

UNIT TITLE: FINANCIAL SERVICES, REGULATION and ETHICS

Attainment Level	Learning Outcome	Indicative Content
Demonstrate an understanding of:	The UK financial services industry, in its European and global context	<ul style="list-style-type: none"> • Role and structure of the UK and international markets, key participants • The impact of the EU on UK regulation • The role of government – economic and industrial policy, regulation, taxation and social welfare • The function and operation of financial services within the wider economy
Demonstrate an understanding of:	How the retail consumer is served by the financial services industry	<ul style="list-style-type: none"> • Obligations towards consumers and their perception of financial services • Consumers' main financial needs and how they are prioritised: <ul style="list-style-type: none"> – Managing debt – Budgeting and borrowing, including house purchase – Protection – Saving and investing – Retirement – Estate planning and tax planning • How these needs are met: <ul style="list-style-type: none"> – Mortgages and loans – Life and health insurance – Savings and investments – State benefits – The main types of pension provision
Demonstrate an understanding of:	Legal concepts and considerations relevant to financial advice	<ul style="list-style-type: none"> • Legal persons and powers of attorney • Basic law of contract and agency • Ownership of property • Insolvency and bankruptcy

		<ul style="list-style-type: none"> • Wills and intestacy • Use of trusts: <ul style="list-style-type: none"> – The main types of trusts and their uses – How to create and administer trusts
Demonstrate an understanding of:	The regulation of financial services	<ul style="list-style-type: none"> • The role of the Financial Services Authority (FSA), HM Treasury and the Bank of England – market regulation • The role of other regulating bodies such as the Competition Commission, the Office of Fair Trading, the Pensions Regulator, the Information Commissioner • Financial Services and Market Act (FSMA) 2000, other relevant legislation • The role of EU regulation and relevant Directives • Additional oversight – senior management, trustees, auditors, external compliance support services
Demonstrate an understanding of:	The FSA's responsibilities and approach to regulation	<ul style="list-style-type: none"> • Statutory objectives and how FSA is structured to achieve these: <ul style="list-style-type: none"> – Powers and activities – Financial stability and prudential regulation – Powers to deal with financial crime – Financial capability – National Strategy • The FSA handbook - the main principles and rules: <ul style="list-style-type: none"> – The High Level Standards – Prudential Standards – Business Standards: <ul style="list-style-type: none"> ○ Conduct of Business (COBS) ○ Rules for dealing with client assets ○ Market Conduct code ○ Training and Competence

		<ul style="list-style-type: none"> – Regulatory Processes: <ul style="list-style-type: none"> ○ Authorisation, supervision, approved persons, significant influence functions, controlled functions, appointed representatives • Risk based supervision, discipline and enforcement, sanctions to deal with criminal activities
Demonstrate the ability to apply:	The principles and rules as set out in the regulatory framework	<ul style="list-style-type: none"> • Regulated activities and authorisation requirements • Approved person and controlled function responsibilities • Record keeping, reporting and notification requirements • Professionalism and the training and competence requirements • Anti-money laundering and proceeds of crime obligations • Data protection including data security • Complaints procedures and responsibilities to customers • The Financial Ombudsman Service (FOS) • The Financial Services Compensation Scheme (FSCS)
Demonstrate the ability to apply:	The regulatory advice framework in practice for the consumer	<ul style="list-style-type: none"> • Client relationships and adviser responsibilities: <ul style="list-style-type: none"> – Types of clients – Fiduciary relationship – duty of care, confidentiality, primacy of clients’ interests – Clarity of service provision and charges, status disclosure including terms of business and client agreements, execution only – Limitations to own authority or expertise, referrals to and relationships with relevant specialists – Clients’ cancellation rights • Regulated advice standards • Monitoring and reviewing client’s plans and circumstances and taking account of relevant changes

<p>Demonstrate an understanding of:</p>	<p>The range of skills required when advising clients</p>	<ul style="list-style-type: none"> • Communicating clearly, assessing and adapting to the differing capabilities of clients • Gathering information, assessment and analysis of client's needs and circumstances, reaching conclusions and making appropriate recommendations
<p>Demonstrate an understanding of:</p>	<p>The FSA's use of principles and outcomes based regulation to promote ethical and fair outcomes</p>	<ul style="list-style-type: none"> • The Principles for Businesses and the discretionary obligations these place on firms • Corporate culture and leadership • The responsibilities that rest with approved persons and the need for integrity, competence and fair outcomes for clients, including dealing with conflicts of interest
<p>Demonstrate an ability to apply:</p>	<p>The Code of Ethics and professional standards to business behaviours of individuals</p>	<ul style="list-style-type: none"> • The over-arching Code of Ethics • The professional principles and values on which the Code is based • Identifying ethical dilemmas • The steps involved in managing ethical dilemmas
<p>Demonstrate an ability to critically evaluate:</p>	<p>The outcomes that distinguish between ethical and compliance driven behaviours</p>	<ul style="list-style-type: none"> • Typical behavioural indicators – positive and negative • The outcomes which may result from behaving ethically – for the industry, the firm, individual advisers and consumers • The outcomes which may result from limiting behaviour to compliance with the rules – for the industry, firm, individual advisers and consumers