employee being taken on in a Training and Competence role is or becomes Threshold Competent and that thereafter the continuing competence provisions apply.
- Q6 *Would the answer to Q5 above be different if the employee has a leave of absence or career break between obtaining the examination credit and changing jobs?*
- No. As explained above, the onus is on the receiving Firm to satisfy itself that any employee or prospective employee in a relevant Training and Competence role is or becomes Threshold Competent. Threshold Competence could therefore be achieved by a period of refresher training and Direct Supervision.
- Q7 *What will be the situation with an employee who would in normal circumstances be eligible to benefit from the transitional provisions, but who is on leave on 1 January 1998?*
- Staff who are on leave from a relevant in post on 1 January 1998 will be eligible to benefit from the transitional provisions, as long as they meet the criteria laid down in the transitional provisions.

3.2 RULES WAIVER

- 3.2.1. The opportunity to gain exemption from an Approved Examination will also be provided to experienced individuals who are not able to benefit from the transitional provisions. This could apply to individuals not in post in an IMRO Firm on 1 January 1998, but who are subsequently appointed to a supervisory administration role, who have sufficient current and relevant experience, gained, for example, overseas, or in a non-IMRO regulated environment, e.g. with a firm regulated by PIA, SFA, DTI or Bank of England.
- 3.2.2. The Rules Waiver (Examinations Exemptions) Committee currently considers applications under the existing Training and Competence regime.
- 3.2.3. The Rules Waiver route will not be an easy way to exemption, and evidence of relevant experience and established competence in a relevant activity will be required.

3.3 DELEGATION OF ADMINISTRATION FUNCTIONS TO THIRD PARTIES

- 3.3.1. IMRO is aware that many Firms delegate some or all of their administration to specialist administration firms. IMRO is also aware that some of these third party administration firms are themselves authorised by IMRO and will be implementing Training and Competence arrangements for the first time as a result of the revised Rule.
- 3.3.2. While an IMRO Firm may delegate functions to third parties, the Firm cannot delegate the responsibility which it has to comply with the IMRO Rules and SIB Principles. This means that a Firm must take reasonable steps to ensure that it is satisfied with the standard of service provided by the third party and that it continues to monitor the work being carried out on its behalf.

Common Questions

Q1 *What steps would IMRO expect a Firm to take when delegating Administration Functions to a third party?*

While the answer to this question will necessarily depend upon the nature of the work being delegated and all the circumstances, IMRO would expect to see documentary evidence of the agreement between the parties, including all of the relevant terms and conditions. The agreement should be reviewed regularly and updated as necessary.

Q2 *Will IMRO insist that third parties are subject to the Training and Competence requirements?*

IMRO does not have jurisdiction over non-IMRO Firms and could not insist upon staff within a non-IMRO firm submitting to the IMRO Training and Competence regime. However, if the third party is itself an IMRO Firm, then Administration Training and Competence will apply.

Q3 *Will IMRO insist that Firms only delegate functions to IMRO Regulated Firms?*

No. IMRO will not insist that all third parties be IMRO regulated.

EXEMPTIONS

STAGE 1 INDUSTRY AWARENESS

Investment Advice Certificate - Paper 1
Financial Planning Certificate - Paper 1
Certificate for Financial Advisers - Paper 1
Certificate in Investment Planning
Investment Management Certificate

SFA Registered Persons Examinations
Securities Institute Diploma
Securities Institute Diploma - Operations Management Paper

Fellow or Associate of:

Institute of Investment Management and Research
Chartered Institute of Bankers
Chartered Institute of Bankers in Scotland
Chartered Institute of Bankers in Ireland
Chartered Insurance Institute
Pensions Management Institute
Institute of Chartered Accountants in England and Wales
Institute of Chartered Accountants of Scotland
Institute of Chartered Accountants in Ireland
Chartered Institute of Management Accountants
Chartered Institute of Public Finance Accountants
Chartered Association of Certified Accountants
Institute or Faculty of Actuaries
Corporate Treasurers
Institute of Chartered Secretaries and Administrators

Members of the Association of Accounting Technicians

STAGE 2 REGULATORY KNOWLEDGE

Investment Advice Certificate - Paper 1
Financial Planning Certificate - Paper 1
Certificate for Financial Advisers - Paper 1
Certificate in Investment Planning
Investment Management Certificate
UK Regulation and Markets module of the Investment Management Certificate

Securities Institute Diploma - Regulation and Compliance Paper
The Associate Examination of the Institute of Investment Management and Research - Investment, Regulation and Practice paper
SFA Securities Representative
SFA Securities and Financial Derivatives Representative
SFA Futures and Options Representative
SFA Regulatory Environment

STAGE 3 ADMINISTRATION PRACTICE

Securities Institute Diploma - Operations Management Paper