

Knowledge Bite – 13 April 2011

RDR Updates – Qualifications, Gap Fills and CPD Requirements

- Aims of RDR
 - To improve the clarity with which firms describe their services to consumers
 - To make sure the cost of adviser services is agreed between adviser and client,
 - To increase the professional standards of investment advisers
 - To ensure personal investment firms have adequate capital resources for complaint redress

- Professional standards latest news
 - Policy Statement PS 11/1
 - Confirmed deadlines for retail advisers
 - 31 December 2012 for individuals assessed competent on or before 30 June 2009
 - 1 July 2013 for individuals assessed competent between 1 July 2009 and 31 December 2010
 - 30 months from joining date for individuals joining on or after 1 January 2011

- Latest news
 - New qualifications will be added to Training and Competence (T & C) sourcebook
 - Notified in FSA's 'Monthly Handbook Notice'

- Transitional qualifications
 - Majority of clients have opted for Private Client Investment Advice and Management (PCIAM) route as main option
 - Some use of IMC/CFA or CII route for those individuals with partial exemptions

- Pass rates
 - PCIAM
 - c.70%
 - Investment Advice Diploma (IAD)
 - c.60% CISI global pass rate for core papers
 - Higher pass rates for individual papers

RDR Journey Ahead

- (1) Initial and ongoing knowledge- The Qualifications
- (2) Qualification Gap-fill
- (3) CPD 2013 and Beyond
- (4) Statement of Professional Standing

Appropriate qualification tables

Unless otherwise indicated all qualifications are valid if awarded by examination only

Key for the qualification tables for activity numbers 2, 3, 4, 6, 12 and 13

a	Meets full qualification requirements up to and after 1 January 2013
b	Meets full qualification requirements up to 31 December 2012, and after 1 January 2013 when combined with qualification gap-fill structured continuing professional development which needs not be by examination, completed and verified by an accredited body
c	Meets full qualification requirements up to 31 December 2012
a-c	Meets full qualification requirements up to 31 December 2012

Hyperlinks to qualification tables

- [Advising on \(but not dealing in\) securities \(which are not stakeholder pension schemes or broker funds\)](#)
- [Advising on \(but not dealing in\) derivatives](#)
- [Advising on Packaged Products \(which are not broker funds\) and Friendly Society tax exempt policies](#)
- [Advising on and dealing in securities \(which are not stakeholder pension schemes or broker funds\)](#)
- [Advising on and dealing with or for clients in Derivatives](#)

Qualification table for - Advising on (but not dealing in) securities (which are not stakeholder pension schemes or broker funds)

Qualification	Qualification provider
Credent International Wealth Managers	Association of International Wealth Managers
Chartered Financial Analysts Program Level 1	CFA Institute / CFA Society of UK
Chartered Financial Management Certificate (Level 4 certificate issued 2010 exam standards)	CFA Institute / CFA Society of UK
Chartered Financial Analysts Part 1 of the Investment Management Certificate (Level 4)	CFA Institute / CFA Society of UK

Core content

Table 1 – Financial Services, Regulation and Ethics

1	2	3	4	5	6
Attainment level	Learning outcome	Indicative content	Covered in qualification? (Y/N)	Evidence of learning activity	Verification of qualification top-up and date
Understand	The UK financial services industry in its European and global context	<ul style="list-style-type: none"> • role and structure of the UK and international markets, key participants • the impact of the EU on UK regulation • the role of government – economic and industrial policy, regulation, taxation and social welfare • the function and operation of financial services within the wider economy 			
Understand	How the retail consumer is served by the financial services industry	<ul style="list-style-type: none"> • obligations towards consumers and their perception of financial services; • consumers' main financial needs and how they are prioritised: <ul style="list-style-type: none"> - managing debt 			

(2) Qualification Gap-fill- PS 11/1 Table

Core Modules apply to all retail investment advisers

- a) Financial Services, regulation and ethics
- b) Investment principles and risk
- c) Personal taxation

