

Consultation Paper

CP16/24*

Review of the FCA's appropriate qualification exam standards



September 2016

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We are asking for comments on this Consultation Paper by 13 December 2016.

You can send them to us using the form on our website at:

www.fca.org.uk/cp16-24-response-form.

Or in writing to:

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We have developed the policy in this Consultation Paper in the context of the existing UK and EU regulatory framework. We will keep the proposals under review to assess whether any amendments may be required in the event of changes in the UK regulatory framework, including as a result of any negotiations following the UK's vote to leave the EU.

We make all responses to formal consultation available for public inspection unless the respondent requests otherwise. We will not regard a standard confidentiality statement in an email message as a request for non-disclosure.

Despite this, we may be asked to disclose a confidential response under the Freedom of Information Act 2000. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the Information Commissioner and the Information Rights Tribunal.

All our publications are available to download from www.fca.org.uk. If you would like to receive this paper in an alternative format, please call 020 706 0790 or email: publications_graphics@fca.org.uk or write to: Editorial and Digital team, Financial Conduct Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS

Abbreviations used in this paper

AES	Appropriate Exam Standards
CP	Consultation Paper
FCA	Financial Conduct Authority
RDR	Retail Distribution Review
SYSC	Senior Management Arrangement, Systems and Controls Sourcebook
TC	Training and Competence Sourcebook
QCF	Qualification and Credit Framework

1. Overview

Introduction

- 1.1** The purpose of this consultation is to update our existing appropriate exam standards (AES) for appropriate qualifications listed in the Financial Conduct Authority's (FCA) Training and Competence (TC) sourcebook¹.
- 1.2** The main aims of our proposals are to:
- amend TC Appendix 4.1.1 of our TC sourcebook to clarify how to read and use the appropriate qualification tables (see Appendix 2 to the CP)
 - update the current AES to ensure that the content continues to reflect the knowledge that individuals need to perform their roles competently (see Appendix 3 to the CP); and
 - seek views on a standalone equity release qualification

Who does this consultation affect?

- 1.3** This consultation will be of particular interest to those organisations, such as the Accredited Bodies², who provide appropriate qualifications to the UK financial services industry. This consultation may also be of interest to:
- employees and firms required to have appropriate qualifications that are listed in our TC sourcebook
 - prospective firms, employees or students who may be required to have appropriate qualifications

Is this of interest to consumers?

- 1.4** Clients, customers or consumers of firms who are required to have appropriate qualifications may also find this consultation helps them to understand our expectations of appropriate qualifications.

¹ www.handbook.fca.org.uk/handbook/TC/

² www.handbook.fca.org.uk/handbook/glossary/G2833.html?filter-title=accredited

Context

- 1.5** The FCA training and competence regime helps protect consumers by making sure that staff working in financial services are appropriately qualified and well regulated. The regime is a combination of both high level and specific requirements. It includes:
- a high-level competent employees rule in our Senior Management Arrangement, Systems and Controls sourcebook (SYSC)³ which applies to people working in regulated activity in all UK authorised firms (including wholesale firms), and
 - more detailed requirements which are in addition to the competent employee rule for certain retail activities, including the need to achieve an appropriate qualification as set out in our TC sourcebook.
- 1.6** The TC sourcebook includes appropriate qualification requirements for employees performing certain activities for retail clients. Under the current TC regime, qualifications play an important role in providing an objective and independently verified benchmark of the 'entry level' knowledge required to undertake specific activities.
- 1.7** The purpose of this consultation is to keep the FCA's approach to appropriate qualifications using AES relevant and current.

Summary of our proposals

- 1.8** We propose the following changes:
- amending TC Appendix 4.1.1 which clarifies how to read and use the appropriate qualification tables (see Appendix 2 to the CP), and
 - revised AES for the regulated activities which have appropriate qualification requirements in TC Appendix 1 (see Appendix 3 to this CP)
- 1.9** The proposed changes update the AES to reflect relevant developments since they were last reviewed. They do not change our policy on appropriate qualification requirements, introduce new appropriate qualification requirements or change the level of achievement needed to meet our rules on appropriate qualifications.

Equality and diversity considerations

- 1.10** We have considered the equality and diversity issues that these proposals may create. Overall, we do not consider that the proposals raise concerns about equality and diversity.
- 1.11** We do not consider that the proposals in this consultation adversely impact any of the groups with protected characteristics, i.e., age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment.

³ www.handbook.fca.org.uk/handbook/SYSC/

- 1.12** Appropriate qualification providers should have arrangements in place to meet their statutory duties towards equality and diversity. This includes reducing barriers to learning, for example, providing alternative ways for candidates with a disability or learning difficulty to study and take assessments.
- 1.13** We will continue to consider the equality and diversity implications of the proposals during the consultation period, and will look at them again when we publish our final guidance.

Next steps

- 1.14** We want to know what you think of our proposals. Please send us your comments by 13 December 2016. Please see page 2 for details about all the different ways you can contact us. We will consider your feedback and publish our final rules in a Policy Statement.

2. Review of the appropriate qualification exam standards

Introduction and background

- 2.1** This chapter explains how we approached the AES review, what we are consulting on and why.
- 2.2** The TC sourcebook includes a list of appropriate qualifications⁴ that meet our TC requirements within the Handbook. The content and level of these appropriate qualifications is prescribed through AES. Many employees of firms will know about these qualifications because they have achieved the relevant qualification for various roles, including retail investment adviser, mortgage adviser, pensions transfer specialist and oversight roles.
- 2.3** The FCA does not offer appropriate qualifications as these are available through appropriate qualification providers, but we do set the AES for appropriate qualifications. This helps maintain a cost-effective, consistent and relevant standard of baseline knowledge for these qualifications.
- 2.4** When developing these proposals we have benefited from the views of industry working groups, which the Financial Skills Partnership and Skills for Justice⁵ have co-ordinated for us. These groups included representatives from relevant trade associations, professional bodies and exam providers who are listed in Appendix 1 to this CP. We are grateful to the members of the working groups for the time and effort they have given to help us with this work and for their valuable input, which has contributed significantly to our thinking. However, while the proposals in this paper take careful account of the views of the groups, they do not necessarily reflect the views of individual group members.
- 2.5** The main objective of the industry working groups was to:
- contribute to the review of the existing AES and suggest revisions for FCA consultation based on relevant developments since the exam standards were last reviewed, and
 - provide suggestions to help employees, firms and consumers better understand how the appropriate qualifications tables, and our approach to approving appropriate qualification submissions, work in practice
- 2.6** Now that the industry working groups have completed their work, the FCA is publishing for consultation:
- proposed guidance which clarifies how the appropriate qualification tables in TC Appendix 4.1.1 should be interpreted (see Appendix 2 to the CP), and

⁴ www.handbook.fca.org.uk/handbook/TC/App/4/1.html

⁵ www.financialskillspartnership.org.uk/

- revised AES (see Appendix 3 to this CP)

2.7 Following consultation we will finalise the proposed changes in light of the responses and publish a policy statement which gives feedback. This will set out the final form of the guidance, including the updated AES and amendments to TC Appendix 4.1.1. Below is a summary of the proposed changes.

Appropriate Examination Standards

- 2.8** All the current AES have been reviewed. Appendix 3 sets out the updated AES and the regulated activities they apply to in TC Appendix 1 and 4.
- 2.9** The AES is broadly categorised into two tranches: one group which relates to adviser type roles and the other which relates to oversight roles.
- 2.10** In the adviser group, some AES are relevant to the role of a retail investment adviser. We updated the level of achievement for these appropriate qualifications during the Retail Distribution Review (RDR). These qualifications are generally known as either 'RDR qualifications', 'Level four qualifications' 'L4' or 'QCF Level four qualifications'. The RDR appropriate qualification requirements apply to regulated activities 2, 3, 4, 6, 12 and 13 in TC appendix 1 and 4. All other regulated activities which have an appropriate qualification requirement, in line with TC Appendix 1, are non-RDR and are generally known as 'Level three' 'L3' or 'QCF Level three' qualifications.

Q1: Do you agree with the proposed updates to the AES in Appendix 3? If not, why not?

Regulation and Ethics

- 2.11** We currently provide three 'regulation and the ethics' AES. These are used to ensure a baseline knowledge of the UK regulatory system when developing appropriate qualifications. The three AES are: the level four ApEx24 RDR Core Standards (Financial Services, Regulation and Ethics), the level three ApEx1 (UK Financial Services, Regulation and Ethics) and the level three ApEx8 (The UK Financial Services Industry). The latter AES were written some time ago and only applies to the regulated activities (14 and 10) of managing investments and/or undertaking the activity of a broker fund adviser.
- 2.12** The industry working groups suggested that we consider reducing the number of 'regulation and the ethics' AES from three to two, based on the level of achievement. This was mainly to remove unnecessary duplication and to make it easier for appropriate qualification providers to recognise and reward credit for prior learning for students who want to undertake further study that includes the 'regulation and the ethics' AES in the syllabus. This further study may be with either the existing appropriate qualification provider or another such provider.
- 2.13** We propose that two 'regulation and the ethics' AES should be used in future. One of these will apply to RDR level four qualifications, namely ApEx24 RDR Core Standards (Financial Services, Regulation and Ethics). The other will apply to all other non-RDR regulated activities which have level three appropriate qualification requirements, namely ApEx1 (UK Financial Services, Regulation and Ethics). As such, ApEx 1(UK Financial Services, Regulation and Ethics) will also

apply to the regulated activities of managing investments and/or of undertaking the activity of a broker fund adviser (14 and 10). ApEx8 (The UK Financial Services Industry) will be withdrawn. We consider this is a sensible proposal as the determining factor for the 'regulation and the ethics' AES in the future will be based on the level of achievement being studied e.g. level three or four.

Q2: Do you agree with our proposal to reduce the number of AES for 'regulation and the ethics' from three to two and base this on the level of achievement being studied?

How closely the qualification meets the qualification requirement

- 2.14** We have been asked about how employees and firms should use the TC Appendix 4 appropriate qualification tables to decide whether an individual has a qualification which is viewed as appropriate. The guiding principle is that the appropriate qualifications in our TC Appendix 4 tables are based on how closely the appropriate qualification meets the AES.
- 2.15** The appropriate qualification listing is also decided by the regulated activity it applies to and, where relevant, the time period in which it was judged as appropriate. For example, 'a' and 'b' in our TC Appendix 4.1.1 appropriate qualification tables are about the implementation of the RDR qualifications and how closely the RDR appropriate qualifications meet the AES. We propose to insert Handbook guidance in TC Appendix 4.1.1 (Appendix 2) to make this clearer.

Q3: Is the proposed Handbook guidance in Appendix 2 helpful in understanding how to interpret the appropriate qualification tables in TC Appendix 4.1?

A standalone equity release qualification

- 2.16** In the UK, loans (lifetime mortgages) are the main form of financial product consumers use to release equity. The alternative of sale and lease back arrangements (home reversions) account for less than 1% of the market. When the AES for equity release was first developed it was therefore natural to use an approach that built on an existing knowledge of mortgages. This also reflected, and in turn reinforced, mortgage brokers being the primary distributors of equity release products.
- 2.17** Our ongoing work looking at competition in the UK mortgage market has included looking at market features (including the regulatory framework) which may be acting as an obstacle to competition.⁶ Our discussions with stakeholders have shown that some believe that the current structure of the equity release appropriate qualification may be a barrier to a wider number of consumers being able to access the product. In particular, some stakeholders suggested that some independent financial advisors may not be offering equity release because, before they can do so, they need to be appropriately qualified for a product (mortgages) that otherwise they have no interest in selling.
- 2.18** A potential solution would be to develop an alternative route to the existing equity release appropriate qualification. This would be either a fully standalone appropriate qualification or one

⁶ www.fca.org.uk/news/fs16-03-competition-in-mortgage-sector

that provided a route to achieving competency by topping-up existing pensions or investment appropriate qualifications. Inevitably, given that the great majority of the equity release market is loan-based, any alternative would still continue to have substantial mortgage content. We would like to get a better sense of the numbers of those without an appropriate mortgage qualification who would be interested in achieving the relevant appropriate qualification to sell equity release. We would welcome views from stakeholders on this point, as it is clearly a major factor in making any changes.

Q4: Do you consider there is a market need for an alternative to the current appropriate qualification approach for equity release, either as (a) a top-up to existing pensions or investments appropriate qualifications, or (b) as a standalone appropriate qualification in equity release?

Q5: Would either approach lead to a significant increase in the number of individuals appropriately qualified in respect of equity release? Why?

Existing and future qualification holders

- 2.19** Existing appropriate qualification holders under our rules are already expected to keep their knowledge up-to-date through our rules on maintaining competence. The proposed amendments and Handbook guidance does not change that. New students, who may have to meet our rules in the future, will benefit from this guidance knowing that the appropriate qualification they are studying reflects an AES that will remain relevant.
- 2.20** Changing the content of any qualification takes time and requires planning. Because of this, most qualification providers review their syllabus annually and introduce changes when it is most sensible to do so. We expect that existing appropriate qualification providers will review the content of their appropriate qualification syllabus during the twelve month period following the publication of our finalised guidance and make changes where appropriate. We will work with existing appropriate qualification providers to achieve this but we do not expect these changes will interrupt existing or prospective students.
- 2.21** In the interim, individuals who may be considering studying for an appropriate qualification, or have other questions about their existing qualification, should speak to the relevant provider of the appropriate qualification.

Annex 1

List of questions

- Q1:** Do you agree with the proposed updates to the AES in Appendix 3? If not, why not?
- Q2:** Do you agree with our proposal to reduce the number of AES for 'regulation and the ethics' from three to two and base this on the level of attainment being studied?
- Q3:** Is the proposed Handbook guidance in Appendix 2 helpful in understanding how to interpret the appropriate qualification tables in TC Appendix 4.1?
- Q4:** Do you consider there is a market need for an alternative to the current appropriate qualification approach for equity release, either as (a) a top-up to existing pensions or investments appropriate qualifications, or (b) as a standalone appropriate qualification in equity release?
- Q5:** Would either approach lead to a significant increase in the number of individuals appropriately qualified in respect of equity release? Why?

Annex 2

Cost benefit analysis

1. Before making any rules Section 138I of the Financial Services and Markets Act (FSMA) requires us to perform a cost benefit analysis (CBA) and to publish the results, unless we consider the proposals will not create any cost or only a minimal cost.
2. This guidance does not constitute rules. It updates the existing AES that appropriate qualification providers currently use to guide them when submitting qualifications to the FCA. The additional guidance also aims to help firms, employees, consumers and other interested parties understand our expectations about our existing rules on appropriate qualifications. None of this guidance changes our policy on appropriate qualification requirements, introduces new appropriate qualification requirements or changes the level of achievement needed to meet our rules on appropriate qualifications.
3. The updated AES exam standards will be most relevant to appropriate qualification providers and we have engaged many of these in the industry working groups prior to publication of this guidance. Existing appropriate qualification holders subject to our rules are already expected to keep their knowledge up-to-date through our rules on maintaining competence. This guidance does not change that. New students, who may have to meet our rules in the future, will benefit from this guidance knowing that the appropriate qualification they are studying reflects an AES that remains relevant.

Annex 3

Compatibility statement

1. This Annex records our compliance with a number of legal requirements applicable to the proposals we are consulting on, including an explanation of our reasons for concluding that our proposals are compatible with certain requirements under the Financial Services and Markets Act 2000 (FSMA).
2. When consulting on new rules, the FCA is required by section 138I(2)(d) FSMA to include an explanation of why we believe making the proposed rules is compatible with our general duties under:
 - a. s. 1B(1) FSMA, so far as is reasonably possible, to act in a way which is compatible with our strategic objective and advances one or more of our operational objectives, and
 - b. s. 1B(5)(a) FSMA to have regard to the regulatory principles in s. 3B FSMA
3. We are also required by s. 138K(2) FSMA to state our opinion on whether the proposed rules will have a significantly different impact on mutual societies as opposed to other authorised persons.
4. This Annex also sets out our view of how the proposed rules are compatible with our duty to discharge our general functions (which include rule-making) in a way which promotes effective competition in the interests of consumers (s. 1B(4)). This duty applies in so far as promoting competition is compatible with advancing our consumer protection and/or integrity objectives.
5. In addition we explain in this Annex how we have had regard to the recommendations made by the Treasury under s. 1JA FSMA about aspects of the economic policy of Her Majesty's Government to which we should have regard in connection with our general duties. (This 'remit letter' from the Treasury is expected to be issued at least once per Parliament; first one is expected in autumn 2016. It applies when we discharge general functions, including giving general guidance and rule-making.)
6. This Annex also includes our assessment of the equality and diversity implications of our proposals.
7. Under the Legislative and Regulatory Reform Act 2006 (LRRRA) we are required to have regard to:
 - c. a number of high-level 'Principles' in the exercise of some of our regulatory functions, and
 - d. a 'Regulators' Code' when determining general policies and principles and giving general guidance (but not when exercising other legislative functions like making rules)
8. This Annex sets out how we have complied with requirements under the LRRRA.

9. This annex must be read in conjunction with the rest of the Consultation Paper and the cost benefit analysis (in Annex 2) in demonstrating that we meet our statutory duties and objectives.

The FCA'S objectives and regulatory principles: compatibility statement

10. The proposals set out in this consultation are primarily intended to advance the FCA's operational objectives of consumer protection by ensuring that consumers are dealt with by competent individuals. These individuals must have the necessary skills, knowledge and expertise (including a good standard of ethical behaviour) to be able to carry out their role, which may involve passing an examination.
11. We consider these proposals to be compatible with our strategic objective of ensuring that the relevant markets function well because relevant individuals within firms will have a level of knowledge and competence based on our rules and guidance. For the purposes of the FCA's strategic objective, 'relevant markets' are defined by s. 1F FSMA.
12. In preparing the proposals set out in this consultation, we have had regard to the regulatory principles set out in s. 3B of FSMA, as detailed below.

The need to use our resources in the most efficient and economical way

13. Our proposals should create efficiencies in the supervision of firms by clarifying our expectations.

The principle that an imposed burden or restriction should be proportionate to the benefits

14. The proportionality of our approach is addressed in the CBA in Annex 2.

The desirability of sustainable growth in the economy of the United Kingdom (UK) in the medium or long term

15. We do not expect the proposals to have a material impact on economic growth in the UK.

The general principle that consumers should take responsibility for their decisions

16. Our proposals do not alter the principle that consumers should take responsibility for their decisions.

The responsibilities of the senior management of persons subject to requirements imposed by or under FSMA, including those affecting customers in relation to compliance with those requirements

17. We do not anticipate any impact on senior management requirements as a result of our proposals.

The desirability, where appropriate, of the FCA exercising its functions in a way that recognises differences in the nature and objectives of the businesses it regulates

18. Our proposals recognise the differences in the nature and objectives of the businesses the FCA regulates.

The desirability of publishing information relating to persons

19. We have the power to publish information relating to investigations into firms and individuals. However, as set out in the Enforcement Guide (EG), we will not normally make public our investigations, findings or conclusions except in exceptional circumstances.

The principle that we should exercise our functions as transparently as possible

20. We are an open and transparent regulator. When we developed our proposals for consultation we hosted a series of industry working groups as described in Appendix 1 and their views are reflected in this consultation.
21. In formulating our proposals we considered the importance of taking action intended to minimise the extent to which it is possible for a business carried on (i) by an authorised person or a recognised investment exchange or (ii) in contravention of the general prohibition, to be used for a purpose connected with financial crime (as required by s. 1B(5)(b) FSMA). The updated exam standards being consulted upon include references to knowledge of financial crime legislation, as appropriate.

Expected effect on mutual societies

22. We do not expect the proposals in this paper to have a significantly different impact on mutual societies than other authorised persons or present them with any more or less of a burden than other authorised persons.
23. We would welcome any comments or information you have on any issues relating to mutual societies that you believe would arise from our proposals.

Compatibility with the duty to promote effective competition in the interests of consumers

24. In preparing the proposals as set out in this consultation we considered the FCA's duty to promote effective competition in the interests of consumers. We do not consider the proposed amendments to our appropriate exam standards are likely to have any adverse impact on effective competition.

Equality and diversity

25. We are required under the Equality Act 2010 to 'have due regard' to the need to eliminate discrimination and to promote equality of opportunity in carrying out our policies, services and functions. As part of this, we conducted an equality impact assessment to ensure that the equality and diversity implications of any new policy proposals are considered.
26. The outcome of our assessment is given in paragraphs 1.10 – 1.13 of this consultation.

Legislative and Regulatory Reform Act 2006 (LRR)

27. We have had regard to the principles in the LRR for those parts of our proposals that consist of general policies, principles or guidance and consider that by engaging with industry working groups prior to consultation we are consistent with the principles of the LRR.
28. In addition, we considered the Regulators' Code for those parts of the proposals that consist

of general policies, principles or guidance and consider that the proposals we are consulting on are consistent with the Regulators Code. For example, our proposals are intended to promote and encourage compliance through the provision of clear guidance. Consultation also provides a simple and straightforward way for those we regulate to respond to our proposals.

Appendix 1

Industry working group participants

The following participated in the industry working groups and we are grateful to them for their feedback and contribution.

Mortgage Advice – regulated activities 20 and 21A

TSB

Nationwide

Lloyds Banking Group

Council for Mortgage Lenders

Chartered Insurance Institute

IFS University College

Chartered Banker Institute

Finance and Leasing Association

Shawbrook Bank

Association of Mortgage Intermediaries

London and Country Mortgages

Foster Denovo

RPG Financial

The Right Equity Release

Long Term Care Insurance – regulated activity 7

Society of Later Life Advisers

Key Retirement Solutions

Chartered Insurance Institute

IFS University College

Chartered Banker Institute

Partnership

AVIVA

Friends Life

Equity Release – regulated activities 21, 22 and 23.

Society of Later Life Advisers

Chartered Insurance Institute

IFS University College

Liverpool Victoria

Key Retirement Solutions

AVIVA

Equity Release Council

Age Partnership Ltd

Undertaking the activity of a Pension Transfer Specialist – regulated activity 11

IFS University College

Chartered Insurance Institute

Chartered Banker Institute

The Pensions Advisory Service

RVW Wealthcare

Chartered Institute for Securities & Investment

Pensions Management Institute

RDR Core (Financial Services Regulation and Ethics, Investment Principles and Risk, Personal Taxation, Financial Protection) – regulated activities 2, 3, 4, 6, 12 and 13

Wealth Management Association

CFA Institute

Chartered Insurance Institute

Helm Godfrey

Chartered Institute for Securities & Investment

Pensions Management Institute

Barclays

Calibrand

CFAUK

RBS

IFS University College

RDR Specialist Standards (Retail Investment Products, Friendly Society tax exempt policies and Pensions and Retirement Planning) – regulated activities 4 and 6

Foster Denovo

Wealth Management Association

Calibrand

Chartered Insurance Institute

Helm Godfrey

Chartered Institute for Securities & Investment

Pensions Management Institute

Investment Association

CFAUK

RBS

IFS University College

RDR Securities and Derivatives – regulated activities 2, 3, 12 and 13

Way Fund Managers

Wealth Management Association

CFA Institute

Chartered Insurance Institute

Chartered Institute for Securities & Investment

CFAUK

Corporate Finance – regulated activity 8

CFA Institute

Chartered Institute for Securities & Investment

The Institute of Chartered Accountants in England and Wales

Managing Investments and Broker Fund Adviser – regulated activity 14 and 10

Chartered Institute for Securities & Investment

Investment Association

Chartered Insurance Institute

Wealth Management Association

Way Fund Managers

CFAUK

Investment Property Forum

Catalyst Consultancy

Brewin Dolphin

Brooks Macdonald Group PLC

Overseeing Managing Investments and Broker Fund Adviser – regulated activity 17

Chartered Institute for Securities & Investment

Investment Association

Chartered Insurance Institute

Wealth Management Association

Overseeing Stakeholder Pension Schemes – regulated activity 19

Chartered Institute for Securities & Investment

Tilney Bestinvest

Chartered Insurance Institute

Overseeing Collective Investment Schemes – regulated activity 15

Chartered Institute for Securities & Investment

Investment Association

Chartered Insurance Institute

Overseeing safeguarding and administering investments or holding client money – regulated activity 16

Chartered Institute for Securities & Investment

Investment Association

Chartered Insurance Institute

Capita

Coutts

Overseeing Life Policies – regulated activity 18

Chartered Institute for Securities & Investment

Chartered Insurance Institute

Advising on syndicate participation at Lloyd's – regulated activity 9

Hampden

Argenta Holdings PLC

Alpha Insurance Analysts Limited

Appendix 2

Draft Handbook text

**TRAINING AND COMPETENCE SOURCEBOOK (APPROPRIATE
QUALIFICATION EXAMINATION STANDARDS) INSTRUMENT 2017**

Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137A (The FCA’s general rules);
 - (2) section 137T (General supplementary powers);
 - (3) section 138C (Evidential provisions); and
 - (4) section 139A (Power of the FCA to give guidance).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on [*date*].

Amendments to the Handbook

- D. The Training and Competence sourcebook (TC) is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Training and Competence Sourcebook (Appropriate Qualification Examination Standards) Instrument 2017.

By order of the Board

[*date*]

Annex

Amendments to the Training and Competence sourcebook (TC)

In this Annex, underlining indicates new text and striking through indicates deleted text.

Appendix 4 Appropriate Qualification tables

4.1 Appropriate Qualification tables

TC App 4.1 is relevant to TC 2.1.10E (selecting an appropriate qualification).

4.1.1E Part 1: Activities

Note: ...

Part 1A: The Retail Distribution Review activities (RDR activities)

Activity Number	<u>RDR</u> Activity	Key – extent to which qualification meets qualification requirement	
2	...	(a)	Meets full qualification requirement on and after, 31 December 2012
3	Advising on <i>derivatives</i>		
4 and 6	...	(b)	Meets full qualification requirement until 31 December 2012. On and after December 2012 this must be combined with qualification gap-fill. This gap-fill constitutes additional structured continuing professional development, which need not be by examination, completed and verified by an <i>accredited body</i>
...	...		
13	Advising on and dealing in <i>derivatives</i>		

Extent to which the qualification meets the qualification requirement in relation to RDR activities

4.1.1AE In relation to the above RDR activities a qualification in the table in Part 2 will meet the qualification requirement in relation to the activity listed in column 3 of that table, for the purpose of TC 2.1.10E(2), to the extent set out below:

- (1) where an ‘a’ appears in the fourth column of the table in Part 2 the qualification will fully meet the qualification requirement on and after, 31 December 2012; and
- (2) where a ‘b’ appears in the fourth column of the table in Part 2 the qualification will fully meet the qualification requirement until 31 December 2012. On and after 31 December 2012 this must be combined with qualification gap-fill. This gap-fill constitutes additional structured continuing professional development, which need not be by examination, completed and verified by an *accredited body*.

Part 1B: The non-Retail Distribution Review activities (non-RDR activities)

Activity Number	<u>Non-RDR Activity (non-overseeing activity)</u>	Key extent to which qualification meets qualification requirement	
7	Advising on <i>long-term care insurance contracts</i>	1 or (2 + 3) or (4 + 5 + 6)	Meets full qualification requirement
...			
15	Overseeing on a day to day basis operating a collective investment scheme or undertaking activities of a trustee or depositary of a collective investment scheme		
16	Overseeing on a day to day basis safeguarding and administering investments or holding client money		
17	Overseeing on a day to day basis administrative functions in relation to managing investments: (i) arranging settlement; (ii) monitoring and processing corporate actions; (iii) client account administration, liaison		

	<p>and reporting including valuation and performance measurement;</p> <p>(iv) <i>ISA and CTF</i> administration;</p> <p>(v) <i>Investment trust savings scheme</i> administration.</p>		
18	<p>Overseeing on a day to day basis <i>administrative functions in relation to effecting or carrying out contracts of insurance which are life policies</i>:</p> <p>(i) new business administration;</p> <p>(ii) <i>policy</i> alterations including surrenders and <i>policy</i> loans;</p> <p>(iii) preparing <i>projections</i>;</p> <p>(iv) processing claims, including pension payments;</p> <p>(v) fund switching</p>	<p>1 or</p> <p>(2 + 3) or</p> <p>(4 + 5 + 6)</p>	Meets full qualification requirement
19	<p>Overseeing on a day to day basis <i>administrative functions in relation to the operation of stakeholder pension schemes</i>:</p> <p>(i) new business administration;</p> <p>(ii) receipt of or alteration to contributions;</p> <p>(iii) preparing <i>projections</i> and annual statements;</p>		

	(iv) administration of transfers; (v) handling claims, including pension payments; (vi) fund allocation and switching.		
...	...		
23	Overseeing non-advised sales on a day to day basis of equity release transactions		

Insert the following new Table at the end of Part 1 (Activities) and before Part 2 (Appropriate Qualifications Tables).

<u>Activity Number</u>	<u>Non-RDR Activity (overseeing activity)</u>
<u>15</u>	<u>Overseeing on a day to day basis operating a collective investment scheme or undertaking activities of a trustee or depositary of a collective investment scheme.</u>
<u>16</u>	<u>Overseeing on a day to day basis safeguarding and administering investments or holding client money.</u>
<u>17</u>	<u>Overseeing on a day to day basis administrative functions in relation to managing investments:</u> <u>(i) arranging settlement;</u> <u>(ii) monitoring and processing corporate actions;</u> <u>(iii) client account administration, liaison and reporting including valuation and performance measurement;</u>

	<p><u>(iv) ISA or CTF administration;</u></p> <p><u>(v) investment trust savings scheme administration.</u></p>
<u>18</u>	<p><u>Overseeing on a day to day basis administrative functions in relation to effecting or carrying out contracts of insurance which are life policies:</u></p> <p><u>(i) new business administration;</u></p> <p><u>(ii) policy alterations including surrenders and policy loans;</u></p> <p><u>(iii) preparing projections;</u></p> <p><u>(iv) processing claims, including pension payments;</u></p> <p><u>(v) fund switching.</u></p>
<u>19</u>	<p><u>Overseeing on a day to day basis administrative functions in relation to the operation of stakeholder pension schemes:</u></p> <p><u>(i) new business administration;</u></p> <p><u>(ii) receipt of or alteration to contributions;</u></p> <p><u>(iii) preparing projections and annual statements;</u></p> <p><u>(iv) administration of transfers;</u></p> <p><u>(v) handling claims, including pension payments;</u></p> <p><u>(vi) fund allocation and switching.</u></p>
<u>23</u>	<p><u>Overseeing non-advised sales on a day to day basis of equity release transactions.</u></p>

Extent to which the qualification meets the qualification requirement in relation to non-RDR activities

4.1.1BE In relation to the above non-RDR activities a qualification in the table in Part 2 will meet the qualification requirement in relation to the activities in column 3 of the table, for the purpose of TC 2.1.10E(2), to the extent set out below.

