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# 11 TRAINING AND COMPETENCE

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## 11.1 The Firm's Commitment

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In accordance with Principles 2 and 3, SYSC 5, and in order to mitigate elements of its conduct risk profile, the Firm commits to ensure:

- Its staff and individuals within its ARs are competent.
- Its staff and individuals within its ARs remain competent for the work they do.
- Its staff and individuals within its ARs are appropriately supervised.
- The competence of its staff and individuals within its ARs is regularly reviewed.
- The level of competence is appropriate to the nature of the business being conducted.

## 11.2 General Requirements

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SYSC 5 outlines that a firm must employ personnel with the skills, knowledge and expertise necessary for them to properly discharge the responsibilities allocated to them. A firm's systems and controls should enable it to satisfy itself of the suitability of anyone who acts for it. This includes assessing an individual's honesty and competence.

As a common platform firm, the MiFID Organisational Regulation and the following FCA specific rules/guidance, as set out in [SYSC 5.1](#), apply to the Firm:

- Competent employees rule:
  - A firm's systems and controls should enable it to satisfy itself of the suitability of anyone who acts for it. This includes assessing an individual's honesty and competence. This assessment should normally be made at the point of recruitment. An individual's honesty need not normally be revisited unless something happens to make a fresh look appropriate.
  - Any assessment of an individual's suitability should take into account the level of responsibility that the individual will assume within the firm. The nature of this assessment will generally differ depending upon whether it takes place at the start of the individual's recruitment, at the end of the probationary period (if there is one) or subsequently.
- Knowledge and competence:
  - A firm must ensure, and be able to demonstrate to the FCA, at the FCA's request, that any relevant individuals possess the necessary knowledge and competence so as to ensure that the firm is able to meet its obligations under the relevant COBS and PROD rules.
  - ESMA has issued [Guidelines](#) specifying the criteria for assessment of knowledge and competency and firms are expected to act consistently with the guidelines.
  - Appendices M and N contain a knowledge and competence assessment sheet and corresponding guidance, respectively. The Firm and its ARs use this sheet in order to initially assess relevant staff members and also as part of an annual assessment of relevant staff members.
- Segregation of functions:
  - A firm's senior personnel must define arrangements concerning the segregation of duties within the firm and the prevention of conflicts of interest.
  - The effective segregation of duties is an important element in the internal controls of a firm in the prudential context. In particular, it helps to ensure that not one individual is completely free to commit a firm's assets or incur liabilities on its behalf.

- Segregation can also help to ensure that a firm's Governing Body receives objective and accurate information on financial performance, the risks faced by the firm and the adequacy of its systems.
- In addition, appropriate segregation of duties (along with effective oversight) helps mitigate internal fraud risk.

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## 11.3 Knowledge and Competence

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To be assessed as competent, individuals providing investment advice and/or information must have achieved an appropriate qualification that meets ESMA's knowledge and competency [guidelines](#) and have at least 6 months' relevant full-time experience.

Candidates must meet knowledge and competency requirements within 48 months of starting and up to that point, must be supervised by an individual that, as a minimum, meets the requirements to act as a competent supervisor.

When assessing competence, initially and periodically thereafter, of all SMF and CF holders (at Firm level), Approved Persons at AR level, not just those holding CF30, should use the form in Appendix M, at onboarding and annually.

T&C records should demonstrate supervision of an individual is commensurate with the Firm's/AR's assessment of the competency of the individual, including their knowledge and experience. The rules permit outsourcing of supervision but highlight that the Firm/AR remains ultimately responsible for compliance with the requirements.

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## 11.4 Attaining and Assessing Competence for Investment Advisers

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No member of staff will be permitted to provide investment advice unless they have been assessed as competent to undertake these activities or engage in the activities whilst under appropriate supervision – the Firm/AR must be able to clearly demonstrate that supervision is appropriate.

AR CF30 supervision must be undertaken by an individual who is either CF30 approved and/or an individual certified for client dealing under the SM&CR. Kevin Gallacher is certified for client dealing and therefore will act as supervisor for any other client dealing certified staff or CF30s.

