ADVICE MATTERS

The CPD Solution For Financial Professionals

2020 | Vol 02 | Edition 02

In this issue

1HR of structured CPD Accredited by

The London Institute of Banking & Finance

Industry updates | Key factors for your business | Better Interviews with your clients | Technical know how

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Welcome to the second issue of Advice Matters for 2020.

When I wrote the welcome page in the last edition, I didn't think we would be in the situation we are in now, where life as we knew it seems a long time ago.

I am sure your working day and environment has changed dramatically along with the rest of the population but staying current and up to date is as important as it has always been. So, to help you do this, our first and last articles in this edition deal with the stuff you need to be looking at now, that are impacted by this horrendous Covid-19 – vulnerable customers and the impact on SM&CR, with our middle article covering the impact of the 5th Money Laundering Directive.

We hope you are staying safe and well and coping with everything that is being thrown at you in this challenging time.

Please stay in touch.

Take care.

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

Recognised CPD programme

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Staying on Track

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

Who’s vulnerable now?

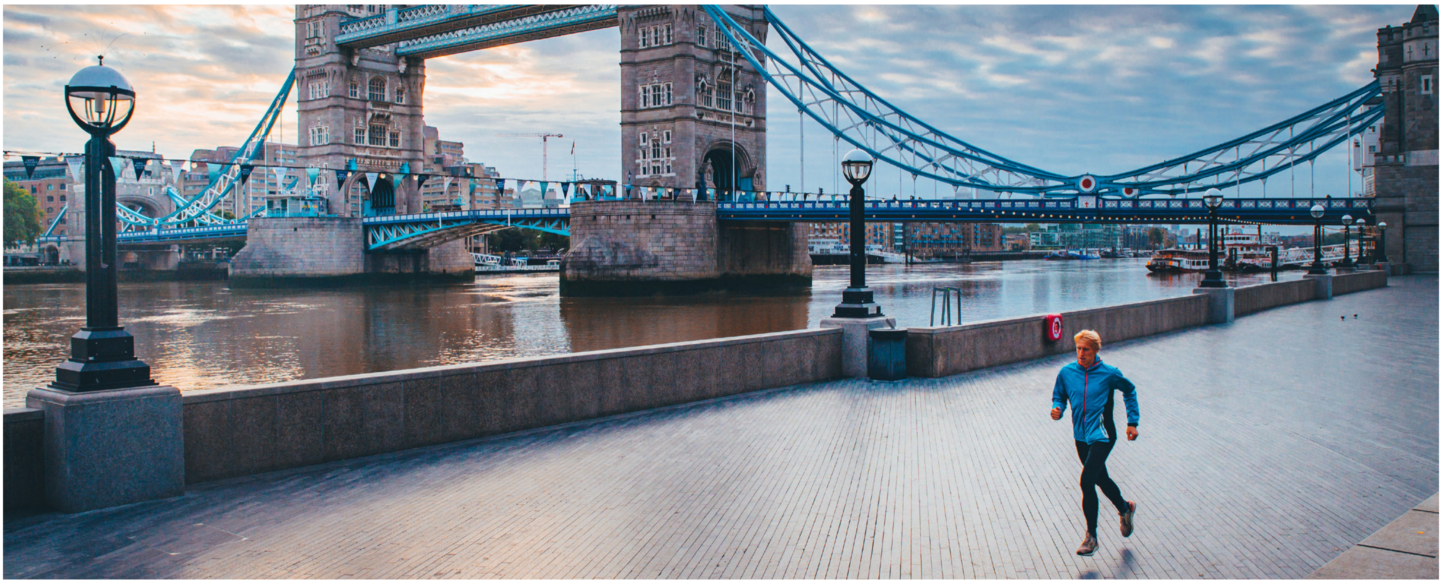
The issue of vulnerable customers has been a permanent fixture on the regulatory agenda for many years, not least since the FCA came into being in 2013.

Since its inception, the FCA has worked hard to try and educate the industry about customer vulnerability and what it actually means. Back in February of this year, Nisha Arora, the FCA's Director of Consumer and Retail Policy delivered a speech on the subject to TISA's Vulnerability Conference. Whilst she used her speech to acknowledge the progress that has been made by the industry in the last five years, Arora was at pains to point out that much work still needs to be done.

Little could she, or any of us for that matter, have envisaged the enormous social and economic impact that Coronavirus / Covid-19 was to make in the space of a few short weeks.

The FCA's Financial Lives Survey 2017 (published in July 2018 and updated January 2020) showed that 50% of UK adults display one or more characteristics of being potentially vulnerable. Remember, the FCA defines a vulnerable consumer as ‘someone who, due to their personal circumstances, is especially susceptible to detriment, particularly when a firm is not acting with appropriate levels of care’.

Vulnerable customers may be more likely to experience harm. This risk of harm may not crystallise, but if it does, the impact on the individual is likely to be greater than for other customers. And of course, vulnerability (or the risk of it) can come in various guises. It can vary in duration from short term, through to longer term and even, ultimately, permanent. Much will depend on the causes and drivers.



