



CHARTERED INSTITUTE FOR
SECURITIES & INVESTMENT

Platforms, Wealth Management and Service Providers

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Objective of the examination

The objective of the examination is to ensure that candidates have an introduction to the services offered by Platforms, Wealth Managers and related Outsource Service Providers as far as this relates to operations and administration staff.

The examination will test candidates' knowledge and understanding of the following elements:

- What is a Platform?
- Wrappers and Associated Regulations
- The Platform Service Provider
- Transaction and Ownership Asset Servicing
- Regulatory Framework
- Taxation

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**, **be able to calculate** or **be able to apply**. These words indicate the different levels of skill to be tested.

- **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
- **be able to apply** requires the candidate to be able to apply their knowledge to a given set of circumstances in order to present a clear and detailed explanation of a situation, rule or principle

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 as a result of industry change.

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.

Examination specification		
50 multiple choice questions		
Element number	Element	Questions
1	What is a Platform?	5
2	Wrappers and Associated Regulations	2
3	The Platform Service Provider	9
4	Transactions and Ownership	14
5	Asset servicing	7
6	Regulatory Framework	9
7	Taxation	4
Total		50

Assessment Structure

Assessment is a 1 hour examination of 50 multiple choice questions.

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

Summary Syllabus

Element 1 What is a Platform?

- 1.1 Introduction
- 1.2 Assets

Element 2 Wrappers and Associated Regulations

- 2.1 Wrappers

Element 3 The Platform Service Provider

- 3.1 The Market
- 3.2 Charges and Revenue
- 3.3 Relationships
- 3.4 Choice of Platform

Element 4 Transactions and Ownership

- 4.1 Platform Dealing
- 4.2 Handling Investor Transactions
- 4.3 Portfolio and Dealing Tools
- 4.4 Ownership of Assets

Element 5 Asset Servicing

- 5.1 Corporate Actions
- 5.2 Investment Valuation

Element 6 Regulatory Framework

- 6.1 FCA Regulations
- 6.2 Disclosure to Investors
- 6.3 Client Types
- 6.4 FCA Regulatory Reporting
- 6.5 Conduct Risk
- 6.6 Data Protection
- 6.7 Oversight – three lines of defence
- 6.8 Complaints
- 6.9 Reporting for investors
- 6.10 Financial promotion
- 6.11 Investor Protection

Element 7 Taxation

- 7.1 Tax implications for wrapped accounts

Element 1 What is a Platform?

1.1 Introduction

On completion, the candidate should:

1.1.1 *know* how a platform is structured:

- wrappers
- assets

1.2 Assets

On completion, the candidate should:

1.2.1 *know* the range of investment types that can be offered by platforms

1.2.2 *understand* the difference between open-ended and closed-ended collective funds

1.2.3 *understand* why insured funds differ from regulated collective investment schemes

1.2.4 *know* the difference between hard and soft closure

1.2.5 *know* the difference between deferred and queued redemptions

1.2.6 *understand* the implications for the platform and the client of fund dealing being restricted or suspended

1.2.7 *understand* why the investment range may vary between platform operators

Element 2 Wrappers and Associated Regulations

2.1 Wrappers

On completion, the candidate should:

2.1.1 *know* the range of typical wrappers available:

- general investment accounts
- protection policies
- investment bonds – onshore, offshore
- ISAs
- pensions

2.1.2 *know* the advantages these wrappers provide:

- tax treatment of contributions / withdrawals
- tax treatment of investments held / income applied within these wrappers
- pension drawdown

2.1.3 *know* the regulatory limitations and restrictions associated with these wrappers

- contribution limits
- restrictions around withdrawals
- restrictions around investment eligibility
- restrictions around client eligibility
- ISA Guidance Notes – Applications & Transfers, Subscriptions, Investment activity, Reporting, Void & Repair
- pension regulations – HMRC Pension Tax Manual: (Allowances, Tax reclaim, Investor documentation, Member benefits, Death benefits)

Element 3 The Platform Service Provider

3.1 The Market

On completion, the candidate should:

- 3.1.1 *understand* how platforms support distribution for product providers and investment providers
- 3.1.2 *know* the range of tools and services that may be provided by a platform
- 3.1.3 *understand* how tools are used to satisfy clients' requirements

