



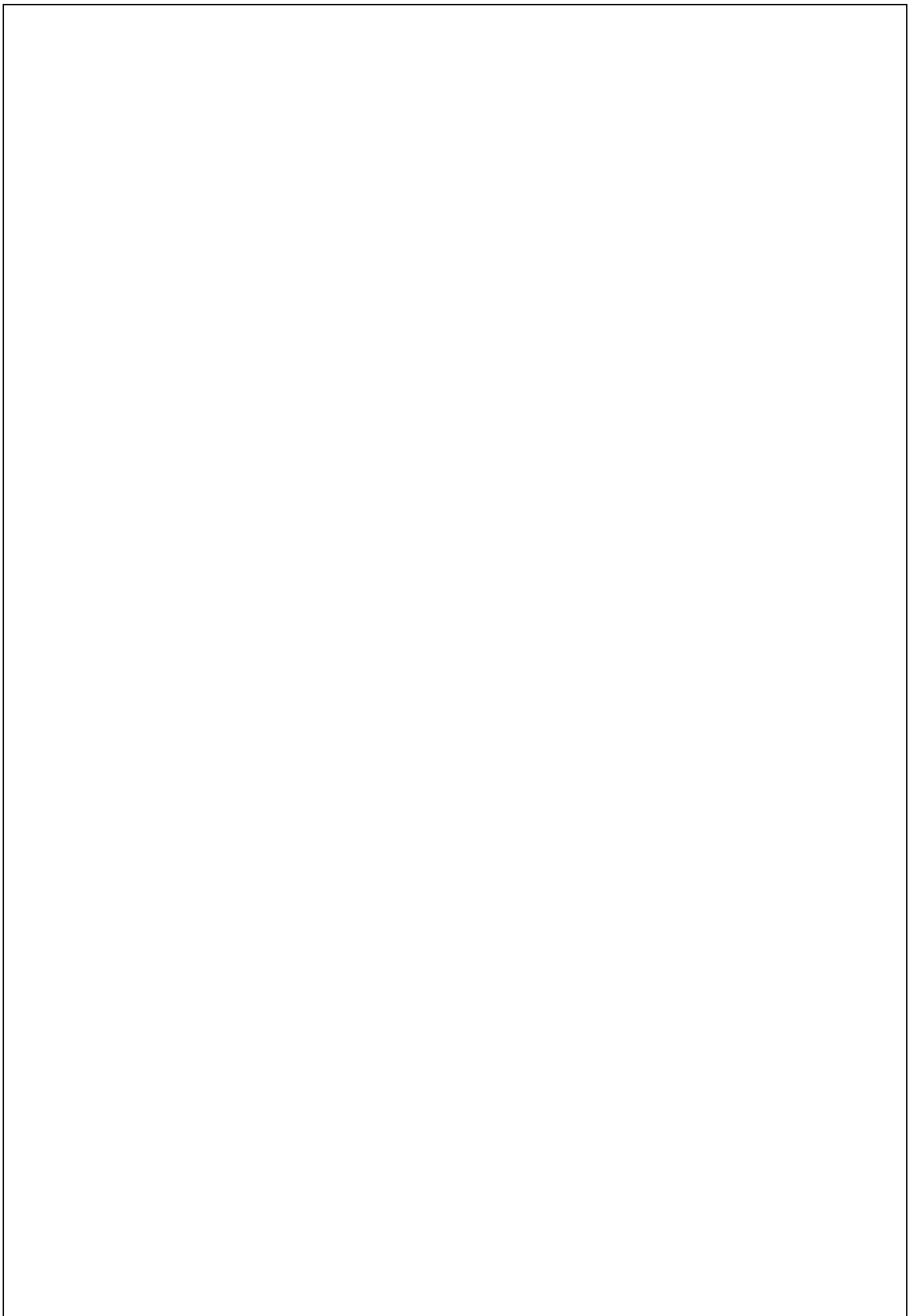
SECURITIES & INVESTMENT INSTITUTE
LEVEL 3
CERTIFICATE IN INVESTMENT
ADMINISTRATION

UNIT 8
ISA ADMINISTRATION

and

UNIT 14
ISA & CHILD TRUST FUND (CTF)
ADMINISTRATION

ISA Administration effective from 6 May 2008
ISA & CTF Administration effective from 1 June 2008



IMPORTANT NOTICE FOR CANDIDATES

Two examinations will be offered, based on this syllabus:

- ISA Administration (from 6 May 2008)

This examination replaces ISA & PEP Administration following changes to the ISA rules and regulations from 6 April 2008.

- ISA & Child Trust Fund Administration (from 1 June 2008)

This examination comprises the elements covered in the ISA Administration exam but also incorporates elements for Child Trust Fund Administration.

OBJECTIVE OF THE EXAMINATION

The objective of the examination is to ensure that candidates have a basic introduction to ISA Administration (and optionally Child Trust Funds Administration) as far as this relates to the needs of operations and administration staff.

Candidates will normally take one exam or the other, because a pass in one only will count towards the Investment Administration Qualification.

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

- Introduction
- Regulation and Authorisation
- Investors and Applications (ISA)
- Investment Rules and Restrictions
- Account Income and Tax Claims
- Account Holder Rights and Protection
- Account Manager's Charges and Expenses (ISA)
- Withdrawals, Closure and Death of an Investor (ISA)
- Transfers
- Returns of Information and HMRC Inspections (ISA)

The ISA & Child Trust Fund Administration examination will, in addition to the above, test candidates' knowledge and understanding of the following elements relating to Child Trust Funds:

- Introduction
- Regulation and Authorisation
- Applications
- Investment Rules and Restrictions
- Account Holder Rights and Protection

- Withdrawals, Closure and Death of the Child
- CTF Transfers
- Returns of Information and HMRC Inspections

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. Learning objectives prefixed:

- *know* require the candidate to recall information such as facts, rules and principles
- *understand* require the candidate to demonstrate comprehension of an issue, fact, rule or principle
- *be able to calculate* require the candidate to be able to use formulae to perform calculations
- *be able to apply* require 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 (www.sii.org.uk) on a regular basis for updates that could affect their examination as a result of industry change.

ASSESSMENT STRUCTURE

A 1 hour examination of 50 multiple choice questions.

