

## Using the Investment Management Certificate (IMC) to meet the ESMA knowledge and competence requirements

The IMC is the investment profession's **benchmark entry-level qualification**. With **over 5,000 exam sittings** a year, the IMC is used by leading investment management firms to demonstrate employee knowledge and competence for **regulatory purposes**, and by individuals working across all areas of the sector in developing their careers. The IMC is an **FCA Appropriate Qualification** for the activity of 'managing investments' and CFA UK is the awarding organisation.

The IMC provides broad coverage of the ESMA criteria for knowledge and competence. However, it is up to firms to determine the **level and intensity** of knowledge and competence required of their staff. This should be **proportionate** in its **application** and reflect the **scope and degree** of relevant services being provided. A qualification will not cover firm specific factors (such as product characteristics, risks and features) and many firms are approaching these requirements through internal training.

<b>ESMA criteria for staff giving information about investment products, investment services or ancillary services</b>	<b>IMC syllabus topic area</b>
a) understand the key characteristics, risk and features of those investment product available through the firm, including any general tax implications and costs to be incurred by the client in the context of transactions. Particular care should be taken when giving information with respect to products characterised by higher levels of complexity;	<ul style="list-style-type: none"> <li>■ Financial Markets and Institutions</li> <li>■ Client Advice</li> <li>■ Taxation</li> <li>■ Investment Products</li> </ul>
b) understand the total amount of costs and charges to be incurred by the client in the context of transactions in an investment product, or investment services or ancillary services;	<ul style="list-style-type: none"> <li>■ Financial Markets and Institutions</li> <li>■ The Regulation of Financial Markets and Institutions</li> <li>■ Client Advice</li> <li>■ Portfolio Management</li> </ul>
c) understand the characteristics and scope of investment services or ancillary services;	<ul style="list-style-type: none"> <li>■ The Regulation of Financial Markets and Institutions</li> <li>■ Client Advice</li> </ul>
d) understand how financial markets function and how they affect the value and pricing of investment products on which they provide information to clients;	<ul style="list-style-type: none"> <li>■ Financial Markets and Institutions</li> </ul>
e) understand the impact of economic figures, national/regional/global events on markets and on the value of investment products on which they provide information;	<ul style="list-style-type: none"> <li>■ Macroeconomics</li> </ul>
f) understand the difference between past performance and future performance scenarios as well as the limits of predictive forecasting;	<ul style="list-style-type: none"> <li>■ The Regulation of Financial Markets and Institutions</li> <li>■ Client Advice</li> <li>■ Quantitative Methods</li> </ul>
g) understand issues relating to market abuse and anti-money laundering;	<ul style="list-style-type: none"> <li>■ The Regulation of Financial Markets and Institutions</li> </ul>
h) assess data relevant to the investment products on which they provide information to clients such as Key Investor Information Documents, prospectuses, financial statements, or financial data;	<ul style="list-style-type: none"> <li>■ The Regulation of Financial Markets and Institutions</li> <li>■ Accounting</li> </ul>
i) understand specific market structures for the investment products on which they provide information to clients and, where relevant, their trading venues or the existence of any secondary markets;	<ul style="list-style-type: none"> <li>■ Financial Markets and Institutions</li> <li>■ Derivatives</li> <li>■ Investment Products</li> </ul>
j) have a basic knowledge of valuation principles for the type of investment products in relation to which the information is provided;	<ul style="list-style-type: none"> <li>■ Quantitative Methods</li> <li>■ Equities</li> <li>■ Fixed Income</li> <li>■ Derivatives</li> </ul>

# Investment advice and the IMC

Retail Investment Advisers in the UK must meet the FCA exam standards as set by the Retail Distribution Review. The ESMA knowledge and competency criteria for those advising on investments are therefore most relevant for those servicing professional clients.

[www.cfauk.org/mifid-ii](http://www.cfauk.org/mifid-ii)

Additional ESMA criteria for staff giving investment advice	IMC syllabus topic area
c) fulfil the obligations required by firms in relation the suitability requirements including the obligations as set out in the Guidelines on certain aspects of the MiFID suitability requirements;	■ Financial Markets and Institutions ■ Client Advice
d) understand how the type of investment product provided by the firm may not be suitable for the client, having assessed the relevant information provided by the client against potential changes that may have occurred since the relevant information was gathered;	■ Client Advice
l) understand the fundamentals of managing a portfolio, including being able to understand the implications of diversification regarding individual investment alternatives;	■ Portfolio Management

■ IMC UNIT 1  
■ IMC UNIT 2

## CONTINUING PROFESSIONAL DEVELOPMENT

The ESMA guidelines require firms to carry out an internal or external review on at least an annual basis of staff members' development needs, and to ensure staff update and maintain their knowledge through continuing professional development (CPD). CFA UK is an advocate of lifelong learning as a core component of becoming a competent investment professional and offers a variety of highly-rated CPD resources to members and firms. This includes an excellent events programme, practical online courses developed by investment professionals, and a wide selection of market insights, technical updates and opinion pieces in video, article and podcast format.

[www.cfauk.org/cpd](http://www.cfauk.org/cpd)

## CFA UK MEMBERSHIP

Those who have passed the IMC are able to become members of CFA UK and obtain free access to all CPD resources and logging tools. CFA UK membership is also open to CFA candidates, CFA charterholders and those with more than one year of relevant work experience.

[www.cfauk.org/join](http://www.cfauk.org/join)

## FIND OUT MORE

To arrange a meeting to discuss how the IMC can be used to meet the need of your employees, and how CFA UK can support you in your ESMA Knowledge and Competency journey, please contact:

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