

Renewal of Registration for Registered Administrators

Outsourcing FAQ

Is it in order for a third party service provider to perform the core administration functions for a scheme but require the trustees to formally register as an RA with the Board and report the third party as an outsourcee?

RAs are permitted to enter into outsourcing arrangements under the Act. However, if the RA has, or intends to enter into, an outsourcing arrangement with another person or body that will provide any of the core administration functions, it should be noted that the RA remains liable for the performance of the core administration functions even where these have been outsourced.

It has come to the Board's attention that certain third party service providers are de facto carrying out the core administration functions for various schemes. However, the Board understands that such third party service providers are being reported to the Board as an outsourcee and the scheme trustees are formally being registered with the Board as the scheme's RA. It is not clear in all cases if the scheme trustees have the necessary competences and experience in the first place to be registered as the scheme's RA.

The Board would seek to remind all RAs and any current or potential outsourcees that in order to be registered as an RA in the first place, the applicant RA must certify that it is competent and capable to provide the core administration functions and that it has adequate administrative systems and procedures in place to do so. It is only when the applicant RA itself can satisfy these requirements that it will be in a position to enter into an outsourcing arrangement. Therefore, if the trustees cannot make the above certification, it must appoint an RA who can. It is not sufficient for the trustees to register with the Board as an RA and outsource the performance of the core administration functions to a third party. Rather, the trustees must ensure that the third party service provider (assuming they have the necessary competences) is formally registered as the scheme's RA.

Following on from the above, the Board would emphasise to any third party service provider who is or may become an outsourcee of the RA to ensure that their clients are fully informed of the relevant statutory requirements concerning RA registration. The Board will be actively monitoring such schemes where they become aware that the above practice has occurred and this may involve an investigation into the activities of the designated outsourcee.