ADVICE MATTERS

The CPD Solution For Financial Professionals

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In this issue

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ComplianceServe

2019 | Vol 10 | Edition 10

Welcome to the 10th edition of

ADVICE MATTERS

Well the B word has yet again had the most featured media coverage in the last month – no surprise there and I expect with the run up to a December election this will not lessen. What I am surprised about is the lack of media coverage for SM&CR given that 47000 firms will be part of the extended regime in less than 25 working days (as of 1st November), which also means Enhanced firms have just 15 days to get their paperwork into the FCA …and those firms that haven't trained their SMFs and Certified people on the conduct rules better get a move on.

We have three diverse articles for you in this publication starting with Financial Inclusion – a topic very much on the regulators mind along with the minds of other government and membership bodies.

The second and the last article are both from the investment world but from different ends of the spectrum – taking you from the fundamentals of shares to the riskier world of Binaries.

As always, we hope you find Advice Matters informative. Please let us know if you would like a specific topic covered and if you do need help to get everything you need completed by the 9th December please don't hesitate to give us a call or email us at info@fstp.co.uk.

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:

- Ethical v Compliant - are they equal opponents
- The market for SIPP and SSAS
- Other Regulatory bodies

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 Inclusion

'Financial Inclusion' is a phrase that we see being used with increasing frequency by politicians, legislators, regulators and journalists, as well as within the financial services industry itself. It is inextricably linked to the issue of customer vulnerability and, as such, it has considerable bearing on and influence over product strategy, design and governance within financial services and all consumer-related considerations associated with these.

But what does 'Financial Inclusion' actually mean?

In 2017 the UK Government provided the following definition:

> Financial inclusion means that individuals, regardless of their background or income, have access to useful and affordable financial products and services. This definition is supply-focused and captures banking, insurance, pensions and savings products, credit, transactions and payment systems, and the use of financial technology.

Source: House of Commons Library - Briefing Paper 01397 15 December 2017

HM Government

Financial inclusion is not to be confused with 'financial exclusion', where financial services and products are not available, or affordable.

> The impacts of exclusion are not just financial but also affect education, employment, health, housing, and overall well-being. The changing context of increased digital delivery, squeezed household budgets, and welfare reform threatens to exacerbate exclusion.

Financial Inclusion Commission 2019

So, steps taken to achieve financial inclusion should – by the very nature of the term's definition – combat the issue of financial exclusion.

It is the government's stated objective to ensure that financial inclusivity:

- enables a person to participate in the economy,
- empowers a person to achieve their goals in life,
- offers a person protection in the face of financial adversity.

In 2017 the government underlined the importance of the need to tackle financial exclusion by establishing the Financial Inclusion Policy Forum.

This body brings together key leaders from industry, charities and consumer groups, as well as government ministers and regulators, with the intention of promoting active collaboration and a shared objective of making demonstrable progress in this area.

Since the Forum's creation it has examined the issue of access to affordable credit and made a number of recommendations, many of which formed part of a package on affordable credit presented in the 2018 Budget.

> We recommend that maintaining financial inclusion be of the utmost priority for financial services providers, the Government, and financial regulators, in order to maintain a society that does not leave large parts of society behind.

Consumers' access to financial services: Government Response to the Committee's Twenty-Ninth Report – July 2019

What are the other key areas of interest for government and regulators?

Access to banking

The government believes that people – regardless of their personal situation – should have the ability to manage their money on a day-to-day basis effectively, securely and confidently through access to a transactional bank account.

1.23 MILLION Number of people in the UK without a bank Account in 2017

'Financial Inclusion Annual Monitoring Briefing Paper 2018'
University of Birmingham, September 2018

7.5 MILLION Number of basic bank accounts open with the nine largest providers of personal current accounts

'Basic bank accounts: July 2017 to June 2018' HM Treasury, December 2018

Since 2016, the Payment Accounts Regulations 2015 have required the UK's nine largest personal current account providers to offer basic bank accounts to customers who either do not have an account or who are not eligible for a standard current account, including those who have histories of bankruptcies or County Court Judgments. However, there is a general acceptance that more work needs to be done in raising awareness in this area, so that those who are eligible for a basic bank account know there is such a service available to them. This is an issue that government is committed to addressing.

In late-2017, the government approached the Chief Executives of UK Finance and Post Office Ltd asking them to consider how, in conjunction with the banks, they might further raise awareness of the banking services offered by the Post Office. This led to the launch of a Five-Point Plan in 2018, including trial publicity campaigns, signposting, an advertising campaign and collaboration with consumer groups.

