

CISI Statement of Professional Standing (SPS) Policy: SPS – Disciplinary Process

This policy relates to discipline in relation to the CISI's SPS decisions, in accordance with the UK Regulator's requirements.

Definitions

Throughout this document the following terms will have the following meanings:

“RDR”	Retail Distribution Review
“FCA”	Financial Conduct Authority
“SPS”	Statement of Professional Standing
“CISI”	Chartered Institute for Securities & Investment
“CPD”	Continuing Professional Development
“Applicant”	The individual applying for a new SPS or the renewal of an SPS
“Holder”	The individual to whom a valid SPS has been issued

In all instances references to the singular shall be deemed to include the plural where necessary and/or appropriate. References to the masculine shall be deemed to include the feminine and vice versa.

1. Background

Following the implementation of the UK Regulator's Retail Distribution Review (RDR) on 31 December 2012, Retail Investment Advisers require a Statement of Professional Standing (SPS) in order to practice their profession. Advisers need to obtain an SPS from an Accredited Body. The CISI is an Accredited Body recognised for the purpose of providing the independent verification required under TC 2.1.27 R to issue SPSs to Retail Investment Advisers. This policy sets out the procedure for disciplinary decisions relating to a CISI SPS decision.

2. CISI SPS requirements

The CISI will accept applications for a SPS from current CISI members (excluding Student members) and current employees of CISI Corporate Supporter firms affected by the RDR. The requirement to have a SPS applies to all retail investment advisers.

To obtain a SPS, an adviser must:

- be a Retail Investment Adviser with an active CF30 FCA number (if applicable);
- be able to provide verifiable evidence that they have met the requirements in TC 2.1.1 R of having obtained an RDR appropriate qualification (key a or b in the FCA Appropriate Qualifications list – TC Appendix 4);
- be able to provide verifiable evidence of having successfully completed the relevant gap-fill, to meet the FCAs RDR gap-fill requirements (if applicable);
- be able to provide verifiable evidence of having undertaken acceptable Continuing Professional Development (CPD) as required by the FCA in TC 2.1.15, unless exempt from this requirement;
- confirm that they have complied with FCA Statements of Principle and Code of Practice for Approved Persons (APER) or Code of Conduct Rules COCON (whichever is applicable)
- confirm that they have adhered to the CISI's Code of Conduct.

3. Notification of Disciplinary Action

The CISI's SPS application/renewal process seeks a declaration from the applicant regarding current disciplinary action in which they may be involved. The CISI's definition of 'current' is any time during the 15 months period prior to the application being made, including if that disciplinary action is otherwise considered 'closed'.

Firms are encouraged immediately to inform the CISI of any disciplinary action involving current or former employees from whom the CISI has received an SPS application or issued a SPS.

All declarations of current disciplinary action against Holders/Applicants of a CISI SPS will be investigated by the CISI and a report will be sought from the firm. In the event that a firm is not verifying the application, the report will be sought from the Holder/Applicant. CISI may also contact other relevant parties in the course of the investigation.

All SPS applications and notifications declaring disciplinary action are kept in strict confidence and are released only to the Regulator, the CISI's own Disciplinary Review Panel and Disciplinary Panel (should it need to meet), and the firm.

