

Investment client servicing

Purpose

At the end of this unit, candidates should understand the:

- investment client servicing cycle from setting up clients to closing customer accounts;
- rules applicable to client money;
- relevant conduct of business and client asset rules;
- processes involved in settlement;
- key features of investing in international markets.

Summary of learning outcomes	Number of questions in the examination*
1. Know the key requirements in setting up investment clients.	6
2. Understand the definition of client money and the rules applicable to client money accounts.	3
3. Know the regulatory requirements for custody of client assets.	2
4. Understand how the relevant conduct of business and client asset rules are applied in practice.	3
5. Know the range of investment products and services available to customers.	6
6. Know the tax considerations relevant to investment administration.	5
7. Understand the processes involved in the settlement of UK quoted securities and collective investment schemes.	9
8. Understand how corporate actions are applied to client assets/securities.	9
9. Understand fraud prevention and anti money-laundering rules.	2
10. Know the key features of investing in international markets.	3
11. Know the issues and procedures relevant to the closing of customer accounts.	2

*The test specification has an in-built element of flexibility. It is designed to be used as a guide for study and is not a statement of actual number of questions that will appear in every exam. However, the number of questions testing each learning outcome will generally be within the range plus or minus 2 of the number indicated.

Important notes

- **Method of assessment:** 50 multiple choice questions (MCQs). 1 hour is allowed for this examination.
- This syllabus will be examined from 1 September 2017 until 31 August 2018.
- Candidates will be examined on the basis of English law and practice in the tax year 2017/2018 unless otherwise stated.
- Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:
 1. Visit www.cii.co.uk/qualifications
 2. Select the appropriate qualification
 3. Select your unit on the right hand side of the page

- 1. Know the key requirements in setting up investment clients.**
 - 1.1 Know client classifications and rules relating to record keeping and client disclosures.
 - 1.2 Describe the disclosures that must be communicated to clients.
 - 1.3 Describe when client agreements are required and the main content.
- 2. Understand the definition of client money and the rules applicable to client money accounts.**
 - 2.1 State the principles underlying client money rules.
- 3. Know the regulatory requirements for custody of client assets.**
 - 3.1 State the rules on providing custody including the CASS oversight function.
- 4. Understand how the relevant conduct of business and client asset rules are applied in practice.**
 - 4.1 State the requirements for client reporting and investor information.
 - 4.2 State the rules on operation of client money accounts, provision of custody services and responsibility for client assets and reporting.
- 5. Know the range of investment products and services available to customers.**
 - 5.1 Describe the main types of investment products and services.
- 6. Know the tax considerations relevant to investment administration.**
 - 6.1 State how tax impacts the administration of a client's account.
 - 6.2 Calculate liabilities for income tax, capital gains tax and inheritance tax.
- 7. Understand the processes involved in the settlement of UK quoted securities and collective investment schemes.**
 - 7.1 Describe the main processes involved in the settlement of UK quoted securities and collective investment schemes.
- 8. Understand how corporate actions are applied to client assets/securities.**
 - 8.1 Describe the terms of mandatory and voluntary events.
 - 8.2 Calculate dividend and interest entitlements and bond events.
- 9. Understand fraud prevention and anti-money laundering rules.**
 - 9.1 Describe the customer checks required under anti-money laundering legislation.
- 10. Know the key features of investing in international markets.**
 - 10.1 Describe the key requirements and features of international investment and how trades are settled.
- 11. Know the issues and procedures relevant to the closing of customer accounts.**
 - 11.1 Describe the processes to be followed on closure of an account and when changes of control take place.

Reading list

The following list provides details of various publications which may assist you with your studies.

Note: The examination will test the syllabus alone.

The reading list is provided for guidance only and is not in itself the subject of the examination.

The publications will help you keep up-to-date with developments and will provide a wider coverage of syllabus topics.

CII/PFS members can borrow most of the additional study materials below from Knowledge Services. CII study texts can be consulted from within the library.

New materials are added frequently - for information about new releases and lending service, please go to www.cii.co.uk/knowledge or email knowledge@cii.co.uk.

CII study texts

Investment client servicing. London: CII. Study text FA6.

Books

The Financial Times guide to investing. 3rd edition. Glen Arnold. FT Prentice Hall, 2014.

Winning client trust. Chris Davies. London: Ecademy Press, 2011.

Factfiles and other online resources

CII factfiles are concise, easy to digest but technically dense resources designed to enrich the knowledge of members. Covering general insurance, life and pensions and financial services sectors, the factfile collection includes key industry topics as well as less familiar or specialist areas with information drawn together in a way not readily available elsewhere. Available online via www.cii.co.uk/ciifactfiles (CII/PFS members only).

- Recent developments in investment product design. Nick Edwards.
- The regulation of retail investment business. Kevin Morris.

Additional articles and technical bulletins are available under the Personal Finance section of the website at www.cii.co.uk/knowledge/personal-finance.

Journals and magazines

Personal finance professional (previously Financial solutions). London: CII. Six issues a year. Also available at www.thepfs.org/knowledge (CII/PFS members only).

Money management. London: FT Business. Monthly. Also available via www.ftadviser.com.

Reference materials

Dictionary of banking and finance. P H Collin. A&C Black, 2005.*

Financial Conduct Authority (FCA) Handbook. Available at www.handbook.fca.org.uk/handbook.

Harriman's financial dictionary: over 2,600 essential financial terms. Edited by Simon Briscoe and Jane Fuller. Petersfield: Harriman House, 2007.*

Lamont's glossary: the definitive plain English money and investment dictionary. Barclay W Lamont. 10th ed. London: Taxbriefs, 2009. Also available online via www.cii.co.uk/lamont (CII/PFS members only).

Prudential Regulation Authority (PRA) Rulebook Online. Available at www.prerulebook.co.uk

*Also available as an ebook through Discovery via www.cii.co.uk/discovery (CII/PFS members only).

Examination guides

An examination guide, which includes a specimen paper, is available to purchase via www.cii.co.uk.

If you have a current study text enrolment, the current examination guide is included and is accessible via Revisionmate (www.revisionmate.com). Details of how to access Revisionmate are on the first page of your study text.

It is recommended that you only study from the most recent versions of the examination guides.

Exam technique/study skills

There are many modestly priced guides available in bookshops. You should choose one which suits your requirements.

The Insurance Institute of London holds a lecture on revision techniques for CII exams approximately three times a year. The slides from their most recent lectures can be found at www.cii.co.uk/iilrevision (CII/PFS members only).