The FCA has identified four key drivers of vulnerability:

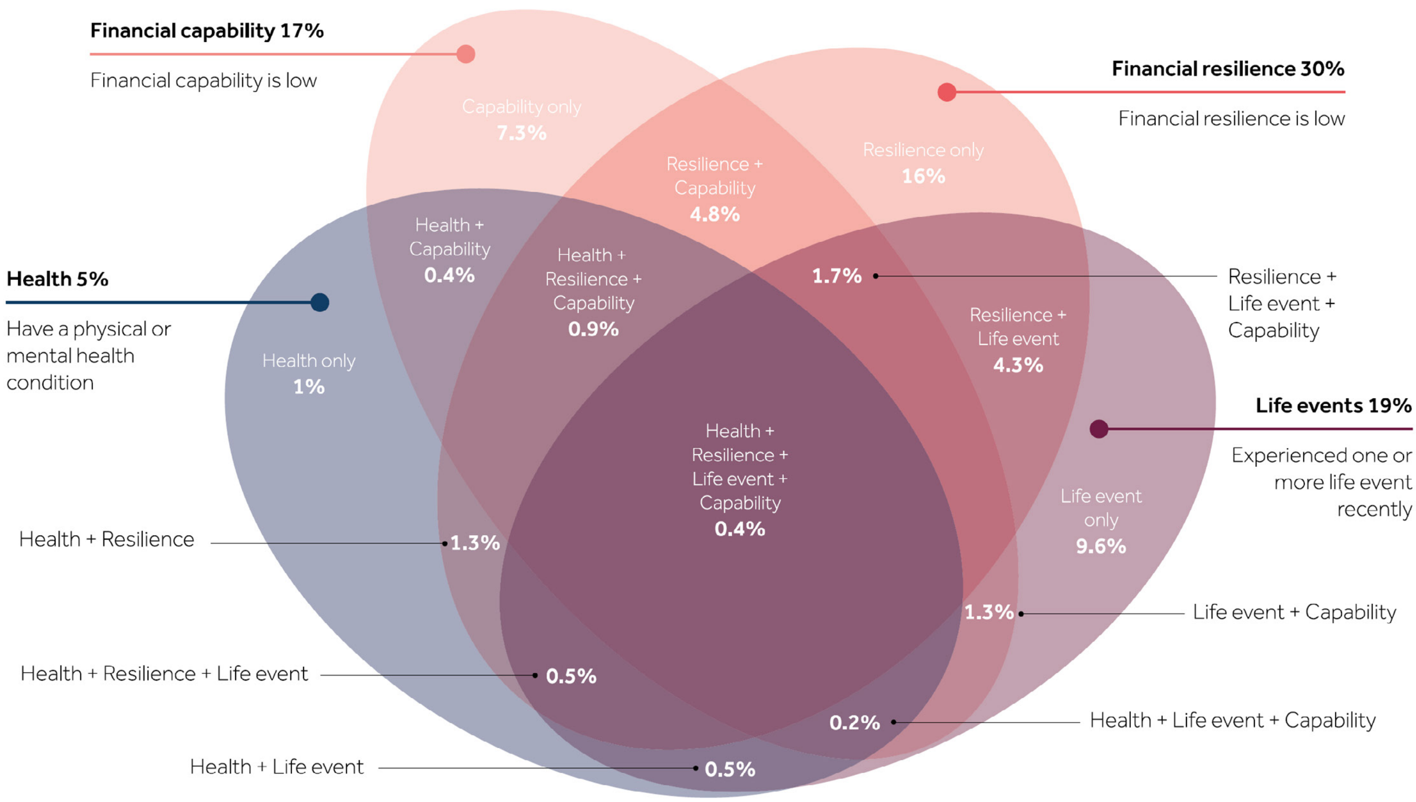
1. **health** – health conditions or illnesses that affect the ability to carry out day- to- day tasks
2. **life events** – major life events such as bereavement or relationship breakdown
3. **resilience** – low ability to withstand financial or emotional shocks
4. **capability** – low knowledge of financial matters or low confidence in managing money

Some groups are more likely to be vulnerable than others, such as: :

- the under 24s or over 65s
- the unemployed
- those with no formal qualifications

It's also important to bear in mind that customers will often display more than one characteristic of vulnerability. The following diagram provides an overview of the proportion of UK adults that display each of the drivers of vulnerability and the extent of overlap between them.

Proportion of UK adults that display each of the drivers of vulnerability
Base: UK adults (12,865)



Source: 'The financial lives of consumers across the UK: Key findings from the FCA's Financial Lives Survey 2017'

All of which brings me back to the title of this piece… 'Who's vulnerable now?'

In one fell swoop, Coronavirus / Covid-19 has made vulnerable customers of us all, pretty much; particularly those of us with loans and mortgages who rely on a regular income to service these debts and who are working in businesses which have suddenly been forced to close, furloughed staff or at least moved to short time working as a direct result of the pandemic. Also added into this mix for many people are the psychological effects associated with such a period of pronounced uncertainty, along with the mental health implications of prolonged social distancing.

