ADVICE MATTERS

The CPD Solution For Financial Professionals

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In this issue

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Welcome to the 8th edition of

ADVICE MATTERS

This month's articles cannot be more different.

We kick off with a slightly diverse take on financial promotions and why the regulator saw fit to send not one but two "Dear CEO" letters on the subject. Here at FSTP, having been practitioners, we pay great heed to a Dear CEO letter and therefore in the light of two of the missives and the focus on the FCA's regulatory perimeter we thought an article on this – it's a must inclusion.

The second article provides some useful insight into how the different age ranges across the UK's population are pension saving or not, as many of the numbers indicate. Could help to add some weighty leverage to your client conversations!

And lastly, we look at something that will be relevant to all of you considering the findings from the recent SM&CR banking stocktake and therefore the regulator's expectation for solo-regulated firms – supervising Certified people. It's an interesting read and insight into how you should be looking at proving fitness and propriety especially in the area of competence.

We hope you enjoy this edition and look forward to sending you another Advice Matters next month.

All the very best

The Advice Matters Team
at FSTP

ApEx Standards

The learning outcomes and the ApEx Standards can be found at the end of this edition of Advice Matters

Next month

We will focus on:

- Insolvency, Bankruptcy & Debt Management.
- Taxation Fundamentals.
- What does PROD stand for?

Recognised CPD programme

The London Institute of Banking & Finance

Staying on Track

This section will keep you up to date with the changes in market, product, legislation & regulation.

Financial Promotions – Exploring the regulatory perimeter

On 9 January this year the regulator issued a Dear CEO letter, **Clarity in Promotions about Regulated and Unregulated Business: the FCA's Expectations.**

In that letter Andrew Bailey, CEO at the FCA, stated that, "We have recently become aware of firms issuing financial promotions which suggest or imply that all of the activities which they undertake are regulated by us and/or the PRA when, in fact, they are not". He then went on to describe what was expected of firms aligned to the regulatory requirements. At FSTP we liken a Dear CEO letter to a warning shot across the bows – take heed or you won't like the potential ramifications. So it was with some surprise that we saw another Dear CEO letter on financial promotions issued on the 11th April, **Firms' Approvals of Financial Promotions: the FCA's Expectations.** One shot across the bows should be warning enough, but a second stating, "We are writing again to all firms engaged in approving financial promotions of retail investments to underline how seriously we treat this issue. We are doing this because, despite our letter of 9 January, we have identified a number of examples where it appears the due diligence carried out on a financial promotion may have fallen well short of the standard we expect".

I'm sure you have all heard the old adage "inspect what you expect" – well so has the FCA.

Let's go back to the fundamentals to understand where the FCA is coming from, why the focus and what needs to change. The FCA regulates the communication and approval of financial promotions.

FSMA identifies a financial promotion as a:

Communication made in the course of business containing an invitation or inducement to engage in investment activity.

All forms of communication whether through a brochure, your website, a Facebook post or a tweet is capable of being a financial promotion.

Under FSMA it is unlawful for a person in the course of business to communicate a financial promotion unless (i) that person is an authorised person, (ii) the content of the communication is approved by an authorised person, or (iii) a relevant exemption applies.

The regulation around financial promotions is underpinned by Principle 6 and Principle 7 of the FCA's Principles for Businesses.

Principle 6

Customers' interests – A firm must pay due regard to the interests of its customers and treat them fairly.

The TCF outcomes should be your lead when designing financial promotions

Principle 7

Communications with clients – A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.

All financial promotions must be fair, clear and not misleading which in part means ensuring that the customers to whom a financial promotion is aimed at understand what part of the firm's business is regulated. FCA (& PRA) authorised firms will undertake both regulated and unregulated business. In the FCA Handbook in GEN 4.5.4R it states "a firm must not indicate or imply that it is regulated or otherwise supervised by the FCA in respect of business for which it is not regulated by the FCA". It further makes clear in the Handbook that if a firm names the FCA and/or the PRA as its regulator in a financial promotion that refers to aspects of its business (e.g., products or services) which are not regulated by the FCA and/or the PRA, then the promotion should make clear those aspects which are not regulated.

But has the regulator been clear enough and does the FCA's current remit go far enough?

On the 2 August the Treasury committee published a report recommending changes to HM Treasury on the remit and powers of the FCA in terms of its perimeter of regulation, i.e. what it can and can't regulate. This follows the Perimeter Report 2018/19 the FCA published in June this year.

