

The Jersey Financial Services Commission's Review of Financial Advice (RFA)

Position Paper No. 1 2011 and
Feedback on Position Paper No. 1 2011



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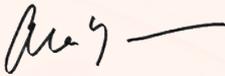
Introduction

The Jersey Financial Services Commission (“The Commission”) has published its Feedback on Position Paper No. 1 2011, ‘Review of Financial Advice’ (RFA).

The Commission has decided to require advisers working for Jersey businesses and who advise clients who are not Professional Clients to be qualified at level 4 wherever those clients are resident. This affects all persons registered to undertake classes C2 and D3 investment business.

This booklet sets out the qualifications that are available from CISI for existing and new advisers.

The CISI welcomes the Commission’s Review of Financial Advice and we look forward to working with you.



Alan Yarrow, Chartered FCSI(Hon)
Chairman, CISI

Moving from Proposal to Policy Implementation

The Commission's Review of Financial Advice has reached certain conclusions regarding qualifications.

Advisers must hold a QCF level 4 qualification in relation to those categories of clients where the holding of qualifications is required.

Advisers who hold a qualification which is listed in the FSA's Appropriate Qualification Tables (see TC Appendix4E) details those qualifications which met the full qualification requirements up to and after the FSA's deadline of 31 December 2012. Because the RFA is adopting a different timeline, this list remains valid for advisers in Jersey until the Jersey deadline of 31 December 2013. Additional qualifications appropriate for Advising on (and dealing in) securities, Advising on (and dealing in) derivatives and Advising on packaged products in the FSA's lists published since PS11/1 are also acceptable.

Statement of Professional Standing (SPS)

The Commission intends to require a form of SPS but it is unlikely to be exactly the same as the statement required for the United Kingdom. There are no definite plans as to when this will take place but it is the Commission's intention to keep this matter under review and to learn from any relevant experience in the United Kingdom.

Significance of RFA

The headlines are:

- Qualifications need to be at least level four on the Qualification Credit Framework (QCF) and completed by end of 2013.
- Qualifications must be on the FSA's Appropriate Qualification tables, which specifies the activity (activities) for which the qualification covers.
- Many legacy qualifications, or those approved for RFA purposes as relevant and at the appropriate level, have gaps between what they cover and the new standards. Gap-fill is needed to cover these, to be completed by the end of 2013.

Qualifications

FSA TC Appendix 4E contains the list of exams that are appropriate under the RDR and, therefore, the RFA, including a list of existing or legacy qualifications that can be used by advisers to demonstrate that they meet the higher-level exam requirements. The FSA had previously set out how the gaps between existing and legacy level four (or higher) qualifications and the new exam standards need to be met through appropriate qualification gap-fill (specific continuing professional development) and now includes a template for individuals to complete in order to demonstrate their attainment of gap-fill.

Qualifications choices for firms and individuals

Firms will need to make a decision on which qualifications their advisers should take in order to become compliant with the Commission's qualification requirements.

Advisers registered with the Commission prior to 30 June 2009 can choose to take the Certificate in Private Client Investment Advice and Management (PCIAM) exam and then use qualification gap-fill or attempt a new level four (or higher-level) qualification.

The Commission has not made the same distinction between new and existing advisers that the FSA made in connection with RDR; however, in practice, only individuals who have been advisers for some time, or who were advisers and now wish to return to the industry, will hold one of the legacy qualifications which pre-date the UK's RDR. The PCIAM is a special case, as this Certificate is a qualification which was in use pre-RDR and may still be used. The CISI has entry criteria for PCIAM. Candidates for this examination must hold a benchmark retail qualification. For individuals within the scope of the RFA this may be a level 3 benchmark retail qualification gained before December 2012 (Where such a qualification was gained after November 2007, this must include a unit satisfying the standards for Investment Principles & Risk)

New or trainee advisers (ie those who do not hold a level 4 retail benchmark) may choose the level seven Masters (for which there are eligibility requirements, see cisi.org/mwm), or the level four Investment Advice Diploma. New advisers may also take PCIAM once they have completed the IAD. The CISI will support firms in whatever qualification route they decide to take.

Qualifications for new and existing advisers

New qualifications are particularly suitable and recommended for new advisers but can also be used by existing advisers. The new exam standards mean that for new or trainee advisers it will be necessary to take exams that have been revised, or redeveloped, or are brand new.

The full qualifications are available now and can be found here:

<http://fsahandbook.info/FSA/html/handbook/TC/App/4/1>

The CISI offer of RFA-compliant qualifications is as follows:

Investment Advice Diploma (IAD), comprising two core units and one or more specialist units depending on the activities undertaken.

Core Units

- Level four: FSA Regulation and Professional Integrity (available now, computer-based testing (CBT)) (this exam will be known as UK Financial Regulation and Professional Integrity from 1 April 2013)
- Level four: Investment, Risk and Taxation (CBT)

Specialist Units

- Level four: Securities (CBT)
- Level four: Derivatives (CBT)
- Level five: Private Client Advice (Narrative, offered twice a year in June and December)

There are no gaps between the IAD and the new exam standards, so qualification gap-fill is not required.

We recommend, including self-study, a minimum of 140 hours per unit to prepare for each exam.

Full information about the IAD can be found at cisi.org/investmentadvisedipl

Completion of IAD allows candidates to join as Associate Members (ACSI) and, together with 3 years successfully logged CPD via the CISI CPD scheme and gaining an 'A' grade in IntegrityMatters, they will fulfil the requirements for Chartered MCSI.

The CISI level 7 Masters programme (Wealth Management)

Wealth Management is the first career pathway to be launched as part of the CISI Masters programme. Developed in conjunction with leading industry practitioners and members of the main trade body for the sector, the Association of Private Client Investment Managers and Stockbrokers (APCIMS), it is the CISI's flagship qualification, and lies at the very heart of the Institute's activities.

As a level seven qualification, it meets the RFA requirements in full and can be taken by new advisers, possibly with a regulatory paper initially so that candidates can work under supervision within the UK Regulator's Training and Competence regime.

The qualification comprises three units:

- 1) Financial Markets: the environment in which wealth management operates
- 2) Portfolio Construction Theory: the theory of portfolio construction, taxation and trusts
- 3) Applied Wealth Management: practical portfolio construction and management

It covers six activities:

- Advising on (and dealing in) securities
- Advising on (and dealing in) derivatives
- Managing investments
- Advising on packaged products

There are no gaps between the level seven CISI Masters programme (Wealth Management) curriculum and the new exam standards, therefore qualification gap-fill is not required.

We recommend, including self-study, a minimum of 200 hours per unit to prepare for each exam. Full information about the CISI Masters in Wealth Management can be found at cisi.org/cisimasters

Eligibility rules apply to candidates sitting the CISI Masters for the first time in December 2013. Further details will be posted on the CISI website shortly.

In the flowchart on page 11, a further option of taking a whole level four qualification first, plus the level five Private Client Advice paper, permitting exemption from one Masters unit, is given.

Candidates completing the CISI Masters in Wealth Management and gaining an 'A' grade in IntegrityMatters, are eligible for full membership (MCSI). After one year as MCSI, one year of successfully logged CPD via the CISI CPD scheme, members can become Chartered MCSI.

The CISI Masters in Wealth Management has met the FSA's standards for the RDR since December 2010. Individuals who gained one or more Master's units prior to that date may need to undertake gap fill.

Qualifications for advisers

The FSA published a list of qualifications that existing advisers can take now in order to become RDR-compliant (and, therefore, RFA-compliant). This is now included as an Appendix to Policy Statement 11/1, together with new RDR-compliant qualifications at level four or above. These qualifications were previously described by the FSA as transitional but are no longer subject to a time limit, and are best understood as either legacy qualifications which are no longer available (for example, the London Stock Exchange (LSE) Membership exams), or current. In both cases these qualifications require qualification gap-fill in order to fulfil the requirements of the RDR. The provisions also apply under the RFA.

The CISI qualifications that can be taken now and require gap-fill are the Certificate in Private Client Investment Advice and Management (PCIAM) and the level six CISI Diploma. The CISI level seven Masters in Wealth Management has been fully RDR-compliant since December 2010.

The CISI's qualifications flowchart for new (or existing) advisers

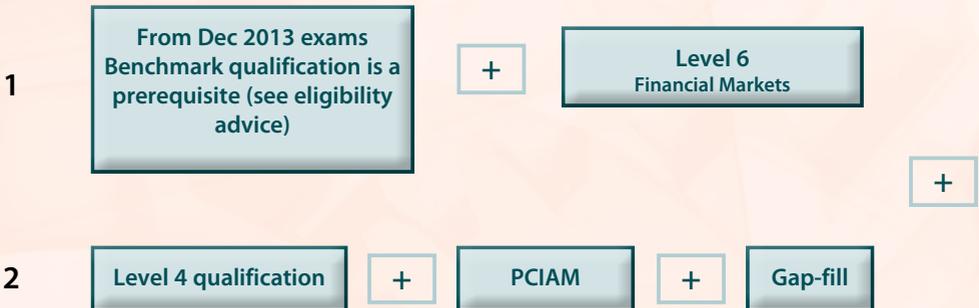
Benchmark for Securities and Derivatives



Benchmark for Packaged Products



CISI Masters Programme Wealth Management





Legacy qualifications

Some exams are no longer available now but count as relevant qualifications with gap-fill. These are the MSI(Dip); the Investment Advice Certificate; certain combinations of LSE Full Membership exams; and the level six CISI Masters in Wealth Management.

Advisers will be deemed level four (or above) qualified if they hold one of the legacy qualifications.

In order for advisers to be compliant with the RFA requirements, any gaps between the content of these exams and the new exam content needs to be filled using qualification gap-fill.

A list of the main legacy qualifications offered by the CISI follows*.

Chartered Institute for Securities & Investment

LSE Full Membership Exams (where holders have three or four of the units or hold both the Stock Exchange Practice and Technique of Investment exams)

Level six Masters in Wealth Management (it became level seven and RDR-compliant (therefore RFA compliant) from December 2010 exams)

MSI(Dip) (where candidates hold three units of the CISI Diploma as recommended by the firm)

Investment Advice Certificate

*This is not a comprehensive list, more information can be found at <http://fsahandbook.info/FSA/html/handbook/TC/App/4/1>

CISI qualifications on the FSA's list still available but requiring gap-fill

The qualifications below existed before the RFA policy but are recognised by the Commission as suitable for the RFA when combined with gap-fill.

Certificate in Private Client Investment Advice & Management (PCIAM) by exam and by alternative assessment

Level six CISI Diploma (where candidates hold three units as recommended by the firm)

PCIAM Eligibility Rules

Candidates must hold a level 3 benchmark qualification or have been registered with the Commission prior to June 2009.