To set this in context, in 2018 the Post Office handled 130 million transactions on behalf of banks, thereby demonstrating the vital importance of the service provided to bank customers who do not have access to a local branch, ATM, or online banking services. It was hardly surprising that Barclays received a significant backlash when in early October 2019 it announced that from January 2020 its customers would no longer be able to make over the counter cash withdrawals from Post Offices. The response from customers, media, consumer groups and regulators was immediate and intense, resulting in Barclays reversing its decision within a couple of weeks of making the original announcement.

Affordable credit

In the 2018 Budget, the Government announced a package of affordable credit measures designed to foster what is described as 'a larger, more dynamic social lending sector'. The aim is to offer a real alternative to lower-income customers who may currently often only access high-cost credit.

Coupled with this, the Financial Conduct Authority (FCA) conducted a review of the high-cost credit market and it is hoped that the resultant measures will protect some of the industry's most vulnerable consumers.

These measures provide interventions for:

Home-collected credit - FCA analysis showed harm existed because 55% of customers took longer to pay off than the original repayment term, mainly as a result of consumers taking out additional borrowing.

In 2015-17, 74% of home-collected credit consumers spent up to 12 months in continuous debt and around 10% had 12 or more loans.

"Changes, which came into force in March 2019, ensure any discussion on repeat borrowing in the home is consumer-led, and helps consumers fully understand their options. These changes were designed to improve sales practices, reduce hidden costs to consumers, and enhance protection against harmful repeat borrowing. We estimate that consumers will benefit from a lower cost of credit of between £4m and £34m per year."

Source: FCA

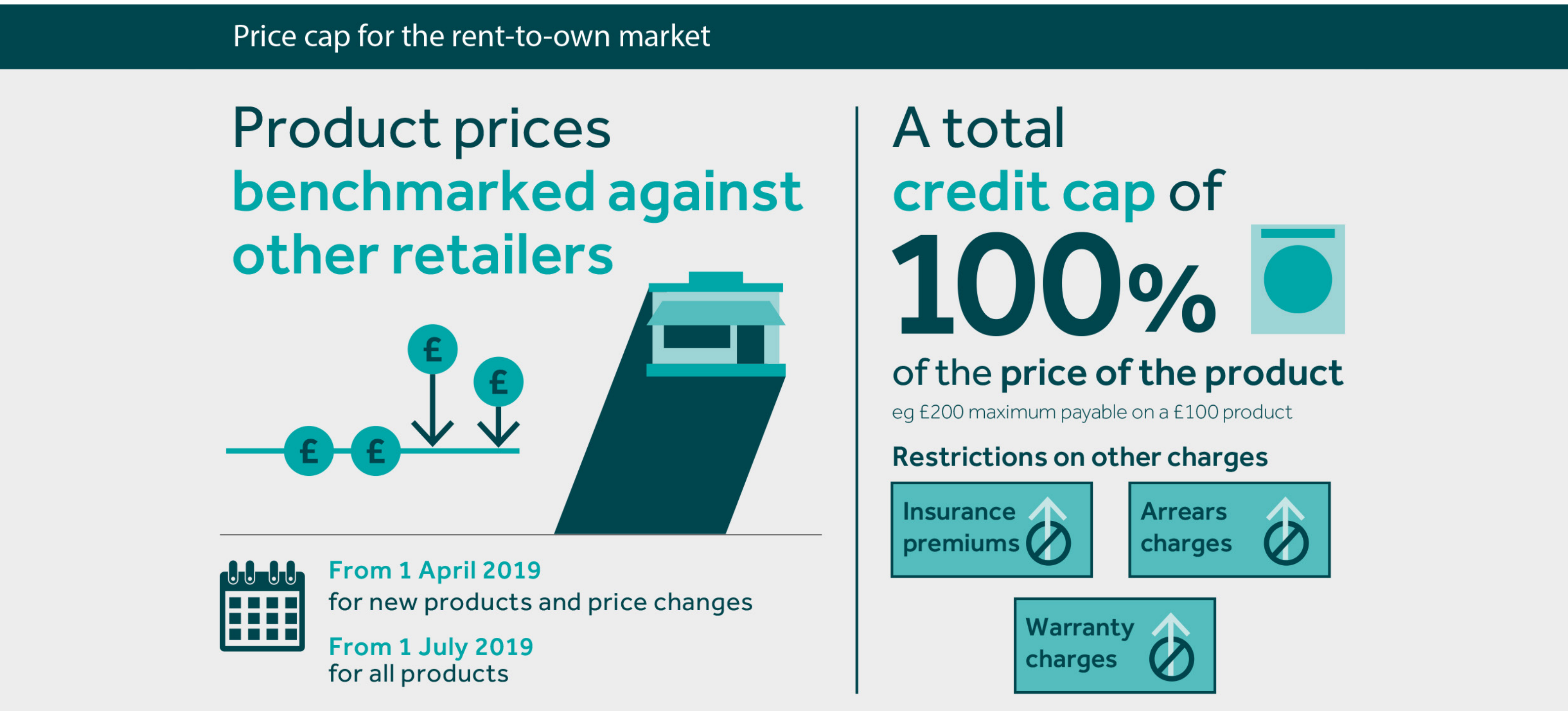
Catalogue credit and store cards - FCA saw harm arising from the cost of borrowing by this vulnerable group with median income below the national average. Similar to its work on credit cards, the FCA found a general lack of understanding of the fees and problems with persistent debt.

