

CERTIFICATE IN FINANCIAL SERVICES FOR DIRECTORS

The Chartered Institute for Securities & Investment (CISI) is the principal provider of qualifications designed specifically to meet the competence needs of the financial services industry. In response to the FSA's Consultation Paper on Corporate Governance (CP10/3), which also incorporated feedback from the Walker Review, the CISI has developed a new **Certificate in Financial Services for Directors** and other individuals in significant influence functions (SIFs).

The qualification comprises four units: **Investment Industry, Regulation, Risk** and the CISI's acclaimed elearning ethics tool, **IntegrityMatters**.

It provides a comprehensive foundation qualification aimed at aspiring and current non-executive directors, and those in other SIFs, as defined by the regulator, the FSA. It is essential that candidates are able to demonstrate suitability in order to join this programme. Learning support will be offered by CISI accredited training providers (ATPs) as an intense mentoring programme, if self study learning is not the preferred method of preparing for the exams.

All CISI qualifications are driven by practitioners, nearly 400 of whom are on our syllabus panels, to ensure that each exam is reviewed and updated at least annually.

Those who successfully complete the programme will gain:

- ✓ a broad contemporary overview of the investment sector
- ✓ a sound grasp of the FSA regulatory framework
- ✓ a significant understanding of the various risks across the financial services sector
- ✓ a professional approach to, and compliance with, ethical best practice

Each of the units may be taken separately, but taken together as the **Certificate in Financial Services for Directors** enables successful candidates to apply for Associate membership of the Institute.

Key features

- ✓ Four elements which can also be taken separately
- ✓ Learning manuals and elearning available
- ✓ Intensive mentoring or small-group tuition available from CISI ATPs
- ✓ Covers all the areas identified in CP10/3 as requiring evidence/assessment of competence by the FSA
- ✓ Designed to be taken in bite-sized units to suit busy senior individuals
- ✓ Suitable for those new to the sector in a SIF role as well as an invaluable refresher for experienced individuals
- ✓ Provides a clear, transparent and evidential demonstration of attained basic competence through a qualification
- ✓ Exams can be taken any day of the week, by computer testing facilities
- ✓ Premier testing accommodation and tuition available.

Summary of the units

The **Investment Industry** unit offers a valuable understanding of the language of the industry and is ideal for existing or potential lay board members, as it is used widely for induction purposes. It is also an excellent refresher for those already experienced in a SIF role.

The **Regulation** unit is a thorough introduction to the FSA regulatory framework and is updated twice a year to ensure its accuracy. It meets the regulatory exam standards set through the Financial Services Skills Council.

Successfully managing risk is a fundamental requirement for any effective business. In financial services it is a critical component. Part of the responsibility for the credit crisis is widely attributed to a poor understanding of risk. The **Risk** unit provides a sound grounding in the principles of the risk management framework, corporate governance and risk oversight, covering specific techniques used in identifying, reducing and managing operational, credit, market, investment and liquidity risk.

IntegrityMatters is the fourth unit of the qualification. It comprises a workshop in which candidates can familiarise themselves with the type of scenario they will face in the online test. The test requires you to work your way through a series of six scenarios designed to examine your approach to an ethical dilemma in the workplace, in order to gain a pass.

Summary syllabuses for Units 1, 2 and 3

The Investment Industry

Unit 1 - Introduction to Investment

ELEMENT 1 INTRODUCTION

- 1.1 The financial services industry

ELEMENT 2 ECONOMIC ENVIRONMENT

- 2.1 The economic environment

ELEMENT 3 FINANCIAL ASSETS AND MARKETS

- 3.1 Cash deposits
- 3.2 Money market instruments
- 3.3 Property
- 3.4 The foreign exchange market
- 3.5 Derivatives/Commodity markets
- 3.6 World stock markets

ELEMENT 4 EQUITIES

- 4.1 Equities

ELEMENT 5 BONDS

- 5.1 Government bonds
- 5.2 Corporate bonds

ELEMENT 6 DERIVATIVES

- 6.1 Introduction
- 6.2 Futures
- 6.3 Options
- 6.4 SWAPS
- 6.5 Derivatives uses

ELEMENT 7 INVESTMENT FUNDS

- 7.1 Introduction
- 7.2 Unit trusts
- 7.3 Open ended investment companies (OEICs)
- 7.4 Pricing, dealing and settlement
- 7.5 Investment trusts
- 7.6 Real estate investment trusts (REITs)
- 7.7 Exchange-traded funds
- 7.8 Hedge funds

ELEMENT 8 FINANCIAL SERVICES REGULATION

- 8.1 The Financial Services and Markets Act
- 8.2 Financial crime
- 8.3 Insider dealing and market abuse
- 8.4 The Data Protection Act 1998
- 8.5 Breaches, complaints and compensation

ELEMENT 9 INVESTMENT WRAPPERS, TAXATION AND TRUSTS

- 9.1 Investment wrappers
- 9.2 Individual savings accounts (ISAs)
- 9.3 Child trust funds
- 9.4 Pensions
- 9.5 Investment bonds
- 9.6 Tax
- 9.7 Trusts