When FSTP attended the FCA annual meeting in July it was quite clear that the perimeter of regulation, especially around financial promotions, appears to be confusing for consumers of financial services and this was reiterated by the Treasury committee report. While the independent investigation into the London Capital & Finance (LC&F) debacle is still playing out, it was obvious by the vocal challenge the FCA had from members of the audience at the annual meeting this confusion and lack of understanding may well have been preyed upon by less than ethical firms. You will see why I chose the word ethical rather than compliant. Let's just take a look at what happened at LC&F and the role of financial promotions.

We know the FCA's Financial Promotions Regime states that authorised firms can communicate financial promotions, and can also approve financial promotions for communication by non-regulated firms. LC&F was an FCA authorised firm so it is required to ensure that the financial promotions it approves and communicates are fair, clear and not misleading. The authorised firm needs to also check whether the product or service being promoted is subject to more specific requirements, for example marketing restrictions on securities, i.e.

- direct offer promotions on non-readily realisable securities (through which the investor can immediately proceed to make the investment if they choose) must only be made to consumers meeting certain criteria or
- in general non-mainstream pooled investments are only marketable to sophisticated, high net worth, or non-retail investors.

The FCA does not approve financial promotions, the responsibility lies with the authorised firm. However if the regulator becomes aware of financial promotions that don't meet its standards, it can ask that the financial promotion is withdrawn from the market immediately.

LC&F was regulated and authorised by the FCA but for consumer credit and mini-bonds which are non-regulated products.

The LC&F financial promotion advertised a low-risk ISA, whereby LCF would ensure a spread of the funds from the sale of the mini-bonds between hundreds of companies. The funds didn't qualify as an ISA, the money was only invested in 12 companies, 10 of which were non-independent and the promotional material stated it was authorised and regulated by the FCA – clear fair and not misleading – I think not.

When the FCA did eventually become aware of the financial promotion, it asked LC&F to immediately withdraw any promotional material about mini-bonds and, along with the Serious Fraud Squad, it started investigations. Shortly after that LC&F went into administration leaving circa 14,000 consumers at risk of losing their investment into the LC&F mini-bond. If the perimeter guidelines allowed the FCA to enforce a rule which made it mandatory for authorised firms to advise the regulator on all of the products they were selling, they would have a fighting chance of being able to withdraw financial promotions before people had their fingers burnt and in a lot of cases their retirement put in jeopardy.

There could be some comfort for some of those 14000 investors.

Currently customers are not able to complain to the Financial Ombudsman Service or apply for compensation from the FSCS against an FCA authorised firm which failed to comply with the standards for approving a financial promotion unless a regulated activity was carried out by the firm for that customer. So if the sale of the bond was arranged or the customer was given regulated advice by the firm to buy the mini-bond, then redress could be offered through the Financial Ombudsman Service and the FSCS respectively.

On the back of LC&F and other similar cases where the recognition that an activity is unregulated and the powers of the regulator are limited by the perimeter of regulation only coming to light after problems occur, the Treasury committee has recommended:

> Where regulated financial institutions undertake unregulated activity, the regulatory system should ensure that clear and explicit warnings are provided at that point, with the potential consequences of the lack of regulatory cover clearly explained, with sanctions for firms that fail to do so.

The problem currently is that while the FCA does have some powers to act outside of the perimeter, those powers do not allow it to actively monitor or intervene outside the perimeter, so it's not surprising we saw the second Dear CEO Letter.

The Senior Managers and Certification Regime, SM&CR, will go some way to address situations as above as the Conduct Rules will be applicable to all and they do not differentiate between whether an activity is regulated or not. There should also be an SMF within the firm with responsibility for financial promotions on their Statement of Responsibility.

It would be too onerous to go through all of the specific requirements for the different types of authorised firms (and you may just lose the will to go on) so we have included the appropriate links at the end of this article.

While interest rates remain low, it is not surprising consumers are looking to get a better rate of return on their money but being authorised and regulated by the FCA (and PRA), firms should be acting in the spirit of the regulation and taking the ethical stance and not looking for compliant loop holes to prey on unaware customers.

- Consumer credit: CONC – Consumer Credit; CONC – Debt
- Retail investments: COBS
- General insurance: ICOBS
- Mortgages: MCOB
- Banking: BCOBS
- Claims management: CMCOB

Follow the link below to discover more about our training that will provide a much greater insight into financial promotions.