In 2016, 14.7% of UK adults had outstanding debt on catalogue credit, and 3.7% on store cards.

"Rules on catalogue credit and store cards, which came into force between December 2018 and June 2019, require firms to provide customers with reminders towards the end of offer periods, tighten rules on credit limit increases, and introduce stronger protection for consumers with longer-term debt. As a result, we expect that consumers currently in persistent debt will benefit from lower interest and charges of £134m - £317m. We also expect consumers to benefit from lower interest and charges of between £15m – £35m each year from our overall package of remedies."

Source: FCA

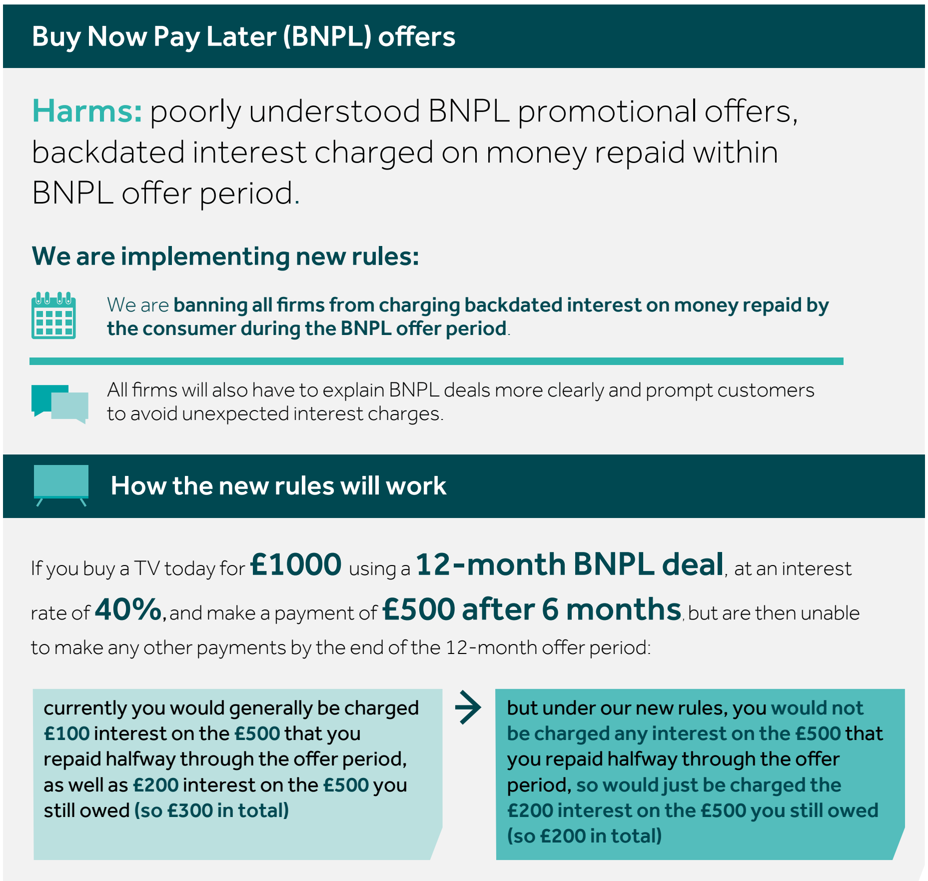
Rent-to-own (RTO) - In March 2019, the FCA announced a price cap on RTO, which was in force for most products by 1 July 2019. The cap on these products controls prices by limiting both the cost of the product and the charge for credit. Under the cap, credit charges cannot be more than the cost of the product. RTO firms are also required to benchmark the cost of products against the prices charged by three mainstream retailers.



