Policy Statement

11/1

Financial Services Authority

Distribution of retail investments: Delivering the RDR – professionalism

Feedback to CP10/14 and CP10/22 and final rules

January 2011

FSA®

Financial Services Authority

Contents

This Policy Statement reports on the issues arising from Consultation Papers CP10/14 *(Delivering the RDR: Professionalism, including its applicability to pure protection advice, with feedback to CP09/18* and CP09/31) and CP10/22 (*Quarterly consultation No. 26 – Chapter 8, Retail Distribution Review: Professionalism notifications (TC)*), and publishes final rules.
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Copies of this Policy Statement are available to download from our website – www.fsa.gov.uk. Alternatively, paper copies can be obtained by calling the FSA order line: 0845 608 2372.

List of abbreviations and acronyms used in this Policy Statement

AES	Appropriate examination standards
APER	Statements of Principle and Code of Practice for Approved Persons
Approved person	Person to whom FSA has given its approval for the performance of a controlled function
CBA	Cost-benefit analysis
Consumer Panel	The Financial Services Consumer Panel
CP	Consultation Paper
CPD	Continuing professional development
Customer Function	A type of controlled function; the customer function includes the function of advising on investments
DP	Discussion Paper
FSMA	Financial Services and Markets Act 2000
IFA	Independent Financial Adviser
MMR	Mortgage Market Review
PIF	Personal Investment Firm
PII	Professional Indemnity Insurance
PS	Policy Statement
RDR	Retail Distribution Review
Register	The FSA Register
SPS	Statement of Professional Standing
TC	Training and Competence sourcebook

1 Overview

1.1 The Retail Distribution Review (RDR) is designed to provide a clean and sustainable market for the future. It will ensure that customers get good quality advice, products and services suited to their needs, from advisers displaying higher standards of professionalism and expertise. The regime needs to change and this change will be supported by our intensive supervisory approach including a greater focus on individuals. Our policy requirements aim to do this by:

i) improving the clarity with which firms describe their services so their customers know whether they are getting advice that is truly independent or whether it is restricted in some way;

ii) addressing the potential for commission bias to distort consumer outcomes;

iii) increasing the professional standards of advisers; and

iv) ensuring personal investment firms (PIFs) have adequate capital resources for complaint redress.

1.2 Our final rules for the first two elements of our proposals were published in PS10/6[1] in March 2010. The final rules for the last element were published in PS09/19[2] in November 2009. We set out our latest proposals and draft rules on professional standards in CP10/14[3] and CP10/22.[4] We received 44 responses to CP10/14 and 15 to CP10/22, fewer than we have received to previous, similar consultations on RDR professionalism. This Policy Statement (PS) reports on the feedback received to these consultations, and presents our final rules. As such, it completes the main RDR policy requirements, enabling firms and individual advisers to continue making progress towards the end-2012 deadline.

1 PS10/6: *Distribution of retail investments: Delivering the RDR – feedback to CP09/18 and final rules*, (23 March 2010).

2 PS09/19: *Review of the prudential rules for Personal Investment Firms (PIFs) Feedback to CP08/20 and CP09/20 (Chapter 11)*, (6 November 2009).

3 CP10/14: *Delivering the RDR: Professionalism, including its applicability to pure protection advice, with feedback to CP09/18 and CP09/31*, (28 June 2010).

4 CP10/22: *Quarterly consultation No. 26 – Chapter 8, Retail Distribution Review: Professionalism Notifications (TC)*, (6 October 2010).

1.3 Most of the new rules and guidance in this PS will come into effect at the end of 2012. The qualification lists will be updated with the status of qualifications that are appropriate under the RDR in February 2011 to provide clarity during the transition. The requirement for firms to alert us when they identify competence and ethics issues with their advisers will come into effect in July 2011.

1.4 This paper contains our final policy and rules to raise professional standards under three headings:

- Raising professional standards: accredited bodies
- Raising professional standards: initial and ongoing knowledge requirements
- Raising professional standards: data and supervision

Raising professional standards: accredited bodies

1.5 In CP10/14 we confirmed our intention to supervise and enforce the new professional standards. We also set out our proposals for firms to ensure that their advisers obtain an annual Statement of Professional Standing (SPS) as evidence they are subscribing to the new standards. We described how we would accredit certain bodies to issue the SPS. These bodies would be responsible for checking advisers' qualifications and receiving their declarations that they have completed the required continuing professional development (CPD) and met the required standards of behaviour.[5] A sample of adviser CPD would also be checked each year.

1.6 We intend to proceed with these proposals as the majority of consultation feedback has been positive. However, in light of some of the more detailed feedback received, we have amended and clarified the criteria we expect the accredited bodies to meet, and the respective roles of the accredited body, the adviser, their firm and us.

Raising professional standards: initial and ongoing knowledge requirements

1.7 We first published a list of appropriate transitional qualifications in CP09/31[6] in December 2009. The Financial Services Skills Council (FSSC) developed, consulted on and published the modernised exam standards which allowed new RDR-compliant qualifications to be developed. Developing these new qualifications and feedback to CP09/31 meant we were able to publish a revised list of qualifications in CP10/14. In response to that consultation, we received further suggestions of qualifications to include and so we published an additional list of qualifications in CP10/22. In PS10/18[7] we published a final and consolidated list of qualifications in the Handbook. In this Policy Statement (PS) we make clear the status of qualifications that are appropriate under the RDR.

5 These standards are contained in APER, the Code of Conduct for Approved Persons. This sets out certain Statements of Principle that all approved persons (including advisers) must observe. For example, to act with integrity, and to act with due skill care and diligence.

6 CP09/31: *Delivering the Retail Distribution Review: Professionalism; Corporate pensions; and Applicability of RDR proposals to pure protection advice*, (December 2009).

7 PS10/18: *Feedback to CP10/12 Competence and ethics and final rules*, (December 2010).

1.8 As noted in PS10/18, all the qualifications we consulted on in CP10/12 and CP10/14 are on the list, however, not all the qualifications we consulted on in CP10/22 have been included in the list. This is because qualification providers asked us to remove a very small number of qualifications, and we have been unable to assess the level and content of some new qualifications. In the latter case, this has either been because we have not received information from the relevant qualification provider or the information has been insufficient to make a decision in time for this Policy Statement. The addition of qualifications to the lists will continue and where we are able to add further qualifications that have already been consulted on in CP10/22, we will do so using the monthly Handbook notice.

1.9 If firms or their advisers wish us to include new qualifications they should ask their qualification provider to contact us directly. We will then liaise with that qualification provider requesting specific information about the qualification. The qualification provider should also meet certain criteria, however, where the provider operates under a UK or equivalent qualification regulatory framework such as QCF[8], SCQF[9] or FHEQ[10] we will accept this as meeting our criteria.

1.10 Advisers holding certain[11] appropriate qualifications do not need to obtain further qualifications, but may need to carry out qualifications gap-fill activity and/or rely on any relevant and structured CPD activities already completed. This reflects our wish to recognise the efforts of those who attained higher qualifications early and who have been effectively maintaining their competence. Qualification gap fill arises from the difference between the 2004 and 2010 exam standards (as published by the FSSC). To help those advisers who are not using the gap-fill analysis produced by various qualification providers and/or professional bodies, we are publishing a template. This template is set out in Appendix 7G of TC.

1.11 This PS also sets out our final rules on CPD, which is critical for maintaining competence.

Raising professional standards: data and supervision

1.12 We recognise the need for supervision, before and after the new RDR rules come into force. Collecting data will be an important part of our supervisory approach, and this paper sets out requirements to collect professional standards data, such as qualification status and the name of the accredited body, (from end-2012) and for firms to alert us to adviser-related competence issues (from July 2011).

8 Qualifications and Credit Framework.
9 Scottish Credit and Qualifications Framework.
10 Framework for Higher Education.
11 Those where the key = b in the qualification tables relating to RDR-scope activities in TC Appendix 4 E.

RDR-related developments covered elsewhere

Charging and advice

1.13 Final rules were published in PS10/6[12] in March 2010. Proposed amendments were made to those rules for trail commission and disclosure of restricted advice in CP10/22.

Ethical standards

1.14 Final rules to CP10/12 applying to all approved persons, and not only retail investment advisers, were published in PS10/18[13] in December 2010.

Corporate pensions

1.15 Final rules were published in PS10/10[14] in June 2010, applying consultancy charging to the corporate pensions market for group personal pensions, group stakeholder pensions and group self-invested personal pensions. Proposed amendments were made to those rules for trail commission in CP10/22.

Applicability of the RDR proposals to pure protection

1.16 We published PS10/13[15] in September 2010, which set out our approach to remuneration transparency for pure protection sales associated with investment advice, and contained feedback on CP10/8 and final rules.

Applicability of the RDR proposals to mortgages

1.17 The scope of the RDR does not include mortgages, but we published a CP on the Mortgage Market Review (MMR) in November 2010[16] that included consideration of professional standards. This will lead to a PS in 2011.

Review of investment advice through platforms

1.18 We published a Feedback Statement and CP (CP10/29)[17] to DP10/2[18] in November 2010. Following analysis of feedback we will publish a PS in 2011.

Prudential requirements for personal investment firms

1.19 Major changes to the capital resources and connected requirements will come into effect for all personal investment firms (PIFs) on 31 December 2011 with a transitional period lasting until 31 December 2013, when the full expenditure-based requirements as set out in Policy Statement PS 09/19 will apply.

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12 PS10/6: *Distribution of retail investments: Delivering the RDR – feedback to CP09/18 and final rules*, (March 2010).

13 PS10/18: *Competence and ethics – Feedback to CP10/12 and final rules*, (December 2010).

14 PS10/10: *Delivering the Retail Distribution Review: Corporate pensions – feedback to CP09/31 and final rules*, (June 2010).

15 PS10/13: *Pure protection sales by retail investment firms: remuneration transparency and the COBS/ICOBS election – Feedback on CP10/8 and final rules*, (September 2010).

16 CP10/28: *Mortgage Market Review: Distribution & Disclosure*, (November 2010).

17 CP10/29: *Platforms: Delivering the RDR and other issues for platforms and nominee-related services*, (November 2010).

18 DP10/2: *Platforms: delivering the RDR and other issues for discussion*, (March 2010).

1.20 Minor amendments to the professional indemnity insurance (PII) rules were made on 31 December 2009 to prescribe specific levels of additional capital resources where firms have any type of exclusion in their PII policy.

1.21 In Q3 2011 we expect to consult on how the expenditure-based requirement applies to firms that share commissions and will allow an appropriate implementation period for any changes necessary.

Data collection

1.22 As described in CP10/14 and CP10/22, we intend to consult on further detailed RDR-related data proposals in the first quarter of 2011, with the expectation that data requirements arising from the consultation will also apply from the end of 2012.

Final rules and cost benefit analysis

1.23 This PS contains our final rules in Appendix 1. The instrument does not differ significantly from the draft, and the changes we have made are explained in this paper, as we present and respond to the feedback we received to CP10/14 and CP10/22. We have also responded to feedback on the cost-benefit analysis (CBA) we published in these two consultations in this publication.

Structure of this document

1.24 This document is structured as follows:

- Chapter 2 – Raising professional standards: accredited bodies.
- Chapter 3 – Raising professional standards: initial and ongoing knowledge requirements.
- Chapter 4 – Raising professional standards: data and supervision.
- Chapter 5 – Cost-benefit analysis: response to feedback.
- Annex 1 – Professional standards relationships.
- Annex 2 – Equality and diversity considerations.
- Annex 3 – List of non-confidential respondents to CP10/14 and CP10/22.
- Annex 4 – Summary of previous and forthcoming RDR papers.
- Appendix 1 – Made Handbook text.

Who should read this document?

1.25 This document will be of interest to all individual retail investment advisers[19], authorised firms and appointed representatives that advise consumers on investment products and services. Firms that manufacture investment products and trade bodies, professional bodies, qualification and training providers that are active in this sector will also find this paper of interest.

Consumers

1.26 The objective of our RDR professionalism work is to deliver standards of professionalism that inspire consumer confidence and build trust so that, in time, retail investment advice is seen as a profession on a par with others. Consumers and consumer bodies will therefore be interested in all the new requirements, especially how they clarify what standards they can expect their adviser to attain and maintain.

Next steps

1.27 Our research shows that many individual advisers and firms are well under way preparing for the new professionalism requirements.[20] But for others, there is still some way to go and they should be working to attain an appropriate qualification and/or carry out qualification gap-fill activity by the end of 2012.

1.28 Now that we have published final rules for accredited bodies, it is possible for interested candidates to submit their application for accredited body status to us. We will then consult on adding candidates we have assessed as meeting our criteria to a list of accredited bodies that we will publish in the Handbook. We expect this will be done in the second quarter of 2011.

1.29 When the list of accredited bodies is added to the Handbook, advisers will be able to ask them to agree their qualification gap-fill, where required. Advisers will also be able to ask them to conduct an independent verification of their qualification and their declaration that they have adhered to CPD and ethical standards.

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19 For the purpose of our Professionalism Rules, we use this term to describe all individual advisers who are within scope of RDR professionalism as distinct from charging and advice. Advisers in scope of RDR Professionalism are those carrying out activities 2, 3, 4, 6, 12 and 13 in Appendix 1.1 of our TC Sourcebook. This includes individuals who provide retail investment advice within banks, stockbrokers, wealth managers, product providers, independent financial advisers and tied/multi-tied investment intermediaries.

20 NMG Financial Services Consulting Ltd., *The cost of implementing the RDR professionalism regime*, (2010).

2 Raising professional standards: accredited bodies

Feedback and final policy

2.1 We have presented feedback to the consultation questions in CP10/14 out of sequence compared to the order they appeared in that paper. In this PS we take the reader first through the framework for increasing professional standards, then the standards themselves, and finally our arrangements for supervising the standards.

2.2 In CP10/14 we confirmed our intention to supervise and enforce professional standards for individual advisers, but with an enhanced role for bodies we accredit. In particular, we proposed that accredited bodies issue individual advisers with a Statement of Professional Standing (SPS) as evidence that they continue to subscribe to the professional standards required.

2.3 We said that to be accredited, bodies would need to satisfy requirements in four broad areas:

a) to act in the public interest and further the development of the profession;

b) to carry out effective verification services;

c) to have appropriate systems and controls in place and provide evidence to us of continuing effectiveness; and

d) to cooperate with us on an ongoing basis.

2.4 We have taken account of comments we received in response to CP10/14 and are very grateful to all who participated in the consultation process.

Summary of responses to CP10/14

2.5 We asked:

> Q3: Is the proposed content of the SPS sufficiently clear and unambiguous to be: a) effective in providing evidence to firms that their advisers have met the new professional standards; b) helpful to consumers?

2.6 We received 31 responses to this question from a variety of advisory firms, provider firms, professional bodies, trade associations, individuals and the Consumer Panel. 21 respondents agreed that the SPS content is clear and/or that it would benefit firms and consumers. Their reasons for supporting the proposal included:

- agreement that the SPS will support raising standards as it will be transferable when an adviser changes employers, benefiting both the recruiting firm and the adviser;
- the greater focus it places on adviser responsibility;
- the clear information that it provides to help firms and consumers to be aware of the adviser's attainment of and commitment to professional standards; and
- the potential for advisers themselves to benefit from the visible acknowledgement that they meet standards.

2.7 Two respondents thought the role of accredited bodies did not go far enough. They argued that accredited bodies should assess a much greater proportion of advisers' continuing professional development (CPD) records than the proposed 10%, and all advisers should submit their CPD record annually with evidence that they have met ethical standards.

2.8 It was widely suggested by firms, professional bodies and by the Consumer Panel that to realise consumer benefits an effective awareness and education programme is needed. For example, through requiring advisers to share their SPS with clients and have it on display, rather than leaving this to the adviser's discretion. One respondent suggested we should carry out a post-implementation review to assess the effectiveness of the approach with a view to then making any necessary amendments.

2.9 Firms and professional bodies suggested making the process as efficient as possible. Suggestions included firms registering their advisers en masse or on a rolling basis, and facilitating relationships with the accredited body by helping advisers submit CPD records.

2.10 Concerns and requests for clarification were raised in three main areas:

- The purpose of the SPS;
- Relative roles of parties; and
- Presentation of the SPS.

The purpose of the SPS

2.11 Two trade bodies believed there is no need for the SPS and independent verification by accredited bodies as existing arrangements where firms monitor their advisers' behaviour and competence are sufficient. They illustrated training and competence arrangements and codes of behaviour within firms as examples. Five respondents believed it will be difficult for our proposed arrangements to be effectively monitored. One respondent argued that, rather than a role for accredited bodies, we could seek to accredit the training and competence schemes of firms as a way of ensuring that standards are improved.

2.12 Four respondents questioned the purpose of the SPS. They asked whether it is a practising certificate that evidences the adviser's licence to practice and, if so, whether the accredited body would be authorising the adviser. If not, some questioned whether it signifies that the adviser is competent or whether the adviser meets the required standards in terms of qualifications, CPD and ethical behaviour.

2.13 A banking group, an intermediary firm and a professional body were concerned that the SPS means we were suggesting responsibility for adviser competence is moved from firms to accredited bodies. One professional body also questioned how, if the SPS signifies compliance with ethical standards, the accredited body could check this in practice.

2.14 One banking group questioned the scope of the SPS, in particular whether it applies to all advisers, including those who are new and not yet signed-off by the firm as being competent as well as those who are competent.

2.15 One provider was concerned that the nature of APER[21] requirements would mean that there may be inconsistencies over interpretation, leading to similar cases being treated differently. They also questioned whether an adviser who wilfully breaches requirements would be subject to more serious sanctions than a negligent adviser.

Relative roles of parties

2.16 Five respondents (including banks, life insurers, professional and trade bodies) argued that introducing an SPS will create confusion between our role and that of advisers, firms and accredited bodies, and asked how information might be shared between each. In support of this argument, they raised practical issues including:

- What happens to the adviser if they are temporarily or permanently refused an SPS, or if the accredited body cancels the SPS or asks the adviser to return it?
- What are the human rights and legal issues in these cases if an adviser is no longer able to practice? How are disputes to be mediated?
- In practice, would an adviser be able to apply to other accredited bodies if they have been refused an SPS by an accredited body? Would there be a limit to the number of applications that could be made?
- What would happen if an adviser has met all the required standards in terms of qualifications, CPD and ethical behaviour but does not have a current SPS in place?
- How will we monitor these issues?

2.17 One major retail bank was keen to understand, given certain scenarios[22], the role of the accredited body, the firms and us. Who notifies whom, in what order and when? What are the parties legally able to do? Connected to this, one professional body

21 APER contains the Code of Conduct for Approved Persons and sets out certain Statements of Principle that all approved persons (including advisers) must observe. For example, to act with integrity and with due skill care and diligence.

22 Scenarios included where an adviser has: deliberately falsified expenses claims; failed to send significant numbers of Suitability Reports to clients and/or follow key aspects of the sales process; failed to complete appropriate CPD requirements; breached the higher standards set by the accredited body but not those we set out in APER; provides false or inaccurate information about their qualifications, CPD or ethical behaviour.

argued that we are divesting our responsibilities to accredited bodies and that we are not legally able to do this. This organisation was also concerned that our criteria for accredited bodies might preclude charities from applying for accreditation.

2.18 One respondent was concerned about the potential conflict of interest that might exist for an accredited body in its dual role of verifying that standards have been met and as a training supplier helping the adviser to meet the required standards. They also suggested that firms must be required to cooperate with accredited bodies if relationships are to work effectively so the accredited body can verify adviser standards.

Presentation of the SPS

2.19 The greatest concern of two professional bodies, two firms and a trade body was how the SPS is positioned and presented to consumers. They raised several questions including:

- Will the presentation of the SPS to the consumer be mandatory and if so, how will this work where the adviser/client relationship is not face-to-face?
- How can we ensure the SPS is consistently presented to consumers in a way that avoids confusion?
- If there are multiple types of SPS, how would this support our aims to improve consumer trust and engagement with advisers?
- If an adviser is aligned to more than one accredited body, would they present more than one SPS to the consumer?

2.20 One professional body suggested that we, rather than accredited bodies, issue the SPS, perhaps based on information in our current Register, supported by a notification from accredited bodies stating the adviser has met certain standards. Finally, one professional body questioned whether we expect the accredited body to publish its own register of advisers.

Our response: We are implementing our proposals largely as set out in CP10/14, but have clarified and modified our position in response to feedback in certain areas.

Benefits of introducing the SPS

We agree that there are benefits from introducing the SPS. These include helping firms in recruitment and providing advisers with a visible record of their achievement and professionalism. We also agree with respondents' views suggesting that consumers will receive the strongest benefits if communications activity can create awareness of advisers' professional standards.

