

Review of the FCA's appropriate qualification exam standards

Policy Statement

PS17/11*

9 May 2017

This relates to

Consultation Paper 16/24* which is available on our website at www.fca.org.uk/publications

Comments or queries can be sent to:

Steven McWhirter or
 Alex Koukoudis
 Strategy and Competition
 Financial Conduct Authority
 25 The North Colonnade
 Canary Wharf
 London E14 5HS

Telephone:
 020 7066 4562

Email:
ps17-11@fca.org.uk

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takes you to helpful abbreviations

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1 Overview

Introduction

- 1.1** This policy statement provides feedback on responses to CP16/24¹ 'Review of the FCA's appropriate qualification exam standards'. It also sets out the final, updated appropriate exam standards (AES) for appropriate qualifications listed in the Financial Conduct Authority's (FCA) Training and Competence (TC) sourcebook².
- 1.2** In addition, we set out guidance in TC Appendix 4.1.1 clarifying how to read and use the appropriate qualification tables (see Appendix 2).
- 1.3** Finally, we provide our feedback on responses to our question on whether to develop an additional equity release qualification.

Who does this affect?

- 1.4** This policy statement will be of particular interest to those organisations, such as the Accredited Bodies³, providing appropriate qualifications to the UK financial services industry. This policy statement may also be of interest to:
- firms and their employees who are required to have appropriate qualifications listed in our TC sourcebook
 - prospective firms, employees or students who may be required to have appropriate qualifications

Is this of interest to consumers?

- 1.5** Consumers will deal with people in financial services firms who need to hold one or more of the qualifications listed in our Handbook. This policy statement should help consumers understand how the appropriate qualifications system works.

1 CP16/24 Review of the FCA's appropriate qualification exam standards www.fca.org.uk/sites/default/files/cp16-24.pdf

2 TC sourcebook www.handbook.fca.org.uk/handbook/TC

3 www.handbook.fca.org.uk/handbook/glossary?filter-title=accredited



Context

- 1.6** The FCA training and competence regime helps to protect consumers by making sure that staff working in financial services are appropriately qualified and well regulated. It includes:
- a high-level 'competent employees' rule that applies to people carrying on activities we regulate in all UK-authorised firms
 - more-detailed requirements in addition to this for certain retail activities, including the need to achieve an appropriate qualification
- 1.7** Under our 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, for example providing financial advice.
- 1.8** In September 2016 we published CP16/24, setting out proposals for revising the AES to reflect relevant developments since they were last reviewed. Additionally, we proposed new guidance in TC Appendix 4.1.1 to help people read and use the appropriate qualification tables.
- 1.9** We also used the consultation to explore stakeholder views on the potential for an additional equity release qualification to help consumers access this market.
- 1.10** The purpose of this policy statement is to provide our feedback on the responses we received and to finalise our changes.

Summary of feedback and our response

- 1.11** The majority of the respondents agreed with our proposed updates to the AES. We set up a series of meetings with interested parties as part of our review – this was reflected in the feedback we received, with many respondents saying that they felt the review had been conducted in a thorough and systematic manner.
- 1.12** We consulted on reducing the number of 'regulation and ethics' AES from three to two. Respondents welcomed our proposal on Regulation & Ethics unanimously. They believed that this will help avoid duplication in standards and make them more relevant to both individuals and firms. Additionally, there was a consensus among respondents that our proposal allows for standards to be applied based on the individual's attainment level of either level three or four qualifications.
- 1.13** All respondents welcomed the introduction of Handbook guidance and believed that this is helpful in navigating the qualification tables in TC Appendix 4.1. However, there was a consensus that more should be done to improve the format and presentation of the tables to make them more interactive, user friendly and easier to understand.
- 1.14** We received mixed feedback on whether there was a market need for a standalone or top-up equity release qualification. Most respondents didn't think that an alternative to the current approach would lead to a significant increase in the number of people appropriately qualified. Therefore, we have decided not to change the appropriate qualification for equity release at this time.

Cost benefit analysis and compatibility statement

- 1.15** The cost benefit analysis remains as published in CP16/24. In addition to the compatibility statement published in CP16/24, we have also had regard to the recommendations made by the Treasury under s.1JA FSMA about aspects of the economic policy of Her Majesty's Government in connection with our general duties, in their recommendation letter dated 8 March 2017. Having had regard to the recommendations, we will proceed to make changes as proposed.

Equality and diversity considerations

- 1.16** 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 our new policy proposals are considered. We published our equality impact assessment in CP16/24 and invited feedback on the potential impact of our proposals on equality and diversity issues. Our initial assessment was that our proposals will not create any equality and diversity issues and we did not receive any comments to indicate otherwise.



2 Feedback on responses to CP16/24

2.1 This chapter sets out feedback on the responses received to our proposals in CP16/24.

Appropriate examination standards

2.2 The majority of the respondents agreed with our proposed updates to the AES. We set up several pre-consultation workshops with interested parties as part of our review, which was reflected in the feedback we received. In particular, most of the respondents said that this allowed them to get involved early in the review process. Respondents also said that the review was conducted in a thorough and systematic manner.

2.3 Some respondents believed that the proposed updates allow greater flexibility for qualification providers⁴ to develop relevant content to meet the AES requirements. A few respondents reinforced the importance of the standards remaining up to date, reflecting market developments and any changing regulatory requirements.

2.4 One respondent expressed concerns regarding relevant legislative and regulatory changes that have not yet been finalised and so were not part of our proposed changes.

2.5 Some respondents suggested that the dangers posed to consumers through pension scams are not fully addressed within the three AES related to pensions (ApEx 4, ApEx 14 and ApEx 21).

2.6 A few respondents pointed out typographical errors in the draft AES, which we have corrected.

Our response

The majority of respondents agreed with our proposed updates to the AES. We will now publish them on our exam standards webpage. We agree with the respondents that it is important that the AES remain up to date and we will keep them under review. The content of the AES is indicative and we expect that qualification providers will regularly review their qualification syllabi to incorporate relevant regulatory and legislative changes as appropriate.

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

Pension scams response: We fully agree that pension scams pose serious risks to consumers. The FCA is a member of Project Bloom, a multi-agency taskforce of government, regulators, financial services bodies and criminal justice agencies tackling pension scams. Our ScamSmart communications campaign aims to raise awareness of investment frauds, including pension scams. We are also aware that HM Treasury is currently consulting on a package of new measures aimed at tackling different types of pension scams. We will await the outcome of this work before considering whether amendments to the AES are necessary.

Regulation and ethics

- 2.7** In CP16/24⁵ we consulted on reducing the number of 'regulation and ethics' AES from three to two, based on the level of achievement. This was to remove unnecessary duplication and 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 ethics' AES in the syllabus.
- 2.8** As a result of our proposals, ApEx8 (The UK Financial Services Industry) will be withdrawn and two 'regulation and ethics' AES will be used in the future. One will apply to RDR level four qualifications, namely ApEx 24 RDR Core Standards (Financial Services, Regulation and Ethics). The other, namely ApEx1 (UK Financial Services, Regulation and Ethics), will apply to all other non-RDR regulated activities that have level three appropriate qualification requirements.
- 2.9** All respondents welcomed our proposal and believed it will help avoid duplication and make the standards more relevant to both individuals and firms. Also, respondents agreed that our proposal allows for the AES to be applied based on the individual's attainment level of either level three or four qualifications.
- 2.10** One respondent suggested that as the ApEx 24 RDR Core Standards (Financial Services, Regulation and Ethics) and ApEx1 (UK Financial Services, Regulation and Ethics) cover similar subject matter, the language within both AES should be harmonised as much as possible.

Our response

We will proceed as we consulted on and reduce the number of regulation and the ethics AES from three to two, based on the level of achievement.

We note the one respondent's request for further harmonisation of the regulation and ethics language between AES, which we will consider in the future AES reviews.



Proposed Handbook guidance

- 2.11** We also consulted on new Handbook guidance to clarify how to read and use the appropriate qualification tables in TC Appendix 4.1.
- 2.12** Employees and firms should use the TC Appendix 4 appropriate qualification tables to decide whether an individual has a qualification that is appropriate to the job they are doing.
- 2.13** When we consult on listing a qualification, we always consider the regulated activity it applies to. Also, where relevant, the time period in which it was judged as appropriate. For example, 'a', and 'b' in our TC Appendix 4.1.1⁶ appropriate qualification tables provide guidance about the implementation of the RDR qualifications and how closely the RDR appropriate qualifications meet the AES.
- 2.14** All respondents welcomed the addition of Handbook guidance.
- 2.15** A few respondents stated that due to their complexity, the qualification tables in TC Appendix 4 are difficult to navigate. They welcomed further work to improve the format and layout, such as the development of a searchable database or the separation of current qualifications from legacy qualifications that are no longer available to study.

Our response:

We will add the new guidance to our Handbook. As part of our broader work on TC this year, we also aim to update our TC webpage. To improve the layout, we will work towards separating the current qualifications in TC Appendix 4 from legacy qualifications that are no longer available to study.

Other responses

- 2.16** We also received responses relating to:
- a.** how the consistency of coverage between qualification providers is monitored and assessed
 - b.** whether the AES might limit retail investment advisers from undertaking the widest range of Continuous Professional Development (CPD) activities relevant to their role
 - c.** how work experience and CPD combine with the listing and award of appropriate qualifications

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

Our response

A.

When a qualification provider wishes to have a qualification listed as appropriate, we request evidence of how the qualification maps to the AES. This evidence includes an assessment of whether the qualification maps to all of the AES learning outcomes and whether mapping to the indicative content is acceptable. Mapping does not need to be exact, but it should demonstrate that it covers all the necessary elements. Where the qualification meets our criteria, it is subject to a formal FCA consultation and feedback process before we list it in TC Appendix 4.

As per TC Appendix 5.1(3), the FCA expects the qualification provider to meet certain criteria. These include:

- procedures for reviewing and refreshing its syllabus and question banks to ensure that they are relevant and up to date
- robust and credible procedures for assessing a candidate's demonstration of the learning outcomes specified in the relevant examination standards (i.e. passing the qualifications)

As stated in CP16/24, we expect that existing appropriate qualification providers will review the content of their syllabi during the 12-month period following the publication of our finalised guidance and make changes where appropriate. We will contact the existing providers to confirm this, but we don't expect these changes will affect existing or prospective students.

B.

Our TC sourcebook includes examples of CPD activities as well as guidance on training needs and maintaining competence. The AES are not qualifications themselves, but they set out the learning outcomes, the levels of attainment that a candidate must achieve and the indicative content relevant to each learning outcome to inform qualifications that providers make available. Where, for example, a retail investment adviser uses an AES to help them demonstrate their CPD it should be consistent with our guidance⁷.

Appropriate qualifications remain valid, no matter how long ago they were awarded, but must remain relevant to the activities in question (for example, the regulated activities of retail investment advice and mortgage advice). Firms must ensure that their employees are and remain competent – this may include asking staff to re-take qualifications, where appropriate.

C.

Qualification providers decide how work experience is taken into account. People seeking credits or exemptions for previous work experience, CPD or other qualifications will need to speak to their qualification provider.



Equity release qualifications

- 2.17** In CP16/24 we consulted on whether to develop an additional equity release qualification. This followed some stakeholders telling us that the current structure of the equity release appropriate qualification may be a barrier to advisers becoming qualified, and so might be limiting consumers being able to access equity release products⁸. In particular, it was suggested that some independent financial advisers may not be offering equity release because, before they can do so, they need to be appropriately qualified for a product (eg mortgages) that they have no interest in selling.
- 2.18** We received 18 responses from lenders, intermediaries and their trade bodies as well as qualification providers. We did not receive any responses from consumer representatives. Overall, views were mixed on the merits of introducing an alternative route.
- 2.19** Respondents generally welcomed the aim of consumers having greater access to equity release and the concept of holistic retirement advice, while acknowledging the difficulties in achieving this.
- 2.20** Only two respondents believed a change to the equity release qualification would lead to a significant increase in the number of people appropriately qualified in this area.
- 2.21** If there was to be an additional qualification, several anticipated a small and gradual increase in the number of advisers qualified in equity release. This was because pensions and investment advisers might see an increase in numbers of clients with insufficient pension incomes but significant housing wealth.
- 2.22** Two respondents suggested that there were greater barriers to entry into the equity release market for pension and investment firms than the current structure of the equity release qualification. These were twofold. Firstly, the need to gain authorisation in regulated mortgage contracts (including lifetime mortgages) and home reversion plans, involving the need to demonstrate appropriate systems and controls. Secondly, one respondent argued that generalist firms were unlikely to have a significant number of customers where equity release was a suitable option and acquiring leads would be costly for these firms.
- 2.23** One respondent told us that because the main equity release product was a lifetime mortgage (and equity release was likely to continue to be dominated by mortgage-like products) firms may require a mortgage qualification for their advisers working in equity release even if FCA rules did not.
- 2.24** Several respondents told us that there are already far more advisers qualified in equity release than are selling equity release. They argued that increasing the number of qualified advisers would not necessarily increase access to advice on equity release.
- 2.25** Those in favour of a top-up for pensions or investments advisers believed this would help deliver holistic retirement advice where equity release was considered alongside other sources of retirement income.