If all that wasn't bad enough, we have the ever-present, ever-increasing risk posed by the scammers and cyber criminals (whose often choose to prey on the more vulnerable elements of society) who are seeking to make the most of the unprecedented situation that confronts us.

On the day I write this piece, 6 April 2020, the Institute of Fiscal Studies (IFS) has published a briefing note, 'Sector shutdowns during the Coronavirus crisis: which workers are most exposed?'

This provides us with some helpful pointers to where customer vulnerability, caused by the Coronavirus outbreak, is likely to be most prevalent.

The IFS's analysis shows:

The lockdown will hit young workers the hardest. Employees aged under 25 were about two and a half times as likely to work in a sector that is now shut down as other employees. On the eve of the crisis sectors that are shut down as a result of social distancing measures employed nearly a third (30%) of all employees under the age of 25 (25% of young men and 36% of young women). This compares to just one in eight (13%) of workers aged 25 and over. (These figures all exclude full-time students with part-time jobs).

Low earners are seven times as likely as high earners to have worked in a sector that is now shut down. Fully one third of employees in the bottom tenth of the earnings distribution work in shut down sectors versus just 5% of those in the top 10%.

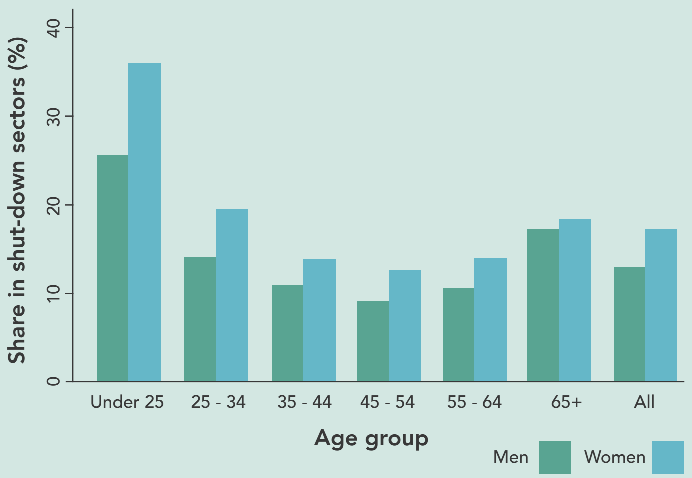
Women were about one third more likely to work in a sector that is now shut down than men: one in six (17% of) female employees were in such sectors, compared to one in seven (13% of) male employees.

One mitigating factor is that the majority of the affected younger workers and lower earners live with parents or others whose earnings are likely to be less affected, so many may suffer smaller hits to their living standards than otherwise.

Source: https://www.ifs.org.uk/publications/14791

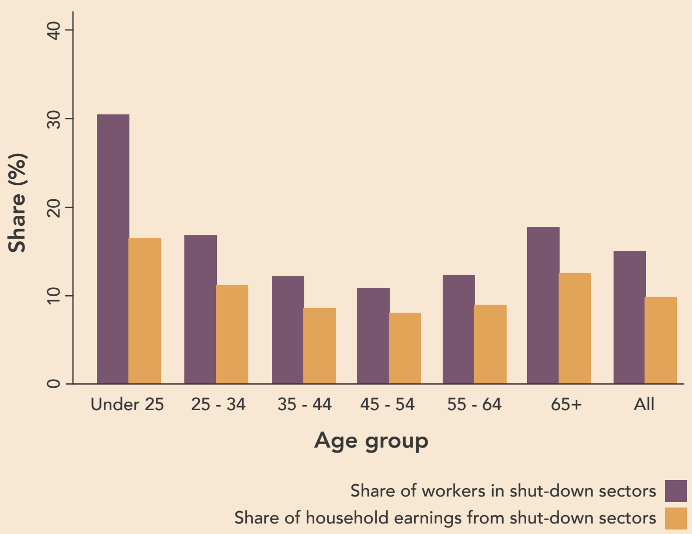
Alongside its narrative, the IFS briefing includes the following graphs:

Share of employees in shut-down sectors, by gender and age

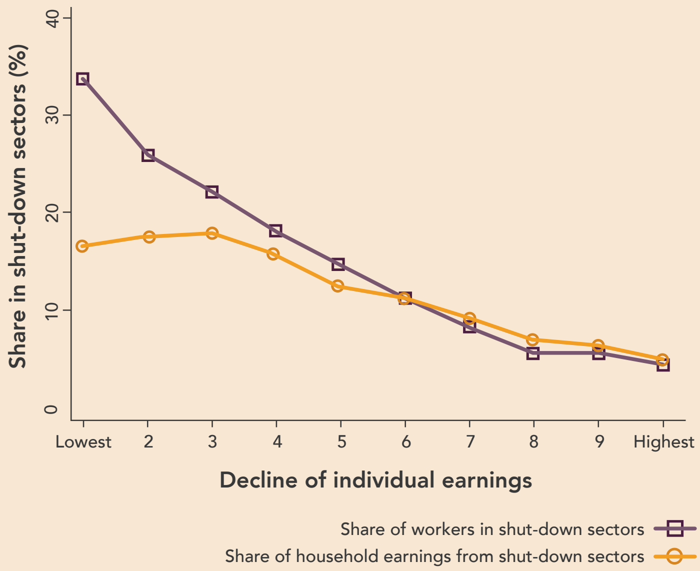


Share of employees in shut-down sectors, by individual earnings

Exposure to sector shut-downs, by age



Exposure to sector shutdowns, by earnings

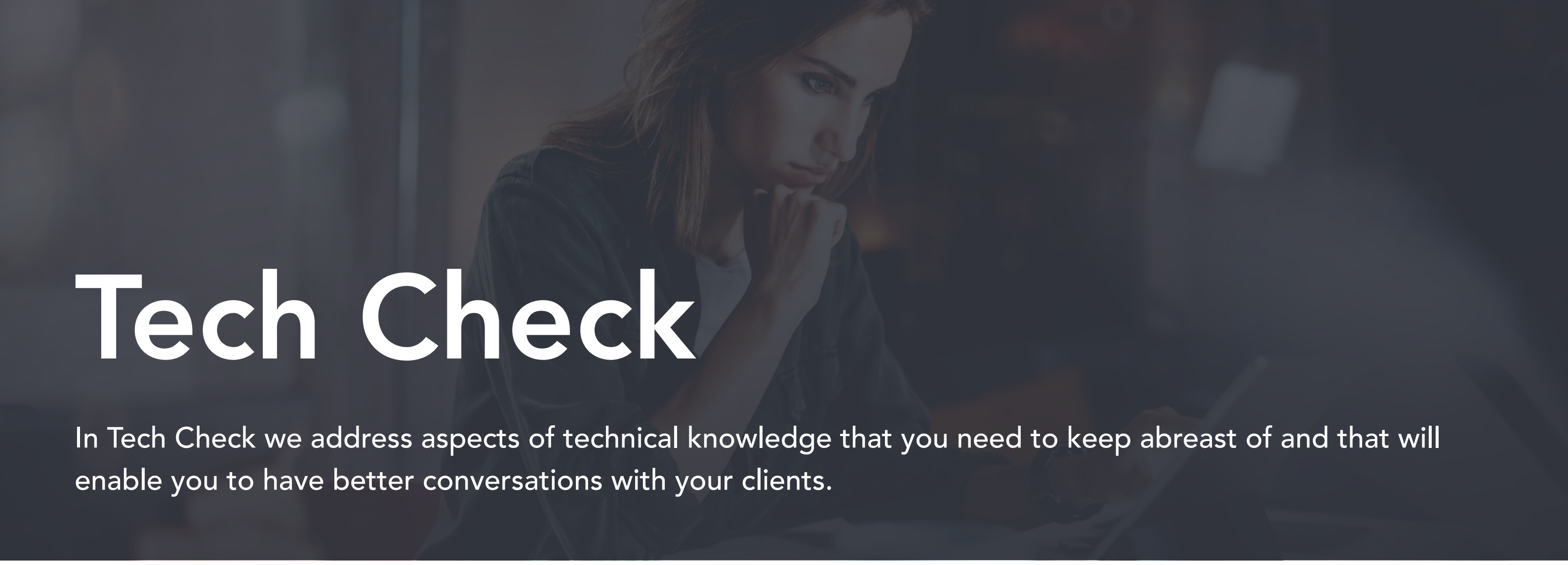


According to the BBC News website (6/4/20) the Department for Work and Pensions (DWP) revealed a record number of people had applied for universal credit benefits in the past fortnight as a result of the Coronavirus pandemic. 950,000 successful applications for the payment were made between 16 March, when people were advised to work from home, and the end of the month. The DWP said it would normally expect around 100,000 claims in a two week period.

In the face of this data, it is unsurprising that the regulatory bodies for financial services have been busy issuing instructions and updates on the impact of Coronavirus on their requirements and expectations. The FCA has been particularly vocal in this regard, publishing the following documents since the middle of March:

- Credit cards and Coronavirus: draft guidance and rules for firms
- Overdrafts and Coronavirus: draft guidance for firms
- Personal loans and Coronavirus: draft guidance for firms
- Mortgages and Coronavirus: our guidance for firms
- Insurance and Coronavirus: our expectations of firms
- FCA expectations regarding funds in light of Coronavirus (Covid-19)
- Fair treatment of customers
- Outsourcing and operational resilience

All of these areas have either a direct or indirect bearing on the issue of addressing customer vulnerability.



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.

The 5th Money Laundering Directive and the UK

Just making it into 2019, the Money Laundering and Terrorist Financing (Amendment) Regulations 2019 (MLR) was published, coming into force a few days later, on 10th January 2020. This transposed the EU's 5th Money Laundering Directive (5MLD) into UK law.

The regulations have been developed from the international standards set by the Financial Action Task Force and the 5MLD. Although not as significant a change to current working practices that have developed from the previous four iterations, they do require addressing to avoid unnecessary attention from both regulators and other guardians of the public good. The scope of the regulations has widened and will affect a few more firms than before.