We expect CFEB[23], firms, advisers, accredited bodies and us to play a role in communicating to consumers. We anticipate that communication benefits will be greater, if activity is timed for the immediate lead-up to the new requirements coming into force, and once advisers start adhering to the new standards from end-2012 and after firms have implemented the

23 The Consumer Financial Education Body.

required changes. In the meantime we will continue to emphasise the role of competence, including ethical behaviour, in messages about market or individual firm failures.

Clarifying the role of the SPS

The SPS is evidence that the individual adviser subscribes to professional standards but this does not remove the obligation on the firm to assess competency for the purposes of the requirements in the FSA Handbook. This distinction will be clearly set out in the SPS. Customers and firms will be referred to the Register[24] if they want to check that we have approved the person. Only we can remove the adviser's status as an approved person.

Firms need an SPS for all their competent individual advisers whether they are offering independent or restricted advice.[25] For example, this will therefore be a requirement for banks, wealth managers, IFAs and stockbrokers. We expect an adviser will only hold one SPS from one accredited body, even if they choose to be a member of more than one accredited body.

To clarify the process around the issuing and potential removal of the SPS, and the roles and responsibilities of those involved, we would make the following points:

- If the SPS is removed by the accredited body, or the accredited body does not intend to issue an SPS, the accredited body must notify the adviser and us in a reasonable timeframe.
- We will examine why the accredited body has made this decision and determine the need for action on our part. In practice this will depend on the individual circumstances of the case. Several options might be available to us. We may: check that action has been taken by the firm or accredited body; agree to an action plan the adviser should undertake before their SPS is reinstated; levy a fine on the adviser; suspend the adviser for a period; or decide to remove their approved person status.

In some instances, issues identified with individual advisers may suggest broader issues at their firm. In this case we would address our concerns to the person responsible for competence at the firm.

Unless we decide that the approved person's status is to be removed we expect that the adviser will, once any development activity is completed to the satisfaction of the firm and the accredited body, be able to re-instate their SPS with their accredited body. They may decide to attain a new SPS from another accredited body.

The accredited body owns the SPS and would be able to ask for it to be returned – where it has been issued as a physical document. It may also be an electronic confirmation, as long as it is still in a durable form.

The role of accredited bodies

We confirm that accredited bodies must check that 100% of advisers who use their services hold an appropriate qualification, including any qualification gap-fill, where required. The accredited body will be able to rely on a previous confirmation from another accredited body that an appropriate qualification is held (this includes qualification gap-fill). We have decided against raising the 10% CPD sample check requirement at this early stage, primarily because we recognise this is a new regime and needs time to evolve.

24 FSA Register.
25 Our professionalism proposals do not apply to advisers operating under the Basic Advice regime.

However, we recognise that accredited bodies are free to exceed our requirements if they choose. For example, we are aware that three of the bodies that have expressed an interest in becoming accredited already assess over 10% of their advisers' CPD records. We welcome this but would remind these and other bodies of our supervisory experience that quantity is not a substitute for quality.

We also encourage accredited bodies to recognise CPD activity from a range of providers, including firms' own in-house schemes. Competition would not be encouraged if accredited bodies only regarded their own CPD activity as suitable for meeting requirements. This is an example of the type of possible issue we will seek to monitor as part of our ongoing oversight of the accredited bodies.

We encourage firms to facilitate the accredited bodies' role in recording returns from advisers and in assessing CPD, such as through confirming the relevance of particular CPD activity for the adviser's specific role. This will include a firm's ability to propose a 'default' accredited body for their advisers to facilitate easier reporting, but we are reluctant to allow firms to mandate only one accredited body for all of their advisers as we believe individuals should be allowed to make a choice.

The purpose of the accredited body criteria, audit requirement and our oversight is to achieve a consistent approach while their role becomes embedded. We will monitor standards across accredited bodies, firms and advisers to assess the effectiveness of the implementation. This monitoring will include responding, where appropriate, to issues raised about accredited bodies from advisers and firms.

We believe that the accredited bodies are better placed to issue the SPS than us. A key criterion that accredited bodies must meet is to contribute to raising professional standards in the retail investment advice markets and promoting the profession. We believe that issuing the SPS is a key part of this objective, and supports the development of a credible retail investment advice profession to a greater extent than would be the case if the regulator were seen to carry out this function. From a practical viewpoint, accredited bodies will also regularly contact individual advisers and will have operational capability to manage this process effectively.

We will not require accredited bodies to publish their own register of advisers, although we expect many will choose to do so, consistent with the criteria that they must act in the public interest and develop the profession further. Any such register must make it clear that the Register holds the only record of the adviser's approved person status.

We do not believe that our criteria for accredited bodies are incompatible with charitable status. Any such organisation applying to us will need to satisfy itself that carrying out the role of accredited body does not conflict with its charitable role. However, we are amending the accredited body criteria to remove reference to objectives.

Presentation of the SPS

We do not propose to introduce a rule requiring firms or advisers to present the adviser's SPS to consumers. But we do expect that many advisers will do this to help develop trust between them and consumers – especially prospective clients. We will agree the presentation of the SPS with each accredited body based on the content that we set out in CP10/14 (paragraph 3.17).

Professional standards are relevant for all retail investment advisers. Firms must ensure that their advisers are competent and maintain their competence, that they hold an appropriate qualification, carry out CPD activity, behave ethically and have a valid SPS. We are not making it a requirement for pre-competent advisers to hold an SPS or to carry out CPD activity. However, they still need to comply with APER, and hold the regulatory module of an appropriate qualification. We had considered the need for two types of SPS being used – a 'pre-competent' version and a 'competent' version, but believe this would introduce unnecessary uncertainty and complexity for consumers and firms.

Other points raised in responses to the consultation

2.21 We received feedback on other aspects of our accredited body proposals not covered by the question above. To clarify our position we have restated several key points from CP10/14 below.

2.22 A body seeking to verify adviser standards must apply to us. They can do this from now, as we have made the final rules. The application will need to set out how the body will meet the criteria and should be accompanied by a report from a suitable independent auditor. A non-refundable fee of £2,500, to cover the costs of the application, will be payable. If we are minded to reject an application, we will tell the applicant and will allow them 30 days to make representations before we make a final decision.

2.23 We would then consult on adding bodies we assess as having met the criteria to the list in our Handbook. We will then enter into an agreement with each accredited body and our approval of their accredited status would be effective when the name of the body is added to the Handbook definition of accredited body.

2.24 We will expect the body to submit an annual report by a suitable auditor that confirms it continues to meet the criteria. If a body is either failing, or is likely to fail to satisfy, the criteria we will discuss this with the body. If the body fails to take appropriate corrective action, we will withdraw accreditation and the body would notify each individual retail investment adviser holding a current SPS of our decision. Those SPSs would continue to be valid, for the purposes of our rules, until they expire.

2.25 We also received feedback requiring more information about the types of body we would not accredit. Questions were also raised over how we would encourage a level playing field among accredited bodies.

Our response: We are maintaining our requirements for accredited bodies as set out on CP10/14.

Firms must ensure their individual advisers meet professional standards and must obtain independent verification for their competent advisers showing that this is the case. This independent verification should take the form of a SPS issued by an accredited body.

We intend to accredit bodies that meet our criteria and, in return for accreditation, these bodies must agree to certain requirements over how they will check advisers are subscribing to standards, and the frequency and nature of sampling of individual adviser CPD records. By setting the same requirements for all bodies we expect this will deliver much-needed consistency in interpreting and monitoring standards by the different bodies.

In CP10/14 we set out the proposed processes for adding to or withdrawing from a list of accredited bodies in the Handbook. We have not made any changes to these processes.

In terms of the requirement to provide an audit report we would recommend that the accredited body proposes a suitable auditor for this purpose and we will then confirm whether we consider the appointment to be appropriate before work begins on the audit. This applies both to the initial audit requirement in support of the application and the ongoing audit requirement. It is for the accredited body to decide whether it will share that report with holders of its SPS.

We confirm we are proceeding with the four criteria for accredited bodies as set out in CP10/14. In particular, candidate bodies must provide evidence that they meet the criteria. Those with a less obvious public interest role or with conflicts of interests which need to be managed effectively may find it more challenging to provide such evidence. We said in CP10/14 that we do not expect an FSA-authorised firm or a body whose commercial activities would compromise its independence for the purposes of its verification activities to meet our criteria. A body that benefits from the positive commercial performance of advisers would have to provide evidence that this would not prevent it from acting in the public interest when verifying the professional standards of those advisers.

3 Raising professional standards: initial and ongoing knowledge requirements

Feedback and final policy

3.1 Qualification requirements under the Retail Distribution Review (RDR) have been modernised and standards[26] updated by the Financial Services Skills Council in consultation with us and industry practitioners. All new qualifications have to cover the key areas of investment principles, investment risk, personal taxation, regulation, ethics, and practical application of knowledge. We believe these areas cover the key knowledge and skills required to be a retail investment adviser. The previous examination standards covered very little on investment risk and practical application of knowledge, and nothing on ethics. These new standards are now reflected in the new qualifications, many of which are now available.

3.2 In December 2009 we consulted on a list of qualifications that we considered meet the higher requirements, and we also set out what we meant by 'qualification gap-fill'. This meant that individual advisers could be even clearer about what they needed to do to meet the end-2012 qualifications deadline. During 2010 we published a further three lists of qualifications that relate to RDR activities. CP10/12 listed qualifications that met the current (pre-RDR) requirements as we were moving the lists back into our Handbook. CP10/14 listed all the qualifications assessed as meeting the RDR requirements – both those listed in CP09/31 and new qualifications based on the 2010 examination standards. We were clear that we did not expect either qualification list to change significantly because one had already been consulted on[27] and the other was in active use.[28] In CP10/22 we consulted on a wide range of additional qualifications, which had been put forward as potentially meeting RDR requirements but that we had not assessed – these were mainly international and historic qualifications. We published a consolidated list of qualifications in PS10/18 and in this paper we make it clear which of those qualifications have been assessed as meeting the RDR requirements.

3.3 In CP10/14 we gave further information for retail investment advisers on the ongoing knowledge requirements that will apply from the end of 2012. We confirmed our intention to require advisers to complete annual continuing

26 The knowledge and understanding specified under the appropriate examination standards are set out under learning outcomes; attainment levels and indicative content.

27 In CP09/31: Delivering the Retail Distribution Review.

28 It was published on the FSSC's website as a list of appropriate examinations.

professional development (CPD) of at least 35 hours, of which at least 21 hours must be structured.[29] We also indicated that all CPD should be outcome-focused[30]; should aim to meet the learning needs of the adviser; and should be evaluated to ensure needs are met. We continue to place emphasis on the importance of CPD as we see this as critical for delivering ongoing improvements in adviser competence, including knowledge levels.

3.4 This chapter summarises the feedback we have received on qualifications and CPD, as well as specific feedback to the question in CP10/14 about equality and diversity implications arising from our proposals for CPD. We also set out our final policy position.

Initial knowledge requirements

3.5 We confirmed in CP10/14 the final list of appropriate qualifications for RDR-scope activities, taking into account feedback received to CP09/31 and applications from qualification providers whose qualifications meet the reformed appropriate examination standards (AES).

3.6 We said that individuals who already hold, or are studying for, an appropriate qualification listed in Table 1 of CP09/31 would not need to do further examinations but may need to carry out qualification gap-filling as set out in Section 2 – Annex 3 of CP09/31. This would bridge gaps between their qualification and the modernised standards without compelling them to sit more exams. We proposed that any qualification gap-filling must be independently verified by an accredited body and we confirmed that relevant structured CPD already completed could count towards qualification gap-filling. We estimated that advisers in this position would need to spend an average of 16 hours on qualification gap-fill.

3.7 Some of the qualifications published in CP10/14 use ‘alternative assessments’, i.e. methods other than solely written examination to assess candidates. There are now a number of different ways in which advisers may become qualified without taking a traditional written exam, notably:

- There are two qualifications that do not involve any written examination and instead use what is called a ‘competency day’. This involves reading a series of case studies and discussing these with an assessor.
- We are currently consulting on including a work based assessment in our qualifications list.
- There are also case study-based written exams which involve the candidate being given a fact file prior to entering the examination hall and then being asked to write their recommendations on the file in exam conditions.

29 In CP10/14 we set out examples of structured CPD to include attending courses, seminars, lectures, conferences or workshops which require attendance for one hour or more; completing e-learning or other courses provided by distance learning.

30 In CP10/14 we described effective CPD as being where advisers consider their development needs; identify and plan appropriate activities to achieve the desired outcomes; record and monitor activities; review through evaluation and reflection the activities undertaken and outcomes achieved; and re-assess and agree future development needs.

Summary of responses to CP10/14

3.8 We did not ask a specific question relating to qualifications in CP10/14 but we did receive comments relating to our proposals in some of the responses to questions elsewhere, or in general feedback. Some responses related to proposals set out in CP10/12, such as the 30 month rule, and these have been considered in the analysis for that consultation.

3.9 One professional body proposed that the qualification standard should, over time, be raised even higher and that graduate-level qualifications for new advisers should eventually be the accepted industry entry level.

3.10 Two respondents challenged the inclusion of particular qualifications published in CP10/14 on the grounds that they could be obtained without examination. Others suggested that examinations listed for one regulated activity should also apply to other regulated activities. Some proposed including additional examinations, which in some cases were earlier versions of qualifications that were included as being appropriate.

3.11 We have revisited here one issue raised in response to CP10/12, which is also relevant to the RDR qualifications changes covered in this section. One respondent questioned the rationale for our view, expressed in that consultation, that exam standards cover an appropriate syllabus, when considered against advisers who focus only on some aspects of investment advice.

3.12 Although not formal responses to our consultation, we believe we should make reference to comments raised by several advisers during the consultation period for CP10/14 on the subject of qualification gap-filling. These advisers have been seeking to start their qualification gap-filling but have expressed concerns over the tools that some organisations have made available. These include:

- surprise at the size of the gap they have been told they still need to fill;
- a concern that a requirement to complete CPD for all gaps is more onerous than an examination – where typically not all of the syllabus is tested;
- that some tools available only take account of the organisation's own qualifications, rather than a broader range;
- the likely costs of filling the gaps, based on those organisations' assessments;
- the potential conflicts of interest that exist with qualification providers, indicating that gaps exist and then offering chargeable solutions to fill those gaps;
- why, in some cases, tools are only made available to members of organisations;
- qualification providers were not making their past examination syllabus content available, creating difficulties for qualification holders to establish which learning outcomes they have achieved;
- claimed encouragement by qualification providers for advisers to take further examinations rather than using other forms of structured CPD; and
- uncertainty over the type of evidence they must submit to an accredited body.

3.13 Finally, trade union respondents expressed concern that employers should provide effective support for advisers during the period to end-2012 to help them attain the qualifications required. Financial and time resources should be made available to provide the opportunity to study for and pass the qualifications. Advisers not gaining the qualification in time should be offered alternative roles, which do not require the same qualification standards.

Our response:

Narrower forms of investment advice and the scope of the appropriate exam standards

Where some individuals have raised concerns about the scope of the appropriate exam standards, this is generally either because the content within a particular standard, or the combination of standards required for a particular regulated activity, is not considered relevant. The examination standards were put together following consultation by the FSSC which included consideration of how the core and specialist standards, and the content within them, should be best arranged. The final standards took account of feedback on those arrangements as well as the view that investment advisers are likely to need knowledge outside of their preferred areas of practice in order to understand whether their recommendations are suitable for their clients.

We accept that this is a difficult area, and are aware that many firms make clear in their terms of business that they do not offer advice in all areas, however we still hold the view that we have reached an acceptable balance at this time. We already recognise some specialist activities such as pension transfers but appreciate that some of the activities listed in TC Appendix 1 are fairly broad. To alleviate this we are allowing a wide range of routes to getting qualified.

We set out our intention for ongoing review of examination standards in PS10/18, and will consider this issue as we review each standard. However, the standards for packaged products were updated last year and so the next review will not take place before the RDR implementation deadline. There are 60 qualifications listed for investment advice activities and so we urge those advisers to look at the range of qualifications available, as each one has different emphasis. Finally, we would remind firms of the final rules on labelling of advice services set out in Policy Statement 10/6, which mean that firms offering a narrow service may need to describe their service as 'restricted' from 2013 onwards.

New qualifications and alternative assessments

It takes qualification providers some time to develop new qualifications, but we do already have some qualifications in the Handbook that use alternatives to written examinations as the means of assessment. We continue to talk to a number of qualification providers about their pilot assessments and anticipate more coming to market in due course. We will consult when appropriate on adding these and other new qualifications to our Handbook.

We are currently consulting on adding a work-based assessment where a qualification is awarded based on activities including a review of client files and CPD records.

Qualifications gap-fill

We are maintaining the principle behind the 'no regrets' policy that we set out in FS08/6[31] in November 2008 – that an adviser with a higher level appropriate qualification does not need to sit further examinations, but can instead fill gaps between their qualification and the 2010 examination standards. We have agreed that existing CPD can be used for qualifications gap-fill. Learning outcomes achieved through other qualifications that are not on our appropriate examination list may also be used where they meet the gaps.

Some gap-fill tools that are already available offer a generic gap analysis between the 2004 and the new 2010 examination standards, while others tend to identify the gaps between the provider's qualification and the new 2010 standards. The second approach means that the gap analysis is tailored to the qualification held by the individual and is why it may not be made more widely available; the route to qualification taken may result in a wider gap than the generic analysis because of the combination of modules taken. We have included a template in Appendix 7G of TC that clearly shows the gaps that we want advisers to check they have filled. This enables the advisers who do not hold a qualification that has been analysed for gaps, or who cannot access those tools, to use the template to record their gap-fill activities and present it to their chosen accredited body in due course.

The new exam standards were published by the FSSC in March 2010, so the template in this paper reflects those final standards and is therefore slightly different from the version that we published in CP09/31. Advisers may use either template (or gap-fill tools based on them), as we are content that the difference between the two versions is not material, given that we want to be pragmatic. The earlier template covers protection, which is not included in the new one, so if advisers choose to use the earlier template, they can ignore the protection section. Transitional qualifications already cover a lot of the total required learning outcomes. Some gap-fill tools measure the gap as a proportion of the remaining learning outcomes (as opposed to the gap to completing the full qualification)

We reiterate that gap-fill should be structured, rather than unstructured, CPD. However, if structured CPD is not available to fill the gap identified, then an adviser may complete the gap by reading suitable material. We expect that such cases would be for a minority of gaps, if any. In common with other CPD activity, the adviser's gap-fill record should include:

- the target learning outcome and the associated indicative content; and
- a record of the learning activity completed including a description of how the activity has given them the knowledge that they need to achieve the learning outcome.

Consistent with our intention to place greater emphasis on the role of accredited bodies, we expect them to satisfy themselves that where advisers hold an appropriate qualification that requires gap fill, 100% of their advisers have met that requirement. It is for accredited bodies to determine the basis[32] on which they want to check advisers have completed their gap fill. Alternatives where the adviser is required to provide evidence of knowledge gained, such as passing some sort of independent test, are not consistent with the 'no regrets' approach, under which the adviser does not need to pass further examinations. Where an adviser moves from one accredited body to another in future we will not require the receiving accredited body to re-check an adviser's gap fill.

31 FS08/6: *Retail Distribution Review: Including feedback on DP07/1 and the Interim Report*, (25 November 2008).

32 This may be self certification right through to reviewing every item of supporting evidence for each gap.

Summary of responses to CP10/22

3.14 This section reflects the feedback we have received to the qualifications related to retail investment advice activities in CP10/22. An analysis of responses we received to other qualifications (not related to investment advice) is set out in the Competence and Ethics Policy Statement (PS10/18)[33] published in December 2010. We asked one qualifications-related question in CP10/22:

> Q22: Do you have any comments on the list of qualifications contained in Annex 6?

3.15 We received 16 responses to this question and the majority agreed with the proposed inclusions to our list of qualifications.

3.16 Overall, respondents welcomed our intention to add further qualifications to the list. There was some criticism that the publication of three separate qualifications lists for consultation[34] in four months had caused confusion. There were also requests to simplify the lists so it is easier to see which qualifications meet which requirements. This included being able to identify appropriate qualifications sufficient to meet qualifications reform under the RDR and where a qualifications gap-fill is required.

3.17 Respondents also asked about what criteria we had used to assess qualifications as appropriate and for us to confirm this assessment exercise has taken place before the final list of qualifications is published. One respondent in particular asked us to confirm how we assess international qualifications to ensure their consistency with UK-based qualifications. There were a number of responses relating to specific qualifications.

Our response: None of the lists in CP10/14, CP10/12 and CP10/22 were intended to replace each other as they were intended to be read together. We have assessed the qualifications that we consulted on in CP10/22 and made Handbook text, which we published in PS10/18 with a consolidated list of appropriate qualifications, including for retail investment adviser activities. The list published in Appendix 1 of this PS comes into force in February 2011 and makes clear the status of qualifications that are appropriate under the RDR. The qualifications on this list have been assessed by us as meeting our requirements.