Candidates sitting the examination by Computer Based Testing may have, in addition, up to 10% of 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.

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. However, the number of questions tested in each element should not change by more than plus or minus 2.

ISA Administration examination specification		
50 multiple choice questions		
Element number	Element	Questions
1	Introduction	2
2	Regulation and Authorisation	5
3	Investors and Applications (ISA)	6
4	Investment Rules and Restrictions	8
5	Account Income and Tax Claims	5
6	Account Holder Rights and Protection	2
7	Account Manager's Charges and Expenses (ISA)	5
8	Withdrawals, Closure and Death of an Investor (ISA)	5
9	Transfers	5
10	Returns of Information and HMRC Inspections (ISA)	7
Total		50

ISA & CTF Administration examination specification		
50 multiple choice questions		
Element number	Element	Questions
1	Introduction	2
2	Regulation and Authorisation	3
3	Investors and Applications (ISA)	4
4	Investment Rules and Restrictions	6
5	Account Income and Tax Claims	3
6	Account Holder Rights and Protection	1
7	Account Manager's Charges and Expenses (ISA)	3
8	Withdrawals, Closure and Death of an Investor (ISA)	4
9	Transfers	3
10	Returns of Information and HMRC Inspections (ISA)	5
11	Introduction	1
12	Regulation and Authorisation	2
13	Applications	4
14	Investment Rules and Restrictions	1
15	Account Holder Rights and Protection	1
16	Withdrawals, Closure and Death of the Child	2
17	CTF Transfers	3
18	Returns of Information and HMRC Inspections	2
Total		50

SUMMARY SYLLABUS

Elements 1 - 10 cover ISAs and also CTF areas where there is little or no difference. Elements 11 - 18 cover areas specific to CTFs.

The ISA Administration examination will be based on the first ten elements only whilst the ISA & CTF Administration examination will be based on all elements of this syllabus.

ELEMENT 1 INTRODUCTION

- 1.1 What is an ISA?
- 1.2 Tax advantages
- 1.3 Types of ISA
- 1.4 Investment Objectives

ELEMENT 2 REGULATION AND AUTHORISATION

- 2.1 ISA Legislation
- 2.2 Her Majesty's Revenue & Customs (HMRC)
- 2.3 The Account Manager
- 2.4 Application for Authorisation
- 2.5 Withdrawals of Authorisation
- 2.6 Third Party Administrators
- 2.7 Money Laundering

ELEMENT 3 INVESTORS AND APPLICATIONS (ISA)

- 3.1 Applications
- 3.2 Declaration and Authority
- 3.3 Acknowledgements and Incomplete Applications
- 3.4 Incapacity to sign
- 3.5 Customer Agreements
- 3.6 Cancellations and Cooling Off

ELEMENT 4 INVESTMENT RULES AND RESTRICTIONS

- 4.1 Subscription Methods (ISA)
- 4.2 Approved All-Employee Share Schemes (ISA)
- 4.3 Regular Savings (ISA)
- 4.4 Investments Qualifying for Inclusion in a Cash ISA and CTF
- 4.5 Investments Qualifying for Inclusion in a Stocks & Shares ISA and CTF
- 4.6 Insurance Qualifying for Inclusion in an ISA and CTF
- 4.7 Dealing

ELEMENT 5 ACCOUNT INCOME AND TAX CLAIMS

- 5.1 Cash Dividend
- 5.2 Bonus Issues
- 5.3 Rights Issues
- 5.4 New Issues/Public Offers
- 5.5 Income Options (ISA)
- 5.6 Income Tax and Claims
- 5.7 Interest on Uninvested Cash on Deposit in a Stocks & Shares ISA

ELEMENT 6 ACCOUNT HOLDER RIGHTS AND PROTECTION

- 6.1 Annual Reminder Notices (ISA)
- 6.2 Shareholder Rights
- 6.3 Correcting Errors (ISA)

ELEMENT 7 ACCOUNT MANAGER'S CHARGES AND EXPENSES (ISA)

- 7.1 The Effect of Increased Competition
- 7.2 Charges That May be Taken From Outside an Investor's Account or Subscriptions
- 7.3 Charges That Must be Taken From Within an Investor's Account or Subscriptions
- 7.4 ISA Initial Charges

7.5 Periodic and Additional Management Charges

7.6 Exit Charges

ELEMENT 8 WITHDRAWALS, CLOSURE AND DEATH OF AN INVESTOR (ISA)

8.1 The Calculation of Market Value when Withdrawing Investments from the Account

8.2 Date of Closure and Payment of Outstanding Benefits

8.3 Invalid Accounts

8.4 Failure to meet ISA Regulations

8.5 Death of an Investor

ELEMENT 9 TRANSFERS

9.1 The Reasons for Transfers

9.2 Transfer Procedures

9.3 Partial Transfers

9.4 Transferring from an Old to a New Account Manager

9.5 Transfers Out

9.6 Outstanding Dividends/Interest or Income Tax Recoverable

9.7 Transfers in

ELEMENT 10 RETURNS OF INFORMATION AND HMRC INSPECTIONS (ISA)

10.1 The Returns of Information

10.2 The Purpose of HMRC Inspection Visits

10.3 What HMRC Inspects

10.4 Breaches of the Rules

10.5 Simplified Voiding

10.6 Irreparable Breaches

10.7 The Calculation of the Amounts to be Recovered

ELEMENT 11 INTRODUCTION

11.1 What is a CTF?

11.2 Tax advantages

11.3 Types of CTF

ELEMENT 12 REGULATION AND AUTHORISATION

12.1 CTF Legislation

12.2 The CTF Provider

12.3 Anti-Money Laundering

ELEMENT 13 APPLICATIONS

13.1 Applications

13.2 Declaration and Authority

13.3 Acknowledgements and Incomplete Applications

13.4 Customer Agreements

13.5 Cancellations and Cooling Off

13.6 Registered Contact

ELEMENT 14 INVESTMENT RULES AND RESTRICTIONS

14.1 Subscription Methods

14.2 Stakeholder and non-Stakeholder accounts

ELEMENT 15 ACCOUNT HOLDER RIGHTS AND PROTECTION

15.1 Statements and Valuation

15.2 Correcting Errors

ELEMENT 16 WITHDRAWALS, CLOSURE AND DEATH OF THE CHILD

16.1 Withdrawals

- 16.2 Closure
- 16.3 Death of the Child
- 16.4 Child's 18th Birthday

ELEMENT 17 CTF TRANSFERS

- 17.1 The Reasons for Transfers
- 17.2 Transfer Procedures
- 17.3 Transfers Out
- 17.4 Outstanding Dividends/Interest or Income Tax Recoverable
- 17.5 Transfers in

