Advisers who hold the IAC will not be required to sit any further qualifications although gaps will need to be filled by structured learning.

The CISI has assessed the coverage of the new level 4 exam standards and appropriate learning hours by the IAC as 91%.

The minimum amount of structured learning recommended for holders of the IAC will vary according to which specific areas of advice an individual works in.

For the core subjects, 15 hours’ structured learning is required. Specialist areas of Securities, Derivatives, Retail Investment Products and Friendly Society Tax-Exempt Policies require varying numbers of hours gap-fill.

Minimum Structured Learning CPD needed for gap-fill:
- **Core** Financial Services, Regulation & Ethics – 8 hours
- **Core** Investment Principles & Risk – 6 hours
- **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
The following table shows the gaps in the syllabus, details of the gaps between the IAC and the 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)

<table>
<thead>
<tr>
<th>Syllabus gaps</th>
<th>Detail</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Demonstrate an ability to apply the Code of Ethics and professional standards to business behaviours of individuals</strong></td>
<td>The over-arching Code of Ethics&lt;br&gt;The professional principles and values on which the Code is based&lt;br&gt;Identifying ethical dilemmas</td>
<td><strong>Option 1</strong> is the CISI IntegrityMatters <strong>Option 2</strong> 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.</td>
</tr>
<tr>
<td><strong>Demonstrate an ability to critically evaluate the outcomes that distinguish between ethical and compliance driven behaviours</strong></td>
<td>Typical behavioural indicators - positive and negative&lt;br&gt;The outcomes which may result from behaving ethically - for the industry, the firm, individual advisers and consumers</td>
<td><strong>Option 1</strong> is to take the following Professional Refresher Modules: &lt;br&gt;- UK Regulatory Structure&lt;br&gt;- Treating Customers Fairly&lt;br&gt;- Permissions Regime&lt;br&gt;- Market Abuse&lt;br&gt;- Client Classifications&lt;br&gt;- Approved Persons Regime&lt;br&gt;- Financial Ombudsman Service <strong>Option 2</strong> is to take the equivalent of the above modules with an Accredited Training Provider, in-firm training or a CPD provider</td>
</tr>
<tr>
<td><strong>Demonstrate an understanding of the UK financial services industry, in its European and global context</strong></td>
<td>Role and structure of the UK and international markets, key participants</td>
<td><strong>Option 1</strong> is to take the following Professional Refresher Modules: &lt;br&gt;- UK Regulatory Structure&lt;br&gt;- Treating Customers Fairly&lt;br&gt;- Permissions Regime&lt;br&gt;- Market Abuse&lt;br&gt;- Client Classifications&lt;br&gt;- Approved Persons Regime&lt;br&gt;- Financial Ombudsman Service <strong>Option 2</strong> is to take the equivalent of the above modules with an Accredited Training Provider, in-firm training or a CPD provider</td>
</tr>
<tr>
<td><strong>Demonstrate an understanding of how the retail consumer is served by the financial services industry</strong></td>
<td>Consumers’ main financial needs and how they are prioritised:&lt;br&gt;Managing debt&lt;br&gt;Saving and investing</td>
<td><strong>Option 1</strong> is to take the following Professional Refresher Modules: &lt;br&gt;- UK Regulatory Structure&lt;br&gt;- Treating Customers Fairly&lt;br&gt;- Permissions Regime&lt;br&gt;- Market Abuse&lt;br&gt;- Client Classifications&lt;br&gt;- Approved Persons Regime&lt;br&gt;- Financial Ombudsman Service <strong>Option 2</strong> is to take the equivalent of the above modules with an Accredited Training Provider, in-firm training or a CPD provider</td>
</tr>
<tr>
<td><strong>Demonstrate an understanding of legal concepts and considerations relevant to financial advice</strong></td>
<td>Legal persons and powers of attorney&lt;br&gt;Basic law of contract and agency&lt;br&gt;Insolvency and bankruptcy</td>
<td><strong>Option 1</strong> is to take the following Professional Refresher Modules: &lt;br&gt;- UK Regulatory Structure&lt;br&gt;- Treating Customers Fairly&lt;br&gt;- Permissions Regime&lt;br&gt;- Market Abuse&lt;br&gt;- Client Classifications&lt;br&gt;- Approved Persons Regime&lt;br&gt;- Financial Ombudsman Service <strong>Option 2</strong> is to take the equivalent of the above modules with an Accredited Training Provider, in-firm training or a CPD provider</td>
</tr>
<tr>
<td><strong>Demonstrate an understanding of the regulation of financial services</strong></td>
<td>The role of HM Treasury and the Bank of England - market regulation&lt;br&gt;The role of other regulating bodies such as the Competition Commission, the Office of Fair Trading, the Pensions Regulator, the Information Commissioner&lt;br&gt;Additional oversight - senior management, trustees, auditors, external compliance support services</td>
<td><strong>Option 1</strong> is to take the following Professional Refresher Modules: &lt;br&gt;- UK Regulatory Structure&lt;br&gt;- Treating Customers Fairly&lt;br&gt;- Permissions Regime&lt;br&gt;- Market Abuse&lt;br&gt;- Client Classifications&lt;br&gt;- Approved Persons Regime&lt;br&gt;- Financial Ombudsman Service <strong>Option 2</strong> is to take the equivalent of the above modules with an Accredited Training Provider, in-firm training or a CPD provider</td>