- (1) Where a '1' appears in the fourth column of Part 2, that qualification alone will fully meet the appropriate qualification requirement.
- (2) Where a '2' or '3' appears in the fourth column of Part 2, two qualifications must be obtained: one being any qualification in the table denoted by a '2' and the other being any qualification in the table denoted by a '3'. Together those qualifications will fully meet the qualification requirement.
- (3) Where a '4', '5' or '6' appears in the fourth column of Part 2, three qualifications must be obtained: one being any qualification in the table denoted by a '4', another being any qualification in the table denoted by a '5' and the other being any qualification in the table denoted by a '6'. Together those qualifications will fully meet the qualification requirement.

4.1.1CG To meet the appropriate qualification requirement, a qualification is expected to meet the appropriate qualification criteria (TC App 5) and the content should cover both technical aspects in relation to the activity number in column 3 of the table in Part 2 as well as the regulation and ethics concerning those activities. Some of the qualifications in the table in Part 2 deal with all aspects and some only deal with certain aspects, as follows:

- (1) a '1' refers to a syllabus which contains all aspects, namely technical, regulation and ethics;
- (2) a '2' or a '6' refers to a syllabus which only deals with aspects of a technical nature;
- (3) a '3' or a '5' refers to a syllabus which only deals with aspects of regulation and ethics; and
- (4) a '4' refers to a syllabus which is only of an introductory nature.

Part 2: Appropriate Qualification Tables

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Appendix 3

Draft exam standards guidance



Guidance consultation

Review of the FCA's appropriate qualification exam standards.

Appendix 3: draft exam standards guidance.

Once this guidance consultation is finalised, the finalised appropriate examination standards will replace the existing appropriate examination standards on our web-site.

In this Appendix, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

Appropriate exam standard number	Exam standard content	Relevant to regulated activity ¹
ApEx 1	UK Financial Services, Regulation & Ethics	6, 7, 11, 14, 10, 15, 16, 17, 18, 19, 20, 21, 22, 23
ApEx 2	Investment and Risk	7, 11
ApEx 3	Protection	7
ApEx 4	Retirement Planning	7, 11
ApEx 5	Mortgage Advice	20, 21, 21A, 22, 23
ApEx 6	Not currently used	
ApEx 7	Long Term Care Insurance	7
ApEx 8	The UK Financial Services Industry, its regulation and conduct ²	10, 14
ApEx 9	Overseeing on a day-to-day basis operating, or acting as a trustee or depositary of, a collective investment scheme	15
ApEx 10	Overseeing on a day-to-day basis safeguarding and administering investments or holding of client money	16
ApEx 11	Overseeing on a day-to-day basis administrative functions in relation to managing investments	17
ApEx 12	Overseeing on a day-to-day basis administrative functions for effecting or carrying out of life policies	18
ApEx 13	Not used	
ApEx 14	Overseeing on a day-to-day basis administrative functions for the operation of a stakeholder pension scheme	19
ApEx 15	Not currently used	
ApEx 16	Not currently used	
ApEx 17	Not currently used	

¹ The regulated activity number refers to the number within TC Appendix 1.

² As part of this consultation we plan to replace this with ApEx 1.

ApEx 18	Not currently used	
ApEx 19	Managing Investments	10, 14
ApEx 20	Equity Release	21, 22, 23
ApEx 21	Pension Transfer Specialist	11
ApEx 22	Lloyd's Syndicate Participation	9
ApEx 23	Corporate Finance	8
ApEx 24	RDR Core Standards Financial Services, Regulation and Ethics	2, 3, 4, 12, 13
ApEx 25	RDR Core Standards Investment Principles and Risk	2, 3, 4, 12, 13
ApEx 26	RDR Core Standards Financial Protection	2, 3, 4, 12, 13
ApEx 27	RDR Core Standards Personal Taxation	2, 3, 4, 12, 13
ApEx 28	RDR Specialist Standards Application Standards Retail Investment Products	4
ApEx 29	RDR Specialist Standards Application Standards Pensions and Retirement Planning	4
ApEx 30	RDR Specialist Standards Derivatives including Application Standards	3
ApEx 31	RDR Specialist Standards Securities including Application Standards	2

APEX1 UK Financial Services, Regulation and Ethics		
Attainment Level	Outcome	Indicative Content
1a Introduction to UK Financial Services		
U Demonstrate an understanding of:	U1. The purpose and structure of the UK financial services industry	U1.1 The function of the financial services industry in the economy – transferring funds between individuals, businesses and government U1.2 The main institutions/organisations – markets, retail institutions, wholesale institutions, <u>market participants</u> U1.3 The role of the EU and of the UK government – regulation, taxation, economic and monetary policy, provision of welfare and benefits U1.4 The purpose and position of clearing and settlement organisations
	U2. The main financial asset classes and their characteristics, covering past performance, risk and return	U2.1 Cash deposits and money market instruments U2.2 Government securities, corporate bonds and Eurobonds – fixed interest and index-linked U2.3 Equities U2.4 Derivatives U2.5 Commodities U2.6 Foreign exchange markets U2.7 Real estate – commercial and residential U2.7.1 Collective funds U2.7.2 REITs U2.7.3 Buy to let U2.8 Enterprise Investment Schemes (EIS)
	U3. The main financial services product types and their functions	U3.1 Direct investment – cash, government securities and corporate bonds, equities, property and commercial money market instruments U3.2 Collective investments – structure, tax and charges – OEICs/unit trusts, investment trusts and companies, life assurance contracts, offshore funds, <u>structured products</u> U3.3 Derivatives – their structure and purpose U3.3 Mortgages and other secured and unsecured loans, <u>bridging finance</u> – personal and commercial U3.5 Structured products U3.4 Tax incentivised savings U3.5 Life, health and general financial protection
	U4. The main financial advice areas	U4.1 Budgeting U4.2 Protection U4.3 Borrowing U4.4 Investment and savings U4.5 Retirement <u>Later life planning</u> U4.6 Estate planning U4.7 Tax planning and offshore considerations U4.8 The importance of regular reviews in line with the Consumer's circumstances and arrangements U4.9 Offshore considerations U4.10 Socially responsible and ethical investments
	U5. The purpose and process of giving financial	U5.1 The nature of the client relationship and the importance of confidentiality, trust and consumer protection

U Demonstrate an understanding of:	advice, including the importance of regular reviews of the consumer's circumstances	<u>U5.2 Assessing attitude to risk</u> U5.3 Factors determining how to match solutions with consumer needs and demands <u>U5.4 Assessing affordability and suitability</u> U5.5 The importance of effective use of communication skills in giving advice to vulnerable customers with different levels of knowledge, experience and capabilities including vulnerable customers and how to adapt advice to customers with different capacities and needs, including the importance of not overestimating the level of knowledge held by the average consumer U5.6 The importance of monitoring and review of consumers' circumstances U5.7 The information consumers must be given under the current regulatory requirements U5.8 Consumer rights and remedies, including awareness of their limitations <u>U5.9 The importance of regular reviews in line with the consumer's circumstances and arrangements</u>
	U6. The basic legal concepts relevant in financial advice	U6.1 Legal persons – individuals, wills, intestacy, personal representatives (and administration of estates), trustees, companies, limited liabilities, partnerships U6.2 Contract, capacity to contract U6.3 Agency U6.4 Real estate, personal property and joint ownership U6.5 Powers of attorney and enduring powers of attorney <u>powers of attorney and substituted decision making</u> U6.6 Insolvency and bankruptcy <u>U6.7 Identifying potential scams/notifying and reporting of scams/awareness of the impact of scams</u>
	U7. The UK taxation <u>and social security</u> system	U7.1 UK income tax system – liability to income tax, allowances, reliefs, rates, grossing up interest and dividends, employed and self-employed income, priorities for taxing different classes of income U7.2 Capital gains tax – liability to CGT, disposals, death, deductions, losses, main exemptions, indexation relief, taper relief, basic calculation of chargeable gains U7.3 Inheritance tax U7.4 Corporation tax U7.5 <u>Concept and importance of residency/domicile/ reciprocal tax treaties</u> U7.6 Withholding <u>Taxation of investments and property</u> U7.7 Stamp duty on securities, including real estate and real estate funds U7.8 National insurance <u>U7.9 Benefits regime HMRC tax benefits and credits</u>
	U8. The impact of inflation and <u>Types of interest and impact on</u>	U8.1 <u>Definition and common measures of inflation, deflation and disinflation and relevant indices</u> U8.2 The difference between fixed and variable types of <u>_____ interest rates and what factors they</u>

U Demonstrate an understanding of:	client needs and solutions rate volatility on the performance of investments	U8.3	impact over time how they affect the affordability, suitability and performance of financial products in both the long and short term Extreme market movements (booms and busts) <u>Economic cycles/market volatility</u>
1b Regulation and Ethics			
K Demonstrate a knowledge of:	K1. The main aims and activities of the Financial Services Authority (FSCA) /PRA and its <u>their</u> requirements for ethical conduct by firms and individuals	K1.1	The role, activities and statutory objectives of the Financial Conduct Authority (<u>FCA</u>) /Prudential Regulation Authority (<u>PRA</u>)
		K1.2	Key features of the <u>FCA's</u> principles for businesses
		K1.3	Arrangements, systems and controls for senior managers
		K1.4	<u>Authorisation, supervision, appointed representatives and the fit and proper test for approved persons</u> senior managers/certificated persons under the approved persons (APER) or Code of Conduct (COCON), as appropriate
		K1.5	The prevention of crime, including market abuse and insider dealing, <u>whistle blowing</u>
		K1.6	The approach to, and requirements for, treating customers fairly, including service standards and an awareness of the respective duties of product providers and advisers <u>conduct risk and customer outcomes</u>
	K2. How legislation (other than tax legislation) and regulations impact upon firms and the process of advising clients	K2.1	<u>UK legislation and EU directives</u>
		K2.2	The role of the Department for Work and Pensions (DWP) <u>The role of the relevant Government departments</u>
		K2.3	The role of the Competition Commission and <u>Markets Authority (CMA)</u>
		K2.4	The Pensions Regulator (TPR's) rules with respect to occupational pension schemes
		K2.5	Unfair contract terms <u>and Consumer Rights Act</u>
		K2.6	<u>The role of guidance services</u>
	K3. The role of oversight groups <u>and other influencing bodies</u>	K3.1	Internal and external auditors, trustees and compliance
		K3.2	<u>Codes of conduct, professional bodies and trade associations</u>
U Demonstrate an understanding of:	U9. The FSCA /PRA's approach to regulating firms and individuals	U9.1	Authorisation of firms, regulated activities and regulated investments, firms' status (independent or other)
		U9.2	Capital adequacy
		U9.3	FSA supervision and the principles based approach <u>Regulatory approaches to supervision</u>
		U9.4	Discipline and enforcement including notification requirements <u>and Statement of Professional Standing (SPS's), as appropriate</u>
U Demonstrate an understanding of:	U10. How the FSCA's rules affect the control structures of firms and their relationship with	U10.1	Approved persons and controlled functions
		U10.2	Reporting and record keeping
		U10.3	The training and competence regime
		U10.4	Depolarisation

	the <u>FSCA</u>	
	U11. How the <u>FSCA's</u> Conduct of Business Rules apply to the process of advising customers/clients	U11.1 Types of customer U11.2 Terms of business and client agreements U11.3 Status of advisers and status disclosure to customers U11.4 Advice and know your customer rules U11.5 Suitability of advice U11.6 Execution only sales <u>and insistent clients</u> U11.7 Charges and commissions <u>fees charges and commissions</u> U11.8 Cooling off and cancellation, <u>reflective periods</u> U11.9 Product disclosure U11.10 Risk disclosure statements U11.11 Advertising and financial promotion rules
	U12. How the Anti-Money Laundering rules apply to dealings with private and intermediate customers	U12.1 Proceeds of Crime Act 2002 and associated Money Laundering regulations U12.2 Definition of financial crime and proceeds of crime U12.3 Money laundering offences and the Terrorism Act 2000 U12.4 Client identification procedures <u>and credit reference agencies</u> U12.5 Record keeping requirements U12.6 Reporting procedures U12.7 Training requirements U12.8 The role of the Financial Action Task Force U12.9 Anti Bribery and Corruption
	U13. The main features of the rules for dealing with complaints and compensation	U13.1 Firms' internal complaints procedures U13.2 The Financial Ombudsman Service (FOS), <u>Pension Ombudsman</u> U13.3 The Financial Services Compensation Scheme (FSCS) <u>U13.4 Pension Protection Fund</u>
	U14. The <u>role of the Information Commissioner's Office (ICO) Data Protection Act</u>	U14.1 Definitions in the Data Protection Act U14.2 The data protection principles U14.3 Enforcement of the Data Protection Act U14.4 The role of the Information Commissioner's Office (ICO)

APEX2 Investment and Risk		
Attainment Level	Outcome	Indicative Content
U Demonstrate an understanding of:	U1. The macro-economic factors that affect investment returns	<p>U1.1 Main long term UK socio-economic trends - ageing population, rising living standards, growth of the service sector and other changing patterns of the UK economy, productivity of capital and labour, wealth and income distribution</p> <p>U1.2 The global context – international markets, globalisation of trade and finance, European economic and monetary union</p> <p>U1.3 The role of government and central banks – fiscal and monetary policy</p> <p>U1.4 Money, inflation, deflation, disinflation, interest rates, the link between money supply and inflation, measuring money supply</p> <p>U1.5 Balance of payments – capital and current account, exchange rates, the importance of the balance of payments</p> <p>U1.6 Economic and financial cycles – national income, global influences, the main stages of economic and stock market cycles, longer term growth trends</p> <p>U1.7 The role of financial investment in the economy – primary markets: how investment markets introduce new funds to business and the government; secondary markets; how markets enable investors to adjust their investments to suit their needs</p> <p>U1.8 Key economic indicators – gross domestic product (GDP), retail prices index (RPI) and the consumer prices index (CPI), public sector net cash requirement, volume of fixed investment, volume of consumer spending, balance of payments, money supply, foreign exchange rates, minimum lending bank rate, gilt yields, stock market indices.</p>
	U2. The basic principles of taxation applying to the investments of UK resident and domiciled individuals	<p>U2.1 Income tax – liability to income tax, allowances, reliefs, rates, grossing up interest and dividends, employed and self-employed income, priorities for taxing different classes of income</p> <p>U2.2 Capital gains tax – liability to CGT, disposals, death, deductions, losses, main exemptions, indexation relief, taper relief, basic calculation of chargeable gains</p> <p>U2.3 Stamp duty (including stamp duty reserve tax) on securities</p> <p><u>U2.4 Corporation tax</u></p>
	U3. Different asset classes and their key features	<p>U3.1 Cash deposits</p> <p>U3.1.1 Characteristics and past performance – liquidity, rates of interest, real returns, institutions, statutory protection, risk factors, foreign currency deposits</p> <p>U3.1.2 Main types of deposit account – instant access, notice and fixed rate</p> <p>U3.1.3 Taxation of deposit interest – savings income, tax</p>

<p>U Demonstrate an understanding of:</p>		<p>deducted at source, offshore accounts</p> <p>U3.1.4 ISAs and TOISAs</p> <p>U3.1.5 National savings and investment deposit products</p> <p><u>U3.1.6 Sharia compliant investments</u></p> <p>U3.2 Government securities, corporate bonds, <u>Eurobonds</u></p> <p>U3.2.1 Main characteristics of fixed interest investments – nominal value and market price, coupon, redemption date</p> <p>U3.2.2 Investment returns – running yields, yields to redemption, capital returns, volatility and risk, yield curves</p> <p>U3.2.3 Gilts – government guarantee, short, medium and long dated gilts, past performance, gilt strips, risk</p> <p>U3.2.4 Index-linked gilts – returns on income and capital risk</p> <p>U3.2.5 Corporate bonds – borrowers' risk ratings and effects on yields, past performance</p> <p>U3.2.6 Other types of bonds – permanent interest bearing shares, zero coupon bonds, deep discounted bonds, local authority bonds, convertible loan stock</p> <p>U3.2.7 National savings and investments – fixed interest investments</p> <p>U3.2.8 Dealing costs of purchases and sales</p> <p>U3.2.9 Taxation of government securities and corporate bonds – interest and capital gains/losses</p> <p>U3.3 Equities</p> <p>U3.3.1 Main types of shares – ordinary and preference</p> <p>U3.3.2 Characteristics of equity-based investment – individual company performance and main factors that affect company profits and share values, size of company and market liquidity, sectors and markets</p> <p>U3.3.3 Measuring performance – price earnings ratio (PE), dividend yield, dividend cover, borrowing, net assets</p> <p>U3.3.4 Market behaviour – what makes markets fluctuate, fundamental analysis and market psychology</p> <p>U3.3.5 Past performance – growth, dividends and volatility</p> <p>U3.3.6 Stock market indices – main UK and overseas indices</p> <p>U3.3.7 Dealing costs, stamp duty reserve tax</p> <p>U3.3.8 Taxation of dividends</p> <p>U3.3.9 Derivatives – futures and options, CFDs, covered warrants and other main types; main features and uses</p> <p>U3.3.10 Employee share schemes and incentives</p> <p>U3.3.11 AIM shares, unlisted securities and enterprise investment schemes – tax characteristics, past performance in terms of risk and returns</p> <p>U3.4 Property – residential and commercial</p> <p>U3.4.1 Characteristics of commercial and residential property investment – returns from rent and capital growth, demand, risks, quality of tenants,</p>
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U Demonstrate an understanding of:		<p>occupancy levels, liquidity, depreciation and maintenance costs</p> <p>U3.4.2 Past performance – differences between commercial and residential property (buy to let), key determinants of past investment returns, volatility, income and capital returns</p> <p>U3.4.3 Borrowing – its effect on risk and returns</p> <p>U3.4.4 Transaction costs – commissions, fees and stamp duty land tax</p> <p>U3.4.5 Taxation issues – taxation of rental income, interest relief, capital gains tax</p> <p>U3.4.6 Indirect property investment vehicles – unit trusts/OEICs, property shares, life assurance property bonds, offshore funds, Real Estate Investment Trusts (REITs), <u>Property Authorised Investment Funds (PAIFs)</u></p> <p>U3.4.7 Means of valuing property (yield and historical average return)</p> <p>U3.5 Alternative investments</p> <p>U3.6 Absolute return funds</p>
	U4. Different product types and their key features	<p>U4.1 OEICs and unit trusts</p> <p>U4.1.1 Structure of OEICs (investment companies with variable capital – ICVCs) and unit trusts – the common characteristics of funds and the main differences, relative merits of direct investment and investment in funds</p> <p>U4.1.2 Range of funds – different UK fund classifications, hedge funds, limited issue funds, tracker funds</p> <p>U4.1.3 Charges and pricing – initial and annual charging structures, single and bid/offer pricing, dilution levies</p> <p>U4.1.4 Total expense ratio and hidden charges (from dealing costs, level of turnover of funds)</p> <p>U4.1.5 Dealing in funds, <u>UCITS</u></p> <p>U4.1.6 Taxation basics – UK and offshore, taxation within the funds, taxation of UK individual and trustee investors</p> <p>U4.1.7 Offshore funds – tax structure of both the fund and the UK investor, recognition by the FSA</p> <p>U4.1.8 Structured <u>products</u> investment funds – equity index-based and equity-based growth and income funds</p> <p>U4.2 Investment trusts</p> <p>U4.2.1 Basic structure and characteristics – closed ended structure, differences between closed and other funds, range of investment trusts</p> <p>U4.2.2 Main different classes of shares – ordinary shares, income shares, zero dividend shares, capital shares</p> <p>U4.2.3 Dealing, pricing, premiums and discounts, <u>net asset value and total expense ratios</u></p> <p>U4.2.4 Gearing – advantages and drawbacks in terms of risk and flexibility</p> <p>U4.2.5 Past performance of investment trusts – risk and returns</p> <p>U4.2.6 Taxation – dividends and capital gains of</p>

U Demonstrate an understanding of:		<p>investment trusts and for the investors who own them</p> <p>U4.2.7 Venture capital trusts – structure, tax characteristics, past performance in terms of risk and returns</p> <p>U4.3 Individual savings accounts (ISAs) and personal equity plans (PEPs)</p> <p>U4.3.1 Structure – components: stocks and shares, cash, life assurance maxi-ISAs, mini-ISAs and TESSA-only ISAs (TOISAs) annual investment limits</p> <p>U4.3.2 Charging – initial and annual charges for direct investments and collectives, CAT standards</p> <p>U4.3.3 tax treatment – interest, dividends, mixed bond funds, capital gains, time limit for tax regime</p> <p>U4.3.4 Eligibility – age, residence</p> <p>U4.3.5 Transfers – restrictions</p> <p>U4.3.6 Key aspects of PEPs</p> <p>U4.3.7 Effect of the death of the investor</p> <p>U4.4 UK and offshore life assurance company products</p> <p>U4.4.1 Structure and characteristics of life assurance bonds – <u>unit-linked</u> funds, with profit bonds, guaranteed income and growth bonds</p> <p>U4.4.2 Qualifying policies – maximum investment plans and other endowments</p> <p>U4.4.3 Traded endowments, <u>traded life policies</u></p> <p>U4.4.4 Charges – initial and annual</p> <p>U4.4.5 Taxation – UK and offshore, within the fund and for the investor</p> <p>U4.4.6 The choice between life assurance bonds and OEICs/unit trusts</p> <p>U4.4.7 Purchased life annuities</p> <p><u>U4.4.8 Friendly society products</u></p> <p>U4.5 The role of platforms, wraps and fund supermarkets</p>
	U5. The role of ethical investment and socially responsible investment in financial advice	<p>U5.1 Socially responsible investment – portfolios with social, ethical, environmental and financial goals, including ethical investment <u>and charitable giving</u></p> <p>U5.2 Ethical investment – portfolios based on ethical, social or environmental values where companies have been specifically excluded or selected as a result of their activities or behaviour, eliminating investments that meet negative criteria, while including those that meet positive criteria</p> <p>U5.3 Possible implications for investment performance</p>
	U6. The importance of asset allocation in the investment process	<p>U6.1 The importance of asset allocation – achieving objectives, reducing risk, need for review</p> <p>U6.2 Analysing the underlying composition of funds – managed funds, with profit funds, fund of funds and other collective investments</p> <p>U6.3 Sample asset allocations – different types of investors</p>
	U7. How other issues affect investment planning	<p>U7.1 Comparing charges, their impact and relevance, reduction in yield (including hidden charges), <u>diversification</u></p> <p>U7.2 Active as against passive investment management</p> <p>U7.3 Paying off the mortgage as against other</p>

U Demonstrate an understanding of:		<p>investments, what should be the relationship between investing and borrowing?</p> <p>U7.4 Alternative investments (e.g. gold, art, antiques) – past performance, advantages and drawbacks</p>
	U8. Tax planning strategies	<p>U8.1 Basic investment tax planning – use of personal allowances, spouses'/civil partners' personal allowances, children's tax position, pension contributions, use of ISAs, use of capital gains tax exemptions, tax deferral, use of life assurance bonds</p> <p>U8.2 Factors to account for in making personal tax calculations: basic income tax and capital gains, tax computations – personal allowances, non-savings income, savings income, dividends, life assurance bond profits, chargeable gains</p> <p>U8.3 Criteria for selecting a tax planning strategy</p> <p>U8.4 Rules and procedures relating to personal tax calculations</p> <p>U8.5 How to make correct tax calculations</p> <p>U8.6 Legal requirements applying to confidentiality and disclosure of personal tax information</p>
An Demonstrate an ability to:	An1. Analyse consumers' circumstances and suitable investments, taking account of any existing arrangements	<p>An1.1 Factors shaping consumers' circumstances</p> <p>An1.2 How to identify and analyse risk <u>profiles</u> aversion and exposure</p> <p>An1.3 How to assess affordability and suitability</p> <p>An1.4 Methods of identifying and reviewing suitable investments</p> <p>An1.5 How to assess the impact of new solutions on existing arrangements</p>
A Demonstrate an ability to:	A1. Apply suitable investment product solutions to specific consumers' circumstances	<p>A1.1 The range of solutions available to suit different types of circumstance</p> <p>A1.2 The criteria for matching solutions to consumer needs and demands</p> <p>A1.3 Factors influencing the way in which recommendations are presented</p> <p>A1.4 How to check consumers' understanding of recommendations</p> <p>A1.5 Consumer rights and the regulatory requirements that apply to the provision of investment advice</p>
	A2. How investment returns are related to investment risk and how that risk is measured	<p>A2.1 Inflation and investment returns – the difference between nominal and real returns</p> <p>A2.2 The effects of compound interest</p> <p>A2.3 The time value of money</p> <p>A2.4 Varying investment returns from the main different asset classes – 'risk-free' rates of return and the risk premium</p> <p>A2.5 Measuring risk – volatility, the significance of standard deviation as a measure of volatility, the importance and limitations of past performance data</p> <p>A2.6 Measuring total return and the significance of beta and alpha investment portfolio planning and reducing risk through diversification – systemic and non-systemic risk, diversification across shares, sectors, markets and asset classes</p>

A Demonstrate an ability to:	A3. the risks faced by investors and how an investor's risk profile is determined	A3.1 The importance of affordability and suitability in making financial planning decisions A3.2 Main types of risk for investors – equity capital risk, currency risk, interest rate risk, institutional risk, regulatory risk, income risk, inflation risk, shortfall risk A3.3 Objective factors: timescale, age, commitments, wealth, life cycle A3.4 Subjective factors: attitudes and experiences A3.5 Methods of assessment
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APEX3 Protection		
Attainment Level	Outcome	Indicative Content
U Demonstrate an understanding of:	U1. The purpose and scope of financial protection and how <u>customer circumstances</u> , including the main types of state benefit and existing protection arrangements have an impact on protection planning	<p>U1.1 Main types of cover – life assurance, income protection insurance, critical illness insurance, mortgage payment protection insurance, accident sickness and unemployment insurance, personal accident insurance, long term care insurance, medical expenses</p> <p>U1.2 The main areas of need for protection – family and personal protection, mortgage, long term care, inheritance tax planning and the business protection</p> <p>U1.3 Divorce and relationship breakdown – impact on policies and changing needs</p> <p>U1.4 The role of employment and pension-based protection benefits – dependence on employment based cover, advantages and drawbacks</p> <p>U1.5 Regulatory issues – investment policies, non-investment long term care policies, other insurance policies, ICOB</p> <p>U1.6 State benefits – their relevance to the provision of protection policies, main features of: income support, jobseekers' allowance, child benefit, bereavement payment, bereavement allowance, widowed parent's allowance, carer's allowance, statutory sick pay, incapacity benefit, pension credit, disability living allowance, attendance allowance, working tax credit, child tax credit, state dependant's pensions</p> <p>U1.7 Assessing priorities in life and health protection – individual and family priorities</p> <p>U1.8 The importance determining existing protection arrangements and their consequences for protection planning</p>
	U2. The main types of life assurance policy <u>with reference to long term care</u> , their functions, how they are arranged, the tax rules and the use of life assurance in mitigating inheritance tax and estate planning	<p>U2.1 The basic principles of life assurance, proposers, lives assured, single and joint life policies</p> <p>U2.2 Main types of policy, permanent policies, term assurances, pension-based policies, group policies, effects on policy design and premium structures of mortality risk, investment and expenses, comparison of term, renewable and permanent policies and their uses</p> <p>U2.3 Mechanics of life assurance policies – proposal, utmost good faith <u>and duties of disclosure</u>, underwriting, cancellation rights policy document, renewals assignment</p> <p>U2.4 Policy proceeds – surrender, claim and maturity payments</p> <p>U2.5 Taxation of life assurance policies – basic rules of the taxation of life assurance company funds, the basic criteria for qualifying policies and their consequences, the taxation of proceeds of non-qualifying policies, pension policies, non-pension</p>

U Demonstrate an understanding of:		<p>group life policies</p> <p>U2.6 Special aspects – second hand policies, assignments, commissions</p> <p>U2.7 Assessing and quantifying different kinds of family life assurance protection needs and choosing appropriate policies and policy features to meet needs – requirements for cover, who should be covered, type of cover, flexibility and additional features <u>with long term care</u>, term and permanent policies, amount of cover, inflation-proofing, policy term, capital needs, liabilities, pension fund replacement, short-and-longer-term income replacement needs, impact of state benefits, choice of policies and affordability</p> <p>U2.8 <u>Principal Types</u> of will, probate and intestacy</p> <p>U2.9 Outline of inheritance tax – scope, chargeable transfers, potential exempt transfers, transfers on death, nil rate band, exemptions and reliefs, gifts with reservation, valuation</p> <p>U2.10 Basic inheritance tax computations for individuals</p> <p>U2.11 Basic inheritance tax planning <u>including the use of trusts</u></p> <p>U2.12 Role of life assurance in estate planning – funding for inheritance tax through regular changes of premium life assurance, regular gifting using life assurance policies, insuring lifetime gifts and when to use level or decreasing term assurance, back to back whole life and annuity purchase</p>
	U3. The use of trusts in life assurance	<p>U3.1 The nature of trusts</p> <p>U3.2 How trusts are set up and the main role settler(s), trustees and beneficiaries</p> <p>U3.3 Choosing trustees</p> <p>U3.4 Main types of trust – absolute, life interest, flexible, reverter to settlor, discretionary, accumulation and maintenance, married women's property act trusts</p> <p>U3.5 Why trusts are used – their advantages and drawbacks, when they should and should not be used</p> <p>U3.6 Life assurance policies under trust – assignments, effects of bankruptcy, claims, dealings with beneficiaries</p> <p>U3.7 Tax issues of policies under trust – income tax, inheritance tax</p>
	U4. The main types of income protection insurance policies, their functions, how they are arranged and the tax rules	<p>U4.1 The need for income protection insurance – who should be allowed, amount of cover, term</p> <p>U4.2 Main product features – individual and group policies, guaranteed premium rates, unit linked and reviewable policies, deferred periods, term, escalation of cover and benefits, limitation on benefits, effects on policy design and premium structures of morbidity, investment and expenses</p> <p>U4.3 Proposals and underwriting – premium rate structures by age, occupation, non-working insured people, effects on rates of deferred periods, escalation and policy term, difference between</p>