ELEMENT 18 RETURNS OF INFORMATION AND HMRC INSPECTIONS

- 18.1 The Returns of Information
- 18.2 The Purpose of HMRC Inspection Visits
- 18.3 What HMRC Inspects
- 18.4 Breaches of the Rules
- 18.5 The Calculation of the Amounts to be Recovered

ELEMENT 1 INTRODUCTION

1.1 What is an ISA?

On completion, the candidate should:

- 1.1.1 *know* what an ISA is and what it may include
- 1.1.2 *know* the principle aim of ISAs
- 1.1.3 *be able to apply* the maximum overall subscription limits

1.2 Tax advantages

On completion, the candidate should:

- 1.2.1 *know* the current tax benefits to investors of holding ISAs

1.3 Types of ISA

On completion, the candidate should:

- 1.3.1 *know* the difference between “Cash” and “Stocks & Shares” ISAs and how this can affect investment strategy
- 1.3.2 *know* the distinction between discretionary, non-discretionary, self-select and corporate Stocks & Shares ISAs
- 1.3.3 *know* the objective and terms of Cash ISAs
- 1.3.4 *know* the conditions applying to life insurance policies and cash eligible for inclusion in Stocks & Shares ISAs

1.4 Investment Objectives

On completion, the candidate should:

- 1.4.1 *understand* the different investment objectives of typical investors

ELEMENT 2 REGULATION AND AUTHORISATION

2.1 ISA Legislation

On completion, the candidate should:

2.1.1 *know* the secondary legislation applying to the running of ISAs:

- The ISA Regulations 1998 (as amended)

2.2 Her Majesty's Revenue & Customs (HMRC)

On completion, the candidate should:

2.2.1 *understand* HMRC Savings Schemes office (SSO) role and responsibilities for the administration of the schemes

2.3 The Account Manager

On completion, the candidate should:

2.3.1 *know* the terms under which the account manager must manage the investor's ISA

2.3.2 *know* which types of organisation or individual are eligible to manage ISAs and CTFs

2.3.3 *know* the requirements for approval as an ISA manager

2.4 Application for Authorisation

On completion, the candidate should:

2.4.1 *know* the process by which an account manager must apply to the Charities, Assets and Residence (CAR) Audit team for approval and the information he must provide

2.4.2 *know* the acceptable forms of supporting evidence to be provided by each approved organisation

2.4.3 *know* the SSOs requirements for information on any relevant changes

2.5 Withdrawals of Authorisation

On completion, the candidate should:

2.5.1 *know* the account manager's obligations in the event of formal, voluntary and involuntary withdrawal

2.5.2 *understand* the circumstances in which an account manager may cease to qualify

2.6 Third Party Administrators

On completion, the candidate should:

- 2.6.1 *understand* the account manager's responsibilities when administration functions have been delegated to a third party
- 2.6.2 *understand* the significance and implications of Service Level Agreements (SLAs)

2.7 Money Laundering

On completion, the candidate should:

- 2.7.1 *know* what the Money Laundering Regulations require of financial institutions, including:
 - control systems
 - record-keeping
 - staff training
 - reporting procedures
 - roles and responsibilities of Money Laundering Reporting Officer
- 2.7.2 *know* what is satisfactory evidence and when it is required (ISAs)
- 2.7.3 *be able to apply* the actions required if inadequate evidence is provided
- 2.7.4 *understand* the implications of not reporting a suspicious transaction
- 2.7.5 *be able to apply* the procedures required to report suspicious transactions
- 2.7.6 *understand* the role of the FSA in relation to Money Laundering

ELEMENT 3 INVESTORS AND APPLICATIONS (ISA)

3.1 Applications

On completion, the candidate should:

- 3.1.1 *understand* the investor's required eligibility conditions and the investor's obligations to provide complete and accurate information
- 3.1.2 *be able to apply* the rules for processing applications in writing
- 3.1.3 *be able to apply* the rules for processing applications not in writing
- 3.1.4 *know* what information should be included and the required form of words and format for ISA applications
- 3.1.5 *understand* the circumstances under which applications cannot be accepted

3.2 Declaration and Authority

On completion, the candidate should:

- 3.2.1 *know* HMRC's requirement to include a personal declaration and authority in the application
- 3.2.2 *know* the form of words to be used in the investor's declaration
- 3.2.3 *understand* the requirement for declarations relating to subscriptions
- 3.2.4 *know* the form of words to be used by the ISA manager in the authority

3.3 Acknowledgements and Incomplete Applications

On completion, the candidate should:

- 3.3.1 *know* the requirement and procedure for a written acknowledgement on receipt of an application
- 3.3.2 *know* what information must be contained or actioned in the acknowledgement
- 3.3.3 *know* HMRC recommendations for the explanations to be given to the investor with regard to an incomplete application
- 3.3.4 *know* the essential information required by HMRC and relevant sources of information
- 3.3.5 *know* the different actions managers can and should take in cases of incomplete applications

3.4 Incapacity to sign

On completion, the candidate should:

- 3.4.1 *know* HMRC's requirement for the investor's signature on written applications
- 3.4.2 *know* the requirements relating to Powers of Attorney where there is no evidence that the investor is incapacitated
- 3.4.3 *be able to apply* the manager's requirements in administering applications on behalf of physically or mentally incapacitated investors in the UK

3.5 Customer Agreements

On completion, the candidate should:

- 3.5.1 *know* HMRC's requirements for what must be included in a customer agreement
- 3.5.2 *be able to apply* the requirements for each type of investment
- 3.5.3 *understand* the manager's responsibilities relating to third parties, transfer requests, and notification in the event of failure to satisfy the regulations

3.6 Cancellations and Cooling Off

On completion, the candidate should:

- 3.6.1 *understand* the regulatory requirements for investors to have a right to "cooling off" or cancellation
- 3.6.2 *be able to apply* the procedure for cooling off or cancellation
- 3.6.3 *be able to apply* the terms under which the ISA can start
- 3.6.4 *be able to apply* the treatment of the subscription monies
- 3.6.5 *understand* the circumstances in which a shortfall may occur
- 3.6.6 *understand* the investor's right to re-subscribe following an ISA cancellation

ELEMENT 4 INVESTMENT RULES AND RESTRICTIONS

4.1 Subscription Methods (ISA)

On completion, the candidate should:

- 4.1.1 *know* the sources of funding subscriptions
- 4.1.2 *be able to apply* the procedures and manager's responsibilities for dealing with subscriptions to be funded by the sale of the investor's shares

4.2 Approved All-Employee Share Schemes (ISA)

On completion, the candidate should:

- 4.2.1 *know* which share schemes are eligible
- 4.2.2 *be able to calculate* the aggregate market value of the share schemes for subscription purposes
- 4.2.3 *know* what evidence is required by managers for shares obtained from an approved scheme
- 4.2.4 *be able to apply* the timetable for the transfer of shares from different share schemes including taking account of the cooling off period
- 4.2.5 *understand* the scope for transfer of free shares and the ineligibility of employee-contributed shares for transfer to an ISA from a free and matching scheme
- 4.2.6 *know* the basis of calculation of prices of quoted shares
- 4.2.7 *know* how the value of unquoted shares is obtained
- 4.2.8 *know* the treatment of shares in cases where the subscription limit is exceeded

4.3 Regular Savings (ISA)

On completion, the candidate should:

- 4.3.1 *know* investors' usual practice of equal monthly payments and the validity of the application following suspension of regular payments
- 4.3.2 *be able to apply* the investment rules relating to regular premium insurance policies

4.4 Investments Qualifying for Inclusion in a Cash ISA and CTF

On completion, the candidate should:

- 4.4.1 *know* which investments qualify for inclusion
- 4.4.2 *understand* the treatment of interest from accounts in “high street” banks and relevant European institutions
- 4.4.3 *be able to apply* HMRC definition and interpretation of “connected accounts”

4.5 Investments Qualifying for Inclusion in a Stocks & Shares ISA and CTF

On completion, the candidate should:

- 4.5.1 *be able to apply* the relevant qualifying investment tests to the following:
 - Authorised funds
 - Investment trusts
 - Relevant UCITS
 - Non-UCITS retail schemes
- 4.5.2 *know* the meaning of “qualifying shares”
- 4.5.3 *know* the definition of a “recognised stock exchange” as it applies to the ISA and CTF schemes
- 4.5.4 *know* the reasons for the acquisition of non-qualifying investments and investors’ options for selling or transfer
- 4.5.5 *know* the listing and repayment conditions for qualifying securities to be included in a Stocks & Shares ISA
- 4.5.6 *know* which Government securities qualify for inclusion
- 4.5.7 *know* the significance of the five-year test on purchase of qualifying securities (ISA)
- 4.5.8 *know* the conditions under which cash may be held in a Stocks & Shares ISA
- 4.5.9 *be able to apply* the rules relating to interest on cash deposits held (ISA)

4.6 Insurance Qualifying for Inclusion in an ISA and CTF

On completion, the candidate should:

- 4.6.1 *know* the eligibility conditions of a qualifying insurance policy
- 4.6.2 *know* the non-eligible policies for joint life, multiple life and life of another policy
- 4.6.3 *know* the definition of a “connected’ policy and how this affects eligibility for a qualifying policy
- 4.6.4 *understand* the issues relating to a cluster of policies (ISA)
- 4.6.5 *be able to apply* the 5% test to insurance (ISA)

4.7 Dealing

On completion, the candidate should:

- 4.7.1 *know* the Financial Services (Regulated Schemes) Regulations 1991 definition of the open market price
- 4.7.2 *understand* how open market prices can be different for different customers
- 4.7.3 *know* the implications of adopting single pricing
- 4.7.4 *be able to calculate* the weighted average of the prices paid in order to purchase in tranches
- 4.7.5 *know* the conditions attached to the sale of investments and (in ISAs) insurance policies

ELEMENT 5 ACCOUNT INCOME AND TAX CLAIMS

5.1 Cash Dividend

On completion, the candidate should:

- 5.1.1 *understand* the treatment of dividends received in a foreign currency and the implications for reclaiming foreign tax

5.2 Bonus Issues

On completion, the candidate should:

- 5.2.1 *understand* the treatment of bonus issues in the form of non-qualifying investments

5.3 Rights Issues

On completion, the candidate should:

- 5.3.1 *know* the definition of a rights issue
- 5.3.2 *know* the possible options if the cash balance is insufficient
- 5.3.3 *know* the required action in the case of non-qualifying shares being obtained in a rights issue

5.4 New Issues/Public Offers

On completion, the candidate should:

- 5.4.1 *know* the eligibility conditions for application for an issue of new shares
- 5.4.2 *be able to apply* the treatment of monies to fund the shares from both inside and outside the scheme
- 5.4.3 *know* the procedures for payment by instalments
- 5.4.4 *understand* the investor's flexibility for further subscriptions to the stocks and shares ISA and the options to sell excess investments
- 5.4.5 *know* the limitations of using cash held in the scheme to purchase shares

5.5 Income Options (ISA)

On completion, the candidate should:

- 5.5.1 *understand* the investor's option to receive regular income payments and the procedure for administering this

5.6 Income Tax and Claims

On completion, the candidate should:

- 5.6.1 *understand* the manager's responsibility for claiming eligible UK tax
- 5.6.2 *be able to apply* the HMRC timetable for interim claims and supplementary claims
- 5.6.3 *be able to calculate* a gross payment
- 5.6.4 *know* the restriction on pre-funding
- 5.6.5 *understand* the manager's obligation with regard to apportionment for dividends received by a bulk ISA/CTF nominee and the exclusion of the equalisation amount
- 5.6.6 *know* the information needed to make interim claims on forms ISA 10 or CTF 10

- 5.6.7 *know* the information needed and treatment of annual return and claims on forms ISA 14 and annual claims on CTF 14

5.7 Interest on Uninvested Cash on Deposit in a Stocks & Shares ISA

On completion, the candidate should:

- 5.7.1 *know* when uninvested cash subscriptions need not be held in sterling
- 5.7.2 *know* the treatment of interest arising from cash held in an ISA

ELEMENT 6 ACCOUNT HOLDER RIGHTS AND PROTECTION

6.1 Annual Reminder Notices (ISA)

On completion, candidates should:

- 6.1.1 *understand* the purpose of annual reminder notices to investors
- 6.1.2 *know* the information that must be included in annual reminder notices, and when they should be sent

6.2 Shareholder Rights

On completion, candidates should:

- 6.2.1 *know* the manager's obligations relating to attendance at meetings, voting, receiving documentation and acceptability of proxies
- 6.2.2 *understand* the manager's responsibility for providing investors with copies of reports and accounts

6.3 Correcting Errors (ISA)

On completion, candidates should:

- 6.3.1 *know* the manager's responsibility for executing investors' instructions
- 6.3.2 *understand* the manager's liability to compensate for failure to execute investors' instructions
- 6.3.3 *understand* the importance to the manager and the investor of keeping full, detailed documentation of errors

ELEMENT 7 ACCOUNT MANAGER'S CHARGES AND EXPENSES (ISA)

7.1 The Effect of Increased Competition

On completion, candidates should:

- 7.1.1 *understand* how the level of management charges affects the attractiveness of ISAs to investors
- 7.1.2 *understand* the complexity of charging structures brought about by competition

7.2 Charges That May be Taken From Outside an Investor's Account or Subscriptions

On completion, candidates should:

- 7.2.1 *be able to apply* the provisions of HMRC Guidance Notes for ISA managers relating to fees or charges
- 7.2.2 *understand* the effect on the value of investments brought about by managers' fees being taken from outside the account
- 7.2.3 *know* which other management charges are permitted by HMRC

7.3 Charges That Must be Taken From Within an Investor's Account or Subscriptions

On completion, candidates should:

- 7.3.1 *know* the definition of "dealing charges"
- 7.3.2 *be able to calculate* the costs of purchases and disposals

7.4 ISA Initial Charges

On completion, candidates should:

- 7.4.1 *know* the difference between the ISA initial charge made on opening an account for an investor and a unit trust initial charge
- 7.4.2 *be able to calculate* the charges, costs and amount invested for a total subscription to a unit trust and a subscription to a self-select Stocks & Shares ISA
- 7.4.3 *understand* the treatment of the initial charge and VAT if applicable for ISAs managed by stockbrokers

7.5 Periodic and Additional Management Charges

On completion, candidates should:

- 7.5.1 *know* the coverage of the manager's annual charge, the debit timetable and the treatment of VAT
- 7.5.2 *know* the typical events for which additional administration charges may be levied
- 7.5.3 *understand* why some self-select ISAs may levy a fee on each dividend payment
- 7.5.4 *know* the reasons for the payment of commissions to IFAs

7.6 Exit Charges

On completion, candidates should:

- 7.6.1 *understand* the purpose of exit charges
- 7.6.2 be able to calculate exit charges
- 7.6.3 *know* the customary exit charges for non-discretionary accounts
- 7.6.4 *understand* the deterrent effect of charges in transferring an ISA

ELEMENT 8 WITHDRAWALS, CLOSURE AND DEATH OF AN INVESTOR (ISA)

8.1 The Calculation of Market Value when Withdrawing Investments from the Account

On completion, candidates should:

- 8.1.1 *be able to apply* the procedures for in specie transfers
- 8.1.2 *know* the manager's obligations to provide details of the market value in cases of in specie transfers
- 8.1.3 *know* how to obtain the value of unlisted shares
- 8.1.4 *be able to calculate* the value of UK quoted shares
- 8.1.5 *be able to calculate* the market value of units in a unit trust

8.2 Date of Closure and Payment of Outstanding Benefits

On completion, candidates should:

- 8.2.1 *know* the procedure for dealing with payments to the investor's account
- 8.2.2 *understand* the HMRC policy in allowing the account to remain open until the date the final tax claim is paid and credited
- 8.2.3 *understand* the choices open to the manager in paying income tax

8.3 Invalid Accounts

On completion, candidates should:

- 8.3.1 *know* the circumstances under which an ISA must be voided
- 8.3.2 *know* the manager's obligations for notifying investors and voiding the account
- 8.3.3 *know* which invalid ISAs may be repaired
- 8.3.4 *be able to apply* the procedures for repairing invalid ISAs

8.4 Failure to meet ISA Regulations

On completion, candidates should:

- 8.4.1 *understand* the investor's choices in selling or realising any investments, receiving any cash and transferring any ineligible holdings in specie
- 8.4.2 *be able to apply* the procedures for dealing with tax benefits in the event of any of these choices
- 8.4.3 *know* what information should be given to HMRC in cases of failure to meet ISA Regulations
- 8.4.4 *understand* the manager's responsibility for advising investors to declare the void account to HMRC

8.5 Death of an Investor

On completion, candidates should:

- 8.5.1 *be able to apply* the tax treatment of any income or gains made between the date of death and the date of closure of the account
- 8.5.2 *be able to apply* the procedures for dealing with any tax benefits which should not have been claimed
- 8.5.3 *know* the acceptable forms of evidence of an investor's death

- 8.5.4 *know* the information to be provided by the manager to help the deceased's personal representatives prepare an inventory of the deceased's assets
- 8.5.5 *know* the choices open to the deceased's personal representatives
- 8.5.6 *be able to calculate* the administration or exit charges and repayment of any tax claims

ELEMENT 9 TRANSFERS

9.1 The Reasons for Transfers

On completion, candidates should:

- 9.1.1 *know* the main reasons for transfer

9.2 Transfer Procedures

On completion, candidates should:

- 9.2.1 *know* the requirement for the investor to make a "transfer application"
- 9.2.2 *understand* the investor's obligation to obtain agreement to transfer by both the old and the new managers
- 9.2.3 *know* the investor's right and choices under ISA Regulation 21 to ask for the account to be transferred including the transfer of a Cash ISA to a Stocks & Shares ISA

9.3 Partial Transfers

On completion, candidates should:

- 9.3.1 *know* the investor's options for transferring his current year subscriptions
- 9.3.2 *be able to calculate* what can be transferred

9.4 Transferring from an Old to a New Account Manager

On completion, candidates should:

- 9.4.1 *be able to apply* the procedures for cash or in specie transfers
- 9.4.2 *know* the expected timetable for completing transfers

9.5 Transfers Out

On completion, candidates should:

- 9.5.1 *know* what information should be included in the terms of a transfer
- 9.5.2 *know* the old manager's responsibilities
- 9.5.3 *know* what information should be included in the old manager's declaration to the new manager
- 9.5.4 *know* what information should be included in transfer forms
- 9.5.5 *know* what information and documents should be retained after the transfer

9.6 Outstanding Dividends/Interest or Income Tax Recoverable

On completion, candidates should:

- 9.6.1 *understand* the old manager's responsibilities with regard to claiming payment of income tax in respect of interest paid on or after the date of transfer
- 9.6.2 *know* the circumstances under which the old manager may continue to receive dividends/interest in respect of transferred ISAs after the transfer date
- 9.6.3 *know* what should be included in a closing package to the new manager

9.7 Transfers in

On completion, candidates should:

- 9.7.1 *know* the steps to be taken when setting up a transferred account
- 9.7.2 *know* the time limits within which the new manager should obtain the required information
- 9.7.3 *know* how the new manager records current year's subscriptions

ELEMENT 10 RETURNS OF INFORMATION AND HMRC INSPECTIONS (ISA)

10.1 The Returns of Information

On completion, candidates should:

- 10.1.1 *know* HMRC responsibility to monitor annual returns and undertake inspections of ISA managers
- 10.1.2 *know* the timetable of quarterly and annual returns
- 10.1.3 *understand* the consequences of late submitted returns to HMRC
- 10.1.4 *know* the cumulative quarterly information required for form ISA 25 (Stats)
- 10.1.5 *know* the requirements of annual ISA returns on form ISA 14 (Stats)
- 10.1.6 *know* the requirements of annual ISA returns at 5 April on ISA tapes or paper equivalent
- 10.1.7 *know* which ISAs should be included in the ISA report

10.2 The Purpose of HMRC Inspection Visits

On completion, candidates should:

- 10.2.1 *understand* the role, scope and objectives of the Charities, Assets and Residence (CAR) Audit
- 10.2.2 *know* the principles of HMRC code of practice

10.3 What HMRC Inspects

On completion, candidates should:

- 10.3.1 *understand* the scope of the auditors' enquiries including checking systems and procedures
- 10.3.2 *know* which records may be inspected and how long they must be retained
- 10.3.3 *understand* HMRC objectives in monitoring ISA holdings

10.4 Breaches of the Rules

On completion, candidates should:

- 10.4.1 *understand* the consequences and liability of managers in cases of breaches of the rules
- 10.4.2 *understand* when breaches cannot be repaired under simplified voiding and strict treatment must be applied
- 10.4.3 *understand* the manager's obligation to initiate action to repair breaches discovered by his internal audit procedures in between HMRC audit visits and to report the breaches and action taken to HMRC on their next audit visit
- 10.4.4 *know* what action is required by managers when a small number of cases are found where tax has been claimed in error
- 10.4.5 *know* what action is required by managers when a significant number of cases are found where tax has been overclaimed

10.5 Simplified Voiding

On completion, candidates should:

- 10.5.1 *understand* the voluntary nature of simplified voiding and when it may be applied
- 10.5.2 *understand* when simplified voiding is subject to HMRC approval
- 10.5.3 *understand* the benefits to the investor of repairing a breached account
- 10.5.4 *know* the nature of dealing with breaches arising from a particular audit visit
- 10.5.5 *understand* the range of typical reasons for repairable breaches under simplified voiding and their recovery methods
- 10.5.6 *understand* how managers should treat the repair of insurance policies and how this should be funded
- 10.5.7 *know* the requirement for repairs of insurance policies to obtain investors' consent

10.6 Irreparable Breaches

On completion, candidates should:

- 10.6.1 *understand* the circumstances under which breaches cannot be repaired under simplified voiding
- 10.6.2 *understand* HMRC restriction on repairing breaches that could have been prevented by effective administration

10.7 The Calculation of the Amounts to be Recovered

On completion, candidates should:

- 10.7.1 *understand* the managers' liability to compensate HMRC for any income tax claimed prior to the account being repaired
- 10.7.2 *be able to calculate* the amount to be recovered following a breach
- 10.7.3 *be able to calculate* the likely penalties on applying simplified voiding

ELEMENTS 11 - 18 COVER AREAS SPECIFIC TO CTFs.

The ISA & CTF examination will be based on all elements of this syllabus.

ELEMENT 1 INTRODUCTION

- 1.1 What is an ISA?
- 1.2 Tax advantages
- 1.3 Types of ISA
- 1.4 Investment Objectives

ELEMENT 2 REGULATION AND AUTHORISATION

- 2.1 ISA Legislation
- 2.2 Her Majesty's Revenue & Customs (HMRC)
- 2.3 The Account Manager
- 2.4 Application for Authorisation
- 2.5 Withdrawals of Authorisation
- 2.6 Third Party Administrators
- 2.7 Money Laundering

ELEMENT 3 INVESTORS AND APPLICATIONS (ISA)

- 3.1 Applications
- 3.2 Declaration and Authority
- 3.3 Acknowledgements and Incomplete Applications
- 3.4 Incapacity to sign
- 3.5 Customer Agreements
- 3.6 Cancellations and Cooling Off

ELEMENT 4 INVESTMENT RULES AND RESTRICTIONS

- 4.1 Subscription Methods (ISA)
- 4.2 Approved All-Employee Share Schemes (ISA)
- 4.3 Regular Savings (ISA)
- 4.4 Investments Qualifying for Inclusion in a Cash ISA and CTF
- 4.5 Investments Qualifying for Inclusion in a Stocks & Shares ISA and CTF
- 4.6 Insurance Qualifying for Inclusion in an ISA and CTF
- 4.7 Dealing

ELEMENT 5 ACCOUNT INCOME AND TAX CLAIMS

- 5.1 Cash Dividend
- 5.2 Bonus Issues
- 5.3 Rights Issues
- 5.4 New Issues/Public Offers
- 5.5 Income Options (ISA)
- 5.6 Income Tax and Claims
- 5.7 Interest on Uninvested Cash on Deposit in a Stocks & Shares ISA

