

ApEx8

The UK financial services industry, its regulation and
conduct

Summary of Learning Outcomes

SUMMARY OF LEARNING OUTCOMES

APEX8 THE UK FINANCIAL SERVICES INDUSTRY	
ApEx8 THE UK FINANCIAL SERVICES INDUSTRY	Level
Candidates will be expected to:	
K Demonstrate a knowledge of:	
K1 The purpose and structure of the UK financial services industry	Knowledge
K2 Types of risk	Knowledge
K3 Market infrastructure	Knowledge
K4 The main aims and activities of the Financial Services Authority (FSA) and its requirements for ethical conduct by firms and individuals	Knowledge
K5 The role of oversight groups	Knowledge
K6 Bodies and regulations affecting UK business	Knowledge
K7 The main features of the rules for dealing with complaints and compensation	Knowledge
K8 How the Data Protection Act 1998 affects the conduct of firms	Knowledge
U Demonstrate an understanding of:	
U1 The main asset classes and investments, their characteristics, key features and functions	Comprehension
U2 The main factors involved in investment advice	Comprehension
U3 The process of assessing suitability and appropriateness, including the importance of regular reviews of the client's circumstances	Comprehension
U4 The basic legal concepts relevant to financial services and investment management	Comprehension
U5 Principles of taxation	Comprehension
U6 Economic cycles	Comprehension
U7 Supervisory approach to the regulation of firms	Comprehension
U8 Internal regulations and controls	Comprehension
U9 Obligations in relation to taking on clients	Comprehension
U10 Obligations in relation to the carrying out of services	Comprehension
U11 Obligations in relation to reporting and record keeping	Comprehension
U12 Obligations in relation to conflicts of interest	Comprehension
U13 Anti Money Laundering rules, legislation and guidance	Comprehension

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Attainment Level	Outcome	Indicative Content
K Demonstrate knowledge of:	K1 The purpose and structure of the UK financial services industry	K1.1 The function of the financial services industry in an economy: transferring funds between individuals, businesses and government; risk management K1.2 The role and impact of the main retail and wholesale institutions/organisations K1.3 The role of the EU and of the UK government: regulation, taxation, economic and monetary policy, provision of welfare and benefits plus the global dimension, including the UK's position on the world stage K1.4 The purpose and position of clearing and settlement organisations
U Demonstrate understanding of:	U1 The main asset classes and investments, their characteristics, key features and functions	U1.1 Fixed-interest securities U1.1.1 Corporate debt U1.1.2 High-yield securities U1.1.3 Government and agency debt U1.1.4 Securitised debt U1.1.5 Money market securities U1.1.6 Hybrid securities U1.2 Equities U1.2.1 Common shares U1.2.2 Ordinary shares U1.2.3 Preference shares U1.2.4 Convertible preference securities U1.2.5 Warrants U1.2.6 Depositary receipts (eg ADR & GDR) U1.3 Bonds U1.3.1 Investment grade versus junk bonds U1.3.2 Government bonds versus corporate bonds U1.3.3 Short-term, intermediate and long-term U1.3.4 Domestic and foreign U1.3.5 Emerging markets U1.3.6 Eurobonds U1.3.7 Structured Capital at Risk Products (SCARPs) U1.3.8 With-profit policies U1.3.9 Exchange Traded Funds (ETFs) U1.4 Derivatives U1.4.1 Futures U1.4.2 Options

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Attainment Level	Outcome	Indicative Content
U Demonstrate understanding of:	U1 (continued)The main asset classes and investments, their characteristics, key features and functions	U1.5 Foreign Exchange U1.5.1 FX spot rates U1.5.2 FX forward rates U1.6 Real estate U1.7 Currencies including cash U1.8 Hedge funds U1.9 Pooled Investments U1.9.1 UCITS U1.9.2 Domestically recognised unit trusts U1.9.3 Units & Mutual Funds U1.9.4 Open ended investment companies (OEICs) U1.9.5 Investment companies: U1.9.5a investment trusts including REITs U1.1.9b venture capital trusts U1.1.9c splits U1.10 Alternative Investment Vehicles including but not limited to: U1.10.1 Art U1.10.2 Wine U1.10.3 Bloodstock U1.10.4 Venture capital and private equity U1.10.5 Managed futures
K Demonstrate knowledge of:	K2 Types of risk	K2.1 Market risk K2.2 Credit risk K2.3 Liquidity risk K2.4 Operational risk
U Demonstrate understanding of:	U2 The main factors involved in investment advice	U2.1 Budgeting U2.2 Protection (guarantees, fund protection) U2.3 Borrowing (gearing, to gear portfolios) U2.4 Investment and saving U2.5 Retirement planning U2.6 Estate planning U2.7 Tax planning U2.8 Offshore considerations U2.9 The importance of regular reviews in line with the consumer's circumstances and arrangements U2.10 Socially responsible and ethical investments

