



## Learning Outcome

## Assessment Criteria

## Indicative Content

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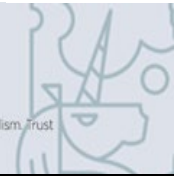
<p><b>1</b> <b>12</b> Questions</p> <p><b>8</b> Questions</p> <p><b>19</b> Questions</p>	<p><b>Analyse the characteristics, features, behaviours and risks of securities and equities in the context of the market for these products.</b></p>	<p><b>1.1</b></p>	<p>Analyse the characteristics, features, behaviours and risks of debt securities.</p>	<p><b>1.1.1</b></p>	Domestic and international government securities.
				<p><b>1.1.2</b></p>	Corporate debt securities.
				<p><b>1.1.3</b></p>	Macaulay duration, Modified duration, interest rate movements, price/yield relationship.
				<p><b>1.1.4</b></p>	Credit ratings, creditor rankings.
		<p><b>1.2</b></p>	<p>Analyse the characteristics, features, behaviours and risks of equities.</p>	<p><b>1.2.1</b></p>	Share classes, valuation measures, stock markets and indices.
				<p><b>1.2.2</b></p>	American Depositary Receipts (ADRs) and Global Depositary Receipts (GDRs).
				<p><b>1.2.3</b></p>	Comparative valuation measures and relevance.
				<p><b>1.2.4</b></p>	Credit ratings, creditor rankings.
				<p><b>1.2.5</b></p>	Financial statement analysis (balance sheet, income statement, cash flow statement, financial ratios, profitability ratios, investor ratios, corporate actions and their impact.
		<p><b>1.3</b></p>	<p>Explain the characteristics, features, behaviours and risks of the main competing asset classes and onshore/offshore investment products.</p>	<p><b>1.3.1</b></p>	Cash and cash equivalents.
				<p><b>1.3.2</b></p>	Warrants and covered warrants.
				<p><b>1.3.3</b></p>	Contracts for difference (CFDs).
				<p><b>Collectives:</b></p>	
				<p><b>1.3.4</b></p>	Open and closed ended.
				<p><b>1.3.5</b></p>	Asset value, pricing and gearing.
				<p><b>1.3.6</b></p>	Asset cover, redemption yields.
				<p><b>1.3.7</b></p>	Funds: investment management styles.
				<p><b>1.3.8</b></p>	Exchange traded funds, exchange traded commodities, exchange traded notes.
				<p><b>1.3.9</b></p>	Life assurance-based investments onshore and offshore.
<p><b>1.3.10</b></p>	Structured products and unregulated products.				
<p><b>1.3.11</b></p>	Foreign Exchange.				
<p><b>1.3.12</b></p>	Derivatives.				
<p><b>1.3.13</b></p>	Digital assets, crypto currencies, non-fungible tokens				



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<p><b>2 6 Questions</b></p> <p><b>3 Questions</b></p>	<p><b>Understand the structure, features, and regulatory and trading environment of the securities market.</b></p>	<p><b>2.1</b></p>	<p>Describe the key features of the main trading markets.</p>	<b>2.1.1</b>	Equities.
				<b>2.1.2</b>	Government bonds.
				<b>2.1.3</b>	Corporate bonds.
				<b>2.1.4</b>	Other trading venues: Multilateral Trading Facilities (MTFs), Systematic Internalisers, dark pools.
				<b>2.1.5</b>	Developed and emerging markets.
				<b>2.1.6</b>	Foreign Exchange market.
				<b>2.1.7</b>	Structure and access considerations.
		<p><b>2.2</b></p>	<p>Describe the role, structure and regulation of the global securities market.</p>	<b>2.2.1</b>	Primary, secondary and dual listing.
				<b>2.2.2</b>	Exchange trading and over-the-counter (OTC) trading.
				<b>2.2.3</b>	Role of regulators, other supervisory bodies and trade associations, main market participants and roles.
				<b>2.2.4</b>	Domestic markets: Issuing, listing, quotation, admission to market.
				<b>2.2.5</b>	Financial Conduct Authority's 'primary market' functions.
				<b>2.2.6</b>	NEX Exchange, AIM market.
<p><b>3 3 Questions</b></p>	<p><b>Apply dealing principles and practice relevant to client investment activity.</b></p>	<p><b>3.1</b></p>	<p>Apply dealing principles and practice.</p>	<b>3.1.1</b>	Best execution.
				<b>3.1.2</b>	Aggregation and allocation.
				<b>3.1.3</b>	Front running, conflicts of interest.
				<b>3.1.4</b>	International markets - main differences in principles and practice.
				<b>3.1.5</b>	Domestic markets, rules and principles.
				<b>3.1.6</b>	Market abuse.



