

Membership of Professional Body

Question:

What regulatory benefit will there be if an individual becomes a member of a professional body?

Answer:

The FSA proposes to introduce a new rule that firms obtain independent confirmation that their employees have met requirements for attaining and maintaining technical competence. Membership of a recognised professional body will be regarded as satisfactory evidence of individuals meeting these criteria (paragraph 2.41).

Question:

So is membership of a professional body a “safe harbour”?

Answer:

Yes. The FSA will regard current membership of an FSA-recognised professional body as a safe harbour both in terms of new members applying for authorisation for CF30 and also for existing members demonstrating they have professional body qualifications and are up to date with their CPD. The new employer will continue to be responsible for assessing the other elements of competence (paragraph 2.65).

Question:

Will the public have access to a register that will show whether an individual is a member of professional body?

Answer:

Yes. The FSA will add new fields to their central database of regulated individuals and will publish the qualifications of individuals. The register will also indicate the name of the professional body of which each individual is a member (paragraph 2.52).

Question:

Is it necessary for an individual to become a member of a professional body?

Answer:

No, it is not a mandatory requirement. However the FSA encourages firms to use the CPD services of professional bodies to maintain the initial and on going competence of their investment advisers through them becoming members, and by endorsing the value of membership (paragraph 2.41).

Question:

Will the Institute be applying to be one of the recognised professional bodies for RDR purposes?

Answer:

Yes. The Institute will be applying as its aims and objectives are closely aligned with the FSA’s proposals to increase professionalism.

Question:

What is a practising certificate and will these be introduced?

Answer:

A practising certificate is a means of demonstrating to the public that a named adviser has met the standards of professional competence which include qualifications, CPD and ethics. The FSA is considering these, in line with other professions, as helping to address the confusion consumers have on the qualifications and professional body membership of individual advisers.

Qualifications

Question:

The CP says that new qualifications need to meet the broad criteria for a Level 4 Diploma - What do they mean by 37 credits?

Answer:

It is a technical term to indicate the amount of study time in hours needed to obtain the qualifications and used across the education spectrum. 37 credits correspond to 370 hours' notional learning time.

Question:

How long will your level 4 qualification take to complete?

Answer:

We anticipate that it will take between 400 and 450 hours of study time to complete. A highly experienced practitioner may, in practice, take less time.

Question:

What qualification do you offer that is higher than level 4?

Answer:

The CISI offers the Certificate in Private Client Investment Advice and Management, the CISI Diploma, and the CISI Masters. All these are at level six, and all are suitable for existing advisers to take during the transition period (up to and including 2012) to satisfy the examination requirements of the RDR.

Question:

Some advisers are described as "existing advisers" and some as "new advisers", what's the difference?

Answer:

Existing advisers are defined as those individuals who were deemed competent by their employing firm subject to the FSA reviewing the criteria used on or before 30 June 2009. New advisers are those who were or are deemed competent from 1 July 2009 onwards (paragraph 2.97).

Question:

Why does this matter and what effect does this have on the date when I need to complete my level 4 exams?

Answer:

If you are an "existing" adviser, you need to complete the exams by 31 December 2012. If you are a "new" adviser, you are still subject to the level 4 requirement, but you may have longer to complete your qualification - probably up to an additional year.

Question:

I read in the FT of 17 December 2009 that advisers no longer need to take exams. Can you give me more detail?

Answer:

The FT has picked up new arrangements concerning alternative assessments to written exams. However, these assessments will still be at level six, will be based upon the same exam standards and will be as challenging as the written exams. They are likely to include a common "core" as well as independent examination of an individual's portfolio work. They will not be available until late 2010 as a scheme needs to be designed and approved by Ofqual. The FT's story did not contain these important details from paragraphs 2.79 to 2.85 of the CP.

Question:

Can I use course work to pass my exam?

Answer:

Probably not. The CP does provide greater flexibility for work-based qualifications. However, these still have to be designed and approved and will be both rigorous and significantly more expensive than the current exams because they will require considerably more documentation and individual assessment. We believe that this will be of greatest benefit to highly skilled technical specialists.