8 www.fca.org.uk/publication/feedback/fs16-03.pdf

- 2.26** Several respondents who were against any change told us that comprehensive knowledge about mortgages was necessary and so the current qualification was appropriate. This was because of the nature of lifetime mortgages as the main source of equity release. It was also argued that a pensions and investment adviser with an equity release top-up qualification may not consider a standard mortgage, where this may be the most appropriate product.

Our response

The responses we received did not demonstrate a market need for a change to the appropriate qualification for equity release.

We note that respondents had a range of views on the relative merits of a standalone versus top-up approach. These centred on two themes: the desirability of holistic retirement advice and the ongoing need for mortgage content in an equity release qualification. We also note that some firms would like to deliver holistic retirement advice but were mixed in their views on how to achieve this. We recognise that a solid understanding of mortgages is, and is likely to remain, an important competency in giving equity release advice. If we consider this matter again in the future we will take the views received in this consultation into account.



Annex 1

List of non-confidential respondents

EAM Consulting Ltd

Retirement Advantage

Key retirement

The Whitehall Partnership Ltd

The Investment Association

Chartered Banker Institute

The Cattellyst Consultancy

Association of Mortgage Intermediaries

Chartered Institute for Securities & Investments

Legal & General

Aviva UK Life

SimplyBiz Group Plc

The Pensions Advisory Service

The Pensions Management Institute

CFA Institute

Equity Release Council

Lloyds Banking Group

Investment Property Forum

Chartered Insurance Institute

Institute of Chartered Accountants in England and Wales

Annex 2

Industry working group participants

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

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



Annex 3

Abbreviations used in this paper

AES	Appropriate Exam Standards
CP	Consultation Paper
FCA	Financial Conduct Authority
SYSC	Senior Management Arrangement, Systems and Controls Sourcebook
TC	Training and Competence Sourcebook

We have developed the policy in this Policy Statement in the context of the existing UK and EU regulatory framework. The Government has made clear that it will continue to implement and apply EU law until the UK has left the EU. 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 in the future.

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.

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Appendix 1

Made rules (legal instrument)

**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 9 May 2017.

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
27 April 2017

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>	<u>Key extent to which qualification meets qualification requirement</u>	
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 <i>collective investment scheme</i> or undertaking activities of a <i>trustee</i> or <i>depository of a collective investment scheme</i>		
16	Overseeing on a day to day basis <i>safeguarding and administering investments</i> or holding <i>client money</i>		
17	Overseeing on a day to day basis <i>administrative functions</i> in relation to <i>managing investments</i> : (i) <i>arranging settlement</i> ; (ii) <i>monitoring and processing corporate actions</i> ; (iii) <i>client account administration, liaison and reporting including valuation and</i>		

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

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

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>	<p><u>Overseeing on a day to day basis administrative functions in relation to managing investments:</u></p> <p>(i) <u>arranging settlement;</u></p> <p>(ii) <u>monitoring and processing corporate actions;</u></p> <p>(iii) <u>client account administration, liaison and reporting including valuation and performance measurement;</u></p> <p>(iv) <u>ISA or CTF administration;</u></p> <p>(v) <u>investment trust savings scheme administration.</u></p>

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

...



Appendix 2

Final appropriate examination standards

Appropriate exam standard number	Exam standard content	Relevant to regulated activity ⁹
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 ¹⁰	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	
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

⁹ The regulated activity number refers to the number within TC Appendix 1.

¹⁰ This is replaced with ApEX1.



Appropriate exam standard number	Exam standard content	Relevant to regulated activity
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

Appropriate Examination Standards (AES)

In this Appendix, we present the final AES, following changes proposed during consultation.

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, market participants U1.3 The role of the EU and of the UK government – regulation, taxation, economic and monetary policy, provision of welfare and benefits
	U2. The main financial asset classes and their characteristics	U2.1 Cash deposits and money market instruments U2.2 Government securities, corporate bonds and Eurobonds U2.3 Equities U2.4 Real estate
	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, structured products U3.3 Mortgages and other secured and unsecured loans, bridging finance – personal and commercial 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 Later life planning U4.6 Estate planning U4.7 Tax planning and offshore considerations
	U5. The purpose and process of giving financial advice, including the importance of regular reviews of the consumer’s circumstances	U5.1 The nature of the client relationship and the importance of confidentiality, trust and consumer protection U5.2 Assessing attitude to risk U5.3 Factors determining how to match solutions with consumer needs and demands U5.4 Assessing affordability and suitability U5.5 The effective use of communication skills in giving advice to customers with different levels of knowledge, experience and capabilities including vulnerable customers 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 U5.9 The importance of regular reviews in line with the

U Demonstrate an understanding of:		consumer's circumstances and arrangements
	U6. The basic legal concepts relevant in financial advice	<p>U6.1 Legal persons – individuals, wills, intestacy, personal representatives (and administration of estates), trustees, companies, limited liabilities, partnerships</p> <p>U6.2 Contract, capacity to contract</p> <p>U6.3 Agency</p> <p>U6.4 Real estate, personal property and joint ownership</p> <p>U6.5 Powers of attorney and substituted decision making</p> <p>U6.6 Insolvency and bankruptcy</p> <p>U6.7 Identifying potential scams/notifying and reporting of scams/awareness of the impact of scams</p>
	U7. The UK taxation and social security system	<p>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</p> <p>U7.2 Capital gains tax – liability to CGT, disposals, death, deductions, losses, main exemptions, indexation relief, taper relief, basic calculation of chargeable gains</p> <p>U7.3 Inheritance tax</p> <p>U7.4 Corporation tax</p> <p>U7.5 Concept and importance of residency/domicile/reciprocal tax treaties</p> <p>U7.6 Taxation of investments and property</p> <p>U7.7 Stamp duty on securities, including real estate and real estate funds</p> <p>U7.8 National insurance</p> <p>U7.9 State benefits and HMRC Tax Credits</p>
U8. Types of interest and impact on client needs and solutions	<p>U8.1 Definition and common measures of inflation, deflation and disinflation and relevant indices</p> <p>U8.2 The different types of interest rates and what factors they impact over time</p> <p>U8.3 Economic cycles/market volatility</p>	
1b Regulation and Ethics		
K Demonstrate a knowledge of:	K1. The main aims and activities of the (FCA)/PRA and their requirements for ethical conduct by firms and individuals	<p>K1.1 The role, activities and statutory objectives of the Financial Conduct Authority (FCA) /Prudential Regulation Authority (PRA)</p> <p>K1.2 Key features of the FCA's principles for businesses</p> <p>K1.3 Arrangements, systems and controls for senior managers</p> <p>K1.4 Authorisation, supervision, appointed representatives and the fit and proper test for senior managers/certificated persons under the approved persons (APER) or Code of Conduct (COCON), as appropriate</p> <p>K1.5 The prevention of crime, including market abuse insider dealing and whistle blowing</p> <p>K1.6 The approach to, and requirements for, treating customers fairly, conduct risk and customer outcomes</p>

	K2. How legislation (other than tax legislation) and regulations impact upon firms and the process of advising clients	K2.1 UK legislation and EU directives K2.2 The role of the relevant Government departments K2.3 The role of the Competition and Markets Authority (CMA) K2.4 The Pensions Regulator (TPR's) rules with respect to occupational pension schemes K2.5 Unfair contract terms and Consumer Rights Act K2.6 The role of guidance services
	K3. The role of oversight groups and other influencing bodies	K3.1 Internal and external auditors, trustees and compliance K3.2 Codes of conduct, professional bodies and trade associations
U Demonstrate an understanding of:	U9. The FCA/PRA's approach to regulating firms and individuals	U9.1 Authorisation of firms, regulated activities and regulated investments, firms' status U9.2 Capital adequacy U9.3 Regulatory approaches to supervision U9.4 Discipline and enforcement including notification requirements and Statement of Professional Standing (SPS's), as appropriate
U Demonstrate an understanding of:	U10. How the FCA's rules affect the control structures of firms and their relationship with the FCA	U10.1 Approved persons and controlled functions U10.2 Reporting and record keeping U10.3 The training and competence regime
	U11. How the FCA's 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 and insistent clients U11.7 Fees charges and commissions U11.8 Cooling off and cancellation, reflective periods 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 Money Laundering regulations U12.2 Definition of financial crime and proceeds of crime U12.3 Money laundering offences and the Terrorism Act U12.4 Client identification procedures and credit reference agencies 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	U13.1 Firms' internal complaints procedures U13.2 The Financial Ombudsman Service (FOS), Pension Ombudsman U13.3 The Financial Services Compensation Scheme (FSCS)

	compensation	U13.4 Pension Protection Fund
	U14. The role of the Information Commissioner's Office (ICO)	U14.1 Definitions in the Data Protection Act U14.2 The data protection principles U14.3 Enforcement of the Data Protection Act

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, 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>U2.4 Corporation tax</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</p> <p>U3.1.5 National savings and investment deposit products</p> <p>U3.1.6 Sharia compliant investments</p> <p>U3.2 Government securities, corporate bonds, Eurobonds</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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<p>U Demonstrate an understanding of:</p>		<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), Property Authorised Investment Funds (PAIFs)</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>
	<p>U4. Different product types and their key features</p>	<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, UCITS</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 products - 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, net asset value and total expense ratios</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 investment trusts and for the investors who own</p>

<p>U Demonstrate an understanding of:</p>		<p>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)</p> <p>U4.3.1 Structured annual investment limits</p> <p>U4.3.2 Charging – initial and annual charges for direct investments and collectives</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>U4.3.7 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 – unit-linked 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, traded life policies</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>U4.4.8 Friendly society products</p> <p>U4.5 The role of platforms, wraps and fund supermarkets</p>
	<p>U5. The role of ethical investment and socially responsible investment in financial advice</p>	<p>U5.1 Socially responsible investment – portfolios with social, ethical, environmental and financial goals, including ethical investment and charitable giving</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>
	<p>U6. The importance of asset allocation in the investment process</p>	<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>
	<p>U7. How other issues affect investment planning</p>	<p>U7.1 Comparing charges, their impact and relevance, reduction in yield (including hidden charges), diversification</p> <p>U7.2 Active as against passive investment management</p> <p>U7.3 Paying off the mortgage as against other 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>

U Demonstrate an understanding of:	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 profiles 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>
	A3. the risks faced by investors and how an investor's	<p>A3.1 The importance of affordability and suitability in making financial planning decisions</p> <p>A3.2 Main types of risk for investors – equity capital risk, currency risk, interest rate risk, institutional</p>

	risk profile is determined	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 customer circumstances, 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</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 with reference to long term care, 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 and duties of disclosure, 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 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</p>

<p>U Demonstrate an understanding of:</p>		<p>features with long term care, 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 Types 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 including the use of trusts</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>
	<p>U3. The use of trusts in life assurance</p>	<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>
	<p>U4. The main types of income protection insurance policies, their functions, how they are arranged and the tax rules</p>	<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 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</p>