</tr>
<tr>
<td><strong>Demonstrate an understanding of the FSA’s responsibilities and approach to regulation</strong></td>
<td>Statutory objectives and how the FSA is structured to achieve these:&lt;br&gt;Financial capability - National Strategy</td>
<td><strong>Option 1</strong> is to take the following Professional Refresher Modules: &lt;br&gt;- UK Regulatory Structure&lt;br&gt;- Treating Customers Fairly&lt;br&gt;- Permissions Regime&lt;br&gt;- Market Abuse&lt;br&gt;- Client Classifications&lt;br&gt;- Approved Persons Regime&lt;br&gt;- Financial Ombudsman Service <strong>Option 2</strong> is to take the equivalent of the above modules with an Accredited Training Provider, in-firm training or a CPD provider</td>
</tr>
<tr>
<td><strong>Demonstrate the ability to apply the regulatory advice framework in practice for the consumer</strong></td>
<td>Client relationships and adviser responsibilities:&lt;br&gt;Fiduciary relationship - duty of care, confidentiality, primary of clients’ interests</td>
<td><strong>Option 1</strong> is to take the following Professional Refresher Modules: &lt;br&gt;- UK Regulatory Structure&lt;br&gt;- Treating Customers Fairly&lt;br&gt;- Permissions Regime&lt;br&gt;- Market Abuse&lt;br&gt;- Client Classifications&lt;br&gt;- Approved Persons Regime&lt;br&gt;- Financial Ombudsman Service <strong>Option 2</strong> is to take the equivalent of the above modules with an Accredited Training Provider, in-firm training or a CPD provider</td>
</tr>
<tr>
<td>Syllabus gaps</td>
<td>Detail</td>
<td>Recommendations</td>
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<tr>
<td>------------------------------------------------------------------------------</td>
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<tr>
<td>Demonstrate an ability to analyse the characteristics, inherent risks,</td>
<td>Alternative investments such as commodities and physical assets</td>
<td>Option 1 is an ‘Investment Principles &amp; Risk’ seminar from CII endorsed or accredited training provider or a seminar at a firm’s premises (full day)</td>
</tr>
<tr>
<td>behaviour and correlation of asset classes</td>
<td>Pricing, liquidity and fair value</td>
<td>Option 2 is passes in the full level 3 Investment Management Certificate from the CFA UK</td>
</tr>
<tr>
<td>Demonstrate an understanding of the macro-economic environment and its impact</td>
<td>Correlation of asset classes – relevance to asset allocation</td>
<td></td>
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<tr>
<td>on asset classes</td>
<td>The role of financial investment in the economy</td>
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<tr>
<td>Demonstrate an understanding of the merits and limitations of the main</td>
<td>Key features of the main investment theories:</td>
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<tr>
<td>investment theories</td>
<td>- Modern portfolio theory</td>
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<td></td>
<td>- Multi-factor model</td>
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<td></td>
<td>- Efficient market hypothesis</td>
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<td></td>
<td>- Capital asset pricing model (CAPM)</td>
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<td></td>
<td>Portfolio theory, diversification and hedging</td>
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<tr>
<td></td>
<td>- Correlation between asset classes</td>
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<td></td>
<td>- Total return and an awareness of beta and alpha</td>
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<td></td>
<td>- Risk-adjusted returns</td>
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<td></td>
<td>Basics of behavioural finance – market and individual behaviours</td>
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<tr>
<td>Demonstrate an ability to apply the principles of the time value of money</td>
<td>Compound interest and discounting</td>
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<td></td>
<td>Real returns and nominal returns</td>
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<tr>
<td>Demonstrate an ability to analyse and explain the nature and impact of the</td>
<td>Gearing</td>
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<tr>
<td>main types of risk on investment performance</td>
<td>Interest rates</td>
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<td></td>
<td>Systematic and non-systematic, including fraud and counterparty, institutional, market timing</td>
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<tr>
<td>Demonstrate the ability to analyse the characteristics, inherent risks,</td>
<td>The main types and use of indirect investment products:</td>
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<tr>
<td>behaviours and relevant tax considerations of investment products</td>
<td>- Investment structures</td>
<td></td>
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<td></td>
<td>— broker funds and distributor influenced funds (DIFs)</td>
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</tr>
</tbody>
</table>
### SECURITIES

