

# CERTIFICATE IN FINANCIAL DERIVATIVES

## Chartered Institute for Securities & Investment

The Chartered Institute for Securities & Investment is the principal provider of qualifications for the financial services industry. In particular the CISI has developed a wide-ranging programme of qualifications for individuals working in the securities and derivatives markets. Qualifications offered by the CISI provide candidates and their firms with a clear benchmark to demonstrate they have acquired the required knowledge to carry out their job roles competently.

## Who should study for the Certificate in Financial Derivatives?

The Certificate in Financial Derivatives has been developed to provide employees advising and/or dealing in derivatives on behalf of professional or retail clients with the knowledge and skills required for their job roles.

The CISI developed the Certificate Programme with representatives from leading global financial services firms, both wholesale and retail and with input from LIBA, APCIMS, AIC, FOA and accredited training providers to meet the needs of the changing industry. The CISI has also ensured this qualification is globally portable, addressing the needs of the modern international securities markets.

The Certificate in Financial Derivatives comprises the following units:

- ✓ Financial Derivatives
- ✓ FSA Financial Regulation or Principles of Financial Regulation
- ✓ Investment & Risk (for retail advisers only)

## Regulatory Approval

### Ofqual

The Chartered Institute for Securities & Investment is recognised as an Awarding Body by the Office of the Qualifications and regulator, so both individuals and firms can be assured that the CISI's processes, policies and systems meet rigorous quality assurance standards. The Certificate in Financial Derivatives is accredited by Ofqual as a level 3 qualification.

## Key Features

- ✓ A highly regarded qualification offering benchmark competence to those advising/dealing in financial derivatives
- ✓ Syllabus tailored to meet the needs of employees advising both professional and retail clients
- ✓ Globally portable, reflecting the needs of an international market place
- ✓ Streamlined syllabus, focusing on key concepts and principles relating to the creation, valuation, trading and management of financial instruments
- ✓ Comprehensive coverage of underlying global financial markets and derivatives including ET, OTC, credit and swap instruments
- ✓ Enhanced coverage of structured products and applications such as hedging and risk management

## FSSC Endorsed

*For wholesale firms:*

this exam features on the FSSC

Recommended List of examinations – fulfilling the FSA's knowledge requirement.

*For retail firms:* retail advisers who sit the Certificate (with the additional Investment & Risk unit) will fulfil the T&C exam requirements. This exam features on the FSSC Appropriate Examination list used by retail firms. It also fulfils the exam requirement for approved person status under FSA control function 30.

**Financial Services**  
Skills Council

## Summary Syllabus - Financial Derivatives

### ELEMENT 1 INTRODUCTION TO DERIVATIVES

- 1.1 General

### ELEMENT 2 FUTURES AND OPTIONS TRADING

- 2.1 Exchanges
- 2.2 Trading Platforms
- 2.3 Clearing Mechanisms

### ELEMENT 3 PRINCIPLES OF EXCHANGE TRADED FUTURES AND OPTIONS

- 3.1 Futures Pricing
- 3.2 Options Pricing
- 3.3 Market Transparency, Transaction Reporting and Monitoring
- 3.4 Order/Instruction Flow and Order Type
- 3.5 Trade Registration

### ELEMENT 4 PRINCIPLES OF OTC DERIVATIVES

- 4.1 Concepts and Characteristics
- 4.2 Forwards and Swaps
- 4.3 Credit Default Swaps
- 4.4 Other Swap types
- 4.5 Structured Products
- 4.6 Options
- 4.7 Market Platforms and Trade Processing
- 4.8 Settlement, Processing and collateral of OTC contracts

### ELEMENT 5 PRINCIPLES OF CLEARING AND MARGIN

- 5.1 Definition and Purpose of Clearing
- 5.2 The Principles of Margin

### ELEMENT 6 TRADING, HEDGING AND INVESTMENT STRATEGIES

- 6.1 Derivative Users
- 6.2 Futures Spread Trading
- 6.3 Options Strategies
- 6.4 Basics of Hedging (Futures)
- 6.5 Basics of Hedging (Options)
- 6.6 Comparison of Exchange Traded and OTC Hedges
- 6.7 Applications of Derivative Strategies