Source: FCA

Buy now pay later offers (BNPL) – The FCA research concluded that consumers experience harm because the complexity of BNPL offers is not well understood. Consumers who repay part but not all the amount owed are still charged backdated interest on that part. Typically, over a third of consumers do not repay within the offer period, incurring interest charged from the date of purchase.

From September 2019, FCA rules require firms to provide better information to customers, and from November 2019 firms will be prevented from charging backdated interest on sums that customers repay during the offer period.



Source: FCA

Overdrafts – The FCA identified harm, particularly to vulnerable consumers, from the disproportionate burden of high charges and the repeat use of overdrafts. In 2016, more than 50% of firms' unarranged overdraft fees came from just 1.5% of customers. The FCA found that people living in deprived neighbourhoods are more likely to incur these fees.

In June 2019, the FCA brought in rules designed at making overdrafts simpler, fairer and easier to manage, thereby increasing the degree of protection for consumers, particularly those who are vulnerable, who use overdrafts.

Overdrafts will be simpler, fairer and easier to manage

The current overdraft market:

High fees and charges for unarranged overdrafts

Consumers regularly pay more than the equivalent of an interest rate of

10% per day

Complex charging structures

80% of people cannot correctly choose the most affordable overdraft deal at present

Repeat overdraft use

14% of consumers use an overdraft every month of the year and pay

69% of all overdraft fees

Our fundamental reforms will mean that:

Unarranged overdrafts cannot be more expensive than arranged overdrafts, resulting in lower costs for consumers

Fixed fees for borrowing through an overdraft will be banned – no more fixed daily or monthly charges

Overdraft charges will be proportionate to borrowing

Providers will have to charge using a simple annual interest rate – no more complex charging structures

An APR will be included in overdraft advertising to allow consumers to compare the cost of borrowing

Providers will be required to do more to help repeat overdraft users

Source: FCA

Dormant assets

The government has directed £55 million of funding from dormant accounts to be deployed towards financial inclusion initiatives by Fair4all Finance, which launched in February 2019.

Savings

The government has made a commitment to supporting people at all income levels and at all stages of life to save, including those on low incomes. Following a successful trial, the Help to Save scheme was launched in September 2018, with over 90,000 people having opened an account and £13 million being saved by March 2019. The scheme supports working people on low incomes to build up a 'rainy-day' fund while encouraging the development of a long-term savings habit, by offering a 50% government bonus on up to £50 of monthly savings. The first bonus is paid after two years, and customers can continue saving for a further two years and receive a second bonus. This means that people can save up to £2,400 and benefit from government bonuses worth up to £1,200. As well as incentivising people on low incomes to save, Help to Save should help to promote financial inclusion more broadly by encouraging people to engage with formal savings products beyond the life of the scheme.

Insurance

In June 2017, the FCA undertook research into the ability of consumers who have or have had cancer to access travel insurance. Following this investigation, the FCA committed to working with the insurance industry and consumer groups to help people with pre-existing health conditions access the insurance they required.

In October 2018, new rules came into force requiring insurers and brokers to produce a short document – the Insurance Product Information Document (IPID) – that contains key product information about a policy, to make it easier for all retail (including vulnerable) consumers to understand what risks their insurance policy will protect them against and what is not covered.

Single Financial Guidance Body

The Financial Guidance and Claims Act 2018 created a Single Financial Guidance Body (SFGB) that brings together government-sponsored financial guidance and debt advice, previously provided by the Money Advice Service (MAS), Pension Wise and The Pensions Advisory Service (TPAS). The SFGB formally launched in January 2019 and has also been tasked with developing and coordinating a national strategy with the aim of improving people's financial capability, their ability to manage debt and the provision of financial education for children and young people.

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.

Sharing Equities - help to simply explain the concept of shares to your clients.

To start, let's go back to basics - What do we mean by the term "shares" or "equities"?

Shares represent the ownership rights of a company. So, if an individual or institution acquires them, they in effect, become an owner. They literally have a "share" in the fortunes of the company.