Specialist Modules (dependant on activities you carry out)

- d) Securities
 - e) Derivatives
 - f) Pensions, retirement planning & protection
- (no specialist module for packaged products)

RDR Journey Ahead

(2) Qualification Gap-fill- PS 11/1 Table

Table number \ Adviser's activity, as per TC Appendix 1.1	4 Securities	5 Derivatives	6 Pensions and retirement planning	7 Application standards for packaged products
2 – <i>advising on securities</i>	✓	X	X	X
3 – <i>Advising on derivatives</i>	X	✓	X	X
4 – <i>Advising on packaged products which are not broker funds</i>	X	X	✓	✓
6 – <i>Advising on friendly society tax-exempt policies</i>	X	X	✓	✓
12 – <i>Advising on and dealing in securities which are not stakeholder pension schemes or broker funds</i>	✓	X	X	X

Table 1, 2 & 3

Attainment level	Learning outcome	Indicative content	Covered in qualification? (Y/N)	Evidence of qualification top-up and date	Verification of qualification top-up and date
Understand	The securities market structure, features, regulatory and trading environment	<ul style="list-style-type: none"> • role, structure and regulation of global securities markets: <ul style="list-style-type: none"> - primary, secondary and dual listing - exchange trading and over-the-counter (OTC) trading - role of regulators, other supervisory bodies and trade associations • market participants and roles • domestic markets: <ul style="list-style-type: none"> - issuing, listing, quotation, admission to market: <ul style="list-style-type: none"> ◦ UK Listing Authority ◦ PLUS Market ◦ AIM Market - issuing securities without a prospectus - Markets for trading: <ul style="list-style-type: none"> ◦ equities 			

RDR Journey Ahead

(2) Translation: Qualification Gap -fill

	CISI PCIAM	CISI IAC	CISI LSE*	CISI MWM	CISI CISI Dip	CFA UK IMC Level 3 + CFA Level 1 (8 hours)
CORE						
Financial Services, Regulations and Ethics	1 hour	8 hours	15 hours	4 hours		Yes
Investment Principles & Risk	3 hours	6 hours	12 hours	None		Yes
Personal Taxation	1 hour	1 hour	1 hour	1 hour		Yes
DEPENDANT ON SPECIFIC ADVICE						
Securities	None	6 hours	6 hours	6 hours		Yes
Derivatives	12 hours	12 Hours	18 hours	12 hours		Yes
Financial Protection, Pensions & Retirement Planning	7 hours	18 hours	18 hours	7 hours		

RDR Journey Ahead

(2) Translation: Qualification Gap –fill

CISI Diploma	Regulation & Ethics	Investment Principles & Risk	Personal Taxation	Securities	Derivatives	Pensions & Retirement Planning
RCO/ PCIAM/ FM	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
RCO/ PCIAM/ IAN	PCIAM gap-fill	-	PCIAM gap-fill	-	PCIAM gap-fill	PCIAM gap-fill
RCO/ PCIAM/ Finmar	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

RCO- Regulation & Compliance

PCIAM- Private Client & Investment Advice

FM- Fund Management

IFS- Interpretation of Financial Statements

FD- Financial Derivatives

IAN- Investment Analysis

BFI- Bonds and Fixed Interest Investments

RDR Journey Ahead

(2) Translation: Qualification Gap –fill

CISI Diploma	Regulation & Ethics	Investment Principles & Risk	Personal Taxation	Securities	Derivatives	Pensions & Retirement Planning
RCO/ PCIAM/ BFI	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/ FM/ Finmar	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/ IFS/ IAN	PCIAM gap-fill	-	PCIAM gap-fill	-	PCIAM gap-fill	PCIAM gap-fill
RCO/ IFS/ FM		IPR gap-fill	Level four course	Sec gap-fill	Level four course	Level five course
RCO/ IFS/ IAN		IPR gap-fill	Level four course	Sec gap-fill	Level four course	Level five course
RCO/ BFI/ FD		IPR gap-fill	Level four course	Sec gap-fill	Der gap-fill	Level five course
FM/ IAN/ IFS	Level four course	IPR gap-fill	Level four course	Sec gap-fill	Level four course	Level five course