### ELEMENT 7 SPECIAL REGULATORY REQUIREMENTS

- 7.1 Principles-Based Regulation
- 7.2 US – Main Differences Between EU and US Regulations
- 7.3 International Accounting Standards
- 7.4 Merger and Acquisition Activities

## Summary Syllabus - Investment & Risk

(for retail advisors only)

### ELEMENT 1 MACRO-ECONOMIC FACTORS THAT AFFECT INVESTMENT RETURNS

- 1.1 Socio-economic trends
- 1.2 The role of the government in the economy
- 1.3 The role of investment in the economy

### ELEMENT 2 ASSET CLASSES

- 2.1 Cash deposits
- 2.2 Government securities and corporate bonds
- 2.3 Equities
- 2.4 Collective investments
- 2.5 Specialist funds
- 2.6 Property – residential and commercial
- 2.7 UK onshore and offshore life assurance company products
- 2.8 Alternative (Specialist) Investments

### ELEMENT 3 THE ROLE OF ETHICAL AND SOCIALLY RESPONSIBLE INVESTMENT ADVICE

- 3.1 Ethical and socially responsible investment

### ELEMENT 4 INVESTMENT RISK

- 4.1 Investment returns and risk measurement
- 4.2 The risks faced by investors and how to determine an investor's risk profile

### ELEMENT 5 PRINCIPLES OF TAXATION FOR UK RESIDENT AND DOMICILED INDIVIDUALS

- 5.1 Income Tax
- 5.2 Capital Gains Tax (CGT)
- 5.3 Inheritance Tax (IHT)
- 5.4 Corporation Tax
- 5.5 Stamp duty
- 5.6 Other taxation issues
- 5.7 Taxation of investment income
- 5.8 Tax wrappers
- 5.9 Tax planning strategies

### ELEMENT 6 THE PROCESS OF FINANCIAL ADVICE

- 6.1 The main financial advice areas

### ELEMENT 7 INVESTMENT ADVICE

- 7.1 The importance of asset allocation
- 7.2 Other issues affecting investment planning
- 7.3 Clients' circumstances and suitable investment products, taking account of existing arrangements
- 7.4 Suitable investment product solutions to specific clients' circumstances

To view the syllabus for FSA Financial Regulation or Principles of Financial Regulation visit [cisi.org/candidatecommonroom](http://cisi.org/candidatecommonroom)

### Are there any entry requirements & exemptions?

There are no entry requirements. However, there are various exemptions in place for the Regulatory and Investment & Risk units. For a list of exemptions, please visit [cisi.org/exemptions](http://cisi.org/exemptions)

### How do I register for the Certificate in Financial Derivatives?

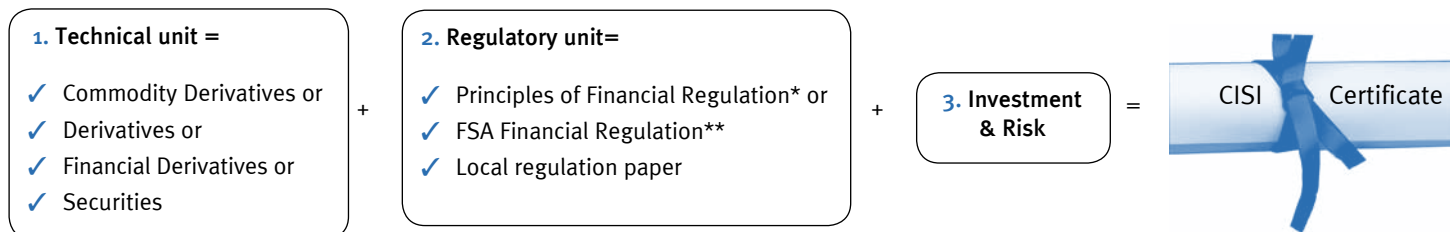
- Step 1: Pay a one-off registration fee
- Step 2: Book your examination/s
- Step 3: Fill out a Qualifications Registration Form at [cisi.org/qrf](http://cisi.org/qrf)

## The CISI Certificate Programme

The CISI Certificate programme is a comprehensive range of qualifications designed specifically to meet the requirements of individuals working in the securities and derivatives markets. All the Certificates comprise a modular exam structure of either two or three units, depending on whether a candidate is working for professional (wholesale) or retail clients.