The way we assess new qualifications and the criteria we use is set out in our response to question 9 of CP10/12 in PS10/18 (page 18). Where respondents have made specific comments on qualifications we have addressed those by adding explanatory notes to the list or removing them where requested by qualifications providers.

Ongoing knowledge requirements

3.18 According to our research[35], over 70% of advisers already meet the quantitative element of the new CPD requirement of 35 hours per annum (of which 21 hours must be structured CPD). We stated our intention to look at the quality of CPD

33 PS10/18: *Feedback to CP10/12 Competence and ethics and final rules*, (December 2010).

34 CP10/12: *Competence and ethics*, (June 2010); CP10/14: *Delivering the RDR: Professionalism*, (June 2010); and CP10/22: *Quarterly consultation*, (October 2010).

35 NMG Financial Services Consulting Ltd., *The cost of implementing the RDR professionalism regime*, (2010).

during 2011 in PS10/18. We recognise there are circumstances in which the requirement to complete ongoing CPD may not be appropriate – for example, for individuals who have temporarily stopped carrying on the activity due to maternity leave, long-term illness, disability, caring responsibilities for a family member and other long-term absences recognised under equality and diversity law. A related consideration is whether the same number of required CPD hours should apply to advisers who do not work full time.

3.19 Our draft rules in CP10/14, reflecting wider changes under our training and competence rules, made provisions for these situations by allowing firms to suspend CPD requirements due to employee absence and requiring a lower number of hours for individuals working part-time.

3.20 We asked a specific question on CPD in CP10/14 and we also received relevant comments relating to these proposals in some of the responses to our other questions, or in general feedback.

> Q1: Do you have any views on the possible equality and diversity impact of our CPD draft handbook text?

3.21 We received 27 responses to this question from a variety of advisory firms, provider firms, professional bodies, trade bodies and trade unions. A minority of eight respondents agreed with our proposed approach to taking account of equality and diversity impacts.

3.22 Most respondents accepted that an hours-based approach is a practical way of measuring completion of CPD, although two argued that we should rely only on an outcome-based approach. There was broad agreement from regulated firms, charities, trade and professional bodies with the proposal to suspend CPD requirements under certain circumstances that cause long-term absence. One respondent suggested that these should include adoption.

3.23 A minority of three respondents agreed with our proposal to allow part-time workers to complete pro-rata number of hours CPD. Similarly, some respondents believed that requirements should be reduced where retail investment advice forms a smaller part of the individual's overall activity.

3.24 12 respondents, including providers, intermediaries and professional bodies, argued that from a consumer confidence point of view it is important all advisers maintain their knowledge and commit the same minimum time to doing this. Four of these went further and suggested a rule to require advisers returning to work after a period of absence to undertake formal CPD activity as part of a reassessment of competence. One respondent pointed out that allowing fewer CPD hours for part-time workers is not consistent with the requirement for all advisers to meet the end-2012 qualification deadline.

3.25 The access to, and flexibility of, CPD arrangements was an issue for some respondents. Concerns were raised that there was insufficient recognition of the role of distance learning activity, which would help advisers in more remote locations and those that might find it difficult to attend structured CPD events. Some responses raised concerns over the supply of structured CPD, in particular whether this would allow specialists to carry out relevant activity and whether it might be restricted to CPD provided by accredited bodies. The requirement that structured activity should have a minimum duration of 1 hour was also challenged, with the suggestion that 30 minutes would allow more flexibility.

Our response: We are maintaining our position that CPD must be carried out and must include a minimum number of hours of structured activity. However, we are adjusting our requirements to ensure all advisers commit the same amount of time to maintain their knowledge.

Requirements applying to all CPD activity

We have amended the guidance on CPD in our rules. We agree with respondents who suggest that CPD should be linked to learning and development schemes, and should be focused on outcomes. However, we do not feel that individual advisers are ready for an outputs-only CPD regime, and we therefore implement a blend of input- and output-based CPD.

Individual advisers should consider their development needs; identify and plan appropriate activities to achieve the desired outcomes; record and monitor activities; review through evaluation and reflection the activities undertaken and outcomes achieved; and re-assess and agree future development needs.

All CPD should be measurable as well as relevant and should consider learning outcomes. Measurement should be in terms of hours spent and learning achieved, including test results where testing is carried out.

We confirm that CPD activity must be relevant to retail investment advice activities. If the individual wishes to carry out CPD activity to further their career in another direction or carry on another regulated activity (e.g. fund management or mortgage advice), they are obviously free to do so, but must still complete the required relevant activity for their role as an adviser.

Equality and diversity considerations

In CP10/14 we described CPD requirements applying to all advisers who work for 32 hours or more each week, but requiring a lower number of hours for individuals working part-time. Following our further assessment of equality and diversity implications, and in light of consultation feedback, we are adjusting our proposals to ensure that all advisers are required to commit the same amount of time to maintaining their knowledge. Firms will still need to ensure that they meet their statutory duties in relation to equality and diversity.

To address concerns about those operating in remote locations and to provide more flexibility for advisers (for example, part-time workers and those with disabilities or long-term illness), we confirm that distance and e-learning (formats that we said in CP10/14 are acceptable forms of CPD) can include activities such as computer-based training and web-based seminars.

Firms are required to ensure their employees maintain their competence, and we believe this requirement is sufficient to ensure firms consider the needs of employees returning to work after an absence. Where their absence is for a long period and where market or technical developments mean that the knowledge required to fulfil the adviser's role has changed during the period of absence, the firm should ensure that the adviser attains the relevant knowledge.

We have included Handbook text referring to circumstances in which firms can suspend the CPD requirements.

We are satisfied that these requirements are consistent with our obligations under equality and diversity legislation.

Structured CPD

We have amended the Handbook description of an example structured CPD activity so it specifies activities of 30 minutes or more as we recognise that requiring an hour minimum may cause difficulties for advisers and limit opportunities for CPD activity to be carried out.

Advisers must be able to demonstrate they have completed structured CPD and this should include a record with evidence of learning activity completed, the target learning outcome and how this has been met and (if assessed) the result of the assessment.

Unstructured CPD

We have adjusted the examples of unstructured activities to remove reference to measurable objectives, targets and outcomes. To be clear we require all CPD, whether structured and unstructured, to be measurable and to consider learning outcomes.

As we said in CP10/14, we are not introducing a requirement for advisers to undertake more detailed periodic testing of their knowledge and skills. We will, however, monitor the need for such a requirement in the future through observing the experience of other professions and examining the effectiveness of our own professionalism policy once implemented.

4 Raising professional standards: data and supervision

Feedback and final policy

4.1 We currently use data from firms to inform us about actual or potential risks that may arise. We take a risk-based approach to firm supervision based on insights from this data and other intelligence. We are planning to adopt similar principles when supervising individual advisers by using some of this existing data to identify issues at individual adviser level.

4.2 We have already set out some of our intentions for how firms should keep us informed about arising issues. In CP10/14 we proposed that firms should provide us with certain data about individual advisers, such as the individual reference number, their qualification status and the accredited body that has issued their Statement of Professional Standing (SPS). Feedback to that consultation led us to propose in CP10/22 that firms should also notify us about any issues with individual adviser competence, including ethical behaviour, and where this breaches our existing requirements.

Summary of responses to CP10/14

4.3 We asked:

> Q4: Can you provide evidence to show how much it will cost your firm to submit these professional standards data to the FSA? Do you have a view on the merits of the alternative approach suggested?

4.4 We received 27 responses to this question from a variety of advisory firms, provider firms, professional bodies and trade associations. There was a mix of views, with broad recognition of why we would benefit from this information. Opinions were split between those who agreed that firms should supply us with data about individual advisers and those who believed it would be better for firms to analyse the behaviour and compliance of their individual advisers and then notify us about issues as they arise.

4.5 The respondents that agreed to firms providing data made it clear that it is already held and routinely updated so costs in providing us with data are likely to be low.

They also argued that notifying us of issues of non-compliance would not be as robust as if we were to gather the data first-hand. These respondents stated that monitoring individual advisers may be subject to different levels of rigour between firms and there is a risk that relying on the firm would limit the objectivity and consistency of treating particular issues. This would create consumer protection concerns and would fail to instil confidence.

4.6 The respondents who argued firms should notify us as issues arise suggested we could rely on monitoring by firms and this would be more cost-effective. They argued that such an approach would work, especially where firms that were found to fail to report were heavily penalised. The approach could be made robust if we were to give firms specific guidance and clearly-defined expectations. One trade body was concerned that we risk placing undue emphasis on advisers and underplaying the firm's role. This body claimed that the proposals appear directed at a particular segment of the adviser population, rather than all advisers.

4.7 Two firms suggested that accredited bodies rather than firms should provide us with the professional standards information.

Summary of responses to CP10/22

4.8 In CP10/22 we responded to feedback to CP10/14 and proposed that firms should notify us in the event they identify competence issues with their advisers. We said that firms should notify us if an adviser has: (1) been assessed as competent, but is no longer considered competent; (2) failed to attain an appropriate qualification within the prescribed time limit; (in reality these alerts will start from July 2013); (3) failed to comply with a Statement of Principle (APER[36]); or (4) performed an activity before demonstrating competence and without supervision. We asked:

> Q23: Do you agree that the draft Handbook text in Appendix 7 to introduce a requirement for firms to notify us in the event of issues relating to competence among their advisers is appropriate?

4.9 We received 12 responses to this question from consumer representatives, intermediary firms, life insurers, banking groups, and professional and trade bodies. Each of these respondents also commented on the related questions that we posed in CP10/14 and comments were consistent across the two papers.

4.10 There was overall support for the proposals from ten respondents, on the grounds that they will help raise standards. One respondent suggested we go further and require alerts related to Treating Customers Fairly outcomes at adviser level.

4.11 Concerns were raised in two areas: more clarity in what to report and the timing of introduction of the new rules.

- Clarity: In particular in respect of competence related alerts, eight respondents (seven firms and one trade body) wanted greater clarity about when they

36 APER contains the Code of Conduct for Approved Persons and sets out certain Statements of Principle that all approved persons (including advisers) must observe. For example, to act with integrity and to act with due skill care and diligence.

should alert us to issues and whether they need to report progress. They suggested that persistent rather than single event issues were relevant to report and customer detriment should be considered. One respondent argued that an alert should be raised on completion of an investigation by the firm and not on suspicion of an issue;

- Timing of introduction: Six respondents said that January 2011, as we proposed in CP10/22, is too early to introduce the rule as firms will not have time to prepare systems and processes to enable to them to alert us to issues. To help minimise this issue, one banking group suggested we avoid any change to the rules as drafted.

Our response: We intend to proceed with requirements for firms to supply us with data about individual advisers' professional standards (from end-2012) and to alert us to issues that arise with their individual advisers (from July 2011). A key part of our future supervisory approach will be to use professional standards data to identify individual retail investment advisers.

Under Principle 11, firms are already obliged to deal with us in an open and cooperative way, and must disclose to us issues where we would reasonably expect notice. In addition, firms must complete a Form C[37] in the event that an approved person (including advisers within scope of the RDR) stops carrying out their role. Where the reason for cessation of regulated activities is dismissal or suspension the firm must provide further explanation. Firms must also notify us in the event that they become aware of information which might suggest an approved person is no longer fit and proper using Form D.[38]

We acknowledge that many firms monitor their advisers and this should continue. We are concerned that individual firms only have access to a partial picture of an individual adviser – during the time that adviser is with them. We will be able to build a longer term view of the adviser as they move between firms during their career. We expect firms to notify us of issues as they are identified, including after the adviser has ceased to be employed by them.

As well as identifying which individuals holding the customer function are retail investment advisers, this data would also indicate which accredited body is being used and alert us to breaches about competence and ethics. These are important elements of our new risk-based supervisory strategy for individuals. This information will underpin an adviser database that, with additional insights such as alerts from firms, accredited bodies, whistle blowing, and other data, will enable us to identify the highest risk advisers. We will manage and filter this information for action by a new individual adviser supervisory function, which will operate closely with firm supervisors. We expect to alert both firms and accredited bodies to issues we identify with individual advisers.

We already receive alerts when a firm has concerns with their individual advisers in terms of fitness and propriety and we are seeking to use this experience. Work is taking place to put the necessary operational capabilities in place to support the alerts requirement in the short term. Work is also underway to build our capability to receive and deal with the new data requirements we set out here from the end of 2012.

37 SUP 10 Annex 6 Form C: Notice of ceasing to perform controlled functions.
38 SUP 10 Annex 7 Form D: Notification of changes in personal information or application details.

We do not agree with respondents who suggested that accredited bodies should provide us with the information, as only firms will know all the individuals acting as retail advisers. We do, however, expect firms to be sharing information with their individual adviser's accredited body.

We agree with respondents to CP10/22 that it would be helpful to be as clear as possible about the type of alerts that we would expect from firms. We set out in our Handbook the four circumstances in which alerts should be made. We have included guidance to help firms determine when to notify us. This will depend on the significant of the issue in terms of the potential risk of consumer detriment or if there are patterns suggesting recurrent issues.

We would normally expect this to be once the firm understands the nature and extent of the event. Some issues may be put right almost instantly and with no risk of consumer detriment arising or where there is no suggestion of serious fitness and propriety issues. Where this is not the case we might expect to be notified, for example where an adviser is moved from competent to non-competent status due to concerns over advice suitability.

We intend to consult on wider RDR data requirements in the first quarter of 2011. This is likely to include further data requirements to support our professionalism policy.

5 Cost-benefit analysis

Response to feedback

5.1 In CP10/14 we summarised our cost-benefit analysis by stating that costs to us from RDR professionalism are expected to be in the range of £4m and £5m initially and £3.5m annually. The total costs to advisers will be in the region of £155m to £225m to meet the standards required by end-2012 and then £3m to £4m annually after that.

5.2 Advisers will also incur the costs of independent verification of their compliance with professional standards. As this market does not yet exist, we estimated costs to advisers at between £3m to £8m each year based on information from potential accredited bodies. This was likely to be an overestimate, as most advisers already belong to professional bodies and therefore may not incur additional costs.

5.3 Benefits are expected to arise through improvements in the quality of advice delivered to consumers as a result of higher, more consistent professional standards and increased compliance with professional standards, through effective FSA monitoring and enforcement of accredited bodies and advisers. These measures will support RDR rules on charging and advice. In the longer term, we anticipate that higher standards of professionalism will result in greater trust in advisers.

Summary of responses to CP10/14

5.4 We asked:

> Q6: Do you have any information that would materially affect the findings of this cost-benefit analysis? If so, please attach with your response.

5.5 Most of the feedback to this question can be grouped under two headings:

Agreement with the need to raise standards of professionalism

5.6 Providers, intermediaries and professional bodies supported the drive for better-qualified and competent advisers to service consumers agreeing that this would lead to better outcomes for consumers.

5.7 One large intermediary organisation recognised that collectively, stakeholders must create a profession by considering industry-recognised benchmarking models, such as lawyers, accountants and doctors who subscribe to particular codes of practice and ethics.

Concern that the proposals are complex and will result in unnecessary or higher than estimated costs

5.8 Feedback from three large firms suggested that we have underestimated the aggregate costs. For example, one banking group suggested that future training costs would be higher to ensure advisers meet the higher qualification standards. One based this assertion on their own likely costs from our proposals; the other two on the basis we had not included certain costs categories such as data feeds, managing data and central returns from firms. Two respondents, a banking group and a professional body, argued that we are introducing costs without a resulting benefit for consumers, for example, by introducing the SPS and firms making returns to the FSA. One large firm, one professional body and a trade body argued that we should make better use of the FSA Register.

5.9 One large firm argued that the industry had incurred costs because of a lack of certainty over scope, resulting in some advisers working towards two qualifications when one would have sufficed. One respondent questioned whether costs for the SPS could be delivered within the £60 to £175 range that we suggested.

5.10 An intermediary and a large banking group suggested that consumer access to advice will be negatively impacted through both market exits and from advisers having to charge higher fees to cover the costs of implementing the proposals. Their view was that, in turn, remaining advisers may become more costly as they can demand higher remuneration, at least until new entrants are encouraged into the market.

5.11 Two professional bodies were concerned with costs arising due to our oversight of accredited bodies. Concerns included the amount we estimated for annual audits, the frequency of audits and the need for FSA to consult on changes to the list of accredited bodies.

5.12 A range of respondents proposed ways to achieve the RDR's aims at less cost. Examples given included developing a workable simplified advice solution, through bulk data reporting, and where we rely on firms to monitor advisers and alert us to issues. One firm proposed that the money would be better spent on consumer education.

Other concerns

5.13 One respondent questioned the implications for the software market, raising concerns that demand will outstrip supply for accreditation related systems. If there are a limited number of software providers they might increase their prices resulting in higher than expected costs for the provision of SPSs.

Our response:

As we set out in our consultation papers we want our proposals to be implemented in a cost effective way and we encourage efforts to achieve this. We will carry out a post-implementation review to assess the impact of our policy and will monitor levels of compliance with our new requirements as well as the outcomes in terms of suitability of advice and consumer engagement with the advice sector.

We have carefully considered the feedback received. Our views on the specific points raised are set out below.

In terms of benefits:

The RDR and professionalism requirements are in response to market failures observed over many years and on an ongoing basis. The early RDR work carried out by the industry group identified professional standards as a key part of the solution. We agreed with this assessment and maintain that the standards and behaviour of individual advisers are key to improving consumer confidence and trust.

In terms of costs:

Respondents suggested we underestimated the aggregate market costs of our proposals. We therefore held discussions with some of these respondents and these helped us understand the reasons for their response. These firms seem to have a low percentage of advisers with an appropriate qualification compared to the industry and, in at least one case their cost per adviser was significantly higher than is suggested by our wider research, to some extent because they are providing significant levels of support to their advisers. We have conducted a very large body of research to assess overall industry costs and we do not believe that the feedback received or the subsequent discussions that we held affect the CBA in a material way.

In terms of the RDR implications on market exits, we can reiterate what we said in CP10/14 and earlier in PS10/6. We do not expect exits arising due to the RDR to create a net cost in economic welfare terms. As our research for CP10/14 found, 8% of advisers intend to leave the advice market due to RDR. When asked about intentions in respect of qualifications, 5% indicated they won't complete an appropriate qualification or will complete one after end-2012. In terms of the net position of adviser numbers, we note that no substantial barriers to entry into the market exist. Our discussions with some of the respondents to the consultations suggest firms are active in recruitment leading to competition for advisers to serve the market.

It is possible that some of the costs of the professionalism requirements will be passed on to consumers. Typically 100% of ongoing costs may be passed on but the proportion of initial costs is less certain. However, we encourage firms and accredited bodies to work together to help minimise such impacts. We agree with respondents that there is scope for efficiencies if firms take advantage of their scale, e.g. submit data to us using spreadsheets or database extracts rather than using individual forms for each adviser.

We can confirm that we do not think that £60-£175 is an underestimate based on discussions with potential accredited bodies and a requirement to check a 10% sample of advisers' CPD. Accredited body audit fees are likely to vary by the size of the organisation, reflecting the varying amount of audit activity needed.

In response to concerns over lack of certainty over scope, in CP09/18 in June 2009 we explained that Professionalism applies to investments covered by our training and

competence requirements, which already extend beyond packaged products.
CP09/31 in December 2009 stated that firms offering discretionary investment management services need to consider carefully whether or not they are also providing advice. Our final rules specify the activities in scope.

In terms of competition between software suppliers to the advice market, we note with interest some of the propositions being developed to facilitate advisers attaining, maintaining and evidencing that they are subscribing to professional standards. We expect that supply will develop to meet demand and that pressure from advisers and their firms for cost effective solutions will encourage competition.

For the reasons detailed above, we do not believe the feedback we have received materially impacts our assessment of the costs and benefits of the professionalism proposals.

Professional standards relationships

1. This diagram summarises the roles of the main participants in the market. It also sets out the intended outcome of the policy.