This article provides an overview of the changes and suggests actions that will be required by some firms in order to comply.

Recent history

The 4th Money Laundering Directive came into the UK as the 'Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017', helpfully shortened by the FCA to the 'Money Laundering Regulations, or 'MLRs'. This effected change in a wide number of areas and the main three of these are summarised below:

- **Customer due diligence (CDD)** – A more rigorous level of evidence was expected from firms to demonstrate that clients had been correctly categorised, due diligence carried out and that ongoing connections remained under review throughout the relationship. Reduced limits on transaction values also increased the workload in this area.
- **Politically exposed persons (PEPs)** – In line with better management of CDD, an expanded definition of PEPs has led to increased levels of enhanced due diligence (EDD).
- **Beneficial ownership** – The formation of a 'Persons of Significant Control' (PSC) Register was established in the UK in 2016, reflecting the need of specific organisations to identify the beneficial owners of corporate bodies and trusts.

After four sets of rules, it should come as no surprise that a fifth set was developed, and there is no doubt that 6MLD is not far down the track. It is useful meantime to understand the triggers leading to 5MLD and the UK amendments to the regulations.

There are two main drivers, the FATF and the speed of technological change. The former was the FATF Mutual Evaluation Report of the UK in December 2018, which recommended several CDD changes which were incorporated with 5MLD. The latter is more related to observations of how money laundering is actually occurring in practice, and the ongoing arms race between the criminals and the authorities (pun intended).

The Panama papers highlighted to a wider audience how offshoring was now used by many people and organisations to conceal, often legally, the true beneficiaries of assets. This, along with the rise in digital pseudo currencies, was making it harder to identify money laundering, terrorist funding and tax avoidance.

The New Rules

1. Obliged entities

An increased number of firms are now considered 'obliged entities', firms that must comply with the 5MLD. These firms will report to Companies House where they identify a discrepancy between the 'People with Significant Control' (PSC) register

and their own experience of an apparent beneficial owner. The list of obliged entities now includes:

- credit and financial institutions
- auditors, insolvency practitioners, external accountants and tax advisers
- independent legal professionals
- trust or company service providers
- estate agents
- persons trading goods (or rentals) in cash amounting to 10,000 euros or more
- gambling services
- currency exchange services
- custodian wallet providers (i.e. services providing storage of virtual assets)
- art dealers.

2. Politically exposed persons (PEPs)

The 5MLD has introduced the concept of a single, overarching PEP list to ensure consistency across the European Union, with all national governments required to contribute to this through their own centralised lists.

This will be a great help to firms in helping decide whether an individual should undergo an enhanced due diligence (EDD) process. Most staff in a UK financial institution would immediately recognise Sadiq Khan as a PEP, however, when it was the mayor of a small Estonian town, the decision was not so obvious.

Obviously, the EU can only legislate for those inside the Union, so it will not contain information about PEPs based in other countries. The outcome of the Brexit negotiations may lead to a loophole where UK PEPs may not be recorded on the EU list, and therefore misidentified, when they are using the services of an EU financial organisation.

3. Due diligence

As expected, the 5MLD increases the need to bring more clients into the EDD procedure, ramping up costs, but hopefully having an equivalent benefit.

This is the largest area of change under the new regulations. The main points brought into UK regulation are:

- The high-risk factors that should be used in determining whether EDD is required has expanded to include third-country nationals seeking residence/citizenship in exchange for investment in the EU state, the majority of non-face-to-face business relationships and those involving commodities such as arms, oil and historical artefacts, amongst others.
- EDD is required for all clients and transactions from high-risk countries outside of Europe, reflecting the inability to solely rely on the anti-money laundering (AML) protections within these jurisdictions. The EDD will now need to include senior management sign-off to establish (or continue) a business relationship with these clients. (Note: 'high-risk countries' are those defined as such by the EU.)

  A higher level of internal transparency is also expected, with firms being expected to be able to clearly establish the beneficial ownership and sources of wealth/funding. Similarly, it is expected that a higher degree of interrogation of the client's business relationships and transactions will be performed.

  EDD is now required on an ongoing basis across the wider existing client population, where there are transactions that are unusually large, appear to be complex or have no obvious economic benefit. Obviously, firms need to be able to demonstrate that they have the technology/manpower to identify these in the first place.
- Electronic identity verification (EIV) has been included as a viable way to confirm identity at first contact, a benefit that has been hoped for, particularly with the expanded numbers of firms requiring this service and wanting a streamlined online process. In the UK the only approved provider of this data is 'Gov.UK Verify' an offering from the Government Digital Service.
- It's not only those customers that require EDD that may notice a difference of approach. Customer due diligence (CDD) in general will become more regular, with more requirements to carry this out on an annual basis.

4. Other developments

In addition to the heightened CDD rules and widened scope, there are a few other points that arise from the 5MLD. These should be considered for relevance depending on the business model of the obliged entity.

