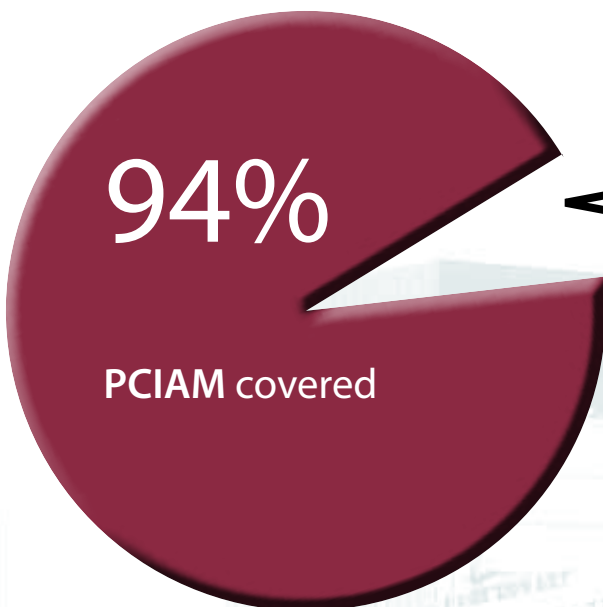


# PCIAM MAPPING

GUIDANCE TO FIRMS AND ADVISERS IN  
THE USE OF STRUCTURED LEARNING  
TO FILL GAPS BETWEEN THE PCIAM AND  
THE NEW EXAMINATION STANDARDS  
OF THE RETAIL DISTRIBUTION REVIEW

You will be aware that the FSA has recognised the PCIAM as one of the transitional and acceptable examinations for the RDR. Existing, authorised advisers who hold or gain the PCIAM will not be required to sit any further qualifications although gaps will need to be filled by structured learning. New advisers who complete the current level 3 examinations and become authorised before the end of 2012 can also use PCIAM as the preferred qualification instead of using the new level 4 examinations.

We are delighted to say that following exhaustive mapping by the CISI's senior practitioner advisers, and checking against level 3 and 4 examination standards, and level 6 PCIAM syllabuses, the core areas of the new examination standards require a minimum structured learning amounting to approximately 5 hours of the new learning hours required under the new examination standards. These are shown in the following pages, together with the specialist requirements for Derivatives and Packaged Products.



#### Minimum Structured Learning CPD needed for top-up:

- Core Financial Services, Regulation & Ethics – 1 hour
- Core Investment Principles & Risk – 3 hours
- Core Personal Taxation – 1 hour

#### Gaps to be filled depending on specific advice activity

- Securities – none
- Derivatives – 12 hours
- Financial Protection – 1 hour
- Pensions & Retirement Planning – 6 hours

“This is excellent and just the sort of service a professional body should be giving to its members. The CISI is to be congratulated for a very proactive approach.”

IFA Bob Bullivant, Chief Executive at Newport -based Annuity Direct

Each of the following tables show the gaps in the syllabus, detail of the gaps between PCIAM and the level 4 exam standards and the CISI recommended top-up solutions/options to consider for firms and individuals.

For those firms and advisers using the CISI's own CPD scheme, the current upgrading work to the scheme will include designated areas for these gaps to be listed together with the means by which each adviser has filled the gaps. Advisers using CISI CPD events or activities will be able to have these automatically logged but we anticipate that a number of you will use a firm's own seminars, together with other providers, and as you know we endorse provision other than our own.

## FINANCIAL SERVICES, REGULATION and ETHICS (CORE)

Syllabus gaps	Detail	Recommendations
Demonstrate an understanding of: How the retail consumer is served by the financial services industry	Consumers' main financial needs and how they are prioritised: Managing debt - Budgeting and borrowing, including house purchase - Protection - Saving and investing - Retirement - Estate planning and tax planning  How these needs are met: Mortgages and loans - Life and health insurance - Savings and investments - State benefits - The main types of pension provision	Option 1 is the CISI IntegrityMatters  Option 2 is an e-based seminar covering ethics and integrity from a CISI endorsed provider such as Eukleia, or a firm-based seminar of at least one hour's duration.
Demonstrate an ability to 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	
Demonstrate an ability to 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	

## INVESTMENT PRINCIPLES & RISK (CORE)

Syllabus gaps	Detail	Recommendations
Demonstrate an ability to analyse: The characteristics, inherent risks, behaviour and correlation of asset classes	Correlation of asset classes – relevance to asset allocation  Alternative investments such as commodities and physical assets	Option 1 is the CISI's Structured Learning CPD for qualifications top-up under RDR course 'Investment Principles & Risk' (half day)
Demonstrate an understanding of: The merits and limitations of the main investment theories	Key features of the main investment theories: Modern portfolio theory - Multi-factor model - Efficient market hypothesis - Capital asset pricing model (CAPM)  Portfolio theory, diversification and hedging - Correlation between asset classes - Total return and an awareness of beta and alpha - Risk adjusted returns  Basics of behavioural finance – market and individual behaviours	Option 2 is a seminar from the CISI endorsed or accredited training providers such as 7City Learning, BPP, Corporate Training Partnership  Option 3 is a seminar at a firm's premises (half day)
Demonstrate an ability to 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  Systematic and non-systematic, including fraud and counterparty, institutional, market timing	

