



# RDR Qualifications – some things you may not know...

## This document will be of interest to individuals:

- with an existing Level 3 qualification working towards Level 4
- currently holding a Level 4 qualification or higher
- qualified to Level 4 but not currently advising
- on career breaks
- new to the industry
- supervising

We are now at the stage where members are pretty clear on what they need to do to become RDR 'compliant'. However, there are still quite a few queries arising, especially regarding less conventional scenarios, both now and in the future.

This document clarifies some of these issues and answers some of the transitional questions that you may have and provides detail around the final rules set out in the FSA's **PS 11/1 Distribution of retail investments: Delivering the RDR – professionalism.**



# qualifications for advisers

## Background to professionalism and qualifications

As you are aware the FSA's Retail Distribution Review (RDR) included a requirement for advisers to raise their knowledge levels from the current benchmark Qualifications and Credit Framework (QCF), (or equivalent) Level 3 qualification, commonly the Financial Planning Certificate (FPC) or Certificate in Financial Planning (equivalent to A Level), to a Level 4 Diploma qualification (equivalent to the 1st year of a degree).

On behalf of the FSA, the Financial Services Skills Council (now the Financial Skills Partnership), created new Appropriate Exam Standards (AES). These standards define the knowledge that an adviser must have in order to carry out the activity of *Advising on Packaged Products*. Awarding bodies, such as the CII, were then able to develop QCF approved Level 4 qualifications to meet the new standards.

These new AES were raised to QCF (or equivalent) Level 4 from Level 3 (with the exception of Financial Protection) and consist of the following Financial Services areas:

Regulation & Ethics	Investment Principles & Risk	Personal Taxation
Pensions & Retirement Planning	Financial Protection (Level 3)	Financial Planning Practice

All **new** qualifications must cover the key areas as listed above and all Retail Investment advisers must demonstrate that they have met the new AES in order to meet the RDR qualification requirements.

However, under their 'no regrets' policy, the FSA stated that individuals who already hold, or are studying towards, an existing Level 4 appropriate qualification\* would not need to sit further examinations but may need to carry out 'qualification gap-fill' to meet any gaps in knowledge between the qualification held and the new modernised Appropriate Exam Standards.

\*A full list of all approved appropriate qualifications (old and new) can be found within TC Appendix 4 of the FSA Handbook.

## So, what does this mean?

Existing advisers will tend to fall into one of three categories:

1. Those who already hold an existing Level 4, or above, appropriate qualification (often referred to as a transitional or legacy qualification).
2. Those en route to completing an existing Level 4, or above, appropriate qualification.
3. Those who fall into neither of the above categories.

	<b>I already hold an existing Level 4 qualification or higher</b>	<b>I am en route to completing an existing Level 4 qualification</b>	<b>I only hold a Level 3 qualification</b>
<b>CII approved appropriate Level 4 qualifications</b>	<ul style="list-style-type: none"> <li>• Advanced Financial Planning Certificate</li> <li>• Diploma in Financial Planning</li> <li>• Advanced Diploma in Financial Planning</li> <li>• Associate (ACII) (where appropriate life &amp; pensions modules are held)</li> <li>• Fellow (FCII) (where appropriate life &amp; pensions modules are held)</li> <li>• Associate (ALIA Dip)</li> <li>• Fellow (FLIA Dip)</li> </ul>	Complete an existing (transitional) qualification: <ul style="list-style-type: none"> <li>• Diploma in Financial Planning</li> <li>• Advanced Diploma in Financial Planning</li> </ul>	Complete a new 'RDR compliant' qualification: <ul style="list-style-type: none"> <li>• Diploma in Regulated Financial Planning</li> <li>• Diploma in Regulated Financial Planning (attained through a CII alternative assessment day)</li> </ul>
<b>Further exams required?</b>	No	Yes Pass any exams required to complete your qualification NB. New RDR compliant modules can be used	Yes Pass any exams required to complete your qualification
<b>Qualification Gap fill required?</b>	Yes	Yes	No

For detailed guidance on completion rules, please go to [www.cii.co.uk/rdr](http://www.cii.co.uk/rdr)



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In essence, therefore, advisers have 2 ways of reaching RDR compliance:

## Option 1

- Hold an existing qualification and complete any relevant 'qualification gap-fill'

## Option 2

- Complete a new RDR compliant qualification.

