

# CP12/8<sup>★</sup>

Financial Services Authority

## Changes to the Training and Competence (TC) Sourcebook



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The Financial Services Authority invites comments on this Consultation Paper. Comments should reach us by 31 May 2012.

Comments may be sent by electronic submission using the form on the FSA's website at: [www.fsa.gov.uk/library/policy/cp/2012/12-08.shtml](http://www.fsa.gov.uk/library/policy/cp/2012/12-08.shtml)

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A confidential response may be requested from us under the Freedom of Information Act 2000. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the Information Commissioner and the Information Tribunal.

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Copies of this Consultation Paper are available to download from our website – [www.fsa.gov.uk](http://www.fsa.gov.uk). Alternatively, paper copies can be obtained by calling the FSA order line: 0845 608 2372.

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# Abbreviations used in this paper

<b>ACCIA</b>	Association of Certified International Investment Analysts
<b>CBA</b>	cost benefit analysis
<b>CIIA</b>	Certified International Investment Analysis
<b>CISI</b>	Chartered Institute of Securities and Investments
<b>FSMA</b>	Financial Services and Markets Act 2000
<b>RDR</b>	Retail Distribution Review
<b>TC</b>	Training and Competence

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# 1

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## Changes to the Training and Competence (TC) Sourcebook

### Introduction

- 1.1 This chapter proposes to:
- add three qualifications to the ‘appropriate qualification tables’ in the Training and Competence (TC) sourcebook; and
  - amend the details for three qualifications on the ‘appropriate qualification list’ in the Training and Competence (TC) Sourcebook.
- 1.2 We confirmed in PS10/18 and PS11/1 that we would specify, in TC, the qualification requirements for individuals carrying out certain retail activities. This is one way of securing an appropriate degree of protection for retail consumers.
- 1.3 The list of appropriate qualifications is published in Appendix 4E of TC. We said that we would consult for one month each time a qualification was added, removed or other changes were made to the list.
- 1.4 This chapter will be of interest to firms and individuals who are subject to our TC requirements, including where our professionalism requirements under the Retail Distribution Review (RDR) apply.

## Proposed amendments

- 1.5 The proposed amendments would be made under section 138 (General rule-making power), section 149 (Evidential provisions), section 156 (General supplementary powers) and section 157(1) (Guidance) of the Financial Services and Markets Act 2000 (FSMA).
- 1.6 This paper will be of interest to firms and individuals who are subject to our TC requirements, including where our professionalism requirements under the Retail Distribution Review (RDR) apply.
- 1.7 We propose to add the following to the appropriate qualifications tables in TC Appendix 4E:
- Association of Certified International Investment Analysts (ACCIA)'s CIIA Qualification (provided it is accompanied with appropriate qualification modules covering regulation and ethics, investment principles and risk and personal taxation); add to:
    - Advising on (but not dealing in) derivatives – Activity number 3; and
    - Advising and dealing with or for clients in derivatives – Activity Number 13;
  - Faculty or Institute of Actuaries – Fellow or Associate or where the individual has passed all of the following modules CT1, CT2, CT4, CT5, CT6, CT7 and CT8; add to:
    - Managing investments or acting as a broker fund adviser – Activity Number 14 & 10;
  - Pensions Management Institute's Diploma in Regulated Retirement Advice; add to:
    - Advising on packaged products (which are not broker funds) and friendly society tax-exempt policies) – Activity Numbers 4 and 6; and
- 1.8 We propose to amend the following qualifications on the appropriate qualification list:
- ACI Diploma to clarify this is provided it is accompanied with appropriate qualification modules covering regulation and ethics, investment principles and risk and personal taxation; for the following activities:
    - Advising on (but not dealing in) securities (which are not stakeholder pension schemes, personal pension schemes or broker funds) – Activity number 2;
    - Advising on (but not dealing in) derivatives – Activity number 3;
    - Advising on, and dealing in securities (which are not stakeholder pension schemes or broker funds) – Activity number 12; and
    - Advising and dealing with or for clients in derivatives – Activity Number 13;
  - Chartered Institute of Securities and Investments (CISI)'s Financial Futures and Options paper of the Diploma from key (a) to key (d) for the following activity:
    - Advising and dealing with or for clients in derivatives – Activity Number 13; and



- London Stock Exchange Full Membership Exams – where candidate holds three or four papers or holds both the Stock Exchange Practice and Techniques of Investment papers, amend to include other regional stock exchanges as merged with London Stock Exchange, for activities:
  - For Advising on (but not dealing in) securities (which are not stakeholder pension schemes, personal pension schemes or broker funds) – Activity number 2;
  - For Advising on (but not dealing in) derivatives – Activity number 3;
  - For Advising on packaged products (which are not broker funds) and friendly society tax-exempt policies) – Activity Numbers 4 and 6;
  - Advising on, and dealing in securities (which are not stakeholder pension schemes or broker funds) – Activity number 12;
  - For Advising and dealing with or for clients in derivatives – Activity Number 13; and
  - For the activity of Managing investments or acting as a broker fund adviser – Activity Number 14 and 10