Financial Promotions – Getting it right

Tech Check

In Tech Check we address aspects of technical knowledge that you need to keep abreast of and that will enable you to have better conversations with your clients.

Pension beliefs

As seems to be the norm in today's financial services arena, pensions are once again in the headlights, for a variety of reasons, ranging from the quality (or otherwise) of defined benefit pension transfer advice to reviews of the tapered annual allowance for those belonging to the NHS pension scheme, with GPs being a particular focus. But what about the general population who do, or more importantly don't, contribute into pension provision?

The UK private pension savings system has changed dramatically over the last few years, from 'pensions simplification' in 2006, to auto-enrolment in 2012, to 'pensions freedoms' in 2015. This has created layers of complexity that leave most consumers bewildered and distrustful, to the extent that doing nothing or very little, seems to be the easiest option.

The FCA's Financial Lives Survey (2017) outlines what consumers believe about pension products, providers, and financial advice and produces some concerning statistics.

First some key messages to take on board are:

- 2 million UK adults say they have a DC pension, have received and read their annual statement in the last year, and did not understand it very well or at all.
- Those in the 45-54 age bracket have low levels of engagement with planning for retirement, with just 35% having given a great deal of thought as to how they will manage when they do finally retire. In addition to this, 35% of defined contribution pension holders have no idea how much they, or their employer, contribute to their pension pot.
- Of those closer to retirement, the 55-64 age range, 25% have no idea how much they have in their DC pension, and only half have given any real thought as to how they will manage in retirement – is this a case of 'burying your head in the sand' or a genuine disconnect with the pension planning process? More concerning is the worrying statistic that nearly 20% of those who have accessed their pension in the last two years have no idea what they have actually done (e.g. annuity vs drawdown).

The main output from this report, in relation to pension savings, has been set against certain age ranges and is as follows:

18-24

Those within this age range are the least confident and knowledgeable of all UK adults about financial matters, which would make sense given their lack of work and life experience. However, of the one in five who thinks they know enough to choose a pension for themselves, 56% don't have one, and most of the rest belong to an employer's scheme (thank goodness for auto-enrolment!).

25-34

It is in this age bracket that the effect of auto-enrolment is becoming more evident. Almost half of this age group now holds a DC pension (with one in seven in a DB scheme). However, the vast majority of contributions paid into pensions here are arranged via an employer, with average pension pots being small – around half being under £10,000.

35-44

Just under 30% of 35-44 year-olds have no private pension provision in place, but when considered in the context of the financial situation of the 'average' in this age group, this is probably not a surprise – 51% are in financial difficulty, 38% have three or more financially dependent children (I rest my case!) and 57% are self-employed. It's hardly the basis for sufficient spare income to have one eye of the future, unfortunately.

This is further underpinned by evidence that there is considerable confusion about pensions, with 31% not sure if they are in a DC or DB pension, 34% having no idea what their pension pot is worth, and only 15% making any form of investment decision.

It is clear that for most individuals here, serious pension planning is a low priority, with only one in six given any thought to what will happen in retirement, and nearly a third have given it no thought at all.

45-54

Here is the age group who are the most likely to hold a pension, although there are still one in five (1.9 million adults) who have no form of pension arrangement. Of the 65% who have not given much, or any, thought as to what retirement might look like, they are:

- more likely to be female
- more likely to be single
- more likely to have lower incomes
- less likely to be in work
- far less likely to have any form of pension provision.

55-64

Moving on now to the age group, who, by this age, can see the end of their working life and are fast approaching retirement. As you are probably well aware, it is no longer the case now that people simply retire when they reach State Pension age, and this is supported by the fact that one in five of those who are 55-64 have already retired and 3% are semi-retired. On top of this, one in six expect to retire in the next two years, although 69% have no such plans – so plenty of scope to provide advice!

Most DC pension holders have little idea for how long they need to make their money last – half of those asked expect to live to 80 or less, while just 7% expect to live to 90 or beyond, which is way focus on taking the highest levels of income in the early years, and may be less likely to consider potentially increasing costs, such as long-term care, in their later years. A major point that I am sure you are keen to ensure your clients fully appreciate when deciding on appropriate levels of income.

