



JOINT STATEMENT OF PRINCIPLES ON PROFESSIONALISM IN RETAIL FINANCIAL SERVICES

“THE EDINBURGH DECLARATION”

As the professional bodies offering most of the qualifications, membership and continuing professional development schemes for the retail financial services sector, we believe there is a strong desire from our industry to have high standards of professionalism.

Our respective responses (and those by the rest of the industry) to the FSA’s Retail Distribution Review discussion paper demonstrate a genuine desire for an industry-led solution in which professional bodies play a significant role. This builds on the fact that our bodies have already investigated, developed and/or implemented many initiatives to improve professionalism as this is the core remit of professional bodies.

We agreed to formulate this joint statement given this level of agreement and resolve. It commits us – as well as any other interested party – to a series of measures across three key areas: tackling the “alphabet soup” of qualifications; improving professional standards and ethics; and developing higher, minimum qualifications for the retail financial sector.

We think this set of principles will find widespread support from regulators, consumer groups, trade bodies, companies, individuals and other stakeholders.

1. *Tackling “Alphabet Soup”*

- Measures to **simplify the “alphabet soup”** of financial adviser qualifications and designations; in an effort to improve the public’s understanding and confidence in financial qualifications.

2. *Improving Professional Standards and Ethics*

- A **single, independent professional standards board** (the ‘Board’), with significant ‘lay’ representation and an independent chairman, which would create, oversee and develop professional standards ensuring consistency and high standards. The Board would sit above rather than replace existing professional bodies. This would be supported by the retail financial services sector, the regulator and strengthened professional bodies.

The standards of the Board would be underpinned by the following:

- **Membership of a professional body** to be seen as a demonstration of professionalism;
- The development of **an industry-wide Code of Ethics, and with practice standards** in more detail set by each professional body for its members;
- **Continuing Professional Development (CPD)** for which a framework would be agreed by the Board then implemented by the professional bodies in more bespoke detail, under the auspices of the Professional Standards Board¹;
- Developing the concept of **practising certificates** tied to the completion of CPD, qualifications and compliance with the Code of Ethics and practice standards; and
- A new **complaints handling/discipline system** in conjunction with the regulators.

3. Introducing a Step Change in Benchmark Qualifications Levels (and Providing Transition Arrangements)

- The introduction of **higher-level benchmark** qualifications for advisers;
- Appropriate **professional standards for the “primary (or assisted purchase) tier”** or whatever emerges in this space;
- Pragmatic **transition arrangements** to enable this to take effect, but which send a clear signal of a “step change” to higher standards as soon as realistically possible; and
- Encouragement of individuals and firms who **aspire to higher qualifications** even beyond the new benchmark level.

The undersigned organisations agree to commit themselves to these principles and building support for them within the retail financial sector:

The Chartered Insurance Institute (CII)

The Chartered Institute of Bankers in Scotland (CIOBS)

Institute of Financial Planning (IFP)

Securities & Investment Institute (SII)

¹ In addition to the measures proposed here, it has been agreed that each of the professional bodies signing this Declaration will, with immediate effect, recognise CPD undertaken under the auspices of another signatory’s scheme as a precursor to the development of an industry framework for CPD.