A share represents a divided-up unit of the value of a company, e.g. if a company is worth £250 million, (market cap) and there are 50 million shares outstanding, then each share is worth the market cap/shares of £5 (usually listed as 500p on the London Stock Exchange).

Shareholders in theory have the right to decide who runs a company, either if they have a large enough stake or can form a voting bloc. Therefore, they can be involved in influencing key strategic decisions.

Companies get listed on the stock exchange after they have completed an **"Initial Public Offering"** (IPO), a process which takes the company from being private to public. This allows others to eventually buy shares in it.

Shares are linked with stock markets e.g. the FTSE 100 or 250 on the London Stock Exchange or the Dow Jones Industrials Index that trades on the New York Stock Exchange. Large companies will comply with legal and accounting obligations to obtain a listing so that they can have their shares traded internationally by a wide range of investors.

However, many smaller companies won't seek a listing. They will issue shares in their company in return for a lump sum investment from wealthy individuals or specialist investors. Another alternative is for shares to be issued by businesses looking for equity funding capital to finance their future growth.

Different share classes

For most companies that are listed on an exchange they will most likely only ever have one type or class of share. These are commonly known as **"Ordinary Shares"** and will be those the company was incorporated with.

The typical rights that go with ordinary shares are; each share:

- is entitled to one vote in any circumstances,
- has equal rights to dividends,
- is entitled to participate in a distribution arising from a winding up of the company.

This is, however, not always the case as companies can choose to have two or more different types of share. These are known as **"Alphabet shares"**, e.g. **"A" and "B" shares**.

As long as the shareholders agree a company could have as many different share classes as it wanted along with different rights for the different classes. They can also have identical rights to other classes, e.g. ordinary A shares and say, ordinary B shares could have identical rights even if issued to different shareholders.

Why would a company have these different ordinary shares? It is a way to allow dividends to be paid to some shareholders but not to others. However, before such a decision is taken the company would need to ensure such a payment policy is not in breach of HMRC regulations.

If a company adheres to what is known as due process and does not breach the restrictions written into its articles of association, a company is allowed to create a new share class at any time. This can be achieved by creating a wholly new share class or convert an existing share class into one or more new share classes.

The **"Articles of Association"** specify the division of shares into different classes. These articles will provide the details of the specific rights that are assigned to each class. The main classes are listed below.

We have already discussed **"Ordinary Shares"**; however, what are their specific characteristics?

They have no special rights or restrictions and are ranked as subordinate to preference shares with respect to dividend payments and the return of capital. They have voting rights, typically one vote per share that is not normally given to holders of preference shares, (you will find an explanation of preference shares further on in this article). An exception to that would be if a payment of a preferential dividend were in a state of arrears.

The creation of alphabet shares does mean that different classes of ordinary share can carry different nominal values, e.g. £1 ordinary shares and £0.01 ordinary shares.

The distinction is that if each share had the right to one vote (and assuming the shares were issued at their nominal value), then the holders of the £0.01 ordinaries would get 100 votes for each £1 paid while holders of the £1 ordinaries would only have a single 1 vote for the same capital investment.

What of **"Deferred Ordinary Shares"**?

These are shares that do not pay a dividend until all other classes of shares have received a minimum dividend. Once that has happened, they will normally be fully participating. They must wait in line if the issuing company is wound up only receiving a pay-out after all other obligations have been addressed and honoured.

There can also be ordinaries that do not carry votes. Unsurprisingly they are known by a self-explanatory term, **"Non-Voting Ordinary Shares"**.

There is a restriction on the voting rights, i.e. holders can vote in very specific circumstances or, as is most likely, holders of these shares will have no voting rights whatsoever, even at the Annual General Meeting (AGM). However, it should be stressed that in all other respects they will carry the same rights as ordinary shares.

"Redeemable Shares", are listed under the condition that the issuing company has the option to buy them back in the future. There are a few, rare cases where such shares may also have a "Put Option" giving the shareholder an option to sell their holding back to the company.

The redemption option can either occur on or after a specific exercise date, maybe between two dates that mark an exercise period. The redemption price is normally set at the same level as the issue price but not always.

The redemption is only to be made from profits or proceeds of a new share issue. Therefore, this could limit the company's scope to redeem shares even if the board wishes to exercise the option.

One clear distinction that companies must adhere to is that, if it decided to issue redeemable shares, it must also have non-redeemable shares in issue. It is forbidden to have its entire share capital composed of redeemable shares.