- Training and associated record keeping will need to be enhanced in some firms, with the responsibility for ensuring that adequate training is provided on AML and data protection to their external agents, including an awareness of the agent's legal responsibilities.
- A register of bank accounts and safety deposit boxes will be set up, with all credit institutions and providers of safe custody services required to report this to a centralised system that will be in place by 10th September 2020.
- E-money (including pre-paid cards) will be subject to stricter limits, meaning that e-money devices will become subject to CDD unless the device only holds up to a maximum of 150 Euros, can only be used in the UK and is non-reloadable.
- With crypto assets based in the UK falling under the remit of the FCA from the same day as the introduction of the MLR, these firms will have to immediately comply with the new regulations. This includes crypto asset exchange providers, peer-to-peer providers and those involved in the issuance of new crypto assets such as initial coin offerings.

Conclusion

All in all, this is another step towards a unified EU approach to anti-money laundering and terrorist financing. How much further firms can be expected to go is debatable, but there is already discussion around the need for regulated financial firms to better understand the predicate offences underlying money laundering activity and an expectation for different EU states to more closely align with one another.

The 6th Money Laundering Directive will be along shortly, but how much this will impact business in the UK is obviously moot at this time. Watch this space.

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.

Coronavirus (Covid-19) and the FCA

In the space of just a couple of weeks, the global spread of Coronavirus has forced a seismic shift from what used to pass as 'normality'. Government, regulators, medical providers, businesses and individual citizens are all now having to adapt as they've never done before, very often in timeframes measured in hours rather than days.

As far as the UK's financial services industry is concerned, our regulators are busy monitoring and assessing the evolving situation. They have already issued a plethora of instructions and much needed guidance, all of it aligned with the Government's strategy to manage and minimise the pandemic's medical, social and economic fall-out.

With so much information being thrown at us, it's important to cut through the noise and to distil the key messages emanating from the regulatory bodies and primarily – for the purposes of this article – the FCA.

The FCA has created a section within its website dedicated to providing up-to-date information for firms and consumers on Coronavirus (Covid-19). It's well worth taking a look at this if you haven't done so already.

Key areas covered include:

SM&CR responsibilities in light of Coronavirus – Don't worry, you don't need to make a single senior manager responsible for coordinating your firm's response to Coronavirus, but you do need to ensure that responsibility is allocated in a way which best enables your firm to manage the risks it faces. (NB In a later edition we'll be talking more about SM&CR and the 'to do' list of outstanding actions.)

Key workers in financial services – The FCA has issued guidance on this issue to sit alongside the Government's request for schools to continue providing care for a limited number of children whose parents are critical to the UK's response to Coronavirus. This includes parents who are needed for the provision of essential financial services.

For the avoidance of doubt, the definition of a key financial worker is a person at a dual-regulated firm, FCA solo-regulated firm, or PSR-regulated firm, or an operator of financial market infrastructure, who fulfils a role which is necessary for the firm to continue to provide essential daily financial services to consumers, or to ensure the continued functioning of markets.

Find out more on the subject of key workers in the financial services industry here: https://www.fca.org.uk/firms/key-workers-financial-services

Impact on consumers – The FCA makes the point that its rules already provide a degree of flexibility to firms in a number of areas and that it expects this to be used to support consumers, taking into account their individual circumstances.

Examples cited are firms enabling customers' access to cash by waiving fees for ISAs and allowing early termination of term deposits.

However, the bottom line is that the FCA expects all firms to continue treating their customers fairly at all stages in the natural cycle of the product or service that is being provided and for customer complaints to be handled in accordance with its rules. Where the impact of Coronavirus prevents this, the firm concerned must inform the regulator.

Insurance products – the FCA was quick to announce its expectations of general insurance firms during the pandemic: https://www.fca.org.uk/firms/insurance-and-coronavirus-our-expectations

The regulator's website makes specific mention of travel and health insurance with particular attention being drawn to scope of cover and exemptions in relation to the former and clarity of claims moratoria periods for new customers of the latter. A key message is that Insurance Distribution Directive (IDD) requirements must continue to be met.

Away from the FCA website, we know from feedback emanating from a recent meeting between the regulator and trade associations that claims relating to motor and home insurances should not be rejected where temporary changes have taken place – such as customers having to work from home – which might otherwise have invalidated their home insurance cover.

If you're an insurance broker, the FCA sees you as playing a key role in keeping customers informed about the changes that are going on in the market and how these may affect them. You can expect the regulator to stay close to your sector as it's very keen to provide whatever support it can to you.

Mortgages – The FCA has been encouraged by the positive steps that many lenders have made with a view to protecting their customers by granting flexibility on mortgage payments. The regulator has issued guidance to mortgage lenders and this focuses on two crucial areas; payment holidays and repossessions. Read the FCA's guidance here: https://www.fca.org.uk/firms/mortgages-coronavirus-guidance-firms

Operational resilience – Unsurprisingly, the FCA reminds us that it expects all firms to have contingency plans in place (and tested on a regular basis) to enable them to deal with major events.

Along with the PRA, the FCA is reviewing the contingency plans of a wide range of firms, so best be prepared for that call! Areas the FCA will be interested in are, for example, a firm's assessment and management of operational risk, its ability to continue to operate effectively and the steps being taken to offer critical services and to support customers.

