

ApEx10

Overseeing on a day-to-day basis
safeguarding and administering
investments or holding of client money

Summary of Learning Outcomes

ApEx10 OVERSEEING ON A DAY TO DAY BASIS SAFEGUARDING AND ADMINISTERING INVESTMENTS OR HOLDING OF CLIENT MONEY	
	Level

Candidates will be expected to:	
K Demonstrate a knowledge of:	
K1 Know Your Customer	Knowledge
K2 investment products and services	Knowledge
K3 tax considerations	Knowledge
K4 notifications and terms and conditions	Knowledge
K5 the typical content of client agreements	Knowledge
K6 custody requirements	Knowledge
U Demonstrate an understanding of:	
U1. definition of client money and rules applicable to client money accounts	Comprehension
U2. fraud prevention and anti money laundering	Comprehension
U3. how the relevant conduct of business and client asset rules are applied in practice	Comprehension
U4. settlement processes	Comprehension
U5. how corporate actions are applied on client assets/ securities	Comprehension

Indicative Content for each Learning Outcome

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	K1.1 Type of client (e.g. private, intermediate), service provided and type of client money K1.2 Rules that apply to record keeping, charges, commissions and reconciliations

	K2 Investment products and services	K2.1 Types of investment, pension, benefit and cash product available to customers K2.2 Collective investment schemes; institutional/segregated accounts K2.3 Types and key features of services available to customers K2.4 Product cycle and occasions when the safeguarding of customer assets is required
	K3 Tax considerations	K3.1 Handling of dividends and interest (tax and tax credits and the differences) K3.2 Tax treatment of income from overseas / off shore client investments K3.3 Gilts K3.4 Reporting requirements, including under sections 17 and 18 of the European Savings Directive
	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 content of client agreements	K5.1 The purpose of client agreements; the different types of agreement depending on the service and the main clauses that impact on the administration of the client account K5.2 Client money regulations regarding segregation of money K5.3 Enforceability of the contract K5.4 Interest calculations K5.5 Custody arrangements K5.6 Contractual obligations K5.7 Client reporting requirements K5.8 The arrangements for changing the agreement
	K6 Custody requirements	K7.1 Client asset rules K7.2 Setting up and maintaining client bank accounts K7.3 Periodic statements K7.4 Breach reporting
	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 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 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 Documents (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 compensation – when compensation applies and how it is calculated
U4 Settlement processes	U4.1 Transfer mechanisms – BACS, CREST and other settlement systems U4.2 What protection is available and when it can be removed U4.3 Issues raised by changes to investments and how they are dealt with
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