(3) CPD 2013 and Beyond

The checklist

- 35 hours of CPD (21 hours must be structured)
- Focussed on **learning outcomes** and can include a blend of **input and output based approach**
- All CPD must be **measurable** as well as **relevant**.
- **Evidence** of learning activity completed

RDR Journey Ahead

(3) CPD 2013 and Beyond

CPD Approach	Structured	Unstructured
Input Based	<ul style="list-style-type: none">- Participation in courses, conferences, seminars- Self-learning, on-the-job training for new systems, processes or techniques for application in a professional role- Teaching a course or CPD session in an area related- Formal study related to professional responsibilities- Participation as a speaker in conferences, briefing sessions, or discussion groups- Writing relevant papers and articles- Professional re-examination or formal testing	<ul style="list-style-type: none">- Self Study: Videos and television programmes, participation in computer based learning programmes, distance learning, or any alternative form of learning, or any alternative form of learning where there is no interaction with other individuals and no assessment is provided.- Reading relevant articles

(3) CPD 2013 and Beyond

Output based approach

- Ensures you have the knowledge, skills and attributes needed for your role
- Moves away from traditional hours based events (time spent on activity)
- Training mapped to needs analysis
- Typical approach
 - Step 1:** Assess what is expected of you in your current and future roles
 - Step 2:** Confirm your training and development path
 - Step 3:** Reflect
 - Step 4:** Record all of the above steps

Learning activities could include any of the input based approaches plus mentoring, coaching, training and tuition.