Consumers	Advisers	Accredited Bodies	Firms	FSA
• Made aware of new standards through FSA and accredited body comms activity • Will be encouraged through the adviser's Statement of Professional Standing (SPS) to check FSA Register to ensure advisers are approved • Will be encouraged to ask adviser for their SPS • Will still complain to the firm in the event of unsuitable advice with ultimate recourse to FOS and potential recompense • May complain to the accredited body that issued the SPS if their adviser behaves unprofessionally • Will receive more consistent and better quality investment advice • Will know their adviser has attained and maintains high standards	• Must adhere to enhanced professional standards and make annual declaration to accredited body • When competent will be required by firms to obtain an SPS from an accredited body • May be part of a sample of advisers asked to submit their records for review by an accredited body • Will need to invest more personal capital (Continuing Professional Development, cost of qualifications, accredited body fees) • Will be more accountable for unethical behaviour • Will benefit from help and support from accredited bodies • Must meet the reformed qualifications requirements in the relevant timescales in order to be able to give retail investment advice	• Will apply to FSA for accreditation and enter into agreement • Will be listed in the FSA Handbook • Will be subject to annual independent audit and ongoing FSA monitoring • Will communicate standards and provide help and guidance to advisers such as areas for CPD focus • Will verify that advisers meet the required standards in all areas • Issue annual SPSs • Will alert FSA to issues and may then act to discipline advisers • May rescind or refuse to issue SPSs • Will promote the profession to consumers and new entrants e.g. may publish a register of advisers	• Still apply for FSA approved person status for their advisers • Must still check advisers for fitness and propriety • Must still ensure advisers are trained and competent • Still need effective systems & controls to monitor advisers • Still responsible for quality of advice • Will need to ensure their advisers have an SPS • Will supply FSA with professional standards data about their advisers • Will notify FSA in event of serious competence and ethics issues • Still operate discipline including notifying FSA if dismissing an individual	• As now, will approve, supervise and enforce against advisers • Set clear expectations of ethical behaviour • Will recognise accredited bodies and monitor their effectiveness. • Increase focus on firms' training & competence arrangements and assessment of adviser quality • Will carry out more analysis of data • Will receive and filter alerts on individual advisers from various sources. • Will alert accredited body as appropriate • Will create links from the FSA Register to the accredited bodies' websites
Trust increases	**More accountable**	**Key role in raising standards**	**Benefit from better quality advisers**	**More focus on individual advisers**

Annex 2

Equality and diversity considerations

Feedback

1. As well as the specific question about the equality and diversity implications of our continuing professional development (CPD) proposals that we discuss in Chapter 3, CP10/14 asked another, more general question. This annex sets out feedback and our response, as well as our Equality Impact Assessment.

2. We asked:

   Q2: Do you have any views on the possible equality and diversity impact of our draft handbook text?

3. We only had seven responses to this question. Most respondents to the Consultation Paper (CP) referred us to their answer to Question 1 that asked about equality and diversity impacts of our proposals on CPD.

4. We were asked questions about how our proposals apply to certain groups. For example, one professional body asked whether students will need to meet our professionalism requirements.

5. One large banking group questioned whether the qualification proposals discriminate against advisers who work part time, are disabled or have care responsibilities. Another was concerned about age discrimination caused by firms deciding that older advisers should not be invested in. Firms may incur additional costs in managing these issues to avoid discrimination. This respondent also sought conformation that our requirements apply to both employed and self-employed advisers.

Our response: Those individuals that are carrying out the regulated activities in scope of the Retail Distribution Review (RDR) must meet our requirements. This applies to employed and self-employed advisers and to students that are studying at the same time that they are carrying out an advisory role. Students do not need to meet requirements until they are carrying out the regulated activity.

We recognise that firms will need to manage risks in relation to age discrimination and other legal issues as they implement our requirements.

Equality Impact Assessment (EIA)

Name of policy, strategy, service or function

6. A series of new requirements for advisers in scope of our RDR proposals to attain and maintain professional standards and for firms to ensure their advisers hold a Statement of Professional Standing and provide FSA with related information and alerts.

Responsible manager

7. Katharine Leaman – Professional Standards Policy Team, Conduct Policy Division.

Date EIA completed

8. 24 December 2010.

Description and aims of policy, strategy, service or function (including relevance to equalities)

9. Our policy aims to raise standards in support of achieving a recognised profession of retail investment advice to help restore consumer confidence and trust. We will do this by:

   a) Modernising and clarifying initial and ongoing knowledge requirements and standards of ethical behaviour. Minimum qualifications need to be attained by end-2012 and will be more demanding than current requirements. Ongoing CPD requirements are a combination of 35 hours in each 12 month period and that focus on outputs. CPD should aim to meet the learning needs of the adviser and should be evaluated to ensure needs are met.

   b) Increasing our focus on monitoring and enforcing professional standards amongst advisers. This will be supported by a new role for accredited bodies that will issues competent advisers with an annual Statement of Professional Standing (SPS) as evidence that they are subscribing to the new standards of qualifications, CPD and ethical behaviour.

   c) Requiring firms to provide us with professional standards data and notify us of issues with competence and ethical behaviour of their advisers.

Brief summary of research and relevant data

10. There have been concerns about the demographics of the sector, with the average age of financial advisers commonly quoted as being 55 years. However, our research[1] suggests that the average age of retail investment advisers is closer to 47 (with 74% being aged less than 55). A significant majority of advisers are male.[2]

1 NMG Financial Services Consulting Ltd., *The cost of implementing the RDR professionalism regime*, (2010).
2 FSA Financial Risk Outlook 2007.

11. Qualification providers are obliged under equality and diversity legislation to provide suitable materials and facilities to give equal opportunity for individuals to pass qualifications.

Methods and outcome of consultation

12. We are maintaining our position as set out in our draft rules that CPD must be carried out and must include a minimum number of hours of structured activity. Following an assessment of equality and diversity implications, and in light of consultation feedback, we are adjusting our proposals to ensure that all advisers are required to commit the same amount of time to maintaining their knowledge. Firms will still need to ensure they meet their statutory duties in relation to equality and diversity.

13. Results of initial screening or full equality impact assessment:

Equality group	Assessment of impact
Age	**Potential for non-compliance** The qualification and continuing professional development requirements will apply to all individuals, where relevant, irrespective of their age or experience. We consider that our proposal can be justified on the basis that all employees (irrespective of age and experience) should be required to pass qualifications, maintain their knowledge and subscribe to professional standards to limit the potential for consumer detriment. We permit and have encouraged qualification providers to offer alternatives to examinations for those advisers who do not want to sit a written examination, Consumers receiving advice from a young or an older adviser are entitled to expect the adviser has attained and maintains an appropriate level of knowledge.
Disability	**Potential for non-compliance** Firms can suspend the requirement for continuing professional development for the period of time during which the employee is continuously absent from work, if that absence is due to an absence allowed in order for the firm to meet its statutory duties in relation to equality and diversity. Firms will be able to apply for a waiver application in circumstances where the statutory tests are met. Qualification and training providers are obliged to meet the provisions of the Disability Act and the Equality Act, including providing alternative means for studying and taking assessments.
Gender	**Potential for non-compliance** We have considered whether our proposals can be justified in light of potential indirect discrimination on the basis of gender. We consider that our proposals can be justified on the basis that all employees (both full-time and part-time) should be required to be competent, and that all should pass qualifications, maintain their knowledge and subscribe to professional standards to limit the potential for consumer detriment.

Equality group	Assessment of impact
Pregnancy and maternity	**Potential for non-compliance** For the purposes of establishing the end-2012 qualification requirements, we are allowing firms to disregard any period of 60 business days or more during which the employee is continuously absent from carrying on or supervising the relevant activity. For the purposes of continuing professional development, we are allowing requirements to be suspended in the event of issues arising under the Equality Act so a firm can meet its statutory duties in relation to equality and diversity. Firms will need to determine the appropriate continuing professional development requirements in these circumstances. We consider that our proposals can be justified on the basis that all employees should be required to be competent, and that all should pass qualifications, maintain their knowledge and subscribe to professional standards to limit the potential for consumer detriment.
Race	**Neutral** We consider that our proposals can be justified on the basis that all employees (both full-time and part-time) should be required to be competent, and that all should pass qualifications, maintain their knowledge and subscribe to professional standards to limit the potential for consumer detriment.
Religion or belief	**Neutral** We consider that our proposals can be justified on the basis that all employees should be required to be competent, and that all should pass qualifications, maintain their knowledge and subscribe to professional standards to limit the potential for consumer detriment.
Sexual orientation	**Neutral** We consider that our proposals can be justified on the basis that all employees should be required to be competent, and that all should pass qualifications, maintain their knowledge and subscribe to professional standards to limit the potential for consumer detriment.
Transgender	**Neutral** We consider that our proposals can be justified on the basis that all employees should be required to be competent, and that all should pass qualifications, maintain their knowledge and subscribe to professional standards to limit the potential for consumer detriment.

Decisions and/or recommendations (including supporting rationale)

14. Although there are potential risks to certain groups resulting from the implementation of our requirements, we believe them to be a justified and proportionate means of achieving our aim of ensuring that individuals who advise consumers about their investment needs gain and maintain appropriate knowledge and behave in the right way.

15. Qualification and training providers are obliged to meet equality and diversity requirements by providing alternative means of assessment and appropriate facilities for individuals with disabilities.

Equality Action Plan (if required)

16. Not required.

Monitoring and review arrangements (including date of next full review)

17. While we do not have a specific equality and diversity objective we will monitor the extent to which we receive waiver applications where equality and diversity issues are present. We will then review to see if any changes are required to our Handbook to take into account new information on equality and diversity issues.

List of non-confidential respondents to CP10/14 & CP10/22

1. In addition to those listed below, three respondents wanted their responses to be confidential.

Association of British Insurers (ABI)

Action for M.E.

AEGON UK

AIFA

APCIMS

Aviva

AXA Life

BBA

Canada Life Ltd

CFA Society of the UK

Chartered Institute for Securities & Investment (CISI)

Chartered Institute of Bankers in Scotland (CIOBS)

Chartered Insurance Institute (CII)

Ea Consulting Group

Eacq

Financial Services Consumer Panel

Financial Services Skills Council

HSBC

ICAEW

ifs School of Finance

ILAG

Institute of Financial Planning

Investment Management Association

Investment Property Forum

Legal & General

Lloyds TSB

Moneyscience Investment Consultancy

Openwork

Page Russell

Pensions Management Institute

Prudential

RBS

Sesame Bankhall Group

SIFA

St. James's Place Group

Tenet Group Limited

The Ethical Space Ltd

The Society of Pensions Consultants

UBS AG

Unite the Union

Wesleyan Assurance Society

Summary of previous and forthcoming RDR papers

Previous RDR policy papers

I – Previous RDR policy papers

Date	Paper	Section of the RDR	Comments
June 2007	DP07/1 – A Review of Retail Distribution	All	This paper set out for discussion the proposals put forward by the five industry groups we convened to help us address the range of issues identified by the RDR.
July 2007	DP07/4 – Review of the Prudential Rules for Personal Investment Firms	Prudential requirements	In this paper, we discussed potential changes to the prudential rules for personal investment firms, updating the requirements in order to better mitigate the market failures in this sector.
April 2008	FS08/2 – Review of the Prudential Rules for Personal Investment Firms	Prudential requirements	This Feedback Statement summarised and commented on the responses we received to DP07/04 and indicated how we would take forward the issues raised.
April 2008	Retail Distribution Review – Interim Report	All	This report set out the main areas of feedback we had received to DP07/1 and identified some possible changes to the regulatory landscape suggested by that feedback.
November 2008	FS08/6 – Retail Distribution Review	All	This Feedback Statement set out our proposals for the retail market for the distribution of investment products and represented the beginning of formal consultation.
November 2008	CP08/20 – Review of the Prudential Rules for Personal Investment Firms (PIFs)	Prudential requirements	This paper set out our proposed changes to the prudential rules for personal investment firms, following on from FS08/2.
June 2009	CP09/18 – Distribution of retail investments: Delivering the RDR	Services, charges, professionalism	This paper described the changes we were proposing as a result of the RDR and included draft Handbook text to deliver these changes.

November 2009	PS09/19 – Review of the Prudential Rules for Personal Investment Firms (PIFs)	Prudential requirements	This paper set out final rule changes to prudential requirements arising from CP08/20. Following feedback from the industry, we extended the transition to the new regime by a year to 31 December 2013. While this allows firms more time to adapt to the new requirements, we expect firms to start considering now what additional resources they will need to have in place.
December 2009	CP09/31 – Delivering the Retail Distribution Review	Professional standards, corporate pensions and pure protection business	This paper addresses the commitments made in CP09/18 to consult further with market practitioners on the governance of professional standards, corporate pensions, and pure protection.
March 2010	PS10/6 – Distribution of retail investments: Delivering the RDR – feedback to CP09/18 and final rules	Services, charges, professionalism	This paper contained final rules on describing and disclosing advice services and Adviser Charging. It also set out our position on Simplified Advice.
March 2010	CP10/8 – Pure protection sales by retail investment firms: remuneration transparency and the COBS/ICOBS election	Pure protection	This paper set out proposals concerning pure protection sales by investment advisers, covering remuneration and disclosure. It also set out our approach to the COBS/ICOBS election with reference to Adviser Charging.
March 2010	DP10/2 – Platforms: delivering the RDR and other issues for discussion	Platforms	This discussion paper sought views on changes to our regulation of platforms, to support the RDR remuneration objectives and to address issues identified through thematic work and wider experience.
May 2010	CP10/12	Competence and ethics	This paper included proposals on ethical standards which apply to investment advisers within scope of the RDR.
June 2010	PS10/10	Corporate Pensions	This paper contained final rules applying the consultancy charging to the corporate pensions market for group personal pensions, group stakeholder pensions and group self invested personal pensions (referred to here as GPPs).
September 2010	PS10/13 - Pure protection sales by retail investment firms: remuneration transparency and the COBS/ICOBS election – Feedback on CP10/8 and final rules	Pure protection	This paper set out our final policy on remuneration transparency and sales of pure protection products under the Conduct of Business sourcebook (COBS).

November 2010	CP10/29 - Platforms: Delivering the RDR and other issues for platforms and nominee-related services	Platforms	This paper contained proposals to ensure that the platform services used to buy and manage investments after January 2013 are fully aligned with standards required by the RDR.
December 2010	PS10/18 - Feedback to CP10/12 Competence and ethics and final rules	Competence and ethics	This paper included content relevant to the RDR, in particular on ethics and qualifications.

II – RDR timetable

Date	Section of the RDR	Actions	
		FSA	Firms and practitioners
2011	Service and charges	Consultation on RDR-related changes to RMAR and complaints reporting (Q1 2011).	Interested parties should respond to the consultation.
	Service and charges	Consultation on product disclosure changes to reflect Adviser Charging (Q1 2011).	Interested parties should respond to the consultation.
	Platforms	Publish policy statement (Q1 2011).	Should respond to the final policy and rules as published.
	Prudential requirements	Consultation on how to apply a consistent approach to the EBR so that it delivers a level outcome irrespective of the firm's business model (Q3 2011).	Interested parties should respond to the consultation.
End 2011	Prudential Rules for Personal Investment Firms (PIFs)		PIFs subject to new prudential rules from 31 December 2011 on a transitional basis. For further details see PS09/19 – Review of the Prudential Rules for Personal Investment Firms (PIFs).
End-2012	Professionalism	FSA will carry out thematic work and monitoring.	Advisers who do not possess a qualification on the transitional list need to qualify at the new level. Advisers who do possess a qualification on the transitional list need to complete any additional CPD top up.
	Remuneration	FSA will carry out thematic work and monitoring.	All advisers and product providers must prepare and be ready to operate Adviser Charging and consultancy charging and meet the associated requirements from January 2013.

Date	Section of the RDR	Actions	
		FSA	Firms and practitioners
End-2012	Description of services	FSA will carry out thematic work and monitoring.	All advisers must prepare to describe their services as independent advice or restricted advice from January 2013. All advisers must prepare and start complying with the new independence and product requirements from January 2013.
End of 2013	Prudential Rules for Personal Investment Firms (PIFs)		PIFs must comply fully with the new prudential rules from 31 December 2013. For further details see PS09/19 – Review of the Prudential Rules for Personal Investment Firms (PIFs).

Made Handbook text

RETAIL DISTRIBUTION REVIEW (TRAINING AND COMPETENCE) INSTRUMENT 2011

Powers exercised

A. The Financial Services Authority makes this instrument in the exercise of:

(1) the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"):

(a) section 138 (General rule-making power);
(b) section 156 (General supplementary powers);
(c) section 157(1) (Guidance);
(d) paragraph 17(1) (Fees) of Schedule 1 (The Financial Services Authority); and

(2) the other powers and related provisions listed in Schedule 4 (Powers exercised) to the General Provisions of the Handbook.

B. The rule-making powers referred to above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

Commencement

C. This instrument comes into force as follows:

(1) Part 1 of Annex A, Part 1 of Annex B and Annex C come into force on 1 February 2011;
(2) Part 2 of Annex B comes into force on 1 July 2011; and
(3) the remainder of the instrument comes into force on 31 December 2012.

Amendments to the Handbook

D. The modules of the FSA's Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Glossary of definitions	Annex A
Training and Competence sourcebook (TC)	Annex B
Fees manual (FEES)	Annex C
Supervision manual (SUP)	Annex D

Citation

E. This instrument may be cited as the Retail Distribution Review (Training and Competence) Instrument 2011.

By order of the Board
19 January 2011

Annex A

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

Part 1: Comes into force on 1 February 2011

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

accredited body	any of the bodies recognised by the *FSA* to act as an accredited body.
retail investment adviser	an *employee* who carries on activities 2, 3, 4, 6, 12 and 13 in *TC* Appendix 1.1.1R.

Part 2: Comes into force on 31 December 2012

Amend the following as shown:

accredited body	any of the bodies recognised by the *FSA* ~~to act as an accredited body~~ for the purpose of providing the independent verification required under *TC* 2.1.27R.

Annex B

Amendments to the Training and Competence sourcebook (TC)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

Part 1: **Comes into force on 1 February 2011**

Selecting an appropriate ~~examination~~ qualification

…

2.1.10B	G	(1)	*TC* Appendix 6G sets out *guidance* in relation to *accredited bodies*.
		(2)	*TC* Appendix 7G sets out *guidance* on gap-filling in relation to appropriate qualifications and the function of *accredited bodies* in that regard.

continued

TC Appendix 4E – Appropriate Qualification tables

(Unless otherwise indicated all qualifications are valid if awarded by examination only)

Key for the qualification tables for activity numbers 2, 3, 4, 6, 12 and 13

a	Meets full qualification requirement up to and after 1 January 2013
b	Meets full qualification requirement up to 31 December 2012; and after 1 January 2013 when combined with qualification gap-fill. This gap-fill constitutes additional structured continuing professional development, which need not be by examination, completed and verified by an *accredited body* by 31 December 2012
c	Meets full qualification requirement up to 31 December 2012
d + e	Meets full qualification requirement up to 31 December 2012

Key for the ~~following~~ qualification tables for activity numbers 7, 8, 9, 10, 11, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23

1	meets full qualification requirement
2 +3	meets full qualification requirement
4 + 5 + 6	Meets full qualification requirement

Qualification table for : Advising on (but not dealing in) *securities* (which are not *stakeholder pension s*chemes or *broker funds*) – Activity number 2 in TC Appendix 1.1.1R		
Qualification	**Qualification provider**	**Key**
Certified International Wealth Manager	Association of International Wealth Managers	~~1~~ a
Chartered Financial Analyst Program Level 1 plus Investment Management Certificate (Level 4 certificate) (post-2010 exam standards)	CFA Institute/ CFA Society of UK	~~1~~ a
Chartered Financial Analyst plus Unit 1 of the	CFA Institute/ CFA Society of UK	~~1~~ a

Investment Management Certificate (Level 4 certificate) (post-2010 exam standards)		
Investment Management Certificate (Level 4 certificate) (post-2010 exam standards) plus other qualifications that meet specialist standards for advising on securities	CFA Institute/ CFA Society of UK	~~1~~ a
Chartered Financial Analyst plus Unit 1 of the Investment Management Certificate (pre-2010 exam standards)	CFA Institute/ CFA Society of UK	~~1~~ b
Chartered Financial Analyst Program Level 1 plus Investment Management Certificate (pre-2010 exam standards)	CFA Institute/ CFA Society of UK (Formerly United Kingdom Society of Investment Professionals/ Institute of Investment Management and Research)	~~1~~ b
Investment Management Certificate	CFA Institute/ CFA Society of UK (Formerly United Kingdom Society of Investment Professionals/ Institute of Investment Management and Research)	~~1~~ c
Fellow by examination	CFA Society of UK (Formerly United Kingdom Society of Investment Professionals/ Institute of Investment Management and Research)	~~1~~ b
Associate	CFA Society of UK (Formerly United Kingdom Society of Investment Professionals/ Institute of Investment Management and Research)	~~1~~ b
Investment Advice Diploma (where candidate holds 3 modules including the securities module)	The Chartered Institute for Securities & Investment	~~1~~ a
Masters in Wealth Management (Post 2010 examination standards)	The Chartered Institute for Securities & Investment	~~1~~ a
Masters in Wealth Management (pre 2010 examination standards)	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ b
Certificate in Private Client Investment Advice and Management	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ b
Certificate in Private Client Investment Advice and Management (attained through competency interview and presentation only)	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ b
Diploma (where candidate holds 3 modules as recommended by the *firm*)	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ b
Investment Advice Certificate	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ b
Member of the Securities Institute (MSI Dip) (where candidate holds 3 modules as recommended by the *firm)*	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ b
Certificate in Securities	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ c
Certificate in Investment Management	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ c
Level 6 Diploma in Wealth Management	The Chartered Institute for Securities and Investment (Formerly the Securities and Investment Institute)	~~1~~ c