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Attainment Level	Outcome	Indicative Content
U Demonstrate understanding of:	U3 The process of assessing suitability and appropriateness, including the importance of regular reviews of clients' circumstances	U3.1 The nature of the client relationship, confidentiality, trust, and consumer protection U3.2 The information required from clients and methods of obtaining it U3.3 Factors determining how to match solutions with client needs and demands U3.4 How to assess suitability U3.5 How to analyse a discretionary portfolio U3.6 The importance of monitoring and review of clients' circumstances U3.7 The information clients must be given under the current regulatory requirements
U Demonstrate understanding of:	U4 The basic legal concepts relevant to financial services and investment management	U4.1 Legal persons: individuals, trustees, companies U4.2 Contract and the capacity to contract U4.3 Role and responsibilities of acting as an agent U4.4 Property, personal property and joint ownership U4.5 Basic types of trust U4.6 Bankruptcy and insolvency U4.7 Fiduciary duty
U Demonstrate understanding of:	U5 Principles of taxation	U5.1 Income tax U5.2 Capital gains tax U5.3 Inheritance tax U5.4 Corporation tax U5.5 Concept of residency/domicile U5.6 Stamp duty on securities U5.7 Stamp duty on property U5.8 The impact of taxation on the returns achieved on investments
U Demonstrate understanding of:	U6 Economic cycles	U6.1 Definition of inflation U6.2 Market fluctuations and their causes U6.3 Interest rates: fixed and variable
K Demonstrate knowledge of:	K3 Market infrastructure	K3.1 How trades are executed, including price discovery K3.2 Clearing and settlement processes, including settlement periods K3.3 Post clearing and settlement procedures K3.4 Corporate actions
K Demonstrate knowledge of:	K4 The main aims and activities of the Financial Services Authority (FSA) and its requirements for ethical conduct by firms and individuals	K4.1 The statutory objectives, guiding principles, role and activities of the FSA K4.2 Key features of the FSA's principles for businesses K4.3 Arrangements, systems and controls for senior managers K4.4 The fit and proper test for approved persons K4.5 The prevention of crime, including market abuse and insider dealing K4.6 The approach to, and requirements for, treating customers fairly

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Attainment Level	Outcome	Indicative Content
K Demonstrate knowledge of:	K5 The role of oversight groups	K5.1 The role of internal and external auditors, trustees and compliance K5.2 The role and obligations of non-executive directors K5.3 The role of risk management K5.4 The internal oversight role of senior managers
K Demonstrate knowledge of:	K6 Bodies and regulations affecting UK business	K6.1 Her Majesty's Treasury K6.2 European Commission K6.3 The role of the Take Over Panel and the key features of the take over rules K6.4 The role of The Pensions Regulator in certain types of corporate transaction K6.5 Committee of European Securities Regulators K6.6 International Organisation of Securities Commissions
U Demonstrate understanding of:	U7 Supervisory approach to the regulation of firms	U7.1 FSA's powers under the Financial Services and Markets Act 2000 U7.2 Authorisation of firms, regulated activities & regulated investments, statement of permitted business U7.3 FSA supervision and the risk based approach U7.4 Capital adequacy U7.5 Discipline and enforcement, including notice requirements
U Demonstrate understanding of:	U8 Internal regulations and controls	U8.1 Approved persons and controlled functions U8.2 Senior management systems and controls U8.3 Reporting and record keeping U8.4 Training and competence commitments and rules
U Demonstrate understanding of:	U9 Obligations in relation to taking on clients	U9.1 Advertising and promotion rules U9.2 Status of advisers and status disclosure to customers U9.3 Know Your Customer requirements U9.4 Classification of customer U9.5 Terms of business and customer agreements U9.6 Charges and commissions U9.7 Product disclosure and cancellation rights U9.8 Importance of disclosing the risks within products and services
U Demonstrate understanding of:	U10 Obligations in relation to the carrying out of services	U10.1 Suitability of advice and investment management U10.2 Client asset rules U10.3 Collective Investment Scheme rules U10.4 Client order handling, aggregation, allocation and best execution, arranging
U Demonstrate understanding of:	U11 Obligations in relation to reporting and record keeping	U11.1 Client records U11.2 Confirmations and periodic statements

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Attainment Level	Outcome	Indicative Content
U Demonstrate understanding of:	U12 Obligations in relation to conflicts of interest	U12.1 Personal account dealing U12.2 Market abuse U12.3 Research objectivity U12.4 Chinese walls
U Demonstrate understanding of:	U13 Anti Money Laundering rules, legislation and guidance	U13.1 Proceeds of Crime Act 2002 and associated Money Laundering regulations U13.2 Joint Money Laundering Steering Group guidance U13.3 Definition of proceeds of crime U13.4 Money laundering offences and the Terrorism Act 2000 U13.5 Client identification procedures, including the importance of establishing the source of wealth U13.6 Record keeping requirements U13.7 Reporting procedures U13.8 Training requirements U13.9 The role of the Financial Action Task Force
K Demonstrate knowledge of:	K7 The main features of the rules for dealing with complaints and compensation	K7.1 Regulatory procedures for handling customer complaints K7.2 The Financial Ombudsman Service (FOS) K7.3 The Financial Services Compensation Scheme (FSCS)
K Demonstrate knowledge of:	K8 How the Data Protection Act 1998 affects the conduct of firms	K8.1 Definitions and requirements of the Data Protection Act 1998 K8.2 The data protection principles