## Annex 1

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# Cost benefit analysis

1. Section 155 of FSMA requires us to perform a cost benefit analysis (CBA) of our proposed requirements and to publish the results, unless we consider the proposal to add a qualification to the appropriate qualification list will not give rise to any cost or to an increase in costs of minimal significance.
2. This proposal does not incur any costs as it simply updates the list of ‘appropriate’ qualifications.



## Annex 2

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# Compatibility statement

1. These proposals are designed to meet our consumer protection objective and have been developed with regard to the principles of good regulation. In particular our proposals have been developed bearing in mind the proportionality principle and the international character of the financial services industry. We are satisfied that these proposals are compatible with our general duties under section 2 of FSMA.

### **Equality and diversity**

2. We have assessed that our proposals do not give rise to discrimination and that the proposals are of low relevance to the equality agenda. We would nevertheless welcome any comments respondents may have on any equality issues they believe arise.



## Annex 3

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# List of questions

- Q1:** Do you know of any reason why the Association of Certified International Investment Analysts (ACCIA)'s CIIA Qualification should not be added to the Appropriate Qualifications table for Activities 3 & 13?
- Q2:** Do you know of any reason why the Pensions Management Institute's Diploma in Regulated Retirement Advice should not be added to the Appropriate Qualifications table for Activities 4 & 6?
- Q3:** Do you know of any reason why the Faculty or Institute of Actuaries – Fellow or Associate or where the individual has passed all of the following modules CT1, CT2, CT4, CT5, CT6, CT7 and CT8 should not be added to the Appropriate Qualifications table for Activities 14 & 10?
- Q4:** Do you know of any reason why the code for the ACI Diploma should not be changed for activities 2, 3, 12 & 13 to make it clear this is provided it is accompanied with appropriate qualification modules covering regulation & ethics, investment principles & risk and personal taxation?
- Q5:** Do you know of any reason why the key for the Chartered Institute of Securities & Investment Financial Diploma Futures and Options paper should not be changed from (a) to (d)?

**Q6:** Do you know of any reason why we should not expand the London Stock Exchange exams entry to include other regional Stock Exchanges, as merged with the London Stock Exchange?



## Appendix 1

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# Draft handbook text

**Annex**

**TRAINING AND COMPETENCE SOURCEBOOK (QUALIFICATIONS  
AMENDMENTS NO 6) INSTRUMENT 2012**

**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 149 (Evidential provisions);
    - (c) section 156 (General supplementary powers); and
    - (d) section 157(1) (Guidance).
- 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 on 31 May 2012.

**Amendments to the Handbook**

- D. The Training and Competence sourcebook (TC) is amended in accordance with the Annex to this instrument.

**Citation**

- E. This instrument may be cited as the Training and Competence Sourcebook (Qualifications Amendments No 6) Instrument 2012.

By order of the Board  
28 June 2012

## Annex

### Amendments to the Training and Competence sourcebook (TC)

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

#### Appendix 4E      **Appropriate Qualification tables**

...

<b>Qualification table for : Advising on (but not dealing in) <i>securities</i> (which are not <del>stakeholder pension schemes</del> <u>schemes</u>, personal pension schemes or broker funds) – Activity number 2 in TC Appendix 1.1.1R</b>		
<b>Qualification</b>	<b>Qualification Provider</b>	<b>Key</b>
...		
London Stock Exchange Full Membership Exams ( <u>and other regional stock exchanges as merged with London Stock Exchange</u> ) - where candidate have three or four papers or holds both the Stock Exchange Practice and Techniques of Investment papers	London Stock Exchange (records now kept by The Chartered Institute for Securities & Investment (CISI) (Formerly the Securities & Investment Institute (SII) / formerly The Securities Association)	b
...		
ACI Diploma ( <u>provided it is accompanied with appropriate qualification modules covering regulation &amp; ethics, investment principles &amp; risk and personal taxation</u> )	ACI	a
...		

<b>Qualification table for : Advising on (but not dealing in) <i>Derivatives</i> – Activity number 3 in TC Appendix 1.1.1R</b>		
<b>Qualification</b>	<b>Qualification Provider</b>	<b>Key</b>
Certified International Wealth Manager		
<u>CIIA Qualification (provided it is accompanied with appropriate qualification modules covering regulation &amp; ethics, investment principles &amp; risk and personal taxation)</u>	<u>Association of Certified International Investment Analysts (ACIIA)</u>	<u>a</u>
...		