Asset management – The regulators have published a number of statements concerning liquidity in the current climate and these are available from the FCA's website. The emphasis must continue to be placed on considering the best interests of investors at all times and as a result, the role of authorised fund managers has been given even greater importance. The FCA expects to see good governance and robust decision-making.

Similarly, the regulator is keen to engage with any firm that is experiencing difficulties because of the fallout – direct or otherwise – from the pandemic.

And finally…

FCA, PRA and FRC joint statement – Published on 26th March, this details a, 'series of actions to ensure information continues to flow to investors and support the continued functioning of the UK's capital markets' which include:

- The FCA allowing listed companies an extra 2 months to publish their audited annual financial reports.
- Guidance from the FRC for companies preparing financial statements in the current environment. This is complemented by guidance from the PRA regarding the approach that should be taken by banks, building societies and PRA-designated investment firms in assessing expected loss provisions under IFRS9.
- Guidance from the FRC for audit firms seeking to overcome the challenge of obtaining audit evidence.

You can read the full text of the statement by following this link: https://www.fca.org.uk/news/statements/joint-statement-fca-frc-pra

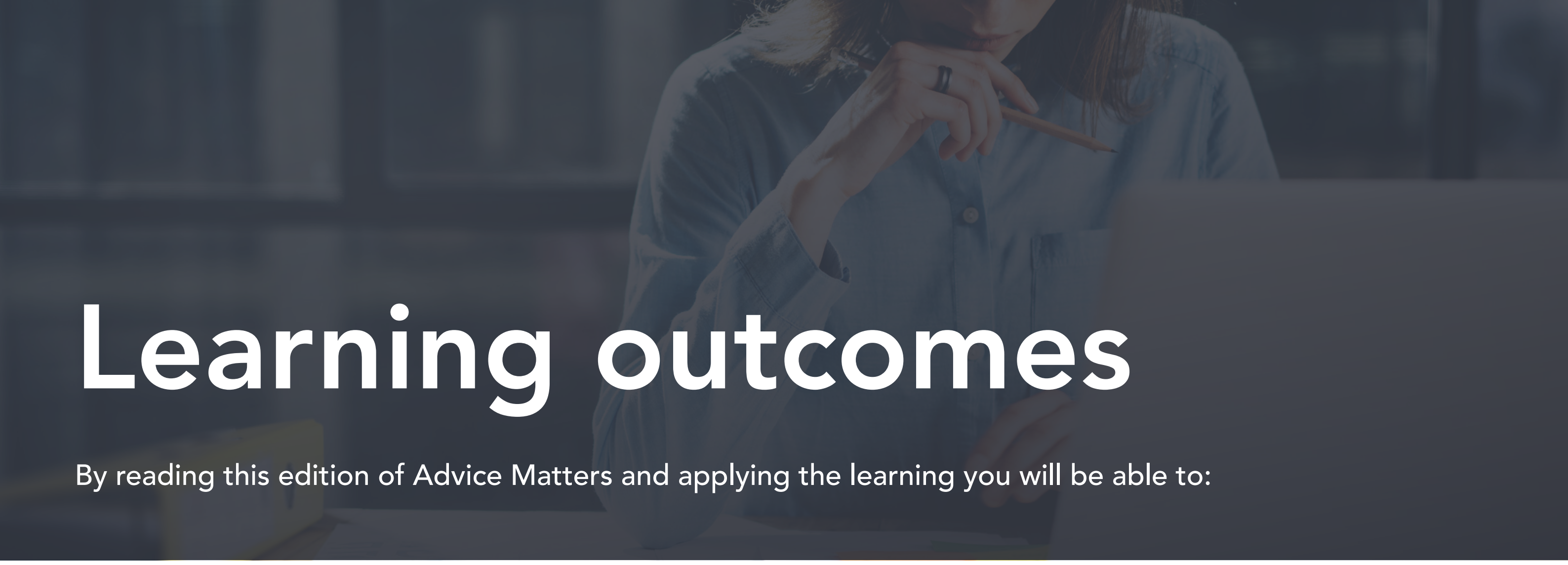
Links to FCA documents

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	Information for firms during Brexit implementation period	https://www.fca.org.uk/news/press-releases/information-firms-during-brexit-implementation-period
Speech	Market integrity and strategic approach	https://www.fca.org.uk/news/speeches/market-integrity-and-strategic-approach
Speech	Penalties, remediation and general principles	https://www.fca.org.uk/news/speeches/penalties-remediation-and-our-general-principles
Press release	FCA bans motor finance firm's range of online adverts	https://www.fca.org.uk/news/press-releases/fca-bans-motor-finance-firms-range-online-adverts
Press release	FCA highlights its concerns about areas of financial services markets	https://www.fca.org.uk/news/press-releases/fca-highlights-its-areas-concern-financial-services-markets
Press release	FCA fines MoneyBarn £277m for the unfair treatment of customers in arrears	https://www.fca.org.uk/news/press-releases/fca-fines-moneybarn-277m-unfair-treatment-customers-arrears
Speech	The FCA's approach ensuring firms treat vulnerable customers fairly	https://www.fca.org.uk/news/speeches/our-approach-ensuring-firms-treat-vulnerable-customers-fairly
Statements	Covid-19	https://www.fca.org.uk/news/statements/covid-19-coronavirus
News	Policy development update	https://www.fca.org.uk/news/policy-development-update
Speech	Unstable coins	https://www.fca.org.uk/news/speeches/unstable-coins