## What are the deadlines for completing the qualification requirements?

In practice, there are 3 deadlines for 3 defined groups of advisers:

### Group 1

Existing Advisers – those competent on 30 June 2009

- An existing adviser is defined as an authorised individual assessed as competent on **30 June 2009**
- Advisers can choose either option 1 or option 2 as defined above
- Existing advisers must meet RDR requirements (including any relevant gap-fill) by **31 December 2012**.

### Group 2

Existing Advisers – those competent after 30 June 2009 but before 1 January 2011

- Advisers in this group can choose either option 1 or option 2 as defined above
- The **31 December 2012 deadline does not apply**
- These advisers have 30 months to complete an appropriate Level 4 qualification (and relevant qualification gap-fill if required), from 1 Jan 2011
- Therefore a **fixed deadline of 30 June 2013** applies.

### Group 3

New or Trainee advisers – those competent after 1 January 2011

- Advisers in this group can choose either option 1 or option 2 as defined above
- The **31 December 2012 deadline does not apply**
- These advisers have 30 months to complete a relevant appropriate Level 4 qualification (and relevant qualification gap-fill if required), from when they start the relevant activity.
- A **rolling deadline of 30 months** applies.

## 30-Month Rule

The 30-Month Rule starts when a new/trainee adviser starts the relevant activity (e.g. advising on packaged products) and is advising under supervision – **not when they start a training programme**. In order to advise under supervision, individuals will need to be authorised by the FSA as an approved person and hold a relevant regulatory module (e.g. R01 – Financial services, regulation and ethics).

The 30-Month Rule does not apply retrospectively so individuals who are part way through a qualification will still have 30 months from 1 January 2011.

The FSA final rules allow for the 30-month 'clock' to be stopped indefinitely, where an individual is not carrying out the activity for a period of 60 days. Once the individual resumes the activity, the 'clock' restarts.

## Waiver applications

To ensure that they meet their equality and diversity obligations, the FSA will consider waiver applications where a disability/illness/absence may prevent an individual completing a qualification within the required timescale/deadline. The FSA expects that these waiver applications will be submitted only in exceptional circumstances.



# qualifications for advisers

## EXAMPLES

### Group 1

- Tony was an authorised adviser on 1 April 2007. Therefore Tony must meet all RDR qualification requirements by the 31 December 2012 deadline.
- Jessica was an authorised adviser on 30 June 2009. In June 2011, Jessica's authorisation status is withdrawn as she commences 12 months maternity leave. Jessica returns to her role as an authorised adviser in June 2012. As Jessica is in Group 1, the **31 December 2012 deadline applies**, however she can make a **waiver application** to the FSA to request an extension of her deadline.

### Group 2

- John joins ABC company on 1 August 2009 and, having completed the regulatory module R01, begins working under supervision on **1 September 2009**. John will have the **fixed deadline of 30 June 2013** to meet RDR qualification requirements.

### Group 3

- Rachel joins XYZ company on 1 February 2011 and, having completed R01, begins working under supervision on **1 March 2011**. The **rolling 30 month** deadline therefore applies and Rachel will have until **31 August 2013** to meet RDR qualification requirements.
- Claire begins working under supervision on **1 March 2011**. In June 2011, Claire commences 10 months maternity leave. Claire will have 30 months to meet RDR qualification requirements, however the 'clock' will stop as soon as Claire commences her maternity leave, as she has stopped the activity. The 'clock' will restart when she recommences the activity of giving advice.
- Robert begins working under supervision on **1 May 2011** and should therefore meet the RDR qualification requirements after 30 months, by **1 November 2013**. However, at the beginning of September 2012 Robert is affected by a long term illness and is unable to work. Once he has not been carrying out the activity of advice for 60 days, i.e. beginning of November 2012, the 30-month 'clock' stops for an indefinite period of time. Robert resumes his role at the beginning of February and the 30-month 'clock' restarts.