ELEMENT 6 ACCOUNT HOLDER RIGHTS AND PROTECTION

- 6.1 Annual Reminder Notices (ISA)
- 6.2 Shareholder Rights
- 6.3 Correcting Errors (ISA)

ELEMENT 7 ACCOUNT MANAGER'S CHARGES AND EXPENSES (ISA)

- 7.1 The Effect of Increased Competition
- 7.2 Charges That May be Taken From Outside an Investor's Account or Subscriptions
- 7.3 Charges That Must be Taken From Within an Investor's Account or Subscriptions
- 7.4 ISA Initial Charges
- 7.5 Periodic and Additional Management Charges
- 7.6 Exit Charges

ELEMENT 8 WITHDRAWALS, CLOSURE AND DEATH OF AN INVESTOR (ISA)

- 8.1 The Calculation of Market Value when Withdrawing Investments from the Account
- 8.2 Date of Closure and Payment of Outstanding Benefits
- 8.3 Invalid Accounts
- 8.4 Failure to meet ISA Regulations
- 8.5 Death of an Investor

ELEMENT 9 TRANSFERS

- 9.1 The Reasons for Transfers
- 9.2 Transfer Procedures
- 9.3 Partial Transfers
- 9.4 Transferring from an Old to a New Account Manager
- 9.5 Transfers Out
- 9.6 Outstanding Dividends/Interest or Income Tax Recoverable
- 9.7 Transfers in

ELEMENT 10 RETURNS OF INFORMATION AND HMRC INSPECTIONS (ISA)

- 10.1 The Returns of Information
- 10.2 The Purpose of HMRC Inspection Visits
- 10.3 What HMRC Inspects
- 10.4 Breaches of the Rules
- 10.5 Simplified Voiding
- 10.6 Irreparable Breaches
- 10.7 The Calculation of the Amounts to be Recovered

ELEMENT 11 INTRODUCTION

- 11.1 What is a CTF?
- 11.2 Tax advantages
- 11.3 Types of CTF

ELEMENT 12 REGULATION AND AUTHORISATION

- 12.1 CTF Legislation
- 12.2 The CTF Provider
- 12.3 Anti-Money Laundering

ELEMENT 13 APPLICATIONS

- 13.1 Applications
- 13.2 Declaration and Authority
- 13.3 Acknowledgements and Incomplete Applications
- 13.4 Customer Agreements
- 13.5 Cancellations and Cooling Off
- 13.6 Registered Contact

ELEMENT 14 INVESTMENT RULES AND RESTRICTIONS

- 14.1 Subscription Methods
- 14.2 Stakeholder and non-Stakeholder accounts

ELEMENT 15 ACCOUNT HOLDER RIGHTS AND PROTECTION

- 15.1 Statements and Valuation
- 15.2 Correcting Errors

ELEMENT 16 WITHDRAWALS, CLOSURE AND DEATH OF THE CHILD

- 16.1 Withdrawals
- 16.2 Closure
- 16.3 Death of the Child
- 16.4 Child's 18th Birthday

ELEMENT 17 CTF TRANSFERS

- 17.1 The Reasons for Transfers
- 17.2 Transfer Procedures
- 17.3 Transfers Out
- 17.4 Outstanding Dividends/Interest or Income Tax Recoverable
- 17.5 Transfers in

ELEMENT 18 RETURNS OF INFORMATION AND HMRC INSPECTIONS

- 18.1 The Returns of Information
- 18.2 The Purpose of HMRC Inspection Visits
- 18.3 What HMRC Inspects
- 18.4 Breaches of the Rules
- 18.5 The Calculation of the Amounts to be Recovered

ELEMENT 11 INTRODUCTION

11.1 What is a CTF?

On completion, the candidate should:

- 11.1.1 *know* what a CTF is and what it may include
- 11.1.2 *know* the principle aim of CTFs
- 11.1.3 *know* the subscription year
- 11.1.4 *be able to apply* the maximum overall subscription limits

11.2 Tax advantages

On completion, the candidate should:

- 11.2.1 *know* the current tax benefits of CTFs

11.3 Types of CTF

On completion, the candidate should:

- 11.3.1 *know* the difference between “Stakeholder” and “non-Stakeholder” CTFs and how this can affect investment strategy
- 11.3.2 *know* the distinction between discretionary, non-discretionary and self-select CTFs

ELEMENT 12 REGULATION AND AUTHORISATION

12.1 CTF Legislation

On completion, the candidate should:

- 12.1.1 *know* the primary legislation applying to CTFs:
 - The Child Trust Funds Act 2004
- 12.1.2 *know* the secondary legislation applying to CTFs:
 - The CTF Regulations 2004 (as amended)

12.2 The CTF Provider

On completion, the candidate should:

- 12.2.1 *know* the terms under which the provider must manage the CTF
- 12.2.2 *know* the requirements for approval as a CTF provider
- 12.2.3 *know* the requirements to provide the stakeholder or make one available
- 12.2.4 *understand* the implications of accepting Revenue-Allocated accounts
- 12.2.5 *understand* the difference between a provider and a distributor

12.3 Anti-Money Laundering

On completion, the candidate should:

- 12.3.1 *know* what is satisfactory evidence and when it is required

ELEMENT 13 APPLICATIONS

13.1 Applications

On completion, the candidate should:

- 13.1.1 *understand* the applicant's required eligibility conditions and their obligation to provide complete and accurate information
- 13.1.2 *know* the requirement for the applicant to provide the voucher
- 13.1.3 *be able to apply* the rules for processing applications in writing
- 13.1.4 *be able to apply* the rules for processing applications not in writing
- 13.1.5 *know* what information should be included and the required form of words and format for CTF applications
- 13.1.6 *understand* the circumstances under which applications cannot be accepted

13.2 Declaration and Authority

On completion, the candidate should:

- 13.2.1 *know* HMRC requirement to include a personal declaration and authority in the application
- 13.2.2 *know* the form of words to be used in the applicant's declaration

13.2.3 *know* the form of words to be used by the CTF provider in the authority

13.3 Acknowledgements and Incomplete Applications

On completion, the candidate should:

13.3.1 *know* the requirement and procedure for a written acknowledgement on receipt of an application

13.3.2 *know* what information must be contained or actioned in the acknowledgement