U Demonstrate an understanding of:		<p>underwriting for incapacity rather than death</p> <p>U4.4 Claims and conditions – definitions of incapacity, exclusions and conditions, travel and occupation, monitoring claims</p> <p>U4.5 Taxation – individual and group policies</p> <p>U4.6 State benefits for illness and incapacity and their impact on the need for cover</p> <p>U4.7 Waiver of premium – existing policies, providing the cover through income protection policies</p> <p>U4.8 Group policies and employer policies</p>
	U5. The main types of critical illness insurance policies, their functions, how they are arranged and the tax rules	<p>U5.1 Insurance cover provided – differences in coverage, changes in definitions, additional benefits, taxation of benefits</p> <p>U5.2 Policy structure – stand alone, combined whole life or term, first claim, bolt on, single and joint policies</p> <p>U5.3 Group policies</p> <p>U5.4 Effects on policy design and premium structures of morbidity, medical developments, investment and expenses</p> <p>U5.5 Underwriting issues</p> <p>U5.6 Need for cover – who needs cover, type of cover, flexibility and additional features, term and permanent policies</p> <p>U5.7 Assessing the amount of cover needed, inflation-proofing, policy term, capital needs, short and longer-term income, replacement needs</p> <p>U5.8 Split benefit trusts for death benefits</p> <p>U5.9 Comparing critical illness cover and income protection – advantages and drawbacks</p>
	U6. The main features and functions of mortgage payment protection insurance (MPPI) and accident, sickness and unemployment (ASU) insurance	<p>U6.1 Cover provided by MPPI and ASU – long term illness, incapacity, unemployment, differences between MPPI and ASU</p> <p>U6.2 Need for MPPI and ASU</p> <p>U6.3 Main limitations on the insurance provided</p> <p>U6.4 Comparing MPPI with ASU, income protection and critical illness insurance – advantages and drawbacks</p> <p>U6.5 State support for mortgage costs – qualifying rules, main limits on benefits</p> <p><u>U6.6 The reasons why PPI was mis-sold</u></p>
	U7. The main features and functions of personal accident insurance	<p>U7.1 Types of cover – death, specified injury</p> <p>U7.2 Limitations – cover, annual policy</p> <p>U7.3 Personal accident insurance for children - availability, group schemes</p> <p>U7.4 Assessing individual needs – comparing with MPPI, ASU, income protection and critical illness insurance</p>
	U8. The main features and functions of long-term care insurance and the context in which it is used	<p>U8.1 Long term care (LTC) insurance main features – pre-funded protection and investment, immediate care policies, regular premium and single premium policies, costs and benefits, <u>taxation</u></p> <p>U8.2 Meeting the need for income to pay for long term care – period and costs of care</p> <p>U8.3 State (including NHS) – and local authority help</p>

U Demonstrate an understanding of:		<p>for LTC – conditions and amounts</p> <p>U8.4 Other long term care planning – accumulating of funds, use of home, ownership of home, equity release, accelerated death benefits and viatical settlements</p> <p>U8.5 Enduring power of attorney – need, basic procedure, consequences <u>Substituted decision making</u></p> <p>U8.6 <u>Conversion options under existing policies</u></p>
	U9. The main types of medical insurance and their uses	<p>U9.1 Cover provided – difference between acute and chronic conditions, overseas aspects, main different levels of benefits, policy excesses</p> <p>U9.2 Benefits of having medical insurance</p> <p>U9.3 Underwriting issues – pre-existing conditions</p> <p>U9.4 Individual and group plans</p> <p>U9.5 Features and limitations of other medical insurance plans – health cash plans, dental plans</p>
	U10. The main needs for business insurance protection and how they can be met	<p>U10.1 Key person insurance – needs, appropriate life and health policies, basic tax position</p> <p>U10.2 Shareholder insurance – needs, appropriate life and health policies, basic tax position</p> <p>U10.3 Partnership insurance – needs, appropriate life and health policies, basic tax position</p>
An Demonstrate an ability to:	An1. Analyse consumers' circumstances and suitable protection products, taking account of any existing arrangements	<p>An1.1 Factors shaping consumers' circumstances and protection needs</p> <p>An1.2 How to identify and analyse risk aversion and exposure</p> <p>An1.3 How to assess affordability and suitability</p> <p>An1.4 Methods of identifying and reviewing suitable product solutions</p> <p>An1.5 The interrelationship of protection products and its consequences for identifying suitable and affordable solutions</p> <p>An1.6 How to assess the impact of new solutions on existing arrangements</p>
A Demonstrate an ability to:	A1. Apply suitable investment solutions to specific consumers' circumstances	<p>A1.1 The range of solutions available to suit different types of circumstance</p> <p>A1.2 The criteria for matching solutions to consumer needs and demands</p> <p>A1.3 Factors influencing the way in which recommendations are presented</p> <p>A1.4 How to check consumers' understanding of recommendations</p> <p>A1.5 <u>How</u> consumer rights and the regulatory requirements apply to the provision of investment advice</p> <p>A1.6 The consequences of inadequate protection and how to explain these objectively to consumers</p>

APEX4 Retirement Planning		
Attainment Level	Outcome	Indicative Content
U Demonstrate an understanding of:	U1. The main aims and strategies for retirement planning	<p>U1.1 Determining needs at retirement and after retirement – planning when and how to retire, need for capital for asset purchases, repayment of liabilities, retirement income and capital in the initial retirement years, longer term income needs, surviving spouse/partner income needs, potential need to fund long term care, estate planning aims</p> <p>U1.2 Quantifying future retirement needs in advance – methods of assessing and budgeting, based on current and expected expenditure, potential long term care fees, estimating future rates of inflation and real investment returns, estimating clients' other income and capital resources</p> <p>U1.3 Accumulating funds for retirement – investment strategies and asset allocation, long, medium and short timescales</p> <p>U1.4 Accumulating funds for retirement – tax strategies, tax relief, tax shelter, advantages and of maximising tax free cash, minimising future tax in retirement</p> <p>U1.5 Overview of the main types of plans – state pension benefits, defined benefit and defined contribution occupational pension schemes, cash balance schemes, personal pensions/stakeholder pensions <u>workplace pensions and auto enrolment</u></p> <p>U1.6 Identifying the existing pension provision from state and private sources – DWP projections, defined benefit scheme benefit statements and statutory money purchase illustrations</p>
	<u>U2. The key features basic principles of auto enrolment</u>	<p><u>U2.1 The assessment process</u></p> <p><u>U2.2 Certification and eligibility</u></p> <p><u>U2.2 Postponement</u></p> <p><u>U2.3 Phasing</u></p> <p><u>U2.4 Cyclical re-enrolment</u></p> <p><u>U2.5 Default and deferring issues</u></p> <p><u>U2.6 Transfers of information</u></p> <p><u>U2.7 NEST</u></p>
	U3. The main rules governing the tax treatment of pensions (WAS U2)	<p>U3.1 Employee taxation, basic income tax and national insurance computations – simple fringe benefits, reliefs and allowances</p> <p>U3.2 Employer taxation – corporation tax, national insurance contributions, income tax for employers, effect of making pension contributions, 'wholly and exclusively' test (in outline), spreading of relief</p> <p>U3.3 Special considerations for shareholding directors – the choice between salary and dividends</p> <p>U3.4 Main aspects of the tax treatment of registered pension schemes, annual allowance, lifetime allowances, eligibility of individuals for tax relief, annual limit for relief, minimum pension age, benefit types and limitations</p>

U Demonstrate an understanding of:		U3.5 The tax position of pension funds – the treatment of different classes of asset.
		U3.6 taxation of pension benefits – state benefits, occupational and personal pension schemes
	U4. The main state pension benefits to which individuals may be entitled in retirement and the impact they may have on retirement planning. (WAS U3)	<p>U4.1 Basic State pension – payment age, entitlement, pension amount and increases, effect of determent, taxation, national insurance contribution record, basic state pension widow(er)'s and civil partner's death and benefits, Department for Work and Pensions forecast service</p> <p><u>U4.2 additional state pension and calculation of foundation allowance</u></p> <p>U4.2 Graduated pensions, state earnings-related pension scheme (SERPS) and the state second pension (S2P) – calculation of benefits, including widow(er)'s and civil partner's benefits under SERPS, contracting out of S2P generally</p> <p>U4.3 Pension credit – structure, impact of claimants' income and capital position, effects on pension planning</p>
	U5. The basic principles underlying defined benefit pensions schemes (WAS U4)	<p><u>U5.1 Public sector schemes – benefit structures, security, transfer club</u></p> <p>U5.2 Pensions and life assurance benefits – accrual rates, eligibility, inflation protection, contracting out, commutation issues, life assurance, dependants' income benefits</p> <p>U5.3 Main roles of employers and pension scheme trustees, requirement for member-nominated trustees, importance of scheme rules determining and limiting benefit options</p> <p>U5.4 Basic position on early retirement, reduction in benefits, early retirement through ill health</p> <p>U5.5 Early leavers and transfer values – reduction in benefits on leaving, where transfers can be and how they can be calculated (in outline), right to transfer value, refunds of contributions, <u>enhanced transfer values</u></p> <p>U5.6 Funding and investment issues of defined benefit schemes – employers' commitment and risk, funding levels, protection of pension rights, employee contributions, annual limit for relief, topping up with additional voluntary contributions (AVCs) and free standing additional voluntary contributions (FSAVCs) and concurrent personal pensions</p> <p>U5.7 Private sector schemes – scheme specific funding requirements, accounting for employers' pension funds and liabilities under accounting standard FRS17 and IAS 19, employees' financial security and risk to defined benefit pension benefits</p> <p>U5.8 Death in service – tax efficiency and limitations of cover, cost</p> <p>U5.8 Contracting out of S2P – basic position, effect on national insurance contributions</p> <p>U5.9 Closure and winding up of schemes – main</p>

U Demonstrate an understanding of:		<p>implications</p> <p>U5.10 The Pension Protection Fund, and Financial Assistance Scheme <u>and employer covenant</u></p> <p>U5.11 Advice issues – pension opt-outs, transfers and early leavers, added years AVCs as against money purchase AVCs, AVCs and concurrent personal pensions</p> <p><u>U5.12 Transfer value exercises management</u></p> <p><u>U5.13 Snowden code and how its conducted</u></p>
	U6. The basic principles underlying defined contribution pension schemes and how benefits are built up (WAS U5)	<p>U6.1 Basic structure of defined contribution occupational and personal pension schemes – contributions, funds, benefits, transferability, <u>contract vs trust based schemes</u></p> <p>U6.2 Main roles of employers and pension scheme trustees, importance of scheme rules determining and limiting benefit options</p> <p>U6.3 Nature and operation of group personal pension schemes – contributions by employer and employee, control of investment and benefits</p> <p>U6.4 Income tax computations and employee contributions to occupational and personal pension schemes – methods of giving relief, computation of relief, timing of relief, effects on payments on account</p> <p>U6.5 Tax relief on employers' pension contributions – to personal pensions and defined contribution occupational pension schemes</p> <p>U6.6 Employee contributions, AVCs and FSAVCs</p> <p>U6.7 Use of concurrent personal pension plan, effect on allowances, benefit types, timing of benefits</p> <p>U6.8 Contracting out of S2P/SERPS via scheme or personal pensions – basic position, effect on national insurance contributions Protected Rights</p> <p>U6.7 Death benefits, <u>ill health and serious ill health</u> before crystallisation of retirement benefits – lump sum benefits, dependants' income benefits, lifetime allowance test, term assurance</p> <p>U6.10 Protecting against consequences of ill health – availability and effect of waiver of premium feature, income protection arrangements, the use of critical illness insurance, contributions whilst incapacitated</p> <p>U6.11 Stakeholder pensions – definition, the requirements for employer designation</p> <p>U6.12 Contributions for others, including contributions by parents for children</p> <p>U6.8 Advice issues – estimating how much needs to be invested to accumulate adequate funds for retirement, affordability, assessing a client's investment risk profile</p> <p><u>U6.9 FSCS protection</u></p>
	U7. How pension funds can be invested to provide capital and income in	<p>U7.1 Asset classes – risks, returns and past performance (cross reference to ApEx2 & 19 Investment and Risk and Managing Investments)</p> <p>U7.2 Asset allocation – timescale, relation to other assets, client attitudes, <u>life styling glide path</u></p>

U Demonstrate an understanding of:	retirement (WAS U6)	U7.3	Self investment under registered pension schemes (occupational and personal) – the main rules, tax implications, characteristics and opportunities
	U8. The main criteria that can be used in choosing pension contracts and providers (WAS U7)	U8.1	The choice between the main kinds of defined contribution schemes and their relative merits
		U8.2	Choosing pension providers – costs, administration, financial strength
		U8.3	Fund choice, past performance , risk, life styling <u>glide path, default funds</u>
		U8.4	Self-investment options
	U9. The main options for drawing retirement benefits for individuals with defined contribution schemes (WAS U8)	U9.1	Normal minimum pension age, effect of ill-health, <u>managing longevity risk, minimum decumulation age</u>
		U9.2	Maximum tax free pension commencement lump sum
		U9.3	Annuities – main types of <u>and features of annuities and secondary annuity market: level escalating, inflation linked, with profit and unit linked, criteria for selecting annuity type, impaired life and enhanced, single life and joint life, death benefits after retirement: capital protection and guarantees</u>
		U9.4	Basics of phased retirement and unsecured income with risk aspects, death benefits, income tax and IHT implications
		U9.5	Basics of Alternatively Secured Pension (ASP) with risk aspects, death benefits, income tax and IHT implications
		U9.4	Uncrystallised funds pension lump sum (UFPLS), crystallization funds, pension lump sum,
		U9.5	Flexi-access drawdown
		U9.6	Safeguarding benefits
		U9.7	Scope of pensions wise service
		U9.6	Other sources of income in retirement
	U10. The suitability of registered pension schemes and other types of investments which can be used to provide retirement benefits (WAS U9)	U10.1	The tax characteristics of registered pension schemes compared with other types of investment – tax treatment, accessibility, contribution limits and allowances, risk, availability, charges, residential property <u>the tax privileges of pension schemes compared with other types of investment, including ISAs and residential property</u>
		U10.2	Unregulated pension schemes and scams
		U10.2	ISAs
		U10.3	Direct investment in cash, bonds and equities, importance of diversification, danger of over-reliance on employer-linked investments (eg schemes)
		U10.4	OIECS/unit trusts and other collective investments
		U10.5	Life assurance contracts
		U10.6	Property – residential and commercial – and use of equity release products to release funds
		U10.7	Selling a business or share in a business
		U10.8	Unregistered pension schemes
	U10. Pressures on pension	U10.1	Reasons for trend away from defined benefit schemes

U Demonstrate an understanding of:	provision, trends and planned future changes to legislation, tax regulations and practice applying to retirement planning arrangements	U10.2 Effect on longevity on pension provision, including state scheme U10.3 Planned reforms to state pensions, including increase in state pension age and changes to S2P structure U10.4 Planned reinstatement of link between state basic pension and earnings inflation U10.5 Abolition of contracting out on defined contribution basis U10.6 Personal accounts
	U11. (in summary form) the main rules governing pensions and divorce or dissolution of civil partnership	U11.1 Offsetting U11.2 Earmarking U11.3 Sharing U11.4 Implications for pension planning – effect on allowances and the need to build up additional benefits
An Demonstrate an ability to analyse	An1. Consumers' circumstances and products suitable to meet retirement needs, taking account of any existing arrangements	An1.1 Factors shaping consumers' circumstances, retirement aspirations and prospects An1.2 How to identify and analyse risk aversion and exposure <u>attitude to risk and capacity to loss</u> An1.3 How to assess affordability and suitability An1.4 Methods of identifying and reviewing suitable product solutions <u>options</u> An1.5 The types of pension products, associated risks and suitability criteria
A Demonstrate an ability to apply	A1. Suitable retirement product <u>retirement</u> solutions to specific consumers' circumstances	A1.1 The range of solutions available to suit different types of circumstance A1.2 The criteria for matching solutions to consumer needs and demands A1.3 Factors influencing the way in which recommendations are presented A1.4 How to check consumer's understanding of recommendations A1.5 Consumer rights and the regulatory requirements applying to the provision of retirement planning advice A1.6 The consequences of inadequate provision and how to explain these objectively to Consumers <u>A1.7 The importance of regular review meetings of retirement planning</u>

APEX5 Mortgage Advice		
Attainment Level	Outcome	Indicative Content
K Demonstrate a knowledge of:	K1. The definition of a mortgage and a regulated mortgage contract	<p>K1.1 Definition as given in FSA <u>FCA</u> handbook</p> <p>K1.2. Legal definition</p> <p>K1.3. Definition of a regulated secured second charge loan</p>
	K2. The house-buying process, the key parties involved and their roles	<p>England/Wales</p> <p>K2.1a Role of estate agent/valuer/conveyancer/legal adviser</p> <p>K2.2a Process to contract exchange/completion and when a contract becomes binding</p> <p>K2.3a Proposed use of home information packs (as published in the new Housing Bill)</p> <p>K2.3a Gazumping and gazundering</p> <p>OR</p> <p>Scotland</p> <p>K2.1b Role of estate agent/valuer/legal adviser</p> <p>K2.2b Conditional/unconditional offer</p> <p>K2.3b Private bargain/private treaty</p> <p>K2.4 Acceptance/completion/conclusion of missives/<u>completion</u></p> <p>K2.5 Gazumping and gazundering conditional offers</p>
	K3 (was 4). The process and implications of buying property at auction	<p>K3.1 Requirement for funding (ie cash/mortgage commitment) to be in place up front</p> <p>K3.2 <u>The two methods of property auction: contracts exchanged, with associated deposit, on the day procedure to complete purchase</u></p>
	K4 (was 3). The principal types of property defect that surveys can identify and understand their implications when seeking a mortgage, including the options available to consumers and lenders	<p>K4.1 Main property defects</p> <p>K4.2 How property defects may affect the lending decision and/or require immediate remedial works <u>as a condition of the mortgage</u></p>
	K5. The common types of borrower and how their main mortgage related requirements may differ and what factors may disqualify people from borrowing	<p>K5.1 Private/residential borrowers</p> <p>K5.2 Intermediary <u>Eligible counterparty</u> /business/commercial/<u>high net worth</u> borrowers/ <u>property investors/mortgage professionals</u> (outline only)</p> <p>K5.3 Vulnerable customers</p> <p>K5.4 Those who will face difficulty in borrowing</p> <p>K5.5 Those who cannot borrow</p> <ul style="list-style-type: none"> • undischarged bankrupts • mentally incapacitated • minors • consumers with poor credit history • consumers unable to prove income

U Demonstrate an understanding of:	U1. The economic and regulatory context for giving mortgage advice	U1.1 The property market and the main conditions that affect it U1.2 Interest rates and their drivers U1.3 The UK mortgage lending sector U1.4 Mortgage regulation: MCOB and its implications for the mortgage adviser
	U2. The role of a mortgage adviser and the importance and the principles of providing advice, including the key factors affecting the advice given <u>to provide deliver a fair outcome for the customer</u>	U2.1 Affordability U2.2 Suitability U2.3 <u>Attitude to risk and risk profile</u> U2.4 time-term of mortgage or loan U2.5 Principles of ethical advice <u>and achieving fair outcomes</u> U2.6 Methods of verifying information supplied by consumers U2.7 Methods of checking that mortgage solutions match consumer immediate and long term needs and circumstances U2.8 Ways of advising clients in arrears who have differing attitudes to risk and indebtedness
	U3. The main features and the implications for consumers of 'gazumping' and 'gazundering'	U3.1 Gazumping U3.2 Gazundering
	U4. The purpose use of additional <u>forms of</u> security, including that of guarantors	U4.1 The requirement for guarantors to be advised to seek independent legal advice <u>U4.1 The implications for a lender and borrower of taking additional forms of security</u> <u>U4.2 The rules and regulations of governing additional forms of security</u>
	U5. The fees and charges involved in arranging a mortgage; identify where these apply, the services they cover, when they become due, which are refundable and how the opportunity for refunds diminishes as the process nears completion	Commonly applicable charges and fees:- U5.1 Reservation fees U5.2 Application fees U5.3 Arrangement fees U5.4 Lenders reference fees U5.5 Land Registry fees U5.6 Valuation fees U5.7 Estate agent fees U5.8 Legal/solicitors fees U5.9 Stamp Duty Land Tax U5.10 Local Authority searches U5.11 Bankruptcy searches U5.12 Telegraphic transfer costs U5.13 Environmental searches, e.g. flooding, mining Less common/other party charges (outline only):- U5.14 Survey fees and fees for other specialist reports U5.15 Booking fees U5.16 Title indemnity fees U5.17 Higher lending charges U5.18 Broker fees

U Demonstrate an understanding of:		<p>U5.1 Fees and charges relating to the purchase of the property including relevant taxes</p> <p>U5.2 Fees and charges relating to the purchase of the mortgage including tax</p> <p>U5.3 Fees and charges relating to the advice provided including tax provision of mortgage advice</p>
	U6. The principal factors affecting the value of property, including their implications for consumers seeking mortgages and when consumers should be referred for specialist advice	<p>U6.1 Type of property</p> <p>U6.2 Location</p> <p>U6.3 Building materials and any restrictions</p> <p>U6.4 Age of property</p> <p>U6.5 Freehold/commonhold/leasehold (England & Wales)</p> <p>U6.6 Tenure (Scotland – note: new legislation from 2003)</p> <p>U6.7 Multiple use</p> <p>U6.8 Vacant possession</p> <p>U6.9 Reinstatement value</p> <p>U6.10 Whether it is insurable, e.g. risk of flooding</p> <p>U6.11 Planning permission</p> <p>U6.12 Building regulations</p> <p>U6.13 Contract guarantees</p> <p>U6.14 History of subsidence</p> <p>U6.15 Listed/heritage</p> <p>U6.16 Easements, e.g. rights of way</p> <p>U6.17 Due diligence enquiries, e.g. outstanding disputes</p> <p>U6.18 Covenants</p> <p><u>U6.1 The implications for customers seeking mortgages of the principal factors affecting property values</u></p> <p><u>U6.2 When consumers should seek advice on property values</u></p> <p><u>U6.3 The implications for lenders of the principal factors affecting property values and the security</u></p>
	U7. The different forms of valuation and survey and which might be appropriate for different properties and/or the borrower's circumstances	<p>U7.1 Forms of valuation and or survey (basic valuations, homebuyer's report, building survey)</p> <p>U7.2 Requirements of lenders</p> <p>U7.3 Rights of the consumer</p>
	U8. The main features and functions of mortgage related protection payment protection insurance (MPPI) and life, accident, sickness and unemployment (ASU) insurance	<p>U8.1 Cover provided by MPPI and ASU – long term</p> <p>illness, incapacity, unemployment,</p> <p>differences between MPPI and ASU</p> <p>U8.2 Need for MPPI and ASU</p> <p>U8.3 MCOB and ICOB rules</p> <p>U8.4 Main limitations on the insurance provided</p> <p>U8.5 Comparing MPPI with ASU, income protection</p> <p>and critical illness insurance advantages and</p>

U Demonstrate an understanding of:		—— drawbacks U8.6 State support for mortgage costs — qualifying rules, main limits on benefits U8.7 Life assurance (endowments should be linked with repayment vehicles for interest only mortgages) U8.8 Accident/sickness/critical illness/unemployment/redundancy insurance U8.9 Permanent health insurance U8.10 Buildings and contents insurance U8.11 Waiver of premium benefit U8.12 Higher lending charge <u>U8.1 The purpose and implications for consumers and lenders for of different mortgage protection arrangements</u> <u>U8.2 The rules and regulations governing the sale and advice of mortgage protection arrangements and property insurance</u>
	U9. The principles, and procedures <u>and considerations</u> associated with raising additional money and the circumstances when further borrowing might be appropriate	U9.1 Equity release products (lifetime mortgages and home reversion schemes) U9.1 Lifetime mortgages and home reversion schemes — further drawdown <u>U9.1 Further advances</u> U9.3 Draw down facilities U9.4 Release of part security U9.2 Remortgages U9.3 Second <u>charge mortgage</u> loans U9.4 Bridging <u>finance loans</u> <u>U9.5 Lifetime mortgages and home reversion schemes — further drawdown</u> U9.7 Charging structures U9.8 Legal implications
	U10. The principles, procedures and costs of transferring <u>and amending</u> mortgages	U10.1 Transfer of mortgage to a new lender U10.2 Implications of property moves U10.3 Converting one mortgage to another U10.4 Adding/removing one party from a joint mortgage/ <u>transfer of equity</u> U10.5 Redeeming a mortgage <u>or secured loan</u> before/at the end of its term U10.6 Making additional/lump sum capital repayments on a mortgage, during its term <u>U10.7 Transitional lending rules</u> <u>U10.8 Porting mortgages</u>
	U11. The <u>implications</u> principles of using mortgages within debt consolidation arrangements <u>consolidating debt appropriately within a mortgage</u>	U11.1 Relationship between costs/penalties/repayments/term U11.2 Risk to the consumer associated with consolidation <u>U11.1 Implications for consumers and lenders of using mortgages within debt consolidation arrangements</u> <u>U11.2 Rules and regulations relating to using mortgages within debt consolidation arrangements</u> U11.3 Risks associated with moving loans from

U Demonstrate an understanding of:		<p>unsecured to secured status</p> <p>U11.4 Draw down facilities</p> <p>U11.4 Arrangements with creditors, <u>referring for specialist advice</u></p>
	U12. The need to obtain Local Authority planning consent for house development/extensions	<p>U12.1 The legal basis of local authority planning procedures</p> <p>U12.2 The main procedures in obtaining local authority planning consent</p> <p>U12.3 Development limitations that apply to different categories of listed buildings</p>
	U13. The implications for the borrower of the non-payment of mortgages, other breaches of the Mortgage Deed, non-payment of building insurance, non-payment of ground rent/service charges and the options available	<p>U13.1 When to provide a mortgage warning, when this should be issued and timing of mortgage warning, ensuring that this is understood</p> <p>U13.2 Possible courses of action available to lenders and borrowers (e.g. Scotland mortgage to rent scheme)</p> <ul style="list-style-type: none"> • Debt advice agencies available to the borrower • Switching payments from interest only to repayment • Extension to term or consolidation of arrears <p>U13.3 FSCA requirements regarding the treatment of those in arrears</p> <p>U13.4 Mortgage Rights Act (Scotland) the implications of legislation governing the treatment of those in arrears</p> <p>U13.5 Implications for customers and lenders of the non-repayment of capital at the end of an interest only mortgage term</p> <p>U13.6 Implications for consumers and lenders of the use of state benefits and reliefs to support mortgage payments</p>
	U14. The legal rights and remedies available to lenders in respect of non-payment from borrowers	<p>U14.1 Rights of subrogation of insurers to pursue borrowers</p> <p>U14.2 Legal remedies on default</p> <p>U14. FCA rules and regulations governing the use of remedies on default</p>
	U15. The main provisions made by the State to assist consumers in difficulties over the repayment of mortgages	<p>U15.1 Income Support for Mortgage Interest (ISM)</p> <p>U15.2 52 week linking rule</p> <p><u>This has been moved to U13.</u></p>
	U16. The main requirements of the Mortgage Conduct of Business Rules and the legislation affecting mortgages	<p>U16.1 Role and responsibilities of the lender</p> <p>U16.2 Role and responsibilities of the adviser</p> <p>U16.3 Role and responsibilities of the consumer</p> <p>U16.4 Other legislation affecting mortgages</p> <p>U16.5 The PRA rules in the Housing part of the rulebook – FPC’s exercising of ‘powers of direction’</p> <p>U16. Requirements of the Mortgage Conduct of Business Rules</p> <p>U16.2 National House Building guarantees</p> <p>U16.3 Property Mis-descriptions Act</p>

<p>U Demonstrate an understanding of:</p>		<p>U16.4 Contract Law U16.5 Principles of Agency U16.6 Consumer Law U16.7 Principles of testacy and intestacy, including grants of probate and letters of administration U16.8 Rights of parties to joint tenancies and tenancies in common U16.9 Legal obligations and guarantors U16.10 Lenders Rights and Borrowers Covenant U16.11 Financial Services and Markets Act 2000 (including the Mortgage Conduct of Business Rules) England/Wales/Northern Ireland: U16.12 Property Law (Law of Property Act 1925, Leasehold Reform Act 1967, Leasehold Reform, Housing and Urban Development Act 1993) OR Scotland: U16.13 Rent to Mortgage Scheme U16.14 Matrimonial Homes Act (e.g. single borrowers require an affidavit) U16.15 Tenancy Act U16.16 Mortgage Rights Act U16.17 Statutory Repair Act U16.18 Bankruptcy Act (refers to 'sequestrian' in Scotland) U16.19 Land Tenure Reform Act (note — new legislation due 2003) U16.20 Legislation regarding intestacy — impact upon partner where mortgagor dies Intestate U16.21 Feu disposition (reference Land Certificate in England/Wales) U16.22 Court decree (reference County Court Judgement in England/Wales)</p>
	<p>U17. The structure and features of other types of mortgage-U17 (including 18 and 19) <u>The structure and features of other different types of mortgage</u></p>	<p><u>U17.1 The different types of repayment methods for mortgage arrangements</u> <u>U17.2 The different interest rate options available</u> <u>U17.3 The different types of mortgage product and how they to suit consumer needs</u> <u>U17.4 The different forms of Government backed incentives for home purchases</u> <u>U17.5 The different forms of shared ownership arrangements</u> <u>U17.6 Islamic home finance arrangements</u> U17.1 Commercial mortgages U17.2 Lifetime mortgages (defined term for 'equity lease' mortgages for older consumers) U17.3 Low start/deferred interest mortgages U17.4 Self build mortgages U17.5 100%/125% mortgages U17.6 Foreign currency mortgages U17.7 New build mortgages U17.8 Buy to let mortgages (including types of</p>

U Demonstrate an understanding of:		<p>tenancy)</p> <p>U17.9 'Right to buy' Council property mortgages</p> <p>U17.10 Shared appreciation mortgages</p> <p>U17.11 Shared ownership mortgages (Housing Association)</p> <p>U17.12 Equity shares mortgages</p> <p>U17.13 Pension scheme mortgages</p> <p>U17.14 Adverse credit/sub-prime mortgages (for 'non-conforming' or 'non-status' borrowers, with, e.g. CCJs/arrears/discharged bankruptcy)</p> <p>U17.15 Islamic home finance</p>
	U18. The key features of the different types of mortgage repayment options and their benefits and dis-benefits for different types of borrower	<p>U18.1 Capital and interest repayment (repayment mortgages)</p> <p>U18.2 Interest payment (interest only mortgages)</p> <p>U18.3 Implications for the consumer of the under performance of repayment options</p>
	U19. The key features of the common types of mortgage product and interest rate options	<p>U19.1 Capital and interest mortgages</p> <p>U19.2 Repayment tracker mortgages (variable rate/LIBOR/base rate tracker mortgages)</p> <p>U19.3 Interest only tracker mortgages</p> <p>U19.4 Fixed rate mortgages</p> <p>U19.5 Capped rate (including capped and collared) mortgages</p> <p>U19.6 Discounted rate (including cash back/gift) mortgages</p> <p>U19.7 Deferred rate low start mortgages</p> <p>U19.8 Flexible mortgages</p> <p>U19.9 All in one/current account mortgages, including drawdown facilities: offset mortgages</p> <p>U19.10 CAT marked mortgages</p> <p>U19.11 Hybrid arrangements products, for example 'part and part' mortgages</p> <p>U19.12 The performance and volatility of fixed and variable interest rates for different types of borrower</p>
	<p><u>An1. The key features of different mortgage solutions and their suitability for different customers' circumstances</u></p> <p><u>(including A1) Analyse consumers' circumstances and recommend appropriate mortgage solutions to specific circumstances</u></p> <p><u>An1. Analyse consumers'</u></p>	<p>An1.1 The different factors that shape a customer's circumstances</p> <p>An1.2 Assessing affordability, suitability and sustainability of mortgage solutions</p> <p>An1.3 The range of interest rate solutions available to customers</p> <p>An1.4 The range of mortgage products available to customers</p> <p>An1.5 The different mortgage repayment solutions for customers</p> <p>An1.6 The different forms of alternative home finance solutions and Government backed incentives</p> <p>An1.1 Factors shaping consumers' circumstances</p>