## What if I intend to take up an advice role in the future?

### Individuals on career breaks

- Individuals, not authorised as advisers on 30 June 2009, returning to an advisory role can choose either option 1 or option 2 as defined above
- The **31 December 2012 deadline does not apply**
- Individuals returning to an advisory role **between 1 July 2009 and 1 January 2011** will have a **fixed deadline of 30 June 2013** to complete a relevant appropriate Level 4 qualification (new or existing) and complete relevant qualification gap fill if required.
- Individuals returning to an advisory role after **1 January 2011** will have a **rolling 30 month deadline** to complete a relevant appropriate Level 4 qualification (new or existing) and complete relevant qualification gap fill if required.
- If an appropriate qualification is already held, the individual will have to complete the relevant qualification gap fill by the relevant deadline.

### Experienced individuals moving into an advice role

- Individuals moving to an advisory role can choose either option 1 or option 2 as defined above
- The **31 December 2012 deadline does not apply**
- Individuals moving to an advisory role **between 1 July 2009 and 1 January 2011** will have a **fixed deadline of 30 June 2013** to complete a relevant appropriate Level 4 qualification (new or existing) and complete relevant qualification gap fill if required.
- Individuals moving to an advisory role after **1 January 2011** will have a **rolling 30 month deadline** to complete a relevant appropriate Level 4 qualification (new or existing) and complete relevant qualification gap fill if required.
- If an appropriate qualification is already held, the individual will have to complete the relevant qualification gap fill by the relevant deadline.



# qualifications for advisers

## EXAMPLES

### Group 1

- Trevor moved out of an advice role in September 2009 to work in the compliance department of a Network, but returned to an advice role in **May 2011**, holding the Financial Planning Certificate (FPC) qualification. Trevor would therefore need to complete a relevant appropriate Level 4 qualification, (new or existing, i.e. Option 1 or 2 as defined above) and complete relevant qualification gap fill if required. As Trevor was an authorised individual assessed as competent on 30 June 2009, the **31 December 2012 deadline** would apply.

### Group 2

- Marie moved out of an advice role in 2008 to take up a managerial post, but decided to take up an advice role again in **September 2010**, holding the FPC qualification. Marie would therefore need to complete a relevant appropriate Level 4 qualification, (new or existing, i.e. Option 1 or 2 as defined above) and complete relevant qualification gap fill if required. As Marie resumed her authorised status between the **1 July 2009 and 1 January 2011**, the **fixed deadline of 30 June 2013** would apply.