U Demonstrate an understanding of:		U4.8	the cover through income protection policies Group policies and employer policies
	U5. The main types of critical illness insurance policies, their functions, how they are arranged and the tax rules	U5.1	Insurance cover provided – differences in coverage, changes in definitions, additional benefits, taxation of benefits
		U5.2	Policy structure – stand alone, combined whole life or term, first claim, bolt on, single and joint policies
		U5.3	Group policies
		U5.4	Effects on policy design and premium structures of morbidity, medical developments, investment and expenses
		U5.5	Underwriting issues
		U5.6	Need for cover – who needs cover, type of cover, flexibility and additional features, term and permanent policies
		U5.7	Assessing the amount of cover needed, inflation-proofing, policy term, capital needs, short and longer-term income, replacement needs
		U5.8	Split benefit trusts for death benefits
		U5.9	Comparing critical illness cover and income protection – advantages and drawbacks
U6. The main features and functions of mortgage payment protection insurance (MPPI) and accident, sickness and unemployment (ASU) insurance	U6.1	Cover provided by MPPI and ASU – long term illness, incapacity, unemployment, differences between MPPI and ASU	
	U6.2	Need for MPPI and ASU	
	U6.3	Main limitations on the insurance provided	
	U6.4	Comparing MPPI with ASU, income protection and critical illness insurance – advantages and drawbacks	
	U6.5	State support for mortgage costs – qualifying rules, main limits on benefits	
	U6.6	The reasons why PPI was mis-sold	
U7. The main features and functions of personal accident insurance	U7.1	Types of cover – death, specified injury	
	U7.2	Limitations – cover, annual policy	
	U7.3	Personal accident insurance for children - availability, group schemes	
	U7.4	Assessing individual needs – comparing with MPPI, ASU, income protection and critical illness insurance	
U8. The main features and functions of long-term care insurance and the context in which it is used	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, taxation	
	U8.2	Meeting the need for income to pay for long term care – period and costs of care	
	U8.3	State (including NHS) – and local authority help for LTC – conditions and amounts	
	U8.4	Other long term care planning – accumulating of funds, use of home, ownership of home, equity release, accelerated death benefits and viatical settlements	
	U8.5	Substituted decision making	
	U8.6	Conversion options under existing policies	
U9. The main	U9.1	Cover provided – difference between acute and	

U Demonstrate an understanding of:	types of medical insurance and their uses	<p>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 How 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, 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 pension schemes, workplace pensions</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>
	U2. The key features of auto enrolment	<p>U2.1 The assessment process</p> <p>U2.2 Certification and eligibility</p> <p>U2.2 Postponement</p> <p>U2.3 Phasing</p> <p>U2.4 Cyclical re-enrolment</p> <p>U2.5 Default and deferring issues</p> <p>U2.6 Transfers of information</p> <p>U2.7 NEST</p>
	U3. The main rules governing the tax treatment of pensions	<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> <p>U3.5 The tax position of pension funds – the treatment of different classes of asset.</p> <p>U3.6 taxation of pension benefits – state benefits, occupational and personal pension schemes</p>

U Demonstrate an understanding of:	U4. The main state pension benefits to which individuals may be entitled in retirement and the impact they may have on retirement planning.	U4.1 State pension – payment age, entitlement, pension amount and increases, effect of deterrent, 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 U4.2 additional state pension and calculation of foundation allowance U4.3 Pension credit
	U5. The basic principles underlying defined benefit pensions schemes	U5.1 Public sector schemes – benefit structures, security, transfer club U5.2 Pensions and life assurance benefits – accrual rates, eligibility, inflation protection, contracting out, commutation issues, life assurance, dependants' income benefits U5.3 Main roles of employers and pension scheme trustees, requirement for member-nominated trustees, importance of scheme rules determining and limiting benefit options U5.4 Basic position on early retirement, reduction in benefits, early retirement through ill health 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, enhanced transfer values U5.6 Funding and investment issues of defined benefit schemes 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 U5.8 Death in service – tax efficiency and limitations of cover, cost U5.9 Closure and winding up of schemes – main implications U5.10 The Pension Protection Fund, Financial Assistance Scheme and employer covenant U5.11 Advice issues – pension opt-outs, transfers and early leavers, added years AVCs as against money purchase AVCs U5.12 Transfer value exercises management U5.13 Snowdon code and how its conducted
	U6. The basic principles underlying defined contribution pension schemes and how benefits are built up	U6.1 Basic structure of defined contribution occupational and personal pension schemes – contributions, funds, benefits, transferability, contract vs trust based schemes U6.2 Main roles of employers and pension scheme trustees, importance of scheme rules determining and limiting benefit options U6.3 Nature and operation of group personal pension schemes – contributions by employer and employee, control of investment and benefits

<p>U Demonstrate an understanding of:</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 Death benefits, ill health and serious ill health</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>U6.9 FSCS protection</p>
	<p>U7. How pension funds can be invested to provide capital and income in retirement</p>	<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, glide path</p> <p>U7.3 Self investment under registered pension schemes (occupational and personal) – the main rules, tax implications</p>
	<p>U8. The main criteria that can be used in choosing pension contracts and providers</p>	<p>U8.1 The choice between the main kinds of defined contribution schemes and their relative merits</p> <p>U8.2 Choosing pension providers – costs, administration, financial strength</p> <p>U8.3 Fund choice, risk, default funds</p> <p>U8.4 Self-investment options</p>
	<p>U9. The main options for drawing retirement benefits for individuals with defined contribution schemes</p>	<p>U9.1 Normal minimum pension age, effect of ill-health, managing longevity risk, minimum decumulation age</p> <p>U9.2 Maximum tax free pension commencement lump sum</p> <p>U9.3 Annuities – main types and features of annuities and secondary annuity market</p> <p>U9.4 Uncrystallised funds pension lump sum (UFPLS), crystallization funds, pension lump sum</p> <p>U9.5 Flexi-access drawdown</p> <p>U9.6 Safeguarding benefits</p> <p>U9.7 Scope of pensions wise service</p> <p>U9.8 Other sources of income in retirement</p>
	<p>U10. The suitability of registered pension schemes and other types of investments which can be used to provide retirement benefits</p>	<p>U10.1 The tax privileges of pension schemes compared with other types of investment, including ISAs and residential property</p> <p>U10.2 Unregulated pension schemes and scams</p>

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 attitude to risk and capacity to loss An1.3 How to assess affordability and suitability An1.4 Methods of identifying and reviewing suitable options An1.5 The types of pension products, associated risks and suitability criteria
A Demonstrate an ability to apply	A1. Suitable retirement 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 A1.7 The importance of regular review meetings of retirement planning

APEX5 Mortgage Advice

Attainment Level	Outcome	Indicative Content
K Demonstrate a knowledge of:	K1. The definition of a mortgage and a regulated mortgage contract	K1.1 Definition as given in FCA handbook K1.2. Legal definition K1.3. Definition of a regulated second charge loan
	K2. The house-buying process, the key parties involved and their roles	England/Wales K2.1a Role of estate agent/valuer/conveyancer/legal adviser K2.2a Process to contract exchange/completion and when a contract becomes binding OR Scotland K2.1b Role of estate agent/valuer/legal adviser K2.2b Conditional/unconditional offer K2.3b Private bargain/private treaty K2.4 Acceptance/conclusion of missives/completion K2.5 conditional offers
	K3. The process and implications of buying property at auction	K3.1 Requirement for funding (ie cash/mortgage commitment) to be in place up front K3.2 The two methods of property auction; procedure to complete purchase
	K4. 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	K4.1 Main property defects K4.2 How property defects may affect the lending decision and/or require immediate remedial works as a condition of the mortgage
	K5. The common types of borrower and how their main mortgage related requirements may differ and what factors may disqualify people from borrowing	K5.1 Private/residential borrowers K5.2 Eligible counterparty /business/commercial/high net worth borrowers/ property investors/mortgage professionals (outline only) K5.3 Vulnerable customers K5.4 Those who will face difficulty in borrowing K5.5 Those who cannot borrow

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
	U2. The role of a mortgage adviser and the principles of providing advice, to deliver a fair outcome for the customer	U2.1 Affordability U2.2 Suitability U2.3 Attitude to risk and risk profile U2.4 Term of mortgage or loan U2.5 Principles of ethical advice and achieving fair outcomes 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
	U3. The use of additional forms of security	U3.1 The implications for a lender and borrower of taking additional forms of security U3.2 The rules and regulations governing additional forms of security
	U4. The fees and charges involved in arranging a mortgage	U4.1 Fees and charges relating to the purchase of the property including relevant taxes U4.2 Fees and charges relating to the purchase of the mortgage U4.3 Fees and charges relating to the provision of Mortgage advice
	U5. The principal factors affecting the value of property	U5.1 The implications for customers seeking mortgages of the principal factors affecting property values U5.2 When consumers should seek advice on property values U5.3 The implications for lenders of the principal factors affecting property values and the security
	U6. The different forms of valuation and survey and which might be appropriate for different properties and/or the borrower's circumstances	U6.1 Forms of valuation and or survey U6.2 Requirements of lenders U6.3 Rights of the consumer
	U7. The main features and functions of mortgage related protection	U7.1 The purpose and implications for consumers and lenders of different mortgage protection arrangements U7.2 The rules and regulations governing the sale and advice of mortgage protection arrangements and property insurance
	U8. The principles, procedures and considerations associated with raising	U8.1 Further advances U8.2 Remortgages U8.3 Second charge loans U8.4 Bridging finance

U Demonstrate an understanding of:	additional money	U8.5 Lifetime mortgages and home reversion schemes –further drawdown
	U9. The principles, procedures and costs of transferring and amending mortgages	U9.1 Transfer of mortgage to a new lender U9.2 Implications of property moves U9.3 Converting one mortgage to another U9.4 Adding/removing one party from a joint mortgage/transfer of equity U9.5 Redeeming a mortgage or secured loan before/at the end of its term U9.6 Making additional/lump sum capital repayments on a mortgage, during its term U9.7 Transitional lending rules U9.8 Porting mortgages
	U10. The implications of consolidating debt appropriately within a mortgage	U10.1 Implications for consumers and lenders of using mortgages within debt consolidation arrangements U10.2 Rules and regulations relating to using mortgages within debt consolidation arrangements U10.3 Risks associated with moving loans from unsecured to secured status U10.4 Arrangements with creditors, referring for specialist advice
	U11. The implications of the non-payment of mortgages, other breaches of the Mortgage Deed	U11.1 The content a mortgage warning, when this should be issued and ensuring that this is understood U11.2 Possible courses of action available to lenders and borrowers U11.3 FCA requirements regarding the treatment of those in arrears U11.4 The implications of legislation governing the treatment of those in arrears U11.5 Implications for customers and lenders of the non-repayment of capital at the end of mortgage term U11.6 Implications for consumers and lenders of the use of state benefits and reliefs to support mortgage payments
	U12. The legal rights and remedies available to lenders in respect of non-payment from borrowers	U12.1 Rights of subrogation of insurers to pursue borrowers U12.2 Legal remedies on default U12.3 FCA rules and regulations governing the use of remedies on default
	U13. The main requirements of the Mortgage Conduct of Business Rules and the legislation affecting mortgages	U13.1 Role and responsibilities of the lender U13.2 Role and responsibilities of the adviser U13.3 Other legislation affecting mortgages
	U14 (including 18 and 19). The structure and features of different types of mortgage	U14.1 The different repayment methods for mortgage arrangements U14.2 The different interest rate options available U14.3 The different types of mortgage product and how they suit consumer needs U14.4 The different forms of Government backed

An Demonstrate an ability to analyse		<p>incentives for home purchases</p> <p>U14.5 The different forms of shared ownership arrangements</p> <p>U14.6 Islamic home finance arrangements</p>
	<p>An1. The key features of different mortgage solutions and their suitability for different customers' circumstances</p> <p>(including A1)</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>An2 The key features and implications of different forms of property purchase and specialist mortgage lending and their suitability for different customers' circumstances</p>	<p>An2.1 The different factors that shape a customer's circumstances and borrowing purposes in the Buy to Let, second charge and bridging finance market place</p> <p>An2.2 The different factors that shape a customer's circumstances and borrowing for second homes, self-build properties and properties bought at auction</p> <p>An2.3 The legal implications and issues associated with property purchase</p> <p>An2.4 The range of solutions in the bridging finance and the second charge lending market and the suitability of solutions for a customer</p> <p>An2.5 The Buy to Let and Consumer Buy to Let customer and suitable mortgage solutions</p> <p>An2.6 The range of solutions available for additional funding on a secured lending basis</p> <p>An2.7 The different taxation implications related to property ownership</p>
A Demonstrate an ability to apply	<p>A1. The rules and regulations governing mortgage lending, mortgage advice and the sale of associated mortgage protection arrangements</p>	<p>A1.1 The rules contained within MCOB relating to mortgage lending</p> <p>A1.2 The rules contained within MCOB relating to the provision of mortgage advice</p> <p>A1.3 The rules contained within ICOB relating to the sale of mortgage related insurances</p> <p>A1.4 The rules contained within the Consumer Credit Acts for secured lending.</p> <p>A1.5 The rules contained within MCOB relating to the treatment of those in arrears and the rules governing legal remedies on default</p>
	<p>A2. The principles of ethical and sustainable advice to suit customers'</p>	<p>A2.1 The assessment of affordability and the suitability of sustainable solutions for mortgage customers</p>

	circumstances	A2.2	The provision of regulated mortgage advice for property purchasers
		A2.3	The provision of advice relating to the release of further equity for mortgage customers
		A2.4	The provision of advice to BTL, CBTL customers and property investors
		A2.5	The provision of advice on bridging finance and second charge lending
		A2.6	The provision of advice on other forms of home finance arrangements
		A2.7	The provision of advice on mortgage related insurance protection arrangements