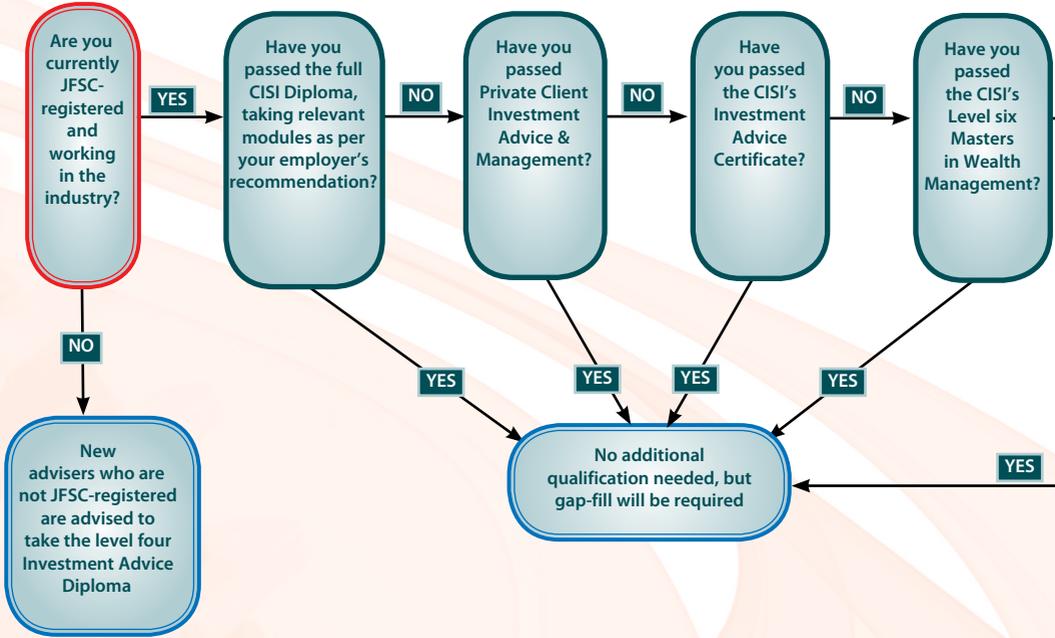
PCIAM may also be suitable for returners to the sector who may not be currently registered with the Commission but were previously.

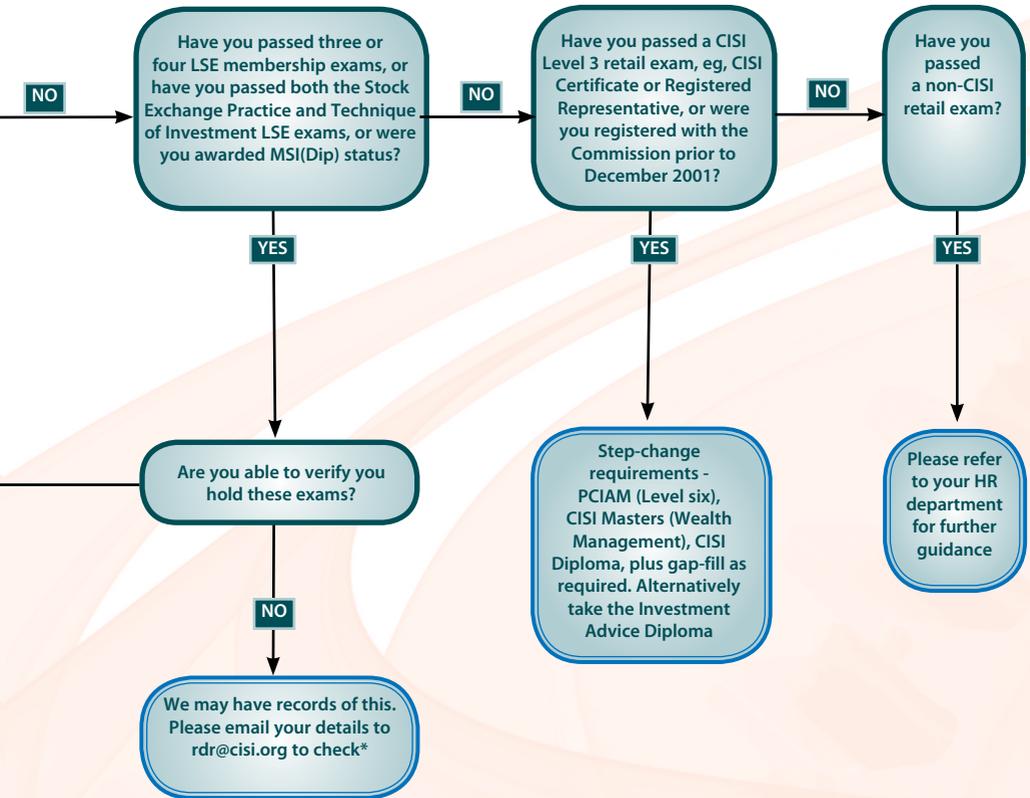
The CISI will normally accept entries for PCIAM from candidates who are not already registered with the Commission if they hold a relevant retail benchmark qualification at QCF level three, ie, the level of qualification required prior to the RFA.

Circumstances might include those who have been absent from the industry for a while.

Detailed requirements of gap-fill are appended in this booklet.

The CISI's flowchart for advisers with legacy or transitional exams





A fee is also payable for the issuance of any replacement exam certificates.

Please note that PCIAM may be taken by written paper or by alternative assessment.

Qualifications recommended for existing advisers

Certificate in Private Client Investment Advice and Management (PCIAM)

The PCIAM certificate is the CISI's recommended route for advisers registered with the Commission authorised prior to 30 June 2009, who need to comply with the new qualification standards. The percentage of candidates who are very experienced advisers has increased and shown a very pleasing pass rate.

A premier service, priced at an additional £100 per exam (minimum of £250 per firm), is available for senior advisers wishing to take the exam in a more private environment such as their offices with personal invigilation.

Accredited by Ofqual as a stand-alone level six qualification, the PCIAM substantially covers the four core areas required by the FSA and therefore, the Commission. These are:

- regulation and ethics
- personal taxation
- investment principles and risk
- the practical application of technical knowledge

In order to support candidates who wish to take PCIAM to satisfy the step-change requirements, the CISI is offering additional sittings of this paper, which will be offered in April, June, September and December 2013.

Advisers should be aware that they need to comply with the RFA by the beginning of 2014, in other words, they need to have completed any qualification gap-fill by 31 December 2013. The last sitting of PCIAM which is suitable for individuals who wish to be sure of meeting this deadline is September 2013, for which sitting results will be available in November 2013.

Candidates completing PCIAM, a level 6 qualification and gaining an 'A' grade in IntegrityMatters, are eligible for full membership (MCSI). After one year as MCSI, one year of successfully logged CPD via the CISI CPD scheme, members qualify for Chartered MCSI.

CISI level six Diploma

The CISI's level six Diploma is acceptable where the candidate has taken three units recommended by the employer. Further information about the Diploma can be found at cisi.org/cisidiplomahp

Alternative assessment

The Commission's proposal on alternative assessments

The Commission has agreed that individuals may meet increased qualification requirements by methods which are alternative to traditional examinations.

CISI alternative assessment

Key features of the CISI scheme are:

- assessment based on the learning outcomes of the Certificate in Private Client Investment Advice & Management (PCIAM)
- comprises a written submission, and a two-hour assessment made up of a competency interview and a case study presentation
- successful candidates gain the PCIAM
- minimal structured learning hours to complete the gap-fill to full RFA compliance
- trained senior practitioner assessors
- two assessments in Jersey in June 2013

The CISI scheme is priced at £1,750. Full information can be found at cisi.org/rdraassess

CISI qualifications gap-fill and exemptions policy

The CISI has completed a comprehensive mapping of the new standards to existing and legacy exams. This process maps the attainment level, outcomes and indicative content of the new exam standards with the syllabus sections and objectives of the relevant CISI qualifications.

Recording of CPD for RFA qualifications gap-fill

It is important for those members undertaking gap-fill in order to fill the gaps highlighted in the legacy qualifications to remember that the activity must be recorded.

To assist members, and to complement the gap analysis work that has already been undertaken. A factsheet for each qualification sets out the recommended activities to cover each gap and the factsheets and instructions on recording evidence through the online log can be found at cisi.org/gapfillguide

Members will then have to record and evidence the CPD undertaken for each of the gaps using the online gap-fill log.

Applying for an SPS

Further details will be provided of how to apply for an SPS when the Commission publishes its requirements in this respect.

Qualification and gap-fill verification

The CISI are able to provide verification for individuals that they hold a qualification that satisfies the qualification requirement of the RFA and that they have completed appropriate qualifications and gap-fill.

CISI gap-fill guidance

The gap-fill guidance is provided for:

- Private Client Investment Advice & Management (PCIAM)
- London Stock Exchange (LSE) full member exams (only certain exams qualify)
- Investment Advice Certificate (IAC)
- CISI Masters in Wealth Management (MWM) exams (to June 2010, fully RDR-compliant from December 2010)
- CISI Diploma

Guidance can be found at [cisi.org/gapfillguide](https://www.cisi.org/gapfillguide). All gaps must be addressed through structured learning prior to applying for an SPS.

Advisers using the CISI's CPD online log will find a dedicated gap-fill log where the exact gaps each adviser has left to fill will be listed, as well as the means to assign structured learning to each gap. Advisers using CISI CPD events or activities will have these automatically logged but we anticipate that many will use a firm's own seminars, together with other providers, and the CISI endorses provision other than its own. The CISI online gap-fill log is available at [cisi.org/cpdlogin](https://www.cisi.org/cpdlogin)

Our list of CISI approved gap-fill providers can be found at [cisi.org/gapfillverification](https://www.cisi.org/gapfillverification).

Please note that the CISI will not accept reading as structured learning for gap-fill apart from in exceptional cases. Please contact rdr@cisi.org for clarification.

CII gap-fill guidance

The CISI will provide gap-fill guidance to members on CII transitional qualifications. For individual guidance, please email the full qualification details and all exams completed within the CII qualification to rdr@cisi.org.

Confirmation adviser has achieved their RFA compliant qualifications and any required gap-fill

CISI
CHARTERED INSTITUTE FOR
SECURITIES & INVESTMENT

CERTIFICATE OF RFA COMPLIANT QUALIFICATIONS

This is to certify that

John James Smith

Candidate no. ABC123

has completed the qualifications requirement of the Review of Financial Advice by achieving an appropriate qualification (as listed in the FSA's TC Appendix 4 20110401) and meeting gap-fill requirements in the following activities:

Securities

Date: 29 September 2011

RFA specialist areas

Date of issue

[Signature]
MANAGING DIRECTOR

This confirms that this is not an SPS but fulfils the qualification requirement of the RFA only

8 Eastcheap, London, EC3M 1AE
CISI.org

THIS IS NOT AN SPS, IT FULFILS THE QUALIFICATION REQUIREMENT OF THE RFA ONLY

Please note that you do not need this certificate if you hold the IAD.

Exemptions policy

The CISI permits one exemption for certain units of its threshold competence level four qualifications, for those candidates who hold equivalent units from the qualifications of other awarding bodies. This only applies to the core exam standards.