13.3.3 *know* the different actions CTF providers can and should take in cases of incomplete applications

13.4 Customer Agreements

On completion, the candidate should:

13.4.1 *know* HMRC requirements for what must be included in a customer agreement

13.4.2 *be able to apply* the requirements for each type of investment

13.4.3 *know* the CTF provider's responsibilities relating to third parties, transfer requests, and notification in the event of failure to satisfy the regulations

13.5 Cancellations and Cooling Off

On completion, the candidate should:

13.5.1 *understand* the regulatory requirements for investors to have a right to "cancellation" before the CTF is opened

13.5.2 *understand* the terms under which investors have the right not to proceed

13.5.3 *be able to apply* the terms under which the CTF can be opened

13.5.4 *be able to apply* the treatment of the subscription monies

13.6 Registered Contact

On completion, the candidate should:

13.6.1 *know* who can be a registered contact

13.6.2 *know* what information should be included and the required form of words and format for applications to be a registered contact

13.6.3 *understand* the circumstances in which there may be no registered contact

ELEMENT 14 INVESTMENT RULES AND RESTRICTIONS

14.1 Subscription Methods

On completion, the candidate should:

14.1.1 *know* who can subscribe to a CTF

14.1.2 *know* when subscriptions can be accepted

14.1.3 *be able to apply* the procedures and CTF provider's responsibilities for dealing with subscriptions to be funded by the sale of the investor's shares

14.2 Stakeholder and non-Stakeholder accounts

On completion, the candidate should:

14.2.1 *know* the conditions that must be satisfied by a stakeholder account

14.2.2 *know* the restrictions on which investments can be held in a stakeholder account

14.2.3 *understand* when lifestyling should be applied

14.2.4 *know* which costs are included in the charge capping calculation and how it is applied

ELEMENT 15 ACCOUNT HOLDER RIGHTS AND PROTECTION

15.1 Statements and Valuation

On completion, candidates should:

15.1.1 *understand* to whom statements and valuations should be sent

15.1.2 *know* the provider's discretion in the frequency of sending statements and valuations

15.1.3 *know* the information that must be included in the statement and valuation

15.1.4 *know* the provider's discretion in including a performance summary

15.2 Correcting Errors

On completion, candidates should:

15.2.1 *know* the provider's responsibility for executing the registered contact's instructions

15.2.2 *understand* the provider's liability to compensate for failure to execute registered contacts' instructions

15.2.3 *understand* the importance to the provider and the registered contact of keeping full, detailed documentation of errors

ELEMENT 16 WITHDRAWALS, CLOSURE AND DEATH OF THE CHILD

16.1 Withdrawals

On completion, candidates should:

16.1.1 *know* the limited circumstances when withdrawals can be made

16.1.2 *be able to apply* the rules on withdrawals

16.2 Closure

On completion, candidates should:

16.2.1 *know* the circumstances in which a CTF will be closed

16.3 Death of the Child

On completion, candidates should:

16.3.1 *be able to apply* the tax treatment of any income or gains made between the date of death and the date of closure of the CTF

16.3.2 *be able to apply* the procedures for dealing with any tax benefits which should not have been claimed

16.3.3 *know* the acceptable forms of evidence of the child's death

16.3.4 *know* the information to be provided by the provider to help the deceased's personal representatives prepare an inventory of the deceased's assets

16.3.5 *know* the choices open to the deceased's personal representatives

16.3.6 *be able to calculate* the administration or exit charges and repayment of any tax claims

16.4 Child's 18th Birthday

On completion, candidates should:

- 16.4.1 *be able to apply* the procedures for transferring the CTF assets to the child

ELEMENT 17 CTF TRANSFERS

17.1 The Reasons for Transfers

On completion, candidates should:

- 17.1.1 *know* the main reasons for transfer

17.2 Transfer Procedures

On completion, candidates should:

- 17.2.1 *know* the registered contact's right and choices under CTF Regulation 21 to ask for the account to be transferred
- 17.2.2 *understand* the difference between an internal transfer and an external transfer

17.3 Transfers Out

On completion, candidates should:

- 17.3.1 *know* what information should be included in the terms of a transfer
- 17.3.2 *know* the old provider's responsibilities
- 17.3.3 *know* what information should be included in the old provider's declaration to the new provider
- 17.3.4 *know* what information should be included in Transfer forms
- 17.3.5 *know* what information and documents should be retained after the transfer

17.4 Outstanding Dividends/Interest or Income Tax Recoverable

On completion, candidates should:

- 17.4.1 *know* what should be included in a closing package to the new provider

17.5 Transfers in

On completion, candidates should:

17.5.1 *know* the steps to be taken when setting up a transferred account

17.5.2 *know* the time limit before the transfer can be requested from the old provider

ELEMENT 18 RETURNS OF INFORMATION AND HMRC INSPECTIONS

18.1 The Returns of Information

On completion, candidates should:

18.1.1 *know* HMRC responsibility to monitor returns and undertake inspections of CTF providers

18.1.2 *know* the timetable of fortnightly and annual returns

18.1.3 *understand* the “fortnightly schedule cycle”

18.1.4 *understand* the consequences of late submitted returns to HMRC

18.2 The Purpose of HMRC Inspection Visits

On completion, candidates should:

18.2.1 *understand* the role, scope and objectives of the Charities, Assets and Residence (CAR) Audit

18.3 What HMRC Inspects

On completion, candidates should:

18.3.1 *understand* the scope of the auditors’ enquiries including checking systems and procedures

18.3.2 *know* which records may be inspected and how long they must be retained

18.3.3 *understand* HMRC objectives in monitoring CTF holdings

18.4 Breaches of the Rules

On completion, candidates should:

- 18.4.1 *understand* the consequences and liability of providers in cases of breaches of the rules
- 18.4.2 *understand* when breaches cannot be repaired
- 18.4.3 *understand* the provider's obligation to initiate action to repair breaches discovered by his internal audit procedures in between HMRC audit visits and to report the breaches and action taken to HMRC on the their next audit visit

18.5 The Calculation of the Amounts to be Recovered

On completion, candidates should:

- 18.5.1 *understand* the providers' liability to compensate HMRC for any income tax claimed prior to the account being repaired
- 18.5.2 *be able to calculate* the amount to be recovered following a breach