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 FCA Handbook glossary	K1.1 Definition of long-term care insurance and how it fits with existing contracts K1.2. Differences between pre-funded insurance and immediate needs annuities and how it fits with existing contracts K1.3. Background to current provision in UK through the informal, public, private and voluntary sectors K1.4 How care is accessed and 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 All forms of supported living 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 for the provision of health care and any funding implications for the client	U2.1 Legal responsibility of the 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 NHS nurse care contribution (NHS-funded Nursing Care): U2.4.1a Entitlement Levels U2.4.1b Payment procedures U2.5 Discharge from hospital procedures and delayed discharge U2.6 Relevant legislation including Care Act 2014, Mental Health Act 1983 and Human Rights Act 1998
	U3. The responsibilities of a local authority in enabling access to long-term care and procedures for	U3.1 Assessments U3.2 Delivery of care: U3.2.1 Residential U3.3 Understand the relevant UK legislation on care including reference to the support for the carer

	care assessments, both domiciliary and residential	
	U4. The procedures by which local authorities make financial assessments for those requiring long-term care and the role of the local authority	<ul style="list-style-type: none"> U4.1 Relevant statutory guidance U4.1.1 UK variances U4.1.2 capital limits U4.1.3 National Variations U4.1.4 Assessment of jointly owned assets U4.1.5 Deprivation of assets – lifetime giving U4.1.6 Deferred payment arrangements U4.1.7 Capital U4.2 Capital disregard U4.3 Notional capital U4.4 Beneficial ownership of capital <ul style="list-style-type: none"> U4.4.1 Income disregard U4.4.2 Use of trusts U4.4.3 Treatment of the family home including third party ownership U4.4.4 Liability of relatives U4.5 Rules and guidance for the care setting and guidance for financial assessment, cross border regulation and tax equivalents U4.6 Charging procedures U4.7 Interaction with means testing
	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	<ul style="list-style-type: none"> U5.1 Other sources of assistance including informal care U5.2 Consideration of existing policies and their application and potential importance in the funding for long-term care needs U5.3 Health cash plans U5.4 Private medical insurance (PMI) U5.5 Limitations
	U6. The relationship complexities between the adviser, the client and third parties in the advice process for long-term care and their implications	<ul style="list-style-type: none"> U6.1 Identifying from whom to take and receive instruction U6.2 The application to decision making and giving instructions U6.3 Legal capacity of the client <ul style="list-style-type: none"> U6.3.1 Definition of capacity under the Mental Capacity Act 2005: <ul style="list-style-type: none"> U6.3.1a 5 key principles (section 1) U6.3.1b Best interests (section 4) U6.3.1c Lasting Powers of Attorney – financial and health/welfare; formalities; effect upon Enduring Power of Attorney U6.3.1d Office of Public Guardian U6.3.1e Court Appointed Deputies U6.3.1f Independent Mental Capacity Advocate (IMCA) U6.3.1g Single Orders of the Court U6.4 Substituted decision making: <ul style="list-style-type: none"> U6.4.1 Power of Attorney U6.4.2 Enduring Power of Attorney (EPA)

	<ul style="list-style-type: none"> U6.4.3 Lasting Power of Attorney (LPA) U6.4.4 Court of Protection U6.4.5 Role of Public Guardianship Office U6.4.5a Receivership U6.4.5b Regional variations – Continuing power of attorney (CPAs) U6.5 Confidentiality U6.6 Extent of family involvement U6.7 Potential conflicts of family interests U6.8 Access to medical records U6.9 Awareness of the indicators of financial abuse U6.10 National variations
U7. The taxation issues related to long-term care planning and products	<ul style="list-style-type: none"> U7.1 Tax position on premiums U7.2 Treatment of benefits (paid from pre-funded plans) U7.3 Impact of payment of benefits on client’s tax position U7.4 Payments to client to pay carer U7.5 Payments direct to care provider U7.6 Tax position of immediate needs annuities U7.7 IHT mitigation and lifetime gifting-Court of Protection PN9 U7.7.1 Lump sum contracts U7.7.2 The application of trusts in planning U7.8 Impact of likely future changes in client’s tax position
U8. The factors that need to be taken into account in respect of long-term care when considering related legal matters	<ul style="list-style-type: none"> U8.1 Estate planning U8.2 Wills/intestacy U8.3 Deeds of variation U8.4 Statutory wills U8.5 Treatment and ownership of the family home U8.6 Dealing with mental incapacity, attorneys and third party decision makers
U9. Eligibility to claim-under a long-term care insurance policy	<ul style="list-style-type: none"> U9.1 ADL definitions: <ul style="list-style-type: none"> U9.1.1 Industry definitions U9.1.2 Provider enhancements 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	<ul style="list-style-type: none"> U10.1 Care in own home including informal care <ul style="list-style-type: none"> U10.1.1 Provision of care services <ul style="list-style-type: none"> U10.1.1a Social services U10.1.1b Private sector personal and nursing care U10.1.2 Home modification; access to grants <ul style="list-style-type: none"> U10.1.2a Role of home improvement agencies U10.1.2b Assistive devices U10.2 Residential care <ul style="list-style-type: none"> U10.2.1 Local authority funding levels, including national variations <ul style="list-style-type: none"> U10.2.1a Standard rate U10.2.1b Topping-up U10.3 Private sector – market rate

As Demonstrate an ability to assess		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 U10.6 Long term affordability
	As1. The interaction between means-tested and non-means tested entitlements in the provision of advice on long-term care insurance	As1.1 Means and non means tested entitlements
	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 benefits and use of existing financial planning products
	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 Wrappers K3.3 Sub-registers for tax incentivised savings schemes – 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, dilution levy and swinging price (dilution adjustment) K3.7 Purchase consideration and redemption proceeds using the different methods permitted by the Financial 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. Tax and equalisation (investors)	K5.1 Main types of investor and the tax implications for each – income tax, corporation tax, capital gains tax, inheritance tax, equalisation
	K6. Corporate actions	K6.1 Types of corporate action K6.2 Process to execute K6.3 Risks K6.4 Regulatory requirements
	K7. Impact of scheme changes on administrative processes	K7.1 Changes to the investment objectives and/or mandate K7.2 Challenges and risks to the valuation process K7.3 Impact on portfolio turnover, performance, fees and charges

K Demonstrate knowledge of:	K8. Reporting requirements to investors	<p>K8.1 Annual and half yearly reports and accounts: content; regulatory requirements on documentation and its content; SORP requirements</p> <p>K8.2 What investors should look for in the reports and accounts</p> <p>K8.3 Periodic statements: content, reason for issue</p> <p>K8.4 Different types of mandatory and optional scheme documentation</p>
	K9. Key requirements for meetings	<p>K9.1 When and how to hold a unit/share holders' meeting, including required notice periods, form of notice and quorum</p> <p>K9.2 Proxy voting requirements</p>
	K10. The regulatory framework applicable to collective investment schemes	<p>K10.1 Requirements of the FCA Conduct of Business Rules on the authorisation of collective investment scheme operators</p> <p>K10.2 Collective investment scheme rules</p> <p>K10.3 Key features of the current EU and OEIC Regulations</p> <p>K10.4 Other regulations impacting on collective investment schemes</p> <p>K10.5 Current legislation relating to the prevention of financial crime</p>
	K11. Key types and features of reconciliation	<p>K11.1 Cash reconciliation between authorised fund manager (AFM) and depositary/custodian (and third party administrator where applicable)</p> <p>K11.2 Unit/shares reconciliation</p>
	K12. Key requirements relating to promotions and product disclosure	<p>K12.1 What the AFM must make available and/or supply to potential investors, in what form and within what timeframe</p>
U Demonstrate understanding of:	U1. Function of collective investment schemes	<p>U1.1 Purpose of a collective investment scheme</p> <p>U1.2 Key influences on the development of schemes</p> <p>U1.3 Principal types of fund available</p> <p>U1.4 Comparative features, advantages and disadvantages in contrast to other forms of investment (direct and indirect)</p> <p>U1.5 Authorisation and FCA classification</p>
	U2. The role and responsibilities of the authorised fund manager	<p>U2.1 Legal position of the authorised fund manager (AFM)</p> <p>U2.2 Process for appointment and removal</p> <p>U2.3 Purpose, benefits and risks of outsourcing</p> <p>U2.4 Operational responsibilities</p> <p>U2.5 CASS and client money requirements</p>
	U3. The role and responsibilities of the depositary, trustee and	<p>U3.1 Investor protection</p> <p>U3.2 Oversight of the AFM in relation to scheme management</p> <p>U3.3 Custody of the fund's assets; depositary</p>

	custodian	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> U4.1 Risk spreading principles/diversification U4.2 Investment and 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 Eligible investments U4.5 Fund specific investment limits U4.6 Risk management requirements U4.7 Underwriting U4.8 Collateral management, stock lending and repurchase agreements U4.9 Role of depositary/trustee U4.10 Multi manager funds, property funds and funds of funds
	U5. Investment strategy risk and return	<ul style="list-style-type: none"> U5.1 Typical investment strategies U5.2 Physical vs synthetic structures
	U6. Valuation and pricing	<ul style="list-style-type: none"> U6.1 How and when valuations are made U6.2 Sources and methods, including fair value pricing, market timing and illiquidity 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
	U7. Transfer agency role and responsibilities	<ul style="list-style-type: none"> U7.1 Buying and selling units U7.2 Box operation U7.3 Anti-money laundering and other relevant checks
	U8. Tax considerations (fund)	<ul style="list-style-type: none"> 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 periodic charges to capital, their associated benefits and risks, and taxation implications U8.6 Overseas taxes on income received in the UK from an overseas company and the treatment of such taxes

	U9. Tax and equalisation (investors)	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	U10.1 Income and distributions – sources, treatment, timetable, regulations, customary payment processes, unclaimed distributions U10.2 Equalisation and tax vouchers – process, requirements, equalisation rate calculation U10.3 Gross payment of interest distributions and accumulation units
	U11. Fund promotion distribution – remuneration/costs	U11.1 Fund supermarkets – definition, role and function U11.2 Complex vs non-complex funds U11.3 Information and advice giving: risks of mis-selling U11.4 Methods of selling funds U11.5 Distribution e.g. banks, internet U11.6 Commissions, charges, discounts and rebates + mis-selling and platforms
	U12. Investor rights and protections	U12.1 Circumstances in which cancellation and cooling off rights are available to investors U12.2 Misleading investor communications U12.2 Meetings of unit/shareholders U12.3 Financial Services Compensation Scheme (FSCS) U12.4 Complaints and the Financial Services Ombudsman U12.5 Treating Customers Fairly (TCF) U12.6 Protection through CASS

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 and industry	K1.1 Type of customer service provided and the rules that apply K1.2 Rules that apply to record keeping, charges and commissions K1.3 Key stakeholders providing the services, including relevant parties in outsourcing arrangements K1.4 Governance and risk overview Statutory trust arrangements
	K2. Investment products and services	K2.1 Types of investments and cash products subject to CASS rules K2.2 Types and key features of services available to customers K2.3 Safeguarding of customer assets within the product lifecycle
	K3. Tax considerations	K3.1 The potential tax implications of the main investment products, and how this affects asset servicing and record- keeping
	K4. The required content of customer agreements	K4.1 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 K4.2 Client money regulations regarding segregation of money K4.3 Enforceability of the contract K4.4 Interest calculations K4.5 Custody arrangements K4.6 Contractual obligations K4.7 Client reporting requirements K4.8 The arrangements for changing the agreement K4.9 CASS related disclosures
	K6. Custody asset rules	K6.1 Custody asset rules K6.2 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, 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 Internal and external reconciliation requirements U1.7 Breach reporting
	U2. How the relevant conduct of business and client asset rules are applied in practice	U2.1 Requirements for communication with clients/client reporting U2.2 Purpose and content of customer documentation U2.3 Custody rules U2.4 Client asset rules U2.5 FSCS compensation
	U3. Responsibilities in the settlement processes	U3.1 Transfer and other settlement systems – cash and assets U3.2 Fiduciary responsibilities in the settlement cycle

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

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

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

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
U Demonstrate an understanding of:	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)