The list of exemptions is as follows:

Equivalent unit from other bodies:			Exempts from CISI, one of:
CII Level 4 Diploma in Regulated Financial Planning	CFA UK Level 4 Investment Management Certificate	ifs Level 4 Diploma for Financial Advisers	CISI Level 4 Diploma in Investment Advice
Financial Services, Regulation and Ethics (RO1)	Investment Environment (Unit 1)	Financial Services, Regulation and Ethics	UK Regulation & Professional Integrity
Investment Principles and Risk (RO2) plus Personal Taxation (RO3)	Full Level 4 Investment Mangement Certificate	Full ifs Level 4 Diploma for Financial Advisers (post 1 Aug 2010 only)	Investment, Risk & Taxation

Please note: Holders of existing level three awards are NOT eligible for exemption from any units in the new CISI level four Investment Advice Diploma.

Details on how to apply can be found at cisi.org/exemptionsiad

The CISI’s RFA routes can be summarised diagrammatically:

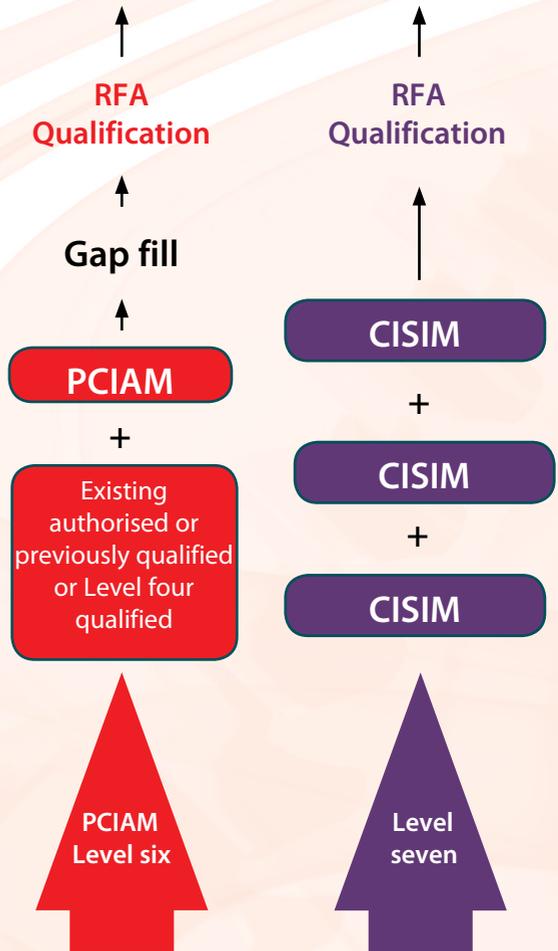
These three qualifications represent the main choices of CISI routes to RFA qualification compliance. However, legacy qualifications such as London Stock Exchange, IAC, as well as the CISI Diploma also qualify.

Please see flowcharts on pages 14-15.

Chartered MCSI Route



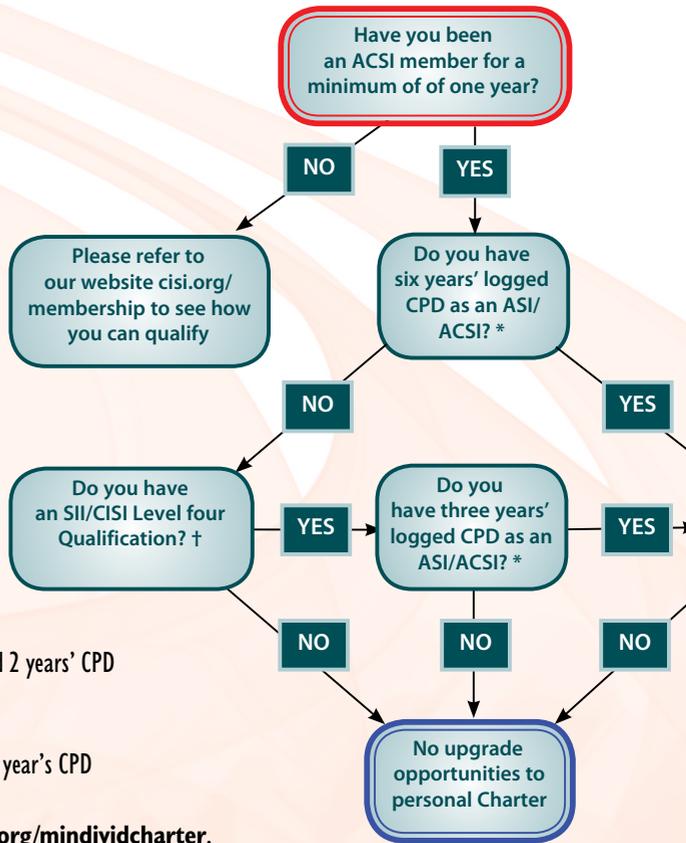
Chartered FCSI Route



Membership and CPD

CISI pinnacle of professionalism through Chartered membership

Our requirements for Chartered membership chimes well with the professionalism stream of the RFA. Joining the CISI as an Associate member is the first step to becoming personally chartered. To become Chartered, members must successfully log a number of years of CPD on the CISI CPD scheme as well as gain an A grade in IntegrityMatters, our online ethics test, to reflect the very high standards of ethics for Chartered members.



† CISI Level five qualification and 2 years' CPD

or

CISI Level 6/7 qualification and 1 year's CPD

Please refer to the website at cisi.org/mindividcharter.

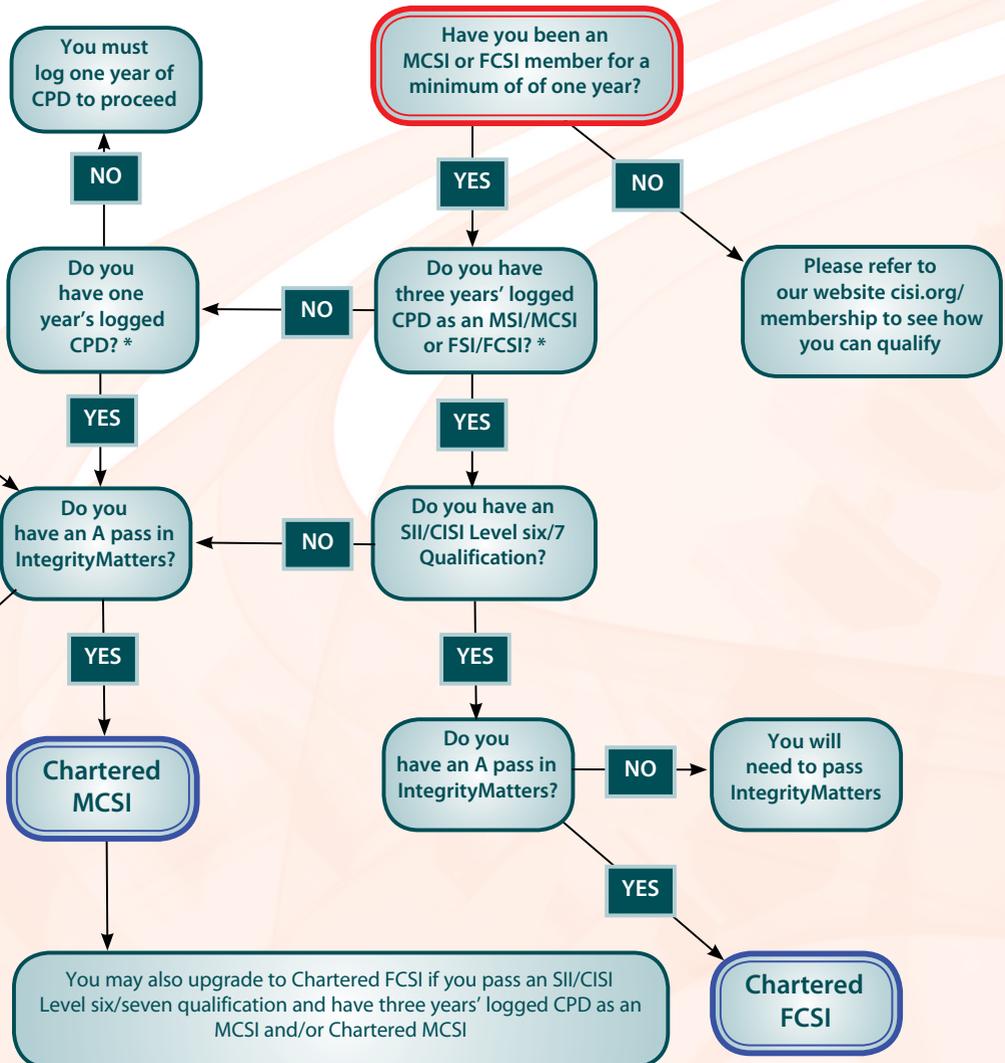
* CPD must be logged either on the CISI CPD scheme or your firm's scheme must be formally accredited by the Institute.

The number of CPD years required to qualify for Chartered status is dependent on the level of CISI qualification held, as highlighted below:

CISI level of qualification Number of years CPD

Level three	Six years
Level four	Three years
Level five	Two years

Please note: those members who have passed a CISI level six qualification can join as a full MCSI member once they gain an A pass in IntegrityMatters.



CISI Gap Fill Providers

The CISI has a list of organisations approved to provide gapfill for RDR purposes at cisi.org/gapfillproviders.

This list is also valid for RFA purposes. Organisations or individuals not listed who wish to provide gap-fill for RFA purposes should contact [rd@cisi.org](mailto:rd@rdr@cisi.org) for further information. Firms and individuals are not limited to this list of providers, but should bear in mind that if the provider is not listed, it will be necessary for the firm or individual to demonstrate that the relevant gaps have been covered.

RFA requirements for CPD

The Commission already requires all investment employees to complete 35 hours CPD under section 3.4 of the IB Codes, therefore no changes are necessary in this respect albeit the Commission may look to refine the CPD requirements to incorporate certain structured learning outcomes.

The CISI's CPD scheme

The CISI is an Accredited Body under the FSA's RDR, and will apply to fulfil the same role under any future proposals by the Commission. At present the CISI audits a minimum of 15% of its members' records. For RDR purposes this number includes at least 10% of retail investment advisers.

The CISI has its own CPD scheme which is consistent with the requirement under section 3.4 of the IB Codes, and recommends 35 hours of CPD for members. It is free for members to use and has an online logging system which can be used to satisfy the RFA requirement.

The CISI CPD scheme also has a super-user function to enable training/HR and compliance staff to monitor the activities being undertaken.

The CISI CPD log allows members to keep a centralised record of all their CPD activity. The CISI automatically records all the CISI's own CPD activities undertaken by members. The CISI also endorses a wide range of CPD provision from other providers to assist members and their firms in selecting external CPD. Members can also include, and will need to record, all other CPD, eg. from other Professional Bodies, CPD providers and their own or others' firms.