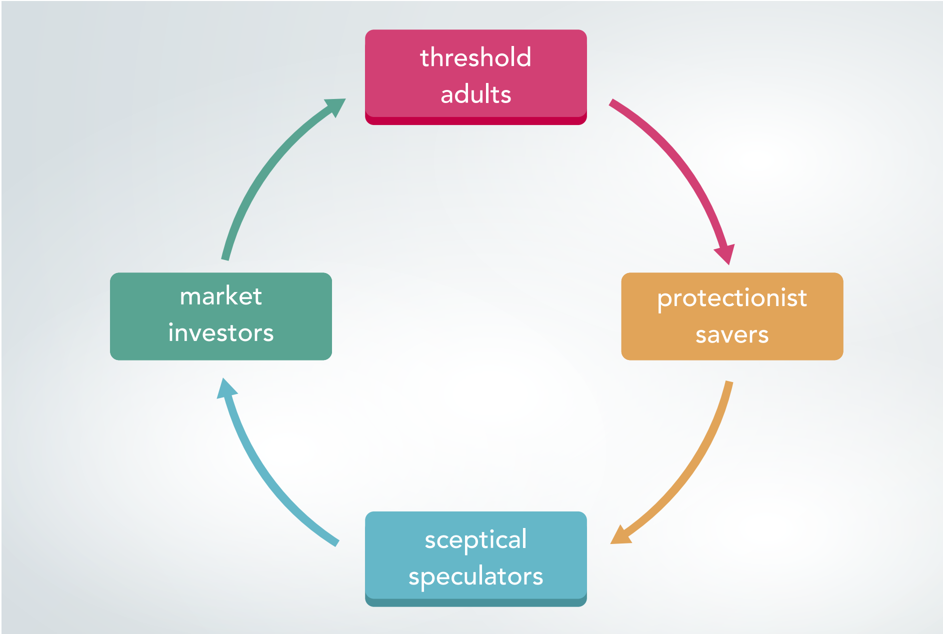
Another worrying output of the survey is that many who have already started to take income from their DC pensions are quite confused about what they have done! The table below highlights this:

	All who have decumulated	Decumulated in the last two years
Annuity	30%	19%
Income drawdown	17%	23%
UFPLS	10%	15%
Total encashment	16%	28%
Not sure	23%	18%
None of these	10%	0%

When questioned further, many of those who have made a recent decision about how they access their pension funds, it becomes clear that there are some who do not understand the product features of an annuity, drawdown or UFPLS, and there is confusion about what relates to which product.

The four types of pension savers

In addition to the FCA's Financial Lives Survey, as detailed above, a recent publication from the Pensions Policy Institute (PPI) 'Engagement pathways in workplace pensions: an overview of pension decision making' helps to shed some light on why people make the pensions savings decisions that they do. The report identifies four different groups of pension savers:



- threshold adults – focused on establishing themselves and need to be nudged and supported into pension savings and other major financial decisions. They tend to rely on minimum contributions and defaults.
- protectionist savers – don't really want to think about the process or decision-making, so default funds and simplicity appeal the most here, although they will often increase contributions to match those paid by the employer.
- sceptical speculators – the 'unsure group' who need reassurance that they can trust pensions (and their employer!) and need engagement in the process. This group often opt out of pension saving, although not always – the power of inertia works well in this category.
- market investors – those looking for an active choice, but with straightforward options that are easy to understand, along with tools to help them make a decision. This group have high levels of overall savings, and will only invest in pensions once all other savings options have been utilised.

Of course, these categories are interchangeable, with individuals transitioning from one to another depending on experience and the stage in the life cycle. The point here is to raise awareness around why people make the decisions they do about their pension savings, and for the industry to be in a position to identify what help is needed, in the format required, and at the right time to ensure a positive outcome for all.

In conclusion

The two reports considered in this article can help provide the basis for an active approach to consumers, considering the concerns raised in the FCA report, and the decision-making biases highlighted in the PPI report.

As an industry we have a duty of care to help change the beliefs, understanding and confidence in one of the most important areas of financial planning.

Over to you…

Follow the links below to discover details about further training we can provide around pensions.

Increased pension awareness and business opportunities

Self invested personal pension & small self administered schemes

Skills & Expertise

Personal development is often forgotten or neglected, as it is not seen as important as the other areas of CPD. In reality it can be the aspect that makes the real difference to your clients and your earning capacity. In each edition of Advice Matters we will discuss potential development areas and ensure any regulator focus that aligns to this area is covered in a very timely manner.

Supervising Certified people

At the FCA's Annual Public Meeting in July, FSTP's Philippa Grocott asked the regulator's panel for its opinion on how well – or otherwise – the Certification Regime is working three years after its implementation in the banking sector.

