

## Changes to the corporate Chartered proposition - FAQs

### Why are these changes to corporate Chartered being made?

The CII has undertaken an extensive review of all aspects of how corporate Chartered status operates, encompassing the criteria, the application and renewal processes, and how we partner together to deliver value to all stakeholders. The changes have been made to ensure corporate Chartered status remains relevant to the changing needs of consumers, professionals and society.

### When do the new criteria apply?

From July 2019, the new criteria will apply to all new applicants and those renewing their corporate Chartered status.

The increase to 50% of advisers that must hold individual Chartered status within Financial Planning firms will apply as of January 2020. As of this date, all new applicants must meet the 50% requirement. Firms renewing their status as of January 2020 must also meet the 50% requirement. For example, if your renewal is due in March 2020, then you must meet the 50% requirement in March 2020, when you apply for your renewal.

### We're a Chartered Financial Planning firm that falls below the 50% rule, what happens now?

Further information will be communicated to Chartered firms that fall below the requirement, in due course.

Our technical criteria changes state:

The following concessions can be applied for and may be granted at the CII's sole discretion:

#### For existing CCS entities:

- Entities that can demonstrate to the satisfaction of the CII that they have a plan to meet the 50% requirement as soon as reasonably possible will be allowed a transitional period to meet the requirement. The transitional period will be set by the CII as its sole discretion.

#### For all CCS entities (existing or new applicants):

- A temporary waiver of the 50% threshold in order not to penalise entities that are recruiting and training new advisers as a result of business growth.
- By exception, the CII can at its sole discretion give concessions to entities that are temporarily unable to meet the criteria at the relevant time due to unforeseen events over which they have no control – for example, the retirement or departure of Chartered advisers; or through mergers, acquisitions or a major restructure – on a case by case basis. Generally, the CII would expect to see the entity once again meeting the criteria within no more than 12 months of the unforeseen event.

Specific changes to the criteria wording can be found within our 'The next 10 years' document which is available to download on the CII website.

**Is the CII making it more difficult for Financial planning firms to obtain Chartered status (i.e. introduction of 50% rule) compared to Insurance firms?**

The 50% rule has been introduced to promote professionalism in the financial advice sector. Whilst this rule does not apply to insurance firms, they are subject to the variable criteria (i.e. a certain percentage of customer facing staff are required to be CII qualified to a certain level) which does not apply to Financial Planning firms.

**Where can I find more information about what these changes mean for my firm?**

Our document titled 'Corporate Chartered status – The next 10 years' explains in more detail the criteria and rule changes. Download it now from the corporate Chartered consultation area of our website. If after reading the document you have outstanding queries, contact our corporate support team on +44 (0)208 530 0818 or charteredfirm@cii.co.uk

**When was the change (increasing the number of Chartered Financial Planners required within a firm from 25% to 50%) announced?**

The change to 50% individual chartered status predates the corporate Chartered consultation and has been included in the written guidance notes since 2015. We began notifying firms of this change in 2015 to allow adequate time to meet the criterion.

**Why are Chartered firms now required to log contributions to the development of the profession, including Corporate Social Responsibility?**

It is important that Chartered firms can demonstrate their contribution to the improvement of public trust in the profession. This change simply requires firms log and show evidence of the good work they already undertake in improving public perception. Examples if this are listed in the question below.

**I run a small firm and I am concerned that I do not have the time or the resources to fulfil the requirement stated above.**

Activities that demonstrate contribution to the profession, including corporate social responsibility, can take a variety of forms. Whilst this list is not exhaustive, activities such as the below can be used in fulfilling this requirement;

- pro-bono work
- support of CII's local institute activities
- participation in specialist practice groups
- participation in forums producing good practice guidance
- apprenticeships
- participation in community and or charitable activities
- appearances in the local media to answer consumer questions
- any other activity that promotes community and social responsibility

### **How is the CII going to make the application and renewal process easier for firms?**

In the months following the release of the consultation results, the CII will make the following changes to the application and renewal process;

- More user-friendly application form
- Clearer Guidance / Rules document
- Updated and user-friendly information on the CII website

Please note that this list is not exhaustive and further, large scale changes are in progress such as the digitalisation of the application and renewal processes.

### **Why has the CII introduced comparative titles?**

In order not to exclude large sections of the corporate market, the CII may use its discretionary power to recognise comparable titles for the role of Responsible Member, provided that there are sufficient Chartered title holders within the business to meet overall corporate Chartered status requirements. The CII believes this solution maintains the integrity of the Chartered ethos being present within a firm's leadership, while also reflecting the reality of modern business hierarchies.

We do not propose to proceed with a change that would allow a firm to be Chartered without a CII Chartered title holder in Board, divisional Board or Appropriate Management Team, except in larger corporates where, because of changing governance models, CII Chartered title holders are not currently represented at such levels.

### **Has the CII made it more difficult for firms wishing to be Chartered?**

No, the changes outlined in the corporate consultation are designed to streamline the application process, enhance the value of corporate Chartered status and encourage participation of Chartered firms in the development of the industry. More so, we believe that these next steps are pivotal in improving public perception and building consumer trust.