CISI CPD opportunities

Assisting members to maintain their ongoing competence is one of the three core principles of the CISI. To assist members in achieving this aim, the CISI offers a large number of free, or heavily discounted, benefits which can contribute to the completion of advisers' CPD programmes. Professional benefits free to members include:

- **Professional CPD seminars** – covering RFA-related topics
- **CPD scheme** including online CPD log
- **CISI TV** – webcasts/podcasts of CPD seminars and other investment content
- **Professional Refresher** – online training tool with RFA related modules* for both qualification gap-fill and core qualification areas, expanded to 45 modules
- **Professional Forums (PFs)** including wealth management
- **Infolink** – online information resource library
- **Securities & Investment Review** – the Institute's membership magazine
- **Online Regulatory Update** – quarterly update on recent and future regulatory changes in the UK, EU and globally
- **Investment Management Review** – a quarterly publication
- **Apps**
- **Webinars**

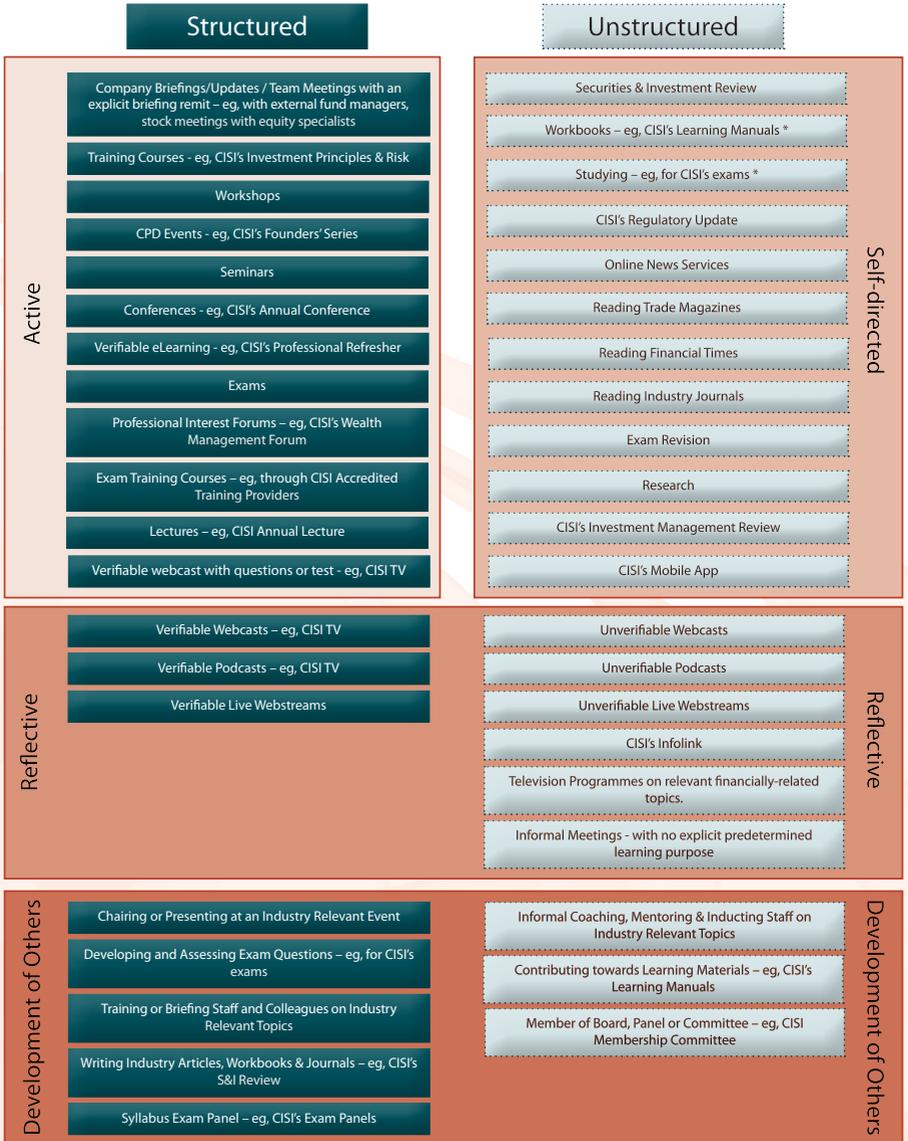
For more information on the benefits of CISI membership, please visit cisi.org/membership

We also offer discounts on CISI conferences and training courses. A number of the training courses have been developed specifically to assist with RFA gap-fill. These cover:

- Investment Principles and Risk (PCIAM, IAC, LSE gap-fill)
- Understanding Pensions and Retirement Planning
- Derivatives
- Securities

For further details, please visit cisi.org/events

The CISI's CPD scheme diagram



This meets the RDR requirements. Further information will be provided in due course about the RFA requirements.

Firm CPD scheme accreditation

The CISI also offers firms the opportunity to have their own CPD schemes accredited for a fee, which will enable firms to demonstrate that they match, by at least 80%, the Institute's CPD scheme requirements. The CISI will only accredit corporate supporters.

Accreditation involves a number of steps:

1. Complete firm CPD scheme accreditation application form
2. Preliminary review of CPD scheme by CISI staff
3. Accreditation visit

For further information contact cpdscheme@cisi.org

CISI CPD providers

As part of the CISI CPD scheme, the CISI recognises the relevance of CPD events and other CPD activities offered by other CPD providers and encourages members to record all these activities on their CPD log. The Institute produces a list of recognised CPD providers and a number of these have been officially accredited by the Institute as 'Approved CPD Providers', which enables them to promote their accreditation on their marketing material.

For those CPD providers interested in becoming accredited, they must first complete an application form (which can be requested from cpdscheme@cisi.org). An initial assessment is then carried out from the information supplied and then a visit to the CPD provider is arranged. The visit is undertaken by the CPD scheme manager and an industry practitioner to assess the quality of the events and courses organised. If the CPD provider has met the criteria, it will then be added to the list of accredited CPD providers. There will normally be a fee.

Approaches to discipline

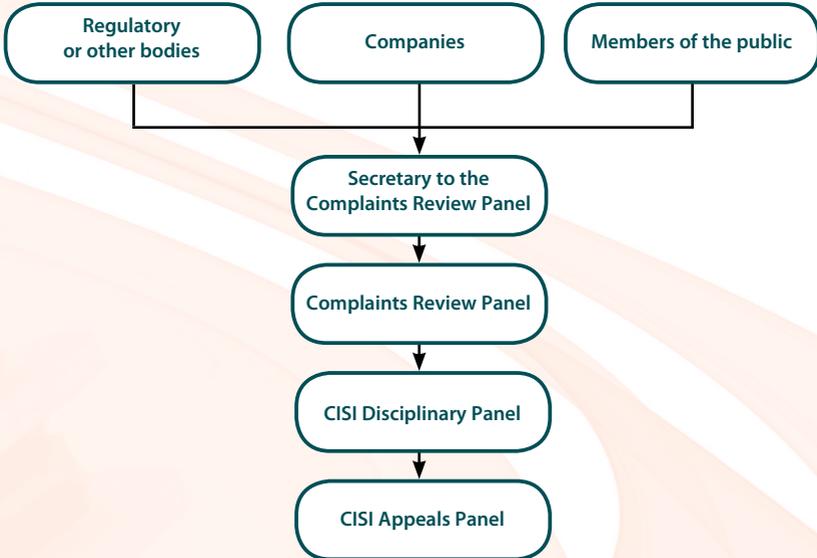
The Commission's approach to discipline

The Commission still expects consumers who have a complaint to first contact the firms, although it notes that in some cases it may be appropriate for customers to complain to the investment advisers' Professional Body or the Commission directly.

The CISI's approach to discipline

The CISI's disciplinary procedures have been revised so that, at each step, there is a review of the matter under consideration to ensure that the process is transparent and fair.

There is lay representation, technical specialists if needed, and also representatives of the CISI membership on all disciplinary and appeal panels.



As is currently the case, the CISI will have no regulatory jurisdiction over the performance of members.

Ethics

The CISI's promotion of trust and integrity

The Commission has stated that Investment employees will be reminded of the requirements in the IB Codes for registered persons, and their staff, to conduct their business with integrity thereby addressing the similar provision the FSA is introducing for retail investment advisers to subscribe to a code of ethics.

Integrity and ethics are central to the mission and philosophy of the CISI. Consequently we are well placed to help meet the Commission's goals of enhanced professionalism and consumer confidence with a variety of highly regarded products and services. These include the IntegrityMatters online workshop and test, the Integrity at Work interactive workshop, the new elearning Professional Refresher Integrity and Ethics unit and our monthly Grey Matters ethical dilemma in the Securities & Investment Review magazine and in three books of case studies, Integrity at Work volumes 1, 2 and 3.

The CISI's new Code of Conduct

The genesis of the CISI Code of Conduct was June 2005 in conjunction with the Worshipful Company of International Bankers. A revised Code of Conduct was effective from 1 Feb 2011, and a copy appears below.

1. To act honestly and fairly at all times when dealing with clients, customers and counterparties and to be a good steward of their interests, taking into account the nature of the business relationship with each of them, the nature of the service to be provided to them and the individual mandates given by them.
2. To act with integrity in fulfilling the responsibilities of your appointment and to seek to avoid any acts, omissions or business practices which damage the reputation of your organisation or the financial services industry.
3. To observe applicable law, regulations and professional conduct standards when carrying out financial service activities, and to interpret and apply them to the best of your ability according to principles rooted in trust, honesty and integrity.
4. To observe the standards of market integrity, good practice and conduct required or expected of participants in markets when engaging in any form of market dealings.
5. To be alert to and manage fairly and effectively and to the best of your ability any relevant conflict of interest.
6. To attain and actively manage a level of professional competence appropriate to your responsibilities, to commit to continuing learning to ensure the currency of your knowledge, skills and expertise and to promote the development of others.
7. To decline to act in any matter about which you are not competent unless you have access to such advice and assistance as will enable you to carry out the work in a professional manner.
8. To strive to uphold the highest personal and professional standards.

The CISI's gap-analysis

The FSA has recognised a number of CISI qualifications as acceptable exams for the RDR with gap-fill, and these qualifications are also suitable for the RFA. In addition the CISI inherited the archives of the London Stock Exchange exams.

In the following pages we set out the gaps between these transitional exams and the new exam standards. We then recommend what the minimum amount of structured learning needs to be to cover these gaps. We then set out some options to consider. The outline of the CISI Diploma gaps can be found on page 33 and more detailed guidance is on the CISI website cisi.org/gapfillguide.

In this booklet we cover the gap analysis for:

- Private Client Investment Advice and Management (PCIAM)
- London Stock Exchange (LSE) Full member exams (note only certain exams qualify)
- Investment Advice Certificate (IAC)
- CISI Masters in Wealth Management (MWM) exams (to June 2010, fully RDR compliant from December 2010)

Each of the following tables therefore displays the exam standards, details of the gaps between each qualification and the new level four exam standards by qualification, and the CISI recommended gap-fill solutions/options for firms and individuals to consider. All gaps must be addressed through structured learning by the end of 2013. The gaps are summarised in the diagrams overleaf.

For those firms and advisers using the CISI's own CPD scheme, the scheme includes designated areas for these gaps to be listed together with the means by which each adviser has filled the gaps. Advisers using CISI CPD events or activities will be able to have these automatically logged but we anticipate that many will use a firm's own seminars, together with other providers, and the CISI endorses provision other than its own. Our list of Approved Gap-fill Providers can be found at cisi.org/gapfillproviders

Please do not hesitate to use our dedicated email address for any RFA enquiries. It is rdr@cisi.org

IMC level 3 and qualifications gap-fill

A number of retail investment advisers hold the CFA UK Investment Management Certificate (“IMC”) at Level 3, which was an Appropriate Qualification prior to RFA but is not on the FSA’s list of Transitional Qualifications where CPD gap-fill can apply. However, it is possible for holders of IMC Level 3 to become RFA compliant through attainment of the Certificate in Private Client Investment Advice and Management (“PCIAM”) plus a limited amount of gap-fill CPD.