In response, Jonathan Davidson (FCA's Director of Supervision – Retail and Authorisations) stated:

> There is a requirement for firms to assess, annually, that Certificated people are doing the right thing and they are doing it competently. We have seen a lot of evidence that all firms have taken that very seriously. They have all put in place processes to do that. They are reporting on it... my sense is that it's very positive that they've gone beyond an assessment of solely technical skills to look at the behaviours of certified staff.
>
> However, there are still weaknesses in having objective criteria that they are using to assess those dimensions, so that they apply those assessments consistently. We will be working with those firms and giving them feedback to improve on that.

Jonathan Davidson
FCA's Director of Supervision – Retail and Authorisations

So it seems that whilst the FCA is pleased with the progress banks and building societies have made in embedding the requirements of the Certification Regime since its inception in 2016, there is a concern regarding the apparent lack of consistency in the application of fitness and propriety assessments.

As solo-regulated firms prepare themselves for entry into the Senior Managers and Certification Regime (SM&CR) on 9 December this year, Certification is one of the areas that is causing the most head scratching, particularly in HR and Compliance teams who are working to develop standards that may be communicated, applied, recorded and reported consistently within their organisations. That's actually quite surprising, given that fitness and propriety are age-old concepts in the history of UK's financial services regulation!

Fitness and propriety sit at the heart of the Certification Regime – after all, the assessment must confirm that the employee concerned is fit and proper to perform their role before they can be (re)certificated. The underpinnings of a properly conducted annual fitness and propriety assessment are to be found in effective supervision.

But what does 'effective supervision' actually look like?

Let's start by reminding ourselves of the criteria which determine whether an employee needs to be Certificated. Essentially, the requirement applies to anyone who is performing a role that may have a significant impact on – or pose a risk of significant harm to – the firm, its clients and/or market integrity.

Helpfully, the FCA has determined which roles fall within the scope of the Certification Regime:

- significant management function
- proprietary traders
- CASS oversight function
- functions that are subject to qualification requirements
- client dealing function
- algorithmic traders

- material risk takers (those whose activities have a material impact on a firm's risk profile)
- any non-senior manager, who supervises or manages anyone performing one of these functions.

Effective supervision starts from the word 'go', in other words at the point when someone is recruited into a role and carries on throughout the time that the individual performs that function.

Let's consider effective supervision in relation to each of the key elements relating to Certification:

Recruitment

There should be absolute clarity around the role being filled – for example, the associated accountabilities, responsibilities and required competences – and its positioning within the wider organisation as a whole. The former will be addressed through the maintenance of an up-to-date and comprehensive job description, with the latter usually being covered-off in the form of an organisation chart.

The recruitment process should determine whether the individual is suitable (i.e. fit and proper) to perform the role and any training and development requirements that need to be taken account of.

Initial and ongoing assessment of fitness and propriety

> An SMCR firm may issue a certificate to a person to perform a certification function only if it is satisfied that the person is a fit and proper person to perform that function.

Fit and Proper test for Employees and Senior Personnel' (FIT) 1.2.1A - FCA Handbook

The firm's assessment of a Certified person's suitability will need to happen prior to initial Certification and then once a year while the individual is performing the Certified role. Once the assessment is successfully completed the individual concerned should receive a paper certificate confirming that they are 'fit and proper' to perform the function to which the certificate relates.

! Remember – it is the firm's responsibility to assess the fitness and propriety of its Certificated employees.

The checks made on fitness and propriety do not vary greatly between new and established Certificated staff and the following factors must be taken into account when assessing a Certificated person's fitness and propriety:

- Honesty, integrity and reputation
- Competence and capability
- Financial soundness.

Let's take a quick look at each of these in turn:

Honesty, integrity & reputation

Includes such matters as:

- criminal convictions
- breaches of regulatory rules
- being subject to regulatory enforcement
- being disqualified from acting as a Director
- the potential for the person's reputation to have an adverse impact on the firm.