An Demonstrate an ability to analyse	circumstances and suitable mortgage solutions taking account of any existing arrangements	_____ and borrowing purposes An1.2 _____ How to assess affordability and suitability An1.3 _____ How to assess the long term performance _____ of mortgage products An1.4 _____ Methods of identifying and reviewing _____ suitable product solutions An1.5 _____ How to assess the impact of new solutions _____ on existing arrangements An1.6 _____ Special rule requirements of MCOB4
	A1. Apply suitable mortgage solutions to specific consumers' circumstances	A1.1 _____ The range of solutions available to suit _____ different types of circumstance A1.2 _____ The criteria for matching solutions to _____ consumer needs and demands A1.3 _____ How to explain interest rates, volatility and _____ related technical matters to lay people A1.4 _____ Factors influencing the way in which _____ recommendations are presented A1.5 _____ How to check consumers' understanding of _____ recommendations A1.6 _____ Consumer rights and the regulatory _____ requirements apply to the provision of _____ mortgage advice
A Demonstrate an ability to apply	A1. (previously A2) The principles of providing mortgage advice	A1.1 _____ Principles of ethical advice A1.2 _____ Methods of verifying information supplied _____ by consumers A1.3 _____ Methods of checking that mortgage _____ solutions match consumer immediate and _____ long term needs and circumstances A1.4 _____ Ways of advising clients in arrears who have _____ differing attitudes to risk and indebtedness
An Demonstrate an ability to analyse	<u>An2 (previously An1)</u> The key features and implications of different forms of property purchase and specialist mortgage lending and their suitability for different customers' circumstances An1. The key features of the different types of mortgage repayment options and their benefits and dis- benefits for different types of borrower	<u>An2.1-3 (previously An1.1-3)</u> An1.1 _____ Capital and interest repayment (repayment _____ mortgages) An1.2 _____ Interest payment (interest only mortgages) An1.3 _____ Implications for the consumer of the under- _____ performance of repayment options <u>An2.1 _____ The different factors that shape a</u> <u>customer's</u> <u>_____ circumstances and borrowing purposes in</u> <u>the</u> <u>_____ Buy to Let, second charge and bridging</u> <u>_____ finance market place</u> <u>An2.2 _____ The different factors that shape a</u> <u>customer's</u> <u>_____ circumstances and borrowing for second</u> <u>_____ homes, self-build properties and properties</u> <u>_____ bought at auction</u> <u>An2.3 _____ The legal implications and issues associated</u> <u>_____ with property purchase</u> <u>An2.4 _____ The range of solutions in the bridging</u> <u>_____ finance and the second charge lending</u> <u>_____ market and the suitability of solutions for a</u>

An Demonstrate an ability to analyse		customer An2.5 The Buy to Let and Consumer Buy to Let customer and suitable mortgage solutions An2.6 The range of solutions available for additional funding on a secured lending basis An2.7 The different taxation implications related to property ownership
	An3 (previously An2) An2. The key features of the common types of mortgage product and interest rate options	An3.1-11 (previously An2.1-11) An2.1 Capital interest mortgages An2.2 Straight repayment tracker mortgages (variable rate/LIBOR/bas rate tracker mortgages) An2.3 Interest only tracker mortgages An2.4 Fixed rate mortgages An2.5 Capped rate (including capped and collared) mortgages; discounted rate (including cash back/gift) mortgages; deferred rate low start mortgages An2.6 Equity release mortgages (links to mortgage/home reversion schemes) An2.7 Flexible mortgages An2.8 All in one/current account mortgages; including drawdown facilities An2.9 CAT marked mortgages An2.10 Hybrid arrangement products, for example 'part and part' mortgages An2.11 The performance and volatility of fixed and variable interest rates for different types of borrower
	An4 (previously An2.3) An2.3. The structure and features of other types of mortgage	An4.1-15 (previously An3.1-16) An3.1 Commercial mortgages An3.2 Lifetime mortgages (defined term for 'equity Release' mortgages for older consumers) An3.3 Low start/deferred interest mortgages An3.4 Self build mortgages An3.5 100%/125% mortgages An3.6 Foreign currency mortgages An3.7 New build mortgages An3.8 Buy to let mortgages (including types of tenancy) An3.8 Let to buy mortgages An3.9 'Right to buy' Council property mortgages An3.10 Shared appreciation mortgages An3.11 Shared ownership mortgages (Housing Association) An3.12 Equity share mortgages An3.13 Pension scheme mortgages An3.14 Adverse credit/sub-prime mortgages (for 'non-conforming' or 'non-status' borrowers, with e.g. CCJs/arrears/discharged bankruptcy) An3.15 Sharia-compliant mortgages (also known as Islamic mortgages)

A Demonstrate an ability to apply	A1. <u>The rules and regulations governing mortgage lending, mortgage advice and the sale of associated mortgage protection arrangements</u>	A1.1 <u>The rules contained within MCOB relating to mortgage lending</u> A1.2 <u>The rules contained within MCOB relating to the provision of mortgage advice</u> A1.3 <u>The rules contained within ICOB relating to the sale of mortgage related insurances</u> A1.4 <u>The rules contained within the Consumer Credit Acts for secured lending.</u> A1.5 <u>The rules contained within MCOB relating to the treatment of those in arrears and the rules governing legal remedies on default</u>
	A2. <u>The principles of ethical and sustainable advice to suit customers' circumstances</u>	A2.1 <u>The assessment of affordability and the suitability of sustainable solutions for mortgage customers</u> A2.2 <u>The provision of regulated mortgage advice for property purchasers</u> A2.3 <u>The provision of advice relating to the release of further equity for mortgage customers</u> A2.4 <u>The provision of advice to BTL, CBTL customers and property investors</u> A2.5 <u>The provision of advice on bridging finance and second charge lending</u> A2.6 <u>The provision of advice on other forms of home finance arrangements</u> A2.7 <u>The provision of advice on mortgage related insurance protection arrangements</u>

APEX7 Long Term Care Insurance		
Attainment Level	Outcome	Indicative Content
K Demonstrate a knowledge of:	K1. The background to long-term care provision in the UK and the current 'definition' of long term care insurance as defined in the FSCA Handbook glossary	K1.1 Definition of long-term care insurance <u>and how it fits with existing contracts</u> K1.2. Differences between pre-funded insurance and immediate needs annuities <u>and how it fits with existing contracts</u> K1.3. Background to current provision in UK through the informal, public, private and voluntary sectors K1.4 How care is <u>accessed and</u> delivered and the cost implications to the client
	K2. The different types of long-term care that are available	K2.1 The types of care and level of dependency associated with: K2.1.1 Domiciliary K2.1.2 Sheltered accommodation <u>All forms of supportedive living</u> K2.1.3 Residential care K2.1.4 Nursing care K2.1.5 EMI care K2.1.6 Hospital K2.2 The role of: K2.2.1 Intermediate care K2.2.2 Respite care
U Demonstrate an understanding of:	U1. How current legislation affects the provision of advice on long-term care insurance	U1.1 Understand the ongoing impact of legislation and case law relevant to long-term care as applies in England, N. Ireland, Wales and Scotland
	U2. The responsibilities of for the provision of health care and social care a health authority in making provisions for continuing care and any funding implications for the client	U2.1 Legal responsibility of the Health Authority NHS U2.2 Department of Health guidelines U2.3 Eligibility criteria for continuing care: U2.3.1 Health care U2.3.2 Social care U2.4 Funding levels, including National variations U2.4.1 Eligibility for Registered NHS nursing care contribution (RNCC <u>NHS-funded Nursing Care</u>): U2.4.1a High/Medium/Low <u>Entitlement Levels</u> U2.4.1b Payment procedures U2.5 Discharge from hospital procedures and delayed discharge U2.6 Regional strategic health authority/primary care trusts <u>U2.6 Relevant legislation including Care Act 2014, Mental Health Act 1983 and Human Rights Act 1998</u>
	U3. The responsibilities of a local authority in enabling	U3.1 Assessments U3.2 Delivery of care: U3.2.1 Domiciliary LA Circulars U3.2.2 Residential

U Demonstrate an understanding of:	access to long-term care and procedures for care assessments, both domiciliary and residential	<p>U3.3 Understand the relevant UK legislation <u>on care with particular including reference to the support for the carer:</u></p> <p>U3.3.1 National Assistance Act 1948 (s21 and s22)</p> <p>U3.3.2 NHS and Community Care Act 1990 (s47)</p> <p>U3.3.3 Health and Social Care Act 2001 (s47, s49[1] and s49[2])</p> <p>U3.3.4 Care Standards Act 2000 (Part 1 – s3, s6 and s7)</p> <p>U3.3.5 Mental Health Act 1983 (s117)</p> <p>U3.4 Fair access to care services (LA Circular 13 2004)</p>
	U4. The procedures and by which local authorities make financial and <u>needs</u> assessments for those requiring long-term care and the role of <u>the local authority social services</u>	<p>U4.1 Residential care</p> <p>U4.2 Charging Residential Accommodation Guidance, CRAG: LA Circulars Relevant statutory guidance</p> <p>U4.2.1 National Assistance [assessment of resources] Regulations 1992 UK variances</p> <p>U4.2.2 Local authority capital limits – lower and upper limits</p> <p>U4.2.3 National Variations</p> <p>U4.2.4 Assessment of jointly owned assets</p> <p>U4.2.5 Deprivation of assets – lifetime giving</p> <p>U4.2.6 Deferred payment arrangements</p> <p>U4.2.6.7 Capital</p> <p>U4.3 Capital disregard</p> <p>U4.4 Notional capital</p> <p>U4.5 Beneficial ownership of capital</p> <p>U4.5.1 Income disregard</p> <p>U4.5.2 Use of trusts</p> <p>U4.5.3 Treatment of the family home including third party ownership</p> <p>U4.5.4 Liability of relatives</p> <p>U4.6 Domiciliary care Rules and guidance for the care setting and guidance for financial assessment, including relevant cross border regulation and tax equivalents</p> <p>U4.7 Charging procedures</p> <p>U4.8 Interaction with means testing</p>
	U5. What additional sources of assistance may be available to contribute to the provision of long-term care and what limitations there may be on their use	<p>U5.1 Other sources of assistance including informal care</p> <p>U5.2 Consideration of existing policies and their application <u>and potential importance</u> in the funding for long-term care needs</p> <p>U5.3 Health cash plans</p> <p>U5.4 Private medical insurance (PMI)</p> <p>U5.5 Limitations of assistance</p>
	U6. The relationship complexities between the adviser, the client	<p>U6.1 Identifying from whom to take and receive instruction</p> <p>U6.2 The application to decision making and giving instructions</p> <p>U6.2.3 Legal capacity of the client</p>

U Demonstrate an understanding of:	and third parties in the advice process for long-term care and their implications	<p>U6.23.1 Definition of capacity under the Mental Capacity Act 2005:</p> <p>U6.23.1a 5 key principles (section 1)</p> <p>U6.23.1b Best interests (section 4)</p> <p>U6.23.1c Lasting Powers of Attorney – financial and health/welfare; formalities; effect upon Enduring Power of Attorney</p> <p>U6.23.1d Office of Public Guardian</p> <p>U6.23.1e Court Appointed Deputies</p> <p>U6.23.1f Independent Mental Capacity Advocate (IMCA)</p> <p>U6.23.1g Single Orders of the Court</p> <p>U6.2.2 The application to decision making and giving instructions</p> <p>U6.34 Substituted decision making:</p> <p>U6.34.1 Power of Attorney</p> <p>U6.34.2 Enduring Power of Attorney (EPA)</p> <p><u>U6.34.3 Lasting Power of Attorney (LPA)</u></p> <p>U6.34.34 Court of Protection</p> <p>U6.34.45 Role of Public Guardianship Office</p> <p>U6.3.4a Receivership</p> <p>U6.3.4b National variations <u>Regional variations – Continuing power of attorney (CPAs)</u></p> <p>U6.45 Confidentiality</p> <p>U6.56 Extent of family involvement</p> <p>U6.67 Potential conflicts of family interests</p> <p>U6.68 Access to medical records</p> <p>U6.79 Awareness of the indicators of financial abuse</p> <p><u>U6.810 National variations</u></p>
	U7. The taxation issues related to long-term care planning <u>and products</u>	<p>U7.1 Tax position on premiums</p> <p>U7.2 Treatment of benefits (paid from pre-funded plans)</p> <p>U7.3 Impact of payment of benefits on client's tax position</p> <p>U7.4 Payments to client to pay carer</p> <p>U7.5 Payments direct to care provider</p> <p>U7.6 Tax position of immediate needs annuities</p> <p>U7.7 IHT mitigation and lifetime gifting-Court of Protection PN9</p> <p>U7.7.1 Lump sum contracts</p> <p>U7.7.2 The application of trusts in planning</p> <p>U7.8 Impact of likely future changes in client's tax position</p>
	U8. The factors that need to be taken into account in respect of long-term care when considering related legal matters	<p>U8.1 Estate planning</p> <p>U8.2 Wills/intestacy</p> <p>U8.3 Deeds of variation</p> <p>U8.4 Statutory wills</p> <p>U8.5 <u>Treatment and ownership</u> of the family home</p> <p>U8.6 Dealing with mental incapacity, attorneys and third party decision makers</p>
	U9. Eligibility to claim-under a long-term care	<p>U9.1 ADL definitions:</p> <p>U9.1.1 ABI core <u>Industry</u> definitions</p> <p>U9.1.2 Provider enhancements</p>

As Demonstrate an ability to assess	insurance policy	U9.2 Cognitive impairment U9.3 Assessment of ADL failure U9.4 Assistive devices U9.5 Making the claim
	U10. The different costs associated with long-term care provision and factors that create variations in them	U10.1 Care in own home including informal care U10.1.1 Provision of care services U10.1.1a Social services U10.1.1b Private sector personal and nursing care U10.1.2 Home modification; access and Systems Capacity to grants U10.1.2a Role of home improvement agencies U10.1.2b Assistive devices U10.2 Residential care U10.2.1 Local authority funding levels, including national variations U10.2.1a Standard rate U10.2.1b Topping-up U10.3 Private sector – market rate U10.4 Voluntary sector U10.5 Impact on costs: U10.5.1 Levels of care U10.5.2 Availability U10.5.3 Care home contracts, Care Standards Act 2000 [Establishment & Agencies] [Mics Provisions] Reg 2006 U10.6 Long term affordability
	As1. The interaction between means-tested and non-means tested benefits <u>entitlements</u> in the provision of advice on long-term care insurance	As1.1 Means and non means tested benefits entitlements As1.2 Pension credit application and interaction with DWP benefits As1.3 Income support As1.4 Carer's allowance As1.5 Non-means tested benefits As1.6 Attendance allowance As1.7 Disability living allowance As1.8 Retirement pension As1.9 Access and application processes
	As2. The suitability of arrangements available to fund and maintain a client's long-term care needs and if the level of risk they present to the client is appropriate and acceptable	As2.1 Stand alone pre-funded long-term care insurance with life cover: As2.1.1 Single premium As2.1.2 Regular premium As2.2 The nature and the role of convertible products As2.3 Underwriting considerations: As2.3.1 Innocent non-disclosure As2.3.2 Morbidity As2.3.3 Use of cognitive test (example Mini Mental State Examination) As2.4 Use of home equity release options including both lifetime mortgages and home reversion plans As2.5 Use of existing long-term care bonds As2.6 Investment planning for needs of older clients As2.7 Immediate needs annuities As2.8 Deferred care plans and how they work when interacting with the client's eligibility for

		<u>benefits and use of existing financial planning products</u>
	As3. Demonstrate the ability to assess situations that might indicate to an adviser that a client's long-term care provision needs to be reviewed and the likely consequences of that review	As3.1 Changes in marital status including Civil Partnerships As3.2 Death of partner As3.3 Change in need, including partial claim (ADL criteria) As3.4 Client's mental capacity As3.5 Changes in legislative framework As3.6 Moving abroad As3.7 Changes in taxation, investment conditions and inflation

APEX9 Overseeing on a day-to-day basis operating, or acting as a trustee or depositary of, a collective investment scheme		
Attainment Level	Outcome	Indicative Content
K Demonstrate knowledge of:	K1. The construction and establishment of a collective investment scheme fund structure	K1.1 Launching a new fund K1.2 Regulatory and legal requirements K1.3 Establishment of a scheme – constitutional structures, authorisation procedures and requirements; documentation; settlement K1.4 Scheme structure – unit trusts/OEICs – single fund vs umbrella schemes; permissible share and unit classes; constitutional characteristics; initial offer period K1.5 Termination and conversions – process and regulatory requirements
	K2. The role and responsibilities of the auditor	K2.1 Nature and timescales of the audit process K2.2 Reporting requirements K2.3 Appointment and changes of auditors K2.4 Difference between the audit and monitoring processes within the firm
	K3. Registration, dealing and settlement, contract notes/dematerialisation and transfers	K3.1 Registration requirements K3.2 Requirements for dematerialisation and transfers wrappers K3.3 Sub-registers for <u>tax incentivised savings schemes</u> savings plans, PEPs and ISAs – rights and requirements K3.4 Transfer of title – procedures and legal requirements K3.5 Settlement – common methods, regulatory requirements K3.6 Buying, selling, exchange and conversion of shares/units – share classes, types of investor, execution methods, charges, commissions, discounts, and dilution levy <u>and swinging price (dilution adjustment)</u> K3.7 Purchase consideration and redemption proceeds using the different methods permitted by the Financial Services Conduct Authority
	K4. Roles, responsibilities and regulatory requirements relating to custody of assets	K4.1 Responsibility of custodian K4.2 Authority of custodian K4.3 Know the role of the custodian and in relation to registration, dealing and settlement K4.4 Regulatory oversight
	K5. <u>Tax and equalisation (investors) – WAS U8</u>	K5.1 <u>Main types of investor and the tax implications for each – income tax, corporation tax, capital gains tax, inheritance tax, equalisation</u>
	K6. Corporate actions – WAS K5	K6.1 Types of corporate action – including sub-division and consolidation, mergers, unitisation of investment trusts K6.2 Process to execute K6.3 Risks K6.4 Regulatory requirements

K Demonstrate knowledge of:	<u>K7. Impact of scheme changes on administrative processes</u>	<u>K7.1 Changes to the investment objectives and/or mandate</u> <u>K7.2 Challenges and risks to the valuation process</u> <u>K7.3 Impact on portfolio turnover, performance, fees and charges</u>
	K8. Reporting requirements to investors for reports, accounts and performance measurements – WAS K6	K8.1 Annual and half yearly reports and accounts: content; regulatory requirements on documentation and its content; SORP requirements K8.2 What investors should look for in the reports and accounts K8.3 Periodic statements: content, reason for issue <u>K8.4 Different types of mandatory and optional scheme documentation</u>
	K9. Key requirements for meetings – WAS K7	K9.1 When <u>and how</u> to hold a unit/share holders' meeting, including required notice periods, form of notice and quorum <u>K9.2 Proxy voting requirements</u>
	K10. The regulatory framework applicable to collective investment schemes – WAS K8	K10.1 Requirements of the <u>FCSA</u> Conduct of Business Rules on the authorisation of collective investment scheme operators K10.2 Collective investment scheme rules K10.3 Key features of the <u>current EU and OEIC Regulations 2001</u> K10.4 Other regulations impacting on collective investment schemes <u>K10.5 Current legislation relating to the prevention of financial crime</u>
	K11. Key types and features of reconciliation – WAS K9	K11.1 Monthly cash reconciliation between authorised fund manager (AFM) and depositary/custodian (and third party administrator where applicable) K11.2 Unit/shares reconciliation
	K12. Key requirements relating to promotions and product disclosure – WAS K10	K12.1 What the AFM must make available and/or supply to <u>potential</u> investors, in what form and within what timeframe
U Demonstrate understanding of:	U1. Function of collective investment schemes	U1.1 Why they were introduced; how they are used to meet investment objectives <u>purpose of a collective investment scheme</u> U1.2 Key influences on the development of schemes U1.3 Principal types of fund available U1.4 Comparative features, advantages and disadvantages in contrast to other forms of investment (direct and indirect) U1.5 Authorisation and FSCA classification
	U2. The role and responsibilities of the authorised fund manager	U2.1 Legal position of the authorised fund manager (AFM) U2.2 Process for appointment and removal U2.3 Scope and reasons for delegation of aspects of role <u>purpose, benefits and risks of outsourcing</u> U2.4 Operational responsibilities of a manager's box and issues of cancellation

U Demonstrate understanding of:		<u>U2.5 CASS and client money requirements</u>
	U3. The role and responsibilities of the depositary, trustee and custodian	U3.1 Protecting investors protection U3.2 Oversight of the AFM in relation to scheme management U3.3 Custody of the fund's assets; depositary protection and segregation of assets U3.4 Registers and sub registers of unit trusts U3.5 Delegated functions U3.6 Issuing and cancelling units U3.7 Verifying valuation U3.8 Requirements for appointment and change of the depositary/trustee U3.9 Breaches – difference between error and breach; redress eligibility and procedures
	U4. Features and operation of investing and borrowing powers	U4.1 Risk spreading principles/diversification U4.2 Investment or <u>and</u> borrowing limits U4.3 Definitions of: transferable securities; approved securities; unapproved securities e.g. investment grades and non investment grades for bonds; derivatives; approved derivatives; off-exchange derivatives U4.4 Eligibility of markets <u>eligible investments</u> U4.5 Fund specific investment limits U4.6 Risk management requirements U4.7 Underwriting U4.8 Stock lending collateral management, stock lending and repurchase agreements U4.9 Role of depositary/trustee <u>U4.10 Multi manager funds, property funds and funds of funds</u>
	U5. <u>Investment strategy risk and return</u> ward	U5.1 Typical investment strategies U5.2 Returns on investments <u>physical vs synthetic structures</u>
	U6. Valuation and pricing	U6.1 How and when valuations are made U6.2 <u>Sources and methods</u> , including fair value pricing, and market timing <u>and illiquidity</u> U6.3 Bid/offer and spread pricing U6.4 Share class adjustments U6.5 Publication and notification requirements U6.6 Pricing errors – consequences and required action U6.7 Regulatory rules in relation to valuation and pricing
	<u>U7. Transfer agency role and responsibilities</u>	U7.1 Buying and selling units U7.2 Box operation U7.3 Anti-money laundering and other relevant checks
	U8. Tax considerations (fund) – WAS U7	U8.1 Basis on which collective investment schemes are taxed U8.2 Provisions and treatment of umbrella-type schemes U8.3 Corporation tax and income tax on the fund U8.4 Criteria for making different types of income distribution U8.5 Treatment of AFM periodic charges to capital,

U Demonstrate understanding of:		<p>their associated benefits and risks, and taxation implications</p> <p>U8.6 Overseas taxes on income received in the UK from an overseas company and the treatment of such taxes</p> <p>U7.7 UK Stamp Duty Reserve Tax</p>
	U9. Tax and equalisation (investors) – WAS U8	U9.1 Main types of investor and the tax implications for each – income tax, corporation tax, capital gains tax, inheritance tax, equalisation
	U10. Income distribution – WAS U9	<p>U10.1 Income and distributions – sources, treatment, timetable, regulations, customary payment processes, unclaimed distributions</p> <p>U10.2 Equalisation and tax vouchers – process, requirements, equalisation rate calculation</p> <p>U10.3 Gross payment of interest distributions – eligibility criteria and accumulation units</p>
	U11. Fund promotion distribution – remuneration/costs – WAS U10	<p>U11.1 Fund supermarkets – definition, role and function</p> <p><u>U11.2 Complex vs non-complex funds</u></p> <p><u>U11.3 Information and advice giving: risks of mis-selling</u></p> <p>U11.4 Methods of selling funds units</p> <p>U11.5 Distribution e.g. banks, internet</p> <p>U11.6 Commissions, charges, discounts and rebates ± mis-selling and platforms</p>
	U12. Investor rights and protections – WAS U11	<p>U12.1 Circumstances in which cancellation <u>and cooling off</u> rights are available to investors</p> <p><u>U12.2 Misleading investor communications</u></p> <p>U12.2 Investor protection – what is provided by stakeholder products and meetings of unit/shareholders</p> <p><u>U12.3 Financial Services Compensation Scheme (FSCS)</u></p> <p><u>U12.4 Complaints and the Financial Services Ombudsman</u></p> <p>U12.5 Financial Ombudsman</p> <p><u>U12.5 Treating Customers Fairly (TCF)</u></p> <p><u>U12.6 Protection through CASS</u></p>

APEX10 Overseeing on a day-to-day basis safeguarding and administering investments or holding of client money		
Attainment Level	Outcome	Indicative Content
K Demonstrate knowledge of:	K1. Know your customer <u>and industry</u>	<p>K1.1 Type of customer (e.g. private, intermediate), service provided and type of client money <u>the rules that apply</u></p> <p>K1.2 Rules that apply to record keeping, charges and commissions and reconciliations</p> <p><u>K1.3 Key stakeholders providing the services, including relevant parties in outsourcing arrangements</u></p> <p><u>K1.4 Governance and risk overview Statutory trust arrangements</u></p>
	K2. Investment products and services	<p>K2.1 Types of investments pension, benefit and cash products available to customers <u>subject to CASS rules</u></p> <p>K2.2 Collective investment schemes; institutional/segregated accounts</p> <p>K2.2 Types and key features of services available to customers</p> <p>K2.3 Safeguarding of customer assets within the product lifecycle</p>
	K3. Tax considerations	<p>K3.1 Handling of dividends and interest (tax and tax credits and the differences)</p> <p>K3.2 Tax treatment of income from overseas/offshore client investments</p> <p>K3.3 Gilts</p> <p>K3.4 Reporting requirements, including under sections 17 and 18 of the European Savings Directive</p> <p><u>K3.1 The potential tax implications of the main investment products, and how this affects asset servicing and record-keeping</u></p>
	K4. Notifications and terms and conditions	K4.1 Know what must be communicated to client as specified by Financial Services Authority Rules
	K5. The typical <u>required</u> content of customer agreements	<p>K5.1 The purpose of customer agreements; the different types of agreement depending on the service provided, and the main clauses that impact on the administration of the customer account</p> <p>K5.2 Client money regulations regarding segregation of money</p> <p>K5.3 Enforceability of the contract</p> <p>K5.4 Interest calculations</p> <p>K5.5 Custody arrangements</p> <p>K5.6 Contractual obligations</p> <p>K5.7 Client reporting requirements</p> <p>K5.8 The arrangements for changing the agreement</p> <p><u>K5.9 CASS related disclosures</u></p>
	K6. Custody asset rules	<p>K6.1 Client asset <u>custody asset</u> rules</p> <p>K6.2 Setting up and maintaining client bank accounts</p> <p>K6.3 Periodic statements</p> <p>K6.2 Breach reporting</p>

U Demonstrate understanding of:	U1. Definition of client money and rules applicable to client money accounts	U1.1 Definition and how an account is set up, maintained and on-going due diligence U1.2 Accounting records U1.3 Rules and applications: what applies, how and when it applies U1.4 Interest reconciliation U1.5 Segregation rules U1.6 Daily calculations Internal and external reconciliation requirements U1.7 Breach reporting
	U2. Fraud prevention and anti money laundering	U2.1 Definition of money laundering; difference between money laundering and fraud U2.2 Exemptions – limits and types of transaction U2.3 Triggers: what amount triggers what action U2.4 Practical protection and prevention U2.5 Protection rules U2.6 Firm vs individual responsibilities U2.7 Key provisions of current legislation U2.8 Suspicious transactions U2.9 Training and monitoring U2.10 Criminal funding U2.11 Addressing and preventing fraud
	U3. How the relevant conduct of business and client asset rules are applied in practice	U3.1 Requirements for communication with clients/client reporting U3.2 Purpose and content of Key Features <u>customer</u> <u>documentations</u> (KFD) U3.3 Use of client agreements U3.4 Custody rules U3.5 Client asset rules U3.6 Safeguarding/administering physical assets, including: making up shortfalls; set off U3.7 Client protection – segregation of client assets U3.8 Client FSCS compensation – when compensation applies and how it is calculated
	U4. Responsibilities in the settlement processes	U4.1 Transfer and other settlement systems – cash and assets U4.2 Fiduciary responsibilities in the settlement cycle
	U5. How corporate actions are applied on client assets/securities	U5.1 Definition of a corporate action – data collection and scrubbing; common mandatory events; common voluntary events; processing risks

APEX11 UK Overseeing on a day-to-day basis administrative functions in relation to managing investments		
Attainment Level	Outcome	Indicative Content
11A Client Account Administration, Liaison and Reporting		
K Demonstrate a knowledge of:	K1 Processing new business, transfers and account closure	K1.1 Permitted transfer of assets – cash and non-cash K1.2 Different types of customer specific regulations in accordance with current relevant legislation K1.3 Transition management K1.4 New products K1.5 Rules for closing business K1.6 Roles of the custodian, investment manager and consultants K1.7 Residual income
	K2 Record-keeping: investment orders and transactions	K2.1 Record keeping of client orders and decisions to deal K2.2 Record- keeping of transactions K2.3 Use of dealing commission, including the purchase of goods or services K2.4 Adequate prior and timely periodic disclosure K2.5 Personal account transactions: awareness of rules and reporting K2.6 Authority to act: instruction, signature and authentication procedures K2.7 Communication and verification obligations K2.8 Requirements under the Data Protection Act K2.9 Risk identification, assessment and mitigation
	K3 Investment record keeping requirements	K3.1 Legal requirements for registration of investments – legal entities, corporate bodies and individuals K3.2 Required legal documentation – powers of attorney, grants of probate/letters of administration, company articles and memorandum, trust documents, investment management agreements, terms of business documents K3.3 Necessary disclosure – costs and charges
	K4 Client money and Asset Administration rules and reporting requirements	K4.1 Purpose of the Client Asset rules and impact on account administration K4.2 CASS classifications and reporting implications K4.3 Client Money & Asset Returns (CMAR) K4.4 Client Asset reconciliation,, valuation and reporting K4.5 Risk identification, assessment and Mitigation

U Demonstrate an understanding of:	U1 Administration of the client account	<p>U1.1 Parties involved in the client account process – investment/product providers, investors, custodians</p> <p>U1.2 Client agreements, terms and conditions and instructions to move money or switch accounts</p> <p>U1.3 Information requirements for client accounts – registration details; use of nominees; distribution of income</p> <p>U1.4 Customer service aspects – service level agreements; key performance indicators; error/exception handling; prohibition on release of information without authority/signatory</p> <p>U1.5 Client reporting rules for income statement and transaction reporting</p> <p>U1.6 Client fees and charges; terms and agreement including method of payment</p>
	U2 Client categorisation, types of services and models of administration	<p>U2.1 Investment administration within fund and investment management lifecycles</p> <p>U2.2 Categorisation of clients and counterparties, including those with a higher level of protection</p> <p>U2.3 Range of services provided to retail clients and counterparties</p> <p>U2.4 Advantages and risks of different types of client account administration models</p> <p>U2.5 Requirements and responsibilities of outsourced departments</p>
	U3 Power of attorney	<p>U3.1 Enduring power of attorney and power of attorney: purposes, key features and distinctions between them</p> <p>U3.2 Powers of the attorney</p> <p>U3.3 Establishing the mandate</p> <p>U3.4 Principles and operation</p> <p>U3.5 Procedures for and considerations when starting and stopping</p>
	U4 Implications of client tax status on account administration	<p>U4.1 Domicile and residency</p> <p>U4.2 Capital gains tax</p> <p>U4.3 Income tax</p> <p>U4.4 Tax status of different entities including private clients, institutions, charities/ not for profit, and trusts</p>
	U5 Investment valuation, performance measurement and reporting	<p>U5.1 Regulatory requirements and standards for valuation and reporting; process implications and consequences of non- compliance</p> <p>U5.2 Companies Act Section 793 and Section 808 enquiries and disclosure requirements</p> <p>U5.3 UKLA's Model Code requirements</p> <p>U5.4 Frequency, content and dissemination of valuations and reports</p> <p>U5.5 Valuation methods for investments within main and alternative asset classes, including U5.6 foreign exchange and illiquid investments</p> <p>U5.7 Valuation of derivatives: options, swaps, futures and forward contracts</p>

