

# DIPLOMA AND RDR QUALIFICATIONS GAP-FILL

## Introduction

This document outlines qualifications gap-fill requirements for holders of the Securities Industry / SII / CISI Diploma seeking to comply with transition arrangements for RDR purposes. The list has been compiled from a series of careful analyses of the combination of Diploma units selected by firms for their employees in the retail advice sector. This is shown in summary form below.

Anyone who has a further enquiry about RDR should contact the CISI through the dedicated email address [rdr@cisi.org](mailto:rdr@cisi.org)

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 individual gap-fill elements required. Where a specific Diploma combination fails to address the scope of the new RDR exam standards by a whole unit, training courses have been recommended, these will need to be studied at Level 4. Alternatively the PCIAM training course and gap-fill can be used.

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

## CORE

Diploma Combination (RE)	Regulation & Ethics (IPR)	Investment Principles & Risk	Personal Taxation	Securities (Sec)	Derivatives (Der)	Retail Investment Products and Friendly Society Tax-Exempt Policies
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/ 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/ 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	RE gap-fill	IPR gap-fill	Level four course	Sec gap-fill	Level four course	Level five course
RCO/ IFS/ IAN	RE gap-fill	IPR gap-fill	Level four course	Sec gap-fill	Level four course	Level five course
RCO/ BFI/ FD	RE gap-fill	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

## SPECIALIST (where appropriate)

### 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 Markets

✓ illustrates that there is no gap-fill needed

## 4. Combinations lacking either RCO or PCIAM

8% of Diploma awards comprise Fund Management, Investment Analysis and Interpretation of Financial Statements. While this combination is more wholesale oriented, it is possible that some retail advisers may have taken it in addition to other qualifications (probably at Level 3). The gap-fill CPD below assumes no other relevant qualifications held:

### FM/ IAN/ IFS

### Level 4 RDR exam standards:

### Investment Principles & Risk

#### Syllabus gaps

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

#### Detail

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

The main types and use of indirect investment products:

#### Investment Structures

- Collective investment funds - onshore and offshore
- Exchange Traded Funds (ETFs) and Exchange Traded Commodities (ETCs)
- Real Estate Investment Trusts (REITs) and other property based products
- Venture Capital Trusts (VCTs) and Enterprise Investment Schemes (EISs) - basic structures and uses
- Individual Savings Accounts (ISAs) and Child Trust Funds (CTFs)
- National Savings & Investments (NS&I)
- Broker funds and distributor influenced funds (DIFs)

#### Investment strategy based products

- Hedge funds and funds of hedge funds
- Absolute return funds
- Structured products - income and capital growth, structure and analysis
- With profit funds - main principles

#### Recommendations

Option 1 is the CISI's 'Investment Principles and Risk' professional refresher e-learning unit

Option 2 is an e-based seminar covering 'Investment Principles and Risk' from a CISI endorsed provider or a firm based seminar of at least one hour's duration

Option 3 is passes in the full level 3 Investment Management Certificate from the CFA UK

Demonstrate an ability to apply the investment advice process

#### Know your client requirements:

- Explain the investment advice process
- Establish client relationships, capability and circumstances including assets and debts
- Agree and prioritise needs and 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 preferences
- Agree strategy and rationale to achieve the objectives
- Agree benchmark/performance measures and review process

Demonstrate an understanding of the principles of investment planning

#### Wrap and other platforms:

- Concept and uses
- Benefits and risks
- Costs/charges



# Securities

## Syllabus gaps

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

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

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

## Detail

Markets for trading: Equities, Government bonds, Corporate bonds

Other trading venues: Multilateral Trading Facilities (MTFs), Systematic Internalisers, Dark pools

International Markets: Developed Markets, Emerging Markets, Foreign Exchange Market, Structure and Access considerations

Dealing - domestic markets, rules and principles, Best Execution, Aggregation and Allocation, Front running

International markets - main differences in principles and practice

Clearing and central counterparty - UK process, duties, risks

Settlement: UK process, International Central Securities Depositories (CSDs)

Custody of assets and client money

Relevance and impact of corporate actions

## Recommendations

Option 1 is RDR course 'Securities' from a CISI endorsed or accredited training provider or a seminar at a firm's premises (full day)

Option 2 is a level 3 Securities exam preferably passed since 2008

Option 3 is passes 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)

## Financial Regulation & Ethics - entire unit -

Either take the CISI level 4 training course as if preparing for the exam, or prepare for and pass the CISI level 4 exam

## Personal Taxation - entire unit -

Option 1 is to pass the relevant exam offered by the CII (unit R03)

Option 2 is to take the level 4 CII training course as if preparing for the R03 exam

Option 3 is to take the level 4 training course for Investment, Risk and Taxation

Either take the CISI level 4 training course as if preparing for the exam, or prepare for and pass the CISI level 4 exam

Take the level 5 Private Client unit (IAD) training course as if preparing for the exam

## Derivatives - entire unit -

## Retail Investment Products and Friendly Society Tax-Exempt Policies - entire unit -

“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

## Diploma mapping

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