# ApEx16

# Securities

# Summary of Learning Outcomes

| ApEx16 SECURITIES | |
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| **ApEx16   Securities** | **Level** |
| Candidates will be expected to: | |
| **K      Demonstrate a knowledge of:** | |
| K1    regulatory requirements affecting securities | Knowledge |
| K2    principles and key operating features of key overseas markets | Knowledge |
| K3    information sources and disclosure obligations | Knowledge |
| **U      Demonstrate an understanding of:** | |
| U1    key features and risks of typical securities | Comprehension |
| U2    foreign exchange products and markets | Comprehension |
| U3    principles and characteristics of new issues as applicable to the process of advising clients | Comprehension |
| U4    principles and methods of settlement and clearing, according to product types and market | Comprehension |
| U5    how and where securities trade and the key differences between each method | Comprehension |

# Indicative Content
# for each Learning Outcome

| ApEx16 ADVISING ON , AND DEALING WITH OR FOR CLIENTS IN, INVESTMENTS WHICH ARE SECURITIES (OTHER THAN STAKEHOLDER PENSION SCHEMES OR BROKER FUNDS) ONLY<br><br>**and**<br><br>ADVISING ON (BUT NOT DEALING IN) INVESTMENTS WHICH ARE SECURITIES (OTHER THAN STAKEHOLDER PENSION SCHEMES OR BROKER FUNDS) ONLY | | |
|---|---|---|
| **Attainment Level** | **Outcome** | **Indicative Content** |
| **16 Securities** | | |
| **K** Demonstrate knowledge of: | **K1 Regulatory requirements affecting securities** | K1.1 Issuers of securities – key obligations placed upon them, ie accounting and reporting requirements<br>K1.2 Holders of securities – key obligations placed upon them, ie disclosure requirements<br>K1.3 Securities trading organisations – key obligations placed upon them<br>K1.4 Cross-border regulations – key elements of cross-border regulations that impact on advisers<br>K1.5 UK Listing Authority – key elements of provisions affecting advisers |

| **U** Demonstrate understanding of: | **U1 Key features and risks of typical securities** | U1.1 Shares<br>    1.1.1 Features and characteristics of ordinary shares and non-voting shares<br>    1.1.2 Features and characteristics of the main classes of preference shares<br>    1.1.3 Dividends – ex-dividend and cum-dividend, calculation of net and gross dividends<br>    1.1.4 Warrants and covered warrants<br>    1.1.5 American Depositary Receipts and Global Depositary Receipts<br>U1.2 Government Bonds<br>    1.2.1 Features and characteristics of the main types of UK Government gilts<br>    1.2.2 Features and characteristics of UK Treasury bills<br>    1.2.3 Features and characteristics of commonly used overseas Government bonds<br>U1.3 Corporate Debt<br>    1.3.1 Characteristics, and uses of secured debt<br>    1.3.2 Characteristics, and uses of unsecured debt<br>    1.3.3 Fixed-floating, cross currency and credit default swaps<br>U1.4 Fixed interest securities<br>    1.4.1 Characteristics of yield and yield curves<br>    1.4.2 Relationship between price and yield<br>U1.5 Collective Investment Vehicles<br>    1.5.1 Features and characteristics<br>    1.5.2 Pricing, including whether trading at discount or premium<br>    1.5.3 Asset value<br>    1.5.4 Gearing and leverage<br>U1.6 Structured Capital at Risk Products (SCARPs) |
| **U** Demonstrate understanding of: | **U2 Foreign exchange products and markets** | U2.1 Foreign Exchange<br>    2.1.1 Products and their key characteristics<br>    2.1.2 Markets and their key characteristics<br>    2.1.3 Calculation of forward & cross rates |

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| **U** Demonstrate understanding of: | **U3 Principles and characteristics of new issues as applicable to the process of advising clients** | U3.1 Key features of the regulations and criteria for the listing of new issues<br>    3.1.1  The role of UKLA<br>    3.1.2  Admission to trading on regulated markets<br>    3.1.3  Small and private issues<br>U3.2 Mechanics of the listing process<br>    3.2.1  Initial Public Offerings and subsequent issues<br>    3.2.2  Underwriting – purpose, practice, rights and responsibilities<br>    3.2.3  Stabilisation – acceptable market practices and purposes<br>    3.2.4  Issue methods for each of the following:<br>        3.2.4a Equities<br>        3.2.4b Gilts<br>        3.2.4c Eurobonds |
| **K** Demonstrate knowledge of: | **K2 Principles and operating features of key overseas markets** | K2.1 European - principal markets and timings<br>K2.2 US - principal markets and timings<br>K2.3 Asia - principal markets and timings |
| **U** Demonstrate understanding of: | **U4 Principles and methods of settlement and clearing, according to product types and market** | U4.1 Settlement and clearing in UK Markets – characteristics, operation, roles and responsibilities<br>U4.2 Settlement and clearing in International Markets – settlement periods and procedures |
| **U** Demonstrate understanding of: | **U5 How and where securities trade and the key differences between each method** | U5.1 Trading on regulated markets<br>    5.1.1 London Stock Exchange Domestic Market<br>    5.1.2 LSE Gilt Edged and Fixed Interest Market<br>    5.1.3 LSE (International)<br>    5.1.4 Virt-x Exchange Limited<br>U5.2 Other markets operated by recognised investment exchanges<br>    5.2.1 AiM<br>U5.3 Markets operated by authorised firms<br>    5.3.1 OFEX<br>U5.4 Awareness of trading OTC |

| U Demonstrate knowledge of: | K3 Information sources and disclosure obligations | K3.1 Periodic reporting by issuers<br>K3.2 Ad hoc announcements<br>K3.3 News services, RNS, PIPs and SIPs<br>K3.4 Investment research and sales notes<br>K3.5 Financial journalism<br>K3.6 Transparency obligations of shareholders<br>K3.7 Structure of accounting information and company balance sheets |
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