U Demonstrate an understanding of:		U5.8 Calculation of accrued income and expenditure U5.9 International Accounting Standards requirements U5.10 Selection and application of performance benchmarks/indices and metrics U5.11 Calculation and reporting of gross and net returns, risk measurement and contributions to return
11B Settlement, Corporate Action and Event Processing		
K Demonstrate a knowledge of:	K5 Settlement requirements for different types of securities and investment products	K5.1 Certificated securities settled through CREST K5.2 UK Government Bonds including dematerialisation of retail holdings K5.3 Eurobonds K5.4 Significance of clean and dirty pricing K5.5 Calculation of accrued interest on fixed income investments K5.6 Alternative settlement procedures for Collective Investments K5.7 Margin as a means of managing counterparty risk K5.8 Differences in settlement conventions for non-UK equity and fixed income investments
	K6 Securities lending and repurchase agreements	K6.1 Purpose, features and risks of securities lending and repurchase agreements K6.2 Structure and regulation: UK and EU K6.3 Counterparty eligibility K6.4 Implementation of a stock lending agreement K6.5 Collateral management & valuation K6.6 Processes, systems and administrative requirements K6.7 Reconciliation & reporting K6.8 Impact on settlement & corporate action processing
	K7 Participants in the corporate actions lifecycle	K7.1 Purpose of corporate actions K7.2 Issuer objectives and responsibilities K7.3 Roles of investment manager, custodian and corporate actions department K7.4 Overview of the processing cycle
	K8 Corporate event types	K8.1 Scheduled versus Announced K8.2 Mandatory versus Voluntary K8.3 Effects on holder's securities & cash K8.4 Dividend & coupons (cash and securities) K8.5 Odd-lot offers, bonus issues, stock splits, reverse splits K8.6 Bond conversions & bond redemptions (various types) K8.7 Distributions & Rights issues K8.8 Mergers & acquisitions K8.9 Takeovers
	K9 Requirements of the UK Panel on Takeovers and Mergers	K9.1 Role of the UK PTM and scope of regulatory and supervisory authority K9.2 Key provisions of the PTM Code relevant to corporate action administration: K9.2.1 Deadlines K9.2.2 Announcement requirements

U Demonstrate an understanding of:		K9.2.3 Consequences of non-compliance with requirements
	U6 Clearing and settlement processes	U6.1 Functions of clearing and settlement within the asset/ product lifecycle U6.2 Key features and steps of the main types of settlement processes U6.3 Causes and implications of late and failed trades, including counterparty claims and knock-on effects U6.4 Buy-ins and sell-outs: rules and processes U6.5 Book entry transfers; immobilised and dematerialised securities U6.6 Remittance Service Provider (RSP) model U6.7 General administrative roles and responsibilities U6.8 Risk detection, control and mitigation
U Demonstrate an understanding of:	U7 Mandatory corporate action lifecycle and processes	U7.1 Lifecycle overview U7.2 Event types: declaration and terms U7.3 Capturing event terms U7.4 Ascertaining entitlement U7.5 Informing relevant parties U7.6 Calculation of entitlement U7.7 Updating books & records U7.8 Receiving & processing entitlement
	U8 Optional/ voluntary corporate action lifecycle and processes	U8.1 Event types U8.2 Client communications U8.3 Proxy voting U8.4 Monitoring & controlling responses U8.5 Acting within deadlines U8.6 Calculation of entitlement U8.7 Updating books & records U8.8 Receiving & processing entitlement
	U9 Tax, commission, fees and other investment related charges	U9.1 Investments subject to Stamp Duty and Stamp Duty Reserve Tax U9.2 Taxation on transfers of ownership; certificated and dematerialised holdings U9.3 Tax treatment of income events (corporate actions) U9.4 Tax exemptions available U9.5 Taxation of foreign income: withholding tax & double taxation agreements U9.6 Ensuring correct tax rates are applied U9.7 Trade commissions U9.8 Custody, registration and investment management fees U9.9 Other charges
	U10 Large scale transactions and transfers: processes, timescales and risks	U10.1 Key administrative challenges of large scale investment/ liquidation of investments U10.2 Processing transfers in/ out of an investment portfolio U10.3 Management of cash and accruals

11C Administration of tax incentivised savings schemes		
K Demonstrate a knowledge of:	K10 Objectives and key features of tax incentivised savings schemes	K10.1 Current ISA types - Cash, Stocks and Shares, Life, Flexible, Help to Buy and Innovative Finance ISAs K10.2 Junior ISAs K10.3 Current or common legacy non-ISA tax incentivised savings - Child Trust Funds K10.4 Tax advantages K10.5 Investment objectives and risk/ return characteristics of each type of product
	K11 Regulation and authorisation	K11.1 Legislation and FCA regulation – key points K11.2 Junior ISA and Child Trust Fund legislation, including transfer measures K11.3 Role of HMRC K11.4 Application for approval as an ISA manager K11.5 Responsibilities of an ISA manager K11.6 Role and responsibilities of third party administrators/ outsourcing agencies K11.7 Financial crime detection and prevention procedures K11.8 Ceasing to be an ISA manager
	K12 ISA and JISA subscriptions	K12.1 Eligible investors K12.2 ISA annual subscription limits and exemptions K12.3 JISA annual subscription limits and rules K12.4 Written, phone, online and via third party applications K12.5 ISA and JISA terms and conditions K12.6 Declarations and authority, including JISA registered contact K12.7 Acknowledgements and incomplete applications K12.8 Capacity and incapacity to sign K12.9 Customer agreements K12.10 Cancellations and cooling off K12.11 Subscription by transfer of shares K12.12 Flexible ISAs K12.13 Help to Buy ISA reinstatement
	K13 ISA and JISA qualifying investments	K13.1 Cash ISA and JISAs, including connected accounts K13.2 Stocks & shares ISA and JISAs K13.3 Qualifying life policies and their removal or voiding K13.4 Innovative finance ISAs; transfers and withdrawals; payments when loans default
	K14 Rules and restrictions for investors	K14.1 Overview of legacy rules and qualifying investments K14.2 Account management and the registered contact K14.3 Continuing investment for established schemes
	K15 Fees, charges and expenses	K15.1 Permitted structure of fees and charges K15.2 Initial and periodic charges K15.3 Manager's fees and charges K15.4 Exit charges

K Demonstrate a knowledge of:		K15.5 Reimbursed fees and charges
	K16 Returns of Information required by HMRC	K16.1 Requirement to make a return K16.2 Reporting period covered K16.3 Process and submission of returns K16.4 Penalties
	K17 Annual Returns of Statistical Information required by HMRC	K17.1 Requirement to make statistical subscription and market value returns K17.2 Time period covered K17.3 Format of returns K17.4 Completion of ISA14 and ISA25 market value and statistical returns K17.5 Submission of annual returns K17.6 Penalties
	K18 HMRC inspection of CTF and ISA Providers	K18.1 Purpose, Process and requirements K18.2 Audit protection K18.3 Treatment of rule breaches, including those outside audit K18.4 Simplified voiding K18.5 Record retention
	K19 Managing an ISA	K19.1 Delegation of manager's functions K19.2 Investment rules K19.3 Open market price rule K19.4 Withdrawals from an ISA K19.5 Un-invested cash held in a stocks & shares ISA K19.6 Compensating investors K19.7 Using an ISA as security for a loan K19.8 Stock lending K19.9 Child Maintenance Deduction Orders K19.10 HMRC Direct Recovery of Debts
	U11 ISA and JISA income and tax claims	U11.1 Cash dividend U11.2 Bonus issues U11.3 Rights issues & other offers to shareholders U11.4 Shares being brought to listing/ paid for in instalments U11.5 Changes to investments held in a stocks & shares ISA U11.6 Income options U11.7 Income tax and claims U11.8 Interest on un-invested cash
	U12 Holder rights and tax claims	U12.1 Contract/advice notes U12.2 Statements and valuation U12.3 Shareholder rights U12.4 Correcting errors
	U13 Withdrawals, closure and death of an investor	U13.1 Withdrawals, including calculation of market value on withdrawal of investment from account U13.2 Date of closure and payment of outstanding benefits U13.3 Invalid accounts U13.4 Failure to adhere to regulations U13.5 Death of an investor, including additional permitted subscriptions for spouses U13.6 Death of the child (CTF)

U Demonstrate an understanding of:	U14 Transfers	U14.1 Purpose and processes of transfer, including cancellation U14.2 Partial transfers U14.3 Transfer of account manager U14.4 Transferring an ISA or JISA U14.5 Accrued dividends, interest or tax credits and income tax recoverable U14.6 CTF transfer to JISA
11D Investment trust savings/ plan administration		
K Demonstrate a knowledge of:	K20 Roles and responsibilities of parties operating the plan or scheme	K20.1 Capacity and responsibilities of agent/principal K20.2 Models of scheme administration, including delegated, outsourced and other third party functions K20.3 Management of risks associated with different administrative models
	K21 Scheme/ plan structures and characteristics	K21.1 Closed ended investment trust structure, and comparison with other types of funds K21.2 Range of investment trust shares and savings plans or schemes K21.3 Dealing, pricing, premiums and discounts K21.4 Gearing: advantages and drawbacks in terms of risk and flexibility K21.5 Past performance of investment trusts: key influences on risk and return K21.6 Investment trust savings scheme income and tax status K21.7 Venture capital trusts: structure, tax characteristics, past performance in terms of risk and returns K21.8 Fees, charges and commission structures
	K22 Promotional requirements	K22.1 Legal and regulatory requirements applicable to the promotion of investment trust savings schemes K22.2 Key information documentation requirements, including cancellation timescales
	K23 Provision of information versus advice	K23.1 Definitions and key differences between providing information and advice K23.2 Consequences of providing unauthorised or non-compliant advice K23.3 Relevance to different promotion and distribution channels: online, face to face, phone
	K24 Investment trust corporate actions and income distribution	K24.1 Main types of investment trust corporate actions K24.2 Roles and responsibilities of involved participants K24.3 Purpose and organisation of meetings that may be held K24.4 Impact on the investment trust administration cycle K24.5 Potential effects on NAV, premium/ discount spread, and trading patterns K24.6 HMRC requirements on the distribution, taxation and reporting of income to scheme clients

U Demonstrate an understanding of:	U15 Underpinning rationale and supporting regulations	U15.1 Underpinning legislation and regulation – FCA and EU U15.2 Benefits to the provider and clients of promoting investment trusts through savings plans U15.3 Risks and drawbacks to investors U15.4 Methods of investing
	U16 Investor protection / rights	U16.1 Protections and rights relating to the investment trust saving scheme U16.2 Difference in buying inside and outside scheme U16.3 Voting rights U16.4 Shareholder documentation U16.4.1 Annual reports and accounts U16.4.2 Corporate actions U16.5 Complaints and redress
	U17 Investment trust market settlement and reconciliation systems and processes	U17.1 Investment trust market settlement processes U17.2 Standard accounting practices U17.3 Client money and CMAR reporting U17.4 Reconciliation systems and processes, including timescales and error reporting U17.5 Awareness of operational risk management and mitigation

APEX12 Overseeing on a day-to-day basis administrative functions in relation to the effecting or carrying out of life policies		
Attainment Level	Outcome	Indicative Content
12 A Life Policies		
K Demonstrate knowledge of:	K1. Knowledge of basic product types <u>The purpose and structure of life and financial policies (WAS K6)</u>	K1.1 Whole of life K1.2 <u>Financial protection policies</u> K1.3 Endowments K1.4 Single premium investment bonds K1.5 Different types of business assurance contracts, group/individual products K1.6 Suitability, fees and charges
	K2. Basic principles of taxation of life policies (WAS K1)	K2.1 Tax treatment of premiums K2.2 Tax treatment of the <u>underlying fund</u> K2.3 Tax treatment of the benefits K2.4 <u>Qualifying policies</u> and non-qualifying policies: definitions and requirements K2.5 Offshore/onshore <u>considerations</u> K2.6 Chargeable events and <u>chargeable gains</u> K1.7 Requirements for qualifying policies K1.8 What can change status of qualifying policies K2.7 Inland Revenue <u>HMRC approval</u> K2.8 Endorsement/assignment/trading
	K3. Group life (WAS K2)	K3.1 Key features of a group life scheme K3.2 Group scheme vs individual policies K3.3 Employer <u>and employee</u> contributions
	K4. Premium payment methods and non-payment issues risks <u>(WAS K3)</u>	K4.1 how Payments methods are collected and their implications, including the risks of non-payment K3.2 Payment methods, risks and implications K4.2 Regular vs single premiums K3.5 Single premiums K4.3 Consequences of non-payment: paid up policies, lapses and reinstatements K3.7 Paid up policies K3.8 Lapses
	K5. policy issues <u>Arranging life policies (WAS K4)</u>	K5.1 Key stages K5.2 From proposal to policy: sale/pre sale considerations K5.3 Documents customers are entitled to receive K5.4 Requirements for offer, consideration and acceptance K5.5 Parties to the policy K5.6 <u>Insurable</u> interest K5.7 Probate K5.8 Legal capacity to take out a policy K5.9 Minimum ages K5.10 Jurisdiction K4.11 Offer and counter offer for proposals K5.12 Ordinary residence and domicile K5.13 Sale of policies K5.14 Mortgage related <u>assignments including mortgage related</u> <u>K5.15 Awareness of financial crime and identity fraud</u>

K Demonstrate knowledge of:	K6. Policy administration (WAS K7)	K6.1 Alteration K6.2 Typical variations K6.3 Assignment K6.4 Surrender K6.5 Late payments and consequences of non-payment K6.6 Paid up policies K6.7 Fund switching K6.8 Policy loans K6.9 Writing in trust at outset; representing trust at outset and declaring trust K6.10 Awareness of financial crime and identity fraud
	K7. Limits of authority (WAS K8)	K7.1 Importance of limits of authority and consequence of acting outside them K7.2 <u>Decision making</u>
U Demonstrate understanding of:	U1. Principles of medical underwriting	U1.1 Disclosure and the principle of utmost good faith <u>representation</u> U1.2 Non-disclosure and the consequences U1.3 Ratings/declinatures/exclusions/treatment of non standard risks U1.4 Types of evidence sought U1.5 GPR/MER/other tests <u>Relevant medical reports and tests</u> U1.6 Types of questionnaire U1.7 <u>Legislation concerning access to medical records</u>
	U2. Life policy claims (WAS U1)	U2.1 Proof of title and ownership e.g. assigned/in trust <u>U2.2 Key exclusions or considerations</u> U2.3 Options available on death, <u>maturity, disability, terminal illness and surrender</u> and documentation required U2.3 Options available on maturity and documentation required U2.4 Options available on disability and documentation required U2.5 Options available on terminal illness and documentation required U2.6 Options available on surrender and documentation required U2.4 Fraud awareness
	U3. Unit linking (WAS U2)	U3.1 principles: <u>How it unit linking works</u> U3.2 Different pricing bases U3.3 Allocation rates U3.4 <u>Charges and their impact on investment returns</u> U3.5 Capital units/accumulation units U3.6 Effect of charges on investment returns
	U4. With profits (WAS U3)	U4.1 How it with profits works: <u>principles of smoothing</u> U4.2 Market valuation reductions U4.3 Operating structure <u>U4.4 Charges and their impact on investment returns</u> U4.4 Valuation of unitised with profits and how this differs from traditional/standard with profits U4.5 How this with profits differs from unit-linked
	U5. Trusts (WAS U4)	U5.1 Definition and types of trust U5.2 Rights and responsibilities of the different

U Demonstrate understanding of:		<p>parties to a trust</p> <p>U5.3 Amendments to trusts</p> <p>U5.4 Effects of writing a plan in trust</p> <p>U5.5 Taxation of policies held by trustees</p>
	U6. Principles of financial underwriting (WAS U5)	<p>U6.1 Identifying financial risk</p> <p>U6.2 Managing risk</p> <p>U6.3 Insurable interest</p>
12B Pension Policies		
K Demonstrate knowledge of:	K8. Basic pension product types / features (WAS K11)	<p>K8.1 Post 'A' day Pension products</p> <p>K8.2 Carry over of pre 'A' day entitlement to Protected tax free cash: Section 32 buy out plans and applicable occupational schemes</p> <p>K8.3 Contribution limits according to age or income <u>Approval allowances limits</u></p> <p>K8.4 Options at retirement</p> <p>K8.5 Stakeholder contracts: key features and standards required to achieve stakeholder status</p> <p>K8.6 Interaction of state and pension provision <u>and private schemes</u> private schemes: ways in which schemes and individuals can contract out of State Second Pension; implications of doing so on both state benefits and the scheme used for contracting out</p>
	K9. Group pensions (WAS K12)	<p>K9.1 Key features of a group pension scheme (GPP and occupational scheme)</p> <p>K9.2 Distinction between employer trust schemes and contract based schemes <u>institution offered</u> manager schemes</p> <p>K9.3 Individual vs group: key differences and implications</p> <p>K9.4 Role and responsibilities of trustees</p> <p>K9.5 Employer contributions and limits of these</p> <p>K9.6 Employer/e regular or single premiums</p> <p>K9.7 Payment deadline date for employer contributions</p> <p>K9.8 Registration of schemes</p> <p>K9.9 Refunding contributions <u>Contribution refunds</u></p>
	K10. Basic principles of pension taxation (WAS K9)	<p>K10.1 Contributions</p> <p>K10.2 Pension fund</p> <p>K10.3 Benefits at crystallisation and on death</p> <p>K10.4 Tax treatment of payments <u>and contribution rewards</u></p> <p>K10.5 <u>Difference between authorised and unauthorised payments and the tax implications of each type</u></p>
	K11. inland revenue <u>HMRC</u> approval (WAS K10)	<p>K11.1 Mandatory and discretionary approval for schemes; <u>Process for obtaining and retaining the approval of mandatory and discretionary schemes</u></p> <p>K11.2 Post April 6 2006 Requirements for registered schemes</p>
	K12. The basic principles of auto enrolment (NEW <u>LEARNING OUTCOME</u>)	<p>K12.1 <u>The assessment process</u></p> <p>K12.2 <u>Postponement</u></p> <p>K12.3 <u>Phasing</u></p> <p>K12.4 <u>Cyclical re-enrolment</u></p> <p>K12.5 <u>Default and deferring issues</u></p>

K Demonstrate knowledge of:		<u>K12.6 Transfers of information</u> <u>K12.7 NEST</u>
	K13. Payment methods, processes and risks and non payment issues	K13.1 Who has responsibility to collect payments with each type of pension contract <u>K13.2 Anti-money laundering issues</u> K13.3 How payments are collected K13.3 Direct debits vs standing orders, DD guarantees, payment by cheque, cash, anti-money laundering issues, debit cards K13.4 Issues with different types of payment method K13.5 Transfers K13.6 Regular payments K13.7 Lump sum K13.8 Timing of payments K13.9 Consequences of non-payment
	K14. Pension policy issue <u>issuing of Pension policy administration</u>	K14.1 Key stages from application to pension <u>policy</u> issue and documentation to which customers are entitled K14.2 Information contained within illustrations and key features documents K14.3 Legal capacity to take out a pension: minimum ages for each pension type; jurisdiction; capacity to contract K14.4 Compliance procedures required when arranging a pension plan K14.5 Annual statements
	K15. Principles of medical <u>insurance</u> underwriting	K15.1 Impaired life annuities K15.2 Life assurance under registered pension schemes, group life insurance schemes and contribution protection <u>K15.3 Current legislation</u>
	K16. Financial <u>Services Conduct</u> Authority rules	K16.1 Illustrations K16.2 Cancellation notices and withdrawals K16.3 Timely execution K16.4 <u>Complaint process, data protection and dispute resolution</u>
	K17. Disclosure of information to <u>policy holders requirements</u>	K17. requirements under Current pensions legislation and data protection
	K18. Complaint referral	K18.1 Role of trustees, TPAS, Pensions Ombudsman: what each scheme can consider and how they interrelate with one another and the Financial Ombudsman Service
U Demonstrate understanding of:	U7. Pension claims and options available when taking benefits (WAS U6)	U7.1 Types of benefit payable, including widow <u>dependant's</u> pension and guarantees U7.2 Regular withdrawals U7.3 Paid-up/ surrender U7.4 Death claims: what is payable, to whom and documentation required U7.5 Pension fund withdrawal rules pre and post A day U7.6 Tax free cash sum: availability U7.7 Annuity: how it works, options available, open market option, factors influencing income

U Demonstrate an understanding of:		<p>received</p> <p>U7.8 Protected rights</p> <p>U7.8 Guaranteed minimum pensions</p> <p>U7.9 Transitional arrangements post 'A' day: preservation of tax free entitlement, enhanced protection and primary protection, <u>fixed and individual</u></p> <p>U7.1 Proof of age/retirement</p> <p>U7.11 How to deal with fund switches</p> <p>U7.11 Waiver of contribution benefit claims</p> <p>U7.12 Transfer claims: legal requirements, what can be transferred where, risk of 'trust busting' and steps to avoid it</p>
	U8. Pensions and divorce (WAS U7)	U8.1 Duties and rights of schemes and members in relation to how pension benefits can be treated on divorce
	U9. Unit linking (WAS U8)	<p>U9.1 Principles: how it works</p> <p>U9.2 Different pricing bases</p> <p>U9.3 Allocation rates</p> <p>U9.4 Charges</p> <p>U9.5 Capital units/accumulation units</p> <p>U9.6 Effect of charges on investment returns</p>
	U10. With profits <u>funds</u> (WAS U9)	<p>U10.1 How it works: Principles <u>and operating structure of</u> including smoothing</p> <p>U10.2 Market valuation reductions</p> <p>U10.3 Operating structure</p> <p>U10.3 Valuation of unitised with profits <u>funds</u> and how this differs from traditional/standard with profits <u>funds</u></p> <p>U10.4 How this differs from unit-linked <u>funds</u></p>
	U11. Trusts (WAS U10)	<p>U11.1 The role of trusts in pensions administration</p> <p>U11.2 Types of pension / benefits which can be placed under trust</p> <p>U11.3 How to deal with trusts</p> <p>U11.4 Responsibilities of the different parties to a trust</p> <p>U11.5 Amendments to trusts</p> <p>U11.6 Powers of trustees</p>
	U12. Policy administration <u>Administering changes to pension plans</u> (WAS U11)	<p>U12.1 Alterations, including projections</p> <p>U12.2 Typical variations</p> <p>U12.3 Late payments and consequences of non-payment</p> <p>U12.4 Waiver of contribution</p> <p>U12.5 Paid up pensions</p> <p>U12.2 Fund switching</p> <p>U12.7 Pension loans</p> <p>U12.3 Additional/fluctuating payments</p> <p>U12.9 Proof of earnings</p> <p>U12.4 Transfer in/out (from one scheme to another)</p> <p>U12.11 Death</p>

APEX14 Overseeing on a day-to-day basis administrative functions in relation to the operation of a stakeholder pension scheme		
Attainment Level	Outcome	Indicative Content
K Demonstrate knowledge of:	K1. Knowledge Features of basic pension product types /features- WAS K3	K1.1 Post 'A' day Pension products K1.2 carry over of pre 'A' day entitlement to Protected tax free cash: Section 32 buy out plans and applicable occupational schemes K1.3 Contribution limits according to age or income Approval allowances limit to income K1.4 Options at retirement K1.5 Stakeholder contracts: key features and standards required to achieve stakeholder status K1.6 Interaction of state and pension provision and private schemes private schemes: ways in which schemes and individuals can contract out of State Second Pension; implications of doing so on both state benefits and the scheme used for contracting out
	K2. Group pensions (WAS K4)	K2.1 Key features of a group pension scheme (GPP and occupational scheme) K2.2 Distinction between employer trust schemes and contract based schemes institution offered manager schemes K2.3 Individual vs group: key differences and implications K2.4 Role and responsibilities of trustees K2.5 Employer contributions and limits of these K2.6 Employer/e regular or single premiums K2.7 Payment deadline date for employer contributions K2.8 Registration of schemes K2.9 Refunding contributions Contribution refunds
	K3. Basic principles of pension taxation (WAS K1)	K3.1 Contributions K3.2 Pension fund K3.3 Benefits at crystallisation and on death K3.4 Tax treatment of payments <u>and contribution refunds</u> K1.5 Tax treatment of returnees' contributions (226 contracts) K3.5 Difference between authorised and unauthorised payments and the tax implications of each type
	K4. Inland revenue HMRC approval (WAS K2)	K4.1 Mandatory and discretionary approval for schemes; Process for obtaining and retaining the approval of mandatory and discretionary schemes K4.2 Post April 6 2006 Requirements for registered Schemes
	<u>K5. The basic principles of auto enrolment (NEW LEARNING OUTCOME)</u>	<u>K5.1 The assessment process</u> <u>K5.2 Postponement</u> <u>K5.3 Phasing</u> <u>K5.4 Cyclical re-enrolment</u> <u>K5.5 Default and deferring issues</u>

K Demonstrate knowledge of:		<u>K5.6 Transfers of information</u> <u>K5.7 NEST</u>
	K6. Payment methods, processes and risks and non payment issues (WAS K5)	K6.1 Who has responsibility to collect payments with each type of pension contract <u>K6.2 Anti money laundering issues</u> K6.3 How payments are collected K6.3 Direct debits vs standing orders, DD guarantees, payment by cheque, cash, anti-money laundering issues, debit cards K6.4 Issues with different types of payment method K6.5 Transfers K6.6 Regular payments K6.7 Lump sum K6.8 Timing of payments K6.9 Consequences of non-payment
	K7. Pension policy issue <u>Pension policy administration</u> (WAS K6)	K7.1 Key stages from application to pension <u>policy</u> issue and documentation to which customers are entitled K7.2 Information contained within illustrations and key features documents K7.3 Legal capacity to take out a pension: minimum ages for each pension type; jurisdiction; capacity to contract K7.4 Compliance procedures required when arranging a pension plan K7.5 Annual statements
	K8. Principles of medical <u>insurance</u> underwriting (WAS K7)	K8.1 Impaired life annuities K8.2 Life assurance under registered pension schemes, group life insurance schemes and contribution protection <u>K8.3 Current legislation</u>
	K9. Financial <u>Services Conduct</u> Authority rules (WAS K8)	K9.1 Illustrations K9.2 Cancellation notices and withdrawals K9.3 Timely execution K9.4 <u>Complaint process, data protection and dispute resolution</u>
	K10. Disclosure of information to <u>policy holders</u> requirements (WAS K9)	K10.1 Requirements under <u>Current pensions legislation and data protection</u>
	K11. Complaint referral	K11.1 Role of trustees, TPAS, Pensions Ombudsman: what each scheme can consider and how they interrelate with one another and the Financial Ombudsman Service
U Demonstrate understanding of:	U1. Pension claims and options available when taking benefits	U1.1 Types of benefit payable, including widow <u>dependant's</u> pension and guarantees U1.2 Regular withdrawals U1.3 Paid-up/ surrender U1.4 Death claims: what is payable, to whom and documentation required U1.5 Pension fund withdrawal rules pre and post A day U1.6 Tax free cash sum: availability U1.7 Annuity: how it works, options available, open

U Demonstrate an understanding of:		<p>market option, factors influencing income received</p> <p>U1.8 Protected rights</p> <p>U1.9 Guaranteed minimum pensions</p> <p>U1.10 Transitional arrangements post 'A' day: preservation of tax free entitlement, enhanced protection and primary protection, <u>fixed and individual</u></p> <p>U1.11 Proof of age/retirement</p> <p>U1.12 How to deal with fund switches</p> <p>U1.13 Waiver of contribution benefit claims</p> <p>U1.14 Transfer claims: legal requirements, what can be transferred where, risk of 'trust busting' and steps to avoid it</p>
	U2. Pensions and divorce	U2.1 Duties and rights of schemes and members in relation to how pension benefits can be treated on divorce
	U3. Unit linking	<p>U3.1 Principles: how it works</p> <p>U3.2 Different pricing bases</p> <p>U3.3 Allocation rates</p> <p>U3.4 Charges</p> <p>U3.5 Capital units/accumulation units</p> <p>U3.6 Effect of charges on investment returns</p>
	U4. With profits <u>funds</u>	<p>U4.1 How it works- Principles <u>and operating structure of including smoothing</u></p> <p>U4.2 Market valuation reductions</p> <p>U4.3 Operating structure</p> <p>U4.4 Valuation of unitised with profits <u>funds</u> and how this differs from traditional/standard with profits <u>funds</u></p> <p>U4.5 How this differs from unit-linked <u>funds</u></p>
	U5. Trusts	<p>U5.1 The role of trusts in pensions administration</p> <p>U5.2 Types of pension / benefits which can be placed under trust</p> <p>U5.3 How to deal with trusts</p> <p>U5.4 Responsibilities of the different parties to a trust</p> <p>U5.5 Amendments to trusts</p> <p>U5.6 Powers of trustees</p>
	U6. <u>Policy administration</u> <u>Administering changes to pension plans</u>	<p>U6.1 Alterations, including projections</p> <p>U6.2 Typical variations</p> <p>U6.3 Late payments and consequences of non-payment</p> <p>U6.4 Waiver of contribution</p> <p>U6.5 Paid up pensions</p> <p>U6.6 Fund switching</p> <p>U6.7 Pension loans</p> <p>U6.8 Additional / fluctuating payments</p> <p>U6.9 Proof of earnings</p> <p>U6.10 Transfer in/out (from one scheme to another)</p> <p>U6.11 Death</p>