As previously mentioned in this article – a class of share that may be more familiar is **"Preference Shares"**. They carry this name as they have a right to receive a fixed amount of dividend every year.

This is paid ahead of any discretionary dividend to ordinary shareholders. The amount of the preference dividend tends to be expressed as a percentage of the nominal value. As an example, a £1, 3% preference share will pay an annual dividend of 3p. This entitlement is paid every year unless distributable reserves are too low to pay all or even some of it.

In the event of a company being wound up, holders of preference shares are usually entitled to any arrears of dividends and capital ahead of ordinary shareholders, their downside is that preference shares are usually non-voting.

A variation on this theme is **"Cumulative Preference Shares"**. Under this structure if a dividend must be missed or not paid in full the shortfall will be covered or "made good" when the issuing company is next in a position to have sufficient distributable reserves. Naturally, holders of ordinary shares will not receive any dividends until all the arrears on cumulative preference shares have been paid.

"Redeemable Preference Shares" allow the issuer to combine the features of preference shares and redeemable shares in one package. The shareholder receives the benefit from the preferential right to dividends (which may be cumulative or non-cumulative) while the company retains the ability to redeem the shares on pre-agreed terms in the future.

What shares should a company issue?

It was said earlier that most companies begin by just having ordinary shares. These would allow equal rights to voting, capital and dividends. Issuance of new shares after company incorporation will tend to be allocations of these ordinary shares. However, if the rules of the company and the market allow, the company may seek flexibility or varied rights by issuing different classes of shares.

What shares should an investor buy?

Given the multiple share classes an investor who wishes to become a shareholder can invest in more than one class of share in the same company. This affords them access to differing rights in terms of voting or dividend entitlements.

How to undertake investing or trading shares

Shares are generally more risky than fixed income debt instruments, i.e. bonds however, in an era of low or even negative yields shares they can be seen as a potentially interesting way to try and make a return on your principle.

They can be traded through a broker who acts as the intermediary with the market, which is typically the relevant exchange, or by trusting your money to a fund manager. However, be wary of the commission that will be charged for each transaction. Trading too frequently as an active investor can see these charges erode your returns.

The simplest and cheapest way to buy shares is online from a **"Share Dealing Platform"**. These platforms allow the buying and selling of shares from any company listed on various domestic and international exchanges. To do this, you will have to open an account. However, some people still prefer talking directly about the market and opportunities with their stock broker, investment manager or financial adviser.

Once an account is open you can log in or call and choose to buy/sell a specific number of shares or specify a target price to trade at, i.e. you leave the broker an order that should have a specified time limit.

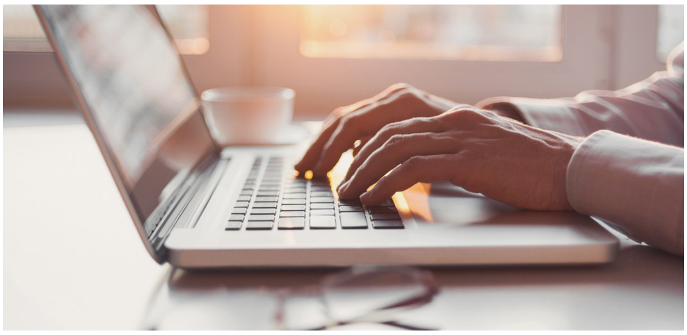
When making these transactions you must ensure that you have enough funds to cover any share purchase and of course pay the commission. Once the deal is executed and settled, the shares will either enter (buying) or leave (selling) your online portfolio.

Buying shares is not complicated but we often forget that to our clients, who don't work in our industry, it may come across as rocket science especially when we talk in investment jargon but it's always good practice to remind your clients of that well known and much used phrase …"markets can go down as well as up".

In the January 2020 edition of Advice Matters, look out for the follow on to this article - Indices and reading the stock market.

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.

Buy Now & Pay Later - The Binary Option



Binary Options, also known as "binaries" or "digital options" are a high-risk form of investment. However, that high risk element is offset by the potential for very high rewards with minimal waiting time.

In more detail, binary options should be regarded as a derivative product that is quoted on any tradable asset or market.

It could be on the price of an equity or share, e.g. BT Group or Rio Tinto Plc; maybe on an underlying stock index, such as the FTSE 100 in the UK or the Nikkei 225 in Japan. They can also cover commodities such as crude oil or gold and foreign exchange rates e.g. EURUSD or GBPUSD. In fact, anything that has a price, even the highly volatile Bitcoin can be traded as a binary option.