### To achieve a CISI Certificate:

For individuals working on behalf of **professional (wholesale)** clients (1 and 2 only) and on behalf of **retail** clients (1, 2 and 3)



\* Please note that the CISI recommends Principles of Financial Regulation for employees advising professional clients. It offers a more general overview of regulation appropriate to wholesale firms.

\*\* Please note that the CISI recommends FSA Financial Regulation for employees advising retail clients. It offers a more detailed understanding of UK FSA regulation that relates specifically to individual retail client relationships.

### How is the qualification delivered?

The qualification consists of three units.

<b>Financial Derivatives:</b>	One-and-a-half-hour paper consisting of 75 multiple-choice questions
<b>Regulation:</b>	One-hour paper consisting of 50 multiple-choice questions
<b>Investment &amp; Risk:</b> (for retail advisers)	One-and-a-half-hour paper consisting of 60 multiple-choice questions

Each exam can be taken at one of the computer based test centres located worldwide. CBT is operated by the CISI's global partner Prometric. Candidates can book an exam to fit in with employment and other commitments. Candidates receive their results when they leave the test centre; a formal certificate is issued at a later date to successful candidates.

Over 40,000 CISI qualifications are taken every year at CBT centres worldwide. For a list of centres visit [cisi.org/cbt](http://cisi.org/cbt)

Candidates sitting the exam by CBT will be required to answer up to 10% additional trial questions that will not be separately identified and do not contribute to the result. Candidates will be given proportionately more time to complete the test.

### Prices

Visit [cisi.org/prices](http://cisi.org/prices) to ascertain current prices.

### How can I study for the qualification?

Formal training is available through CISI Accredited Training Providers. The CISI accredits those providers that demonstrate that they deliver high quality training and support to candidates preparing to sit CISI exams. To find an ATP near you, visit [cisi.org/ATP](http://cisi.org/ATP)

In addition to, or instead of, formal training, candidates can choose the self-study route. The CISI publishes comprehensive workbooks for all three units. CISI workbooks offer comprehensive coverage of every area of the syllabus and the end of chapter summaries and sample questions enable candidates to ensure they are fully prepared before the exam.

### Recommended study times:

Financial Derivatives :	100 hours
FSA Financial Regulation/ Principles of Financial Regulation:	70 hours
Investment & Risk: (for retail advisers)	100 hours

### Revision Express

This is a valuable online revision aid to be used in conjunction with CISI workbooks. It tests your knowledge of the subject matter and is designed to look and feel just like the exam you will have to face.

### CISI membership

Candidates receive free student membership on completing the qualification registration form. Having completed the Certificate in Financial Derivatives they are eligible for Associate membership of the CISI.