APEX19 Investment Management		
Attainment Level	Outcome	Indicative Content
U Demonstrate an understanding of:	U1. The role of the investment management industry (NEW LEARNING OUTCOME)	<u>U1.1 Purposes and requirements of investment management</u> <u>U1.2 Participants and roles</u> <u>U1.3 Capital allocation</u> <u>U1.4 Stewardship</u> U1.3 Meeting client needs
	U2. The role and responsibilities of the investment manager (WAS U3)	<u>U2.1 Key stages of the investment management process</u> <u>U2.1.1 Identification of client objectives and constraints, and regulatory constraints</u> <u>U2.1.2 Investment strategy to meet client objectives</u> <u>U2.1.3 Implementation and maintenance of investment strategy</u> <u>U2.1.4 Review and control – purpose and requirements of annual and periodic reviews</u> <u>U2.1.5 Client reporting</u> <u>U2.1.6 Fiduciary responsibilities</u>
	U3. Discretionary and non discretionary portfolio management (WAS U4)	U3.1 Key operating features of each type <u>U3.1 Differences between discretionary and non-discretionary portfolio management, including contractual and regulatory differences</u> <u>U3.2 Suitability requirements</u> <u>U3.3 Reporting requirements</u> <u>U3.4 Understanding of mandate and limits of authority</u> <u>U3.5 Fees, charges and commission flows</u> U3.5 Fiduciary responsibilities according to portfolio management style
	U4. Establishing and meeting client objectives (WAS U1)	<u>U4.1 Assessing the client's current investment portfolio</u> <u>U4.2 Establishing and clarifying the client's objectives and income requirements</u> <u>U4.3 Identifying and confirming the client's attitude to risk and capacity for loss</u> <u>U4.4 Investment restrictions</u> <u>U4.5 Investment time horizons</u> <u>U4.6 Client liquidity requirements</u> U4.7 Conflicts
	U5. Fundamentals of macro and micro economics applicable to investment management	<u>U5.1 Supply and demand</u> <u>U5.2 Costs – production, average, marginal, total</u> <u>U5.3 Economies and diseconomies of scale</u> <u>U5.4 Perfect competition, monopoly and oligopoly</u> <u>U5.5 Commonly used methods of assessing industries, companies and property investments</u> <u>U5.6 Inequality of information</u>
	U6. Principles of financial mathematics (WAS U12)	<u>U6.1 Simple and compound interest</u> <u>U6.2 Present and future value calculations</u> <u>U6.3 Discounted cash flow</u> <u>U6.4 Internal rate of return and net present value</u> <u>U6.5 Calculation and use of yields and yield curves for cash, fixed interest and property</u>
	U7. Data and regression	<u>U7.1 Sources of data – primary and secondary; sampling; continuous and discrete; categorical</u>

U Demonstrate an understanding of:	<u>statistical analysis (WAS U10)</u>	<p>data; frequency and relative frequency distribution; presentation methods</p> <p>U7.2 summary Data and linear regression – averages; arithmetic and geometric mean, mode and median, methods of dispersion: standard deviation</p> <p>U7.3 Correlation and linear regression</p>
	<u>U8. financial analysis and ratio analysis Financial statement and ratio analysis (WAS U14 & 15)</u>	<p>U8.1 Statutory accounting requirements and how they impact on the information reported</p> <p>U8.2 Balance sheet/<u>statement of financial position</u></p> <p>U8.3 Profit and loss account/<u>income statement</u></p> <p>U8.4 Cash flow statement</p> <p>U8.5 Principles of consolidation</p> <p>U9.6 Accounting ratios</p> <p>U9.7 Benchmarks</p> <p><u>U9.6 Business and asset valuation and methods</u></p> <p>U9.9 Earnings per share</p> <p>U9.10 Dividends per share/dividend cover</p> <p>U9.11 Price/earnings ratio</p> <p>U9.11 Earnings before interest taxes depreciation and amortization (EBITDA)</p> <p>U9.12 Return on capital employed (ROCE)</p> <p>U9.13 Quick ratio</p> <p><u>U8.7 Key financial ratios measuring business activity, liquidity, solvency and profitability</u></p> <p><u>U8.8 Application and limitations of financial ratios</u></p>
	<u>U9. Behaviour, performance, risk profile and correlation of key investment types Risk and reward characteristics of the main asset classes and investment instruments, including price discovery (WAS U2)</u>	<p>U9.1 Main asset classes, instruments and securities</p> <p>U9.2 Alternative investment vehicles</p> <p>U6.3 Yields – flat and redemption yields, semi and annual yields; fixed interest yields; property yields; yield curves</p> <p>U6.1 Fixed interest securities</p> <p>U6.2 Equities</p> <p>U6.3 Bonds</p> <p>U6.4 Derivatives</p> <p>U6.5 Foreign exchange</p> <p>U6.6 Real estate</p> <p>U6.7 Currencies including cash</p> <p>U6.8 Hedge funds</p> <p>U6.9 Pooled investments</p> <p>U6.10 Alternative investment vehicles</p>
	<u>U10. Investment structures fund objectives and approaches (WAS U5)</u>	<p>U10.1 Objectives of funds: pension funds; life assurance funds; hedge funds etc</p> <p>U10.2 Objectives of retail investment funds, both open and closed structures</p> <p>U10.3 Analysing the underlying composition of funds</p> <p>U10.4 Passive and aggressive management styles</p> <p>U10.5 Index trackers vs stock pickers</p>
	<u>U11. Investment styles and approaches</u>	<p><u>U11.1 Passive management</u></p> <p><u>U11.2 Active management</u></p> <p><u>U11.3 Alternative index approaches (e.g. Smart beta)</u></p>
	<u>U12. Investment costs and charges</u>	<p><u>U12.1 Transaction costs and taxes</u></p> <p><u>U12.2 Market liquidity and price impact</u></p> <p><u>U12.3 Bid-ask spreads</u></p> <p><u>U12.4 Research costs and how paid for</u></p>

U Demonstrate an understanding of:	U11. How investments returns and correlation are related to investment risk (WAS U7)	U12.5 Annual management fees U11.1 Inflation and investment returns – nominal and – real U11.2 The effects of compound interest U11.3 The time value of money U11.2 Varying investment returns from the main asset – classes U11.3 Risks associated with investing in foreign – markets, especially emerging markets U11.4 Correlation between asset classes
	U12. Principles of portfolio theory (WAS U8)	U12.1 Portfolio styles U12.2 Behaviour of asset classes U12.1 Use of derivatives for efficient portfolio – management U12.4 Risk and return U12.2 Diversification U12.3 Capital asset pricing model U12.4 Arbitrage pricing theory U12.5 Efficient frontier/market hypothesis
	U13. Types of Managing investment related risks (FROM ApEx8)	U13.1 Market risk U13.2 Credit risk U13.3 Liquidity risk U13.4 Operational risk U13.5 Hedging currency and country risk
	U14. Indices (WAS U11)	U14.1 Indices and their application in financial markets U14.2 Passive and aggressive management styles U14.3 Index trackers vs stock pickers MOVE TO U15
	U14. Performance measurement (WAS U9)	U14.1 Total return and its components U14.2 Money weighted and time weighted returns U14.3 Indices and their application in financial markets U14.4 Benchmarking and relative performance U14.5 Risk adjusted returns U14.6 Attribution analysis U14.7 Actual vs relative performance U14.8 Impact of turnover, costs and cash flow on – investment performance
	U15. Information sources and disclosure obligations and bias thereof (WAS U16)	U15.1 Periodic reporting by issuers U15.2 Ad hoc announcements U15.3 News services, RNS, PIPs and SIPs U15.4 Investment research and sales notes U15.5 Financial journalism U15.6 Transparency obligations of shareholders
A Demonstrate the ability to apply:	A1. Application of the principles of measurement (WAS A1)	A.1 – Apply the principles of measurement in order to – assess risk and return
	A2. Application of the principles of portfolio theory (WAS A2)	A2.1 – Apply the principles of portfolio theory in order – to construct and/or evaluate portfolios
	A1. The principles of portfolio construction theory and practice (WAS	A1.1 – To construct, monitor and evaluate investment – portfolios in accordance with regulatory and – client requirements A1.2 – To maintain the portfolio composition in – accordance with agreed risk and return

A Demonstrate the ability to apply:	<u>A2)</u>	<u>objectives</u>
	<u>An2. Interpretation of financial information and interpretation and comparison of financial ratios</u> The principles of investment analysis (WAS An1 and 2)	<p>An2.1 To analyse and interpret a range of financial information and draw reasoned conclusions</p> <p>A2.2 To formulate reasoned decisions concerning the suitability, type, amount and holding period of investments to be held within a portfolio</p> <p>A2.3 To monitor the portfolio investments throughout the holding period, paying attention to market volatility, investment profitability, and wider industry and economic trends</p> <p>An1.2 Analyse, interpret and compare financial ratios and draw reasoned conclusions</p>
	<u>A3. The principles of risk and return management (WAS A1)</u>	<p>A3.1 To assess the performance of investment portfolios on an absolute and comparative basis</p> <p>A3.2 To rebalance or otherwise make adjustments to the portfolio where necessary</p>
	<u>U1. Establishing and meeting client objectives (NOW U4)</u>	<p>U1.1 Assessing the client's current investment portfolio</p> <p>U1.2 Establishing and clarifying the client's objectives and income requirements</p> <p>U1.3 Identifying and confirming the client's attitude to risk</p> <p>U1.4 Investment restrictions</p> <p>U1.5 Investment time horizons</p> <p>U1.6 Client liquidity requirements</p> <p>U1.7 Conflicts</p>
	<u>U2. Behaviour, performance, risk profile and correlation of key investment types (NOW U5)</u>	<p>U2.1 Fixed interest securities</p> <p>U2.2 Equities</p> <p>U2.3 Bonds</p> <p>U2.4 Derivatives</p> <p>U2.5 Foreign exchange</p> <p>U2.6 Real estate</p> <p>U2.7 Currencies including cash</p> <p>U2.8 Hedge funds</p> <p>U2.9 Pooled investments</p> <p>U2.10 Alternative investment vehicles</p>
	<u>U3. The role of the investment manager (NOW U2)</u>	<p>U3.1 Key stages of the investment management process</p> <p>U3.1.1 Identification of client objectives and constraints, and regulatory restrictions</p> <p>U3.1.2 Investment strategy to meet client objectives</p> <p>U3.1.3 Implementation of investment strategy</p> <p>U3.1.4 Review and control – purpose and requirements of annual and periodic reviews</p> <p>U3.1.5 Client reporting</p>
	<u>U4. Discretionary and non-discretionary portfolio management (NOW U3)</u>	<p>U4.1 Key operating features of each type</p> <p>U4.2 Differences between discretionary and non-discretionary portfolio management, including contractual and regulatory differences</p> <p>U4.3 Reporting requirements</p> <p>U4.4 Understanding of mandate and limits of authority</p> <p>U4.5 Fiduciary responsibilities according to portfolio management style</p>
	<u>U5. Investment fund objectives</u>	<p>U5.1 Objectives of funds: pension funds; life assurance funds; hedge funds etc</p>

U Demonstrate an understanding of:	and approaches (NOW U6)	U5.2 Objectives of retail investment funds, both open ——— and closed structures U5.3 Analysing the underlying composition of funds U5.4 Passive and aggressive management styles U5.5 Index trackers vs stock pickers
	U6. Fundamentals of economics applicable to investment management (NOW U5)	U6.1 Supply and demand U6.2 Costs — production, average, marginal, total U6.3 Economies and diseconomies of scale U6.4 Perfect competition, monopoly and oligopoly U6.5 Commonly used methods of assessing industries, ——— companies and property investments U6.6 Inequality of information
	U7. How investments returns are related to investment risk (NOW U11)	U7.1 Inflation and investment returns — nominal and ——— real U7.2 The effects of compound interest U7.3 The time value of money U7.4 Varying investment returns from the main asset ——— classes U7.5 Risks associated with investing in foreign ——— markets, especially emerging markets U7.6 Correlation between asset classes
	U8. Principles of portfolio theory (NOW U12)	U8.1 Portfolio styles U8.2 Behaviour of asset classes U8.3 Use of derivatives for efficient portfolio ——— management U8.4 Risk and return U8.5 Diversification U8.6 Capital asset pricing model
	U9. Performance measurement (NOW U15)	U9.1 Total return and its components U9.2 Money weighted and time weighted returns U9.3 Benchmarking and relative performance U9.4 Risk adjusted returns U9.5 Attribution analysis U9.6 Actual vs relative performance
	U10. Data and regression (NOW U8)	U10.1 Sources of data — primary and secondary; ——— sampling; continuous and discrete; categorical ——— data; frequency and relative frequency ——— distribution; presentation methods U10.2 Summary data and linear regression — averages; arithmetic and geometric mean, mode and ——— median, methods of dispersion: standard deviation U10.3 Correlation and linear regression
	U11. Indices (NOW U14)	U11.1 Indices and their application in financial markets
	U12. Principles of financial mathematics (NOW U10)	U12.1 Simple and compound interest U12.2 Present and future value calculations U12.3 Internal rate of return and net present value
U Demonstrate understanding of:	U13. Principles of measurement (NOW U6)	U13.1 Yields — flat and redemption yields, semi and ——— annual yields; fixed interest yields; property ——— yields; yield curves U13.2 Measuring investment return from different ——— asset classes U13.3 Discounting cash flow U13.4 Notion of time value

		U13.5 Measuring risk and return
A Demonstrate the ability to apply:	A1. Application of the principles of measurement (NOW A1)	A.1 Apply the principles of measurement in order to assess risk and return
	A2. Application of the principles of portfolio theory (NOW A2)	A2.1 Apply the principles of portfolio theory in order to construct and/or evaluate portfolios
U Demonstrate an understanding of:	U14. Financial analysis (NOW U9)	U14.1 Statutory accounting requirements and how they impact on the information reported U14.2 Balance sheet U14.3 Profit and loss account U14.4 Cash flow statement U14.5 Principles of consolidation U14.6 Accounting ratios U14.7 Benchmarks U14.8 Valuations
An Demonstrate the ability to analyse:	An1. Interpretation of financial information (NOW An1)	An1.1 Analyse and interpret a range of financial information and draw reasoned conclusions
U Demonstrate understanding of:	U15. Ratio analysis (NOW U9)	U15.1 Earnings per share U15.2 Dividends per share U15.3 Price/earnings ratio U15.4 Earnings before interest taxes depreciation and amortization (EBITDA) U15.5 Return on capital employed (ROCE) U15.6 Quick ratio
An Demonstrate the ability to analyse	An2. Interpretation and comparison of financial ratios (NOW An1)	An2.1 Analyse, interpret and compare financial ratios and draw reasoned conclusions
U Demonstrate understanding of:	U16. Information sources and disclosure obligations and bias thereof (NOW U16)	U16.1 Periodic reporting by issuers U16.2 Ad hoc announcements U16.3 News services, RNS, PIPs and SIPs U16.4 Investment research and sales notes U16.5 Financial journalism U16.6 Transparency obligations of shareholders

APEX20 Equity Release (including home reversion plans and lifetime mortgages) – Equity Release Text in Red – Home Reversion Text in Blue – Lifetime Mortgage Text in Green		
Attainment Level	Outcome	Indicative Content
K Demonstrate a knowledge of:	K1. The <u>FCA regulatory</u> definition of equity release, a home reversion (HR) plan, lifetime mortgages (LTM) & alternative methods of equity release/capital raising	<p>K1.1 Definition of equity release</p> <p>K1.2 Definition of a home reversion plan</p> <p>K1.3 The definition of a lifetime mortgage</p>
U Demonstrate an understanding of:	U1. The principles of equity release, the types of equity release schemes available and the circumstances for which such schemes might be appropriate	<p>U1.1 Principles of equity release schemes & the requirements of the <u>FSCA's</u> Conduct of Business rules for home finance – including lifetime mortgages (LTMs) and HRs</p> <p>U1.2 Definition of equity release</p> <p>U1.3 Different schemes available, how they work and the advantages/disadvantages of each type of scheme</p> <p>U1.4 Role of market participants in the equity release process – e.g. providers, administrators (especially where different from provider), arrangers and advisers, <u>conveyancers, solicitors and surveyors</u></p> <p>U1.5 Regional variations within the UK</p> <p>U1.6 <u>SHIP Equity Release Council</u> requirement for a solicitor's certificate documenting that independent legal advice has been provided</p> <p>U1.7 Market background and market history of equity release products – including market issues in 1980s/90s</p> <p>U1.8 Rationale of regulation for consumer protection underpinning both <u>SHIP Code</u> <u>Equity Release Council Statement of Principles, Rules & Guidance</u> and MCOB – including high-level generic risks: potentially vulnerable consumers; how mis-buying or mis-selling can occur; need for legal advice; fair valuations; rights and liabilities as tenants; security of tenure; access to redress</p> <p>U1.9 The generic sales process including regulatory requirements and documents such as the Initial Disclosure Document (IDD) and the Key Facts Illustration (KFI)</p> <p>U1.10 Features of HR plans in relation to other schemes and the impact on consumer of what they are giving-up (ownership of all or part of</p>

<p>U Demonstrate an understanding of:</p>		<p>property), the difference between legal and beneficial ownership</p> <p>U1.11 How an HR plan arrangement may be structured depending on provider</p> <p>U1.12 Potential rental and associated charges</p> <p>U1.13 The importance of consumer taking independent legal advice regarding ongoing responsibilities</p> <p>U1.14 Division of responsibilities between solicitors and financial advisers with regards to HRs</p> <p>U1.15 The status of the HR plan provider and the need to highlight extra risks where provider is not FSCA authorised</p> <p>U1.1 LTM schemes available, how they work and relative advantages/disadvantages</p>
	<p>U2. The types of consumer at whom equity release is targeted and their personal requirements, wants and needs</p>	<p>U2.1 Types of consumer who may seek an equity release solution:</p> <p>U2.1.1 Those who need to realise the value of their assets</p> <p>U2.1.2 Those who choose to realise the value of their assets</p> <p>U2.1.3 Consumer behavioural matters – “asset rich/cash poor”, “need v choice”</p> <p>U2.1.4 Less need/desire to leave legacy if adult children are more wealthy</p> <p>U2.2 Requirements for:</p> <p>U2.2.1 Raising capital in retirement</p> <p>U2.2.2 Increasing income in retirement</p> <p>U2.2.3 Current and expected expenditure levels</p> <p>U2.2.4 Supplementing a pension in retirement <u>income</u></p> <p>U2.2.5 Funding home improvements</p> <p>U2.2.6 Financing health/long-term care needs</p> <p>U2.2.7 Inheritance tax planning</p> <p>U2.2.8 Helping family members</p> <p>U2.2.9 Funding ‘big ticket’ purchases such as cars, holidays</p> <p>U2.2.10 Lifestyle choices and personal reasons other than those covered above</p> <p>U2.3 Role of equity release as part of overall retirement planning</p> <p>U2.4 Suitability assessment, taking account of the purpose of the equity release and the investment vehicle utilised</p> <p>U2.5 Rationale for the ‘suitability’ of equity release where used/part-used to raise emergency or contingency funds and placed on deposit <u>and the amount</u></p> <p>U2.6 The personal and property status requirements of HR plan providers and consumers’ potential eligibility for schemes</p> <p>U2.7 Typical eligibility criteria of HR providers</p> <p>U2.8 HR plan and impact/implications for single and joint applicants</p>
	<p>U3. The circumstances in</p>	<p>U3.1 Generic advantages/disadvantages of equity release in general and lifetime mortgages and</p>

<p>U Demonstrate an understanding of:</p>	<p>which equity release may be appropriate and how these are influenced by consumers' preferences and financial needs</p>	<p>home reversion plans in particular</p> <p>U3.2 How customer needs, <u>health and lifestyle</u> circumstances, preferences and objectives will inform and lead the process</p> <p>U3.3 Savings and investment levels</p> <p>U3.4 Customers' preference for leaving an estate on death</p> <p>U3.5 Increased income/liquid capital for asset <u>rich/income poor consumers</u></p> <p>U3.6 Maintaining a level of income/lifestyle comparable with that of pre-retirement income</p> <p>U3.7 Provision of funds towards cost of health and/or long-term care, lifestyle choices</p> <p>U3.8 Use and appropriateness of equity release as a method of realising assets instead of trading down</p> <p>U3.9 The advantages/disadvantages of lump-sum products against those offering flexible draw-down</p> <p>U3.10 The advantages/disadvantages/suitability of using capital for investment to produce an income as against utilising an equity release draw-down facility via a lifetime mortgage or HR plan</p> <p>U3.11 The differences between providing temporary or guaranteed income</p> <p>U3.12 Product portability – whether product accommodates any potential lifestyle change if desired or needed</p> <p>U3.13 Impact on inheritance tax planning</p> <p>U3.14 Lack of inherent restriction on use of lump sum raised via equity release</p> <p>U3.15 Role of <u>SHHP Equity Release Council</u> and the <u>SHHP Equity Release Council</u> members' guarantee/<u>Code of Practice Statement of Principles</u></p> <p>U3.16 Portability: implications of moving house, right to move (ability to move house under plan)</p> <p>U3.17 Importance of taking independent legal advice before completing a HR contract and what this means</p> <p>U3.18 FSA requirement on firms to obtain confirmation that consumer has obtained legal advice (MCOB 2.6A.5)</p>
	<p>U4. The impact on consumers' future customer options</p>	<p>U4.1 Impact of dying intestate and importance of a valid Will <u>and the importance of a power of attorney both for health and welfare and property affairs</u></p> <p>U4.2 Effect upon single and joint occupiers – 'last survivor' basis of schemes</p> <p>U4.3 Impact of property being owned single or jointly; joint tenancy/tenancies in common</p> <p>U4.4 Impact on ability to vary – e.g. change of <u>reversion occupiers</u></p> <p>U4.5 Impact on estate of sale or % sale</p>

<p>U Demonstrate an understanding of:</p>		<p><u>U4.6 Impact on right to move</u></p> <p><u>U4.7 Impact of any inheritance protection guarantees and that the cost of these guarantees to the reversion provider will be passed on to the customer in the reversion offer</u></p> <p><u>U4.8 Impact of shared appreciation or house price inflation guarantees if applicable</u></p> <p><u>U4.9 Terms and conditions common to HR contracts:</u></p> <p><u>U4.9.1 Rules of occupancy</u></p> <p><u>U4.9.2 Waivers and indemnities for residents other than reversion occupier</u></p> <p><u>U4.9.3 Vacating property</u></p> <p><u>U4.9.4 Time period for occupancy</u></p> <p><u>U4.9.5 Ability to let or sub-let</u></p> <p><u>U4.9.6 Maintenance provisions</u></p> <p><u>U4.9.7 Need to consult with reversion provider if the occupier wishes to leave the property empty or do structural alterations etc</u></p> <p><u>U4.9.98 Building insurance requirements</u></p> <p>U4.10 The importance of legally registering the HR arrangement correctly, the HR provider's duty of care to ensure solicitor takes on these responsibilities regarding contract issues, title, registration of lease etc. as appropriate</p> <p>U4.11 Importance of taking independent legal advice before signing legal documentation and commitment to a legal contract, reversion provider's duty of care to ensure that homeowner/potential reversion occupier takes independent legal advice</p> <p><u>U4.12 Impact of ending scheme: early and on death or need to enter long term care (qualifying termination event) and early repayment charges</u></p> <p>U4.13 Impact of plan provider's definition of entering long term care</p> <p>U4.14 Impact of guarantees regarding 'no negative equity'/legacy element within an LTM arrangement</p>
	<p>U5. The key features, relative advantages and disadvantages of different types of equity release arrangements and principal alternatives</p>	<p>U5.1 The features, benefits and risks of lifetime mortgages, HRs and methods of releasing equity</p> <p>U5.2 Grants applicable and tax treatment of different options</p> <p>U5.3 The features, advantages and disadvantages of HR plans in relation to the individual client/potential reversion occupier:</p> <p>U5.3.1 Implications of equity sale</p> <p>U5.3.2 Property [or share] reverts to revision provider on death or entering long-term care</p> <p>U5.3.3 Reasons why amount received under most HR plans will be less than the open market value if property sold with vacant possession</p> <p>U5.3.4 Independent valuation requirement</p> <p>U5.3.5 Other factors influencing provider's offer</p>

<p>U Demonstrate an understanding of:</p>		<p>U5.3.6 Ability for future equity release if % share Retained</p> <p>U5.3.7 Lifetime lease conditions and implications, and right to reside in property until death or entering into long-term care</p> <p>U5.3.8 Generic examples of advantages/disadvantages of HR plans</p> <p>U5.3.9 Rights of partner to live in property (joint HR plans) – ‘last survivor’</p> <p>U5.3.10 Variations in types of HR plan and how these impact on individual client/potential reversion occupier</p> <p>U5.4 Features, benefits and risks specific to lifetime mortgages</p> <p>U5.4.1 Rolled up interest (income, lump sum), <u>compound v simple interest</u></p> <p>U5.4.2 Home income plans</p> <p>U5.4.3 Interest-only mortgages</p> <p>U5.4.4 Drawdown mortgages</p> <p>U5.4.5 Other LTM products coming into the market</p>
	<p>U6. The rules relating to state benefits and taxation. The sources of information and specialist advice regarding the implications for these of entering into an equity release arrangement</p>	<p>U6.1 Impact on state benefits and tax position (principle and main areas) – e.g. potential impact on age related allowances, means tested benefits such as pension credit benefits and support and council tax benefits if capital/income above certain limits, including also local authority funded long term care</p> <p>U6.2 Methods and sources of information of assessing financial implications of equity release versus impact on benefits <u>including supplementary sources of information for advisers</u></p> <p>U6.3 Need to explore customer’s entitlement to benefits including Pension Credit – whether being claimed or not</p> <p>U6.4 Sources of information and specialist advice on benefits and taxation and when to refer</p> <p>U6.5 Potential differences in impact between different equity release schemes</p> <p>U6.6 regional UK variations</p>
<p>A Demonstrate the ability to apply</p>	<p>A1. Suitable equity release solutions to the circumstances of different types of consumer</p>	<p>A1.1 Principles of ethical advice and requirements of FSCA rules</p> <p>A1.2 Methods of verifying information supplied by consumers</p> <p>A1.3 Methods of checking that equity release solutions match consumers’ needs, demands and circumstances <u>now and in the future</u></p> <p>A1.4 Consider how life expectancy, <u>health and lifestyle</u> might influence choice of type of equity release product and also how anticipated changes to health might influence the date at which scheme ends</p> <p>A1.5 Importance of deciding whether or not to discuss solutions with the consumers’ family/potential beneficiaries, <u>the</u></p>

A Demonstrate the ability to apply		<p><u>appropriateness, implications and influence of third party involvement</u> and when this is appropriate</p> <p>A1.6 Measures in place to protect consumers' interests and their applicability – e.g. regulation, complaints processes, Ombudsman, FSCS, SHHP <u>Equity Release Council</u> etc</p> <p>A1.7 Importance of explaining complex technical matters to customers in a way that can be understood and the importance of checking understanding</p> <p>A1.8 Rule requirements relating to financial promotions & importantly to disclosure requirements</p> <p>A1.9 Generic assessment of suitability, including instances when an equity release plan is not the most appropriate course of action</p> <p>A1.10 Minimum standards for suitability as required under <u>FSCA rules (identify client needs, meet them and in the most cost effective way)</u></p> <p>A1.11 Requirements of rules regarding potential reversion <u>3rd party</u> occupier taking-up independent legal advice</p>
An Demonstrate the ability to analyse	An1. The suitability, and affordability of the different types of equity release plans and their principal alternatives for different types of consumer	<p>An.1.1 Option of trading down to release equity</p> <p>An1.2 Potential <u>for</u> letting part of the property to generate an income</p> <p>An1.3 Disposing of other available assets first</p> <p>An1.4 'Conventional' borrowing options – e.g. ordinary remortgage, bank loan, <u>credit card</u></p> <p>An1.5 Potential availability of grants – what options may be available and where to find relevant information and/or advice</p> <p>An1.6 Sale and rent options <u>and their impact on state benefits</u></p> <p>An1.7 'do nothing option' – e.g. avoid equity release By reviewing/adjusting lifestyle, income/expenditure management</p> <p>An1.8 Informal arrangements – e.g. money from relatives</p> <p>An1.9 Restructuring of existing personal pension arrangements where possible/practical of ways of increasing income – e.g. seeking part-time paid work</p> <p>An1.10 Sources of debt advice where monies are wanted to pay off debts</p> <p>An1.11 How personal health circumstances and needs affect choice of products</p> <p>An1.12 need to establish Current level of savings and investments</p> <p>An1.13 Anticipated legacies and inheritances</p> <p>An1.14 <u>The impact of HR plans – including legal title, impact upon death, tenant occupant status and considerations as regards property insurance and property maintenance, opportunity for further equity release if only part sold initially.</u></p>

An Demonstrate the ability to analyse		<p><u>impact of choice on estate</u></p> <p>As1.15 Lifetime mortgages products and options and distinguishing features(including whether the consumer wants a no-negative equity guarantee and the impact of choice on estate)</p>
As Demonstrate the ability to assess	As1. The advantages, disadvantages and potential risks to consumers associated with taking out equity release, and when these might arise	<p>As1.1 Factors that influence whether the consumer has access to further funds – e.g. possible restructuring of pensions and investments</p> <p>As1.2 Impact of increased capital/income on means tested benefits including availability of local authority funded long term care <u>including impact on eligibility for a deferred payment agreement (DPA)</u></p> <p>As1.3 Impact on tax liability</p> <p>As1.4 Impact of use of finite resource – e.g. sale proceeds can only be spent once, impact of inability to use/finance for later long-term care needs etc</p> <p>As1.5 Likelihood that a surviving spouse will need/want to move and impact equity release arrangements have on future choices</p> <p>As1.6 Potential restrictions regarding future alterations to the property and impact of any repair/maintenance and insurance clauses</p> <p>As1.7 Impact of divorce and/or remarriage</p> <p><u>As1.8 Impact of loss of capacity</u></p> <p>As1.8 Impact of inflation on fixed income (if funds intended for investment or annuity to produce a regular income line)</p> <p>As1.9 The impact of length of time taken to complete</p> <p>As1.10 Impact of not being able to use home as security for potential future borrowing, loans or mortgage</p> <p><u>As1.11 the Purpose of the loan/equity release</u></p> <p>As1.12 Ability/inability to repurchase or inheritors to repurchase equity share and financial implications of seeking to repurchase equity share</p> <p>As1.13 Impact of limitations within lease —e.g. on having someone move into the property</p> <p>As1.14 Principal terms of [lifelong] lease</p> <p>As1.15 Impact of terms and conditions arising from variations in type of HR plan</p> <p>As1.16 Other factors and costs associated with taking out a HR plan and timescale required to complete the process</p> <p><u>As1.17 Impact of future inability to sublet or allow anyone (including family members) to gain tenancy rights or even live in property without permission of reversion provider</u></p> <p><u>As1.18 How debt can increase rapidly where interest is rolled-up and how it is scheduled</u></p> <p>As1.19 Possibility of negative equity (certain products and providers [non-SHP <u>Equity Release Council</u>])</p>

As Demonstrate the ability to assess		<p>As1.20 Terms associated with early repayment</p> <p>As2.1 Life expectancy</p> <p>As2.2 Health considerations</p> <p>As2.3 Amount of equity and amount consumer wishes to release</p> <p>As2.4 Purpose of the equity release</p> <p>As2.5 Impact upon any beneficiaries</p> <p>As2.6 Existing and planned provision for long-term care</p>
	As2. The relative levels of risk for different consumers taking account of their individual circumstances	<p>As2.1 Life expectancy</p> <p>As2.2 Health considerations</p> <p>As2.3 Amount of equity and amount consumer wishes to release</p> <p>As2.4 Purpose of the equity release</p> <p>As2.5 Impact upon any beneficiaries</p> <p>As2.6 Existing and planned provision for long-term care</p> <p><u>All moved to As1.</u></p>

