

# CHARTERED WEALTH MANAGER GAP-FILL

THIS FACTSHEET PROVIDES GUIDANCE TO FIRMS AND ADVISERS IN THE USE OF STRUCTURED LEARNING TO FILL GAPS BETWEEN THE CWMQ AND THE EXAM STANDARDS OF THE RETAIL DISTRIBUTION REVIEW

Detailed gap analysis by CISI Senior Practitioners has found that 4 hours of structured learning will be required for existing holders of CWMQ to cover the core areas. The specialist areas of Securities, Derivatives and Retail Investment Products and Friendly Society Tax-Exempt Policies will require additional, varying hours of gap-fill.

Altogether, this represents a gap of approximately 7% when assessed against the new exam standards at level 4 and the appropriate learning hours for all three Specialist areas of advice.

The need for structured learning in respect of CWMQ only applies to those candidates who complete the qualification before December 2010; from December 2010 all units of the CISI(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



**Minimum Structured Learning CPD needed for gap-fill:**

Core Financial Services, Regulation & Ethics – 3 hours  
Core Investment Principles and Risk – none  
Core Personal Taxation – 1 hour

**Gaps to be filled depending on specific advice activity**

Securities – 6 hours  
Derivatives – 12 hours  
Retail Investment Products  
and Friendly Society Tax-Exempt Policies – 6 hours

“This is excellent and just the sort of service a professional body should be giving to its members. The CISI is to be congratulated for a very proactive approach.”

IFA Bob Bullivant, Chief Executive at Newport -based Annuity Direct

Each of the following tables show the gaps in the syllabus, detail of the gaps between CWMQ and the level 4 exam standards, and the CISI recommended gap-fill solutions/options to consider for firms and individuals.

For those firms and advisers using the CISI's own CPD scheme, the CPD log 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 have these automatically logged but we anticipate that a number of you will use a firm's own seminars, together with other providers, and as you know we endorse provision other than our own. Our list of Accredited Training Providers and CISI Approved CPD Providers can be found at [cisi.org/cpdotherbodies](http://cisi.org/cpdotherbodies). Our list of Approved Gap-fill Providers can be found at [cisi.org/gapfillproviders](http://cisi.org/gapfillproviders)

## FINANCIAL SERVICES, REGULATION and ETHICS (CORE)

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  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 'Regulation & 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)

No gaps

## PERSONAL TAXATION (CORE)

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

### Syllabus gaps

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

### Detail

Role, structure & 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. Government and Corporate Bond markets. Other trading venues and facilities. International Markets: Developed, Emerging and Foreign Exchange

### Recommendations

Option 1 is RDR course 'Securities' (full day) with an Accredited Training Provider, in-firm training or a CPD provider

Option 2 is to take the CISI Securities level 4 training course as if preparing for the exam

Option 3 is to prepare for and pass the CISI Securities level 4 exam

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

Option 5 is a pass in the full level 3 Investment Management Certificate from the CFA UK and additional reading available by emailing [rdr@cisi.org](mailto:rdr@cisi.org)

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

Clearing & central counterparty - UK process, duties & risk - Settlement: UK process

International Central Securities Depositories (CSDs) - Custody of assets and client money - Relevance and impact of corporate actions

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

Factors that influence market and individual security movements - Domestic and international markets: volume, liquidity and impact of trading activities. 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

## DERIVATIVES

### Syllabus gaps

- \* Demonstrate an ability to evaluate 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 CISI's RDR course 'Derivatives' with an Accredited Training Provider, in-firm training or a CPD provider (two days)

Option 2 is to take the level 4 derivatives training course as if preparing for the exam

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

## RETAIL INVESTMENT PRODUCTS AND FRIENDLY SOCIETY TAX-EXEMPT POLICIES

### Syllabus gaps

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

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

### Detail

Corporate responsibilities, challenges and impact on pension provision

Demographic trends, longevity and ageing population

Incentives, disincentives and attitudes to saving

Pensions Regulator compliance requirements

Pension protection schemes

Trust & contract based pensions

Role and duties of trustees and administrators

Pensions and divorce

Employment law relevant to pensions

Bankruptcy law and pension assets

### Recommendations

Option 1 is RDR course 'Understanding Pensions & Retirement Planning' with an Accredited Training Provider, in-firm training or a CPD provider

Option 2 is for advisers to consider provision from specialist bodies such as the Chartered Insurance Institute or Pensions Management Institute

“The results of our robust and diligent mapping analysis reflects the high standards of our qualifications which are updated annually by a dedicated panel of practitioners. We believe the small structured learning remnant can be achieved very cost effectively”

Simon Culhane, Chartered FCSI, Chief Executive, Chartered Institute for Securities & Investment

CISI OFFICES IN COLOMBO DUBAI DUBLIN EDINBURGH LONDON MUMBAI SINGAPORE

### MWM mapping

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