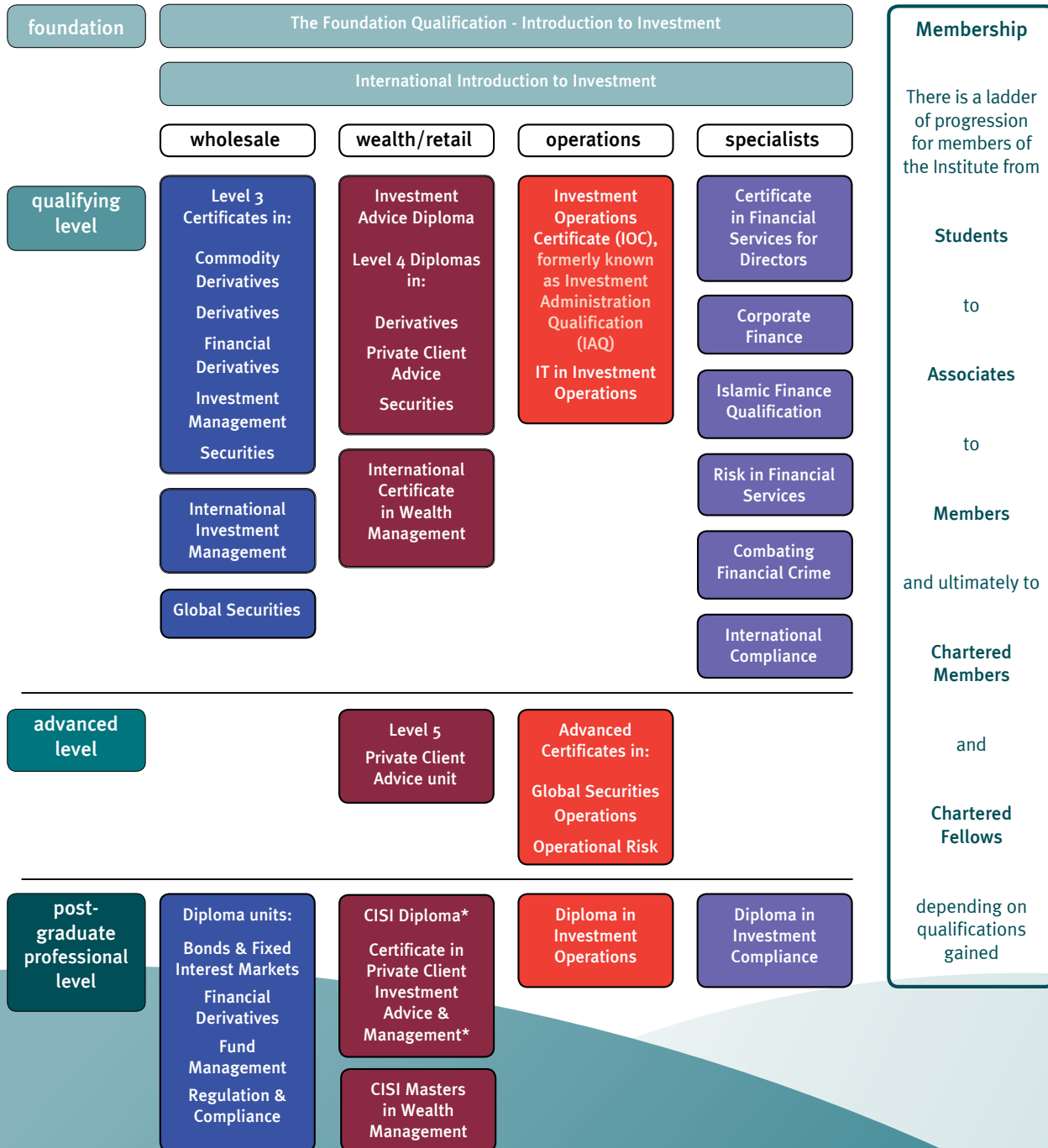
To progress to full membership individuals need either to have been an Associate member for six years or be able to demonstrate four years logged continuing professional development (CPD).

Student membership benefits include:

- ✓ *Securities & Investment Review* online
- ✓ discounts on conferences and training courses
- ✓ online dictionary of securities & investment terms
- ✓ four free CPD events per year

To join 40,000 financial practitioners and enjoy the benefits of CISI membership, go to [cisi.org/membership](http://cisi.org/membership)

## The CISI Qualifications Summary



**Membership**

There is a ladder of progression for members of the Institute from

**Students**

to

**Associates**

to

**Members**

and ultimately to

**Chartered Members**

and

**Chartered Fellows**

depending on qualifications gained

\* RDR transitional qualification requiring top-up CPD.

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