4. Disciplinary process

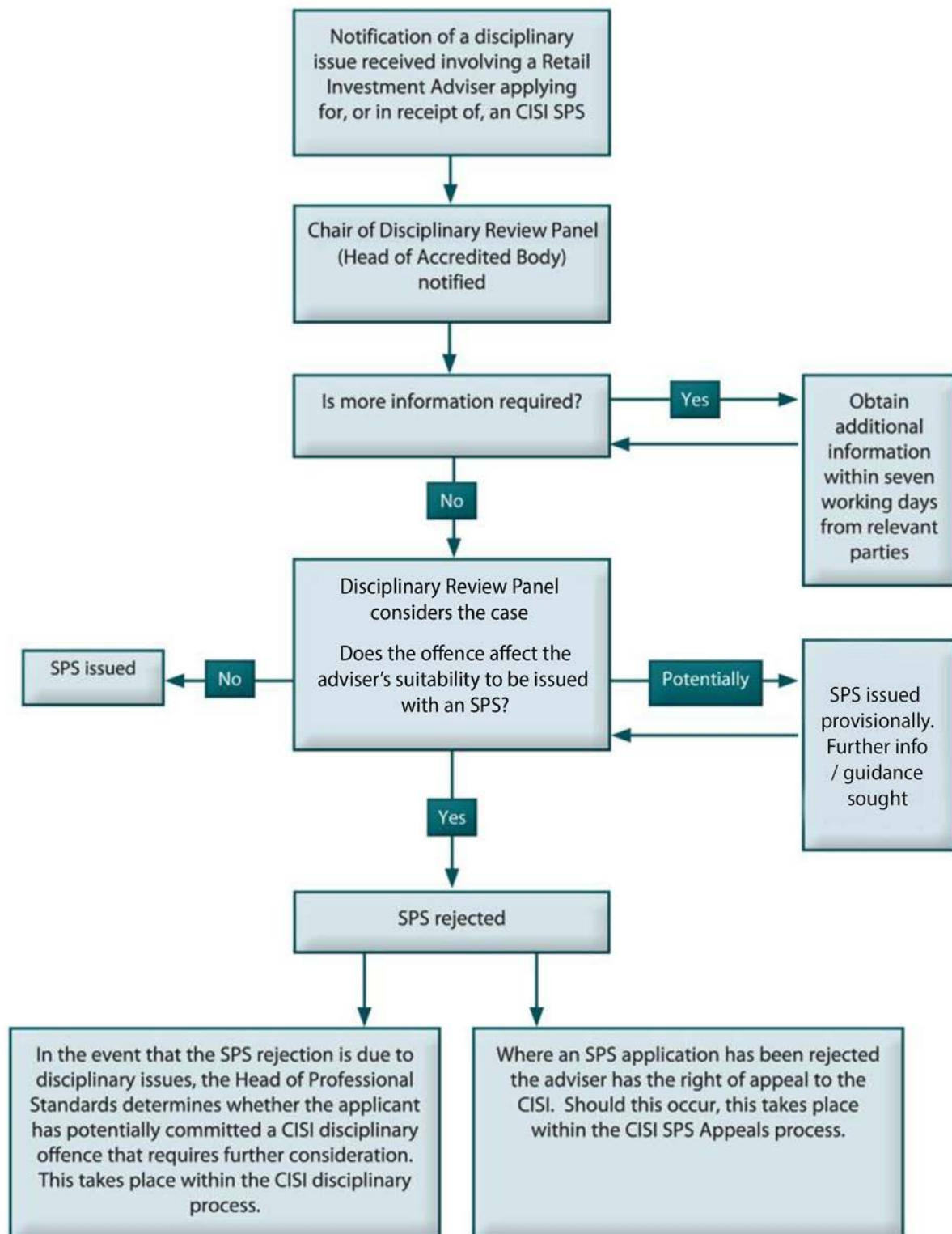
- 4.1. CISI is notified about a disciplinary action involving a CISI SPS Applicant or Holder.
- 4.2. The case is reviewed by the CISI's Membership/Professional Standards review team, and the CISI requests specific information to be returned to in seven working days
 - Nature, actions, decision and outcomes of the disciplinary action
 - Considerations the firm made in reaching its decision
 - Whether the matter been referred to the FCA, and what response, if any has been received.
 - Representations from the Applicant/Holder
 - Representations from the Applicant/Holder's employer (if relevant)
- 4.3. The SPS and supporting documentation are referred to the CISI's Disciplinary Review Panel for review within seven working days of receiving the full information. The review will take into account:
 - The severity of the breach
 - Conditions placed on the adviser by the firm
 - Firm's report and recommendations
 - Any supporting statements from the Applicant or Holder
 - Mitigating circumstances, which may include CISI's judgement about the integrity of the Applicant or Holder from the information provided
 - Any additional relevant information
- 4.4. Further advice and guidance may be sought within seven working days. The CISI may seek for further information from other Accredited Bodies firms or Regulators if required.
- 4.5. The Disciplinary Review Panel will determine within seven working days of the review whether:
 - The SPS application and/or renewal can proceed
 - A SPS is to be issued provisionally for a period of time to obtain further information.
 - There are grounds for the case to be referred to a CISI Disciplinary Panel
 - To notify the relevant Regulatory Body (if appropriate)
 - To notify the Applicant/Holder's employer
- 4.6. If the Disciplinary Review Panel deem that there are grounds for the SPS application to be rejected or the SPS currently held cancelled, the SPS and supporting documentation (referred to in paragraph 4.3) will be referred within seven days to a CISI Disciplinary Panel, assisted by two members of the Membership Committee. The Applicant or Holder will be notified that their SPS is being referred for consideration.

- 4.7. The Disciplinary Review Panel will also decide whether there are any membership issues to be referred to the Disciplinary Panel, in addition to the SPS issues for consideration.
- 4.8. The Disciplinary Panel will decide whether to uphold the Disciplinary Review Panel's recommendation that the SPS application should be rejected or that SPS currently held should be cancelled (and, if appropriate, whether the member is in breach of any CISI membership regulations or professional standards and, if so, what sanction is appropriate).
- 4.9. The CISI's disciplinary process is outlined in the Membership Regulations.
- 4.10. The Disciplinary Panel will determine within seven working days whether:
 - The SPS application and/or renewal can proceed
 - There are grounds for the SPS application to be rejected or the SPS currently held cancelled

5. CISI Disciplinary decision

- 5.1. Where the SPS application and/or renewal can proceed the SPS application and/or renewal will go ahead.
- 5.2. Where the SPS application and/or renewal is rejected or the current SPS cancelled, the member/firm is made aware in writing and a note is kept on file.
- 5.3. The Applicant or Holder has the right of appeal against the decision of the CISI Disciplinary Panel (outlined in the SPS Appeals Process).
- 5.4. On occasions, the CISI may decide to defer disciplinary action when it is aware of action being taken by the Regulator, pending the outcome of such action. Only the Regulator can remove an adviser from the FCA Register.

CISI SPS Disciplinary Notification Process



CISI DISCIPLINARY FLOWCHART