### Group 3

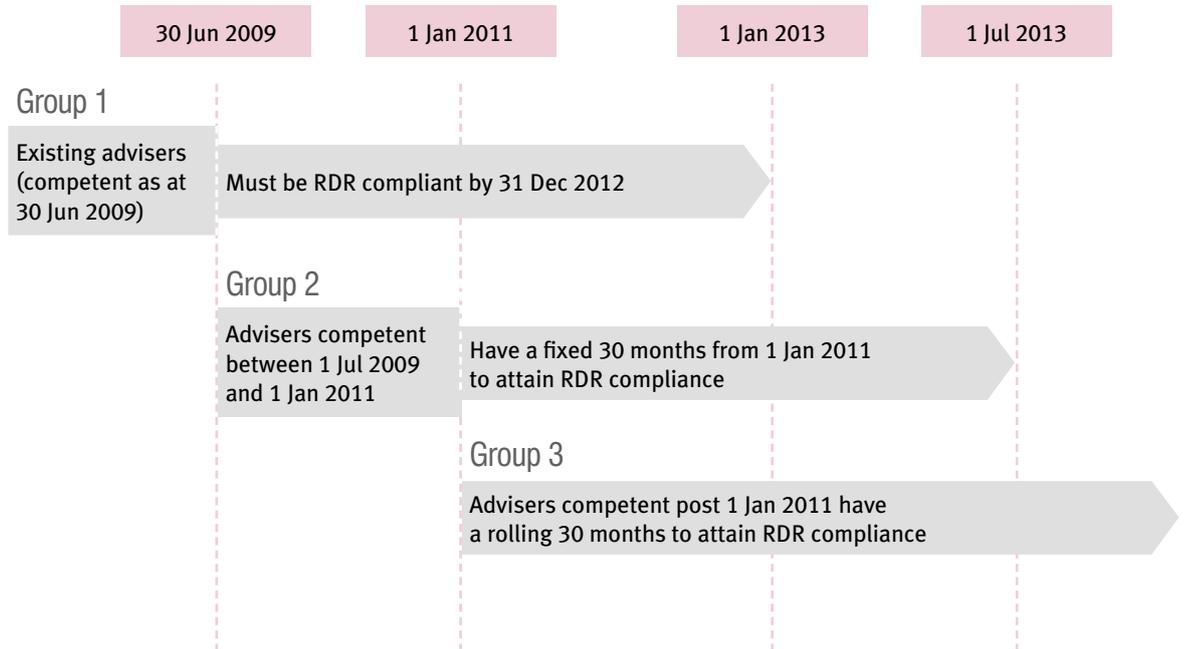
- Alan moved out of an advice role in 2007 to work in a technical department of a Life Company, but decided to become an authorised adviser again in **March 2013**. Alan already holds the CII's Advanced Financial Planning Certificate and as this is on the FSA's list of appropriate qualifications, he does not need to sit any further exams. However, 'qualification gap-fill' will be required and the **30-Month Rule applies**.
- Linda has been a para-planner since 2008 and holds the CII's Diploma in Financial Planning. Linda decides to take up an advice role for the first time in **November 2013** and as her qualification is on the FSA's list of appropriate qualifications, she does not need to take further exams. However, 'qualification gap fill' will be required and the **30-Month Rule applies** from when she is authorised by the FSA and starts advising under supervision.

*For further information regarding on training and competence please see the FSA's Policy Statement issued in December 2010; **PS10/18 Competence and Ethics***



# qualifications for advisers

## Timeline



## Qualification Gap-Fill

An adviser with an existing Level 4 (or higher) Appropriate Qualification does not need to sit further examinations, but can instead fill gaps between the qualification that they hold and the 2010 examination standards. Identified gaps must be filled by undertaking structured CPD.

Adviser's gap-fill record should include:

- The target learning outcome and associated indicative content; and
- A record of the learning activity completed including a description of how the activity has given them the knowledge that they need to achieve the learning outcome.

CPD activity carried out in the past can be used towards gap-filling, provided it is structured CPD and meets a learning outcome as set out in the gap template

**N.B. As Financial Protection has remained at Level 3, qualification gap-fill is not required in this area.**

The CII has developed a Qualification Gap-Fill Tool to enable members to both identify and fill any gaps they may have. For further information, please go to [www.cii.co.uk/rdr](http://www.cii.co.uk/rdr)



# qualifications for advisers

## About this guidance

This guidance is based on CII qualifications but timelines are equally relevant to qualifications from other awarding bodies. Individuals who need further details regarding the requirements of other awarding bodies should contact the relevant body for more detailed information.

## Disclaimer

Every attempt has been made to ensure the accuracy of this text at the time of going to print, however no liability can be accepted for any loss incurred in any way whatsoever by any person acting or refraining from action as a result of the information contained in this document.

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The Personal Finance Society is the professional body for the financial planning profession in the UK. The PFS takes an active role in setting standards of professionalism and our members commit to the highest standards of professionalism by keeping their technical knowledge up to date and by adhering to a respected code of ethics.

Part of the Chartered Insurance Institute we have been helping to facilitate debate on all aspects of the various consultation phases of the RDR. As the industry's main professional body, the CII seeks to guide the profession through this process and help ensure the result enhances consumer confidence.