APEX21 Pension Transfers		
Attainment Level	Outcome	Indicative Content
K Demonstrate a knowledge of:	K1. Regulatory definition of a pension transfer and opt outs	K1.1 Financial Services <u>Conduct</u> Authority's definition
U Demonstrate an understanding of:	U1. Financial <u>Conduct</u> Services Authority and The Pensions Regulator Rules	U1.1 FSCA rules specific to pension transfers and opt outs U1.1.1 RU64 rule U1.1.2 Record keeping U1.1.3 Reporting U1.1.4 Insistent customers U1.1.5 Suitability U1.1.6 TVAS U1.2 The Pensions Regulator rules U1.2.1 How scheme is run U1.2.2 Responsibility of trustees U1.2.3 Guidance for cash incentives U1.2.4 Annual fund statement <u>including voluntary codes</u> <u>U1.2.5 Due diligence & scams</u>
	U2. Main parties involved in a pension transfer	U2.1 Roles and responsibilities of those involved in the pension transfer process <u>including Pension wise</u> U2.2 Motivation for transfer, including pension unlocking, and reasons for advice given <u>and the ABI estimated time standard</u>
	U3. The role of the pension transfer specialist	U3.1 Key stages of the pension transfer process U3.1.1 Client objectives and restraints, regulatory restrictions U3.1.2 Retirement strategy to meet client objectives U3.1.3 Implementation of retirement strategy U3.1.4 Responsibility for post-transfer review and control
	U4. Establishing and meeting client objectives	U4.1 Current relevant pension arrangements U4.2 Other relevant assets and financial and personal information U4.3 Client pension objectives and expectations of outcome, including income requirements U4.4 Attitude to risk <u>U4.5 Capacity to for loss</u> U4.5 How and when benefits will be taken U4.6 Client liquidity requirements
	U5. Rights and options of leavers	U5.1 Transfer value U5.2 Ill health, <u>disability and other forms of</u> benefits U5.3 Early retirement benefits and impact on critical yield U5.4 Deferred benefits
	U6. Critical yield	U6.1 Basic principles of TVAS U6.2 Asset allocation and how critical yield might be achieved U6.3 What benefits affect the critical yield
	U7. Apply rules regarding	U7.1 Shadow benefits in the event of divorce U7.2 Implications of pension sharing and impact on

U Demonstrate an understanding of:	pension transfers and divorce	<p>the transfer</p> <p>U7.3 Issues surrounding pension sharing versus attachment orders</p> <p>U7.4 The difference <u>relevance</u> between legal systems in England and Scotland <u>the UK in terms of divorce</u></p>
	U8. Schemes with solvency issues	<p>U8.1 The role and impact of the Pension Protection Fund</p> <p>U8.2 The role and impact of the Financial <u>Pension Ombudsman Service over disputes on pension transfers</u></p> <p>U8.3 <u>The impact of solvency of the transfer value</u></p> <p>U8.3 Order of priorities for drawing benefits from a scheme with solvency issues</p>
	U9. Transfers abroad (to and from overseas schemes)	<p>U9.1 Qualifying rules</p> <p>U9.2 Tax implications/<u>HMRC rules in outline</u></p> <p>U9.3 <u>FSCA requirements for overseas customers and the parties involved including regulated individuals in the UK and overseas</u></p>
	U10. Fundamentals of workings of block transfers and winding up	<p>U10.1 Protection of tax free cash</p> <p>U10.2 Reporting requirements</p> <p>U10.3 Notification periods</p> <p>U10.4 Potential conflicts of interest in advising individuals and trustees</p>
An Demonstrate an ability to analyse:	An1. Implications of the source of a transfer	<p>An1.1 money purchase <u>Defined contribution schemes</u></p> <p>An1.2 final salary <u>Defined benefit schemes</u></p> <p>An1.3 Public sector schemes</p> <p>An1.4 Insolvency risk</p>
	An2. The <u>implications of moving between different scheme types</u>	<p>An2.1 personal <u>Workplace pensions</u></p> <p>An2.2 range of strategies <u>Benefit crystallisation option</u></p> <p>An2.2.1 USP <u>Phased income/retirement</u></p> <p>An2.2.2 ASP <u>Flexi access drawdown</u></p> <p>An2.2.3 Annuities – including guaranteed rates, recycling rules and transfers for immediate vesting</p> <p>An2.3 Alternative retirement vehicles</p> <p>An2.4 Final salary schemes</p> <p>An2.5 Career average schemes</p> <p>An2.6 Public sector transfer club</p> <p>An2.7 Trusts – impact on trust if transfer carried out</p> <p>An2.8 Death in service</p> <p>An2.9 Impact of dependents' benefits on a personal Pension scheme</p>
	An3. Implications of cash incentives to leave a <u>defined benefit</u> final salary scheme	<p>An3.1 Implications of cash incentives to leave a <u>defined benefit</u> final salary scheme</p> <p>An3.2 Impact on TVAS reporting and way in which pension transfer is reported</p> <p>An3.3 Motivation of employers to offer such incentives</p>
	An4. Transitional <u>protection arrangements</u> issues	<p>An4.1 Primary protection</p> <p>An4.2 Enhanced protection</p> <p>An4.3 Protected transfers</p> <p>An4.4 Tax free cash</p>

An Demonstrate an ability to analyse:	An5. Income options and their impact on the transfer recommendation	An5.1 Product/solution styles An5.1 Difference between retirement options An5.2 Maximum benefits – tax free cash etc An5.3 Risk and return An5.4 Analysis of output for types A & B critical yields in drawdown cases An5.5 Mortality drag An5.6 Flexibility An5.7 Comparison of features on income drawdown An5.8 Effect of transfer on income drawdown An5.9 Added years' purchase An5.10 Life expectancy risk
	An6. How pension returns and <u>income</u> options are related to a combination of investment risk and capital risk	An6.1 Inflation and investment returns – nominal and real An6.2 The effects of inflation An6.3 The time value of money An6.4 The impact of varied retirement returns An6.5 Risks associated with each retirement option An6.6 The appropriateness of indexation An6.7 The appropriateness of including dependents' benefits An6.8 The appropriateness of incorporating capital protection on death An6.9 The appropriateness of including guarantee periods
	An7. Advantages and disadvantages of a transfer	An7.1 Analyse the advantages and disadvantages of a transfer in a range of given circumstances
	An8. Financial circumstances and retirement options	An8.1 Analyse and interpret a range of financial circumstances and retirement options in order to prepare recommendations to meet client objectives
A Demonstrate an ability to apply:	A1. Apply suitable pension transfer solutions to specific client circumstances	A1.1 Apply suitable pension transfer solutions in a range of given circumstances, demonstrating the principles of best practice and reinforcing the Know Your Customer process

APEX22 Lloyd's Syndicate Participation		
Attainment Level	Outcome	Indicative Content
K Demonstrate knowledge of:	K1. Classes of business	K1.1 Classes of business written across the industry K1.2 Key underwriting features and risk profile of each class
	K2. Lloyd's position in respect of classes of business	K2.1 Indication of market conditions in particular classes K2.2 Use of published information to determine which classes a syndicate is growing or shrinking K2.3 Implications of growth or shrinkage for a syndicate's overall performance K2.4 Telle's Lloyd's market indices
	<u>K3. Syndicate reporting and accounting</u>	<u>K3.1 Basic methods of syndicate reporting and accounting (including GAAP vs three year accounting)</u> <u>K3.2 Elements of syndicate results and how they vary with the underwriting cycle</u> <u>K3.3 Key syndicate performance ratios (e.g. paid to outstanding claims etc)</u>
	<u>K4. Implications of taxation of membership of Lloyd's</u>	<u>K4.1 The potential taxation implications relating to the membership of Lloyd's</u>
U Demonstrate understanding of:	U1. Exposure to risk	<u>U1.1 Historic major market losses</u> U1.12 What the various risks are <u>The distinction between management and underwriting risk</u> U1.23 Mechanisms by which a syndicate is exposed to each type of risk
	U2. Short tail and long tail business	U2.1 Classes which fall under each type U2.2 Features of short and long tail business and risk profile of each
	U3. Loss modelling	<u>U3.1 Internal and external Systems used to model losses both for syndicates and members by</u> RMS, AIR and Egecat U3.2 Risks posed by multiple, relatively small claims and single large events
	U4. Triangulated data Result forecasting	U4.1 Forecast and projection of <u>insurance syndicate</u> results U4.2 Identify trends from the available data U4.3 Projection forward U4.43 Adequacy of syndicate and the reserve held in each class
	U5. Rating indices	U5.1 What they mean U5.2 How they operate U5.3 How they are calculated U5.4 Whether they are inclusive of claims inflation, deductibles etc or are pure ratings U5.5 Trends and predictions
	U6. Sources of information	U6.1 Different sources of information and bias thereof U6.2 Difference between hard <u>objective and subjective</u> soft information and what each type provides U6.3 Who writes on a slip and information provided

U Demonstrate understanding of:		_____ thereof U6.43 Track records of people in the <u>Lloyd's market participants</u>
	U7. Reinsurance programmes <u>and security</u>	U7.1 Amount, and type and underlying security of reinsurance purchased by a syndicate and the implications thereof U7.2 The limitations of data provided by <u>rating agencies</u>
	U8. Reinsurance security <u>Reinsurance to close (RITC) and Incurred but not reported (IBNR)</u>	U8.1 Current market knowledge (beyond rating agency figures) of which reinsurance or retrocessionaires are a risk U8.2 The limitations of data provided by rating agencies U8.1 The importance of reinsurance to close (RITC) and incurred but not reported (IBNR) as <u>measures of syndicate performance</u>
	U9. Retrocessional business	U9.1 Retrocessional business and the <u>where it</u> aggregates
	U10. The subscription market	U10.1 Key features of the subscription market U10.2 Mechanisms within the market U10.3 Limitations on the diversity of the portfolio market
	<u>U11. Syndicate analysis and grading</u>	<u>U11.1 How syndicates are analysed and graded, both internally and by external rating agencies</u>
	<u>U12. Types of syndicate capacity and associated tenancy rights</u>	<u>U12.1 Different types of syndicate capacity, their associated tenancy rights and sessions of classes of business</u>
	<u>U143. Auctions = WAS U11</u>	U143.1 Workings and history U143.2 Involvement in Pricing of <u>syndicate capacity assets and investments</u>
	<u>U124. Provision of capital – WAS U12</u>	U124.1 Different forms of provision of capital to the market U124.2 Managing agent's <u>attitude to and engagement with sympathy, or lack of, to third party capital and the consequences thereof</u>
	U135. Risk based Economic capital assessment model – WAS U13	U135.1 Key features and intentions objectives U135.2 How it operates <u>The impact on third party capital providers</u>
	U146. Risk and reward – WAS U14	U146.1 Principles of risk and reward U146.2 Risk/reward profile of different asset classes
	U157. Portfolio diversity – WAS U15	U157.1 Which syndicates form part of a portfolio U157.2 Diversity of risk underwritten within and between syndicates U157.3 Risk posed by concentration of exposure across Syndicates
	U168. Fundamentals of economics in	U168.1 Supply and demand U168.2 Costs – production, average, marginal, total U168.3 Economies and diseconomies of scale

	<u>relation to the Lloyd's market – WAS U16</u>	U168.4 Perfect competition, monopoly and oligopoly U168.5 Commonly used methods of assessing companies and investments U168.6 Inequality of information
	U179. Law of agency – WAS U17	U179.1 Nature of agency U179.2 Agents, principals and third parties U179.3 Creation of agency U179.4 Rights and responsibilities U179.5 Termination U179.6 The law of agency and insurance
	U1820. Know your principal – WAS U18	U1820.1 Asset base Member's wealth profile U1820.2 Mix of investors Suitability for membership, risk appetite and capacity for loss U18.3 Interaction between the Lloyd's portion and other investments in the client's portfolio
	U1921. Managing The potential for conflicts of interest – WAS U19	U1921.1 The nature of the conflicts that may arise under agency contract U1921.2 The reasons for those conflicts U19.3 How the conflicts can be managed
An-Demonstrate an ability to analyse:	An1. Portfolio expenses	An1.1 Income of portfolio An1.2 Investment portfolio

APEX23 Corporate Finance		
Attainment Level	Outcome	Indicative Content
U Demonstrate an understanding of:	U1. Understand the regulatory environment in the UK and how it is affected by the European context of financial services regulation	U1.1 The European context of financial services regulation, including the role of European institutions and regulations/directives U1.2 The regulatory infrastructure generated by the Financial Services and Markets Act 2000 U1.3 The role of the Financial Conduct Authority U1.4 Specific provisions contained in the Companies Act 2006 U1.5 What constitutes money laundering and counter terrorism funding in the UK and associated legislation, including the Bribery Act 2010 U1.6 What constitutes 'insider dealing' in the UK and associated legislation U1.7 What constitutes 'market abuse' in the UK and associated legislation U1.8 The purpose, provisions, offences and defences of the Financial Services and Markets Act 2000, S.397 U1.9 The purpose and scope of the Markets in Financial Instruments Directive
	U2. Be able to apply specific FCA Conduct of Business Rules as they relate to corporate finance business	U2.1 The application and general provisions of the FCA Conduct of Business Sourcebook (COBS) to corporate finance business U2.2 The rules applying to all firms conducting designated investment business U2.3 The requirements of the financial promotion rules U2.4 Client categorisation as it relates to Corporate Finance U2.5 Conflicts of interest, explaining when they can arise and the requirements for managing them U2.6 The personal account dealing rules U2.7 COBS rules relating to advising and dealing
	U3. Be able to apply a range of quantitative methods for corporate finance	U3.1 Various financial mathematical measures of risk and return of investments U3.2 Present Value (PV) and Net Present Value (NPV) of future cash flows using the discounting formula U3.3 Internal rate of return (IRR) for a series of multiple cash flows
	U4. Corporate Governance and Business Ethics	U4.1 The main provisions of the UK Corporate Governance Code U4.2 The <u>relevant Codes</u> of Conduct to the provision of corporate finance advice
	U5. Equity capital markets	U5.1 <u>The listing rules and its provisions</u> U5.2 <u>The rules specific to AIM and its provisions</u> U5.3 <u>The disclosure rules and its provisions</u> U5.4 <u>The regulation of UK capital equity markets</u>
	U6. Takeovers and mergers	U6.1 The roles of the relevant bodies involved in takeovers and mergers U6.2 The legal nature and purpose of The Takeover Code and specific its provisions within it

K Demonstrate a knowledge of:	U7. The requirements relating to the production and dissemination of prospectuses	U7.1 Specific areas of The Prospectus Rules and how they apply
	U8. Financial statements analysis and relevant accounting standards	U8.1 The difference between group accounts and company accounts U8.2 The purpose, format and main contents of company balance sheets <u>financial statements</u> U8.3 The purpose, format and main contents of income statements U8.4 The purpose and format of cash flow statements and key related concepts U8.5 Financial statements using a number of different and financial ratio calculations analysis
	U9. The Structure of capital	U9.1 The key characteristics of ordinary and reference shares U9.2 The key characteristics of debt instruments and debt financing
	U10. Business valuations	U10.1 The difference between equity value and enterprise value and, specifically, the advantages and disadvantages of enterprise value U10.2 The difference between stock market, transaction and break up values of a business U10.3 The use and limitations of asset based valuations U10.4 The use and limitations of dividend based valuations and a valuation of a business using the dividend valuation model U10.5 The use of an earnings based valuation and the use of (e.g. P/E ratio and EBIT and EBITDA) U10.6 The use and key stages of cash <u>flow</u> based valuations and use of cash flow and a cash flow based valuation
	U11. Acquisitions and disposals	U11.1 The key types of acquisition and disposal, how they are financed and why they happen U11.2 The key features of specific types of private equity and debt financed transactions U11.3 The key features of quoted equity transactions
	K1. The purpose and scope of corporate finance documentation	K1.1 The purpose and scope of key types of general documentation in corporate finance transactions K1.2 The purpose of key documents in buying and selling documentation in corporate finance transactions K1.3 The purpose and scope of specific types of loan and security documentation in corporate finance transactions K1.4 The purpose and scope of specific types of public company documentation in corporate finance transactions

APEX24 RDR Core – <u>Retail Investment Advice</u> – Financial Services, Regulation and Ethics		
Attainment Level	Outcome	Indicative Content
U Demonstrate an understanding of:	U1. The UK financial services industry and, in its European and global context	<p>U1.1 role <u>Purpose</u> and structure of the UK and international markets, key participants</p> <p>U1.2 the Impact of the EU on UK regulation</p> <p>U1.3 the Role of government – economic and industrial policy, regulation, taxation and social welfare</p> <p>U1.4 the Function and operation of financial services within the wider economy</p> <p>U1.5 the <u>Main types and impact of financial crime</u></p>
	U2. How the retail consumer is served by the financial services industry	<p>U2.1 Obligations towards consumers and their perception of financial services</p> <p>U2.2 Consumers' main financial needs and how they are prioritised:</p> <p>U2.2.1 Managing debt</p> <p>U2.2.2 Budgeting and borrowing, including house purchase</p> <p>U2.2.3 Protection</p> <p>U2.2.4 Saving and investing</p> <p>U2.2.5 Retirement</p> <p>U2.2.6 Estate planning and tax planning</p> <p>U2.3 How these needs are met:</p> <p>U2.3.1 Mortgages and loans</p> <p>U2.3.2 Life and health insurance</p> <p>U2.3.3 Savings and investments</p> <p>U2.3.4 State benefits</p> <p>U2.3.5 The main types of pension provision</p>
	U3. Legal concepts and considerations relevant to financial advice	<p>U3.1 Legal persons and powers of attorney</p> <p>U3.2 Basic law of contract and agency</p> <p>U3.3 Ownership of property</p> <p>U3.4 Insolvency and bankruptcy</p> <p>U3.5 Wills and intestacy</p> <p>U3.6 Use of trusts:</p> <p>U3.6. The Main types of trusts and their uses</p> <p>U3.6. How to create and administer trusts financial protection and instruments for holding life policies and investments</p>
	U4. The regulation of financial services	<p>U4.1 Financial Services and Market Act (FSMA) 2000, other relevant legislation</p> <p>U4.2 The role of EU <u>legislation</u> regulation, and relevant and Directives and consumer credit licensing regulations</p> <p>U4.3 The Roles of the <u>Financial Conduct Authority (FCA)/Prudential Regulation Authority (PRA)</u> Financial Services Authority (FSA), HM Treasury and the Bank of England – market regulation</p> <p>U4.4 the Roles of other regulating bodies such as the <u>Competition and Markets Authority (CMA)</u>, Competition Commission, the Office of Fair Trading, the Pensions Regulator, the Information Commissioner's Office, Payment Systems</p>

U Demonstrate an understanding of:		<u>Regulator (PSR)</u> U4.5 Additional oversight – senior management, trustees, auditors, external compliance support services
	U5. The FCA/PRA's <u>FSA's</u> responsibilities and approach to regulation	<p>U5.1 <u>Statutory objectives of the regulators and how FCA is structured to achieve these:</u></p> <p>U5.1.1 <u>Powers, and activities operational objectives of the FCA and the PRA</u></p> <p>U5.1.2 <u>Financial stability, conduct and prudential regulation</u></p> <p>U5.1.3 <u>Powers to deal with financial crime</u></p> <p>U5.1.4 <u>Consumer protection</u></p> <p>U5.1.4 Financial capability – national strategy</p> <p>U5.2 The FCA handbook – the main principles and rules:</p> <p>U5.2.1 the High level standards</p> <p>U5.2.1a <u>Training and competence and qualifications</u></p> <p>U5.2.2 Prudential standards</p> <p>U5.2.3 Business standards</p> <p>U5.2.3a Conduct of Business (COBS)</p> <p>U5.2.3b Rules for dealing with client assets (<u>CASS</u>)</p> <p>U5.2.3c Market conduct code (<u>MAR</u>)</p> <p>U5.2.3d Training and competence and qualifications</p> <p>U5.2.3d Business promotions</p> <p>U5.2.4 Regulatory processes:</p> <p>U5.2.4a Authorisation, supervision, approved persons, significant influence functions, controlled functions, appointed representatives and senior managers/certificated persons under the approved persons (APER) or Code of Conduct (COCON), as appropriate</p> <p>U5.3 Risk based supervision, discipline and enforcement, sanctions to deal with criminal activities, <u>rules, guidance and communications</u></p>
	U6. The range of skills required when advising clients	<p>U6.1 Communicating clearly, assessing and adapting to the differing capabilities of clients</p> <p>U6.2 Gathering information, assessment and analysis of client's needs, <u>goals</u> and circumstances, reaching conclusions and making appropriate recommendations</p> <p><u>U6.3 Dealing with insistent clients</u></p>
	U7. The FCA's use of principles and outcomes based regulation to promote ethical and fair outcomes	<p>U7.1 The principles for businesses and the discretionary obligations these place on firms</p> <p>U7.2 Corporate culture and leadership</p> <p>U7.3 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>
	U8. The <u>fundamental principles of ethical behaviour and professional ethics</u>	<p><u>U8.1 Core ethical theories, principles and values</u></p> <p><u>U8.2 The nature of professionalism; distinguishing a profession from a vocation</u></p> <p><u>U8.3 The relationship between ethical principles, the development of regulatory standards and professional codes of conduct</u></p>
	A1. The	A1.1 Regulated activities and authorisation

A Demonstrate an ability to apply:	principles and rules as set out in the regulatory framework	<p>requirements</p> <p>A1.2 Approved persons and controlled function responsibilities</p> <p>A1.3 Record keeping, reporting and notification requirements</p> <p>A1.4 Professionalism and the training and competence requirements</p> <p>A1.5 Anti-money laundering and proceeds of crime obligations</p> <p>A1.6 Data protection including data security</p> <p>A1.7 Complaints procedures and responsibilities to customers</p> <p>A1.8 The Financial Ombudsman Service (FOS)</p> <p>A1.9 The Financial Services Compensation Scheme (FSCS)</p> <p><u>A1.10 Treating Customers Fairly and conduct risk</u></p>
	A2. The regulatory advice framework in practice for the consumer	<p>A2.1 Client relationships and adviser responsibilities:</p> <p>A2.1.1 Types of clients</p> <p>A2.1.2 Fiduciary relationship – duty of care, confidentiality, primacy of clients’ interests</p> <p>A2.1.3 Clarity of service provision and charges, status disclosure including terms of business and client agreements, execution only, <u>insistent clients</u></p> <p><u>A2.1.4 Adviser charging rules</u></p> <p>A2.1.5 Limitations to <u>adviser’s</u> own authority or expertise, referrals to and relationships with relevant specialists</p> <p>A2.1.6 Clients’ cancellation rights</p> <p><u>A2.1.7 Vulnerable clients</u></p> <p>A2.2 Regulated advice standards</p> <p>A2.3 Monitoring and reviewing client’s plans, <u>and</u> circumstances and taking account of relevant changes</p> <p><u>A2.4 Due diligence on products/tools</u></p>
A Demonstrate an ability to apply:	A3. the relevant codes of ethics and professional standards codes affecting to business behaviours of individuals <u>Professional values and ethical judgements in all aspects of working life</u>	<p>A3.1 the An over-arching Code of Ethics or conduct, and act in accordance with (A3.2) the professional principles and values on which the Code is based</p> <p>A3.3 Identifying ethical dilemmas</p> <p>A3.4 The steps involved in managing <u>and resolving</u> ethical dilemmas, <u>including the application of behaviours that reflect professional integrity</u></p> <p><u>A3.5 Ability to be flexible and open to new approaches, and think critically about business as usual</u></p>
As Demonstrate an ability to evaluate As Demonstrate an ability to	As1. The outcomes that distinguish between ethical and compliance	<p>As1.1 Typical behaviours indicators – positive and negative the differences between ethical values, qualities and behaviours in professional practice contrasted with unethical or unprofessional practice.</p>

evaluate:	driven behaviours, <u>and the impact of ethics on a firm's culture</u>	<p>As1.2 The outcomes which may result from behaving ethically <u>and unethically</u> – for the industry, the firm, individual advisers and consumers</p> <p>As1.3 The outcomes which may result from limiting behaviour to compliance with the rules – for the industry, firm, individual advisers and consumers</p> <p><u>As1.4 The impact on the culture of a firm when applying an ethical approach and acting with integrity within an organisation or team environment</u></p>
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APEX25 RDR Core – Retail Investment Advice – Investment Principles and Risk		
Attainment Level	Outcome	Indicative Content
U Demonstrate an understanding of:	U1. The macro-economic environment and its impact on asset classes	U1.1 Main long term UK and global socio-economic trends U1.2 Overview of world economies and globalisation of markets U1.3 Economic and financial cycles – predictability, regional economy differences U1.4 The key economic indicators – trends and their interpretation U1.5 Significance <u>Impact</u> of monetary and fiscal policy U1.6 Relevance of money, inflation, deflation, <u>disinflation</u> , interest rates and exchange rates U1.7 Balance of payments and international capital flows U1.8 The role of financial investment in the economy
	U2. The merits and limitations of the main investment theories	U2.1 Key features of the main investment theories: U2.1.1 Modern portfolio theory U2.1.2 Multi factor model <u>for equity and fixed income</u> U2.1.3 Efficient market hypothesis U2.1.4 Capital asset pricing model (CAPM) U2.2 Portfolio theory, diversification and hedging U2.2.1 Correlation between asset classes U2.2.2 Total return and an awareness of beta and alpha U2.2.3 Risk adjusted returns U2.3 Basics of Behavioural finance – market and individual behaviours
	U3. The principles of investment planning	U3.1 Asset allocation U3.1.1 Stochastic modelling U3.1.2 Strategic and tactical asset allocation U3.1.3 Discretionary arrangements U3.2 Portfolio construction: <u>U3.2.1 Asset classes</u> U3.2.2 Stock and fund selection U3.2.3 Diversification by sector, geographical area and currency U3.2.4 Main fund management strategies and styles U3.2.5 Costs, charges, <u>their impact on portfolio performance and how they are calculated – annual management charge (AMC), total expense ratios (TERs), Portfolio Turnover Ratios (PTRs) and ongoing charges for funds (OCF)</u> U3.2.6 Selection of products, tax wrapper and services <u>U3.2.7 Socially responsible investments and ethical investment selection</u> U3.2.8 Provider selection and due diligence U3.2.9 Recommendations and suitability <u>U3.2.10 Active and passive management</u> <u>U3.2.11 Advisory and discretionary management issues, bespoke and centralised investment propositions</u>
An Demonstrate an ability to analyse:	An1. The <u>main features and costs</u>	An1.1 Cash and cash equivalents: An1.1. Main types, costs and charges An1.2 Fixed interest <u>debt</u> securities:

	<p>characteristics, inherent risks, behaviour and correlation of asset classes</p>	<p>An1.2.1 Main types An1.2.2 Running and redemption yields, interest rates ——— and yield curves An1.2.3 Markets and indices An1.2.4 Transaction costs — purchase and sale An1.3 Equities: An1.3.1 Main types, private equity An1.3.2 Valuation measures — Price/Earnings (P/E) ——— ratio, dividend yield and cover, Net Asset Value ——— (NAV) An1.3.3 Stock markets — indices, listings An1.3.4 Transaction costs An1.4 Property An1.4.1 Main types, residential and commercial, income ——— profile and gearing An1.4.2 Valuation An1.4.3 Performance benchmarking An1.4.4 Transaction and on-going costs An1.5 Alternative investments such as commodities, ——— and physical assets An1.6 Pricing, liquidity, and fair value and non- ——— mainstream investments An1.7 Correlation of asset classes and its — relevance to asset allocation</p>
<p>An Demonstrate an ability to analyse:</p>	<p>An2. The characteristics, inherent risks, behaviours and relevant tax <u>treatments</u> considerations of investment products</p>	<p>An2.1 The Advantages and disadvantages of direct investment in securities and assets compared to indirect investment through collectives and other products <u>and their tax treatment</u> An2.2 the Main types and use of indirect investment products <u>and the taxation of investments</u>: An2.2.1 Investment <u>tax wrappers</u>, structures <u>and</u> <u>types</u>: An2.2.1a Collective investment funds — onshore and ——— offshore An2.2.1b Exchange Traded Funds (ETFs) and Exchange ——— Traded Commodities (ETCs) An2.2.1c Closed ended funds/investment companies ——— onshore and offshore An2.2.1d Individual Savings Accounts (ISAs) and Child ——— Trust Funds (CTFs) An2.2.1e National savings and investments An2.2.1f Life assurance based investments — onshore ——— and offshore An2.2.1g Defined contribution (DC) pension ——— arrangements An2.2.1h Real Estate Investment Trusts (REITs) and ——— other property based products An2.2.1i Venture Capital Trusts (VCTs) and Enterprise ——— Investment Schemes (EISs) ——— basic structures and uses An2.2.1j Broker funds and distributor influenced funds ——— (DIFs) An2.2.2 Derivatives: An2.2.2 Basic structure, main types and uses An2.2.3 Investment strategy based products:</p>

		An2.2.3a Hedge funds and funds of hedge funds An2.2.3b Absolute return funds An2.2.3c Structured products – income and capital growth, structure and analysis An2.2.3d With profit funds – main principles <u>An2.2.4 Structured deposit</u>
	An3. The performance of investments	An3.1 Portfolio performance: An3.1.1 Methods of evaluating portfolio performance An3.1.2 Selection and use of benchmarks An3.1.3 New money and timing factors An3.2 Portfolio review and administration: An3.2.1 Changes in client circumstances An3.2.2 Changes in financial environment <u>An3.2.3 Review of risk adjusted portfolio performance objectives</u> An3.2.4 <u>Availability of</u> new products and services Available An3.2.5 Maintenance of products and services An3.2.6 Use of external services/benchmarking An3.2.7 Rebalancing
An Demonstrate an ability to analyse and explain:	An4. The nature and impact of the main types of risk on investment performance	An4.1 Liquidity and access An4.2 Income and capital growth, including shortfall <u>risk</u> An4.3 Short term volatility <u>and its impact on performance</u> An4.4 Long term performance, <u>drawdown, sequencing risk</u> An4.5 Gearing/ <u>leverage</u> An4.6 Currency An4.7 Inflation An4.8 Interest rates An4.9 Systematic and non-systematic <u>risk</u> , including fraud and counterparty, institutional, market timing
A Demonstrate an ability to apply:	A1. The principles of the time value of money	A1.1 Compound interest and discounting A1.2 Real returns and nominal returns
	A2. The investment advice process	A2.1 Know your client requirements: A2.1.1 Explain the investment <u>advice process</u> A2.1.2 Establish client relationships, capability and circumstances including assets and debts A2.1.3 Agree and prioritise needs, <u>goals objectives and wants</u> A2.1.4 Agree investment objectives, growth, income, time horizons, debt and credit management and repayment A2.1.5 Determine <u>Assess</u> and agree risk profile – objective and subjective factors, <u>capacity for loss and need to take risk tolerance</u> A2.1.6 Assess affordability and other suitability considerations, ethical, social responsibility and religious preferences A2.1.7 Agree strategy and rationale to achieve the objectives