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

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. The purpose and structure of life and financial policies	K1.1 Whole of life K1.2 Financial protection policies 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	K2.1 Tax treatment of premiums K2.2 Tax treatment of the underlying fund K2.3 Tax treatment of the benefits K2.4 Qualifying policies and non-qualifying policies: definitions and requirements K2.5 Offshore/onshore considerations K2.6 Chargeable events and chargeable gains K2.7 HMRC approval K2.8 Endorsement/assignment/trading
	K3. Group life	K3.1 Key features of a group life scheme K3.2 Group scheme vs individual policies K3.3 Employer and employee contributions
	K4. Premium payment methods and non-payment risks	K4.1 Payments methods and their implications, including the risks of non-payment K4.2 Regular vs single premiums K4.3 Consequences of non-payment: paid up policies, lapses and reinstatements
	K5. Arranging life policies	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 Insurable interest K5.7 Probate K5.8 Legal capacity to take out a policy K5.9 Minimum ages K5.10 Jurisdiction K5.11 Residence and domicile K5.12 Sale of policies K5.13 Assignments including mortgage related K5.14 Awareness of financial crime and identity fraud
	K6. Policy administration	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

		K6.10	Awareness of financial crime and identity fraud
	K7. Limits of authority	K7.1	Importance of limits of authority and consequence of acting outside them
		K7.2	Decision making
U Demonstrate understanding of:	U1. Principles of medical underwriting	U1.1	Disclosure and representation
		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	Relevant medical reports and tests
		U1.6	Types of questionnaire
		U1.7	Legislation concerning access to medical records
	U2. Life policy claims	U2.1	Proof of title and ownership e.g. assigned/in trust
		U2.2	Key exclusions or considerations
		U2.3	Options available on death, maturity, disability, terminal illness and surrender and documentation required
		U2.4	Fraud awareness
	U3. Unit linking	U3.1	How unit linking works
		U3.2	Different pricing bases
		U3.3	Allocation rates
		U3.4	Charges and their impact on investment returns
		U3.5	Capital units/accumulation units
	U4. With profits	U4.1	How with profits works
		U4.2	Market valuation reductions
		U4.3	Operating structure
		U4.4	Charges and their impact on investment returns
		U4.4	Valuation of unitised with profits and how this differs from traditional/standard with profits
		U4.5	How with profits differs from unit-linked
	U5. Trusts	U5.1	Definition and types of trust
		U5.2	Rights and responsibilities of the different parties to a trust
		U5.3	Amendments to trusts
		U5.4	Effects of writing a plan in trust
		U5.5	Taxation of policies held by trustees
	U6. Principles of financial underwriting	U6.1	Identifying financial risk
		U6.2	Managing risk
		U6.3	Insurable interest

12B Pension Policies

K Demonstrate knowledge of:	K8. Basic pension product types / features	K8.1	Pension products
		K8.2	Protected tax free cash: Section 32 buy out plans and applicable occupational schemes
		K8.3	Approval allowances limits
		K8.4	Options at retirement
		K8.5	Stakeholder contracts: key features and standards required to achieve stakeholder status
		K8.6	Interaction of state pension provision

		and private schemes
K9. Group pensions	K9.1 K9.2 K9.3 K9.4 K9.5 K9.6 K9.7 K9.8 K9.9	Key features of a group pension scheme (GPP and occupational scheme) Distinction between employer trust schemes and contract based schemes Individual vs group: key differences and implications Role and responsibilities of trustees Employer contributions and limits of these Employer/e regular or single premiums Payment deadline date for employer contributions Registration of schemes Contribution refunds
K10. Basic principles of pension taxation	K10.1 K10.2 K10.3 K10.4 K10.5	Contributions Pension fund Benefits at crystallisation and on death Tax treatment of payments and contribution rewards Difference between authorised and unauthorised payments and the tax implications of each type
K11. HMRC approval	K11.1 K11.2	Process for obtaining and retaining the approval of mandatory and discretionary schemes Requirements for registered schemes
K12. The basic principles of auto enrolment	K12.1 K12.2 K12.3 K12.4 K12.5 K12.6 K12.7	The assessment process Postponement Phasing Cyclical re-enrolment Default and deferring issues Transfers of information NEST
K13. Payment methods, processes and risks	K13.1 K13.2 K13.3 K13.4 K13.5 K13.6 K13.7 K13.8 K13.9	Who has responsibility to collect payments with each type of pension contract Anti-money laundering issues How payments are collected Issues with different types of payment method Transfers Regular payments Lump sum Timing of payments Consequences of non-payment
K14. Pension policy administration	K14.1 K14.2 K14.3 K14.4	Key stages from application to pension policy issue documentation Information contained within illustrations and key features documents Legal capacity to take out a pension: minimum ages for each pension type; jurisdiction; capacity to contract Compliance procedures required when arranging a pension plan
K15. Principles of medical insurance underwriting	K15.1 K15.2 K15.3	Impaired life annuities Life assurance under registered pension schemes, group life insurance schemes and contribution protection Current legislation

	K16. Financial Conduct Authority rules	K16.1 Illustrations K16.2 Cancellation notices and withdrawals K16.3 Timely execution K16.4 Complaint process and dispute resolution
	K17. Disclosure of information to policy holders	K17.1 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	U7.1 Types of benefit payable, including dependant's pension and guarantees U7.2 Regular withdrawals U7.3 Paid-up U7.4 Death claims: what is payable, to whom and documentation required U7.5 Pension fund withdrawal rules U7.6 Tax free cash sum: availability U7.7 Annuity: how it works, options available, open market option, factors influencing income received U7.8 Guaranteed minimum pensions U7.9 Transitional arrangements post 'A' day: preservation of tax free entitlement, enhanced protection and primary protection, fixed and individual U7.10 Proof of age/retirement U7.11 Waiver of contribution benefit claims U7.12 Transfer claims: legal requirements, what can be transferred where, risk of 'trust busting' and steps to avoid it
	U8. Pensions and divorce	U8.1 Duties and rights of schemes and members in relation to how pension benefits can be treated on divorce
	U9. Unit linking	U9.1 Principles: how it works U9.2 Different pricing bases U9.3 Allocation rates U9.4 Charges U9.5 Capital units/accumulation units U9.6 Effect of charges on investment returns

	U10. With profits funds	U10.1 Principles and operating_structure including smoothing U10.2 Market valuation reductions U10.3 Valuation of unitised with profits funds and how this differs from traditional/standard with profits funds U10.4 How this differs from unit-linked funds
	U11. Trusts	U11.1 The role of trusts in pensions administration U11.2 Types of pension / benefits which can be placed under trust U11.3 How to deal with trusts U11.4 Responsibilities of the different parties to a trust U11.5 Amendments to trusts U11.6 Powers of trustees
	U12.Administering changes to pension plans	U12.1 Alterations, including projections U12.2 Fund switching U12.3 Additional/fluctuating payments U12.4 Transfer in/out (from one scheme to another)

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. Features of basic pension product types	K1.1 Pension products K1.2 Protected tax free cash: Section 32 buy out plans and applicable occupational schemes K1.3 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 pension provision and private schemes
	K2. Group pensions	K2.1 Key features of a group pension scheme (GPP and occupational scheme) K2.2 Distinction between employer trust schemes and contract based 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 Contribution refunds
	K3. Basic principles of pension taxation	K3.1 Contributions K3.2 Pension fund K3.3 Benefits at crystallisation and on death K3.4 Tax treatment of payments and contribution refunds K3.5 Difference between authorised and unauthorised payments and the tax implications of each type
	K4. HMRC approval	K4.1 Process for obtaining and retaining the approval of mandatory and discretionary schemes K4.2 Requirements for registered Schemes
	K5. The basic principles of auto enrolment	K5.1 The assessment process K5.2 Postponement K5.3 Phasing K5.4 Cyclical re-enrolment K5.5 Default and deferring issues K5.6 Transfers of information K5.7 NEST
	K6. Payment methods, processes and risks	K6.1 Who has responsibility to collect payments with each type of pension contract K6.2 Anti money laundering issues K6.3 How payments are collected K6.4 Issues with different types of payment method K6.5 Transfers K6.6 Regular payments K6.7 Lump sum

K Demonstrate knowledge of:		K6.8 Timing of payments K6.9 Consequences of non-payment
	K7. Pension policy administration	K7.1 Key stages from application to pension policy issue documentation 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
	K8. Principles of medical insurance underwriting	K8.1 Impaired life annuities K8.2 Life assurance under registered pension schemes, group life insurance schemes and contribution protection K8.3 Current legislation
	K9. Financial Conduct Authority rules	K9.1 Illustrations K9.2 Cancellation notices and withdrawals K9.3 Timely execution K9.4 Complaint process, data protection and dispute resolution
	K10. Disclosure of information to policy holders	K10.1 Current pensions legislation and data protection
	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 dependant's pension and guarantees U1.2 Regular withdrawals U1.3 Paid-up U1.4 Death claims: what is payable, to whom and documentation required U1.5 Pension fund withdrawal rules U1.6 Tax free cash sum: availability U1.7 Annuity: how it works, options available, open market option, factors influencing income

		<p>received</p> <p>U1.8 Guaranteed minimum pensions</p> <p>U1.9 Transitional arrangements post 'A' day: preservation of tax free entitlement, enhanced protection and primary protection, fixed and individual</p> <p>U1.10 Proof of age/retirement</p> <p>U1.11 Waiver of contribution benefit claims</p> <p>U1.12 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 funds	<p>U4.1 Principles and operating structure including smoothing</p> <p>U4.2 Market valuation reductions</p> <p>U4.4 Valuation of unitised with profits funds and how this differs from traditional/standard with profits funds</p> <p>U4.5 How this differs from unit-linked funds</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. Administering changes to pension plans	<p>U6.1 Alterations, including projections</p> <p>U6.2 Fund switching</p> <p>U6.3 Additional / fluctuating payments</p> <p>U6.4 Transfer in/out (from one scheme to another)</p>

APEX19 Investment Management

Attainment Level	Outcome	Indicative Content
U Demonstrate an understanding of:	U1. The role of the investment management industry	U1.1 Purposes and requirements of investment management U1.2 Participants and roles U1.3 Capital allocation U1.4 Stewardship
	U2. The role and responsibilities of the investment manager	U2.1 Key stages of the investment management process U2.1.1 Identification of client objectives and constraints, and regulatory constraints U2.1.2 Investment strategy to meet client objectives U2.1.3 Implementation and maintenance of investment strategy U2.1.4 Review and control – purpose and requirements of periodic reviews U2.1.5 Client reporting U2.1.6 Fiduciary responsibilities
	U3. Discretionary portfolio management	U3.1 Differences between discretionary and non-discretionary portfolio management, including contractual and regulatory differences U3.2 Suitability requirements U3.3 Reporting requirements U3.4 Mandate and limits of authority U3.5 Fees, charges and commission flows
	U4. Establishing and meeting client objectives	U4.1 Assessing the client’s current investment portfolio U4.2 Establishing and clarifying the client’s objectives and income requirements U4.3 Identifying and confirming the client’s attitude to risk and capacity for loss U4.4 Investment restrictions U4.5 Investment time horizons U4.6 Client liquidity requirements
	U5. Fundamentals of macro and micro economics applicable to investment management	U5.1 Supply and demand U5.2 Costs – production, average, marginal, total U5.3 Economies and diseconomies of scale U5.4 Perfect competition, monopoly and oligopoly U5.5 Commonly used methods of assessing industries U5.6 Inequality of information
	U6. Principles of financial mathematics	U6.1 Simple and compound interest U6.2 Present and future value calculations U6.3 Discounted cash flow U6.4 Internal rate of return and net present value U6.5 Calculation and use of yields and yield curves for cash, fixed interest and property
	U7. Data statistical analysis	U7.1 Sources of data – primary and secondary; sampling; continuous and discrete; categorical data; frequency and relative frequency distribution; presentation methods U7.2 Data and linear regression – averages; arithmetic and geometric mean, mode and median, methods of dispersion:

U Demonstrate an understanding of:		standard deviation U7.3 Correlation and linear regression
	U8. Financial statement and ratio analysis	U8.1 Statutory accounting requirements and how they impact on the information reported U8.2 Balance sheet/statement of financial position U8.3 Profit and loss account/income statement U8.4 Cash flow statement U8.5 Principles of consolidation U8.7 Key financial ratios measuring business activity, liquidity, solvency and profitability U8.8 Application and limitations of financial ratios
	U9. Risk and reward characteristics of the main asset classes and investment instruments, including price discovery	U9.1 Main asset classes, instruments and securities U9.2 Alternative investment vehicles
	U10. Investment structures	U10.1 Objectives of funds: pension funds; life assurance funds; hedge funds etc U10.2 Objectives of retail investment funds, both open and closed structures U10.3 Analysing the underlying composition of funds
	U11. Investment styles and approaches	U11.1 Passive management U11.2 Active management U11.3 Alternative index approaches (e.g. Smart beta)
	U12. Investment costs and charges	U12.1 Transaction costs and taxes U12.2 Market liquidity and price impact U12.3 Bid-ask spreads U12.4 Research costs and how paid for U12.5 Annual management fees
	U13. Managing investment related risks (FROM ApEx8)	U13.1 Market risk U13.2 Credit risk U13.3 Liquidity risk U13.4 Operational risk U13.5 Currency and country risk
	U14. Performance measurement	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	U15.1 Periodic reporting by issuers U15.2 Ad hoc announcements U15.3 News services U15.4 Investment research and sales notes U15.5 Financial journalism U15.6 Transparency obligations of shareholders
	A1. The principles of portfolio	A1.1 To construct, monitor and evaluate investment portfolios in accordance with regulatory and