The Firm is not covered by the formal requirements of TC 2.1 in relation to assessing competence formally, as it cannot carry on retail investment activities but aims to comply with the spirit of rules under TC and, as set out above, must fully comply with the requirements in [SYSC 5.1](#) and the ESMA guidelines for the assessment of knowledge and competence.

The Firm will not assess an investment adviser as competent to engage in or oversee the activity unless the individual is considered competent to apply the knowledge and skills necessary to engage in or oversee the activity without supervision.

The Compliance Officer maintains a written record of how an individual for the Firm or an AR was assessed as competent including the criteria applied and when the competence decision was arrived at. ARs must ensure they provide the Compliance Officer with sufficient records to demonstrate knowledge and competence requirements have been achieved within the required timeframe (48 months) and are being maintained.

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## 11.5 Attaining and Assessing Competence for Investment Managers

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This applies to the Firm only.

No member of staff will be permitted to act in the capacity of an investment manager unless they have been assessed as competent to undertake these activities or engage in the activities whilst under appropriate supervision – the Firm must be able to clearly demonstrate that supervision is appropriate.

Supervision must be undertaken by an individual who is certified for client dealing which includes investment advice and investment management. As such, Kevin Gallacher holds this Certified role at the Firm.

The Firm is not covered by the formal requirements of TC 2.1 in relation to assessing competence formally, as it cannot carry on retail investment activities but aims to comply with the spirit of rules under TC and, as set out above, must fully comply with the requirements in [SYSC 5.1](#) and the ESMA guidelines for the assessment of knowledge and competence.

The Firm will not assess an investment manager as competent to engage in or oversee the activity unless the individual is considered competent to apply the knowledge and skills necessary to engage in or oversee the activity without supervision.

The Compliance Officer maintains a written record of how an individual for the Firm was assessed as competent including the criteria applied and when the competence decision was arrived at.

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## 11.6 Ongoing Competence and Annual Review

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By way of the routine AR monitoring process, the Firm's compliance team will review the TC records for each Approved Person and relevant individual (providing investment information).

MiFID II requires the Firm and its ARs to undertake annual reviews of competence, development needs and experience in accordance with the ESMA guidelines using the forms and guidance in Appendices M and N. Completed forms and relevant supporting documentation for each Approved Person and relevant individual must be provided to the Compliance Officer on request, who will review and approve the sign-off of each individual and/or give directions on action that needs to be taken to achieve or maintain competency. The Compliance Officer will also act as the 'assessor' for nominated senior managers of ARs. ARs must comply with any directions provided by the Compliance Officer fully in the time permitted.

The form in Appendix M is based on the relevant ESMA guidelines and, inter alia, takes into account:

- The individual's technical knowledge and skills, together with the day-to-day application of these in their role.
- Changes in the market, products, legislation, regulation etc relevant to their role and how they have kept up to date.
- Any training or development needs identified.

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## 11.7 Failure to Obtain or Maintain Competence

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Individuals that have not achieved competence within 48 months will not be permitted to continue in the role even with supervision. Therefore, training and development should be structured in such a way that the Firm/AR will be able to identify those that are unlikely to achieve competence within 48 months. Where this is identified the Firm or the AR must invoke the relevant HR/capability procedures and also inform the Firm's Compliance Officer.

The Firm and ARs should undertake regular monitoring of individuals. Where monitoring indicates competence issues, the Firm and relevant AR should investigate and implement appropriate supervision and an action plan to address the issue(s) promptly. The Firm's Compliance Officer should be informed about all competency issues without delay.

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## 11.8 Training and Competence Records

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The Firm and its ARs must retain the records (as noted above) for a period of at least 5 years after resignation of the individual from the Firm/AR. These records include both the initial competence assessment and the ongoing review of how individuals have remained competent.

In the event of an individual performing Controlled Function CF30 (or a Certification Function) under supervision, full records of this will be kept by the individual responsible for the individual's supervision. Copies of these records should be passed to the Compliance Officer on request. These records should also be kept for at least 5 years from the individual's resignation/termination date.