CHARTERED INSTITUTE FOR SECURITIES & INVESTMENT

Global Securities Operations

Effective from 21 November 2025

Objective of the Examination

The objective of the examination is to ensure that candidates have an introduction to global securities services and administration as far as this relates to the needs of operations and administration staff.

Assessment Structure

The unit will be assessed by a 1 hour examination of 50 multiple choice questions drawn from across the syllabus.

Candidates sitting the exam by Computer Based Testing may have, in addition, up to 10% additional questions as trial questions that are not separately identified and do not contribute to the result. Candidates will be given proportionately more time to complete the test.

The examination will require candidates to give consideration to the full range of solutions and products as well as the instruments on which the solutions are based.

The unit is tested at level 3 on the Regulated Qualifications Framework.

Syllabus Structure

The unit is divided into **elements**. These are broken down into a series of **learning objectives**.

Each learning objective begins with one of the following prefixes: **know**, **understand** or **be able to calculate**. These words indicate the different levels of skill to be tested. Learning objectives prefixed:

- **know** requires the candidate to recall information such as facts, rules and principles

- **understand** requires the candidate to demonstrate comprehension of an issue, fact, rule or principle

- **be able to calculate** requires the candidate to be able to use formulae to perform calculations

Candidate Update

Candidates are reminded to check the 'Candidate Update' area of the Institute's website (cisi.org/candidateupdate) on a regular basis for updates that could affect their examination.

Examination Specification

Each examination paper is constructed from a specification that determines the weightings that will be given to each element. The specification is given below.

It is important to note that the numbers quoted may vary slightly from examination to examination as there is some flexibility to ensure that each examination has a consistent level of difficulty. However, the number of questions tested in each element and / or case study should not change by more than two.

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TOTAL		**50 Questions**

Summary Syllabus

Element 1 Main Industry Participants

1.1 Investors and Custody Service Suppliers

1.2 International Central Securities Depositories and Central Securities Depositories

1.3 Communications and Technology

Element 2 Settlement characteristics

2.1 Pre-settlement characteristics

2.2 Settlement

2.3 Failed Settlement

Element 3 Other Investor Services

3.1 Safekeeping

3.2 Corporate Actions

3.3 Cash Management

3.4 Securities Financing

Element 4 Aspects of Taxation

4.1 General

Element 5 Risk

5.1 Identifying and Managing Risk

5.2 Mitigating Risk through Reconciliation

Element 1 Main Industry Participants

1.1 Investors and Custody Service Suppliers

On completion, the candidate should:

1.1.1 know the characteristics of the following types of participant:

- individual investor
- institutional investor
- investment manager
- prime broker
- broker
- inter-dealer broker (IDB)
- investment bank
- central bank

1.1.2 understand the advantages, disadvantages and purposes of the following types of custodian:

- global
- sub-custodian

1.1.3 understand the purpose and provisions of custody and sub-custody agreements

1.1.4 understand the purpose of a Request For Proposal (RFP) in the selection of a global custodian by an investor

1.1.5 understand the requirements of a Service Level Agreement (SLA) between an investor and its custodian

1.1.6 understand how legislation can affect the appointment of custodians

1.2 International Central Securities Depositories and Central Securities Depositories

On completion, the candidate should:

1.2.1 know the:

- role of ICSDs and CSDs generally for the selected markets
- depositories available
- participation requirements

1.2.2 know how securities and cash are held by ICSDs and CSDs

1.2.3 know the concepts of certified, immobilised and dematerialised securities

1.2.4 know the roles played by Euroclear Bank and Clearstream Banking, including the Bridge

1.2.5 know the range of custody and settlement services offered by ICSDs

1.2.6 know the communication methods used with Euroclear Bank and Clearstream Banking

1.2.7 know the main Giovannini Barriers to the creation of a harmonised market for Europe

1.2.8 know the purpose and functions of Targe2-Securities (T2S)

1.2.9 know the impact of CSDR on European markets and UK markets and the differences between the two jurisdictions

1.3 Communications and Technology

On completion, the candidate should:

1.3.1 understand the advantages of straight-through processing (STP)

1.3.2 know the features and benefits of SWIFT messaging

1.3.3 know the features and benefits of Financial Information Exchange (FIX) Protocol messaging

Element 2 Settlement characteristics

2.1 Pre-settlement characteristics

On completion, the candidate should:

2.1.1 understand the data required for matching settlement instructions

2.1.2 know:

- the process of clearing (matching and the assumption of risk – trade for trade versus central counterparty [CCP])
- netting in pre-settlement

2.1.3 understand the role of third-party service providers in the pre-settlement process

- DTCC CTM
- MarketAxess Post-Trade
- OSTTRA

2.1.4 know the characteristics and requirements of transaction reporting

2.2 Settlement

On completion, the candidate should:

2.2.1 know the settlement periods for equities and bonds in the selected markets (see page 1 – 'objective of the examination')

2.2.2 know the characteristics of Depositary Receipts (DRs):

- American Depositary Receipts (ADRs)
- Global Depositary Receipts (GDRs)
- Depositary Interest
- transferability/ registration/ transfer to underlying
- how created/ pre-release facility
- entitlement of corporate actions
- taxation and conversion fees

2.2.3 know the role of the following types of financial institutions in the settlement process:

- brokers
- investment banks
- investment managers
- custodians
- sub-custodians

- Central Counterparty Clearing House (CCPs) and clearing members
- International Central Securities Depositories (ICSDs) and Central Securities Depositories (CSDs)

2.2.4 know the characteristics of the following payment systems:

- Clearing House Interbank Payment Systems (CHIPS)
- Clearing House Automated Payment Systems (CHAPS)
- Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2)
- Fedwire
- Continuous Liked Settlement (CLS)

2.2.5 Understand the following settlement concepts:

- trade for trade
- netting – bilateral and multilateral
- trade date netting, continuous net settlement
- rolling settlement
- free of payment transactions (FOP)
- delivery vs. payment (DvP)
- book entry settlement
- physical settlement
- foreign exchange (FX) settlement

2.2.6 understand the transfer of legal title:

- bearer
- registered

2.2.7 understand Contractual Settlement Date Accounting (CSDA) an Actual Settlement Date Accounting (ASDA)

2.2.8 understand the application of FinTech to the settlement process:

- Distributed Ledger Technology (DLT)

2.3 Failed Settlement

On completion, the candidate should

2.3.1 Understand the main reasons for failed settlement

- failure to match
- insufficient stock
- insufficient cash
- corporate event

2.3.2 understand the risks associated with:

- buy-ins/ sell-outs
- counterparty risk
- interest claims
- settlement fines
- matching fines
- suspension of trading
- short sale fines

2.3.3 be able to calculate interest claims based on the ICMA rules

2.3.4 understand the impact of CSDR on settlement discipline

Element 3 Other Investor Services

3.1 Safekeeping

On completion, the candidate should:

3.1.1 understand the principles of safekeeping client assets:

- to safeguard assets
- to segregate safe custody investments
- to reconcile safe custody investments
- to maintain records and controls in respect of the use of mandates

3.1.2 understand the requirements of substantial shareholding reporting

3.1.3 understand the functions of nominee companies and the following concepts:

- legal title
- beneficial ownership
- pooled nominee holdings
- nominee as bare trustee
- segregated accounts
- shareholder rights

3.1.4 be able to calculate the cost of custody for a given portfolio given a value of assets held and the basis point price

3.2 Corporate Actions

On completion, the candidate should:

3.2.1 know the characteristics of the following events:

- dividends (cash and scrip)
- interest and coupon payments
- capitalisation issues
- splits and consolidations
- capital repayments/ redemptions
- rights issue subscription
- conversions
- takeovers
- mergers
- exchanges
- proxy voting
- exercise of warrants

3.2.2 know the importance of receiving timely and accurate corporate action data and the risks involved

3.2.3 be able to calculate the effect of a range of corporate actions

3.2.4 know the following terms:

- record date
- ex-date
- pay date
- effective date
- cum-benefit
- ex-benefit
- special-ex
- special cum

3.3 Cash Management

On completion, the candidate should:

3.3.1 Know the importance and use of cash management

3.3.2 know the advantages and disadvantages of operating single and multi-currency accounts

3.3.3 know what is meant by the terms sweeping and pooling as they relate to base currency and settlement currency

3.3.4 know the importance of cash forecasting tools

3.4 Securities Financing

On completion, the candidate should:

3.4.1 understand the role of a lending agent in securities lending and the risks and reward to those involved

3.4.2 know the definition, legal ownership implications and the advantages and disadvantages to the market

3.4.3 know the lenders and borrowers rights (including manufactured dividends and voting rights)

3.4.4 know the reasons why a loan might be recalled

3.4.5 understand the reasons for securities lending

3.4.6 understand the reasons why loans might be delayed or prevented

3.4.7 understand the roles of a Stock Borrowing and Lending Intermediary

3.4.8 understand collateral and marking to market

3.4.9 understand the requirements of Securities Financing Transactions Regulation (SFTR)

3.4.10 know the use of repurchase agreements

Element 4 Aspects of Taxation

4.1 General

On completion, the candidate should:

4.1.1 understand the tax on income arising from equities and bonds

4.1.2 understand capital gains tax (CGT) as it applies to equities and bonds

4.1.3 understand the tax treatment of discount securities

4.1.4 know the characteristics of:

- transaction based taxes
- withholding tax (WHT)
- double taxation treaties (DTTs)
- relief at source
- tax reclamation
- being an authorised US-approved Qualifying Intermediary (QI)
- Foreign Account Tax Compliance Act (FATCA) rules
- Common Reporting Standards (CRS) rules

Element 5 Risk

5.1 Identifying and Managing Risk

On completion, the candidate should:

5.1.1 know the following major categories of risk:

- counterparty
- credit
- issuer
- liquidity
- market
- operational
- political
- regulatory
- settlement
- systematic
- systemic

5.1.2 understand the factors that should be considered when conducting risk reviews of market infrastructures, sub-custodian networks and outsourced functions

5.1.3 understand the areas of global custody risk and appropriate countermeasures

5.1.4 know the purpose of an International Standards for Assurance Engagements (ISAE) 3402 report/ SSAE 18

5.1.5 understand shareholder limits and restrictions

5.2 Mitigating Risk through Reconciliation

On completion, the candidate should:

5.2.1 Understand the risks associated with a failure to reconcile the following:

- open trades
- counterparty cash

- corporate action announcements
- corporate action entitlement
- cash accounts
- custodian holdings
- client assets

