CISI Statement of Professional Standing (SPS) Policy: SPS – Disciplinary Process

This policy relates to discipline in relation to the CISI's SPS decisions, in accordance with the UK Regulator's requirements.

Definitions

Throughout this document the following terms will have the following meanings:

"RDR"	Retail Distribution Review
"FCA"	Financial Conduct Authority
"SPS"	Statement of Professional Standing
"CISI"	Chartered Institute for Securities & Investment
"CPD"	Continuing Professional Development
"Applicant"	The individual applying for a new SPS or the renewal of an SPS
"Holder"	The individual to whom a valid SPS has been issued

In all instances references to the singular shall be deemed to include the plural where necessary and/or appropriate. References to the masculine shall be deemed to include the feminine and vice versa.

1. Background

Following the implementation of the UK Regulator's Retail Distribution Review (RDR) on 31 December 2012, Retail Investment Advisers require a Statement of Professional Standing (SPS) in order to practice their profession. Advisers need to obtain an SPS from an Accredited Body. The CISI is an Accredited Body recognised for the purpose of providing the independent verification required under TC 2.1.27 R to issue SPSs to Retail Investment Advisers. This policy sets out the procedure for disciplinary decisions relating to a CISI SPS application.

2. CISI SPS requirements

The CISI will accept applications for an SPS from current CISI members (excluding Student members) and current employees of CISI Corporate Supporter firms affected by the RDR. The requirement to have an SPS applies to all retail investment advisers.

To obtain an SPS, an adviser must:

- be a Retail Investment Adviser
- hold an active CF30 status, only applicable to Appointed Representatives
- be certified/assessed on the FCA's register if they fall under the Senior Managers Certification Regime
- be able to provide verifiable evidence that they have met the requirements in TC 2.1.1 R of having obtained an RDR appropriate qualification as per the FCA Appropriate Qualifications list.
- be able to provide verifiable evidence of having successfully completed the relevant gap-fill, to meet the FCAs RDR gap-fill requirements (if applicable and submitted to the CISI prior to 1 January 2021).
- be able to provide verifiable evidence of having undertaken acceptable Continuing Professional Development (CPD) as required by the FCA in TC 2.1.15, unless exempt from this requirement.
- confirm that they have complied with FCA Code of Conduct Rules COCON (or adhered to APER, applicable to Appointed Representatives only)
- confirm that they have adhered to the *CISI's Code of Conduct*.

3. Notification of Disciplinary Action

The CISI's SPS application/renewal process seeks a declaration from the applicant regarding a disciplinary investigation that has led to a disciplinary sanction in which they may be involved.

Firms should immediately inform the CISI of any disciplinary action involving current or former employees from whom the CISI has received an SPS application or issued an SPS.

All declarations of disciplinary action against holders/applicants of a CISI SPS will be investigated by the CISI, and a report will be sought from the firm. In the event that a firm is not verifying the application, the report will be sought from the Holder/Applicant. CISI may also contact other relevant parties in the course of the investigation.

All SPS applications and notifications declaring disciplinary action are kept in strict confidence and are released only to the Regulator, the CISI's own Disciplinary Review Panel and Disciplinary Panel (should it need to meet), and the firm.

4. Disciplinary process

4.1. CISI is notified about a disciplinary action involving a CISI SPS Applicant or Holder.

4.2. The case is reviewed by the CISI's Standards Team, and the CISI may request further information, which may include:

- Nature, actions, decision, and outcomes of the disciplinary action
- Considerations the firm made in reaching its decision

- Whether the matter has been referred to the FCA, and what response, if any has been received.
- Representations from the applicant/holder
- Representations from the applicant/holder's employer (if relevant)

4.3. The SPS and supporting documentation are referred to the CISI's Disciplinary Review Panel for review. The review will take into account:
- The severity of the breach
- Conditions placed on the adviser by the firm
- Firm's report and recommendations
- Any supporting statements from the applicant or holder
- Mitigating circumstances, which may include CISI's judgement about the integrity of the applicant or holder from the information provided
- Any additional relevant information

4.4. Further advice and guidance may be sought after the deliberation of the Disciplinary Review panel. This may include obtaining further information from other accredited bodies, firms or regulators if required.