ELEMENT 10 INVESTMENT PRODUCTS

- 10.1 Loans
- 10.2 Mortgages
- 10.3 Life assurance

Regulation

Unit 2 - Principles of Financial Regulation

ELEMENT 1 THE REGULATORY ENVIRONMENT

- 1.1 The role of the Financial Services Authority (FSA)
- 1.2 The regulatory infrastructure

ELEMENT 2 THE FINANCIAL SERVICES AND MARKETS ACT 2000

- 2.1 Regulated and prohibited activities
- 2.2 Performance of regulated activities
- 2.3 Information gathering and investigations
- 2.4 Regulated activities

ELEMENT 3 ASSOCIATED LEGISLATION AND REGULATION

- 3.1 Insider dealing
- 3.2 Market abuse
- 3.3 Money laundering
- 3.4 Miscellaneous offences under FSMA 2000
- 3.5 The Model Code for Directors
- 3.6 The Data Protection Act 1998
- 3.7 Capital adequacy

ELEMENT 4 EUROPEAN UNION DIRECTIVES

- 4.1 The EU Investment Services Directive (ISD)
- 4.2 The EU Capital Adequacy Directive (CAD)
- 4.3 The Electronic Commerce Directive (ECO)
- 4.4 Other EU directives

ELEMENT 5 THE FSA CONDUCT OF BUSINESS SOURCEBOOK / CLIENT ASSETS SOURCEBOOK

- 5.1 The application and general provisions of the FSA Conduct of Business Sourcebook
- 5.2 Rules applying to all firms conducting designated investment business
- 5.3 The requirements of the financial promotion rules
- 5.4 Accepting customers
- 5.5 Advising and selling
- 5.6 Dealing and managing
- 5.7 Reporting to customers
- 5.8 Client assets

Risk

Unit 3 - Risk in Financial Services

ELEMENT 1 PRINCIPLES OF THE RISK MANAGEMENT FRAMEWORK

- 1.1 Introduction to business risk
- 1.2 Specific risks in financial services

ELEMENT 2 CORPORATE GOVERNANCE AND RISK OVERSIGHT

- 2.1 Internal corporate governance
- 2.2 Culture and leadership
- 2.3 Risk governance within financial services organisations

ELEMENT 3 RISK-RELATED REGULATION AND POLICY IN FINANCIAL SERVICES

- 3.1 The Bank for International Settlements
- 3.2 Basel II regulatory capital and operational risk requirements
- 3.3 Principles-based regulation
- 3.4 The Sarbanes-Oxley Act
- 3.5 Islamic financial regulation
- 3.6 Other relevant regulations

ELEMENT 4 OPERATIONAL RISK

- 4.1 Definitions of operational risk
- 4.2 Operational risk policy
- 4.3 The risk management function
- 4.4 Risk identification
- 4.5 Operational risk assessment and measurement
- 4.6 Risk mitigation

ELEMENT 5 CREDIT RISK

- 5.1 The identification of credit risk
- 5.2 Credit risk measurement
- 5.3 Credit risk mitigation

ELEMENT 6 MARKET RISK

- 6.1 Risks affecting financial markets
- 6.2 The mitigation and management of market risk

ELEMENT 7 INVESTMENT RISK

- 7.1 The measurement of investment returns
- 7.2 The identification and measurement of investment risk

ELEMENT 8 LIQUIDITY RISK

- 8.1 The identification of liquidity risk
- 8.2 The measurement of liquidity risk
- 8.3 The management of liquidity risk

ELEMENT 9 ENTERPRISE RISK MANAGEMENT (ERM)

- 9.1 An overview of enterprise risk management (ERM)

Training & self-study learning resources

The CISI publishes a learning manual and elearning for each examinable unit to help prepare candidates. ATPs offer public training courses, private tuition, mentoring and small-study groups to support candidates for this exclusive qualification aimed at those performing or expected to perform SIFs.

For each of the three examinable units candidates outside the financial services sector will require between 70 and 120 hours of self study; for those in the sector it could be less, for example 50 to 70 hours per unit.

The **IntegrityMatters** test can be best prepared for by studying the CISI's case studies on ethics ([cisi.org/greymatters](https://www.cisi.org/greymatters)). Preparation for and the test itself will take up to two hours; a pass at level A or B is required.

How is the qualification structured?

The examinable units can be taken in any order although for those new to the sector it is recommended to take unit 1 first. The elearning test **IntegrityMatters** can be taken at any time.

Registering for the qualification

To register for the **Certificate in Financial Services for Directors**, a copy of your CV, together with the application form, must initially be emailed or sent to Tony Morgan, Senior Adviser, CISI Qualifications, to ensure you meet the profile for this programme, prior to completing the qualifications registration form. Your CV forms part of the qualifying criteria for this programme. Only those candidates who register specifically for the **Certificate in Financial Services for Directors** may be awarded it.

The exams can be taken at any of the CISI's computer based test (CBT) 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. They 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](https://www.cisi.org/cbt)

A premier service is available for senior individuals to take their exams on their own, in a specifically designed premier suite, at an additional cost of £200 per exam.

