

Update on Designations

By *Edythe McClatchy Pahl, IMCA Executive Director*

One year ago, the *IMCA Monitor* carried an article that discussed the state of financial services designations.¹ Intermittent press of late has reported that states and regulatory authorities are looking at the designations used in financial services. This article is intended to update that information and inform our membership about how IMCA is responding to this regulatory focus. The CIMA and CIMC designations long have enjoyed an excellent reputation in the financial services industry. This is due to high standards for eligibility and maintenance as well as the personal standards set by the individuals who hold those credentials. A credential is only as good as the character and performance of the persons holding it.

Background

Over the past year or so, state and federal regulators have turned their attention to the proliferation of designations in the financial services arena. Regulators are questioning the legitimacy of these designations and their use or misuse. Potential misuse is a common result when a field tries to upgrade its image by imposing standards; look-alikes and wannabes try to move under the “glow” of the new standards without actually meeting them. Luxury goods copied and sold on the street, as well as “schools” with fancy diplomas and legitimate-sounding degrees cropping up online that appear to mimic longstanding and respected institutions, are just two examples of such back-of-the-matchbook attempts to access legitimacy.

State regulators have a growing concern about the financial abuse of

senior citizens through foreign lotteries, home repair scams, inappropriate investment schemes, etc. In isolated cases, a person claiming to be an investment professional has used letters or titles after his/her name when dealing with senior citizens, when in fact the title or set of letters is no more than that—a set of letters. In response to the growing proliferation of designations and titles, two states—Massachusetts and Nebraska—were the first to take action, and Washington and Iowa have followed suit. Massachusetts has set out to use third-party accreditation of designations used by advisors working in the senior market. “Third-party accreditation” means that an established legitimate organization is in the business of reviewing and approving/denying recognition of the bona fide status of a certification or designation program. A common example is a regional agency that accredits colleges and universities. Certification programs can subscribe to standards of the National Commission for Certifying Agencies (NCCA, www.noca.org) or the American National Standards Institute (ANSI, www.ansi.org); federal/state regulations recognize both as accreditation bodies.

Because Massachusetts is reviewing only designations with certain “senior” words in the title, this regulatory action does not affect the CIMA or CIMC designation in the immediate future. Nebraska, on the other hand, is reviewing designations used by financial advisors with any consumer group, senior or otherwise. The CIMA and CIMC designations are on Nebraska’s list of approved designations that may be used in advertising

and on business cards and stationery. Nebraska’s list of designations, however, is only a guideline, not a requirement. The State of Washington is contemplating rulemaking that could amend existing rules to include additional designations that need to be subject to properly accredited registration. The Iowa Insurance Division has issued guidelines regarding the proper use of designations in conjunction with sales and marketing activity directed to senior purchasers.

What IMCA Is Doing

The CIMA designation is not accredited by either of the recognized third-party accreditors. IMCA has begun the process of bringing its certification process in line with existing standards in preparation for applying for accreditation. The first step was a practice analysis survey sent to more than 3,000 IMCA members in the summer of 2007. This survey tracked components of the profession of investment management consulting.


IMCA’s volunteer Certification Committee has been reviewing the survey results to determine the next steps toward accreditation. All current requirements to obtain the CIMA designation will be reviewed over the next several months. A review does not necessarily mean change, but requirements may be adjusted to meet accreditation standards. The current requirements include the following areas: initial eligibility, ethics review, experience, education (topics and level), examination, continuing education, renewal term, fees, etc. The committee will be deliberate in its review and its decision-making process. You



2008–2009 Educational Programs Calendar

will not see major differences in the CIMA program, but certain changes will occur. Announcements about any changes will be made as quickly as possible.

In addition, any person now may lodge a complaint about a CIMA or CIMC designee using the IMCA Web site (www.IMCA.org). This new feature is a necessary part of the accreditation process. Certainly not all complaints are warranted, but fortunately IMCA has a disciplinary process and procedures that help filter legitimate complaints from nonlegitimate ones. This process is outlined on the IMCA Web site under "Resources." Transparency of process and procedures is a hallmark of accreditation, so opening up IMCA's disciplinary process to consumers as well as fellow designees is desirable. IMCA's Professional Review Board, set up in 2005, is charged to enact the tenets of the *Code of Professional Responsibility* and the *Standards of Practice*. Both these documents can be found on the IMCA Web site.

As part of this process, IMCA also is reviewing its *Performance Reporting Standards*. A volunteer committee has been reinstated to review the standards, last updated in 2000. The upcoming review is taking place in response to the Global Investment Performance Standards (GIPS) standards set by the CFA Institute. 

Endnotes

- 1 See "IMCA Begins Job/Practice Analysis for CIMA Designation," *Monitor* 23, no. 2 (March/April 2007): 45.

May 18–20, 2008

Spring Professional Development Conference

New Orleans Marriott
New Orleans, LA

June 5–6, 2008

Canadian Consultants Conference

The Fairmount Royal York
Toronto, ON

June 8–13, 2008

CIMA Level II Class*

July 20–22, 2008

Advanced CIMA Workshop: The Best of Wharton

The Inn at Penn, Philadelphia, PA

July 21–26, 2008

CIMA Level II Class**

September 7–12, 2008

CIMA Level II Class*

September 21–26, 2008

CIMA Level II Class*

September 22–26, 2008

CPWA Class

The University of Chicago
Graduate, School of Business
Chicago, IL

September 25–27, 2008

Fall Professional Development Conference

Hyatt Regency Denver at the
Colorado Convention Center
Denver, CO

October 5–10, 2008

CIMA Level II Class*

October 20–25, 2008

CIMA Level II Class**

October 27–28, 2008

Advanced Wealth Management Conference

The Westin South Coast Plaza
Costa Mesa, CA

November 16–21, 2008

CIMA Level II Class*

December 7–9, 2008

Practice Management Conference

Vail Marriott Mountain
Resort & Spa, Vail, CO

December 7–12, 2008

CIMA Level II Class*

January 12–13, 2009

IMCA 2009 New York Consultants Conference

Grand Hyatt New York
New York, NY

March 9–10, 2009

IMCA 2009 Specialty Conference

Hyatt Regency Hill Country
Resort and Spa
San Antonio, TX

May 3–5, 2009

IMCA 2009 Spring Professional Development Conference

Hilton San Diego Bayfront
San Diego, CA

October 1–3, 2009

IMCA 2009 Fall Professional Development Conference

Atlanta Marriott Marquis
Atlanta, Georgia

* The Wharton School, University of Pennsylvania.

** Haas School of Business at the University of California, Berkeley

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