Securities Institute Level 3 Certificate in Investments (Investment Management)	The Chartered Institute for Securities and Investment (Formerly the Securities and Investment Institute)	~~1~~ c
Securities Institute Level 3 Certificate in Investments (Securities)	The Chartered Institute for Securities and Investment (Formerly the Securities and Investment Institute)	~~1~~ c
Securities Institute Level 3 Certificate in Investments (Securities and Financial Derivatives)	The Chartered Institute for Securities and Investment (Formerly the Securities and Investment Institute)	~~1~~ c
Certificate in Securities and Financial Derivatives – Retail	The Chartered Institute for Securities and Investment (Formerly the Securities and Investment Institute)	~~1~~ c
SFA Securities Representatives Examination	The Chartered Institute for Securities and Investment (Formerly the Securities and Investment Institute)	~~1~~ c
Fellow or Associate	Faculty or Institute of Actuaries	~~1~~ a
Advanced Financial Planning Certificate (must include a pass in G70 paper)	Chartered Insurance Institute	b
Associate or Fellow (life and pensions route only)	Chartered Insurance Institute	b
Registered Representative Full Membership Exams – where candidates hold all 3 papers or have both the Stock Exchange Practice and Techniques of Investment papers	London Stock Exchange (records now kept by The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)).	~~1~~ b
BA (Hons) Financial Services, Planning and Management	Manchester Metropolitan University	~~1~~ a
TSA Registered Representative Examinations	The Securities Association (now The Chartered Institute for Securities and Investment (Formerly the Securities and Investment Institute))	~~1~~ c
BA in Accounting and Finance	University of Stirling	~~1~~ b
BA in Finance	University of Stirling	~~1~~ b
MSc in Finance	University of Stirling	~~1~~ b
MSc in International Accounting and Finance (where candidates hold modules as recommended by the *firm*)	University of Stirling	~~1~~ b
MSc in Investment Analysis	University of Stirling	~~1~~ b
ACI Dealing Certificate	ACI	~~2~~ d
ACI Diploma	ACI	~~2~~ d
Secondary Examination	Analyst Association of Japan	~~2~~ d
Diploma	Association of Belgian Financial Analysts	~~2~~ d
Certified International Investment Analyst (CIIA)	The Association of Certified International Investment Analysts (ACIIA)	~~2~~ d
Canadian Securities course plus Conduct and	Canadian Securities Institute	~~2~~ d

Practices Handbook		
Investment Practice version of the Investment Management Certificate	CFA Society of UK (Formerly United Kingdom Society of Investment Professionals / Institute of Investment Management and Research)	~~2~~ d
Securities Institute Level 3 Certificate in Investments (Investment Management) – Unit 5	The Chartered Institute for Securities and Investment (Formerly the Securities and Investment Institute)	~~2~~ d
Securities Institute Level 3 Certificate in Investments (Securities) plus Securities Institute Level 3 Certificate in Investments (Derivatives) – Unit 3	The Chartered Institute for Securities and Investment (Formerly the Securities and Investment Institute)	~~2~~ d
Certified European Financial Analyst	EFFAS Societies with accredited examinations	~~2~~ d
Series 7 – General Securities Representative Examination	Financial Industry Regulatory Authority (FINRA) – Formerly the National Association of Securities Dealers (NASD)	~~2~~ d
Certificate in Financial Markets	Financial Services Institute of Australasia (Formerly the Securities Institute of Australia)	~~2~~ d
Diploma of Financial Markets	Financial Services Institute of Australasia (Formerly the Securities Institute of Australia)	~~2~~ d
Examination	French Society of Investment Analysts	~~2~~ d
International Fixed Income and Derivatives (IFID) Certificate Programme	ICMA Centre / University of Reading (Formerly ISMA Centre / University of Reading)	~~2~~ d
Registered Representative Examination	Irish Stock Exchange / Dublin City University	~~2~~ d
Registered Stock Broker	The Irish Stock Exchange	~~2~~ d
Promotore Finanziario Examination	Italian Exchange	~~2~~ d
Membership Examination	Johannesburg Stock Exchange	~~2~~ d
Registered Representative of Public Securities Examination (pre-April 1990)	Japanese Bankers Association	~~2~~ d
Representative of Public Securities Qualification – Class 1	Japanese Bankers Association	~~2~~ d
Representative of Public Securities Examination (pre- April 1990)	Japanese Securities Dealers Association	~~2~~ d
Representative of Public Securities Qualification – Type 1	Japanese Securities Dealers Association	~~2~~ d
Trainee Dealers Representative Examination	Kuala Lumpur Stock Exchange	~~2~~ d
Elementary, Intermediate and International Capital Markets course	Korea Securities Trading Institute	~~2~~ d
Certificate	New Zealand Stock Exchange	~~2~~ d
Examination	NIBE SVV The Dutch Institute for the Banking, Insurance and Stockbroking Industry	~~2~~ d
International Capital Markets Qualification (including the Fixed Interest and Bond Markets Module)	Securities Institute/ South African Institute of Financial Markets	~~2~~ d
Dealers Representative Examinations	Singapore Exchange	~~2~~ d

Ordinary and Senior Certificates	South African Institute of Financial Markets	~~2~~ d
Unit 1 – UK Regulation and Markets	CFA Society of UK (Formerly United Kingdom Society of Investment Professionals / Institute of Investment Management and Research)	~~3~~ e
Diploma – Regulation and Compliance Paper	The Chartered Institute for Securities and Investment (Formerly the Securities and Investment Institute)	~~3~~ e
Unit 1 – Financial Regulation	The Chartered Institute for Securities and Investment (Formerly the Securities and Investment Institute)	~~3~~ e
Unit 6 – Principles of Financial Regulation	The Chartered Institute for Securities and Investment (Formerly the Securities and Investment Institute)	~~3~~ e
Investment Administration Qualification – IMRO Regulatory Environment Module	The Chartered Institute for Securities and Investment (Formerly the Securities and Investment Institute)	~~3~~ e
Investment Administration Qualification – SFA Regulatory Environment Module	The Chartered Institute for Securities and Investment (Formerly the Securities and Investment Institute)	~~3~~ e
Securities and Investment Institute – Unit 1 Financial Regulation – (Formerly the Securities Institute Regulatory Paper)	The Chartered Institute for Securities and Investment (Formerly the Securities and Investment Institute)	~~3~~ e
Investment Administration Qualification – Unit 2 FSA Regulatory Environment – (Formerly the Investment Administration Qualification – Regulatory Environment Module)	The Chartered Institute for Securities and Investment (Formerly the Securities and Investment Institute)	~~3~~ e
Investment Advice Certificate – Paper 1	The Chartered Institute for Securities and Investment (Formerly the Securities and Investment Institute)	~~3~~ e
SFA Registered Persons Examination – Section 1 (Regulation)	The Chartered Institute for Securities and Investment (Formerly the Securities and Investment Institute)	~~3~~ e

Qualification table for : Advising on (but not dealing in) *Derivatives* – Activity number 3 in TC Appendix 1.1.1R		
Qualification	**Qualification Provider**	**Key**
Certified International Wealth Manager	Association of International Wealth Managers	~~1~~ a
Chartered Financial Analyst plus Unit 1 of the Investment Management Certificate (Level 4 certificate) (post-2010 exam standards)	CFA Institute/ CFA Society of UK	~~1~~ a
Investment Management Certificate (Level 4 certificate) (post-2010 exam standards) plus other qualifications that meet RDR specialist standards for securities	CFA Institute/ CFA Society of UK	~~1~~ a
Chartered Financial Analyst plus Unit 1 of the Investment Management Certificate (pre-2010 exam standards)	CFA Institute/ CFA Society of UK	~~1~~ b
Chartered Financial Analyst Program Level 1 plus Investment Management Certificate (Level 4 certificate) (post-2010 exam standards)	CFA Institute/ CFA Society of UK (Formerly United Kingdom Society of Investment Professionals/ Institute of Investment Management and Research)	~~1~~ a
Chartered Financial Analyst Program Level 1	CFA Institute/ CFA Society of UK (Formerly United Kingdom Society of Investment Professionals/ Institute	~~1~~ b

plus Investment Management Certificate (pre-2010 exam standards)	of Investment Management and Research)	
Associate	CFA Society of UK (Formerly United Kingdom Society of Investment Professionals/ Institute of Investment Management and Research)	~~1~~ b
Investment Management Certificate	CFA Society of UK (Formerly United Kingdom Society of Investment Professionals/ Institute of Investment Management and Research)	~~1~~ c
Fellow by examination	CFA Society UK (Formerly United Kingdom Society of Investment Professionals/Institute of Investment Management and Research)	~~1~~ b
Masters in Wealth Management (post 2010 examination standards)	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ a
Investment Advice Diploma	The Chartered Institute for Securities & Investment	~~1~~ a
Member of the Securities Institute (MSI Dip) (where candidate holds 3 modules as recommended by the *firm)*	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ b
Masters in Wealth Management (pre 2010 examination standards)	The Chartered Institute for Securities & Investment	~~1~~ b
Diploma (where candidate holds 3 modules as recommended by the *firm*)	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ b
Certificate in Private Client Investment Advice and Management	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ b
Certificate in Private Client Investment Advice and Management (attained through a CISI competency interview and presentation only)	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ b
Investment Advice Certificate	The Chartered Institute for Securities and Investment (Formerly the Securities & Investment Institute)	~~1~~ b
Certificate in Derivatives	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ c
Certificate in Financial Derivatives	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ c
Certificate in Investment Management	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ c
Level 6 Diploma in Wealth Management	The Chartered Institute for Securities and Investment (Formerly the Securities and Investment Institute)	~~1~~ c
Certificate in Securities and Financial Derivatives	The Chartered Institute for Securities and Investment (Formerly the Securities and Investment Institute)	~~1~~ c
Securities Institute Level 3 Certificate in Investments (Derivatives)	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~1~~ c
Securities Institute Level 3 Certificate in Investments (Investment Management)	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~1~~ c
Securities Institute Level 3 Certificate in Investments (Securities & Financial Derivatives)	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~1~~ c
SFA Futures and Options Representative Examination	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~1~~ c

SFA Securities and Financial Derivatives Representative Examination	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~1~~ c
SFA Securities Representative plus Financial Derivatives Module	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~1~~ c
Advanced Financial Planning Certificate (must include a pass in G70 paper)	Chartered Insurance Institute	~~1~~ b
Associate or Fellow (life and pensions route only)	Chartered Insurance Institute	~~1~~ b
Fellow or Associate	Faculty or Institute of Actuaries	~~1~~ a
Registered Representative Full Membership Exams – where candidates hold all 3 papers or have both the Stock Exchange Practice and Techniques of Investment papers	London Stock Exchange (records now kept by The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)).	~~1~~ b
BA (Hons) Financial Services, Planning and Management	Manchester Metropolitan University	~~1~~ a
TSA Registered Representative Examinations	The Securities Association	~~1~~ c
International Capital Markets Qualification (ICMQ) including a pass in Futures, Options and other Derivative Products paper	Securities Institute/South African Institute of Financial Markets	~~1~~ c
BA in Finance and Accounting	University of Stirling	~~1~~ b
MSc in Finance	University of Stirling	~~1~~ b
MSc in International Accounting and Finance (where candidates hold modules as recommended by the *firm*)	University of Stirling	~~1~~ b
MSc in Investment Analysis	University of Stirling	~~1~~ b
ACI Dealing Certificate	ACI	~~2~~ d
ACI Diploma	ACI	~~2~~ d
Secondary Examination	Analyst Association of Japan	~~2~~ d
Certified International Investment Analyst (CIIA)	The Association of Certified International Investment Analysts (ACIIA)	~~2~~ d
Chartered Financial Analyst	CFA Institute	~~2~~ d
Investment Practice paper of the Investment Management Certificate	CFA Society UK (Formerly United Kingdom Society of Investment Professionals/Institute of Investment Management and Research)	~~2~~ d
Securities Institute Level 3 Certificate in Investments (Investment Management) – Unit 5	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~2~~ d
Diploma including passes in both the Australian Futures Trading and Options papers	Financial Services Institute for Australasia (Formerly the Securities Institute of Australia)	~~2~~ d
International Fixed Income and Derivatives	ICMA Centre / University of Reading (Formerly ISMA Centre / University of Reading)	~~2~~ d

(IFID) Certificate Programme		
Registered Representative of Public Securities Examination (pre April 1990)	Japanese Bankers Association	~~2~~ d
Representative of Public Securities Qualification – Class 1	Japanese Bankers Association	~~2~~ d
Representative of Public Securities Examination (pre April 1990)	Japanese Securities Dealers Association	~~2~~ d
Representative of Public Securities Qualification – Type 1	Japanese Securities Dealers Association	~~2~~ d
Series 3 – Futures Representative Examination	National Futures Association	~~2~~ d
Examination	NIBE SVV the Dutch Institute for Banking, Insurance and Stockbroking Industry	~~2~~ d
Examination	Norwegian Society of Financial Analysts	~~2~~ d
Singapore Exchange Futures Trading Test	Singapore Institute of Banking and Finance	~~2~~ d
Registered Representative Examination	Sydney Futures Exchange	~~2~~ d
Diploma – Regulation and Compliance Paper	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~3~~ e
Investment Administration Qualification – IMRO Regulatory Environment module	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~3~~ e
Investment Administration Qualification – SFA Regulatory Environment module	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~3~~ e
Investment Administration Qualification – Unit 2 FSA Regulatory Environment (Formerly the Investment Administration Qualification – Regulatory Environment module)	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~3~~ e
Investment Advice Certificate – Paper 1	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~3~~ e
Securities & Investment Institute – Unit 1 Financial Regulation (Formerly the Securities Institute Regulatory Paper)	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~3~~ e
SFA Registered Persons Examination – Section 1 (Regulation)	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~3~~ e
Unit 1 – Financial Regulation	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~3~~ e
Unit 1 – UK Regulation and Markets	CFA Society of UK (Formerly United Kingdom Society of Investment Professionals/ Institute of Investment Management and Research)	~~3~~ e
Unit 6 – Principles of Financial Regulation	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~3~~ e

Qualification table relating to : Advising on *Packaged Products* (which are not *broker funds)* and *Friendly Society* tax-exempt policies - Activity Numbers 4 and 6 in TC Appendix 1.1.1 R		
Qualification	**Qualification Provider**	**Key**

BA in Financial Services (1995 to 2001)	Bournemouth University	~~1~~ b
MA in Financial Services (1995 to 2001)	Bournemouth University	~~1~~ b
Post Graduate in Financial Services (1995 to 2001)	Bournemouth University	~~1~~ b
Diploma in Professional Financial Advice	Calibrand/Scottish Qualifications Authority	~~1~~ a
Diploma in Investment Planning (Existing Adviser) Post 2010 examination standards	Chartered Institute of Bankers in Scotland	~~1~~ a
Diploma in Investment Planning (New Adviser) Post 2010 examination standards	Chartered Institute of Bankers in Scotland	~~1~~ a
Diploma in Investment Planning (Retail Banking) (New Adviser) Post 2010 examination standards	Chartered Institute of Bankers in Scotland	~~1~~ a
Diploma in Investment Planning (Retail Banking) (Existing Adviser) Post 2010 examination standards	Chartered Institute of Bankers in Scotland	~~1~~ a
Associate (March 1992 to July 1994 syllabus (including top-up test))	Chartered Institute of Bankers in Scotland	~~1~~ b
Associate (post August 1994 syllabus)	Chartered Institute of Bankers in Scotland	~~1~~ b
Certificate in Investment Planning	Chartered Institute of Bankers in Scotland	~~1~~ b
Chartered Banker (where candidates hold UK Financial Services and Investment modules)	Chartered Institute of Bankers in Scotland	~~1~~ b
Diploma in Investment Planning (current)	Chartered Institute of Bankers in Scotland	~~1~~ b
Certificate in Financial Planning (Post 17/09/2004)	Chartered Institute of Bankers in Scotland	~~1~~ c
Masters in Wealth Management (pre-2010 exam standards)	The Chartered Institute for Securities & Investment	~~1~~ b
Masters in Wealth Management (Post 2010 examination standards)	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ a
Investment Advice Diploma	The Chartered Institute for Securities & Investment	~~1~~ a
Investment Advice Certificate	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~1~~ b
Certificate in Private Client Investment Advice and Management (attained through competency interview and presentation only)	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ b
Certificate in Private Client Investment Advice and Management	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ b
Diploma (where candidates hold 3 modules as recommended by the firm)	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ b
Member of the Securities Institute (MSI Dip) (where candidate holds 3 modules as recommended by the firm)	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ b
Level 6 Diploma in Wealth Management	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	c
~~Regulated~~ Diploma in Regulated Financial Planning	Chartered Insurance Institute	~~1~~ a

Diploma in Regulated Financial Planning (attained through a CII alternative assessment day)	Chartered Insurance Institute	~~1~~ a
Advanced Diploma in Financial Planning	Chartered Insurance Institute	~~1~~ b
Advanced Financial Planning Certificate	Chartered Insurance Institute	~~1~~ b
Associate (ACII) (where candidate holds appropriate life and pension modules)	Chartered Insurance Institute	~~1~~ b
Associate (ALIA Dip)	Chartered Insurance Institute	~~1~~ b
Diploma in Financial Planning	Chartered Insurance Institute	~~1~~ b
Fellow (FCII) (where candidates hold appropriate life and pensions modules)	Chartered Insurance Institute	~~1~~ b
Certificate in Financial Planning	Chartered Insurance Institute	~~1~~ c
Financial Planning Certificate (No new registrations after 17/12/2004)	Chartered Insurance Institute	~~1~~ c
Fellow (FLIA Dip)	Chartered Insurance Institute	~~1~~ b
Fellow or Associate	Faculty or Institute of Actuaries	~~1~~ a
FSSC Advanced Apprenticeship in Advising on Financial Products (Financial Advice Pathway)		~~1~~ c
Associate (where candidate has passed the investment module)	~~*Ifs*~~ ifs School of Finance (Formerly the Chartered Institute of Bankers)	~~1~~ b
Diploma for Financial Advisers (pre 2010 examination standards)	~~*Ifs*~~ ifs School of Finance (Formerly the Chartered Institute of Bankers)	~~1~~ b
Professional Investment Certificate	~~*Ifs*~~ ifs School of Finance (Formerly the Chartered Institute of Bankers)	~~1~~ b
Diploma for Financial Advisers (post 2010)	~~*Ifs*~~ ifs School of Finance (Formerly the Chartered Institute of Bankers)	~~1~~ a
Certificate for Financial Advisers (Post 1/11/2004)	~~*Ifs*~~ ifs School of Finance (Formerly the Chartered Institute of Bankers)	~~1~~ e
Certificate for Financial Advisers (Pre 31/10/2004)	~~*ifs*~~ ifs School of Finance (Formerly Chartered Institute of Bankers)	~~1~~ e
Professional Certificate in Banking (PCertB) (where candidate has passed the Practice of Financial Advice module)	~~*ifs*~~ ifs School of Finance (Formerly Chartered Institute of Bankers)	~~1~~ a
Certified Financial Planner	Institute of Financial Planning	~~1~~ b
Fellowship	Institute of Financial Planning	~~1~~ b
BA (Hons) Financial Services, Planning and Management	Manchester Metropolitan University	~~1~~ a
BA in Financial Services (1995 to 2001)	Sheffield Hallam University	~~1~~ b
MA in Financial Services (1995 to 2001)	Sheffield Hallam University	~~1~~ b
Post Graduate in Financial Services (1995 to 2001)	Sheffield Hallam University	~~1~~ b
BA in Finance	University of Stirling	~~1~~ b
BA in Finance and Accounting	University of Stirling	~~1~~ b

BA in Financial Services (1995 to 2001)	University of the West of England	~~1~~ b
MA in Financial Services (1995 to 2001)	University of the West of England	~~1~~ b
Post Graduate in Financial Services (1995 to 2001)	University of the West of England	~~1~~ b
Certificate in Investment Planning Paper 1 (Pre 31/10/2004)	Chartered Institute of Bankers in Scotland	~~3~~ e
Certificate in Investment Planning (Post 17/09/2004)	Chartered Institute of Bankers in Scotland	~~3~~ e
Certificate in Investment and Financial Advice – Paper 1	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~3~~ e
Investment Advice Certificate Paper 1	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~3~~ e
Financial Planning Certificate – Paper 1	Chartered Insurance Institute	~~3~~ e
Certificate in Financial Planning – Paper 1	Chartered Insurance Institute	~~3~~ e
Certificate for Financial Advisers – Paper 1 (Post 1/11/2004)	~~Ifs~~ ifs School of Finance (Formerly the Chartered Institute of Bankers)	~~3~~ e
Certificate for Financial Advisers Paper 1 (Pre 31/10/2004)	~~ifs~~ ifs School of Finance (Formerly the Chartered Institute of Bankers)	~~3~~ e
Certificate in Mortgage Advice and Practice (CeMAP) – Paper 1 (Pre 31/10/2004)	~~ifs~~ ifs School of Finance (Formerly the Chartered Institute of Bankers)	~~3~~ e