Question:

How much do you think they will cost?

Answer:

A minimum of £1,750. It could be as much as £2,500 because of the amount of individual resource required.

Chartered Status and CPD

Question:

I have been accepted as individually Chartered by the CISI. Does this satisfy the FSA's RDR level 4 requirements?

Answer:

No. The CISI membership designations are based on a combination of experience and qualifications, while the FSA, under the RDR, requires advisers to attain specific and relevant level 4 qualifications and have stated that there will be no grandfathering. Therefore advisers need to hold a qualification under the FSA's "no regrets" policy or approved transitional examination list (see paragraph 2.73 and related table) or wait for the new level 4 qualifications to be released in 2010.

Question:

I have been accepted as individually Chartered by the CISI. Does this satisfy the FSA's RDR CPD requirements?

Answer:

Yes. The CISI requires charter holders not only to have maintained their CPD, but also to have passed, at least once every five years, its integrity and ethics test IntegrityMatters at grade B or higher. For RDR purposes the CPD must meet the additional requirement that it covers the five core subjects in the new qualifications. The CISI's CPD recording scheme will have this facility.

Question:

Will the FSA require everyone who does not take the new level 4 exam standards to do "top-up" CPD?

Answer:

All advisers who are exempted because they have a transitional or "no regrets" exam, will, as part of their exemption from taking the new exams, need to do special "top-up" CPD – see paragraph 2.86 and the template examples.

Question:

Will I able to use the CISI CPD logging scheme to record the CPD "top up"?

Answer:

Yes, we will now be amending the CPD logging scheme to reflect these new proposals and will issue guidance later in the year.

Question:

Do I have to continue with CPD after completing the CPD "top up" under the RDR?

Answer:

Yes, this is likely. In its June 2009 consultation paper the FSA proposed annual CPD requirements of 35 hours a year, which is the same amount as under the CISI CPD scheme.

Question:

If I have one of the “no regrets” or transitional qualifications, how much “top-up” CPD will I need to do?

Answer:

The CISI will be mapping each of its no regrets or transitional qualifications against relevant “top-up” CPD. This will be posted on our website in early 2010. The qualifications listed under the CISI are the Certificate in Private Client Investment Advice and Management (PCIAM), the CISI Diploma, the Investment Advice Certificate (IAC), the CISI Masters in Wealth Management, the LSE Full Membership Examinations (where holders have three or four of the units or hold both the Stock Exchange Practice and Technique of Investment) and MSI(Dip).

Question:

Is the Institute organising CPD relevant to RDR-affected advisers?

Answer:

Yes, the next programme of CPD events for members in London is now available. We have started identifying events which relate to RDR core topic areas, including regulation, ethics, personal taxation, investment principles and risk. We are reviewing all the CPD we currently provide through events, online information resources such as Infolink and elearning programmes through the five core subjects of the RDR.

Code of Conduct

Question:

The FSA mention a code of conduct for individuals in the CP. Will the CISI’s code of conduct fit the purpose?

Answer:

Yes. The code of conduct proposed by the FSA in the June 2009 consultation paper is very similar to the CISI code. We are reviewing our code further to include the few additions in the FSA’s code. Therefore compliance with the CISI’s code will cover compliance with the FSA’s code. We will be also looking at ways that members can renew their adherence to the code on an annual basis.

What happens next on the RDR ?

From the FSA

- In Q3 2010 the FSA plans to issue a policy statement and feedback statement on professionalism under Consultation Paper CP09/31 including rules
- In Q3 the FSA also plans to issue its decisions on corporate governance and implementing CPD and ethical standards

From the CISI

- In Q1 2010 mapping of the gaps between existing CISI/LSE level 4 (or higher) qualifications and the new exam standards that will need to be filled by CPD will be issued.
- Roll out of new CISI Level 4 qualifications from June 2010 onwards