Competence and capability

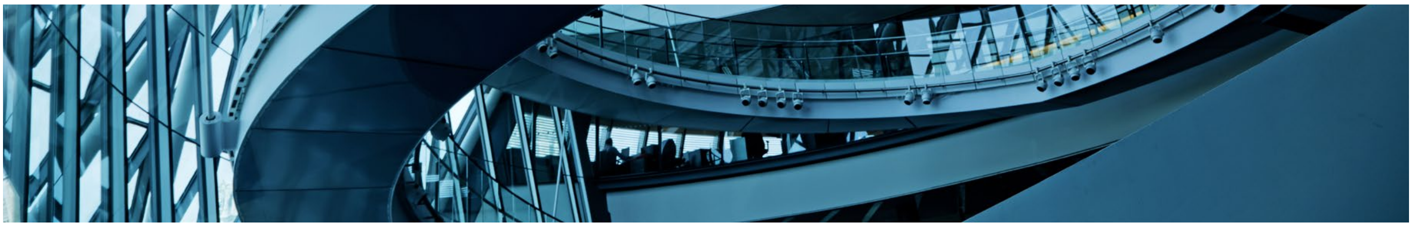
Includes such matters as whether the person:

- satisfies the relevant FCA training and competence requirements
- has the experience and training needed to perform the role
- has sufficient time to perform the role and fulfil all their responsibilities.

Financial soundness

Includes such matters as whether the person:

- has any outstanding judgements, debts or awards
- filed for bankruptcy, or had a bankruptcy petition served on them.



The detailed rules and guidance covering fitness and propriety assessments for Certificated staff can be found in the FCA Handbook's High Level Standards, within FIT – 'Fit and Proper test for Employees and Senior Personnel'.

Bearing in mind Jonathan Davidson's comments quoted at the beginning of this article, it is vital for firms to ensure that they have documented policies in place covering fitness and propriety assessments and that these are backed-up by clearly defined processes which are communicated across the organisation and applied in a consistent manner. The consistent, objective application of fitness and propriety assessments should be a standing item in the programme of independent systems and controls reviews undertaken by firms' compliance and/or audit functions.

Training and competence

> "Firms should ensure that their employees' training needs are assessed at the outset and at regular intervals (including if their role changes). Appropriate training and support should be provided to ensure that any relevant training needs are satisfied. Firms should also review at regular intervals the quality and effectiveness of such training."
>
> Training and Competence (TC) 2.1.11G - FCA Handbook

Someone starting out in a Certified role should be supported by an initial training plan, tailored to the requirements of the job and their pre-existing level of knowledge and experience.

Where the job holder is established in the role, they should be supported by an annual training and development plan that should include Continuing Professional Development (CPD) as required by the individual's membership of a professional body and/or by the rules of the UK regulator(s).

The Certificated person's competence must be reviewed on a regular and frequent basis, with appropriate action being taken, as necessary, to ensure that they remain competent for their role.

This should take into account such things as:

- technical knowledge and its application
- skills and expertise
- personal behaviour and attitude
- changes in the market and to products, legislation and regulation.

A variety of training and assessment methods may be used to determine the level of an individual's competence and some examples are:

- product and market training
- discussing complex case-studies in recorded training events
- sitting a relevant mock exam.

Regular reassessment of an individual's competence should influence the level of supervision that they are subject to. Generally, the risks associated with competence, or lack of it, should diminish as an employee's level of knowledge and experience increases in the role they are performing.

Of course, it's not only the Certified individual who needs to be trained and competent, but also the person who supervises them!

> Firms should ensure that those supervising employees have the necessary coaching and assessment skills as well as technical knowledge to act as a competent supervisor and assessor.
>
> **TC 2.1.4G - FCA Handbook**

Performance management

A crucial area of supervision is proper and adequate performance management as it is one of the 'reasonable steps' that a senior manager must be taking to demonstrate that they control their business area effectively.

The FCA defines performance management as:

"The process through which organisations manage how individuals and teams behave to achieve organisational objectives".

A comprehensive approach to performance management will encompass:

- formal processes – such as evidence-based appraisals and procedures to manage under performance, all of which are fully documented
- setting targets and reviewing results, including measurable benchmarks for the development of non-competent staff to the required level of competence and clear timescales in which this should happen
- less formal day-to-day interactions and communications between supervisors and staff, much of which may not be documented.

The individual (Tier 1) Conduct Rules should be clearly referenced within the performance management framework to ensure that the expectations regarding Certificated employees' behaviour are fully aligned to them.

! Remember – Certificated employees are subject to Tier 1 Conduct Rules only.

To set this in context, it is worth taking account of the FCA's definition of competence:

> Competence means having the skills, knowledge and expertise needed to discharge the responsibilities of an employee's role. This includes achieving a good standard of ethical behaviour.