So, you may fairly ask, "What are the differences between binaries and traditional financial investments?

The first point is that an investor knows exactly how much is at risk, and crucially, also knows the exact value of any potential returns. You do not need a complex algorithm to ascertain the profit and loss on a binary option.

The "binary" nature is equal to a structure such as "STOP/GO" or "YES/NO", even "ON/OFF". In short, the nature of binary options led to the market describing them as "all or nothing" or alternatively, "cash or nothing" and fixed return options (FRO's) on the American Stock Exchange.

A trader has only one decision to consider. *"Will the value of the underlying asset rise or fall?"*.

If a customer believes the price of an underlying asset will be above a certain price at a set time, they buy the binary option, but if they think it will decline below that price, they sell it.

The magnitude of the price change is not important. All you're doing is making a wager, well… hopefully an informed decision as to whether the price will be higher or lower than the current prevailing price, at a specified time in the future.

Expiry Times

Every binary option is offered with an expiry time, i.e. the moment when the trade will end. Therefore, the price at expiry is the one that will decide whether an option has worked and has a value. These expiry times can vary from just 30 seconds or 1 minute, with these super-fast options being known as "turbos". Or, they can last to the end of the business day and can be longer, even up to a full year.

In general, a binary option is used for short term trading. The typical time horizon is **under 30 minutes** although 5-minute durations are popular. Longer term expiries combined with the element of fixed risk makes binaries rather useful tools for hedging or diversifying other holdings.

Pay-outs change depending on the asset and the expiry time. Differences can be significant so traders looking to use binary options long-term need to shop around to find the best pay-out for the asset class (or classes) they intend to trade.

Thus, trading binary options offers a clear proposition. "Is this asset going up or down?" Although, such is the nature of the financial markets that innovation has led to variations on the basic structure.

In addition to the cash-or-nothing binary option, you can see an asset-or-nothing binary option. The former pays a fixed amount of cash if the option expires "in the money" while the latter pays the value of the underlying security.

You don't have to hold the option as a secondary market has developed where trades can be closed, redeemed or sold during the options time span. In such situations, pay-outs have absolute figures between 0 and 100 and prices move between as per the movement of the market. You should always be aware that short-term price movement can be volatile and is easily ignited by news stories or headlines, quarterly earnings results, guidance, rumours of M&A or even global security fears.

Most brokers are tightly regulated to provide consumers the sort of protection they would expect while using financial instruments of this type. Returns from binary trading are also currently viewed as tax free by HMRC.

In the UK therefore, investors trading with binary options enjoy an investment with very quick results and one that is free of tax. As a general rule, the positive returns average out at 70% or more. However, if the trade proves to be unsuccessful, the full value of the investment is lost.

However, we know that regulation is increasingly vigilant and in 2018 European regulators prohibited the marketing of binary and digital options to retail investors in the European Economic Area (EEA). This includes the UK, and only professional investors are permitted to trade binaries with regulated firms.

To qualify as a professional trader, you must meet 2 of these 3 criteria:

1. Open at least 10 trades of "significant size" per quarter.
2. Own a portfolio or trading capital of €500,000 or more.
3. Have worked for 2-years in the financial industry, or have experience with complex trading instruments.

There could be loopholes as unregulated firms may not adhere to the new European rules. Therefore, they can continue to accept UK accounts.

Let us be clear, this does not imply a greater level of risk for the investor. However, it makes finding a trustworthy broker even more important. Global markets are such that brokers regulated outside of the EU that will accept EU accounts and are still regulated by respected bodies.

Are they legitimate investments?

It is clear that binary trading is enjoying a period of growth. However, they remain relatively unknown.

This will change as increasing numbers of investors are looking at ways of managing their own money with binary options providing a simple fiscal arrangement, i.e. "WIN/LOSE". Therefore, they are a legitimate way to play the financial markets.

Binary options have had to endure a poor reputation. This is a result of dishonest marketing and cybercrime, not because of an issue with the product itself. With tighter regulation, and a higher standard of educating the public, these options will move into the financial mainstream.

Leverage, or gearing, is not generally available with binary option trading. This is beneficial to the broker given it means all trades must be fully funded. This removes the risk that an investor or trader can default on a trade. This is a significant difference with spot forex or spread betting transactions.

While FCA regulated agents and businesses may still have their flaws and faults, they are not fraudsters. The anger and frustration the authorities have is with unregulated brokers promising "easy money", or a route to "get rich quick". However, as always "buyer beware"!