4.5. The Disciplinary Review Panel will determine whether:
- The SPS application and/or renewal can proceed
- An SPS is to be issued provisionally, while the case is under review.
- Whether there is a case to answer and if so, if the case to be referred to a CISI Disciplinary Panel
- To notify the relevant regulatory body (if appropriate)
- To notify the Applicant/Holder's employer

4.6. The CISI's disciplinary process is outlined in the CISI ***Membership Regulations*** from paragraph 16.

5. CISI Disciplinary decision

5.1. Where the SPS application and/or renewal can proceed the SPS application and/or renewal will go ahead.

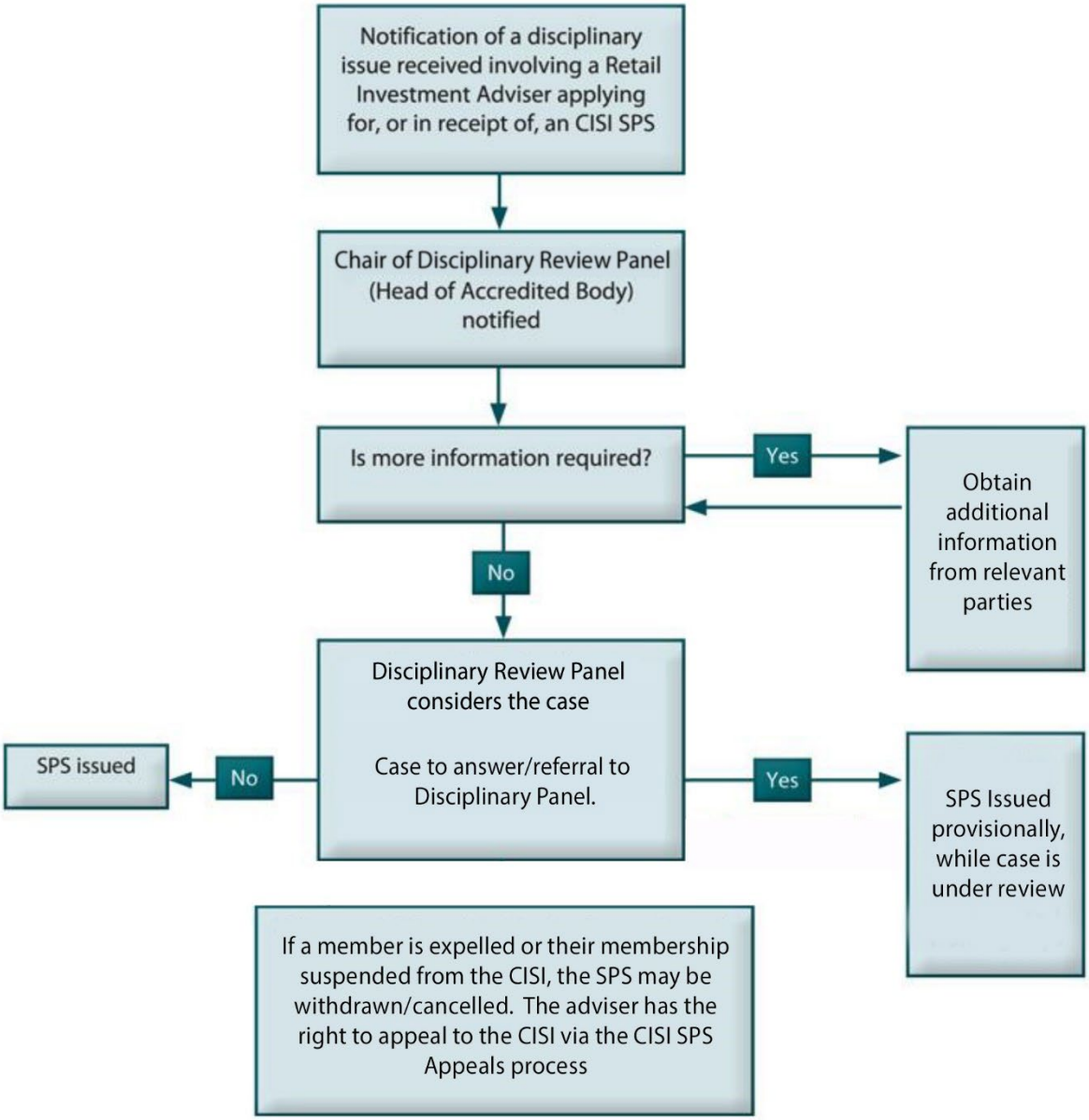
5.2. Where the SPS application and/or renewal is rejected or the current SPS cancelled, the member/firm is made aware in writing, and this information is kept on file. A notification will also be sent to the FCA making them aware of the cancellation and the reasons of this decision.

5.3. The applicant or holder has the right of appeal against the decision of the CISI Disciplinary Panel (outlined in the SPS Appeals Process).

5.4. On occasions, the CISI may decide to defer disciplinary action when it is aware of action being taken by the Regulator, pending the outcome of such action.

5.5. Should an SPS holder be found in breach of the CISI's Membership Regulations by the CISI Disciplinary Panel and receive one of the sanctions listed under para 19.2 of the CISI Membership Regulations, the CISI as an Accredited Body will notify the FCA of this breach and sanction (s) awarded.

CISI SPS Disciplinary Notification Process



CISI DISCIPLINARY FLOWCHART