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4 4 Questions	Understand clearing, settlement and custody principles and practice relevant to client investment activity.	4.1	Explain the principles and practices of clearing, settlement and custody.	4.1.1	Settlement - UK process, International Central Securities Depositories, risk and its mitigation.
				4.1.2	Stamp Duty and Stamp Duty Reserve Tax.
				4.1.3	Custody of assets and client money.
				4.1.4	Relevance and impact of corporate actions - registered title, nominees.
				4.1.5	Stock lending and prime brokerage services.
				4.1.6	CREST- stock lending.
				4.1.7	Clearing and central counterparty.
5 5 Questions	Assess the factors that influence market behaviour relevant to investment advice.	5.1	Assess the factors that influence investment markets and the movement of individual securities.	5.1.1	Macro-economic and financial environment, their communications, research and reports.
				5.1.2	Information and disclosure: Issuer reporting and announcements, corporate actions, transparency obligations – transaction reporting, share ownership and disclosure, short selling.
				5.1.3	Market data convention.
				5.1.4	Impact of derivatives market, interactivity of timed events, relationship with cash market.
				5.1.5	Volume and liquidity.
				5.1.6	Impact on securities pricing.



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<p><b>6</b></p> <p><b>3 Case Studies with 5 Questions</b></p>	<p><b>6.1</b> Analyse the full range of objective and subjective client information and the different investment options.</p>	<ul style="list-style-type: none"> <li>• Obtain the range of client information and subjective factors to understand their objectives, needs, wants, values and risk profile essential to planning.</li> <li>• Synthesise client and relevant market information to provide the basis for assumptions and decisions.</li> <li>• Analyse the advantages and disadvantages of the appropriate options.</li> <li>• Select, recommend, explain and justify, and transact using information and research.</li> </ul> <p>Investment portfolio fundamentals:</p> <ul style="list-style-type: none"> <li>• Portfolio risk- systemic risk, market risk, counterparty risk.</li> <li>• Mitigating portfolio risk - diversification, active and passive, hedging and immunisation.</li> </ul>
	<p><b>6.2</b> Recommend appropriate investment options and /or asset allocations.</p>	<ul style="list-style-type: none"> <li>• Asset allocation for bond, equity and balanced portfolios.</li> <li>• Evaluating portfolio risk and return (total return, standard deviation, volatility, beta, covariance and correlation, alpha, risk adjusted returns and benchmarking, performance evaluation).</li> <li>• The principles of the time value of money, compound interest, annual equivalent rate, present value, future value discounting, real and nominal returns.</li> <li>• Matching portfolios to client risk profiles.</li> </ul> <p>Specific issues concerned with securities within an investment portfolio:</p> <ul style="list-style-type: none"> <li>• Direct holdings, indirect holdings and combinations.</li> <li>• Role of derivative substitutes.</li> <li>• Rationale, advantages and disadvantages.</li> <li>• Impact on overall client objectives and priorities.</li> <li>• Asset allocation factors and relationship to overall portfolio.</li> <li>• Take account of relevant tax, accounting and costs considerations.</li> <li>• Comply with advice and dealing regulations specific to securities – Conduct of Business Sourcebook (COBS).</li> <li>• Client reporting requirements.</li> <li>• Communication, monitoring, review and maintenance of the portfolio to achieve the client’s objectives, deal with change and respond to setbacks.</li> <li>• Consumer Duty.</li> </ul>