

Diploma in Professional Financial Advice Module Specification

Unit 1: Financial Services, Regulation and Ethics

Module Aims:

To enable the learner to understand the UK financial service sector's structure and purpose in context, and how the financial services industry caters to the needs of retail customers. To examine the regulatory framework's powers and responsibilities to safeguard consumers, and to analyse relevant legal concepts and considerations concerning retail investment advice. Finally, learners will be able to evaluate the influence of the Chartered Banker Institute's Professional Code of Conduct on individuals' business conduct.

Summary of Learning Outcomes:

1. Understand the UK financial services industry, in its European and global context.
2. Understand how the retail consumer is served by the financial services industry.
3. Understand legal concepts and considerations relevant to retail investment advice.
4. Understand the regulation of financial services.
5. Understand the FCA/PRA's responsibilities and approach to regulation.
6. Apply the principles and rules as set out in the regulatory framework.
7. Apply the regulatory advice framework in practice for the consumer.
8. Understand the range of skills required when advising customers.
9. Understand the FCA's use of principles and outcomes-based regulation to promote ethical and fair outcomes.
10. Apply the Chartered Banker Institute's Professional Code of Conduct to business behaviours of individuals.
11. Critically evaluate the outcomes that distinguish between responsible, ethical behaviours and compliance driven behaviours.

1. Understand the UK financial services industry, in its European and global context.

- 1.1 Describe the structure and aims of the UK and international markets, and their key participants.
- 1.2 Describe the impacts on UK regulation of EU regulation.
- 1.3 Describe the government's role on economic and industrial policy, taxation, regulation and social welfare.
- 1.4 Explain the function and operation of financial services in the context of the wider economy.
- 1.5 Describe the main types and impacts of financial crime.

2. Understand how the retail consumer is served by the financial services industry.

- 2.1 Explain the obligations towards consumers and their perception of financial services.
- 2.2 Explain a focus on fulfilling consumers' primary financial requirements and how these needs are met.

3. Understand legal concepts and considerations relevant to retail investment advice.

- 3.1 Explain concepts including legal persons and powers of attorney, basic law of contract and agency and ownership of property.
- 3.2 Explain the concepts of insolvency and bankruptcy.
- 3.3 Explain the concepts and relevant laws of wills and intestacy.
- 3.4 Explain the main types of trust and their uses, and the creation and administration of trusts for holding life policies and investments.

4. Understand the regulation of financial services.

- 4.1 Examine relevant legislation such as the Financial Services and Market Act (FMSA) 2000.
- 4.2 Examine the Financial Conduct Authority (FCA), Prudential Regulation Authority (PRA), HM Treasury and the Bank of England (market regulation).
- 4.3 Examine the role of EU Directives and legislation.
- 4.4 Examine the functions of additional regulatory entities, including the Competition and Markets Authority (CMA), the Pensions Regulator, the Information Commissioner's Office, and the Payment Systems Regulator (PSR).
- 4.5 Understand additional oversight in the context of senior management.

5. Understand the FCA/PRA's responsibilities and approach to regulation.

- 5.1 Explain the statutory objectives of the FCA and PRA and how the FCA is configured to ensure these outcomes.
- 5.2 Explain the main principles and rules of the FCA handbook, including high level standards, prudential standards, business standards and regulatory processes.
- 5.3 Explain risk-based supervision, discipline and enforcement, and the sanctions for criminal activities, guidance, rules and communications.

6. Apply the principles and rules as set out in the regulatory framework.

- 6.1 Apply the regulatory processes including authorisation requirements and regulated activities, the responsibilities of senior managers and approved persons, record keeping, notification and reporting requirements and professionalism, training and competence requirements.
- 6.2 Apply fulfilment of anti-money laundering and proceeds of crime and data protection obligations.
- 6.3 Apply knowledge to maintain data protection, including data security measures, the management of complaints procedures, the protection offered by the Financial Services

Compensation Scheme and the Pension Protection Fund, the obligations towards customers and conduct risk, and treating customers fairly.

7. Apply the regulatory advice framework in practice for the consumer.

- 7.1 Apply knowledge to act responsibly in respect of client relationships, regulated advice standards, and consumer outcomes.
- 7.2 Monitor and review client plans and their circumstances.

8. Understand the range of skills required when advising customers.

- 8.1 Describe the skills required to enable effective communication with clients in a clear, fair and not misleading manner, assessing their capabilities and adapting the communication style as needed to ensure that consumers can assess the options available to them, and make effective, timely and properly informed decisions.
- 8.2 Collecting and analysing information about clients' needs, goals, and circumstances, and making appropriate recommendations.
- 8.3 Handling insistent clients

9. Understand the FCA's use of principles and outcomes-based regulation to promote ethical and fair outcomes.

- 9.1 Examine FCA principles for businesses, and the obligations placed on them.
- 9.2 Examine the influence of leadership and corporate culture.
- 9.3 Examine the responsibilities of individuals under SM&CR and approved persons their integrity, competence and fair outcomes for clients.

10. Apply the Chartered Banker Institute's Professional Code of Conduct to business behaviours of individuals.

- 10.1 Apply professional principles and values as set out in the Code of Ethics, including inclusive and sustainable advice.
- 10.2 Identify ethical dilemmas and the steps involved in managing and resolving them.

11. Critically evaluate the outcomes that distinguish between ethical and compliance driven behaviours.

- 11.1 Evaluate indicators of ethical and limited behaviours to comply with the rules.
- 11.2 Evaluate outcomes that result from behaving ethically, and differentiate between ethical and compliant behaviours.