TC 2.1.4G - FCA Handbook

For further learning around supervising certified people it is worth taking a moment to follow the links below to discover more about a range of training courses.

What it means to supervise certified people

Managing T&C in a changing regulated environment to meet SM&CR requirements

The Senior Managers & Certification Regime – The implications for FCA solo regulated firms

Links to FCA documents

August 2019

Relevant consultation papers (CP), policy statements (PS), guidance consultations, finalised guidance, press releases, speeches, statements, news stories, and discussion papers

Reference	Title	Link
Press release	FCA launches consultation on guiding firms' fair treatment of vulnerable customers	https://www.fca.org.uk/news/press-releases/fca-launches-consultation-guiding-firms-fair-treatment-vulnerable-customers
Press release	FCA fines Standard Life £30M	https://www.fca.org.uk/news/press-releases/fca-fines-standard-life-assurance-limited-30-million
Press release	FCA announces the extension in its use of temporary transitional power	https://www.fca.org.uk/news/press-releases/fca-announces-extension-its-use-temporary-transitional-power
Statement PS19/20	Optimising SM&CR	https://www.fca.org.uk/news/news-stories/optimising-senior-managers-and-certification-regime-policy-statement-19-20-and-feedback-cp-19-4
Press release	FCA acts to protect consumers transferring out of defined benefit pension schemes	https://www.fca.org.uk/news/press-releases/fca-acts-protect-consumers-transferring-out-defined-benefit-pension-schemes
News story	FCA and Practitioner Panel publish findings	https://www.fca.org.uk/news/news-stories/fca-and-practitioner-panel-publish-findings-2019-joint-survey

Reference	Title	Link
Press release	FCA provides clarity on current cryptoassets regulation	https://www.fca.org.uk/news/press-releases/fca-provides-clarity-current-cryptoassets-regulation
Press release	5 million pension savers could put retirement savings at risk with scammers	https://www.fca.org.uk/news/press-releases/5m-pension-savers-could-put-retirement-savings-risk-scammers
Press release	FCA agrees phased implementation on Strong Customer Authentication (SCA)	https://www.fca.org.uk/news/press-releases/fca-agrees-plan-phased-implementation-strong-customer-authentication

Learning outcomes

By reading this edition of Advice Matters and applying the learning you will be able to:

Understand the due diligence that should be carried out on financial promotions
Clarify what the FCA consider a financial promotion to be
Confirm your understanding of when it is unlawful to communicate a financial promotion
Discuss how changing the FCA's perimeter of regulation will help to identify more financial promotions which are unclear, unfair and misleading to the customer
State the history of different pension saving system changes
Glean useful data to help your financial planning conversations with clients
Be aware of the Pension Policies Institute's four types of pension savers
Know the regulators requirements for fitness and propriety
State the roles that fall within the scope of the Certification Regime
Explain what effective supervision is
Be aware of different ways to assess an individual's competence
Consider what the regulator expects of firms in relation to T&C
State the different levels of supervision linked to the risk the individual poses
Clarify the regulator's requirements of a regulated supervisor
Know different ways to performance manage

The ApEx standards

The ApEx standards addressed in this edition of Advice Matters are:

Core or specialist subject	Learning outcome	Indicative content
FSRE	The UK financial services industry, in its European and global context	• Role of Government
FSRE	How the retail consumer is served by the financial services industry	• Industry obligations towards consumers • Consumers' perception of financial services industry
FSRE	Regulation of financial services	• The role of the FCA, HM Treasury and the Bank of England • The role of other regulating bodies • The Financial Services and Market Act (FSMA) and other relevant legislation
FSRE	The FCA's principles-based approach to promote ethical behaviour	• The Principles for Businesses • Corporate culture and leadership • The role of approved persons • The need for integrity, competence and fair outcomes for clients
FSRE	Differences between ethical and unethical behaviour	• Outcomes of ethical and unethical behaviour for the industry, the firm, individual advisers and consumers
Retirement Planning	The political, economic and social environmental factors which provide the context for pensions planning	• Role of Government in the context of pension planning • Corporate responsibilities, challenges and impact on pension provision • Demographic trends • Incentives, disincentives and attitudes to saving
Retirement Planning	Options and factors to consider for drawing pension benefits	• Timing of decisions and implementation

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If you have any queries with this edition of Advice Matters, please contact your in-house administrator or FSTP on 01908 395243.

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