Press release	FCA announces proposals to improve climate related disclosures for listed companies	https://www.fca.org.uk/news/press-releases/fca-announces-proposals-improve-climate-related-disclosures-listed-companies
News stories	FCA encourages firms to develop purposeful cultures	https://www.fca.org.uk/news/news-stories/fca-encourages-firms-develop-purposeful-cultures
Statements	Joint statement by the FCA, PRA, B of E, CMA and PSR launch of the financial services regulatory initiatives forum	https://www.fca.org.uk/news/statements/joint-statement-fca-boe-pra-cma-psr-launch-financial-services-regulatory-initiatives-forum
News stories	FCA issues research on mortgage switching	https://www.fca.org.uk/news/news-stories/fca-issues-research-mortgage-switching
News stories	Firms register FCA's new data collection platform	https://www.fca.org.uk/news/news-stories/firms-register-fcas-new-data-collection-platform
Press release	FCA begins review of the date on wholesale markets	https://www.fca.org.uk/news/press-releases/fca-begins-review-data-wholesale-markets
Press release	OPBAS publishes report on progress and themes for 2019	https://www.fca.org.uk/news/press-releases/opbas-publishes-report-progress-and-themes-2019
Press release	FCA sets out expectations for GI firms during Covid-19 pandemic	https://www.fca.org.uk/news/press-releases/fca-sets-out-expectations-general-insurance-firms-during-coronavirus-covid-19-pandemic
Press release	Guidance for mortgage lenders during Covid-19	https://www.fca.org.uk/news/press-releases/new-guidance-mortgage-providers-lenders-coronavirus
News stories	Interest rate on hedging products lessons learned review deadline extended to early 2021	https://www.fca.org.uk/news/news-stories/fca-interest-rate-hedging-products-lessons-learned-review-deadline-extended-early-2021
Statement	UK Markets	https://www.fca.org.uk/news/statements/statement-uk-markets
Statement	FCA requests delay on forthcoming announcement on preliminary financial accounts	https://www.fca.org.uk/news/statements/fca-requests-delay-forthcoming-announcement-preliminary-financial-accounts
Statement	Joint statement by the FCA, FRC and PRA	https://www.fca.org.uk/news/statements/joint-statement-fca-frc-pra

Statement	Delaying annual company accounts due to Covid-19	https://www.fca.org.uk/news/statements/delaying-annual-company-accounts-coronavirus
Statement	FCA expectations re financial resilience for FCA solo regulated firms	https://www.fca.org.uk/news/statements/fca-expectations-financial-resilience-fca-solo-regulated-firms
Statement	Work travel responsibilities for senior managers	https://www.fca.org.uk/news/statements/work-travel-responsibilities-senior-managers
Press release	Covid-19 – Savers stay clam and don't rush financial decisions	https://www.fca.org.uk/news/press-releases/covid-19-savers-stay-calm-dont-rush-financial-decisions
Press release	FCA proposes temporary financial relief for customers impacted by Covid-19	https://www.fca.org.uk/news/press-releases/fca-proposes-temporary-financial-relief-customers-impacted-coronavirus
Statement	SM&CR and Covid-19 the FCA expectations for solo regulated firms	https://www.fca.org.uk/news/statements/smcr-coronavirus-our-expectations-solo-regulated-firms
Statement	Joint FCA&PRA statement on SM&CR and Covid-19	https://www.fca.org.uk/news/statements/joint-fca-pra-statement-smcr-coronavirus-covid-19



Learning outcomes

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

Understand the FCA's stance on vulnerable customers
Discuss the stats aligned to the increase in vulnerable customers due to Covid-19
State the 4 key drivers of vulnerability
Be aware of the FCA instructions and updates on the requirements and expectations of firms dealing with those that could be vulnerable due to Covid-19
Clarify the impact of the 5MLD
Recall the 3 main areas of the focus of the 4MLD
Explain the main drivers of the 5MLD
Consider the impact of EU regulation on Money laundering Regulation and how that might change post Brexit
Be aware of the area of the FCA website that is dedicated to providing up to date information for firms and consumers on Covid-19
Clarify the requirement the FCA is placing in light of Covid-19 on the different sectors within financial services

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	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 met
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 directives
FSRE	Principles and rules as set out in the regulatory framework	• Rules and practices of anti-money laundering and proceeds of crime obligations • FCA principles and rules relating to client relationships and adviser responsibilities
FSRE	The FCA's principles-based approach to promote ethical behaviour	• The need for integrity, competence and fair outcomes for clients

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t: 0203 178 4230 e: info@fstp.co.uk

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