3.2 Charges and Revenue

On completion, the candidate should:

- 3.2.1 *know* the difference between the different charging structures that platforms can apply:
 - bundled / unbundled
 - fixed / variable
- 3.2.2 *know* the revenue streams that platforms can generate for their owners

3.3 Relationships

On completion, the candidate should:

- 3.3.1 *understand* the structure and importance of a platform's relationship with
 - retail investors
 - financial advisers
 - discretionary investment managers
- 3.3.2 *understand* the relationship and contractual arrangements between platform operators and other industry participants:
 - custodians
 - nominee companies

- fund managers
- wrapper providers

3.3.3 *understand* the key elements of a Service Level Agreement

3.4 Choice of Platform

On completion, the candidate should:

3.4.1 *understand* the features of platforms that inform the selection process

3.4.2 *understand* adviser's obligations in relation to platform selection including ongoing due diligence

Element 4 Transactions and Ownership

4.1 Platform Dealing

On completion, the candidate should:

4.1.1 *understand* the issues that exist for platform providers in relation to online dealing (cut-off points, volume spikes, timely execution requirements)

4.1.2 *understand* the range of dealing that may be available for listed securities (live dealing, limit orders, aggregated deals) on different platforms

4.1.3 *understand* the appropriateness and suitability requirements

4.1.4 *understand* the circumstances in which a platform would block a client from trading in a particular asset

4.2 Handling Investor Transactions

On completion, the candidate should:

4.2.1 *know* the methods by which investor transactions are executed:

- telephone / post / fax
- straight-through processing

4.2.2 *understand* the role of the following in the trading process:

- market makers
- brokers
- retail service providers

4.2.3 *know* the regulatory requirements for settlement

4.2.4 *understand* the different methods of settling investor transactions

4.3 Portfolio and Dealing Tools

On completion, the candidate should:

4.3.1 *understand* the principles of model portfolios and why firms use them

- advisers
- wealth managers
- discretionary investment managers

4.3.2 *understand* the benefits and risks of using model portfolios preloaded to the platform

4.3.3 *know* the range of research, portfolio planning and performance measurement tools that platforms can offer

4.3.4 *know* the range of dealing that platforms may provide including portfolio construction and asset allocation

4.3.5 *understand* the control processes that firms may implement around platform dealing

4.3.6 *understand* the purpose of portfolio rebalancing

4.3.7 *understand* the differences between and implications of simultaneous and sequential fund switch tools

4.3.8 *understand* how platforms manage the liability that could arise from the provision of portfolio and dealing tools

4.3.9 *understand* how firms manage the liability that could arise from the use of portfolio and dealing tools

4.4 Ownership of Assets

On completion, the candidate should:

- 4.4.1 *know* the requirements for the establishment, maintenance and contents of the platform's records of asset ownership
- 4.4.2 *understand* who can be recorded as a holder of an investment
- 4.4.3 *understand* how third party interests are recorded
- 4.4.4 *know* the requirements for the collection of beneficial holder details
- 4.4.5 *understand* the different types of custody model and how they are used:
- pooled
 - segregated
 - multiple nominees
 - investor's own name
- 4.4.6 *know* the internal / external transfers that may take place
- 4.4.7 *know* the requirements for transfers using the TISA Exchange
- 4.4.8 *understand* the chain of custody

Element 5 Asset Servicing

5.1 Corporate Actions

On completion, the candidate should:

- 5.1.1 *know* the main corporate actions:
- payment of income
 - fund mergers
 - closure
 - conversions
 - terminations
 - corporate actions on listed securities
- 5.1.2 *know* the difference between the different types of corporate action
- 5.1.3 *understand* the obligations of a platform in relation to each type
- 5.1.4 *know* the sources of income

- 5.1.5 *understand* the different treatment of income for income and accumulation shares / units
- 5.1.6 *understand* equalisation and the purpose of Group 2 units
- 5.1.7 *know* the processes used to communicate, respond to and implement corporate actions
- 5.1.8 *know* the range of additional services that platforms can offer advisors / investors:
 - proxy voting / class actions

5.2 Investment Valuation

On completion, the candidate should:

- 5.2.1 *know* how the value of platform assets is updated
- 5.2.2 *understand* the impact of pricing errors on client investments
- 5.2.3 *know* the control processes that platforms may apply in relation to investment pricing
- 5.2.4 *understand* how platforms value “legacy” or off-platform assets

Element 6 Regulatory Framework

6.1 FCA Regulations

On completion, the candidate should:

- 6.1.1 *know* the key regulations applying to platforms:
 - COBS – 2.2 and 2.2A Information disclosure before providing services, 6.1 Compensation arrangements, 16 and 16A Reporting information to clients, 11 and 11A – best execution
 - CASS – 6 Custody, 7 Client money
 - SYSC – Systems and Controls, Record Keeping, Treatment of shortfall, Business Continuity Planning, Disaster Recovery, Risk Assessment
- 6.1.2 *know* the regulatory risks associated with the above
- 6.1.3 *know* a firm’s obligations in relation to the recording of breaches

6.2 Disclosure to Investors

On completion, the candidate should:

6.2.1 *know* the key disclosure information available to investors and their relevance to the type of wrappers and assets:

- PRIPS Key Information Document
- Key Investor Information Document
- Pre-investment Disclosure Document

6.2.2 *understand* the purpose of illustrations and:

- how growth rates are set
- why growth rates vary by wrapper and by asset
- ex ante costs and charges

6.2.3 *understand* how the effect of charges is different from the level of charges

6.3 Client Types

On completion, the candidate should:

6.3.1 *understand* client categorisation (retail vs professional) and the implications of those designations

6.3.2 *understand* the purpose of target market information

6.4 FCA Regulatory Reporting

On completion, the candidate should:

6.4.1 *know* the types of regulatory reporting required:

- complaints
- Payment Services Regulations
- client money and asset reporting
- transaction reporting
- FCA returns

6.4.2 *understand* transaction reporting:

- reportable assets
- reportable fields

6.4.3 *understand* the data requirements for client money and asset reporting

6.5 Conduct Risk

On completion, the candidate should:

6.5.1 *know* the outcomes arising from the FCA's approach to managing conduct risk within firms

6.5.2 *understand* the particular implications for platforms of outcomes 3, 5 and 6 of Fair Treatment of Customers (FTOC)

6.6 Data Protection

On completion, the candidate should:

6.6.1 *know* the key principles of the Data Protection Act 2018 and information security

6.6.2 *know* the key elements of an information security policy:

- physical
- logical
- encryption

6.6.3 *understand* how the Data Protection Act 2018 and information security risks are managed by platforms

6.7 Oversight – three lines of defence

On completion, the candidate should:

6.7.1 *understand* the principles of the 3 lines of defence model

6.7.2 *know* the importance of the following to investor onboarding:

- anti-money laundering checks

- know your customer
- sanctions

6.8 Complaints

On completion, the candidate should:

6.8.1 *know* the regulatory requirements in relation to complaint handling:

- timescales required
- role of the Financial Ombudsman Service

6.9 Reporting for investors

On completion, the candidate should:

6.9.1 *know* the reporting obligations of platforms in relation to their clients, particularly those set out in COBS 16 and 16A:

- durable medium
- content and timeliness for occasional reporting
- content and timeliness of periodic statements
- implications if the portfolio depreciates by 10%
- implications if certain assets depreciate by 10%

6.10 Financial promotion

On completion, the candidate should:

6.10.1 *know* the requirements for financial promotion

6.11 Investor Protection

On completion, the candidate should:

6.11.1 *know* which investors are covered by the Financial Services Compensation Scheme (FSCS)

6.11.2 *know* which investments are covered by FSCS and the protection limits

Element 7 Taxation

7.1 Tax implications for wrapped accounts

On completion, the candidate should:

7.1.1 *know* which taxes apply to specific investments:

- income
- capital gains
- inheritance
- transaction

7.1.2 *understand* the tax advantages of the following wrapper types: o:

- ISAs
- pensions
- insurance bonds

7.1.3 *understand* how investment bonds are used within tax planning

7.1.4 *understand* the tax treatment of offshore funds with Reporting Fund status

7.1.5 *understand* the content of tax vouchers

7.1.6 *know* the range of additional services that platforms can offer advisers / investors:

- tax reporting
- tax planning
- trust and estate administration services