**Syllabus gaps**

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

**Detail**

- Role, structure and regulation of global securities markets:
  - 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: Issuing, listing, quotation, admission to market
  - UK Listing Authority
  - PLUS Market
  - AIM Market
  - Issuing securities without a prospectus
  - 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

<table>
<thead>
<tr>
<th align="center">Demonstrate an ability to apply dealing principles and practice relevant to client investment activity</th>
<th align="center">International markets - main differences in principles and practice</th>
</tr>
</thead>
<tbody>
<tr>
<td align="center">Demonstrate an understanding of clearing, settlement and custody principles and practice relevant to client investment activity</td>
<td align="center">Clearing and central counterparty - UK process, duties, risks</td>
</tr>
<tr>
<td align="center">Settlement:</td>
<td align="center"></td>
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<tr>
<td align="center">- UK process, International Central Securities Depositories (CSDs)</td>
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<td align="center">Relevance and impact of corporate actions</td>
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<tr>
<td align="center">Demonstrate an ability to assess the factors that influence market behaviour relevant to investment advice</td>
<td align="center">Factors that influence market and individual security movements:</td>
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<tr>
<td align="center">- Volume, liquidity and impact of trading activities - domestic and international markets</td>
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<tr>
<td align="center">- Derivatives market, interactivity of timed events, relationship with cash market</td>
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<tr>
<td align="center">- Research and ratings</td>
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<tr>
<td align="center">Demonstrate an ability to analyse the characteristics, features, behaviours and risks of securities in the context of the market for these products</td>
<td align="center">Equities:</td>
</tr>
<tr>
<td align="center">- Share classes</td>
<td align="center"></td>
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<tr>
<td align="center">- American Depository Receipts (ADRs) and Global Depository Receipts (GDRs)</td>
<td align="center"></td>
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<tr>
<td align="center">- Comparative valuation measures and relevance</td>
<td align="center"></td>
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<tr>
<td align="center">Debt securities:</td>
<td align="center"></td>
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<tr>
<td align="center">- Domestic and international government securities</td>
<td align="center"></td>
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<tr>
<td align="center">- Corporate debt securities</td>
<td align="center"></td>
</tr>
<tr>
<td align="center">- Duration, interest rate movements, price/yield relationship</td>
<td align="center"></td>
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<tr>
<td align="center">- Credit ratings, creditor rankings</td>
<td align="center"></td>
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<tr>
<td align="center">Derivative substitutes:</td>
<td align="center"></td>
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<tr>
<td align="center">- warrants and covered warrants</td>
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<tr>
<td align="center">- contracts for difference (CFDs)</td>
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<tr>
<td align="center">ETFs and structured products</td>
<td align="center"></td>
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<tr>
<td align="center">Cash and cash equivalents</td>
<td align="center"></td>
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<tr>
<td align="center">Foreign Exchange</td>
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</tr>
</tbody>
</table>

**Recommendations**

- Option 1 is ‘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 passes in the full level 3 Investment Management Certificate from the CFA UK and additional reading available by emailing rdr@cisi.org
<table>
<thead>
<tr>
<th>Syllabus gaps</th>
<th>Detail</th>
<th>Recommendations</th>
</tr>
</thead>
</table>
| Demonstrate an understanding of the derivatives market structure, features, regulatory and trading environment | Role, structure and regulation of global derivatives markets  
Role of regulators, other supervisory bodies and trade associations  
Range of derivative instruments and typical risks  
- Financial derivatives  
- Commodity derivatives  
- Property derivatives  
- Exotic derivatives  
Market terminology  
Key market participants and roles  
Exchange trading and over-the-counter (OTC) trading - main differences  
- Standard and bespoke  
- Maturity, expiry, margin, collateral, liquidity  
- Clearing and settlement  
- Transparency and confidentiality  
- Trading mechanisms  
- Counterparties  
- Documentation  
Central counterparty (CCP) clearing of OTC transactions | Option 1 is gap-fill Derivatives’ with an Accredited Training Provider, in-firm training or a CPD provider (two days) |
| | Calculation of profit/loss on delivery or expiry - futures and options  
Mechanisms for futures pricing  
- Factors influencing pricing  
- Bases for calculation  
Mechanisms of options pricing  
- Factors influencing pricing and premiums  
- Bases for calculation  
Price discovery for commodities  
Market transparency, reporting and monitoring | Option 2 is to take the level 4 derivatives training course as if preparing for the exam |
| | Forwards and forward rate agreements (FRAs)  
OTC option products  
Contracts for difference  
Swaps - Interest rate swaps  
Credit derivatives - Credit default swaps  
Structured products  
OTC trade capture, confirmation and clearing mechanisms | Option 3 is a level 3 Derivatives qualification passed preferably since 2008 |
| Demonstrate an understanding of the main types and characteristics of OTC traded derivatives | Definition and purpose of clearing  
- Roles and relationships  
- Risks and guarantees  
- Central counterparty clearing  
Purpose, 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 | |
### PERSONAL TAXATION (CORE)

