

UNIT TITLE: SECURITIES

Attainment Level	Learning Outcome	Indicative Content
Demonstrate an understanding of:	The securities market structure, features, regulatory and trading environment	<ul style="list-style-type: none"> • Role, structure and regulation of global securities markets <ul style="list-style-type: none"> – Primary, secondary and dual listing – Exchange trading and over-the-counter (OTC) trading – Role of regulators, other supervisory bodies and trade associations • Market participants and roles • Domestic markets: <ul style="list-style-type: none"> – Issuing, listing, quotation, admission to market <ul style="list-style-type: none"> ○ UK Listing Authority ○ PLUS Market ○ AIM market ○ Issuing securities without a prospectus – Markets for trading: <ul style="list-style-type: none"> ○ Equities ○ Government bonds ○ Corporate bonds – Other trading venues: <ul style="list-style-type: none"> ○ Multilateral Trading Facilities (MTFs) ○ Systematic Internalisers ○ Dark pools • International markets: <ul style="list-style-type: none"> – Developed markets – Emerging markets – Foreign Exchange market – Structure and access considerations

Demonstrate an ability to apply:	Dealing principles and practice relevant to client investment activity	<ul style="list-style-type: none"> • Dealing – domestic markets, rules and principles <ul style="list-style-type: none"> – Best Execution – Aggregation and Allocation – Front running • International markets - main differences in principles and practice
Demonstrate an understanding of:	Clearing, settlement and custody principles and practice relevant to client investment activity	<ul style="list-style-type: none"> • Clearing and central counterparty – UK process, duties, risks • Settlement: <ul style="list-style-type: none"> – UK process – International Central Securities Depositories (CSDs) • Custody of assets and client money • Relevance and impact of corporate actions
Demonstrate an ability to assess:	The factors that influence market behaviour relevant to investment advice	<ul style="list-style-type: none"> • Factors that influence market and individual security movements: <ul style="list-style-type: none"> – Volume, liquidity and impact of trading activities – domestic and international markets – Derivatives market, interactivity of timed events, relationship with cash market – Research and ratings – Market Abuse regime • Information and disclosure: <ul style="list-style-type: none"> – Issuer reporting and announcements, corporate actions – Transparency obligations – transaction reporting, share ownership and disclosure, short selling – Market data convention
Demonstrate an ability to analyse:	The characteristics, features, behaviours and risks of securities in the context of the market for these products	<ul style="list-style-type: none"> • Equities: <ul style="list-style-type: none"> – Share classes – American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs)

		<ul style="list-style-type: none"> – Comparative valuation measures and relevance • Debt securities: <ul style="list-style-type: none"> – Domestic and international government securities – Corporate debt securities – Duration, interest rate movements, price/yield relationship – Credit ratings, creditor rankings • Derivative substitutes: <ul style="list-style-type: none"> – Warrants and covered warrants – Contracts for difference (CFDs) • Collectives: <ul style="list-style-type: none"> – Open and closed ended – Asset value, pricing and gearing – Asset cover, redemption yields – Investment management styles and fund selection – Passported products • ETFs and structured products • Cash and cash equivalents • Foreign Exchange
Demonstrate an ability to apply:	The relevant factors and considerations to decide and implement investment recommendations	<p><i>These standards include the requirement to COMBINE and APPLY the learning content from all units of the Appropriate Exam</i></p> <ul style="list-style-type: none"> • Obtain the range of client information and subjective factors to understand their needs, wants, values and risk profile essential to planning • Synthesise client and relevant market information to provide the basis for assumptions and decisions • Analyse the advantages and disadvantages of the appropriate options

		<ul style="list-style-type: none"> • Select, recommend, explain and justify, and transact <ul style="list-style-type: none"> – Sources and use of research and other information • Holding securities within an investment portfolio: <ul style="list-style-type: none"> – Direct holdings, indirect holdings and combinations – Role of derivative substitutes – Rationale, advantages and disadvantages – Impact on overall client objectives and priorities – Asset allocation factors and relationship to overall portfolio – Matching to client risk appetite • Take account of relevant tax, accounting and costs considerations • Comply with advice and dealing regulations specific to securities - COBS • Client reporting requirements • Communication, monitoring, review and maintenance of the portfolio to achieve the client's objectives, deal with change and respond to setbacks
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