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 requirement 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

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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
Demonstrate an understanding of:
How the retail consumer is served by the financial services industry

Detail
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

Recommendations
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.

INVESTMENT PRINCIPLES & RISK (CORE)

Syllabus gaps
* Demonstrate an ability to analyse:
The characteristics, inherent risks, behaviour and correlation of asset classes

* Demonstrate an understanding of:
The merits and limitations of the main investment theories

* Demonstrate an ability to analyse and explain:
The nature and impact of the main types of risk on investment performance

Detail
Correlation of asset classes – relevance to asset allocation
Alternative investments such as commodities and physical assets

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

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

Recommendations
A seminar from CISI endorsed or accredited training providers or a seminar at a firm’s premises (half day)
**PERSONAL TAXATION (CORE)**

<table>
<thead>
<tr>
<th>Syllabus gaps</th>
<th>Detail</th>
<th>Recommendations</th>
</tr>
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<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 Option 2 is the equivalent of the above with an Accredited Training Provider, in-firm training or a CPD provider</td>
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**SECURITIES**

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<th>Syllabus gaps</th>
<th>Detail</th>
<th>Recommendations</th>
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<tbody>
<tr>
<td>Demonstrate an ability to assess: The factors that influence market behaviour relevant to investment advice</td>
<td>Factors that influence market and individual security movements: Derivatives market, interactivity of timed events, relationship with cash market - Research and ratings - Market Abuse regime</td>
<td>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</td>
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</table>

**DERIVATIVES**

<table>
<thead>
<tr>
<th>Syllabus gaps</th>
<th>Detail</th>
<th>Recommendations</th>
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<tbody>
<tr>
<td>Demonstrate an ability to apply: The relevant factors and considerations to decide and implement investment recommendations</td>
<td>Take account of relevant tax accounting and costs considerations</td>
<td>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</td>
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<tr>
<td>Demonstrate an understanding of: The derivatives market structure, features, regulatory and trading environment</td>
<td>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</td>
<td></td>
</tr>
<tr>
<td>Demonstrate an understanding of: Clearing, margin, settlement, exercise and delivery of both Exchange Traded and OTC derivatives</td>
<td>Definition and purpose of clearing: Roles and relationships, Risks and guarantees, Central counterparty clearing Purpose, types and application of margin: - Pricing factors and calculation</td>
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</table>
RETAIL INVESTMENT PRODUCTS AND FRIENDLY SOCIETY TAX-EXEMPT POLICIES

Syllabus gaps

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

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

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

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

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

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

Demonstrate an understanding of:
The structurerelevance and application of the State Schemes to an individual’s pension planning

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

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

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

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)

Additional state retirement benefits, historic and current

Contributions – methods and issues

Scheme options, limitations and restrictions

Crystallisation options and impact of decisions

Incentives, disincentives and attitudes to saving

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

Triviality rules

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

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