Qualification table for : Advising on, and dealing in *Securities* (which are not *stakeholder pension schemes* or *broker funds)* – Activity number 12 in TC Appendix 1.1.1R		
Qualification	**Qualification Provider**	**Key**
Certified International Wealth Manager	Association of International Wealth Managers	~~1~~ a
Chartered Financial Analyst Program Level 1 plus Investment Management Certificate (Level 4 certificate) (post-2010 exam standards)	CFA Institute/ CFA Society of UK (Formerly United Kingdom Society of Investment Professionals/ Institute of Investment Management and Research)	~~1~~ a
Chartered Financial Analyst plus Unit 1 of the Investment Management Certificate (Level 4 certificate) (post-2010 exam standards)	CFA Institute/ CFA Society of UK	~~1~~ a
Investment Management Certificate (Level 4 certificate) (post-2010 exam standards) plus other qualifications that meet RDR specialist standards for securities	CFA Institute/ CFA Society of UK	~~1~~ a
Chartered Financial Analyst plus Unit 1 of the Investment Management certificate (pre-2010 exam standards)	CFA Institute/CFA Society of UK (Formerly United Kingdom Society of Investment Professionals/Institute of Investment Management and Research)	b
Chartered Financial Analyst Program Level 1 plus Investment Management Certificate (pre-2010 exam standards)	CFA Institute/ CFA Society of UK (Formerly United Kingdom Society of Investment Professionals/ Institute of Investment Management and Research)	~~1~~ b
Fellow by examination	CFA Society of UK (Formerly United Kingdom Society of Investment Professionals/ Institute of	~~1~~ b

	Investment Management and Research)	
Associate	CFA Society of UK (Formerly United Kingdom Society of Investment Professionals/ Institute of Investment Management and Research)	~~1~~ b
Investment Advice Diploma (where candidate holds 3 modules including the securities module)	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ a
Masters in Wealth Management (based on post 2010 examination standards)	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ a
Masters in Wealth Management (based on pre 2010 examination standards)	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ b
Certificate in Private Client Investment Advice and Management	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ b
Certificate in Private Client Investment Advice and Management (attained through competency interview and presentation only)	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ b
Diploma (where candidate holds 3 modules as recommended by the *firm*)	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ b
Member of the Securities Institute (MSI Dip) (where candidate holds 3 modules as recommended by the *firm)*	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ b
Certificate in Securities – Retail	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ c
Certificate in Securities and Financial Derivatives – Retail	The Chartered Institute for Securities and Investment (Formerly the Securities and Investment Institute)	~~1~~ c
Certificate in Investment Management	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ c
Level 6 Diploma in Wealth Management	The Chartered Institute for Securities and Investment (Formerly the Securities and Investment Institute)	~~1~~ c
Securities Institute Level 3 Certificate in Investments (Investment Management)	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~1~~ c
Securities Institute Level 3 Certificate in Investments (Securities & Financial Derivatives)	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~1~~ c
Securities Institute Level 3 Certificate in Investments (Securities)	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~1~~ c
SFA Securities Representative Examination	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~1~~ c
SFA Securities and Financial Derivatives Representative Examination	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~1~~ c
Advanced Financial Planning Certificate (must include a pass in G70 paper)	Chartered Insurance Institute	~~1~~ b
Associateship (must include a pass in the Investment Paper)	~~*ifs*~~ ifs School of Finance (Formerly the Chartered Institute of Bankers)	~~1~~ b
Registered Representative Full Membership Exams –	London Stock Exchange (records now kept by The Chartered Institute for Securities & Investment	~~1~~ b

where candidates hold all 3 papers or have both the Stock Exchange Practice and Techniques of Investment papers	(Formerly the Securities and Investment Institute)).	
BA (Hons) Financial Services, Planning and Management	Manchester Metropolitan University	~~1~~ a
TSA Registered Representative Examinations	The Securities Association	~~1~~ c
BA in Finance	University of Stirling	~~1~~ b
BA in Finance and Accounting	University of Stirling	~~1~~ b
MSc in Investment Analysis	University of Stirling	~~1~~ b
MSc in Finance	University of Stirling	~~1~~ b
ACI Dealing Certificate	ACI	~~2~~ d
ACI Diploma	ACI	~~2~~ d
Secondary Examination	Analyst Association of Japan	~~2~~ d
Diploma	Association of Belgian Financial Analysts	~~2~~ d
Certified International Investment Analyst (CIIA)	The Association of Certified International Investment Analysts (ACIIA)	~~2~~ d
Canadian Securities Course plus Conduct and Practices Handbook	Canadian Securities Institute	~~2~~ d
Certified European Financial Analyst	EFFAS Societies with accredited examinations	~~2~~ d
Series 7 – General Securities Representatives Examination	Financial Industry Regulatory Authority (FINRA) – Formerly the National Association of Securities Dealers (NASD)	~~2~~ d
Certificate in Financial Markets	Financial Services Institute of Australasia (Formerly the Securities Institute of Australia)	~~2~~ d
Diploma of Financial Markets	Financial Services Institute of Australasia (Formerly the Securities Institute of Australia)	~~2~~ d
Examination	French Society of Investment Analysts	~~2~~ d
International Fixed Income and Derivatives (IFID) Certificate Programme	ICMA Centre / University of Reading (Formerly ISMA Centre / University of Reading)	~~2~~ d
General Certificate Programme	ICMA Centre / University of Reading (Formerly ISMA Centre / University of Reading)	~~2~~ d
Irish Registered Representative Examination	Irish Stock Exchange/ Dublin City University	~~2~~ d
Promotore Finanziario Examination	Italian Exchange	~~2~~ d
Registered Representative of Public Securities Examination (pre April 1990)	Japanese Bankers Association	~~2~~ d
Representative of Public Securities Qualification – Class 1	Japanese Bankers Association	~~2~~ d
Registered Representative of Public Securities Examination (pre April 1990)	Japanese Securities Dealers Association	~~2~~ d
Representative of Public Securities Qualification – Type 1	Japanese Securities Dealers Association	~~2~~ d
Membership Examinations	Johannesburg Stock Exchange	~~2~~ d

Elementary, Intermediate and International Capital Markets Courses	Korea Securities Training	~~2~~ d
Trainee Dealers Representative Examination	Kuala Lumpur Stock Exchange	~~2~~ d
Certificate	New Zealand Stock Exchange	~~2~~ d
Examination	NIBE SVV the Dutch Institute for the Banking, Insurance and Stockbroking Industry	~~2~~ d
International Capital Markets Qualification (inclusive of the Fixed Interest and Bond Markets Module)	Securities Institute/ South African Institute of Financial Markets	~~2~~ d
Dealers Representative Examination	Singapore Exchange	~~2~~ d
Diploma	The Swiss Stock Exchange	~~2~~ d
Professional Certificate in Stockbroking	University College Dublin (UCD) / The Institute of Bankers School of Professional Finance	~~2~~ d
Investment Administration Qualification – IMRO Regulatory Environment Module	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~3~~ e
Investment Administration Qualification – SFA Regulatory Environment Module	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~3~~ e
Investment Administration Qualification – Unit 2 FSA Regulatory Environment – (Formerly the Investment Administration Qualification Regulatory Environment Module)	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~3~~ e
Securities & Investment Institute – Unit 1 Financial Regulation (Formerly the Securities Institute Regulatory Paper)	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~3~~ e
Unit 1 – Financial Regulation	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~3~~ e
Unit 1 – UK Regulation and Markets	CFA Society of UK (Formerly United Kingdom Society of Investment Professionals/ Institute of Investment Management and Research)	~~3~~ e
Unit 6 – Principles of Financial Regulation	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~3~~ e
SFA Registered Persons Examination – Section 1 (Regulation)	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~3~~ e

Qualification table for : Advising on and dealing with or for clients in *Derivatives* – Activity number 13 in TC Appendix 1.1.1R		
Qualification	**Qualification Provider**	**Key**
Certified International Wealth Manager	Association of International Wealth Managers	~~1~~ a
Chartered Financial Analyst Program Level 1 plus Investment Management Certificate (Level 4 certificate) (post-2010 exam standards)	CFA Institute/ CFA Society of UK (Formerly United Kingdom Society of Investment Professionals/ Institute of Investment Management and Research)	~~1~~ a
Chartered Financial Analyst plus Unit 1 of the Investment Management certificate (Level 4 certificate) (pre-2010 exam standards)	CFA Institute/ CFA Society of UK (Formerly United Kingdom Society of Investment Professionals/ Institute of Investment Management and Research)	b

Chartered Financial Analyst Program Level 1 plus Investment Management Certificate (pre-2010 exam standards)	CFA Institute/ CFA Society of UK (Formerly United Kingdom Society of Investment Professionals/ Institute of Investment Management and Research)	~~1~~ b
Associate	CFA Society of UK (Formerly United Kingdom Society of Investment Professionals/ Institute of Investment Management and Research)	~~1~~ b
Chartered Financial Analyst plus Unit 1 of the Investment Management Certificate (Level 4 certificate) (post-2010 exam standards)	CFA Institute/ CFA Society of UK	~~1~~ a
Investment Management Certificate (Level 4 certificate) (post-2010 exam standards) plus other qualifications that meet specialist standards for advising on securities	CFA Institute/ CFA Society of UK	~~1~~ a
Fellow by examination	CFA Society UK (Formerly United Kingdom Society of Investment Professionals/Institute of Investment Management and Research)	~~1~~ b
Associateship – must include a pass in the Investment Paper	Chartered Institute of Bankers in Scotland	~~1~~ b
Investment Advice Diploma	The Chartered Institute for Securities & Investment	~~1~~ a
Certificate in Private Client Investment Advice and Management	The Chartered Institute for Securities & Investment	~~1~~ b
Certificate in Private Client Investment Advice and Management (attained through a CISI competency interview and presentation only)	The Chartered Institute for Securities & Investment	~~1~~ b
Masters in Wealth Management (based on pre 2010 examination standards)	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ b
Diploma (where candidate holds 3 modules as recommended by the *firm*)	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ b
Certificate in Derivatives	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ c
Certificate in Financial Derivatives	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ c
Certificate in Investment Management	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ c
Level 6 Diploma in Wealth Management	The Chartered Institute for Securities &~~and~~ Investment (Formerly the Securities and Investment Institute)	~~1~~ c
Certificate in Securities and Financial Derivatives	The Chartered Institute for Securities &~~and~~ Investment (Formerly the Securities and Investment Institute)	~~1~~ c
Securities Institute Level 3 Certificate in Investments (Derivatives)	The Chartered Institute for Securities & Investment (Formerly the Securities and~~&~~ Investment Institute)	~~1~~ c
Securities Institute Level 3 Certificate in Investments (Investment Management)	The Chartered Institute for Securities & Investment (Formerly the Securities and~~&~~ Investment Institute)	~~1~~ c
Securities Institute Level 3 Certificate in Investments (Securities & Financial Derivatives)	The Chartered Institute for Securities & Investment (Formerly the Securities and~~&~~ Investment Institute)	~~1~~ c
Member of the Securities Institute (MSI Dip)	The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)	~~1~~ b

(where candidate holds 3 modules as recommended by the *firm)*		
SFA Futures and Options Representative Examination	The Chartered Institute for Securities & Investment (Formerly the Securities <u>and</u>~~&~~ Investment Institute)	~~1~~ <u>b</u>
SFA Securities and Financial Derivatives Representative Examination	The Chartered Institute for Securities & Investment (Formerly the Securities <u>and</u>~~&~~ Investment Institute)	~~1~~ <u>b</u>
Financial Derivatives paper of Diploma	The Chartered Institute for Securities & Investment (Formerly the Securities <u>and</u>~~&~~ Investment Institute)	~~1~~ <u>b</u>
SFA Securities Representative Examination plus Financial Derivatives Module	The Chartered Institute for Securities & Investment (Formerly the Securities <u>and</u>~~&~~ Investment Institute)	~~1~~ <u>b</u>
Financial Futures and Options paper of the Diploma	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~1~~ <u>a</u>
Advanced Financial Planning Certificate (must include a pass in G70 paper)	Chartered Insurance Institute	~~1~~ <u>b</u>
Associateship – (must include a pass in the Investment Paper)	~~*ifs*~~ <u>ifs</u> School of Finance (Formerly the Chartered Institute of Bankers)	~~1~~ <u>b</u>
Associateship – (must include a pass in the Investment Management Paper)	~~*ifs*~~ <u>ifs</u> School of Finance (Formerly the Chartered Institute of Bankers)	~~1~~ <u>b</u>
Registered Representative Full Membership Exams – where candidates hold all 3 papers or have both the Stock Exchange Practice and Techniques of Investment papers	London Stock Exchange (records now kept by The Chartered Institute for Securities & Investment (Formerly the Securities and Investment Institute)).	~~1~~ <u>b</u>
BA (Hons) Financial Services, Planning and Management	Manchester Metropolitan University	~~1~~ <u>a</u>
TSA Registered Representative Examination	The Securities Association	~~1~~ <u>b</u>
International Capital Markets Qualification (ICMQ) including pass in Futures, Options and other Derivative Products	Securities Institute/ South African Institute of Financial Markets	~~1~~ <u>b</u>
BA in Finance and Accounting	University of Stirling	~~1~~ <u>b</u>
MSc in Finance	University of Stirling	~~1~~ <u>b</u>
MSc in International Accounting and Finance (where candidates hold modules as recommended by the *firm*)	University of Stirling	~~1~~ <u>b</u>
MSc in Investment Analysis	University of Stirling	~~1~~ <u>b</u>
ACI Dealing Certificate	ACI	~~2~~ <u>d</u>
ACI Diploma	ACI	~~2~~ <u>d</u>
Secondary Examination	Analyst Association of Japan	~~2~~ <u>d</u>
Certified International Investment Analyst (CIIA)	The Association of Certified International Investment Analysts (ACIIA)	~~2~~ <u>d</u>

Derivatives Fundamentals Course and Futures/Options Licensing Course	Canadian Securities Institute	~~2~~ d
Diploma including passes in both the Australian Futures Trading and Options Trading papers	Financial Services Institute of Australasia (Formerly the Securities Institute of Australia)	~~2~~ d
International Fixed Income and Derivatives (IFID) Certificate Programme	ICMA Centre / University of Reading (Formerly ISMA Centre / University of Reading)	~~2~~ d
Registered Representative of Public Securities Examination (pre April 1990)	Japanese Bankers Association	~~2~~ d
Representative of Public Securities Qualifications – Class 1	Japanese Bankers Association	~~2~~ d
Representative of Public Securities Examination (pre April 1990)	Japanese Securities Dealers Association	~~2~~ d
Representative of Public Securities Qualifications – Type 1	Japanese Securities Dealers Association	~~2~~ d
Series 3 National Commodities Futures Examination	National Futures Association	~~2~~ d
Examination	NIBE SVV the Dutch Institute for the Banking, Insurance and Stockbroking Industry	~~2~~ d
Examination	Norwegian Society of Financial Analysts	~~2~~ d
Singapore Exchange Futures Trading Test	Singapore Institute of Banking and Finance	~~2~~ d
Ordinary and Senior Certificates	South African Institute of Financial Markets	~~2~~ d
Unit 1 – Financial Regulation	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~3~~ e
Unit 1 – UK Regulation and Markets	CFA Society of UK (Formerly United Kingdom Society of Investment Professionals/ Institute of Investment Management and Research)	~~3~~ e
Unit 6 – Principles of Financial Regulation	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~3~~ e
Diploma – Regulation and Compliance Paper	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~3~~ e
Investment Administration Qualification – IMRO Regulatory Environment Module	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~3~~ e
Investment Administration Qualification – SFA Regulatory Environment Module	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~3~~ e
Investment Administration Qualification – Unit 2 SFA Regulatory Environment (Formerly the Investment Administration Qualification – Regulatory Environment Module)	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~3~~ e
Securities & Investment Institute – Unit 1 Financial Regulation (Formerly the Securities Institute Regulatory Paper)	The Chartered Institute for Securities & Investment (Formerly the Securities & Investment Institute)	~~3~~ e

After Appendix 5G insert the following new appendices. The text is not underlined.

Appendix 6G Accredited bodies

Introduction

1. An *accredited body* is a body recognised by the *FSA* to act as an accredited body.

2. Information on *accredited bodies*, including *guidance* on the process for including an applicant body in the list, is set out below and the obligation to pay the application fee is set out in *FEES* 3.2.

3. The role of an *accredited body* relates to rules in *TC* which come into force on 31 December 2012.

Process for including a body in the list of accredited bodies

4. In considering the compatibility of a proposed addition with the *regulatory objectives*, the *FSA* will determine whether the applicant will, if accredited, contribute to securing an appropriate degree of protection for *consumers* having regard in particular to:

   (1) the matters set out in paragraphs 10 to 20; and

   (2) the rules and practices of the applicant.

5. An application to the *FSA* to be added to the list of *accredited bodies* should set out how the applicant will satisfy the criteria in paragraphs 10 to 20. The application should be accompanied by a report from a suitable auditor which sets out its independent assessment of the applicant's ability to meet these criteria. An application form is available from the *FSA* upon request.

6. When considering an application for *accredited body* status the *FSA* may:

   (1) carry out any enquiries and request any further information that it considers appropriate, including consulting other regulators;

   (2) ask the applicant or its specified representative to answer questions and explain any matter the *FSA* considers relevant to the application;

   (3) take into account any information which the *FSA* considers appropriate to the application; and

   (4) request that any information provided by the applicant or its specified representative is verified in such a manner as the *FSA* may specify.

7. The *FSA* will confirm its decision in writing to the applicant.

8. The *FSA* will enter into an agreement with the applicant or *accredited body* which will specify the requirements that the *accredited body* must meet. These will include the matters set out in paragraphs 10 to 20. Approval as an *accredited body* becomes effective only when the name of the applicant is added to the *Glossary*

definition of *accredited body*.

9. Paragraphs 10 to 20 set out the criteria which an applicant should meet to become an *accredited body* and which an *accredited body* should meet at all times.

Acting in the public interest and furthering the development of the profession

10. The *FSA* will expect an *accredited body* to act in the public interest, to contribute to raising consumer confidence and professional standards in the retail investment advice market and to promoting the profession.

Carrying out effective verification services

11. If independent verification of a *retail investment adviser's* professional standards has been carried out by an *accredited body*, the *FSA* will expect the *accredited body* to provide the *retail investment adviser* with evidence of that verification in a *durable medium* and in a form agreed by the *FSA*. This is referred to in this Appendix and *TC* 2.1.28R as a 'statement of professional standing'.

12. The *FSA* will expect an *accredited body* to have in place effective procedures for carrying out its verification activities. These should include:

(1) verifying that each *retail investment adviser* who is a member of or subscriber to the *accredited body's* verification service has made an annual declaration in writing that the *retail investment adviser* has, in the preceding 12 *months*, complied with *APER* and completed the continuing professional development required;

(2) verifying annually the continuing professional development records of no less than 10% of the *retail investment advisers* who have used its service in the previous 12 *months* to ensure that the records are accurate and the continuing professional development completed by the *retail investment advisers* is appropriate; and

(3) verifying that, if required by *TC*, the *retail investment advisers* who use its services have attained an appropriate qualification. This should include, where relevant, checking that appropriate qualification gap-fill records have been completed by the *retail investment advisers*.

13. The *FSA* will not expect an *accredited body* to carry out the verification in paragraph 12(3) if a *retail investment adviser* provides the *accredited body* with evidence in a *durable medium* which demonstrates that another *accredited body* has previously verified the *retail investment adviser's* appropriate qualification, including, where relevant, appropriate qualification gap-fill.

14. The *FSA* will expect an *accredited body* to make it a contractual condition of membership (where a *retail investment adviser* is a member of the *accredited body*) or of using its verification service (where a *retail investment adviser* is not a member of the *accredited body*) that, as a minimum, the *accredited body* will not continue to verify a *retail investment adviser's* standards and will withdraw its statement of professional standing if the *accredited body* is provided with false

information in relation to a *retail investment adviser's* qualifications or continuing professional development or a false declaration in relation to a *retail investment adviser's* compliance with *APER*. In this regard, an *accredited body* must have in place appropriate decision-making procedures with a suitable degree of independence and transparency.