A Demonstrate the ability to apply:	construction theory and practice	A1.2	client requirements To maintain the portfolio composition in accordance with agreed risk and return objectives
	A2. The principles of investment analysis	A2.1 A2.2 A2.3	To analyse and interpret a range of financial information and draw reasoned conclusions To formulate reasoned decisions concerning the suitability, type, amount and holding period of investments to be held within a portfolio To monitor the portfolio investments throughout the holding period, paying attention to market volatility, investment profitability, and wider industry and economic trends
	A3. The principles of risk and return management	A3.1 A3.2	To assess the performance of investment portfolios on an absolute and comparative basis To rebalance or otherwise make adjustments to the portfolio where necessary

**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 FCA regulatory definition of equity release, a home reversion (HR) plan, lifetime mortgages (LTM)	<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 FCA's 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, conveyancers, solicitors and surveyors</p> <p>U1.5 Regional variations within the UK</p> <p>U1.6 Equity Release Council requirement for a solicitor's certificate documenting that independent legal advice has been provided</p> <p>U1.7 Rationale of regulation for consumer protection underpinning both Equity Release Council Statement of Principles, Rules & Guidance 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>U1.8 The generic sales process including regulatory requirements</p> <p>U1.9 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 property), the difference between legal and beneficial ownership</p> <p>U1.10 How an HR plan arrangement may be structured</p> <p>U1.11 Potential rental and associated charges</p> <p>U1.12 The importance of consumer taking independent legal advice regarding ongoing responsibilities</p> <p>U1.13 Division of responsibilities between solicitors and financial advisers</p>

		U1.14 The status of the HR plan provider and the need to highlight extra risks where provider is not FCA authorised
U2. The types of consumer at whom equity release is targeted and their personal requirements, wants and needs	<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</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 retirement income</p> <p>U2.2.5 Funding home improvements</p> <p>U2.2.6 Financing health/long-term care needs</p> <p>U2.2.7 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</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 and the amount</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>	
U3. The circumstances in which equity release may be appropriate and how these are influenced by consumers’ preferences and financial needs	<p>U3.1 Generic advantages/disadvantages of equity release in general and lifetime mortgages and home reversion plans in particular</p> <p>U3.2 How customer needs, health and lifestyle 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</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</p>	

		<p>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 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 Equity Release Council and the Equity Release Council members’ guarantee/ Statement of Principles</p>
	<p>U4. The impact on consumers’ future customer options</p>	<p>U4.1 Impact of dying intestate and importance of a valid Will and the importance of a power of attorney both for health and welfare and property affairs</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</p> <p>U4.5 Impact on estate of sale or % sale</p> <p>U4.6 Impact on right to move</p> <p>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</p> <p>U4.8 Impact of shared appreciation or house price inflation guarantees if applicable</p> <p>U4.9 Terms and conditions common to HR contracts:</p> <p>U4.9.1 Rules of occupancy</p> <p>U4.9.2 Waivers and indemnities for residents other than reversion occupier</p> <p>U4.9.3 Vacating property</p> <p>U4.9.4 Time period for occupancy</p> <p>U4.9.5 Ability to let or sub-let</p> <p>U4.9.6 Maintenance provisions</p> <p>U4.9.7 Need to consult with reversion provider if the occupier wishes to leave the property empty or do structural alterations etc</p> <p>U4.9.8 Building insurance requirements</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 Impact of ending scheme: early and on death or</p>

		<p>need to enter long term care (qualifying termination event) and early repayment charges</p> <p>U4.12 Impact of plan provider's definition of entering long term care</p> <p>U4.13 Impact of guarantees regarding 'no negative equity'/legacy element within an LTM arrangement</p>
U5. The key features, relative advantages and disadvantages of different types of equity release arrangements and principal alternatives	<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 reversion 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>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), compound v simple interest</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>	
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	<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 including also local authority funded long term care</p> <p>U6.2 Methods of assessing financial implications of equity release versus impact on benefits including supplementary sources of information for advisers</p> <p>U6.3 Need to explore customer's entitlement to benefits – whether being claimed or not</p> <p>U6.4 Sources of information and specialist advice on benefits and taxation and when to refer</p>	

	arrangement	<p>U6.5 Potential differences in impact between different equity release schemes</p> <p>U6.6 UK variations</p>
A Demonstrate the ability to apply	A1. Suitable equity release solutions to the circumstances of different types of consumer	<p>A1.1 Principles of ethical advice and requirements of FCA 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 now and in the future</p> <p>A1.4 Consider how life expectancy, health and lifestyle 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, the appropriateness, implications and influence of third party involvement 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, Equity Release Council etc</p> <p>A1.7 Importance of explaining 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 FCA rules (identify client needs, meet them in the most cost effective way)</p> <p>A1.11 Requirements of rules regarding potential 3rd party occupier taking-up independent legal advice</p>
An Demonstrate the ability to analyse	An1. The suitability, 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 for 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, credit card</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 and their impact on state benefits</p> <p>An1.7 By reviewing/adjusting lifestyle, income/expenditure management</p> <p>An1.8 Informal arrangements – e.g. money from</p>

		<p>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 Current level of savings and investments</p> <p>An1.13 Anticipated legacies and inheritances</p> <p>An1.14 The impact of HR plans – including legal title, impact upon death, occupant status and considerations as regards property insurance and property maintenance, opportunity for further equity release if only part sold initially, impact of choice on estate</p> <p>An1.15 Lifetime mortgages products and options and distinguishing features</p>
<p>As Demonstrate the ability to assess</p>	<p>As1. The advantages, disadvantages and potential risks to consumers associated with taking out equity release, and when these might arise</p>	<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 including impact on eligibility for a deferred payment agreement (DPA)</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>As1.8 Impact of loss of capacity</p> <p>As1.9 Impact of inflation on fixed income</p> <p>As1.10 Impact of not being able to use home as security for potential future borrowing, loans or mortgage</p> <p>As1.11 Purpose of the loan/equity release</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</p> <p>As1.14 Principal terms of [lifelong] lease</p> <p>As1.15 Impact of terms and conditions arising from variations</p> <p>As1.16 Other factors and costs associated</p>

		<p>As.1.17 Impact of future inability to sublet or allow anyone (including family members) to gain tenancy rights or even live in property without permission</p> <p>As1.18 How debt can increase rapidly where interest is rolled-up and how it is scheduled</p> <p>As1.19 Possibility of negative equity (certain products and providers [non-Equity Release Council])</p> <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>
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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 Conduct Authority's definition
U Demonstrate an understanding of:	U1. Financial Conduct Authority and The Pensions Regulator Rules	U1.1 FCA rules specific to pension transfers and opt outs
		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 including voluntary codes
		U1.2.5 Due diligence & scams
	U2. Main parties involved in a pension transfer	U2.1 Roles and responsibilities of those involved in the pension transfer process including Pension wise
		U2.2 Motivation for transfer, including pension unlocking, and reasons for advice given and the ABI estimated time standard
	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
		U4.5 Capacity for loss
		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, disability and other forms of benefits
		U5.3 Early retirement benefits
		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 pension transfers and divorce	U7.1 Shadow benefits in the event of divorce
		U7.2 Implications of pension sharing and impact on the transfer
		U7.3 Issues surrounding pension sharing versus

		attachment orders U7.4 The relevance between legal systems in the UK in terms of divorce
	U8. Schemes with solvency issues	U8.1 The impact of the Pension Protection Fund U8.2 The role and impact of the Pension Ombudsman Service over disputes on pension transfers U8.3 The impact of solvency of the transfer value U8.3 Order of priorities for drawing benefits from a scheme with solvency issues
	U9. Transfers abroad (to and from overseas schemes)	U9.1 Qualifying rules U9.2 Tax implications/HMRC rules in outline U9.3 FCA requirements for overseas customers and the parties involved including regulated individuals in the UK and overseas
	U10. Fundamentals of workings of block transfers and winding up	U10.1 Protection of tax free cash U10.2 Reporting requirements U10.3 Notification periods U10.4 Potential conflicts of interest in advising individuals and trustees
An Demonstrate an ability to analyse:	An1. Implications of the source of a transfer	An1.1 Defined contribution schemes An1.2 Defined benefit schemes An1.3 Public sector schemes An1.4 Insolvency risk
	An2. The implications of moving between different scheme types	An2.1 Workplace pensions An2.2 Benefit crystallisation option An2.2.1 Phased income/retirement An2.2.2 Flexi access drawdown An2.2.3 Annuities – including guaranteed rates, recycling rules and transfers for immediate vesting An2.3 Alternative retirement vehicles An2.4 Final salary schemes An2.5 Career average schemes An2.6 Public sector transfer club An2.7 Trusts – impact on trust if transfer carried out An2.8 Death in service An2.9 Impact of dependents’ benefits on a personal Pension scheme
	An3. Implications of cash incentives to leave a defined benefit scheme	An3.1 Implications of cash incentives to leave a defined benefit scheme An3.2 Impact on TVAS reporting and way in which pension transfer is reported An3.3 Motivation of employers to offer such incentives
	An4. Transitional protection arrangements	An4.1 Primary protection An4.2 Enhanced protection An4.3 Protected transfers An4.4 Tax free cash
	An5. Income options and their impact on the	An5.1 Difference between retirement options An5.2 Maximum benefits – tax free cash etc An5.3 Risk and return

	transfer recommendation	An5.4 Analysis of 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 income 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 Dependents' benefits An6.8 Capital protection on death An6.9 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 Lloyd's market indices
	K3. Syndicate reporting and accounting	K3.1 Basic methods of syndicate reporting and accounting (including GAAP vs three year accounting) K3.2 Elements of syndicate results and how they vary with the underwriting cycle K3.3 Key syndicate performance ratios (e.g. paid to outstanding claims etc)
	K4. Implications of taxation of membership of Lloyd's	K4.1 The potential taxation implications relating to the membership of Lloyd's
U Demonstrate understanding of:	U1. Exposure to risk	U1.1 Historic major market losses U1.2 The distinction between management and underwriting risk U1.3 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	U3.1 Internal and external Systems used to model losses both for syndicates and members U3.2 Risks posed by multiple, relatively small claims and single large events
	U4. Result forecasting	U4.1 Forecast and projection of syndicate results U4.2 Identify trends from the available data U4.3 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 objective and subjective information and what each type provides U6.3 Track records of Lloyd's market participants
	U7. Reinsurance	U7.1 Amount, type and underlying security of

programmes and security	U7.2	reinsurance purchased by a syndicate and the implications thereof The limitations of data provided by rating agencies
U8. Reinsurance to close (RITC) and Incurred but not reported (IBNR)	U8.1	The importance of reinsurance to close (RITC) and incurred but not reported (IBNR) as measures of syndicate performance
U9. Retrocessional business	U9.1	Retrocessional business and the aggregates
U10. The subscription market	U10.1 U10.2 U10.3	Key features of the subscription market Mechanisms within the market Limitations on the diversity of the portfolio market
U11. Syndicate analysis and grading	U11.1	How syndicates are analysed and graded, both internally and by external rating agencies
U12. Types of syndicate capacity and associated tenancy rights	U12.1	Different types of syndicate capacity, their associated tenancy rights and sessions of classes of business
U13. Auctions	U13.1 U13.2	Workings and history Pricing of syndicate capacity
U14. Provision of capital	U14.1 U14.2	Different forms of provision of capital to the market Managing agent's attitude to and engagement with third party capital and the consequences thereof
U15. Economic capital assessment model	U15.1 U15.2	Key features and objectives The impact on third party capital providers
U16. Risk and reward	U16.1 U16.2	Principles of risk and reward Risk/reward profile of different asset classes
U17. Portfolio diversity	U17.1 U17.2 U17.3	Which syndicates form part of a portfolio Diversity of risk underwritten within and between syndicates Risk posed by concentration of exposure across syndicates
U18. Fundamentals of economics in relation to the Lloyd's market	U18.1 U18.2 U18.3 U18.4 U18.5 U18.6	Supply and demand Costs – production, average, marginal, total Economies of scale Perfect competition, monopoly and oligopoly Commonly used methods of assessing companies and investments Inequality of information
U19. Law of agency	U19.1 U19.2 U19.3 U19.4 U19.5	Nature of agency Agents, principals and third parties Creation of agency Rights and responsibilities Termination