How do I register?

Step 1 Complete the application form and send, with your CV, to Tony Morgan, Senior Adviser, CISI Qualifications. You will receive a reply concerning your eligibility within two working days of receipt of your application.

Step 2: Pay a one-off registration fee.

Step 3: Book your exams. The full exam titles are:

Unit 1 - Introduction to Investment
Unit 2 - Principles of Financial Regulation
Unit 3- Risk in Financial Services

Step 4: Fill out a qualifications registration form at [cisi.org/qrf](https://www.cisi.org/qrf)

Step 5: Go online to take the **IntegrityMatters** test

Programme timeline

There is no set period in which to achieve the **Certificate in Financial Services for Directors** although candidates are advised to spend approximately 200-250 hours to complete all four elements.

Prices

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

CISI membership

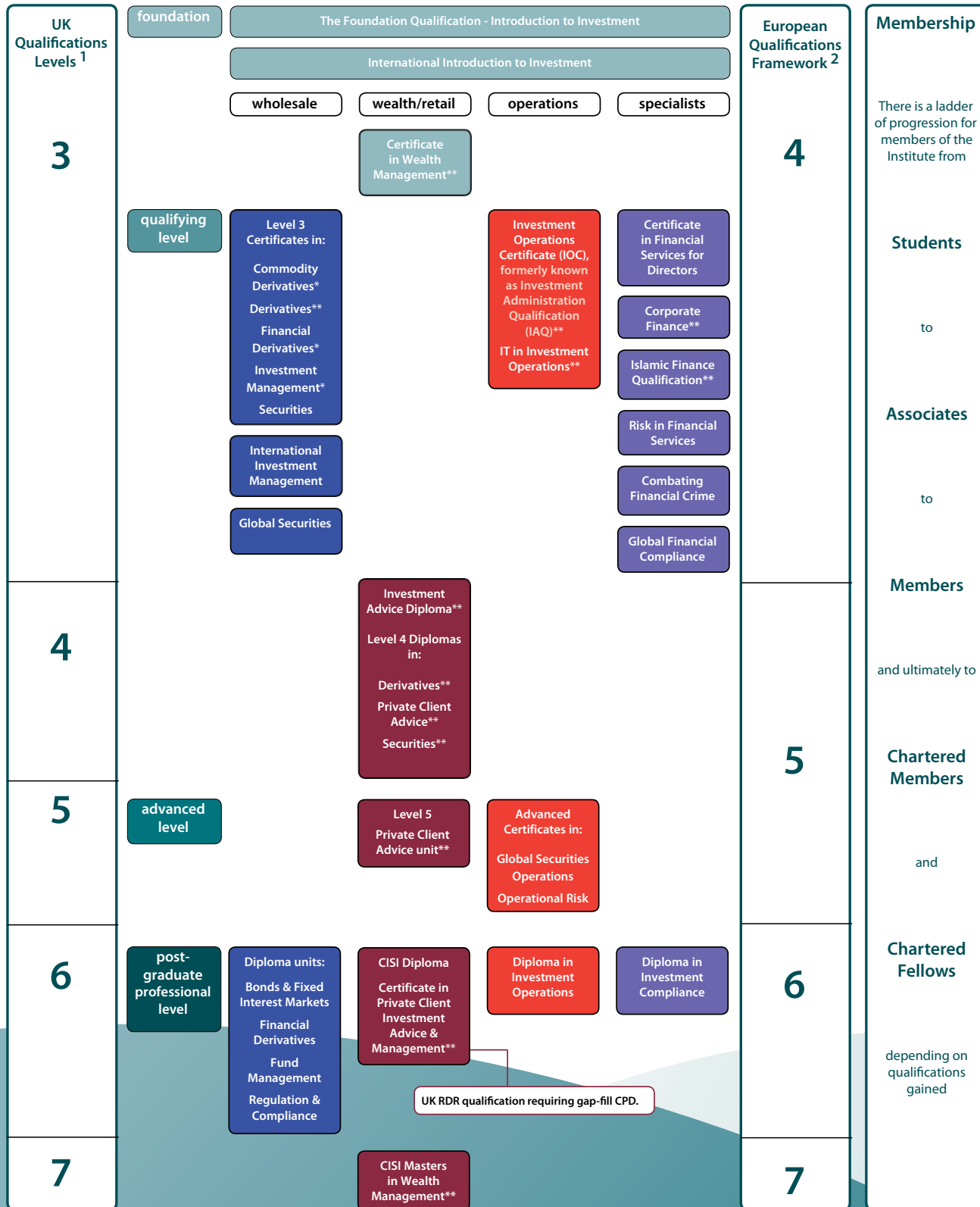
Candidates receive free student membership on completing the Qualifications Registration Form.

Student membership benefits include:

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

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

The CISI Qualifications and Membership Framework



1. This column is a guide only. Within the chart, National Qualifications Framework* and Qualifications and Credit Framework** accredited qualifications are marked accordingly.
2. The European Qualifications Framework is an overarching qualifications reference framework that links the qualifications of different countries together.

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