## PERSONAL TAXATION (CORE)

### Syllabus gaps

Demonstrate an understanding of:  
The UK tax system as relevant to the needs and circumstances of individuals and trusts

### Detail

Outline of Value Added Tax (VAT) and Corporation Tax

### Recommendations

Option 1 is the CISI CPD seminar on Taxation or Professional Refresher 'Taxation' module

Option 2 is the equivalent of the above with an Accredited Training Provider, in-firm training or a CPD provider

## SECURITIES

### Syllabus gaps

Demonstrate an ability to assess:  
The factors that influence market behaviour relevant to investment advice

### Detail

Factors that influence market and individual security movements: Derivatives market, interactivity of timed events, relationship with cash market - Research and ratings - Market Abuse regime

Information and disclosure: Issuer reporting and announcements, corporate actions. Transparency obligations – transaction reporting, share ownership and disclosure, short selling. Market data convention

### Recommendations

This requirement applies only to those advisers who are advising on Securities. It can also be covered in the 'Investment Principles and Risk' top-up ie:

Option 1 is the CISI's Structured Learning CPD for qualifications top-up under RDR course 'Investment Principles & Risk' (half day)

Option 2 is the equivalent of the above with an Accredited Training Provider, in-firm training or a CPD provider

Option 3 is a seminar at a firm's premises (half day)

## DERIVATIVES

### Syllabus gaps

Demonstrate an ability to apply:  
The relevant factors and considerations to decide and implement investment recommendations

Demonstrate an understanding of:  
The derivatives market structure, features, regulatory and trading environment

Demonstrate an understanding of:  
Clearing, margin, settlement, exercise and delivery of both Exchange Traded and OTC derivatives

### Detail

Tax and costs considerations

Role of regulators, other supervisory bodies and trade associations

Property derivatives

Market terminology

Definition and purpose of clearing: Roles and relationships, Risks and guarantees, Central counterparty clearing

Margin, Pricing factors and calculation

### Recommendations

This requirement applies only to those advisers who are advising on Derivatives.

Option 1 is CISI's Structured Learning CPD for qualifications top-up under RDR course 'Derivatives' (two days)

Option 2 is the equivalent of the above with an Accredited Training Provider, in-firm training or a CPD provider (two days)

Option 3 is to take level 4 Derivatives training as if preparing for the exam

Option 4 is a level 3 Derivatives qualification passed since 2008

## FINANCIAL PROTECTION PLANNING

### Syllabus gaps

Demonstrate an understanding of:  
The role and limitations of state benefits and state/local authority funded solutions for financial protection

### Detail

Mortgage repayment support

### Recommendations

This requirement applies only to those advisers who are advising on Packaged Products.

Option 1 is the CISI CPD seminar on Financial Protection or a firm based seminar of one hour

Option 2 is the equivalent of the above with an Accredited Training Provider, in-firm training or a CPD provider

## PENSIONS & RETIREMENT PLANNING

### Syllabus gaps

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

### Detail

Death benefits before and after crystallisation  
Outline of relevant transitional reliefs post-Finance Act 2006  
Outline of the tax treatment of other scheme types: Employer Funded Retirement Benefit Schemes (EFRBS), Qualifying Recognised Overseas Pension Schemes (QROPS)

### Recommendations

This requirement applies only to those advisers who are advising on Packaged Products.

Option 1 is the CISI's Structured Learning CPD for qualifications top-up under the RDR course 'Understanding Pensions & Retirement Planning' (one day)

Option 2 Seminar or elearning product from a training provider, in-firm training or a CPD provider

Option 3 is for advisers to consider provision from specialist bodies such as the Chartered Insurance Institute or Pensions Management Institute

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

Additional state retirement benefits, historic and current

Demonstrate an understanding of:  
The structure, characteristics and application of Defined Benefit schemes to an individual's pension planning

Options, limitations and restrictions

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

Contributions – methods and issues  
Scheme options, limitations and restrictions  
Crystallisation options and impact of decisions

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

Incentives, disincentives and attitudes to saving

Demonstrate an understanding of:  
The relevant aspects of pensions law and regulation to pensions planning

Pensions Regulator compliance requirements  
Trust and contract based pensions  
Role and duties of trustees and administrators  
Employment law relevant to pensions  
Bankruptcy law and pension assets

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

Triviality rules

### Forthcoming qualifications top up course dates:

Investment Principles & Risk	15 October 2010	11 February 2011
Pensions & Retirement Planning	3 November 2010	9 February 2011

**“The results of our robust and diligent mapping analysis reflects the high standards of our qualifications which are updated annually by a dedicated panel of practitioners. We believe the small structured learning remnant can be achieved very cost effectively”**

Simon Culhane, Chartered FCSI , Chief Executive, Chartered Institute for Securities & Investment

CISI OFFICES IN DUBAI DUBLIN EDINBURGH LONDON MUMBAI SINGAPORE

### PCIAM mapping

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