Having appropriate systems and controls in place and providing evidence to the FSA of continuing effectiveness

15. The *FSA* will expect an *accredited body* to ensure that it has adequate resources and systems and controls in place in relation to its role as an *accredited body*.

16. The *FSA* will expect an *accredited body* to have effective procedures in place for the management of conflicts of interest and have a well-balanced governance structure with at least one member who is independent of the sector.

17. The *FSA* will expect an *accredited body* to have a code of ethics and to ensure that its code of ethics and verification service terms and conditions do not contain any provisions that conflict with *APER*.

Ongoing cooperation with the FSA

18. The *FSA* will expect an *accredited body* to provide the *FSA* with such documents and information as the *FSA* reasonably requires, and to cooperate with the *FSA* in an open and transparent manner.

19. The *FSA* will expect an *accredited body* to share information with the *FSA* (subject to any legal constraints) in relation to the professional standards of the *retail investment advisers* who use its service as appropriate. Examples might include conduct issues, complaints, dishonestly obtaining or falsifying qualifications or continuing professional development or a failure to complete appropriate continuing professional development. The *FSA* will expect an *accredited body* to notify the *firm* if issues such as these arise.

20. The *FSA* will expect an *accredited body* to submit to the *FSA* an annual report by a suitable independent auditor which sets out that auditor's assessment of the quality of the body's satisfaction of the criteria in paragraphs 10 to 19 in the preceding 12 *months* and whether, in the auditor's view, the body is capable of satisfying the criteria in the subsequent 12 *months*. The *FSA* will expect this annual report to be submitted to the *FSA* within three *months* of the anniversary of the date on which the *accredited body* was added to the *Glossary* definition of *accredited body*.

Withdrawal of accreditation

21. If an *accredited body* fails or, in the *FSA's* view, is likely to fail to satisfy the criteria, the *FSA* will discuss this with the *accredited body* concerned. If, following a period of discussion, the *accredited body* has failed to take appropriate corrective action to ensure that it satisfies and will continue to satisfy the criteria, the *FSA* will withdraw the *accredited body's* accreditation by removing its name from the list of *accredited bodies* published in the *Glossary*.

The *FSA* will expect the body to notify each *retail investment adviser* holding a current statement of professional standing of the *FSA's* decision. A statement of professional standing issued by the *accredited body* before the withdrawal of accreditation will continue to be valid until its expiration.

continued

Appendix 7G Guidelines for qualification gap-fill for retail investment advisers

Who should use these guidelines?
Under the RDR professionalism requirements if you are a *retail investment adviser* then you need to meet a new standard of qualification from 31 December 2012 in order to act as a *retail investment adviser*. If you already hold certain qualifications specified in TC Appendix 4 you will not need to attain any further examinations. Instead you will need to fill any knowledge gaps against the Financial Services Skills Council's examination standards using qualification gap-fill. To do this you should use the templates in this Appendix which reproduce the Financial Services Skills Council's examination standards and allow you to identify the gaps that you will need to fill. You will need to have your gap-fill verified by an *accredited body* before 31 December 2012 to enable these qualifications to count as appropriate qualifications.

Please note:

- In order to take advantage of qualification gap-fill you must hold a qualification for each specific activity you perform, for example if you hold a qualification for *packaged products* but also give advice on *securities* you will need to hold an appropriate qualification for both of these activities.
- The template below is an updated version of the template we published in CP09/31. Advisers who are using the template from CP09/31 can continue to do so.

Instructions for use
First, you should establish which tables below you need to use. This is based on the *TC* Appendix 1.1 activity you will be performing. The revised examination standards under the RDR are divided into core and specialist content.

The core modules apply to all *retail investment advisers* and are as follows:

(1) Financial Services, regulation and ethics
(2) Investment principles and risk
(3) Personal taxation

This means that all qualification gap-filling must include tables 1, 2 and 3 set out below.

Second, you need to establish which of the specialist modules you need to gap-fill**.** This depends on which *TC* Appendix 1.1 activities you carry out, as defined in *TC* Appendix 1.1. The matrix below helps to show which tables you need to use to complete gap-fill for the specialist content, with the tables numbered 4, 5, 6 and 7.

Figure 1

Table number / Adviser's activity, as per TC Appendix 1.1	4 Securities	5 Derivatives	6 Pensions and retirement planning	7 Application standards for packaged products
2 – *advising* on *securities*	✓	✗	✗	✗
3 – *Advising* on *derivatives*	✗	✓	✗	✗
4 – *Advising* on *packaged products* which are not *broker funds*	✗	✗	✓	✓
6 – *Advising* on *friendly society* tax-exempt *policies*	✗	✗	✓	✓
12 – *Advising* on and *dealing* in *securities* which are not *stakeholder pension schemes* or *broker funds*	✓	✗	✗	✗

13 – *Advising* on and *dealing* in *derivatives*	✗	✓	✗	✗

There is no specialist module for *packaged products* (distinct from application standards for *packaged products*) because the *packaged product* content is a combination of the three core modules, along with pensions & retirement planning and protection. The examination standard for protection is not included here because the level has not changed, so there is no gap to fill.

Once you have worked out which tables you need to use, you should check the learning outcomes in column 2. The indicative content in column 3 provides additional guidance on the areas to be covered[1]. If the qualification or CPD you completed meets the learning outcome, you need do nothing more in that area other than record the fact in column 4 or 5. If it does not meet the learning outcome, you will need to undertake and evidence, in column 5, the qualification gap-fill you have completed to meet the new requirements before 31 December 2012. If you remain uncertain, you should contact your qualification awarding body or your intended *accredited body* who should be able to help. Column 6 should be completed by your *accredited body*.

The prime focus of qualification gap-filling should be on the relevance of the learning activity to the learning outcome and indicative content to be achieved. This can be from any source: firm, professional body, training provider etc, and from any time provided it is completed before 31st December 2012. CPD carried out in the past can be used to meet the qualification gap-fill requirements where this can be appropriately verified.

Core content

Table 1 – Financial Services, Regulation and Ethics

[1] Please note that the application standards for packaged products have outcome standards in column 1 and assessment in column 2. For this you will need to check if your qualification covered the outcome standard and record the result.

1	2	3	4	5	6
Attainment level	Learning outcome	Indicative content	Covered in qualific-ation? (Y/N)	Evidence of learning activity	Verification of qualification top-up and date
Understand	The UK financial services industry in its European and global context				
		• role and structure of the UK and international markets, key participants			
		• the impact of the EU on UK regulation			
		• the role of government – economic and industrial policy, regulation, taxation and social welfare			
		• the function and operation of financial services within the wider economy			
Understand	How the retail consumer is served by the financial services industry				
		• obligations towards consumers and their perception of financial services;			
		• 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 those needs are met:			
		- mortgages and loans			
		- life and health insurance			
		- savings and investments			
		- State benefits			
		- the main types of pension provision			
Understand	The legal concepts and considerations relevant to financial advice				
		• legal persons and power of attorney			
		• basic law of contract and agency			
		• ownership of property			
		• insolvency and bankruptcy			
		• wills and intestacy			
		• use of trusts:			
		- the main types of trusts and their uses			
		- how to create and administer trusts			
Understand	The regulation of financial services				
		• the role of the Financial Services Authority (FSA), HM Treasury and the Bank of England – market regulation			
		• the role of other regulating bodies such as the Competition Commission, the Office of Fair Trading, the Pensions Regulator, the Information Commissioner			
		• Financial Services and Markets Act (FSMA) 2000, other relevant legislation			
		• the role of EU regulation and relevant Directives			

		• additional oversight – senior management, trustees, auditors, external compliance support services			
Understand	The FSA's responsibilities and approach to regulation				
		• Statutory objectives and how the FSA is structured to achieve these:			
		- powers and activities			
		- financial stability and prudential regulation			
		- powers to deal with financial crime			
		- financial capability – National Strategy			
		• the FSA Handbook – the main principles and rules			
		- the High Level Standards			
		- Prudential Standards			
		- Business Standards			
		◦ Conduct of Business (COBS)			
		◦ rules for dealing with client assets			
		◦ Market Conduct code			
		◦ Training and Competence			
		- Regulatory Processes:			
		◦ authorisation, supervision, approved persons, significant influence functions, controlled functions, appointed representatives			
		• risk-based supervision, discipline and enforcement, sanctions to deal with criminal activities			
Apply	The principles and risk as set out in the regulatory framework				
		• regulated activities and authorisation requirements			
		• approved person and controlled function responsibilities			

		• record keeping, reporting and notification requirements			
		• professionalism and the training and competence requirements			
		• Anti money laundering and proceeds of crime obligations			
		• Data protection including data security			
		• complaints procedures and responsibilities to consumers			
		• the Financial Ombudsman Service (FOS)			
		• the Financial Services Compensation Scheme (FSCS)			
Apply	The regulatory advice framework in practice for the consumer				
		• client relationships and adviser responsibilities:			
		- types of clients			
		- fiduciary relationship – duty of care, confidentiality, primacy of clients' interests			
		- clarity of service provision and charges, status disclosure including terms of business and client agreements, execution only			
		- limitations to own authority or expertise, referrals to and relationships with relevant specialists			
		- clients' cancellation rights			
		• regulated advice standards			
		• monitoring and reviewing clients' plans and circumstances and taking account of relevant changes			

Understand	The range of skills required when advising clients				
		• Communicating clearly, assessing and adapting to the differing capabilities of clients			
		• gathering information, assessment and analysis of client's needs and circumstances, reaching conclusions and making appropriate recommendations			
Understand	The FSA's use of principles and outcomes based regulation to promote ethical and fair outcomes				
		• the Principles for Business and the discretionary obligations these place on firms			
		• corporate culture and leadership			
		• the responsibilities that rest with approved persons and the need for integrity, competence and fair outcomes for clients, including dealing with conflicts of interest			
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			
		• the steps involved in managing ethical dilemmas			
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			

Table 2 – Investment principles and risk

Attainment level	Learning outcome	Indicative content	Covered in qualific-ation? (Y/N)	Evidence of qualification top-up?	Verification of qualification top-up and date
Analyse	The characteristics, inherent risks, behaviour and correlation of asset classes				
		• cash and cash equivalents:			
		- main types, costs and charges			

		• fixed interest securities:			
		- main types			
		- running and redemption yields, interest rates and yield curves			
		- markets and indices			
		- transaction costs – purchase and sale			
		• equities:			
		- main types, private equity			
		- valuation measures – price/earnings (P/E) ratio, dividend yield and cover, Net Asset Value (NAV)			
		- stock markets – indices, listings			
		- transaction costs			
		• property:			
		- main types, residential and commercial, income profile and gearing			
		- valuation			
		- performance benchmarking			
		- transaction and on-going costs			
		• alternative investments such as commodities, and physical assets			
		• pricing, liquidity and fair value			
		• correlation of asset classes – relevance to asset allocation			
Understand	The macro-economic environment and its impact on asset classes				
		• main long term UK and global socio-economic trends			
		• overview of world economies and globalisation of markets			

		• economic and financial cycles – predictability, regional economy differences			
		• the key economic indicators – trends and their interpretation			
		• significance of monetary and fiscal policy			
		• relevance of money, inflation, deflation, interest rates and exchange rates			
		• balance of payments and international capital flows			
		• the role of financial investment in the economy			
Understand	The merits and limitations of the main investment theories				
		• key features of the main investment theories:			
		- modern portfolio theory			
		- multi factor theory			
		- 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			
Apply	The principles of the time value of money				
		• compound interest and discounting			
		• real returns and nominal returns			
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			
		• systemic and non-systemic, including fraud and counterparty, institutional, market timing			
Analyse	The characteristics, inherent risks, behaviours and relevant tax considerations of investment products				
		• 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)			
		◦ closed ended funds / investment companies – onshore and offshore			
		◦ Individual Savings Account (ISAs) and Child Trust Funds (CTFs)			
		◦ National Savings and Investments			

		◦ life assurance based investments – onshore and offshore			
		◦ defined contribution (DC) pension arrangements			
		◦ Real Estate Investment Trusts (REITs) and other property based products			
		◦ Venture Capital Trusts (VCTs) and Enterprise Investments Schemes (EISs) – basic structures and uses			
		◦ broker funds and distributor influenced funds (DIFs)			
		- derivatives:			
		◦ basic structure, main types and uses			
		- investment strategy based products:			
		◦ hedge fund and funds of hedge funds			
		◦ absolute return funds			
		◦ structured products – income and capital growth, structure and analysis			
		◦ with profit funds – main principles			
Apply	The investment advice process				
		• know your client requirements:			
		- explain the investment 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			
		• asset allocation:			
		- alignment with client risk profile and requirements			
		- diversification and correlation benefits			
		- accumulation and decumulation			
Understand	The principles of investment planning				
		• asset allocation:			
		- stochastic modelling			
		- strategic and tactical asset allocation			
		• portfolio construction:			
		- stock and fund selection			
		- diversification by sector, geographical area and currency			
		- main fund management strategies and styles			
		- costs, charges, Total Expense Ratios (TERs), Portfolio Turnover Rates (PTRs)			
		- selection of products, tax wrapper and services			
		- provider selection and due diligence			
		- recommendations and suitability			
		• wrap and other platforms:			
		- concept and uses			
		- benefits and risks			
		- costs/charges			

Analyse	The performance of investments				
		• portfolio performance:			
		- methods of evaluating portfolio performance			
		- selection and use of benchmarks			
		- new money and timing factors			
		• portfolio review and administration:			
		- changes in client circumstances			
		- changes in financial environment			
		- new products and services available			
		- maintenance of products and services			
		- use of external services / benchmarking			
		- rebalancing			

Table 3 – Personal taxation

Attainment level	Learning outcome	Indicative content	Covered in qualific-ation? (Y/N)	Evidence of qualification top-up and date	Verification of qualification top-up and date
Understand	The UK tax system as relevant to the needs and circumstances of individuals and trusts				
		• income tax – sources of income, liability, allowances, reliefs, priorities for taxing income, income of trusts and beneficiaries			
		• National Insurance Contributions (NICs) – liability			

		for employers, employees, self-employed contribution levels, voluntary NICs			
		• Capital Gains Tax (CGT) – liability, rate, disposals, gains and losses, reliefs and exemptions, capital gains of trusts			
		• Inheritance Tax (IHT) – liability, transfers, nil rate band, rates, reliefs and exemptions, assets held in trusts, transfers to and from trusts			
		• residence and domicile – main rules, impact on liability to income tax, CGT and IHT			
		• UK tax compliance – self assessment, Pay as You Earn (PAYE), tax returns, tax payments, tax evasion and avoidance issues			
		• Stamp duty reserve tax and stamp duty land tax – transactions subject to tax, rates of tax, main reliefs			
		• outline of Value Added Tax (VAT) and Corporation Tax			
Analyse	The taxation of investments as relevant to the needs and circumstances of individuals and trusts				
		• direct investments – cash and cash equivalents, fixed interest securities, equities and property			
		• indirect investments:			
		- pension arrangements			
		- Individual Savings Accounts (ISAs) and Child Trust Funds (CTFs)			
		- onshore and offshore collectives and investment companies			
		- onshore and offshore life assurance policies			

		- Real Estate Investment Trusts (REITS)			
		- Venture Capital Trusts (VCTs) and Enterprise Initiative Schemes (EISs) – basic outline			
Analyse	The role and relevance of tax in the financial affairs of individuals and trusts				
		• the impact of taxes on individuals, trusts and their investments			
		• key principles of income tax planning – spouse, civil partners, children, pension contributions, ISA allowances, use of the main CGT exemptions and reliefs			
		• main uses of lifetime gifts and trusts in basic IHT mitigation			
Apply	the knowledge of personal taxation to the provision of investment advice				
		• to carry out computations on the most common elements of income tax and NICs; CGT; IHT including the impact of lifetime transfers and transfers at death			
		• to make elementary tax planning recommendations in the context of investment advice			

Specialist content

Table 4 – Securities

Attainment level	Learning outcome	Indicative content	Covered in qualific-ation? (Y/N)	Evidence of qualification top-up and date	Verification of qualification top-up and date
Understand	The securities market structure, features, regulatory and trading environment				
		• 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)			
		° Systemic Internalisers			
		° dark pools			
		• international markets:			
		- developed markets			
		- emerging markets			
		- foreign exchange market			
		- structure and access considerations			
Apply	Dealing principles and practice to relevant client investment activity				
		• dealing – domestic markets, rules and principles:			
		- Best Execution			
		- aggregation and allocation			
		- front running			
		• international markets – main differences in principle and practice			
Understand	Clearing, settlement and custody principles and practice relevant to client investment activity				
		• clearing and central counterparty – UK process, duties, risks			
		• settlement:			
		- UK process			
		- International Central Securities Depositaries			

		(CSDs)			
		• custody of assets and client money			
		• relevance and impact of corporate actions			
Assess	The factors that influence market behaviour relevant to investment advice				
		• factors that influence market and individual security movements:			
		- volume, liquidity and impact of trading activities – domestic and international markets			
		- derivatives market, interactivity of timed events, relationship with cash market			
		- research and ratings			
		- Market Abuse regime			
		• information and disclosure:			
		- issuer reporting and announcement, corporate actions			
		- transparency obligations – transaction reporting, share ownership and disclosure, short selling			
		- market data convention			
Analyse	The characteristics, features, behaviours and risks of securities in the context of the market for these products				
		• equities:			
		- share classes			
		- American Depositary Receipts (ADRs) and			

		Global Depositary Receipts (GDRs)			
		- comparative valuation measures and relevance			
		• debt securities:			
		- domestic and international government securities			
		- corporate debt securities			
		- duration, interest rates movements, price/yield relationship			
		- creditor ratings, creditor rankings			
		• derivative substitutes:			
		- warrants and covered warrants			
		- contracts for difference (CFDs)			
		• collectives:			
		- open and closed ended			
		- asset value, pricing and gearing			
		- asset cover, redemption yields			
		- investment management styles and fund selection			
		- passported products			
		• ETFs and structured products			
		• cash and cash equivalents			
		• Foreign Exchange			
These standards include the requirement to COMBINE and APPLY the learning content from all units of the Appropriate Qualification					
Apply	The relevant factors and considerations to decide and implement investment recommendations				
		• obtain the range of client information and subjective factors to understand their needs, wants, values and risk profile essential to planning			

		• synthesise client and relevant market information to provide the basis for assumptions and decisions			
		• analyse the advantages and disadvantages of the appropriate options			
		• select, recommend, explain and justify, and transact:			
		- sources and use of research and other information			
		• holding securities within an investment portfolio:			
		- direct holdings, indirect holdings and combinations			
		- role of derivative substitutes			
		- rationale, advantages and disadvantages			
		- impact on overall client objectives and priorities			
		- asset allocation factors and relationship to overall portfolio			
		- matching to client risk appetite			
		• take account of relevant tax, accounting and costs considerations			
		• comply with advice and dealing regulation specific to securities – COBS			
		• client reporting requirements			
		• communication, monitoring, review and maintenance of the portfolio to achieve the client's objectives, deal with change and respond to setbacks			

Table 5 – Derivatives

Attainment level	Learning outcome	Indicative content	Covered in qualific-ation? (Y/N)	Evidence of qualification top-up?	Verification of qualification top-up and date
Understand	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			
Understand	The principles, components, characteristics and risks of derivatives relative to the underlying				
		• relationships to underlying			
		• physically settled versus cash settled			
		• general pricing principles – futures, options			
Understand	The market environment, product types and characteristics of Exchange Traded derivatives				
		• main products:			
		- futures			
		- options			
		• main UK and international exchanges			
		• trading platforms:			
		- mechanisms and procedures			
		• wholesale trading facilities:			
		- significance and uses			
		• clearing mechanisms and processes			
Understand	The pricing, trading and market practice of Exchange Traded derivatives	• 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			
		• order / instruction flow and order type			
		• input and matching, trade registration processes			
Understand	The main types and characteristics of OTC traded derivatives				
		• 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			
Understand	Clearing, margin, settlement, exercise and delivery of both Exchange Traded and OTC 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			
Evaluate	The purpose, merits, limitations and risks of the main derivatives strategies for trading, hedging and investment relevant to client investment activity				
		• trading and speculation			
		• hedging:			
		- options strategies			
		- futures strategies			
		• investment and derivatives, including use of synthetics:			
		- portfolio hedging			
		- portfolio yield enhancement			
		- structured funds and ETFs			
These standards include the requirement to COMBINE and APPLY the learning content from all units of the Appropriate Qualification					
Apply	The relevant factors and considerations to decide and implement investment recommendations				