		U19.6 The law of agency and insurance
	U20. Know your principal	U20.1 Member's wealth profile U20.2 Suitability for membership, risk appetite and capacity for loss
	U21. The potential for conflicts of interest	U21.1 The nature of the conflicts that may arise under agency contract U21.2 The reasons for those conflicts

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	<p>U1.1 The European context of financial services regulation, including the role of European institutions and regulations/directives</p> <p>U1.2 The regulatory infrastructure generated by the Financial Services and Markets Act 2000</p> <p>U1.3 The role of the Financial Conduct Authority</p> <p>U1.4 Specific provisions contained in the Companies Act 2006</p> <p>U1.5 What constitutes money laundering and counter terrorism funding in the UK and associated legislation, including the Bribery Act 2010</p> <p>U1.6 What constitutes 'insider dealing' in the UK and associated legislation</p> <p>U1.7 What constitutes 'market abuse' in the UK and associated legislation</p> <p>U1.8 The purpose, provisions, offences and defences of the Financial Services and Markets Act 2000, S.397</p> <p>U1.9 The scope of the Markets in Financial Instruments Directive</p>
	U2. Be able to apply specific FCA Conduct of Business Rules as they relate to corporate finance business	<p>U2.1 The application and general provisions of the FCA Conduct of Business Sourcebook (COBS) to corporate finance business</p> <p>U2.2 The rules applying to all firms conducting designated investment business</p> <p>U2.3 The requirements of the financial promotion rules</p> <p>U2.4 Client categorisation as it relates to Corporate Finance</p> <p>U2.5 Conflicts of interest, explaining when they can arise and the requirements for managing them</p> <p>U2.6 The personal account dealing rules</p> <p>U2.7 COBS rules relating to advising and dealing</p>
	U3. Be able to apply a range of quantitative methods for corporate finance	<p>U3.1 Various financial mathematical measures of risk and return of investments</p> <p>U3.2 Present Value (PV) and Net Present Value (NPV) of future cash flows using the discounting formula</p> <p>U3.3 Internal rate of return (IRR) for a series of multiple cash flows</p>
	U4. Corporate Governance and Business Ethics	<p>U4.1 The main provisions of the UK Corporate Governance Code</p> <p>U4.2 The relevant Codes of Conduct to the provision of corporate finance advice</p>
	U5. Equity capital markets	<p>U5.1 The listing rules and its provisions</p> <p>U5.2 The rules specific to AIM and its provisions</p> <p>U5.3 The disclosure rules and its provisions</p> <p>U5.4 The regulation of UK capital equity markets</p>
	U6. Takeovers and mergers	<p>U6.1 The roles of the relevant bodies involved in takeovers and mergers</p> <p>U6.2 The Takeover Code and its provisions</p>
	U7. The	U7.1 The Prospectus Rules and how they apply

	requirements relating to the production and dissemination of prospectuses	
	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 financial statements U8.5 Financial statements 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 U10.2 The difference between 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 (e.g. P/E ratio and EBIT and EBITDA) U10.6 The use and key stages of cash flow based valuations
	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 types of private equity and debt financed transactions U11.3 The key features of quoted equity transactions
K Demonstrate a knowledge of:	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 types of loan and security documentation in corporate finance transactions K1.4 The purpose and scope of types of public company documentation in corporate finance transactions

APEX24 RDR Core – Retail Investment Advice – Financial Services, Regulation and Ethics

Attainment Level	Outcome	Indicative Content
U Demonstrate an understanding of:	U1. The UK financial services industry and its European and global context	U1.1 Purpose and structure of the UK and international markets, key participants U1.2 Impact of the EU on UK regulation U1.3 Role of government – economic and industrial policy, regulation, taxation and social welfare U1.4 Function and operation of financial services within the wider economy U1.5 Main types and impact of financial crime
	U2. How the retail consumer is served by the financial services industry	U2.1 Obligations towards consumers and their perception of financial services U2.2 Consumers’ main financial needs and how they are prioritised U2.3 How these needs are met
	U3. Legal concepts and considerations relevant to financial	U3.1 Legal persons and powers of attorney U3.2 Basic law of contract and agency U3.3 Ownership of property U3.4 Insolvency and bankruptcy U3.5 Wills and intestacy U3.6 Use of trusts: U3.6.1 Main types of trusts and their uses U3.6.2 How to create and administer for holding life policies and investments
	U4. The regulation of financial services	U4.1 Financial Services and Market Act (FSMA) 2000, other relevant legislation U4.2 The role of EU legislation and Directives U4.3 Roles of the Financial Conduct Authority (FCA)/Prudential Regulation Authority (PRA), HM Treasury and the Bank of England – market regulation U4.4 Roles of other regulating bodies such as the Competition and Markets Authority (CMA), the Pensions Regulator, the Information Commissioner’s Office, Payment Systems Regulator (PSR) U4.5 Additional oversight – senior management, trustees, auditors, external compliance support services
	U5. The FCA/PRA’s responsibilities and approach to regulation	U5.1 Statutory objectives of the regulators and how FCA is structured to achieve these: U5.1.1 Powers, activities operational objectives of the FCA and the PRA U5.1.2 Financial stability, conduct and prudential regulation U5.1.3 Powers to deal with financial crime U5.1.4 Consumer protection U5.2 The FCA handbook – the main principles and rules: U5.2.1 High level standards U5.2.1a Training and competence and qualifications U5.2.2 Prudential standards

<p>U Demonstrate an understanding of:</p>		<p>U5.2.3 Business standards U5.2.3a Conduct of Business (COBS) U5.2.3b Rules for dealing with client assets (CASS) U5.2.3c Market conduct code (MAR) U5.2.3d Business promotions U5.2.4 Regulatory processes: Authorisation, supervision, appointed representatives and senior managers/certificated persons under the approved persons (APER) or Code of Conduct (COCON), as appropriate U5.3 Risk based supervision, discipline and enforcement, sanctions to deal with criminal activities, rules, guidance and communications</p>
	<p>U6. The range of skills required when advising clients</p>	<p>U6.1 Communicating clearly, assessing and adapting to the differing capabilities of clients U6.2 Gathering information, assessment and analysis of client’s needs, goals and circumstances, reaching conclusions and making appropriate recommendations U6.3 Dealing with insistent clients</p>
	<p>U7. The FCA’s use of principles and outcomes based regulation to promote ethical and fair outcomes</p>	<p>U7.1 The principles for businesses and the obligations these place on firms U7.2 Corporate culture and leadership 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>
	<p>U8. The fundamental principles of ethical behaviour and professional ethics</p>	<p>U8.1 Core ethical theories, principles and values U8.2 The nature of professionalism U8.3 The relationship between ethical principles, the development of regulatory standards and professional codes of conduct</p>
<p>A Demonstrate an ability to apply:</p>	<p>A1. The principles and rules as set out in the regulatory framework</p>	<p>A1.1 Regulated activities and authorisation requirements A1.2 Approved persons and controlled function responsibilities A1.3 Record keeping, reporting and notification requirements A1.4 Professionalism and the training and competence requirements A1.5 Anti-money laundering and proceeds of crime obligations A1.6 Data protection including data security A1.7 Complaints procedures and responsibilities to customers A1.8 The Financial Ombudsman Service (FOS) A1.9 The Financial Services Compensation Scheme (FSCS) A1.10 Treating Customers Fairly and conduct risk</p>
	<p>A2. The regulatory advice framework in practice for the consumer</p>	<p>A2.1 Client relationships and adviser responsibilities: A2.1.1 Types of clients A2.1.2 Fiduciary relationship – duty of care, confidentiality, primacy of clients’ interests A2.1.3 Clarity of service provision and charges, status</p>

		<p>disclosure including terms of business and client agreements, execution only, insistent clients</p> <p>A2.1.4 Adviser charging rules</p> <p>A2.1.5 Limitations to adviser's own authority or expertise, referrals to and relationships with relevant specialists</p> <p>A2.1.6 Clients' cancellation rights</p> <p>A2.1.7 Vulnerable clients</p> <p>A2.2 Regulated advice standards</p> <p>A2.3 Monitoring and reviewing client's plans, circumstances and taking account of relevant changes</p> <p>A2.4 Due diligence on products/tools</p>
A Demonstrate an ability to apply:	A3. Professional values and ethical judgements in all aspects of working life	<p>A3.1 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 and resolving ethical dilemmas, including the application of behaviours that reflect professional integrity</p>
As Demonstrate an ability to evaluate	As1. The outcomes that distinguish between ethical and compliance driven behaviours, and the impact of ethics on a firm's culture	<p>As1.1 The differences between ethical values, qualities and behaviours in professional practice contrasted with unethical or unprofessional practice.</p> <p>As1.2 The outcomes which may result from behaving ethically and unethically – 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>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</p>

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 –and their interpretation U1.5 Impact of monetary and fiscal policy U1.6 Relevance of money, inflation, deflation, disinflation, 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 for equity and fixed income 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 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 U3.2 Portfolio construction: U3.2.1 Asset classes 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, their impact on portfolio performance and how they are calculated – annual management charge (AMC), total expense ratios (TERs) and on-going charges for funds (OCF) U3.2.6 Selection of products, tax wrapper and services U3.2.7 Socially responsible investments and ethical investment selection U3.2.8 Provider selection and due diligence U3.2.9 Recommendations and suitability U3.2.10 Active and passive management U3.2.11 Advisory and discretionary management issues, bespoke and centralised investment propositions
An Demonstrate an ability to analyse:	An1. The main features and costs, inherent risks, behaviour	An1.1 Cash and cash equivalents: An1.1.1 Main types, costs and charges An1.2 Debt securities An1.3 Equities

	and correlation of asset classes	<p>An1.4 Property</p> <p>An1.5 Alternative investments</p> <p>An1.6 Pricing, liquidity, fair value and non-mainstream investments</p> <p>An1.7 Correlation of asset classes and its – relevance to asset allocation</p>
	An2. The characteristics, inherent risks, behaviours and relevant tax treatments of investment products	<p>An2.1 Advantages and disadvantages of direct investment in securities and assets compared to indirect investment through collectives and other products and their tax treatment</p> <p>An2.2 Main types and use of indirect investment products and the taxation of investments:</p> <p>An2.2.1 Investment tax wrappers, structures and types:</p> <p>An2.2.2 Derivatives:</p> <p>An2.2.2a Basic structure, main types and uses</p> <p>An2.2.3 Investment strategy based products:</p> <p>An2.2.3a Hedge funds and funds of hedge funds</p> <p>An2.2.3b Absolute return funds</p> <p>An2.2.3c Structured products – income and capital growth, structure and analysis</p> <p>An2.2.3d With profit funds – main principles</p> <p>An2.2.4 Structured deposit</p>
	An3. The performance of investments	<p>An3.1 Portfolio performance:</p> <p>An3.1.1 Methods of evaluating portfolio performance</p> <p>An3.1.2 Selection and use of benchmarks</p> <p>An3.1.3 New money and timing factors</p> <p>An3.2 Portfolio review and administration:</p> <p>An3.2.1 Changes in client circumstances</p> <p>An3.2.2 Changes in financial environment</p> <p>An3.2.3 Review of risk adjusted portfolio performance objectives</p> <p>An3.2.4 Availability of new products and services</p> <p>An3.2.5 Maintenance of products and services</p> <p>An3.2.6 Use of external services/benchmarking</p> <p>An3.2.7 Rebalancing</p>
An Demonstrate an ability to analyse and explain:	An4. The nature and impact of the main types of risk on investment performance	<p>An4.1 Liquidity and access</p> <p>An4.2 Income and capital growth, including shortfall risk</p> <p>An4.3 Short term volatility and its impact on performance</p> <p>An4.4 Long term performance, drawdown, sequencing risk</p> <p>An4.5 Gearing/leverage</p> <p>An4.6 Currency</p> <p>An4.7 Inflation</p> <p>An4.8 Interest rates</p> <p>An4.9 Systematic and non-systematic risk</p>
A Demonstrate an ability to apply:	A1. The principles of the time value of money	<p>A1.1 Compound interest and discounting</p> <p>A1.2 Real returns and nominal returns</p>
	A2. The investment advice process	<p>A2.1 Know your client requirements:</p> <p>A2.1.1 Explain the investment advice process</p> <p>A2.1.2 Establish client relationships, capability and</p>

