

For investment advisers

Professional standards

This factsheet will help you understand what new advisers need to do to meet the higher-level qualifications which came into force on 31 December 2012. It gives an overview of how we will supervise and enforce these professional standards and explains the Statements of Professional Standing (SPS).

What has changed?

We want to deliver raised standards of professionalism that inspire consumer confidence and build trust. The framework brings several benefits, including:

- a more professional sector that consumers will want to engage with and trust
- more focus on setting, monitoring and enforcing the standards you must achieve
- a greater requirement for you to demonstrate both initial and ongoing competence, including ethical behaviour
- greater accountability for meeting the higher standards arising from our more intensive approach to regulation
- a simpler approach for increasing professional standards which is more likely to improve levels of compliance, and
- greater emphasis on the role of professional bodies

What does this mean for you?

Advisers must:

- hold a Statement of Professional Standing (SPS) issued by an accredited body
- hold an appropriate qualification (as set out in our training and competence (TC) Sourcebook, specifically TC Appendix 4)
- make sure you are clear about and continue to observe the ethical requirements set out in APER, which you must comply with as an approved person, and
- expect the FCA and the body that issues your SPS to be holding you to account for these new requirements

The table at the end of this factsheet explains the roles and responsibilities of each of the different players and the benefits we expect these changes to deliver.

'We want to deliver raised standards of professionalism that inspire consumer confidence and build trust'

Statements of Professional Standing (SPS)

As an adviser, you must hold an annual SPS as evidence you are meeting the standards, which will be issued by an accredited body. This contains:

- your name
- the name and contact details of the accredited body and a named signatory
- the end date of verification (maximum of 12 months from date of verification)
- confirmation that your qualification(s) have been verified
- confirmation that you have signed an annual declaration stating you:
 - have kept your knowledge up-to-date and
 - you adhere to standards of ethical behaviour
- your individual reference number as it appears on the FCA Register and
- a recommendation that the reader should check you are on the FCA Register, and how to do so

Providing an SPS is an important role. Accredited bodies must agree to certain conditions on how they will check that you are achieving the required professional standards. This is not to say sole reliance is on the professional body. Firms must still ensure that their advisers meet our training and competence requirements, specifically on qualifications, Continuing Professional Development (CPD) and ethical behaviour.

Continuing professional development (CPD)

Effective and consistent CPD is an essential part of professional standards. You need to complete a minimum of 35 hours of relevant CPD each year, with at least 21 hours of structured learning. Structured learning activities may include seminars, lectures, conferences, workshops or courses and completing appropriate e-learning. It is not carrying out research on products and services for your customers.

As a matter of good practice, you should go through certain stages in planning and completing CPD, consistent with our focus on the relevance and learning outcomes of any activity. CPD is not a collection of attendance certificates – we expect you to be able to demonstrate that you have developed your knowledge and skills as a result.

What is the benchmark qualification?

We have raised the benchmark qualification level for all investment advisers.

See Training and Competence Sourcebook, Appendix 4 for the list of qualifications that meet our requirements. Some of these may require you to top-up to fill any gaps between them and the new exam standards using structured continuing professional development (CPD), which will need to be verified by an accredited body.

What does this mean for accredited bodies?

A bodies have an important role to play in raising standards, by ensuring that you attain and maintain qualifications, carry out appropriate CPD and behave ethically – all of which must at least comply with our minimum standards.

To ensure standards are consistent for all advisers, bodies must meet strict criteria to be approved by us, including:

- acting in the public interest and further development of the profession
- carrying out verification services and
- having appropriate system and controls in place to provide evidence to us. These standards are an additional requirement to the responsibility we already place on firms to ensure advisers are competent.

Accredited bodies will be subject to FCA oversight of their investment advisers' activities. They must supply us with an independent audit report, both when they apply and on a yearly basis, covering their arrangements for monitoring compliance with our criteria.

Professional standards: roles, responsibilities and intended outcomes

Consumers	Advisers	Accredited bodies	Firms	FCA
<ul style="list-style-type: none"> • aware of new standards through FCA and accredited body comms activity • encouraged to ask adviser for their Statement of Professional Standing (SPS) • encouraged by the adviser's SPS to check the FCA Register to ensure advisers are approved • can still complain to the firm if given unsuitable advice with ultimate recourse to the Financial Ombudsman Service and potential recompense • may complain to the accredited body that issued the SPS if their adviser behaves unprofessionally • receive more consistent and better quality investment advice • know their adviser has attained and maintains high standards 	<ul style="list-style-type: none"> • must adhere to enhanced professional standards and make annual declaration to accredited body • required to obtain an SPS from an accredited body • may be part of a sample of advisers asked to submit their records for review by an accredited body • need to invest more personal capital (CPD, cost of qualifications, accredited body fees) • more accountable for unethical behaviour • benefit from help and support from accredited bodies • meet the qualifications requirements in the relevant timescales to be able to give retail investment advice 	<ul style="list-style-type: none"> • apply to FCA for accreditation and enter into agreement • listed in the FCA Handbook • subject to annual independent audit and ongoing FCA monitoring. • communicate standards and provide help and guidance to advisers such as areas for CPD focus • verify that advisers meet the required standards in all areas issue annual SPSs • alert the FCA to issues and may act to discipline advisers • may rescind or refuse to issue SPSs • promote the profession to consumers and new entrants, eg may publish a register of advisers 	<ul style="list-style-type: none"> • still apply for FCA approved person status for their advisers • check advisers for fitness and propriety • ensure advisers are trained and competent • need effective systems and controls to monitor advisers • responsible for quality of advice • ensure their advisers have an SPS • supply the FCA with professional standards data about their advisers • notify the FCA in event of serious competence and ethics issues • operate discipline including notifying the FCA if dismissing an individual 	<ul style="list-style-type: none"> • approves, supervises and enforces against advisers • sets clear expectations of ethical behaviour • recognises accredited bodies and monitors their effectiveness • increases focus on firms' training and competence arrangements and assessment of adviser quality • more analysis of data • receives and filter alerts on individual advisers from various sources • alerts accredited body as appropriate • links from the FCA Register to the accredited bodies' websites 
Trust increases	More accountable	Key role in raising standards	Benefit from better quality advisers	More focus on individual advisers

For more information and the latest news, see the firms section of our website: www.fca.org.uk/firms