<table>
<thead>
<tr>
<th>Syllabus gaps</th>
<th>Detail</th>
<th>Recommendations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demonstrate an understanding of the UK tax system as relevant to the needs and circumstances of individuals and trusts</td>
<td>Outline of Value Added Tax (VAT) and Corporation Tax</td>
<td>Option 1 is the CISI CPD seminar on Taxation or Professional Refresher ‘Taxation’ module</td>
</tr>
<tr>
<td>Demonstrate an ability to analyse the taxation of investments as relevant to the needs and circumstances of individuals and trusts</td>
<td>Indirect investments: Child Trust Funds (CTFs) and ISAs</td>
<td>Option 2 is the equivalent of the above with an Accredited Training Provider, in-firm training or a CPD provider</td>
</tr>
<tr>
<td>Demonstrate an ability to analyse the role and relevance of tax in the financial affairs of individuals and trusts</td>
<td>Key principles of income tax planning - spouse, civil partners, children, pension contributions, ISA allowances, use of the main CGT exemptions and reliefs</td>
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<tr>
<td></td>
<td>Main uses of lifetime gifts and trusts in basic IHT mitigation</td>
<td></td>
</tr>
</tbody>
</table>
## Syllabus gaps

**Demstrate an understanding of how the HMRC tax regime applies to pensions planning**
- Pension scheme investment funds
- Outline of the annual allowance, lifetime allowance, special annual allowance, & associated charges
- 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)

**Demonstrate an understanding of the relevant aspects of pensions law and regulation to pensions planning**
- Pensions Regulator compliance requirements
- Pension protection schemes
- Trust and contract based pensions
- Role and duties of trustees and administrators
- Pensions and divorce
- Employment law relevant to pensions
- Bankruptcy law and pension assets

**Demonstrate an understanding of the structure, relevance and application of the state schemes to an individual’s pension planning**
- Basic state retirement benefits
- Additional state retirement benefits, historic and current
- Contracting in/out considerations
- Pension credit framework

**Demonstrate an understanding of the structure, characteristics and application of defined benefit schemes to an individual’s pension planning**
- Main types, variations and hybrids
- Rules and operation of DB schemes
- Funding methods and issues
- Roles of trustees and other parties, and scheme reporting
- Public sector schemes

**Demonstrate an ability to analyse the range of defined contribution scheme options as they apply to an individual’s pension planning**
- Legal bases for schemes and main impacts
- Main types of DC schemes and their rules and operation
- Contributions - methods and issues
- Contracting out, rebates and the contracting out decision
- Benefits on leaving and death before crystallisation
- Scheme options, limitations and restrictions
- Crystallisation options and impact of decisions
- Transfer issues and considerations
- Stakeholder pensions
- Personal Accounts

**Demonstrate an ability to analyse the options and factors to consider for drawing pension benefits**
- DB Schemes: Scheme benefits, payment guarantees, survivor benefits
- DC schemes:
  - Secured pensions, types of annuities and main features
  - Unsecured pensions
  - Compliance requirements

**Demonstrate an ability to evaluate the aims and objectives of retirement planning including the relevant investment issues**
- Assessing and quantifying retirement aims and objectives:
  - Availability and prioritisation of savings
  - Assumptions and impacts
  - Conflict with other objectives
  - Timescales and risk
- Investments available to meet this objective:
  - Suitability and risk
  - Rates of return needed
  - Accumulation and decumulation strategies, life-styling
  - Products and wrappers, advantages and constraints, critical yield
  - Other sources of non-pension income
- Asset allocation factors, relationship to overall portfolio
- Self-investment - Main characteristics
- Alternative solutions for pension income:
  - Alternative sources of capital including non-pension investment assets, home equity, proceeds from sale of a business, inheritance
  - Advantages and drawbacks
- Factors affecting regular reviews

### Recommendations

**Option 1** is ‘Understanding Pensions & Retirement Planning’ (one day) with an Accredited Training Provider, in-firm training or a CPD provider

**Option 2** is the training for the CISI Private Client Advice unit with an Accredited Training Provider.

**Option 3** 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