		• obtain the range of client information and subjective factors to understand their needs, wants, values and risk profile essential to planning			
		• synthesise client and relevant market information to provide basis for assumptions and decisions			
		• analyse the advantages and disadvantages of the appropriate strategies			
		• select, recommend, explain and justify, and transact:			
		- sources and use of research and other information			
		• holding derivatives within an investment portfolio:			
		- direct holdings, indirect holdings and combinations			
		- rationale, advantages and disadvantages			
		- impact on overall client objectives and priorities			
		- main factors to consider when holding both securities and derivatives within the portfolio			
		- asset allocation factors and relationship to overall portfolio			
		- matching to client risk appetite and trade-offs			
		• take account of relevant tax, accounting and costs considerations			
		• comply with advice and dealing regulations specific to derivatives – COBS			
		• client reporting requirements			
		• communication, monitoring, review and maintenance of the portfolio to achieve the client's objectives, deal with change and respond to			

		setbacks			

Table 6 – Pensions and retirement planning

Attainment level	Learning outcome	Indicative content	Covered in qualific-ation? (Y/N)	Evidence of qualification top-up?	Verification of qualification top-up and date
Understand	The political, economic and social environment factors which provide the context for pensions planning				
		• role of Government, policy direction, challenges and proposed reforms			
		• corporate responsibilities, challenges and impact on pension provision			
		• demographic trends, longevity and ageing population			
		• incentives, disincentives and attitudes to saving			
		• main scheme types and methods of pension provision:			
		- State pension benefits			
		- DB schemes, funding and benefits			
		- DC schemes, funding and benefits			
Understand	How the HMRC tax regime applies to pension planning				

		• funding/contributions to registered pension schemes, tax relief provision			
		• pension scheme investment funds			
		• death benefits before and after crystallisation			
		• pension scheme retirement benefits			
		• outline of the annual allowance, lifetime allowances, special annual allowance, and 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)			
Understand	The relevant aspects of pensions law and regulation to pensions planning				
		• Pensions Regulator compliance requirements			
		• pension protection schemes			
		• trust and contract based pension schemes			
		• role and duties of trustees and administrators			
		• pensions and divorce			
		• employment law relevant to pensions			
		• bankruptcy law and pension assets			
Understand	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			
Understand	The structure, characteristics and application of Defined Benefit schemes to an individual's pension planning				
		• main attributes and benefits of DB pension provision			
		• main types, variations and hybrids			
		• rules and operation of DB schemes			
		• funding methods and issues			
		• roles of trustees and other parties, and scheme reporting			
		• factors to consider and benefits on leaving, early and normal retirement			
		• benefits on ill health and death			
		• eligibility criteria and top up options			
		• transfer issues and considerations			
		• public sector schemes			
Analyse	The range of Defined Contribution scheme options as they apply to an individual's pension planning				

		• main attributes and benefits of DC pension provision			
		• 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			
Analyse	The options and factors to consider for drawing pension benefits				
		• State retirement benefits			
		• DB schemes:			
		- scheme benefits, payment guarantees, survivor benefits			
		• DC schemes:			
		- secured pensions, types of annuities and main features			
		- unsecured pensions			
		- compliance requirements			
		• phased retirement – options, benefits and risks			
		• timing of decisions and implementation			
		• triviality rules			

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			
		- conflicts 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 sources 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			

Table 7 – Application standards for packaged products

Outcome standards Candidates should be able to:	Assessment Assessment at this level will seek to test ability to:	Covered in qualific-ation? (Y/N)	Evidence of qualification top-up?	Verification of qualification top-up and date
• Obtain appropriate client information and understand clients' needs, wants, values and risk profile essential to the financial planning process	- Identify and use relevant understanding, methods and skills to address problems that are complex and non-routine while normally fairly well defined			
• Synthesise the range of client information, subjective factors and indicators to provide the basis for financial planning assumptions and decisions				
• Analyse a client's situation and the advantages and disadvantages of the appropriate options	- Take responsibility for overall courses of action as well as exercise autonomy and judgement			
• Formulate suitable financial plans for action	- Initiate and use appropriate investigation to inform actions - Analyse, interpret and evaluate relevant information and ideas			
• Explain and justify recommendations				
• Implement, review and maintain financial plans to achieve the clients' objectives and adapt to changes in circumstances	- Review the effectiveness and appropriateness of methods, actions and results			

Part 2: Comes into force on 1 July 2011

Amend the following as shown.

2.1.15 R [to follow]

2.1.16 G [to follow]

2.1.17 R [to follow]

2.1.18 G [to follow]

2.1.19 G [to follow]

2.1.20 G [to follow]

2.1.21 G [to follow]

2.1.22 G [to follow]

2.1.23 G [to follow]

2.1.24 R [to follow]

2.1.25 R [to follow]

2.1.26 R [to follow]

2.1.27 R [to follow]

2.1.28 R [to follow]

2.1.29 G [to follow]

2.1.30 G [to follow]

Notification requirements

2.1.31 R A *firm* must notify the *FSA* as soon as reasonably practicable after it becomes aware, or has information which reasonably suggests, that any of the following events has occurred or may have occurred in relation to any of its *retail investment advisers*, and the event is significant:

(1) a *retail investment adviser*, who has been assessed as competent for the purposes of *TC* 2.1.1R, is no longer considered competent for those purposes;

(2) a *retail investment adviser* has failed to attain an appropriate qualification within the time limit prescribed by *TC* 2.2A.1R(1);

(3) a *retail investment adviser* has failed to comply with a *Statement of Principle* in carrying out his *controlled function*; and

(4) a *retail investment adviser* has performed an activity in *TC* Appendix 1 before having demonstrated the necessary competence for the purposes of *TC* 2.1.1R and without appropriate supervision.

2.1.32 G When considering whether an event is significant a *firm* should include the following in its considerations:

(1) the potential risk of consumer detriment as a result of the event;

(2) whether the event or a pattern of events indicate recurrent issues in relation to one or more *retail investment advisers*; and

(3) its obligations under *Principle* 11.

2.1.33 G The Retail Investment Adviser Competence Notification Form approved by the *FSA* for notifications under *TC* 2.1.31R may be found at the *FSA's* website www.fsa.gov.uk/Pages/Doing/Regulated/Notify/index.shtml.

…

Sch 2 Notification requirements

2.1G ~~There are no notification or reporting requirements in *TC*.~~

Handbook reference	Matter to be notified	Contents of notification	Trigger event	Time allowed
TC 2.1.31R	Notifications – issues relating to the competency and behaviour of *retail investment advisers.*	(1) Information about any circumstances relevant to the issue; and (2) information about any steps which a *firm* has taken or intends to take to rectify the position or prevent any future potential occurrence.	Becoming aware, or having information which reasonably suggests that any of the following has occurred or may occur, and the event is significant:	As soon as reasonably practicable.
			(1) a *retail investment adviser*, who has been assessed as competent for the purposes of *TC* 2.1.1R, is no longer considered competent for the purposes of	

			TC 2.1.1.R;	
			(2) a *retail investment adviser* has failed to attain an appropriate qualification within the time limit prescribed by *TC* 2.2A.1R(1);	
			(3) a *retail investment adviser* has failed to comply with a *Statement of Principle* in carrying out his *controlled function*; and	
			(4) a *retail investment adviser* has performed an activity in *TC* Appendix 1 before having demonstrated the necessary competence for the purposes of *TC* 2.1.1R and without appropriate supervision.	

Part 3: Comes into force on 31 December 2012

Supervision

2.1.4 G *Firms* should ensure that those supervising *employees* carrying on an activity in *TC* Appendix 1 have the necessary coaching and assessment skills as well as technical knowledge and experience to act as a competent supervisor and assessor. In particular *firms* should consider whether it is appropriate to require those supervising *employees* not assessed as competent to attain an appropriate qualification as well except where the *employee* is giving advice on ~~*packaged products*~~ *retail investment products*, see *TC* 2.1.5R.

2.1.5 R Where an *employee* is giving advice on ~~*packaged products*~~ *retail investment products* to *retail clients* and has not been assessed as competent to do so, the *firm* must ensure that the individual supervising and assessing that *employee* has attained an appropriate qualification.

…

Qualification requirements before starting activities

…

2.1.8A R A *firm* must ensure that an *employee* who was assessed as competent as a *retail investment adviser* for the purposes of *TC* 2.1.1R at 30 June 2009 does not carry on the activity of a *retail investment adviser* without first attaining an appropriate qualification.

Exemption from appropriate qualification requirements

2.1.9 R (1) If a *firm* is satisfied that an *employee* meets the conditions in this *rule* then the requirements to have attained each module of an appropriate qualification will only apply if that *employee* is carrying on one of the activities specified in this *rule*.

(2) The conditions are that a *firm* should be satisfied that an *employee*:

(a) has at least three years' up-to-date relevant experience in the activity in question obtained while employed outside the *United Kingdom*;

(b) has not previously been required to comply fully with the relevant qualification requirements in *TC* 2.1.1R; and

(c) has attained the relevant regulatory module of an appropriate qualification;

but (b) and (c) do not apply to an *employee* who is benefiting from the "30-day rule" exemption in *SUP* 10.10.7BR, unless the *employee* benefits from that rule because he is advising *retail clients* on ~~*packaged products*~~ *retail investment products* or is a *broker fund adviser*.

(3) The relevant activities are:

(a) *advising on investments* which are ~~*packaged products*~~ *retail investment products*, if that advice is given to *retail clients*;

(b) the activity of *broker fund adviser*;

(c) *advising on syndicate participation at Lloyd's*; or

(d) the activity of a *pension transfer specialist*.

…

Continuing professional development

2.1.15 R ~~[to follow]~~ Subject to *TC* 2.1.17R, a *firm* must ensure that a *retail investment adviser* who has been assessed as competent for the purposes of *TC* 2.1.1R remains competent by completing a minimum of 35 hours of appropriate continuing professional development in each 12 *month* period.

2.1.16 G ~~[to follow]~~ In order to meet the requirement in *TC* 2.1.15R, a *retail investment adviser* should complete no less than 21 hours of structured continuing professional development activities.

2.1.17 R ~~[to follow]~~ A *firm* is permitted to suspend the requirements of *TC* 2.1.15R in respect of a *retail investment adviser* for the period of time during which the *retail investment adviser* is continuously absent from work, if that absence is due to:

(1) maternity, paternity or adoption leave;

(2) long-term illness or disability;

(3) caring responsibilities for a family member who has a long-term illness or disability; or

(4) any other absence allowed in order for the *firm* to meet its statutory duties in relation to equality and diversity.

2.1.18 G ~~[to follow]~~ In *TC* 2.1.17R(3), a family member includes a partner, parent, grandparent, sibling or child.

2.1.19 G ~~[to follow]~~ In deciding whether to suspend the requirements of *TC* 2.1.15R, a *firm* should take into account:

(1) the *retail investment adviser's* individual circumstances;

(2) the length of time the *retail investment adviser* is likely to be absent from carrying on the activity; and

(3) its statutory duties in relation to equality and diversity.

2.1.20 G ~~[to follow]~~ Examples of structured continuing professional development activities include participating in courses, seminars, lectures, conferences, workshops, web-based seminars or e-learning which require a contribution of thirty minutes or more.

2.1.21 G ~~[to follow]~~ Examples of unstructured continuing professional development activities include:

(1) conducting research relevant to the individual's role;

(2) reading industry or other relevant material;

(3) participating in professional development coaching or mentoring sessions.

2.1.22 G ~~[to follow]~~ All continuing professional development should:

(1) be relevant to the *retail investment adviser's* current role and any anticipated changes to that role;

(2) maintain the *retail investment adviser's* knowledge by reference to current qualification standards relevant to the *retail investment adviser's* role;

(3) contribute to the *retail investment adviser's* professional skill and knowledge;

(4) address any identified gaps in the *retail investment adviser's* technical knowledge;

(5) have written learning objectives based on learning needs and a documented learning outcome;

(6) be measurable and capable of being independently verified by an *accredited body*.

2.1.23 G ~~[to follow]~~ Continuing professional development completed by a *retail investment adviser* in relation to activities other than acting as a *retail investment adviser* should not be taken into account for the purposes of *TC* 2.1.15R unless it is also relevant to the activity of acting as a *retail investment adviser*.

2.1.24 R ~~[to follow]~~ A *firm* must, for the purposes of *TC* 3.1.1R (Record keeping), make and retain records of:

(1) the continuing professional development completed by each *retail investment adviser*; and

(2) the dates of and reasons for any suspension of the continuing professional development requirements under *TC* 2.1.17R.

2.1.25 R ~~[to follow]~~ A *firm* must not prevent a *retail investment adviser* from obtaining a copy of the records relating to that *retail investment adviser* which are maintained by the *firm* for the purposes of *TC* 2.1.24R.

Annual declarations

2.1.26 R ~~[to follow]~~ A *firm* must ensure that a *retail investment adviser* confirms annually in writing that the *retail investment adviser* has, in the preceding 12 months:

(1) complied with *APER*; and

(2) if applicable, completed the continuing professional development required under *TC* 2.1.15R.

Independent verification

2.1.27 R ~~[to follow]~~ A *firm* must obtain from an *accredited body* independent verification of the *firm's* compliance with:

(1) in respect of its *retail investment advisers* only, the requirement in *TC* 2.1.1R to attain each module of an appropriate qualification;

(2) *TC* 2.1.15R; and

(3) *TC* 2.1.26R.

2.1.28 R ~~[to follow]~~ The independent verification in *TC* 2.1.27R must be obtained by a *firm*:

(1) in respect of a competent *retail investment adviser* who began to carry on the activity of a *retail investment adviser* on or before 31 December 2012, within 60 *days* of that date and of the anniversary of that date thereafter;

(2) in respect of a *retail investment adviser* who began to carry on the activity of a *retail investment adviser* on or after 1 January 2013, within 60 *days* of the date on which the *retail investment adviser* was assessed as competent as a *retail investment adviser* and of the anniversary of that date thereafter.

2.1.29 G ~~[to follow]~~ Independent verification for the purposes of *TC* 2.1.27R should take the form of a statement of professional standing issued by an *accredited body*.

2.1.30 G ~~[to follow]~~ The *Glossary* definition of *accredited body* contains a list of bodies recognised by the *FSA* for the purpose of providing the independent verification required under *TC* 2.1.27R. Information on *accredited bodies*, including *guidance* on the process for including a body in the list is set out in *TC* Appendix 6G and the obligation to pay the application fee is set out in *FEES* 3.2.

After TC 2.2A insert the following new section. The text is not underlined.

2.2B Reporting requirements

Application

2.2B.1 R This section applies to a *firm* with *employees* that are *retail investment advisers*.

Purpose

2.2B.2 G (1) The purpose of this section is to set out the requirement for *firms* which employ *retail investment advisers* to notify each individual *retail investment adviser's* professional standards data to the *FSA*.

(2) The purpose of collecting this data is to assist the *FSA* in the ongoing supervision of *firms* which employ *retail investment advisers* and to enable the *FSA* to gain an understanding of the professional development of individual *retail investment advisers* in the interests of protecting customers.

Reporting requirement

2.2B.3 R (1) A *firm* must submit a report (the 'data report') to the *FSA* containing the information required by *TC* 2.2B.4R quarterly, within 20 *business days* of the end of the quarter, unless (3) applies.

(2) The reporting periods are the four calendar quarters of each year beginning on 1 January.

(3) A *firm* need not submit a data report if no changes have occurred in relation to the information submitted by the *firm* in its previous report.

(4) A *firm* may submit a data report more frequently than quarterly if it wishes.

Content of the report

2.2B.4 R The report must contain professional standards data as follows:

(1) the *firm's* name and *FSA* Firm Reference Number;

(2) the names and *FSA* Individual Reference Numbers of the *firm's employees* who are *retail investment advisers*, including trainees;

(3) whether a *retail investment adviser* has attained an appropriate qualification;

(4) if a *retail investment adviser* has not attained an appropriate qualification, the date on which the *employee* began to carry on the

activity of a *retail investment adviser*; and

(5) the name of the *accredited body* used for the purposes of *TC* 2.1.27R.

2.2B.5 R The data report must comply with the provisions of *TC* Appendix 8R.

2.2B.6 R A *firm* must submit the data report to the *FSA* electronically in a standard format prescribed by the *FSA*.

2.2B.7 R A data report will not have been submitted to the *FSA* in accordance with *TC* 2.2B.6R unless all mandatory data reporting fields (as set out in *TC* Appendix 8R) have been completed correctly and the report has been accepted by the relevant *FSA* reporting system.

Amend the following as shown.

Appendix 1.1 Activities and Products/Sectors to which TC applies subject to TC Appendices 2 and 3

App 1.1.1R

Activity	Products/Sectors		Is there an appropriate qualification requirement?
Designated investment business carried on for a *retail client*			
…			
Advising	…		
	4.	~~*Packaged products*~~ <u>*Retail investment products*</u> which are not *broker funds*	Yes
…			

…

Appendix 6G Accredited bodies

Introduction

…

1. An *accredited body* is a body ~~recognised by the *FSA* to act as an accredited body~~ <u>appearing in the list of such bodies in the *Glossary*.</u>

…

3. ~~The role of an *accredited body* relates to rules in *TC* which come into force on 31 December 2012.~~ [deleted]

…

12. The *FSA* will expect an *accredited body* to have in place effective procedures for carrying out its verification activities. This should include:

    (1) verifying that each *retail investment adviser* who is a member of or subscriber to the *accredited body's* verification service has made an annual declaration in writing that the *retail investment adviser* has, in the preceding 12 *months*, complied with *APER* and completed the continuing professional development required under *TC* 2.1.15R;

    …

…

After TC Appendix 7 insert the following new appendix. The text is not underlined.

Appendix 8R Professional Standards Data Submission Form

Retail Investment Adviser - Professional Standards Data Submission Form

(all fields are mandatory)

Firm details			
Firm Name		Firm Reference Number (FRN)	
Person submitting form			
Name		Individual Reference Number (IRN) (where applicable)	
Position in firm		Contact telephone number	
Contact email address		Date of submission	

Retail Investment Advisers				
Column 1	Column 2	Column 3	Column 4	Column 5
Name	Individual Reference Number (IRN)	Qualification Status (part or fully qualified)	Accredited Body	Date adviser began activity of a retail investment adviser

Schedule 1 Record keeping requirements

Sch -1.1 G

TC 2.1.24R provides:	
A *firm* must, for the purposes of *TC* 3.1.1R (Record keeping), make and retain records of:	
(1)	the continuing professional development completed by each *retail investment adviser*; and
(2)	the dates of and reasons for any suspension of the continuing professional development requirements under *TC* 2.1.17R.

Sch 1.1 G

TC 3.1.1R provides:		
...		

Schedule 2 Notification requirements

2.1G

Handbook reference	Matter to be notified	Contents of notification	Trigger event	Time allowed
TC 2.1.31R	…	…	…	…
TC 2.2B.3R	Notifications – professional standards data	(1) The *firm's* name and *FSA* Firm Reference Number; (2) the names and *FSA* Individual Reference Numbers of the *firm's employees* who are *retail investment advisers*, including trainees; (3) whether a *retail investment adviser* has attained an appropriate qualification; (4) if a *retail investment adviser* has not attained an	The end of each quarter.	Within 20 *business days* of the end of the quarter, unless *TC* 2.2B.3R(3) applies.

		appropriate qualification, the date on which the *employee* began to carry on the activity of a *retail investment adviser*; and (5) the name of the *accredited body* used for the purposes of *TC* 2.1.27R.		

Annex C

Amendments to the Fees manual (FEES)

In this Annex, underlining indicates new text and striking through indicates deleted text.

Comes into force on 1 February 2011

3.2 Obligation to pay fees

…

Method of payment

…

3.2.3 R …

(2) The *FSA* does not specify a method of payment for a *person* seeking to:

(a) become a *recognised body* or a *designated professional body*; or

(b) ~~to~~ be added to the list of *designated investment exchanges* or *accredited bodies*.

…

3.2.4 G The *FSA* expects that a *person* seeking to become a *recognised body* or a *designated professional body* or to be added to the list of *designated investment exchanges* or *accredited bodies* will generally pay their respective fees by electronic credit transfer.

…

3.2.7 R Table of application, notification and vetting fees

(1) Fee payer	(2) Fee payable	Due date
…		
(zl) An applicant for recognition as an *accredited body*.	£2,500	On or before the date the application is made.

Annex D

Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

Comes into force on 31 December 2012

10.10 Customer functions

…

Customer function (CF 30)

…

10.10.7C G The *FSA* would expect an individual from overseas to be accompanied on a visit to a *customer*. *TC* 2.1.9R(2) provides that the *firm* will have to be satisfied that the individual has at least three years' up-to-date relevant experience obtained outside the *United Kingdom*. However, the remaining provisions of *TC* 2.1.9R(2) are disapplied in these circumstances (except for an individual who gives advice to *retail clients* on ~~*packaged products*~~ *retail investment products* or is a *broker fund adviser*). The effect of this is that such individuals need not pass the relevant regulatory module of an appropriate qualification (see TC 2.1.9R(2)).

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