		<p>circumstances including assets and debts</p> <p>A2.1.3 Agree and prioritise needs, objectives and wants</p> <p>A2.1.4 Agree investment objectives, growth, income, time horizons, debt and credit management and repayment</p> <p>A2.1.5 Assess and agree risk profile – objective and subjective factors, capacity for loss and risk tolerance</p> <p>A2.1.6 Assess affordability and other suitability considerations, ethical, social responsibility and religious preferences</p> <p>A2.1.7 Agree strategy and rationale to achieve the objectives</p> <p>A2.1.8 Agree benchmark/performance measures and review process</p> <p>A2.1.9 Treatment of vulnerable persons</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 and assurance 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 Identifying the priorities, risks and choices U1.4.1 Consequences of inadequate protection
	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 Asset protection – general insurance
	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 and other additional benefits 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

	U6. The range, structure and application of income protection insurance and options to meet financial protection needs	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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 Vulnerable clients
	U9. The main features of other insurance based protection policies	<ul style="list-style-type: none"> U9.1 Personal accident, sickness insurance, accident sickness and unemployment insurance U9.2 Private medical insurance, hospital plans, dental insurance U9.3 Payment protection insurance – mortgages, credit
As Demonstrate an ability to evaluate	As1. The key considerations for financial protection and the relevant factors in selecting appropriate solutions	<ul style="list-style-type: none"> As1.1 Identifying the priorities, risks and choices <ul style="list-style-type: none"> As1.1.1 Consequences of inadequate protection As1.2 Assessing and quantifying current and future capital and income needs in real terms <ul style="list-style-type: none"> 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 <ul style="list-style-type: none"> 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: <ul style="list-style-type: none"> 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 As1.4.6 Wills 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 – types of income, liability, allowances, reliefs, rates, 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, rates, disposals, gains and losses, reliefs and exemptions, capital gains of trusts</p> <p>U1.4 Inheritance Tax (IHT) – liability, transfers, nil rate bands, rates, 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), reporting and tax returns, tax payments, tax evasion and avoidance issues</p> <p>U1.7 Property and securities transaction taxes – 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, dividend income from equity investment and rental income from property</p> <p>An1.2 Indirect investments:</p> <p>An1.2.1 Pension schemes</p> <p>An1.2.2 Individual Savings Accounts (ISAs)</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) and other investment funds</p> <p>An1.2.6 Venture Capital Trusts (VCTs) and Enterprise Investment Schemes (EISs)/ Seed Enterprise Investment Schemes (SEISs), Business Property Relief Investment, Social Impact Tax Relief investments – 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 investments of individuals and trusts</p> <p>An2.2 Key principles of income and capital gains tax planning – use of income tax reliefs and basic rate bands, planning for spouses, civil partners, children and other family members, pension contributions, ISA allowances, use of the main CGT exemptions and reliefs</p> <p>An2.3 The main uses of lifetime gifts and trusts in</p>

			basic IHT mitigation
		An2.4	Wills, will trusts and intestacy
A Demonstrate an ability to apply:	A1. The knowledge of personal taxation to the provision of investment advice	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
		A1.2	To make fundamental tax planning recommendations in the context of investment advice

APEX28 RDR Specialist Standards (Application Standards – Retail Investment Products)

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

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	U1.1 Role of government, policy directions, challenges U1.2 Demographic trends, longevity and ageing population U1.3 Registered pensions, main types of pension provision U1.4 Incentives, disincentives, attitudes to saving and financial and economic factors and influences
	U2 The fundamental principles of auto enrolment	U2.1 Employers' duties with respect to auto-enrolment U2.2 Assessing and enrolling staff, and opting out issues U2.3 Contributions and payroll issues U2.4 Default and deferring issues
	U3. How the HMRC tax regime applies to pensions planning	U3.1 Contributions to registered pension schemes, tax relief U3.2 Tax treatment of pension scheme investment funds U3.3 Tax treatment of death benefits U3.4 Choices about drawing retirement benefits U3.5 Outline of the annual allowances, lifetime allowance, transitional protections, money purchase annual allowance, and other limitations on tax relief U3.6 Tax treatment of non-registered pensions in outline
	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 U4.4 Role and duties of trustees, administrators and other professional advisers of DC/DB pensions U4.5 Pensions, 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 State retirement benefits: structures, state retirement ages (SRA), levels of benefit, link to national insurance contribution records and SRA U5.2 Pension Credit framework U5.3 Other relevant state benefits entitlements
	U6. The structure, characteristics	U6.1 Main attributes and benefits of DB pension provision U6.2 Main types, variations and hybrid arrangements

<p>U Demonstrate an understanding of:</p>	<p>and application of defined benefit schemes to an individual's pension planning</p>	<p>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 U6.8 Benefits on ill health and death U6.9 Membership eligibility criteria and top-up options U6.10 Transfer issues, considerations and safeguarding rights U6.11 Private and public sector schemes</p>
<p>An Demonstrate an ability to analyse:</p>	<p>An1. Understand the main DC pension accumulation options</p>	<p>An1.1 Main types of DC pensions An1.2 main differences between contract-based and trust-based DC pension arrangements An1.3 Main features, costs and benefits of DC pensions arrangements An1.4 Employer, employee and other individual pension contributions - the main methods and issues An1.5 Switching between DC pension arrangements, safeguarded benefits and pension consolidation An1.6 Death and sickness benefits - options and procedures An1.7 Investment choices and restrictions</p>
	<p>An2. Understand the main DC pension decumulation rules and options</p>	<p>An2.1 Rules for drawing income and lump sums death benefits and survivor benefits for: An2.1.1 Annuity purchase An2.1.2 Flexi-access drawdown An2.1.3 Uncrystallised funds pension lump sum (UFPLS) An2.1.4 Drawing the whole pension fund as cash An2.1.5 Small Pots/Trivial commutation rules An2.1.6 Deferral of drawing pension benefits</p>
<p>A Demonstrate an ability to evaluate:</p>	<p>A1. Analyse the main accumulation and decumulation choices using DC pensions</p>	<p>These standards build on the content outlined in the Investment Principles and Risk core unit and assume achievement of the learning outcomes. A1.1 Assessing and quantifying clients' aims and objectives for accumulation A1.1.1 Quantifying future retirement needs and wants</p>

		<p>in relation to savings priorities and Investment risks and returns</p> <p>A1.1.2 Affordability and prioritisation of savings for retirement for 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>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>
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APEX30 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 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 features U1.5.1 Standard and bespoke U1.5.2 Maturity, expiry, margin, collateral, liquidity U1.5.3 Transparency and confidentiality U1.5.4 Trading mechanisms U1.5.5 Counterparties U1.5.6 Documentation U1.6 Central counterparty (CCP) clearing of OTC transactions, clearing and settlement
	U2. The principles, components, characteristics and risks of derivatives	U2.1 Relationships to underlying U2.2 Physically settled versus cash settled U2.3 General pricing principles – futures, options U2.4 Risks of derivatives U2.4.1 Legal U2.4.2 Counterparty U2.4.3 Settlement and dealing risks U2.4.4 Market and other risks associated with derivative investing
	U3. The market environment, product types and characteristics of exchange traded derivatives	U3.1 Main products: U3.1.1 Futures U3.1.2 Options U3.1.3 ETFs 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 U4.3.2 Bases for calculation U4.4 Price discovery for commodities U4.5 Market transparency, reporting and monitoring U4.6 Order/instruction flow and order type U4.7 Input and matching, trade registration processes
	U5. The main	U5.1 Forwards and forward rate agreements (FRAs)

	types and characteristics of OTC traded derivatives	<ul style="list-style-type: none"> U5.2 OTC option products U5.3 Contracts for difference U5.4 Swaps: U5.5 Credit derivatives U5.6 Structured products U5.7 OTC trade capture, confirmation and clearing mechanisms
	U6. Clearing, margin, settlement, exercise and delivery of both exchange traded and OTC derivatives	<ul style="list-style-type: none"> U6.1 Definition and purpose of clearing: <ul style="list-style-type: none"> U6.1.1 Roles and relationships U6.1.2 Risks and guarantees U6.1.3 Central counterparty clearing U6.2 Purpose, types and application of margin: <ul style="list-style-type: none"> U6.2.1 Parties involved U6.2.2 Processing, collection and payment U6.2.3 Pricing factors and calculation U6.3 Purpose, types and application of collateral U6.4 Delivery and settlement U6.5 Exercise of options, assignment of obligations, abandonment and expiry
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	<ul style="list-style-type: none"> A1.1 Trading and speculation A1.2 Hedging: <ul style="list-style-type: none"> A1.2.1 Options strategies A1.2.2 Futures strategies A1.3 Using derivatives, including use of synthetics: <ul style="list-style-type: none"> A1.3.1 Portfolio hedging A1.3.2 Portfolio yield enhancement A1.3.3 Structured products, funds, ETPs and ETFs
An Demonstrate an ability to apply:	An1. The relevant factors and considerations to provide suitable investment advice	<p>These standards include the requirement to COMBINE and APPLY the learning content from all units of the Appropriate Exam.</p> <ul style="list-style-type: none"> An1.1 Obtain the range of client information and subjective factors to understand their needs, wants, values and risk profile essential to planning An1.2 Synthesise client and relevant market information to provide the basis for assumptions and decisions An1.3 Analyse the advantages and disadvantages of the appropriate strategies An1.4 Select, recommend, explain and justify, and transact: <ul style="list-style-type: none"> An1.4.1 Sources and use of research and other information An1.5 Holding derivatives within an investment portfolio: <ul style="list-style-type: none"> An1.5.1 Direct holdings, indirect holdings and combinations, collective investments and structured products An1.5.2 Rationale, advantages and disadvantages An1.5.3 Impact on overall client objectives and priorities An1.5.4 Main factors to consider when holding both

		<p>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>A1.7 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</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 ICAP Securities and Derivatives Exchange (ISDX)</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) and Organised Trading Facilities (OTFs)</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</p> <p>U2.2 Settlement:</p> <p>U2.2.1 UK process</p> <p>U2.2.2 International Central Securities Depositories (CSDs)</p> <p>U2.2.3 CREST – stock lending</p> <p>U2.3 Custody of assets, client money and stock lending</p> <p>U2.4 Relevance and impact of corporate actions</p>
As Demonstrate an ability to assess:	As1. The key factors that influence market behaviour relevant to investment securities markets	<p>As1.1 Factors that influence market and individual security movements in the short and long term:</p> <p>As1.2 Information and disclosure:</p> <p>As1.2.1 Issuer reporting and announcements, corporate Actions</p> <p>As1.2.2 Transparency obligations – transaction reporting, share ownership and disclosure, short selling</p> <p>As1.2.3 Impact on securities pricing</p> <p>As1.2.4 Market data convention</p>

<p>An Demonstrate an ability to analyse:</p>	<p>An1. The characteristics, features, behaviours and risks of securities in the context of the market for these products</p>	<p>An1.1 Equities: An1.1.1 Share classes An1.1.2 American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs) An1.1.3 Comparative valuation measures and relevance An1.2 Debt securities: An1.2.1 Domestic and international government securities An1.2.2 Corporate debt securities An1.2.3 Duration, interest rate movements, price/yield Relationship An1.2.4 Credit ratings, creditor rankings An1.3 Derivative An1.4 Collectives An1.4.1 Open and closed ended An1.4.2 Asset value, pricing and gearing An1.4.3 Asset cover, redemption yields An1.4.4 Investment management styles and funded selection An1.4.5 Passported products An1.5 Exchange traded products, regulated and unregulated products_and structured products An1.6 Cash and cash equivalentents An1.7 Foreign exchange</p>
<p>A Demonstrate an ability to apply:</p>	<p>A1. Dealing principles and practice relevant to client investment activity</p>	<p>A1.1 Dealing – markets, rules and principles and market abuse A1.2 International markets principles and practice</p>
	<p>A2. The relevant factors and considerations to decide-applicable to suitable investment advice</p>	<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 A2.2 Synthesise client and relevant market information to provide the basis for assumptions and decisions A2.3 Analyse the advantages and disadvantages of the appropriate options A2.4 Select, recommend, explain and justify, and transact A2.4.1 Sources and use of research and other information A2.5 Holding securities within an investment portfolio: A2.5. Direct holdings, indirect holdings and combinations A2.5.2 Role of derivative substitutes A2.5.3 Rationale, advantages and disadvantages A2.5.4 Impact on overall client objectives and priorities A2.5.5 Asset allocation factors and relationship to</p>

		<p>overall portfolio</p> <p>A2.5.6 Matching to client risk appetite</p> <p>A2.6 Take account of relevant tax 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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