

PCIAM GAP-FILL

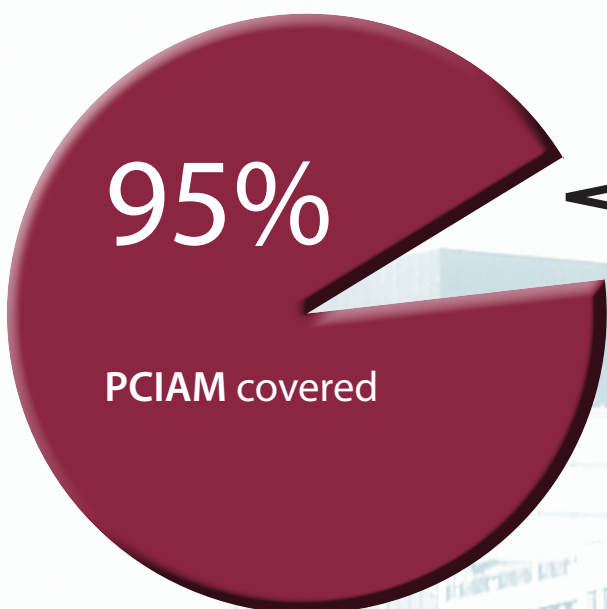
GUIDANCE TO FIRMS AND ADVISERS IN THE USE OF STRUCTURED LEARNING TO FILL GAPS BETWEEN THE PCIAM AND THE EXAMINATION STANDARDS OF THE RETAIL DISTRIBUTION REVIEW

We are delighted to say that the core areas of the exam standards require a minimum structured learning amounting to approximately 5 hours of gap-fill. These are shown in the following pages, together with the specialist requirements for Derivatives and Retail Investment Products and Friendly Society Tax-Exempt Policies.

A number of Retail financial advisers hold the CFA UK Investment Management Certificate ("IMC") at Level 3, which was an Appropriate Qualification prior to RDR but is not on the list of Transitional Qualifications where CPD gap-fill can apply.

However, it is possible for holders of IMC Level 3 to become RDR compliant through attainment of the Certificate in Private Client Investment Advice and Management ("PCIAM") plus a limited amount of gap-fill CPD.

There are relatively modest CPD gap-fill requirements 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.



Minimum Structured Learning CPD needed for gap-fill:

- Core** Financial Services, Regulation & Ethics – 1 hour
- Core** Investment Principles & Risk – 3 hours
- Core** Personal Taxation – 1 hour

Gaps to be filled depending on specific advice activity

- Securities – can be filled in IPR - 3 hours or via reading if IMC level 3 held
- 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 PCIAM 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. Our list of Approved Gap-fill Providers can be found at cisi.org/gapfillproviders

FINANCIAL SERVICES, REGULATION and ETHICS (CORE)

Syllabus gaps	Detail	Recommendations
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 - Protection - Saving and investing - Retirement - Estate planning and tax planning How these needs are met: Mortgages and loans - Life and health insurance - Savings and investments - State benefits - The main types of pension provision	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 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 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 The outcomes which may result from limiting behaviour to compliance with the rules - for the industry, firm, individual advisers and consumers	

INVESTMENT PRINCIPLES & RISK (CORE)

Syllabus gaps	Detail	Recommendations
* Demonstrate an ability to analyse: The characteristics, inherent risks, behaviour and correlation of asset classes	Correlation of asset classes – relevance to asset allocation Alternative investments such as commodities and physical assets	A seminar from CISI endorsed or accredited training providers or a seminar at a firm's premises (half day)
* 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 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	
* Demonstrate an ability to analyse and explain: The nature and impact of the main types of risk on investment performance	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	

PERSONAL TAXATION (CORE)

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

SECURITIES

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 requirement applies only to those advisers who are advising on Securities. It can be covered in the 'Investment Principles and Risk' gap-fill.

If IMC level 3 is held this gap can be filled with reading and the suggested reading can be found on cisi.org/gapfillguide

DERIVATIVES

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

This requirement applies only to those advisers who are advising on Derivatives.

Option 1 is CPD gap-fill course 'Derivatives' with an Accredited Training Provider, in-firm training or a CPD provider (two days)

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

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

RETAIL INVESTMENT PRODUCTS AND FRIENDLY SOCIETY TAX-EXEMPT POLICIES

Syllabus gaps

Demonstrate an understanding of:
How the HMRC tax regime applies to 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)

Recommendations

This requirement applies only to those advisers who are advising on Retail Investment Products and Friendly Society Tax-Exempt Policies.
Option 1 Seminar or elearning product from a 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

Demonstrate an understanding of:
The structure, relevance and application of the State Schemes to an individual's pension planning

Additional state retirement benefits, historic and current

Demonstrate an ability to analyse:
The range of Defined Contribution scheme options as they apply to an individual's pension planning

Contributions – methods and issues
Scheme options, limitations and restrictions
Crystallisation options and impact of decisions

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

Incentives, disincentives and attitudes to saving

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

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

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

Triviality rules

“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

PCIAM mapping

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