		<p>A2.1.8 Agree benchmark/performance measures and review process</p> <p><u>A2.1.9 Treatment of vulnerable persons clients</u></p> <p>A2.2 Asset allocation:</p> <p>A2.2.1 Alignment with client risk profile and requirements</p> <p>A2.2.2 Diversification and correlation benefits</p> <p>A2.2.3 Accumulation and decumulation</p>
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APEX26 RDR Core – Retail Investment Advice – Financial Protection		
Attainment Level	Outcome	Indicative Content
U Demonstrate an understanding of:	U1. The consumer and retail market factors and trends relevant to financial protection	U1.1 The role of insurance <u>and assurance</u> in mitigating personal financial risk U1.2 Consumer attitudes and behaviours to protection needs planning U1.3 Trends: U1.3.1 Health and morbidity U1.3.2 Longevity and mortality U1.3.3 Employment U1.3.4 Product design and development U1.3.5 Access to advice and/or insurance cover U1.4 <u>Identifying the priorities, risks and choices</u> U1.4.1 <u>Consequences of inadequate protection</u>
	U2. The areas of need for protection planning and the main sources of financial protection	U2.1 Personal and family income and capital protection needs: U2.1.1 Health, incapacity, accident U2.1.2 Income, mortgage and other debt U2.1.3 Death, asset protection U2.2 The relationship between insurance and assets and liabilities U2.3 Business protection needs – Small & Medium Enterprises (SMEs) U2.4 Sources of financial protection: U2.4.1 State U2.4.2 Employer – individual, group schemes U2.4.3 Life assurance and pension policies U2.4.4 Health and other insurance products U2.4.5 <u>Asset protection – general insurance</u>
	U3. The role and limitations of State Benefits and state/local authority funded solutions for financial protection	U3.1 Range and limitations of benefits U3.2 Mortgage repayment support U3.3 Considerations and impact on financial planning
	U4. The range, structure and application of life assurance and pension based policies to meet financial protection needs	U4.1 Types of policies, comparative costs, benefits and disadvantages U4.2 Cost and premium calculation factors U4.3 Legal requirements, ownership, uses and relevance of trusts U4.4 Underwriting U4.5 Terminal illness benefit <u>and other additional benefits</u> U4.6 Assignments, surrenders, paid-up policies, claims
	U5. The taxation treatment of life assurance and pension based protection policies	U5.1 Qualifying and non-qualifying policies, offshore policies U5.2 Taxation of life funds, onshore and offshore U5.3 Capital Gains Tax (CGT) and life assurance policies U5.4 Inheritance Tax (IHT) and life assurance

U Demonstrate an understanding of:	U6. The range, structure and application of income protection insurance and options to meet financial protection needs	U6.1 Types of policies, features and uses, comparative costs, benefits and disadvantages U6.2 Definitions, exclusions, premium calculation factors U6.3 Underwriting U6.4 Claims U6.5 Taxation treatment U6.6 Group policies
	U7. The range, structure and application of critical illness insurance to meet financial protection needs	U7.1 Types of policies, structure, comparative costs, benefits and disadvantages U7.2 Market developments for critical illness insurance U7.3 Definitions, conditions, exclusions U7.4 Term and amount of cover – factors, assessment U7.5 Premium calculation factors U7.6 Underwriting U7.7 Claims U7.8 Taxation treatment, use of trusts U7.9 Group policies
	U8. The range, structure and application of long term care insurance to meet financial protection needs	U8.1 Regulatory considerations U8.2 Political environment, social care policy, national factors U8.3 Main product types and features U8.4 Long term care planning: U8.4.1 Cost and other factors, options and choices U8.4.2 Available resources, impact and consequences U8.4.3 Immediate needs provision U8.4.4 Future needs planning U8.4.5 Legal considerations, power of attorney U8.5 <u>Vulnerable clients</u>
	U9. The main features of other insurance based protection policies	U9.1 Personal accident, and sickness insurance, <u>accident sickness and unemployment</u> U9.2 Private medical insurance, hospital plans, dental insurance U9.3 Payment protection insurance – mortgages, credit
As Demonstrate an ability to evaluate	As1. The <u>key considerations</u> needs and priorities for financial protection and the relevant factors in selecting appropriate solutions	As1.1 Identifying the priorities, risks and choices As1.1.1 Consequences of inadequate protection As1.2 Assessing and quantifying current and future capital and income needs in real terms As1.2.1 Family and personal protection As1.2.2 SME business protection needs – business loans, keyperson and shareholder protection As1.2.3 Existing arrangements As1.3 Determining suitability of product types and options As1.3.1 Comparing similar types of products As1.3.2 Identifying and matching suitable product solutions to needs As1.3.3 Combinations of products As1.3.4 Current and future affordability As1.4 Other planning considerations: As1.4.1 Co-habitation, marriage, civil partnerships, birth

		of child As1.4.2 Property purchase As1.4.3 Separation and divorce As1.4.4 Work, going overseas, retirement As1.4.5 The suitability of trusts <u>As1.4.6 Wills</u> As1.5 Importance of regular reviews
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APEX27 RDR Core - Retail Investment Advice – Personal Taxation

Attainment Level	Outcome	Indicative Content
U Demonstrate an understanding of:	U1. The UK tax system as relevant to the needs and circumstances of individuals and trusts	<p>U1.1 Income tax – sources <u>types</u> of income, liability, allowances, reliefs, <u>rates</u>, priorities for taxing income, income of trusts and beneficiaries</p> <p>U1.2 National Insurance Contributions (NICs) – liability for employers, employees, self-employed contribution levels, voluntary NICs</p> <p>U1.3 Capital Gains Tax (CGT) – liability, <u>rates</u>, disposals, gains and losses, reliefs and exemptions, capital gains of trusts</p> <p>U1.4 Inheritance Tax (IHT) – liability, transfers, nil rate bands, <u>rates</u>, reliefs and exemptions, assets held in trusts, transfers to and from trusts</p> <p>U1.5 Residence and domicile – main rules, impact on liability to income tax, CGT and IHT</p> <p>U1.6 UK tax compliance – self assessment, Pay As You Earn (PAYE), <u>reporting and</u> tax returns, tax payments, tax evasion and avoidance issues</p> <p>U1.7 stamp duty reserve tax and stamp duty land tax <u>Property and securities transaction taxes</u> – transactions subject to tax, rates of tax, main reliefs</p> <p>U1.8 Outline of Value Added Tax (VAT) and Corporation Tax</p>
An Demonstrate an ability to analyse:	An1. The taxation of investments as relevant to the needs and circumstances of individuals and trusts	<p>An1.1 Direct investments – cash and cash equivalents, fixed interest securities, <u>dividend income from equity investment</u> ies and <u>rental income from property</u></p> <p>An1.2 Indirect investments:</p> <p>An1.2.1 Pension <u>schemes</u> arrangements</p> <p>An1.2.2 Individual Savings Accounts (ISAs) and Child Trust Funds (CTFs) and other tax incentive investments</p> <p>An1.2.3 Onshore and offshore collectives and investment companies</p> <p>An1.2.4 Onshore and offshore life assurance policies</p> <p>An1.2.5 Real Estate Investment Trusts (REITs) <u>and other investment funds</u></p> <p>An1.2.6 Venture Capital Trusts (VCTs) and Enterprise Investment Schemes (EISs)/ <u>Seed Enterprise Investment Schemes (SEISs)</u>, <u>Business Property Relief Investment</u>, <u>Social Impact Tax Relief investments</u> – basic outline</p>
	An2. The role and relevance of tax in the financial affairs of individuals and trusts	<p>An2.1 The impact of taxes on <u>investments of individuals and trusts</u> and their investments</p> <p>An2.2 Key principles of income <u>and capital gains</u> tax planning – <u>use of income tax reliefs and basic rate bands</u>, <u>planning for spouses</u>, civil partners, children <u>and other family members</u>, pension contributions, ISA allowances, use of</p>

		<p>the main CGT exemptions and reliefs</p> <p>An2.3 <u>The</u> main uses of lifetime gifts and trusts in basic IHT mitigation</p> <p>An2.4 <u>Wills, will trusts and intestacy</u></p>
A Demonstrate an ability to apply:	A1. The knowledge of personal taxation to the provision of investment advice	<p>A1.1 To carry out computations on the most common elements of income tax and NICs; CGT; IHT including the impact of lifetime transfers and transfers at death</p> <p>A1.2 To make elementary <u>fundamental</u> tax planning recommendations in the context of investment advice</p>

APEX28 RDR Specialist Standards (Application Standards – Packaged Products <u>Retail Investment Products</u>)		
Attainment Level	Outcome	Assessment
Candidates should be able to:	U1. Obtain <u>and provide</u> appropriate <u>relevant</u> client information and understand clients' needs, wants, values and risk profile essential to the financial planning process	A1 Identify and use relevant understanding, methods and skills to address problems that are complex and non-routine while normally fairly well defined A2 Take responsibility for overall courses of action as well as exercise autonomy and judgement A3 Initiate and use appropriate investigation to inform actions A4 Analyse, interpret and evaluate relevant information and ideas A5 Review the effectiveness and appropriateness of methods, actions and results

APEX29 RDR Specialist Standards - Retail Investment Products (Pensions and Retirement Planning)		
Attainment Level	Outcome	Indicative Content
U Demonstrate an understanding of:	U1. The political, economic and social environment factors which provide the context for pensions planning	<p>U1.1 Role of government, policy directions, challenges, and proposed reforms, workplace pensions and automatic enrolment</p> <p>U1.2 Demographic trends, longevity and ageing population corporate employer responsibilities, challenges and impact on pension provision</p> <p>U1.3 Registered pensions, main types of pension provision demographic trends, longevity and ageing population</p> <p>U1.4 Incentives, disincentives, and attitudes to saving and financial and economic factors and influences</p> <p>U1.5 Main scheme types, and methods of pension provision and Pension Wise:</p> <p>U1.5.1 State pension benefits</p> <p>U1.5.2 DB schemes, funding and benefits</p> <p>U1.5.3 DC schemes, funding and benefits</p>
	U2 The fundamental basic principles of auto enrolment	<p>U2.1 Employers' duties with respect to auto-enrolment the assessment process</p> <p>U2.2 Assessing and enrolling staff, and opting out issues postponement</p> <p>U2.3 Phasing</p> <p>U2.4 Contributions and payroll issues cyclical re-enrolment</p> <p>U2.5 Default and deferring issues investment strategies</p> <p>U2.6 Transfer issues</p>
	U3. How the HMRC tax regime applies to pensions planning	<p>U3.1 Funding/Contributions to registered pension schemes, tax relief provision and benefits and</p> <p>U3.2 Pension scheme Tax treatment of pension scheme investment options funds</p> <p>U3.3 DC arrangements</p> <p>U3.3 Tax treatment of death benefits before and after crystallisation</p> <p>U3.4 Pension scheme Choices about drawing retirement benefits</p> <p>U3.5 Outline of the annual allowances, lifetime allowance, transitional protections, special money purchase annual allowance, and associated charges and other limitations on tax relief and associated charges</p> <p>U3.6 Outline of relevant transitional reliefs post-Finance Act 2006 Primary and Enhanced Protection and relevant Fixed and Individual Protection</p> <p>U3.6 Outline of the Tax treatment of non-registered pensions in outline other scheme types:</p> <p>U3.7.1 Employer Funded Retirement Benefit Schemes (EFRBS)</p> <p>U3.7.2 Qualifying Recognised Overseas Pension Schemes (QROPS)</p>

U Demonstrate an understanding of:		U3.8 Outline the impact of pensions freedoms legislation
	U4. The relevant aspects of pensions law and regulation to pensions planning and disclosure requirements	U4.1 The Pensions Regulator's compliance requirements U4.2 Pension protection schemes U4.3 Legal bases of contract based and trust based DC pension trust and contract based pensions U4.4 Role and duties of trustees, and administrators and other professional advisers of DC/DB pensions U4.5 Pensions, and divorce and breakdown of family relationships U4.6 Employment law relevant to pensions U4.7 Bankruptcy law and pension assets U4.8 Scams and mis-selling issues
	U5. The structure, relevance and application of the State schemes to an individual's pension planning	U5.1 basic State retirement benefits: structures, state retirement ages (SRA), levels of benefit, link to national insurance contribution records and SRA U5.2 Additional state retirement benefits, historic and current U5.2 Implications of contracting in/out considerations U5.2 Pension Credit framework U5.3 Other relevant state benefits entitlements
	U6. The structure, characteristics and application of defined benefit schemes to an individual's pension planning	U6.10 Private and public sector schemes U6.1 Main attributes and benefits of DB pension provision U6.2 Main types, variations and hybrid arrangements U6.3 Rules and operation of DB schemes U6.4 Funding methods and issues U6.5 The impact of employer covenants U6.6 Roles of trustees and other parties, and scheme reporting U6.7 Factors to consider and benefits on leaving, transfers DB to DB and DB to DC, early and normal retirement and the impact of employer covenants U6.8 Benefits on ill health and death U6.9 Membership eligibility criteria and top-up options U6.10 Transfer issues, and considerations and safeguarding rights U6.11 Private and public sector schemes
An Demonstrate an ability to analyse:	U6. the range of Defined Contribution scheme options as they apply to an individual's pension planning An1. Understand the main DC pension accumulation options	U6.1 Main attributes, costs and benefits of DC pension provision U6.2 Legal bases for schemes and main impacts U6.3 Main types of DC schemes and their rules and operation U6.4 Contributions – methods and issues U6.5 Contracting out, rebates and the contracting out decision U6.6 Benefits on leaving and death before crystallisation U6.7 Scheme options, limitations and restrictions U6.8 Crystallisation options and impact of decisions

An Demonstrate an ability to analyse:		<p>U6.9 Transfer switching issues and considerations</p> <p>U6.10 Stakeholder pensions</p> <p>U6.11 Personal accounts</p> <p>An1.1 Main types of DC pensions The main features, costs and benefits of DC pensions for accumulation</p> <p>An1.2 The legal bases of contract based and trust based DC pensions The basis of main differences between contract-based and trust-based DC pension arrangements</p> <p>An1.3 The main types and providers main features, costs and benefits of DC pensions arrangements</p> <p>An1.4 Employer, employee and other individual pension contributions - the main methods and issues</p> <p>An1.5 Switching between DC pension arrangements, safeguarded benefits and pension consolidation schemes</p> <p>An1.6 Death and sickness benefits - options and procedures</p> <p>An1.7 Investment choices and restrictions</p>
An Demonstrate an ability to analyse:	<p><u>An2. Understand the main DC pension decumulation rules and options</u></p>	<p>An2.1 The Rules for drawing income and lump sums PCLS, death benefits and survivor benefits for:</p> <p>An2.1.1 Annuity purchase</p> <p>An2.1.2 Flexi-access drawdown</p> <p>An2.1.3 Uncrystallised funds pension lump sum (UFPLS)</p> <p>An2.1.4 Drawing the whole pension fund as cash</p> <p>An2.1.5 Small Pots/Trivial commutation rules</p> <p>An2.1.6 Deferral of drawing pension benefits</p>
	<p><u>An1. The options and factors to consider for drawing pension benefits</u></p>	<p>An1.1 State retirement benefits</p> <p>An1.2 DB schemes:-</p> <p>An1.2. Scheme benefits, payment guarantees, survivor benefits</p> <p>An1.3 DC schemes:-</p> <p>An1.3.1 Secured pensions, types of annuities and main features</p> <p>An1.3.2 Unsecured pensions</p> <p>An1.3.3 Compliance requirements</p> <p>An1.4 Phased retirement – options, benefits and risks</p> <p>An1.5 Timing of decisions and implementation</p> <p>An1.6 Triviality rules</p>
A Demonstrate an ability to evaluate:	<p>A1. the aims and objectives of retirement planning including the relevant investment issues</p> <p><u>Analyse the main accumulation and decumulation choices using DC pensions</u></p>	<p>These standards build on the content outlined in the Investment Principles and Risk core unit and assume achievement of the learning outcomes.</p> <p>A1.1 Assessing and quantifying retirement aims and objectives:-</p> <p>A1.1.1 Availability and prioritisation of savings</p> <p>A1.1.2 Assumptions and impacts</p> <p>A1.1.3 Conflict with other objectives</p> <p>A1.1.4 Timescales and risk</p> <p>A1.2 Investments available to meet this objective</p> <p>A1.2.1 Suitability and risk</p> <p>A1.2.2 Rates of return needed</p> <p>A1.2.3 Accumulation and decumulation strategies, life-</p>

<p>A Demonstrate an ability to evaluate</p>		<p>styling</p> <p>A1.2.4 Products and wrappers, advantages and constraints, critical yield</p> <p>A1.2.5 Other sources of non-pension income</p> <p>A1.3 Asset allocation</p> <p>A1.1 Assessing and quantifying clients' aims and objectives for accumulation</p> <p>A1.1.1 Quantifying future retirement needs and wants in relation to savings priorities and Investment risks and returns</p> <p>A1.1.2 Affordability and prioritisation of savings for retirement for different clients at different life stages</p> <p>A1.1.3 Time horizons in planning accumulation and their implications</p> <p>A1.1.4 Limits on tax relieved contributions and their impact on accumulation methods</p> <p>A1.1.5 Pensions as part of retirement savings</p> <p>A1.2 Investments available for accumulation for retirement</p> <p>A1.2.1 Suitability and risk issues</p> <p>A1.2.2 Level of funds and rates of return assumed and needed</p> <p>A1.2.3 The impact of costs on long term returns</p> <p>A1.2.4 The relationship between pension and non-pension investments</p> <p>A1.2.5 Investment strategies for accumulation at different life stages</p> <p>A1.3 Key factors in assessing decumulation options:</p> <p>A1.3.1 Patterns of stopping work</p> <p>A1.3.2 Longevity assumptions in financial planning</p> <p>A1.3.3 Spending patterns at different stages of retirement and the use of long term cash flow analysis</p> <p>A1.3.4 The impact of health and long term care issues</p> <p>The needs of family and dependants</p> <p>A1.3.5 Pensions and estate planning issues</p> <p>A1.4 Key considerations on pension investments available for drawdown:</p> <p>A1.4.1 Immediate and long term income needs for investors, their families and dependants</p> <p>A1.4.2 Investment strategies and issues in relation to clients' goals and risk profiles</p> <p>A1.4.3 Importance of both pension and non-pension investments available to fund retirement and later life planning</p> <p>A1.4.4 Suitability and risk issues: sequencing risk and reverse pound cost averaging</p> <p>A1.4.5 Rates of investment return and costs</p> <p>A1.4.4 Investment strategies for pensions in drawdown</p> <p>A1.5 Key considerations on suitability of pension decumulation options:</p> <p>A1.5.1 Immediate and long term income needs for investors, their families and dependants</p> <p>A1.5.2 Tax on income and capital from pensions</p>
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A Demonstrate an ability to evaluate		_____ compared with other investments A1.5.3 Investment strategies and issues in relation to _____ their goals and risk profiles A1.5.4 Succession / estate planning A1.5.5 The importance of other financial resources for _____ retirement and later life planning
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APEX30 RDR Specialist Standards – Retail Investment Advice (Derivatives including Application Standards)		
Attainment Level	Outcome	Indicative Content
U Demonstrate an understanding of:	U1. The derivatives market structure, features, regulatory and trading environment	U1.1 Role, structure and regulation of global derivatives markets: U1.1.1 Role of regulators, other supervisory bodies and trade associations U1.2 Range of derivative instruments and typical risks: U1.2.1 Financial derivatives U1.2.2 Commodity derivatives U1.2.3 Property derivatives U1.2.4 Exotic derivatives U1.3 Market terminology U1.4 Key market participants and roles U1.5 Exchange trading and over-the-counter (OTC) trading – main <u>features</u> differences : U1.5.1 Standard and bespoke U1.5.2 Maturity, expiry, margin, collateral, liquidity U1.5.3 Clearing and settlement U1.5.4 Transparency and confidentiality U1.5.5 Trading mechanisms U1.5.6 Counterparties U1.5.7 Documentation U1.6 Central counterparty (CCP) clearing of OTC transactions, <u>clearing and settlement</u>
	U2. The principles, components, characteristics and risks of derivatives relative to the underlying	U2.1 Relationships to underlying U2.2 Physically settled versus cash settled U2.3 General pricing principles – futures, options <u>U2.4 Risks of derivatives</u> <u>U2.4.1 Legal</u> <u>U2.4.2 Counterparty</u> <u>U2.4.3 Settlement and dealing risks</u> <u>U2.4.4 Market and other risks associated with derivative investing</u>
	U3. The market environment, product types and characteristics of exchange traded derivatives	U3.1 Main products: U3.1.1 Futures U3.1.2 Options <u>U3.1.3 ETFs</u> U3.2 Main UK and international exchanges U3.3 Trading platforms: U3.3.1 Mechanisms and procedures U3.4 Wholesale trading facilities: U3.4.1 Significance and uses U3.5 Clearing mechanisms and processes
	U4. The pricing, trading and market practice of exchange traded derivatives	U4.1 Calculation of profit/loss on delivery or expiry – futures and options U4.2 Mechanisms for future pricing: U4.2.1 Factors influencing pricing U4.2.2 Bases for calculation U4.3 Mechanisms of options pricing U4.3.1 Factors influencing pricing and premiums

U Demonstrate an understanding of:		<p>U4.3.2 Bases for calculation</p> <p>U4.4 Price discovery for commodities</p> <p>U4.5 Market transparency, reporting and monitoring</p> <p>U4.6 Order/instruction flow and order type</p> <p>U4.7 Input and matching, trade registration processes</p>
	U5. The main types and characteristics of OTC traded derivatives	<p>U5.1 Forwards and forward rate agreements (FRAs)</p> <p>U5.2 OTC option products</p> <p>U5.3 Contracts for difference</p> <p>U5.4 Swaps:</p> <p>U5.4.1 Interest rate swaps</p> <p>U5.5 Credit derivatives:</p> <p>U5.5.1 Credit default swaps</p> <p>U5.6 Structured products</p> <p>U5.7 OTC trade capture, confirmation and clearing mechanisms</p>
	U6. Clearing, margin, settlement, exercise and delivery of both exchange traded and OTC derivatives	<p>U6.1 Definition and purpose of clearing:</p> <p>U6.1.1 Roles and relationships</p> <p>U6.1.2 Risks and guarantees</p> <p>U6.1.3 Central counterparty clearing</p> <p>U6.2 Purpose, types and application of margin:</p> <p>U6.2.1 Parties involved</p> <p>U6.2.2 Processing, collection and payment</p> <p>U6.2.3 Pricing factors and calculation</p> <p>U6.3 Purpose, types and application of collateral</p> <p>U6.4 Delivery and settlement</p> <p>U6.5 Exercise of options, assignment of obligations, abandonment and expiry</p>
A Demonstrate an ability to evaluate:	A1. The purpose, merits, limitations and risks of the main derivatives strategies for trading, hedging and investment relevant to client investment activity	<p>A1.1 Trading and speculation</p> <p>A1.2 Hedging:</p> <p>A1.2.1 Options strategies</p> <p>A1.2.2 Futures strategies</p> <p>A1.3 Investment and <u>using</u> derivatives, including use of synthetics:</p> <p>A1.3.1 Portfolio hedging</p> <p>A1.3.2 Portfolio yield enhancement</p> <p>A1.3.3 Structured <u>products</u>, <u>funds</u>, <u>ETPs</u> and ETFs</p>
An Demonstrate an ability to apply:	A1. The relevant factors and considerations to <u>provide suitable investment advice</u> decide and implement investment recommendations	<p>These standards include the requirement to COMBINE and APPLY the learning content from all units of the Appropriate Exam.</p> <p>A1.1 Obtain the range of client information and subjective factors to understand their needs, wants, values and risk profile essential to planning</p> <p>A1.2 Synthesise client and relevant market information to provide the basis for assumptions and decisions</p> <p>A1.3 Analyse the advantages and disadvantages of the appropriate strategies</p> <p>A1.4 Select, recommend, explain and justify, and transact:</p> <p>A1.4.1 Sources and use of research and other</p>

<p>An Demonstrate an ability to apply</p>		<p>information</p> <p>A1.5 Holding derivatives within an investment portfolio:</p> <p>A1.5.1 Direct holdings, indirect holdings and combinations, <u>collective investments and structured products</u></p> <p>A1.5.2 Rationale, advantages and disadvantages</p> <p>A1.5.3 Impact on overall client objectives and priorities</p> <p>A1.5.4 Main factors to consider when holding both securities and derivatives within the portfolio</p> <p>A1.5.5 Asset allocation factors and relationship to overall portfolio</p> <p>A1.5.6 Matching to client risk appetite and trade-offs</p> <p>A1.6 Take account of relevant tax, accounting and costs considerations</p> <p>A1.7 Comply with advice and dealing regulations specific to derivatives – COBS</p> <p>A1.8 Client reporting requirements</p> <p>A1.9 Communication, monitoring, review and maintenance of the portfolio to achieve the client's objectives, deal with change and respond to setbacks</p>
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APEX31 RDR Specialist Standards – Retail Investment Advice (Securities including Application Standards)		
Attainment Level	Outcome	Indicative Content
U Demonstrate an understanding of:	U1. The securities market structure, features, regulatory and trading environment	<p>U1.1 Role, structure and regulation of global securities markets:</p> <p>U1.1.1 Primary, secondary and dual listing</p> <p>U1.1.2 Exchange trading and over-the-counter (OTC) trading</p> <p>U1.1.3 Role of regulators, other supervisory bodies and trade associations</p> <p>U1.2 Market participants and roles</p> <p>U1.3 Domestic markets:</p> <p>U1.3.1 Issuing, listing, quotation, admission to market:</p> <p>U1.3.1a UK Listing Authority</p> <p>U1.3.1b PLUS market <u>ICAP Securities and Derivatives Exchange (ISDX)</u></p> <p>U1.3.1c AIM market</p> <p>U1.3.1d Issuing securities without a prospectus</p> <p>U1.3.2 Markets for trading:</p> <p>U1.3.2a Equities</p> <p>U1.3.2b Government bonds</p> <p>U1.3.2c Corporate bonds</p> <p>U1.3.3 Other trading venues:</p> <p>U1.3.3a Multilateral Trading Facilities (MTFs) <u>and Organised Trading Facilities (OTFs)</u></p> <p>U1.3.3b Systematic internalisers</p> <p>U1.3.3c Dark pools</p> <p>U1.4 International markets:</p> <p>U1.4.1 Developed markets</p> <p>U1.4.2 Emerging markets</p> <p>U1.4.3 Foreign exchange market</p> <p>U1.4.4 Structure and access considerations</p>
	U2. Clearing, settlement and custody principles and practice relevant to client investment activity	<p>U2.1 Clearing and central counterparty – RSP model – UK process, duties, risks, <u>order/quote</u> driven securities</p> <p>U2.2 Settlement:</p> <p>U2.2.1 UK process</p> <p>U2.2.2 International Central Securities Depositories (CSDs)</p> <p><u>U2.2.3 CREST – stock lending</u></p> <p>U2.3 Custody of assets, and <u>client money and stock lending</u></p> <p>U2.4 Relevance and impact of corporate actions</p>
As Demonstrate an ability to assess:	As1. The <u>key</u> factors that influence market behaviour relevant to investment advice securities <u>markets</u>	<p>As1.1 Factors that influence market and individual security movements <u>in the short and long term:</u></p> <p>As1.1.1 Volume, liquidity and impact of trading activities – domestic and international markets</p> <p>As1.1.2 Derivatives market, interactivity of timed events, relationship with cash market</p> <p>As1.1.3 Research and ratings</p> <p>As1.1.4 Market abuse regime</p> <p>As1.2 Information and disclosure:</p> <p>As1.2.1 Issuer reporting and announcements,</p>

		<p>corporate Actions</p> <p>As1.2.2 Transparency obligations – transaction reporting, share ownership and disclosure, short selling</p> <p><u>As1.2.3 Impact on securities pricing</u></p> <p>As1.2.4 Market data convention</p>
An Demonstrate an ability to analyse:	An1. The characteristics, features, behaviours and risks of securities in the context of the market for these products	<p>An1.1 Equities:</p> <p>An1.1.1 Share classes</p> <p>An1.1.2 American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs)</p> <p>An1.1.3 Comparative valuation measures and relevance</p> <p>An1.2 Debt securities:</p> <p>An1.2.1 Domestic and international government securities</p> <p>An1.2.2 Corporate debt securities</p> <p>An1.2.3 Duration, interest rate movements, price/yield Relationship</p> <p>An1.2.4 Credit ratings, creditor rankings</p> <p>An1.3 Derivative substitutes:</p> <p>An1.3.1 Warrants and covered warrants</p> <p>An1.3.2 Contracts for difference (CFDs)</p> <p>An1.4 Collectives:</p> <p>An1.4.1 Open and closed ended</p> <p>An1.4.2 Asset value, pricing and gearing</p> <p>An1.4.3 Asset cover, redemption yields</p> <p>An1.4.4 Investment management styles and funded selection</p> <p>An1.4.5 Passported products</p> <p>An1.5 ETFs <u>Exchange traded products</u> rate, regulated and unregulated products and structured products</p> <p>An1.6 Cash and cash equivalents</p> <p>An1.7 Foreign exchange</p>
A Demonstrate an ability to apply:	A1. Dealing principles and practice relevant to client investment activity	<p>A1.1 Dealing – domestic markets, rules and principles <u>and market abuse</u></p> <p>A1.1.1 Best execution</p> <p>A1.1.2 Aggregation and allocation</p> <p>A1.1.3 Front running</p> <p>A1.2 International markets – main differences in principles and practice</p>
	A2. The relevant factors and considerations to decide and <u>applicable to</u> <u>suitable</u> implement investment <u>advice</u> <u>recommendations</u>	<p>These standards include the requirement to COMBINE and APPLY the learning content from all units of the Appropriate Exam.</p> <p>A2.1 Obtain the range of client information and subjective factors to understand their needs, wants, values and risk profile essential to planning</p> <p>A2.2 Synthesise client and relevant market information to provide the basis for assumptions and decisions</p> <p>A2.3 Analyse the advantages and disadvantages of the appropriate options</p> <p>A2.4 Select, recommend, explain and justify, and transact</p>

<p>A Demonstrate an ability to apply:</p>		<p>A2.4.1 Sources and use of research and other information</p> <p>A2.5 Holding securities within an investment portfolio:</p> <p>A2.5.1 Direct holdings, indirect holdings and combinations</p> <p>A2.5.2 Role of derivative substitutes</p> <p>A2.5.3 Rationale, advantages and disadvantages</p> <p>A2.5.4 Impact on overall client objectives and priorities</p> <p>A2.5.5 Asset allocation factors and relationship to overall portfolio</p> <p>A2.5.6 Matching to client risk appetite</p> <p>A2.6 Take account of relevant tax, accounting and costs considerations</p> <p>A2.7 Comply with advice and dealing regulations specific to securities – COBS</p> <p>A2.8 Client reporting requirements</p> <p>A2.9 Communication, monitoring, review and maintenance of the portfolio to achieve the client's objectives, deal with change and respond to setbacks</p>
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