The PCIAM exam certificate provides a valuable and comparatively straightforward route to fulfilling the qualification requirements for all six Regulated Activities listed on page 18, including the activity of Advising on Packaged Products.

There are relatively modest CPD gap-fill requirement for holders of the IMC Level 3 plus PCIAM these are highlighted in the PCIAM sections of the following gap-analysis tables ie * indicates that individuals who have taken PCIAM plus IMC level 3 will have already covered this and will not need to undertake this gap-fill.

Diploma combinations and qualifications gap-fill

For the Diploma, where practical, the existing provision for PCIAM qualification gap-fill has been factored in. This applies in all cases where PCIAM is one of the Diploma components used, and this significantly reduces the anticipated number of other gap-fill elements required.

Where a specific Diploma combination fails to address the scope of the new RDR exam standards by a whole unit, level 4 training courses are recommended.

The table on page 33 summarises the gap-fill requirements for Diploma holders seeking RFA compliance.

CISI Masters in Wealth Management and qualifications gap-fill

The need for gap-fill in respect of CISIM(WM) only applies to those candidates who completed units from the qualification before December 2010. From 01 December 2010 all units of the CISIM Level 7 (WM) comply with the new exam standards, covering all core and specialist areas.

For candidates with a combination of RDR compliant and pre-RDR compliant units please refer to the key below.

- † indicates that individuals with the RDR compliant 'Financial Markets' unit (from 01 December 2010) have already covered this and will not need to undertake this gap-fill
- † † indicates that individuals with the RDR compliant 'Portfolio Construction Theory' unit (from 01 December 2010) have already covered this and will not need to undertake this gap-fill
- † † † indicates that individuals with the RDR compliant 'Applied Wealth Management' unit (from 01 December 2010) have already covered this and will not need to undertake this gap-fill

CISI gap-fill training courses

The CISI is planning two gap-fill courses in order to help members fill the gaps highlighted in the legacy qualifications for RFA purposes. Local providers are also offering gap-fill solutions across the full range of qualifications.

Qualification gap-fill: Investment Principles & Risk (PCIAM, IAC, LSE)

27+28 February 2013 - The Royal Yacht Club

Qualification gap-fill: Pensions & Retirement Planning

19 March 2013 - The Royal Yacht Club

For more information please see cisi.org/courses

Jersey International Business School (www.jerseyibs.com/Contact) and BPP Jersey (discover.bpp.com/bpp-jersey-home) will be offering courses in Jersey. Other gap-fill providers may also be used and a list of approved providers is listed at cisi.org/gapfillproviders

Gap-fill tables

Matrix of qualifications gap-fill requirements for Diploma holders seeking RFA compliance

Diploma Combination	CORE					SPECIALIST (where appropriate)				
	Regulation & Ethics (RE)	Investment Principles & Risk (IPR)	Personal Taxation	Securities (Sec)	Derivatives (Der)	Securities (Sec)	Derivatives (Der)	Securities (Sec)	Derivatives (Der)	Packaged Products
RCO/ PCIAM/ FM	PCIAM gap-fill	✓	PCIAM gap-fill	✓	PCIAM gap-fill	✓	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill
RCO/ PCIAM/ IFS	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill	✓	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill
RCO/ PCIAM/ IAN	PCIAM gap-fill	✓	PCIAM gap-fill	✓	PCIAM gap-fill	✓	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill
RCO/ PCIAM/ Finmar	PCIAM gap-fill	✓	PCIAM gap-fill	✓	PCIAM gap-fill	✓	✓	✓	✓	PCIAM gap-fill
RCO/ PCIAM/ FD	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill	✓	PCIAM gap-fill	✓	PCIAM gap-fill
RCO/ PCIAM/ BFI	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill
PCIAM/ FM/ IFS	PCIAM gap-fill	✓	PCIAM gap-fill	✓	PCIAM gap-fill	✓	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill
PCIAM/ FM/ Finmar	PCIAM gap-fill	✓	PCIAM gap-fill	✓	PCIAM gap-fill	✓	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill
PCIAM/ FM/ IAN	PCIAM gap-fill	✓	PCIAM gap-fill	✓	PCIAM gap-fill	✓	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill
PCIAM/ IFS/ IAN	PCIAM gap-fill	✓	PCIAM gap-fill	✓	PCIAM gap-fill	✓	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill	PCIAM gap-fill
RCO/ IFS/ FM	RE gap-fill	IPR gap-fill	Level four course	Sec gap-fill	Level four course	Sec gap-fill	Level four course	Level four course	Level four course	Level five course
RCO/ IFS/ IAN	RE gap-fill	IPR gap-fill	Level four course	Sec gap-fill	Level four course	Sec gap-fill	Level four course	Level four course	Level four course	Level five course
RCO/ BFI/ FD	RE gap-fill	IPR gap-fill	Level four course	Sec gap-fill	Level four course	Sec gap-fill	Der gap-fill	Level four course	Der gap-fill	Level five course
FM/ IAN/ IFS	Level four course	IPR gap-fill	Level four course	Sec gap-fill	Level four course	Sec gap-fill	Level four course	Level four course	Level four course	Level five course

Diploma Units

RCO	Regulation & Compliance	PCIAM	Private Client Investment Advice & Management
FM	Fund Management	IFS	Interpretation of financial Statements
IAN	Investment Analysis	Finmar	Financial Markets (Masters)
FD	Financial Derivatives	BFI	Bonds & fixed Interest Investments

✓ illustrates that there is no gap-fill needed

If your Diploma combination is not listed, please email rdrc@csis.org for gap-fill guidance.

Financial Services, Regulation & Ethics (Core)

UNIT: FINANCIAL SERVICES, REGULATION and ETHICS

Private Client Investment Advice & Management (PCIAM)

Syllabus gaps

Demonstrate an understanding of how the retail customer is served by the financial services industry

Detail

Consumers' main financial needs and how they are prioritised:

- Managing debt
- Budgeting and borrowing, including house purchase
- Protection
- Saving and investing
- Retirement
- Estate planning and tax planning

How those needs are met:

- Mortgages and loans
- Life and health insurance
- Savings and investments
- State benefits
- The main types of pension provision

Recommendations

Option 1 is the CISI IntegrityMatters test, grade A/B
 Option 2 is an e-based seminar covering ethics and integrity from a CISI endorsed provider or a firm-based seminar of at least one hour's duration.

Demonstrate an ability to apply the Code of Ethics and professional standards to business behaviours of individuals

The over-arching Code of ethics
 The professional principles and values on which the Code is based
 Identifying ethical dilemmas

Demonstrate an ability to critically evaluate the outcome that distinguish between ethical and compliance driven behaviours

Typical behavioural indicators – positive and negative
 The outcomes which may result from behaving ethically – for the industry, the firm, individual advisers and consumers
 The outcomes which may result from limiting behaviour to compliance with the rules – for the industry, firm, individual advisers and consumers

UNIT: FINANCIAL SERVICES, REGULATION and ETHICS London Stock Exchange (LSE)
 - Complete Unit Missing [Note: Specific LSE membership exams are required]

Syllabus gaps	Detail	Recommendations
Complete unit missing	Complete unit missing	<p>The current regulatory structure is substantially different compared with the lighter regime in place when the LSE exams were live.</p> <p>Option 1 is to train in the new FSA Regulation & Professional Integrity exam at level four through an Accredited Training Provider (ATP).</p> <p>Option 2 is a level 3 regulation exam taken and passed since 2008 together with the CISI's IntegrityMatters and the following Professional Refresher modules:</p> <ul style="list-style-type: none"> - Anti-Money Laundering (or evidence of AML training) - Approved Persons Regime - Client Classifications - Financial Ombudsman Service - Financial Promotions - Inducements and Dealing - Commissions - Market Abuse - Permissions Regime - Treating Customers Fairly - UK Regulatory Structure

UNIT: FINANCIAL SERVICES, REGULATION and ETHICS Investment Advice Certificate

Syllabus gaps	Detail	Recommendations
Demonstrate an ability to apply the Code of Ethics and professional standards to business behaviours of individuals	<p>The over-arching Code of ethics</p> <p>The professional principles and values on which the Code is based</p> <p>Identifying ethical dilemmas</p>	<p>Option 1 is the CISI IntegrityMatters test, grade A/B</p> <p>Option 2 is an e-based seminar covering ethics and integrity from a CISI endorsed provider or a firm-based seminar of at least one hour's duration.</p>
Demonstrate an ability to critically evaluate the outcome that distinguish between ethical and compliance driven behaviours	<p>Typical behavioural indicators – positive and negative</p> <p>The outcomes which may result from behaving ethically – for the industry, the firm, individual advisers and consumers</p>	

UNIT: FINANCIAL SERVICES, REGULATION and ETHICS

Investment Advice Certificate

Syllabus gaps**Detail**

Demonstrate an understanding of the UK financial services industry, in its European and global context

Role and structure of the UK and international markets, key participants

Demonstrate an understanding of how the retail consumer is served by the financial services industry

Consumers' main financial needs and how they are prioritised:
- Managing debt
- Saving and investing

Demonstrate an understanding of legal concepts and considerations relevant to financial advice

Legal persons and power of attorney
Basic law of contract and agency
Insolvency and bankruptcy

Demonstrate an understanding of the regulation of financial services

The role of HM Treasury and the Bank of England – market regulation
The role of other regulating bodies such as the Competition Commission, the Office of Fair Trading, the Pensions Regulator, the Information Commissioner
Additional oversight – senior management, trustees, auditors, external compliance support services

Demonstrate an understanding of the FSA's responsibilities and approach to regulation

Statutory objectives and how the FSA is structured to achieve these:
Financial capability – National Strategy

Demonstrate the ability to apply the regulatory advice framework in practice for the consumer

Client relationships and adviser responsibilities:
Fiduciary relationship – duty of care, confidentiality, primacy of clients' interests

Recommendations

Option 1 is to pass the following Professional Refresher Modules:

- UK Regulatory Structure
- Treating Customers Fairly
- Permissions Regime
- Market Abuse
- Client Classifications
- Approved Persons Regime
- Financial Ombudsman Service

Option 2 is to take the equivalent of the above modules with an Accredited Training Provider, in-firm training or a CPD provider

UNIT: FINANCIAL SERVICES, REGULATION and ETHICS

Masters in Wealth Management
(MWM)

