

CISI Response to FCA Quarterly Consultation Paper CP24/3

Review of the FCA's appropriate qualification tables

Introduction

The Chartered Institute for Securities & Investment (CISI) welcomes the opportunity to respond to the FCA's proposals to update the appropriate qualification tables listed in the Training and Competence (TC) sourcebook (FCA CP 24/3).

The Chartered Institute for Securities & Investment is the leading professional body for securities, investment, wealth and financial planning professionals. Dedicated to professionalism since it emerged from the London Stock exchange in 1992, its purpose is to champion lifelong learning and integrity, raising individual standards of knowledge, skills and behaviour globally to enhance public trust and confidence in financial services.

We have qualifications in the areas of Wealth Management, Financial Planning, Capital Markets, Investment Operations, Corporate Finance, Risk and Compliance, and Islamic Finance. We offer a comprehensive continuing professional development (CPD) structure to support qualified professional members, and have developed strong links with many leading academic institutions in the UK and overseas.

In the UK, we are accredited by the Financial Conduct Authority (FCA) for the provision of Statements of Professional Standing (SPSs), and we are an Ofqual-regulated awarding organisation.

We have set out our response to your questions below, but would also flag the broader point that you may be under-estimating the potential impact of the proposed changes to the Appropriate Qualification Tables on stakeholders, including employees and firms who rely on the clarity of these tables to confirm competence and the limitations of their practice. This wider point is something on which you may wish to address in terms of overall regulatory impact and potential unintended consequences and reflect in the Regulatory Impact Assessment (RRA).

Q4.1: Do you agree with moving to an annual consultation cycle for matters affecting qualification-related elements of the TC sourcebook? If not, how regularly do you think we should consult on issues affecting the qualification table related elements of the TC sourcebook?

Whilst the CISI agrees that we can work with an annual consultation cycle for qualification updates of the TC sourcebook, we would like to understand, before this is implemented, what the specific circumstances are in which changes could be made outside of the annual schedule. Where a new qualification is developed by an awarding organisation, waiting a year to get this on the qualification tables could impact on firms trying to align qualifications and training with new and changing regulatory requirements. It will also reduce the awarding organisation's ability to promote and sell the new qualification.

The FCA should give more details of the exceptional circumstances under which it envisages qualifications can be consulted on outside the annual cycle as well as including a “case by case basis”. This will allow awarding organisations to plan in advance and work with an annual update for regular amendments to the qualification tables. We would also like to understand whether, under an annual cycle, the consultation will take place at the same time each year, or whether the time of year could vary.

If new qualifications are not included in the exceptional circumstances then the CISI would recommend the FCA consults every six months on matters affecting qualification updates to the TC sourcebook.

Q4.2: Do you agree with the format changes to the qualification table in TC 4.1?

The CISI would appreciate more clarity on how the format changes to the qualification table in TC 4.1 will work.

It would be helpful if the FCA could clarify whether it expects that advisers will only be allowed to hold exams in proposed table 2A to meet the Training and Competence requirements, or whether advisers may continue to use legacy qualifications and exams to meet the current TC requirements. The stakeholder communications around any changes to the Appropriate Qualifications Tables, and the information that appears in the TC sourcebook, will need to be very clear to avoid causing confusion amongst individuals and firms about the ongoing validity of qualifications that will appear on table 2B.

The proposed table 2B is for legacy qualifications and qualifications that no longer meet the FCA requirements. However, there is no way of distinguishing which qualifications are no longer offered by the provider or ones that no longer meet the FCA requirements. The CISI believes it is essential for the FCA to distinguish in the second table between legacy qualifications and qualifications that no longer meet the requirements (and the date that they stopped meeting the requirements). This will allow firms and individuals to understand the difference between the two types of qualifications listed in the second table. We think that, if the table is split in line with the FCA’s proposals, it is important to clarify the status of the legacy qualifications and qualifications that no longer meet requirements, so that advisers and firms understand how these qualifications may be used. The regulatory impact assessment indicates that the changes will not impose a burden on the industry, but this should be emphasised in communications issued if the changes are made.

We are not convinced by the proposal in 4.13 of retaining all listings for qualifications which have a change in activity numbers in table 2A. Instead, CISI would recommend that qualifications which no longer meet the requirements for certain activities (but remain for other activities) should be split into the two suggested tables. The qualification should be listed in table 2A against the activities that it meets and also in table 2B for the activities that it no longer meets and the date that it stopped meeting those FCA requirements.

This will ensure that only qualifications that meet the FCA requirements are listed in the first table. For example, the CISI Level 3 Certificate in Corporate Finance is due to be updated to reflect the fact that it no longer meets activities 15, 16, 17, 18 and 19, but will retain its listing for activity 8. We would therefore recommend that the Certificate is listed on table 2A as meeting activity 8, and is also listed in table 2B as no longer meeting activities 15-19 with effect from a specific date.

Q4.3: Do you have any comments on the proposed changes to the qualification table in TC App 4.1?

In answering this question, we have assumed that the three dots in Appendix 4 showing the new table A are there to depict where current qualifications will continue to be listed. Please advise us by return if this is not the case, as it materially alters our response to this question.

We cannot see that the changes that the CISI requested in the December Quarterly Consultation paper CP23/25 are reflected in Appendix 4. As the end date for several of the qualifications was 31 March 2024, advisers will not be aware that these qualifications no longer meet the FCA requirements, and they could gain them between the 31 March and the date when the updated tables are published, without realising this. We request that these changes are made urgently to ensure advisers and firms are aware of them.

As the changes requested in December have not been made, we cannot tell if the new suggestions to the qualification tables have the correct listings. From the information we can see in the current consultation CP24/3, we believe that some listings for CISI exams may be incorrect. This affects these exams (consulted on in December 2023 CP 23/25):

- Certificate in Corporate Finance – we requested it becomes a legacy listing for activities 15, 16, 17, 18 and 19, but remains valid for activity 8.
- Global Operations Management – we requested it becomes a legacy listing for activities 15, 16, 17, 18 and 19, but remains valid for activity 16 as a key 6 only.
- Asset Servicing – we requested it becomes a legacy listing for activities 15 and 17 but remains valid for activity 16.
- Collective Investment Schemes Administration – we requested it becomes a legacy listing for activities 16 and 17 but remains valid for activity 15.
- Platforms, Wealth Management and Service Providers – we requested it becomes a legacy listing for activity 15 but remains valid for activity 16.

Would the FCA be able to confirm the dates for the consultation for further changes to the appropriate qualification tables for legacy qualifications, and confirm when qualification providers will need to advise the FCA of any required changes? This will ensure the CISI meets the deadlines for the consultation in the second half of the year.

8 April 2024