London Stock Exchange Full Membership Exams ( <u>and other regional stock exchanges as merged with London Stock Exchange</u> ) - where candidate have three or four papers or holds both the Stock Exchange Practice and Techniques of Investment papers	London Stock Exchange (records now kept by The Chartered Institute for Securities & Investment (CISI) (Formerly the Securities & Investment Institute (SII) / formerly The Securities Association)	b
...		
ACI Diploma ( <u>provided it is accompanied with appropriate qualification modules covering regulation &amp; ethics, investment principles &amp; risk and personal taxation</u> )	ACI	<del>a</del>
...		

<b>Qualification table for : Advising on <i>Packaged Products</i> (which are not <i>broker funds</i>) and <i>Friendly Society</i> tax-exempt policies - Activity Numbers 4 and 6 in TC Appendix 1.1.1R</b>		
<b>Qualification</b>	<b>Qualification Provider</b>	<b>Key</b>
...		
London Stock Exchange Full Membership Exams ( <u>and other regional stock exchanges as merged with London Stock Exchange</u> ) - where candidate have three or four papers or holds both the Stock Exchange Practice and Techniques of Investment papers	London Stock Exchange (records now kept by The Chartered Institute for Securities & Investment (CISI) (Formerly the Securities & Investment Institute (SII) / formerly The Securities Association)	b
BA (Hons) Financial Services, Planning and Management		
<u>Diploma in Regulated Retirement Advice</u>	<u>Pensions Management Institute</u>	<u>a</u>
...		

<b>Qualification table for : Advising on, and dealing in <i>Securities</i> (which are not <i>stakeholder pension schemes</i> or <i>broker funds</i>) – Activity number 12 in TC Appendix 1.1.1R</b>		
<b>Qualification</b>	<b>Qualification Provider</b>	<b>Key</b>
...		
London Stock Exchange Full Membership Exams ( <u>and other regional stock exchanges as merged with London Stock Exchange</u> ) - where candidate have three or four papers or holds both the Stock Exchange Practice and Techniques of Investment papers	London Stock Exchange (records now kept by The Chartered Institute for Securities & Investment (CISI) (Formerly the Securities & Investment Institute (SII) / formerly The Securities Association)	b

...		
ACI Diploma ( <u>provided it is accompanied with appropriate qualification modules covering regulation &amp; ethics, investment principles &amp; risk and personal taxation</u> )	ACI	a
...		

<b>Qualification table for : Advising on and dealing with or for clients in <i>Derivatives</i> - Activity Number 13 in TC Appendix 1.1.1R</b>		
<b>Qualification</b>	<b>Qualification Provider</b>	<b>Key</b>
Certified International Wealth Manager		
<u>CIIA Qualification (provided it is accompanied with appropriate qualification modules covering regulation &amp; ethics, investment principles &amp; risk and personal taxation)</u>	<u>Association of Certified International Investment Analysts (ACIIA)</u>	<u>a</u>
...		
Financial Futures and Options paper of the Diploma	Chartered Institute of Securities and Investments (CISI)	<del>a</del> -d
...		
London Stock Exchange Full Membership Exams ( <u>and other regional stock exchanges as merged with London Stock Exchange</u> ) - where candidate have three or four papers or holds both the Stock Exchange Practice and Techniques of Investment papers	London Stock Exchange (records now kept by The Chartered Institute for Securities & Investment (CISI) (Formerly the Securities & Investment Institute (SII) / formerly The Securities Association)	b
...		
ACI Diploma ( <u>provided it is accompanied with appropriate qualification modules covering regulation &amp; ethics, investment principles &amp; risk and personal taxation</u> )	ACI	<del>a</del>
...		

...

<b>Qualification table for : Managing <i>investments</i> or Acting as a <i>Broker fund adviser</i> - Activity Number 14 and 10 in TC Appendix 1.1.1R</b>
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Qualification	Qualification Provider	Key
...		
London Stock Exchange Full Membership Exams (and other regional stock exchanges as merged with London Stock Exchange) - where candidate have three or four papers or holds both the Stock Exchange Practice and Techniques of Investment papers	London Stock Exchange (records now kept by The Chartered Institute for Securities & Investment (CISI) (Formerly the Securities & Investment Institute (SII) / formerly The Securities Association)	1
...		
Fellow or Associate by examination (must include Investment Paper E (Syllabus in force until 1998))	Faculty or Institute of Actuaries	1
<u>Fellow or Associate or where the individual has passed all of the following modules CT1, CT2, CT4, CT5, CT6, CT7 and CT8</u>	<u>Faculty or Institute of Actuaries</u>	<u>1</u>
...		

...



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