Syllabus gaps	Detail	Recommendations
+++ Demonstrate an ability to apply the Code of Ethics and professional standards to business behaviours of individuals	The over-arching Code of Ethics The professional principles and values on which the Code is based Identifying ethical dilemmas	Option 1 is the CISI IntegrityMatters test, grade A/B Option 2 is an e-based seminar covering ethics and integrity from a CISI endorsed provider or a firm-based seminar of at least one hour's duration.
+++ Demonstrate an ability to critically evaluate the outcomes that distinguish between ethical and compliance driven behaviours	Typical behavioural indicators - positive and negative The outcomes which may result from behaving ethically - for the industry, the firm, individual advisers and consumers	
+++ Demonstrate an understanding of the regulation of financial services	The role of HM Treasury and the Bank of England - Market Regulation The role of other regulatory bodies such as the Competition Commission, the Office of Fair Trading, the Pensions Regulator and the Information Commissioner	The 'Regulations & Ethics' Professional Refresher module or the equivalent with an Accredited Training Provider, in-firm training or a CPD provider
++ Demonstrate an understanding of legal concepts and considerations relevant to financial advice	Legal persons and powers of attorney Basic law of contract and agency Ownership of property Insolvency and bankruptcy Wills and intestacy	
+++ Demonstrate an understanding of how the retail consumer is served by the financial services industry	Consumers' main financial needs and how they are prioritised: - Managing debt - Budgeting and borrowing, including house purchase	The 'Treating Customers Fairly' Professional Refresher module or the equivalent with an ATP, in-firm training or a CPD provider

Investment Principles & Risk (Core)

UNIT: INVESTMENT PRINCIPLES & RISK

PCIAM

Syllabus gaps

* Demonstrate an ability to analyse the characteristics, inherent risks, behaviour and correlation of asset classes

* Demonstrate an understanding of the merits and limitations of the main investment theories

* Demonstrate an ability to analyse and explain the nature and impact of the main types of risk on investment performance

Detail

Correlation of asset classes - relevance to asset allocation
Alternative investments such as commodities, and physical assets

Key features of the main investment theories:
- Modern portfolio theory
- Multi-factor theory
- Efficient market hypothesis
- Capital asset pricing model (CAPM)

Portfolio theory, diversification and hedging:
- Correlation between asset classes
- Total return and an awareness of beta and alpha
- Risk-adjusted returns

Basics of behavioural finance - market and individual behaviours

Liquidity and access
Income and capital growth, including shortfall
Short-term volatility
Long-term performance
Gearing
Currency
Inflation
Interest rates
Systematic and non-systematic, including fraud and counterparty, institutional, market timing

Recommendations

Option 1 is CISI's Structured Learning CPD for qualifications gap-fill under RDR course 'Investment Principles & Risk' (half day)

Option 2 is a seminar from CISI endorsed or accredited training provider or a seminar at a firm's premises (half day)

* indicates that individuals who have taken PCIAM plus IMC level 3 will have already covered this and will not need to undertake this gap-fill.

UNIT: INVESTMENT PRINCIPLES & RISK

LSE

Syllabus gaps

Demonstrate an understanding of the macro-economic environment and its impact on asset classes

Detail

The main long-term UK and global socio-economic trends

Overview of world economies and globalisation of markets

Economic and financial cycles - predictability, regional economy differences

The key economic indicators - trends and their interpretation

Significance of monetary and fiscal policy

Relevance of money, inflation, deflation, interest rates and exchange rates

Balance of payments and international capital flows

The role of financial investment in the economy

Recommendations

Option 1 is CISI's Structured Learning CPD for qualifications gap-fill under RDR course 'Investment Principles & Risk' (two days)

Option 2 is a seminar from CISI endorsed or accredited training provider or a seminar at a firm's premises (two days)

Demonstrate an understanding of the merits and limitations of the main investment theories

Key features of the main investment theories:

- Modern portfolio theory
- Multi-factor theory
- Efficient market hypothesis
- Capital asset pricing model (CAPM)

Portfolio theory, diversification and hedging:

- Correlation between asset classes
- Total return and an awareness of beta and alpha
- Risk adjusted returns

Basics of behavioural finance - market and individual behaviours

UNIT: INVESTMENT PRINCIPLES & RISK

LSE (ctd)

Syllabus gaps

Demonstrate an ability to analyse and explain the nature and impact of the main types of risk on investment performance

Detail

Liquidity and access
 Income and capital growth, including shortfall
 Short-term volatility
 Long-term performance
 Gearing
 Currency
 Inflation
 Interest rates
 Systematic and non-systematic, including fraud and counterparty, institutional, market timing

Recommendations

Option 1 is CISI's Structured Learning CPD for qualifications gap-fill under RDR course 'Investment Principles & Risk' (two days)

Option 2 is a seminar from CISI endorsed or accredited training provider or a seminar at a firm's premises (two days)

Demonstrate the ability to analyse the characteristics, inherent risks, behaviours and relevant tax considerations of investment products

The advantages and disadvantages of direct investment in securities and assets compared to indirect investment through collectives and other products

Main types and uses of indirect investment products:

- Investment structures (Collective investment funds, onshore & offshore; ETFs & ETCs; closed ended funds/ investment companies, onshore & offshore; ISAs & CTFs; National Savings & Investments; Life Assurance based investments, onshore & offshore; Defined contribution (DC) pensions; REITs & other property based products; VCTs & EISs; Broker funds & DIFs)

- Derivatives (basic structure, main types & uses)

- Investment strategy based products (hedge funds & funds of hedge funds; Absolute return funds; Structured Products, income & capital growth, structure & analysis; with profit funds, main principles)

UNIT: INVESTMENT PRINCIPLES & RISK

LSE (ctd)

Syllabus gaps

Demonstrate an ability to apply the investment advice process

Detail

- Know your client requirements:
- Explain the investment process
 - Establish client relationships, capability and circumstances including assets and debts
 - Agree and prioritise needs & wants
 - Agree investment objectives, growth, income, time horizons, debt and credit management and repayment
 - Determine and agree risk profile, objective and subjective factors
 - Assess affordability and other suitability considerations, ethical, social responsibility and religious
 - Agree strategy and rationale to achieve the objectives
 - Agree benchmark/ performance measures and review process

Recommendations

Option 1 is CISI's Structured Learning CPD for qualifications gap-fill under RDR course 'Investment Principles & Risk' (two days)

Option 2 is a seminar from CISI endorsed or accredited training provider or a seminar at a firm's premises (two days)

Demonstrate an understanding of the principles of investment planning

- Asset allocation:
- Stochastic modelling,
 - Strategic & tactical asset allocation
- Portfolio construction:
- Stock and fund selection
 - Diversification by sector, geographical area and currency
 - Main fund management strategies and styles
 - Costs, charges, TERS, PTRs
 - Selection of products, tax wrapper and services
 - Provider selection and due diligence
 - Recommendations and suitability
- Wrap and other platforms:
- Concepts and uses
 - Benefits and risks
 - Costs/charges

UNIT: INVESTMENT PRINCIPLES & RISK

LSE (ctd)

Syllabus gaps

Demonstrate an ability to analyse the performance of investments

Detail

Portfolio performance:
 - Methods of evaluating portfolio performance
 - Selection and use of benchmarks
 - New money and timing factors

Portfolio review and administration:
 - Changes in client circumstances
 - Changes in financial environment
 - New products and services available
 - Maintenance of products and services
 - Use of external services/ benchmarking
 - Rebalancing

Recommendations

Option 1 is CISI's Structured Learning CPD for qualifications gap-fill under RDR course 'Investment Principles & Risk' (two days)

Option 2 is a seminar from CISI endorsed or accredited training provider or a seminar at a firm's premises (two days)

UNIT: INVESTMENT PRINCIPLES & RISK

IAC

Syllabus gaps

Demonstrate an ability to analyse the characteristics, inherent risks, behaviour and correlation of asset classes

Detail

Alternative investments such as commodities and physical assets
 Pricing, liquidity and fair value
 Correlation of asset classes - relevance to asset allocation

Recommendations

Option 1 is CISI's Structured Learning CPD for qualifications gap-fill under RDR course 'Investment Principles & Risk' (full day)

Demonstrate an understanding of the macro - economic environment and its impact on asset classes

The role of financial investment in the economy

Option 2 is a seminar from CISI endorsed or accredited training provider or a seminar at a firms premises (full day)

UNIT: INVESTMENT PRINCIPLES & RISK

IAC (ctd)

Syllabus gaps

Demonstrate an understanding of the merits and limitations of the main investment theories

Detail

Key features of the main investment theories:

- Modern portfolio theory
- Multi-factor model
- Efficient market hypothesis
- Capital asset pricing model (CAPM)

Portfolio theory, diversification and hedging:

- Correlation between asset classes
- Total return and an awareness of beta and alpha
- Risk-adjusted returns

Basics of behavioural finance - market and individual behaviours

Recommendations

Option 1 is CISI's Structured Learning CPD for qualifications gap-fill under RDR course 'Investment Principles & Risk' (full day)

Option 2 is a seminar from CISI endorsed or accredited training provider or a seminar at a firm's premises (full day)

Demonstrate an ability to apply the principles of the time value of money

Compound interest and discounting
Real returns and nominal returns

Demonstrate an ability to analyse and explain the nature and impact of the main types of risk on investment performance

Gearing
Interest rates
Systematic and non-systematic, including fraud and counterparty, institutional, market timing

Demonstrate the ability to analyse the characteristics, inherent risks, behaviours and relevant tax considerations of investment products

The main types of indirect investment products:
Investment structures
– Broker funds and distributor influenced funds (DIFs)

UNIT: INVESTMENT PRINCIPLES & RISK

MWM

No gaps

Personal Taxation (Core)

UNIT: PERSONAL TAXATION

PCIAM

Syllabus gaps

* Demonstrate an understanding of the UK tax system as relevant to the needs and circumstances of individuals and trusts

Detail

Outline of Value Added Tax (VAT) and Corporation Tax

Recommendations

Option 1 is the CISI CPD seminar on Taxation or Professional Refresher 'Taxation' module

Option 2 is the equivalent of the above with an Accredited Training Provider, in-firm training or a CPD provider

UNIT: PERSONAL TAXATION

LSE

Syllabus gaps

Demonstrate an understanding of the role and relevance of tax in the financial affairs of individuals and trusts

Detail

The impact of taxes on individuals, trusts and their investments

Key principles of investment tax planning - spouses, civil partners, children, pension contributions, ISA allowances, use of the main CGT exemptions and reliefs

Main uses of lifetime gifts and trusts in basic IHT mitigation

Recommendations

Option 1 is the CISI CPD seminar on Taxation or Professional Refresher 'Taxation' module

Option 2 is the equivalent of the above with an Accredited Training Provider, in-firm training or a CPD provider

Demonstrate the ability to apply the knowledge of personal taxation to the provision of investment advice

To carry out tax computations on the most common elements of income tax and NICs, CGT, and IHT including the impact of lifetime transfers and transfers at death

To make elementary tax planning recommendations in the context of investment advice

* indicates that individuals who have taken PCIAM plus IMC level 3 will have already covered this and will not need to undertake this gap-fill.