RDR Journey Ahead

KNOWLEDGEBITES

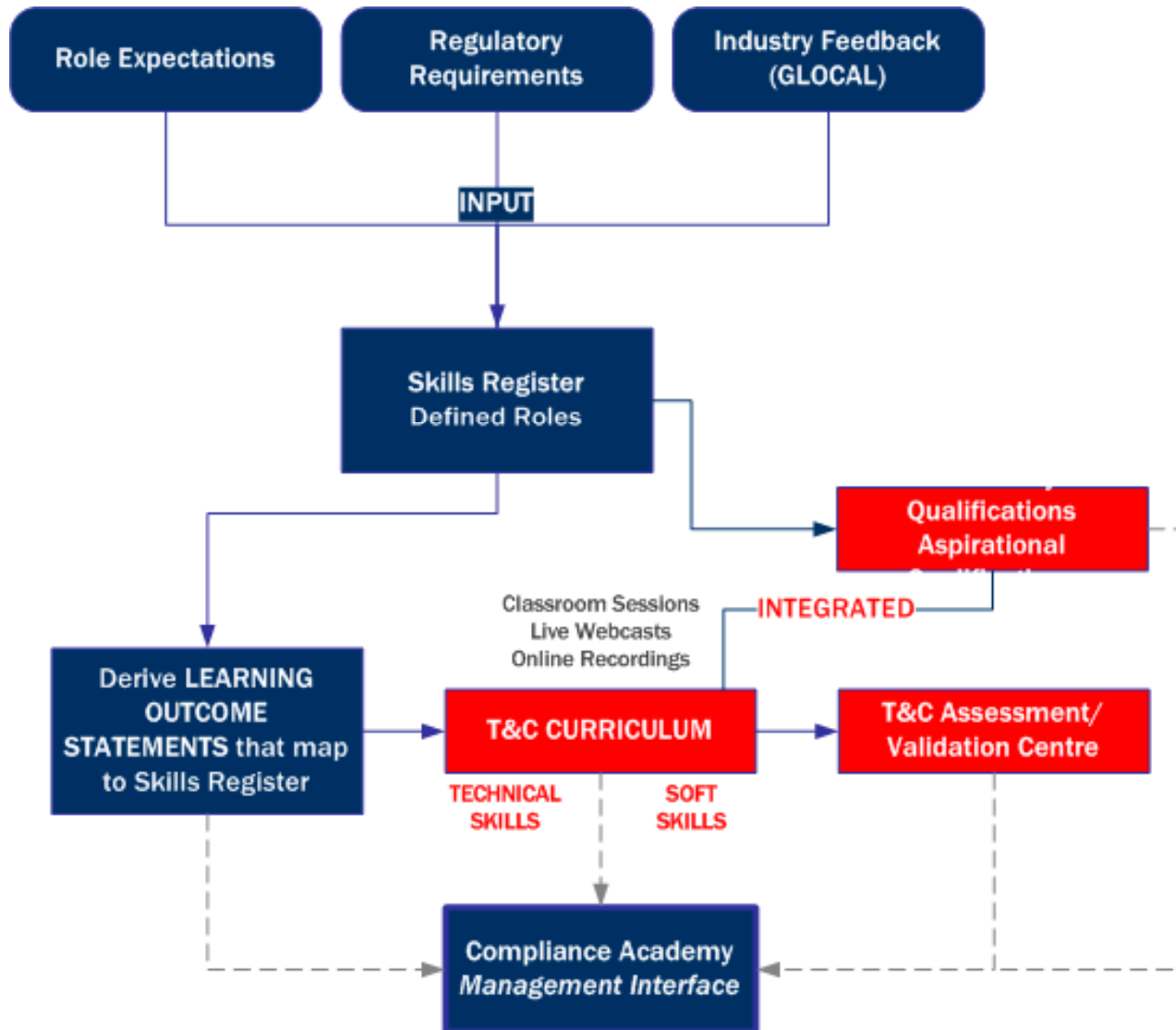
(3) CPD 2013 and Beyond

Evidence, Evidence, Evidence

'If it's not written down, it doesn't exist'

RDR Journey Ahead

A Sample Blue Print



RDR Journey Ahead

Other Innovations

- > Virtual Academies – Live 60 minute broadcasts
- > On Demand Academies - YouTube/BBC iPlayer interfaces
- > Simulation based learning events: Integrated assessment centres

Virtual Academy on Demand

Module	Duration	Tutor
Derivatives I	10 minutes	Richard Fernand
Derivatives II	7 minutes	Richard Fernand
Derivatives III	11 minutes	Rob Thakur
Derivatives IV	9 minutes	Rob Thakur

Virtual Academy on Demand

Title & Synopsis	Plays	Ranking	Duration	Watch	Playlist
Derivative Instruments II by John Smith Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor incididunt ut labore et dolore magna aliqua. Ut enim ad minim veniam, quis nostrud exercitation ullamco laboris nisi ut aliquip ex ea consequat.	122	10	7 mins	▶	+
Custody I by Jane Brown Ut enim ad minim veniam, quis nostrud exercitation ullamco laboris nisi ut aliquip ex ea commodo consequat. Lorem ipsum dolor sit amet, consectetur adipiscing elit, sed do eiusmod tempor.	102	11	10 mins	▶	+
Custody III by John Smith Ullamco laboris nisi ut aliquip ex ea commodo consequat.					+

Virtual Academy

Welcome Message from John Smith, Director, Human Resources

(4) Statement of Professional Standing

- CPD Independently verified by accredited body
- Firms' own in house schemes to be recognised
- Evidence that individuals advisers subscribe to professional standards
- Expectation to have one SPS from one accredited body

RDR Journey Ahead

KNOWLEDGEBITES

As we journey together down the RDR path of ongoing professionalism requirements, we are here to provide help and advice on the best ways to navigate through this.

Thank you for attending.

Questions?