Binaries offer a clear trading choice, but they are high risk/high reward. There is, however, no leveraged exposure with a binary trade, so the risk and reward ratio is simple to manage.

Links to FCA documents

October 2019

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

Reference	Title	Link
Speech	Regulating the pensions and retirement income sector from the FCA perspective	https://www.fca.org.uk/news/speeches/regulating-pensions-and-retirement-income-sector-fca-perspective
Statement	Information to SIPP operators in light of Berkeley- Burke administration	https://www.fca.org.uk/news/statements/information-sipp-operators-light-berkeley-burke-administration
Press Release	FCA sets out potential remedies to tackle concerns about GI pricing	https://www.fca.org.uk/news/press-releases/fca-sets-out-potential-remedies-tackle-concerns-about-general-insurance-pricing
Press Release	FCA fines Tullett-Prebon £15.4M	https://www.fca.org.uk/news/press-releases/fca-fines-tullett-prebon-154-million
Press Release	FCA sets out the latest for firms on Brexit	https://www.fca.org.uk/news/press-releases/fca-sets-out-latest-expectations-firms-brexit
Speech	Building better bridges in world leading investment industry around outcomes customers need	https://www.fca.org.uk/news/speeches/building-better-bridges-world-leading-investment-industry-around-outcomes-customers-need

Reference	Title	Link
Speech	Class, cliques and social codes doing more for diversity	https://www.fca.org.uk/news/speeches/class-cliques-and-social-codes-doing-more-diversity
News Story	Update on the Woodford Equity Income fund	https://www.fca.org.uk/news/news-stories/update-lf-woodford-equity-income-fund
Press Release	FCA acts to protect those buying motor finance	https://www.fca.org.uk/news/press-releases/fca-acts-protect-those-buying-motor-finance
News Story	Gabriel users share suggestions on the new data collection platform	https://www.fca.org.uk/news/news-stories/gabriel-users-share-suggestions-our-new-data-collection-platform
Speech	Regulation in a changing world	https://www.fca.org.uk/news/speeches/regulation-changing-world
Press Release	FCA data shows 429M complaints in the first half of 2019	https://www.fca.org.uk/news/press-releases/fca-data-show-429m-complaints-first-half-2019
Press Release	FCA announces future work on climate change and green finance	https://www.fca.org.uk/news/press-releases/fca-today-announces-future-work-climate-change-and-green-finance
Speech	Andrew Bailey delivers speech at the Lord Mayors City Banquet	https://www.fca.org.uk/news/speeches/andrew-bailey-speech-lord-mayors-city-banquet
Statement	UK's exit from the EU delayed	https://www.fca.org.uk/news/statements/uks-exit-eu-delayed
Speech	The future of financial services regulation	https://www.fca.org.uk/news/speeches/future-financial-services-regulation-uk
Press Release	FCA confirms help to mortgage prisoners	https://www.fca.org.uk/news/press-releases/fca-confirms-help-mortgage-prisoners

Learning outcomes

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

Understand what financial inclusion means
Discuss the governments stated objectives to ensure financial inclusivity
Be aware of who and what the Financial Inclusion Policy Forum is and what it does
Determine the importance of the key areas of interest regarding financial inclusion for the government and regulators
State the role of the Single Financial Guidance Body, SFGB
Understand the fundamentals of creating shares
Be aware of the different types of shares and how you can help clients understand what they allow the shareholders to do
Know the key elements of Binary options
Explain what Binary options are used for
Consider the regulation that sits behind Binary options

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. • The function and operation of financial services within the wider economy. • Impact of the EU on UK regulation.
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. • The role of EU regulations and directive.
FSRE	How the retail consumer is served by the financial services industry.	• Industry obligations towards consumers. • Consumers' perception of financial services industry. • Consumers' financial needs and how they are prioritised. • How consumers' financial needs are me.
FSRE	The FCA's principles-based approach to promote ethical behaviour.	• The Principles for Businesses. • Corporate culture and leadership. • The need for integrity, competence and fair outcomes for clients.
Personal Taxation	Taxation of investments in relation to individuals and trusts.	• Features of direct investments. • Features of indirect investments.
IP&R	Main characteristics and behaviours of asset classes.	• Main types and features of equities.
IP&R	Characteristics and behaviours of investment products.	• Types, uses and structure of derivatives. • Advantages and disadvantages of direct investment compared to indirect investment.

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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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