UNIT: PERSONAL TAXATION

IAC

Syllabus gaps

Demonstrate an understanding of the UK tax system as relevant to the needs and circumstances of individuals and trusts

Demonstrate an ability to analyse the taxation of investments as relevant to the needs and circumstances of individuals and trusts

Demonstrate an ability to analyse the role and relevance of tax in the financial affairs of individuals and trusts

Detail

Outline of Value Added Tax (VAT) and Corporation Tax

Indirect Investments:
- Child Trust Funds (CTFs) and ISAs

Key principles of income tax planning - spouse, civil partners, children, pension contributions, ISA allowances, use of the main CGT exemptions and reliefs

Main uses of lifetime gifts and trusts in basic IHT mitigation

Recommendations

Option 1 is the CISI CPD seminar on Taxation or Professional Refresher 'Taxation' module

Option 2 is the equivalent of the above with an Accredited Training Provider, in-firm training or a CPD provider

UNIT: PERSONAL TAXATION

MWM

Syllabus gaps

++ Demonstrate an understanding of the UK tax system as relevant to the needs and circumstances of individuals and trusts

Detail

National Insurance Contributions (NICs) - liability for employers, employees, self-employed contribution levels, voluntary NICs.

UK Tax compliance - self-assessment, PAYE tax returns, tax payments, tax evasion and avoidance issues

Outline of VAT and Corporation Tax

Recommendations

Option 1 is the CISI CPD seminar on Taxation or Professional Refresher 'Taxation' module

Option 2 is the equivalent of the above with an Accredited Training Provider, in-firm training or a CPD provider

Securities

This is not a core requirement for every financial adviser. It is necessary for those advisers who are advising on securities.

UNIT: SECURITIES

PCIAM

Syllabus gaps

Demonstrate an ability to assess the factors that influence market behaviour relevant to investment advice

Detail

Factors that influence market and individual security movements:

- * Derivatives market, interactivity of timed events, relationship with cash market
- * Research and ratings
- Market Abuse regime
- ** Information and disclosure:
 - Issuer reporting and announcements, corporate actions
 - Transparency obligations - transaction reporting, share ownership and disclosure, short selling
 - Market data convention

Recommendations

This can be covered in the 'Investment Principles & Risk' gap-fill, ie:

Option 1 is the CISI's Structured Learning CPD for qualifications gap-fill under RDR course 'Investment Principles & Risk' (half day)

Option 2 is the equivalent of the above with an ATP, in-firm training or a CPD provider

* Indicates that individuals who have taken PCIAM plus IMC level 3 will have already covered this and will not need to undertake this gap-fill.

** This material is not covered in IMC level 3. Reading must be undertaken to cover this and can be found at cisi.org/gapfillguide

UNIT: SECURITIES

LSE

Syllabus gaps

Demonstrate an understanding of the securities market structure, features, regulatory and trading environment

Demonstrate an ability to assess the factors that influence market behaviour relevant to investment advice

Demonstrate an ability to analyse the characteristics, features, behaviours and risks of securities in the context of the market for these products

Detail

Role, structure and regulation of global securities markets:

- Role of regulators, other supervisory bodies and trade associations

Domestic Markets:

- Other trading venues (MTFs; Systematic internalisers; Dark pools)

Factors that influence market and individual security movements:

- Volume, liquidity and impact of trading activities (Domestic and international markets)
- Derivatives market, interactivity of timed events, relationship with cash market
- Research and ratings
- Market Abuse regime

Information and disclosure:

- Issuer reporting and announcements, corporate actions
- Transparency obligations - transaction reporting, share ownership and disclosure, short selling
- Market data convention

Collectives:

- Open and closed ended
- Asset value, pricing and gearing
- Asset cover, redemption yields
- Investment management styles and fund selection
- Passported products

ETFs and structured products

Cash and cash equivalents

Foreign Exchange

Recommendations

Option 1 is the equivalent of the above with an Accredited Training Provider, in-firm training or a CPD provider

Option 2 is to take the CISI Securities level four training course as if preparing for the exam

Option 3 is to prepare for and pass the CISI Securities level four exam

Option 4 is a level 3 Securities qualification preferably passed since 2008

UNIT: SECURITIES

IAC

Syllabus gaps

Demonstrate an understanding of the securities market structure, features, regulatory and trading environment

Detail

Role, structure and regulation of global securities markets:

- Primary, secondary and dual listing
- Exchange trading and OTC trading
- Role of regulators, other supervisory bodies and trade associations

Market participants and roles

Domestic markets:

- Issuing, listing, quotation, admission to market (UK Listing Authority; PLUS Market; AIM Market; Issuing securities without a prospectus)
- Markets for trading (Equities; Government bonds; Corporate bonds)
- Other trading venues (MTFs; Systematic Internalisers; Dark pools)

International markets:

- Developed markets
- Emerging markets
- Foreign Exchange market
- Structure and access considerations

Recommendations

Option 1 the equivalent of the above with an Accredited Training Provider, in-firm training or a CPD provider

Option 2 is to take the CISI Securities level four training course as if preparing for the exam

Option 3 is to prepare for and pass the CISI Securities level four exam

Option 4 is a level 3 Securities qualification preferably passed since 2008

Demonstrate an ability to apply dealing principles and practice relevant to client investment activity

International markets - main differences in principles and practice

Demonstrate an understanding of clearing, settlement and custody principles and practice relevant to client investment activity

Clearing and central counterparty - UK process, duties, risks

Settlement:

- UK process
- International Central Securities Depositories (CSDs)

Relevance and impact of corporate actions

UNIT: SECURITIES

IAC (ctd)

Syllabus gaps

Demonstrate an ability to assess the factors that influence market behaviour relevant to investment advice

Detail

Factors that influence market and individual security movements:

- Volume, liquidity and impact of trading activities - domestic and international markets
- Derivatives market, interactivity of timed events, relationship with cash market
- Research and ratings

Recommendations

Option 1 the equivalent of the above with an Accredited Training Provider, in-firm training or a CPD provider

Option 2 is to take the CISI Securities level four training course as if preparing for the exam

Option 3 is to prepare for and pass the CISI Securities level four exam

Option 4 is a level 3 Securities qualification preferably passed since 2008

Demonstrate an ability to analyse the characteristics, features, behaviours and risks of securities in the context of the market for these products

Equities:

- Share classes
- American Depository Receipts (ADRs) and Global Depository Receipts (GDRs)
- Comparative valuation measures and relevance

Debt securities:

- Domestic and international government securities
- Corporate debt securities
- Duration, interest rate movements, price/yield relationship
- Credit ratings, creditor rankings

Derivative substitutes:

- Warrants and covered warrants
- Contracts for difference (CFDs)

ETFs and structured products

Cash and cash equivalents

Foreign Exchange

UNIT: SECURITIES

MWM

Syllabus gaps

- † Demonstrate an understanding of the securities market structure, features, regulatory and trading environment

Detail

Role, structure and regulation of global securities markets:

- Primary, secondary and dual listing

Domestic markets:

- Admission to market (UK Listing Authority; PLUS and AIM markets; issuing securities without a prospectus)
- Markets for trading (Government and Corporate Bonds)
- Other trading venues and facilities (MTFs; systemic Internalisers; Dark pools)

International Markets:

- Developed markets
- Emerging markets
- Foreign Exchange market

Recommendations

Option 1 is the equivalent of the above with an Accredited Training Provider, in-firm training or a CPD provider

Option 2 is to take the CISI Securities level four training course as if preparing for the exam

Option 3 is to prepare for and pass the CISI Securities level four exam

Option 4 is a level 3 Securities qualification preferably passed since 2008

- † Demonstrate an understanding of clearing, settlement and custody principles and practice relevant to client investment activity

Clearing and central counterparty - UK process, duties and risk

Settlement:

- UK process
- International Central Securities Depositories (CSDs)

Custody of assets and client money

Relevance and impact of corporate actions

UNIT: SECURITIES

MWM (ctd)

Syllabus gaps	Detail	Recommendations
† Demonstrate an ability to assess the factors that influence market behaviour relevant to investment advice	<p>Factors that influence market and individual security movements:</p> <ul style="list-style-type: none"> - Volume, liquidity and impact of trading activities - Domestic and international markets - Derivatives market, interactivity of timed events, relationship with cash market - Research and ratings - Market Abuse regime <p>Information and disclosure:</p> <ul style="list-style-type: none"> - Issuer reporting and announcements, corporate actions - Transparency obligations - transaction reporting, share ownership and disclosure, short selling - Market data convention 	<p>Option 1 is the equivalent of the above with an Accredited Training Provider, in-firm training or a CPD provider</p> <p>Option 2 is to take the CISI Securities level four training course as if preparing for the exam</p> <p>Option 3 is to prepare for and pass the CISI Securities level four exam</p> <p>Option 4 is a level 3 Securities qualification preferably passed since 2008</p>

Derivatives

This is not a core requirement for every financial adviser. It is necessary for those advisers who are advising on derivatives.

UNIT: DERIVATIVES

PCIAM

Syllabus gaps

Demonstrate an ability to apply the relevant factors and considerations to decide and implement investment recommendations

Demonstrate an understanding of the derivatives market structure, features, regulatory and trading environment

Demonstrate an understanding of clearing, margin, settlement, exercise and delivery of both Exchange-traded and OTC derivatives

Detail

Take account of relevant tax, accounting and costs considerations

Role, structure and regulation of global derivatives markets:

- Role of regulators, other supervisory bodies and trade associations

Range of derivative instruments and typical risk:

- Property derivatives

Market terminology

Definition and purpose of clearing:

- Roles and relationships
- Risks and guarantees
- Central counterparty clearing

Purpose, types and application of margin:

- Pricing factors and calculation

Recommendations

Option 1 is the equivalent of the above with an Accredited Training Provider, in-firm training or a CPD provider (two days)

Option 2 is to take the level four derivatives training as if preparing for the exam

Option 3 is a level 3 Derivatives qualification preferably passed since 2008

UNIT: DERIVATIVES

LSE

Syllabus gaps

Majority of unit missing

Detail

Majority of unit missing

Recommendations

Derivatives markets, products and applications have developed significantly since the LSE exams were introduced

For those currently advising and/or dealing in derivatives we recommend studying the Level four IAD Derivatives unit (exam optional) with an Accredited Training Provider

UNIT: DERIVATIVES

IAC

Syllabus gaps

Demonstrate an understanding of the derivatives market structure, features, regulatory and trading environment

Detail

Role, structure and regulation of global derivatives markets:

- Role of regulators, other supervisory bodies and trade associations

Range of derivative instruments and typical risks:

- Financial derivatives
- Commodity derivatives
- Property derivatives
- Exotic derivatives

Market terminology

Key market participants and roles

Exchange trading and over-the-counter (OTC) trading - main differences

- Standard and bespoke
- Maturity, expiry, margin, collateral, liquidity
- Clearing and settlement
- Transparency and confidentiality
- Trading mechanisms
- Counterparties
- Documentation

Central counterparty (CCP) clearing of OTC transactions

Recommendations

Option 1 is the equivalent of the above with an Accredited Training Provider, in-firm training or a CPD provider (two days)

Option 2 is to take the level four derivatives training as if preparing for the exam

Option 3 is a level 3 Derivatives qualification preferably passed since 2008

UNIT: DERIVATIVES

IAC (ctd)

Syllabus gaps

Demonstrate an understanding of the pricing, trading and market practice of Exchange-traded derivatives

Detail

Calculation of profit/loss on delivery or expiry - futures and options
 Mechanisms for futures pricing:
 - Factors influencing pricing
 - Bases for calculation
 Mechanisms of options pricing:
 - Factors influencing pricing and premiums
 - Bases for calculation
 Price discovery for commodities
 Market transparency, reporting and monitoring

Recommendations

Option 1 is the equivalent of the above with an Accredited Training Provider, in-firm training or a CPD provider (two days)

Option 2 is to take the level four derivatives training as if preparing for the exam

Option 3 is a level 3 Derivatives qualification preferably passed since 2008

Demonstrate an understanding of the main types and characteristics of OTC traded derivatives

Forwards and forward rate agreements (FRAs)
 OTC option products
 Contracts for difference
 Swaps: - Interest rate swaps
 Credit derivatives:
 - Credit default swaps
 Structured products
 OTC trade capture, confirmation and clearing mechanisms

Demonstrate an understanding of clearing, margin, settlement, exercise and delivery of both Exchange-traded and OTC derivatives

Definition and purpose of clearing:
 - Roles and relationships
 - Risks and guarantees
 - Central counterparty clearing
 Purpose, types and application of margin:
 - Parties involved
 - Processing, collection and payment
 - Pricing factors and calculation
 Purpose, types and application of collateral
 Delivery and settlement
 Exercise of options, assignment of obligations, abandonment and expiry

UNIT: DERIVATIVES

IAC (ctd)

Syllabus gaps

Demonstrate an ability to evaluate the purpose, merits, limitations and risks of the main derivatives strategies for trading, hedging and investment relevant to client investment activity

Detail

Trading and Speculation
 Hedging:
 - Options strategies
 - Futures strategies
 Investment and derivatives, including use of synthetics:
 - Portfolio hedging
 - Portfolio yield enhancement
 - Structured funds and ETFs

Recommendations

Option 1 is the equivalent of the above with an Accredited Training Provider, in-firm training or a CPD provider (two days)
 Option 2 is to take the level four derivatives training as if preparing for the exam
 Option 3 is a level 3 Derivatives qualification preferably passed since 2008

UNIT: DERIVATIVES

MWM

Syllabus gaps

† Demonstrate an understanding of the main types & characteristics of OTC traded derivatives

† Demonstrate an understanding of clearing, margin, settlement, exercise and delivery of both Exchange-traded and OTC derivatives

Detail

Credit derivatives:
 - Credit default swaps

Definition and purpose of clearing:
 - Roles and relationships
 - Risks and guarantees
 - Central counterparty clearing

Purposes, types and application of margin:
 - Parties involved
 - Processing, collection and payment
 - Pricing factors and calculation

Purpose, types and application of collateral

Delivery and settlement

Exercise of options, assignment of obligations, abandonment and expiry

Recommendations

Option 1 is the equivalent of the above with an Accredited Training Provider, in-firm training or a CPD provider (two days)
 Option 2 is to take the level four derivatives training as if preparing for the exam
 Option 3 is a level 3 Derivatives qualification preferably passed since 2008

Pensions and Retirement Planning

This is not a core requirement for every financial adviser. It is necessary for those advisers who are advising on packaged products.

UNIT: PENSIONS AND RETIREMENT PLANNING

PCIAM

Syllabus gaps

Demonstrate an understanding of how the HMRC tax regime applies to pensions planning

Demonstrate an understanding of the structure, relevance and application of the state schemes to an individual's pension planning

Demonstrate an understanding of the range of defined contribution scheme options as they apply to an individual's pension planning

Demonstrate an understanding of the political, economic and social environment factors which provide the context for pensions planning

Detail

Death benefits before and after crystallisation

Outline of relevant transitional reliefs post-Finance Act 2006

Outline of the tax treatment of other scheme types:

- Employer Funded Retirement Benefit Schemes (EFRBS)
- Qualifying Recognised Overseas Pension Schemes (QROPS)

Additional state retirement benefits, historic and current

Contributions - methods and issues

Scheme options, limitations and restrictions

Crystallisation options and impact of decisions

Incentives, disincentives and attitudes to saving

Recommendations

Option 1 is CISI's Structured Learning CPD for qualifications gap-fill under RDR course 'Understanding Pensions & Retirement Planning' (full day)

Option 2 is a seminar or elearning product from a training provider, in firm training or a CPD provider

Option 3 is for advisers to consider provision from specialist bodies such as the Chartered Insurance Institute or Pensions Management Institute

UNIT: PENSIONS AND RETIREMENT PLANNING

PCIAM (ctd)

Syllabus gaps

Demonstrate an understanding of the relevant aspects of pensions law and regulation to pensions planning

Demonstrate an ability to analyse the options and factors to consider for drawing pension benefits

Detail

Pensions Regulator compliance requirements
 Trust and contract based pensions
 Role and duties of trustees and administrators
 Employment law relevant to pensions
 Bankruptcy law and pension assets

Triviality rules

Recommendations

Option 1 is CISI's Structured Learning CPD for qualifications gap-fill under RDR course 'Understanding Pensions & Retirement Planning' (full day)
 Option 2 is a seminar or elearning product from a training provider, in firm training or a CPD provider
 Option 3 is for advisers to consider provision from specialist bodies such as the Chartered Insurance Institute or Pensions Management Institute

UNIT: PENSIONS AND RETIREMENT PLANNING

LSE

Syllabus gaps

Retirement planning, pension eligibility, products and legislation have all developed significantly since the LSE exams were introduced.

Detail

Recommendations

Option 1 is training for the new CISI Private Client Advice unit with an Accredited Training Provider
 Option 2 is to cover the relevant topics through the Chartered Insurance Institute's training & exams

UNIT: PENSIONS AND RETIREMENT PLANNING

IAC

Syllabus gaps	Detail	Recommendations
Demonstrate an understanding of how the HMRC tax regime applies to pensions planning	Pension scheme investment funds Outline of the annual allowance, lifetime allowance, special annual allowance, & associated charges Outline of relevant transitional reliefs post-Finance Act 2006 Outline of the tax treatment of other scheme types: - Employer Funded Retirement Benefit Schemes (EFRBS) - Qualifying Recognised Overseas Pension Schemes (QROPS)	Option 1 is the CISI's Structured Learning CPD for qualifications gap-fill under RDR course 'Understanding Pensions & Retirement Planning' (one day) or the equivalent of the above with an Accredited Training Provider, in-firm training or a CPD provider Option 2 is the training for the new CISI Private Client Advice unit with an Accredited Training Provider
Demonstrate an understanding of the relevant aspects of pensions law and regulation to pensions planning	Pensions Regulator compliance requirements Pension protection schemes Trust and contract based pensions Role and duties of trustees and administrators Pensions and divorce Employment law relevant to pensions Bankruptcy law and pension assets	Option 3 is for advisers to consider provision from specialist bodies such as the Chartered Insurance Institute or Pensions Management Institute
Demonstrate an understanding of the structure, relevance and application of the state schemes to an individual's pension planning	Basic state retirement benefits Additional state retirement benefits, historic and current Contracting in/out considerations Pension credit framework	

UNIT: PENSIONS AND RETIREMENT PLANNING

IAC (ctd)

Syllabus gaps

Demonstrate an understanding of the structure, characteristics and application of defined benefit schemes to an individual’s pension planning

Detail

Main types, variations and hybrids
 Rules and operation of DB schemes
 Funding methods and issues
 Roles of trustees and other parties, and scheme reporting
 Public sector schemes

Recommendations

Option 1 is the CISI’s Structured Learning CPD for qualifications gap-fill under RDR course ‘Understanding Pensions & Retirement Planning’ (one day) or the equivalent of the above with an Accredited Training Provider, in-firm training or a CPD provider

Demonstrate an ability to analyse the range of defined contribution scheme options as they apply to an individual’s pension planning

Legal bases for schemes and main impacts
 Main types of DC schemes and their rules and operation
 Contributions - methods and issues
 Contracting out, rebates and the contracting out decision
 Benefits on leaving and death before crystallisation
 Scheme options, limitations and restrictions
 Crystallisation options and impact of decisions
 Transfer issues and considerations
 Stakeholder pensions
 Personal Accounts

Option 2 is the training for the new CISI Private Client Advice unit with an Accredited Training Provider

Option 3 is for advisers to consider provision from specialist bodies such as the Chartered Insurance Institute or Pensions Management Institute

Demonstrate an ability to analyse the options and factors to consider for drawing pension benefits

DB Schemes:
 - Scheme benefits, payment guarantees, survivor benefits
 DC schemes:
 - Secured pensions, types of annuities and main features
 - Unsecured pensions
 - Compliance requirements

UNIT: PENSIONS AND RETIREMENT PLANNING

IAC (ctd)

Syllabus gaps

Demonstrate an ability to evaluate the aims and objectives of retirement planning including the relevant investment issues

Detail

Assessing and quantifying retirement aims and objectives:

- Availability and prioritisation of savings
- Assumptions and impacts
- Conflict with other objectives
- Timescales and risk

Investments available to meet this objective:

- Suitability and risk
- Rates of return needed
- Accumulation and decumulation strategies, life-styling
- Products and wrappers, advantages and constraints, critical yield
- Other sources of non-pension income

Asset allocation factors, relationship to overall portfolio

Self-investment:

- Main characteristics

Alternative solutions for pension income:

- Alternative sources of capital including non-pension investment assets, home equity, proceeds from sale of a business, inheritance
- Advantages and drawbacks

Factors affecting regular reviews

Recommendations

Option 1 is the CISI's Structured Learning CPD for qualifications gap-fill under RDR course 'Understanding Pensions & Retirement Planning' (one day) or the equivalent of the above with an Accredited Training Provider, in-firm training or a CPD provider

Option 2 is the training for the new CISI Private Client Advice unit with an Accredited Training Provider

Option 3 is for advisers to consider provision from specialist bodies such as the Chartered Insurance Institute or Pensions Management Institute

UNIT: PENSIONS AND RETIREMENT PLANNING

MWM

Syllabus gaps	Detail	Recommendations
<p>+++ Demonstrate an understanding of the political, economic and social environment factors which provide the context for pensions planning</p>	<p>Corporate responsibilities, challenges and impact on pension provision</p> <p>Demographic trends, longevity and ageing population</p> <p>Incentives, disincentives and attitudes to saving</p>	<p>Option 1 is the CISI's Structured Learning CPD for qualifications gap-fill under RDR course 'Understanding Pensions & Retirement Planning' (one day)</p> <p>Option 2 is the equivalent of the above with an Accredited Training Provider, in-firm training or a CPD provider</p>
<p>+++ Demonstrate an understanding of the relevant aspects of pensions law and regulation to pensions planning</p>	<p>Pensions Regulator compliance requirements</p> <p>Pension protection schemes</p> <p>Trust & contract based pensions</p> <p>Role and duties of trustees and administrators</p> <p>Pensions and divorce</p> <p>Employment law relevant to pensions</p> <p>Bankruptcy law and pension assets</p>	<p>Option 3 is for advisers to consider provision from specialist bodies such as the Chartered Insurance Institute or Pensions Management Institute</p>



You do the maths

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