



# Retail Advice and Regulation

## Assignment 2 Notes

*(Part 2 – Regulation and Professional Standards)  
Recommended Time: 3 hours*

1. **Summarise each of statements of principle for approved persons in a single word and explain the concept of fitness and propriety).**

**10 marks**

There are 7 statements, each would earn a point. A suitable summary for each would be:

- (1) Integrity
- (2) Skilful
- (3) Propriety
- (4) Cooperative
- (5) Effective
- (6) Diligent
- (7) Reasonable

The remaining marks are available for explaining:

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

(The relevant section of the Study Manual is Part 2, Chapter 1.3)

**10 marks**

2. **Identify each of the six outcomes the Financial Conduct Authority (FCA) has associated with treating the customer fairly and include a brief example of how each one might be achieved.**

**15 marks**

Answer should cover the six outcomes associated with treating customers fairly:

- Fair treatment
- Appropriate products
- Clear information
- Suitable advice
- Expected performance
- No post sale barriers

A couple of marks approximately for each.

(The relevant section of the Study Manual is Part 2, Chapter 1.2.)

**15 marks**

3. **Outline the main parts of a fact finding form in a format that could be used for training purposes in your firm. The form should include an outline of the different profiles that could be used to explain the typical classifications for Attitudes to Investment Risk.**

**35 marks**

Answer is required in a specific format and approximately 4 marks would be available for this format. As the purpose is training it is important that a clear explanation of each part and its purpose is included.

Although the format of these forms varies, most will share the following:

- Client details
- Objectives
- Children/dependants
- Employment status/income
- Expenditure
- Assets/liabilities
- Pensions

A brief outline of each of these aspects is expected.

- Attitude to investment risk

Under this aspect the question is seeking a brief explanation of the following profiles:

- Very cautious
- Cautious
- Balanced
- Dynamic
- Adventurous
- Speculative

It is important to note that there are many approaches (and that outlined in the study manual is but one of several) to this issue and that it is the clients approach to risk that is key. Any approaches that meet the training objective are potentially valid.

(The relevant section of the Study Manual is Part 2, Chapter 2.2.1 and 2.2.3)

**35 marks**

4. **Explain the cancellation rights a client might expect for pensions related products.**

**10 marks**

Answer should cover the various pension products and relevant cancellation period (30 calendar days). Approximately 2 marks for each. A full answer would also cover a firm's obligations in this area.

(The relevant section of the Study Manual is Part 2, Chapter 2.7.)

**10 marks**

5. **Explain the type, and evaluate the importance, of asking supplementary questions as part of a fact finding exercise for a client seeking pensions related advice.**

**10 marks**

This question is seeking an evaluation of the importance of possible supplemental questions relevant to pensions advice. Answer would include those covering:

- Name and address
- Age, health and lifestyle
- Relationship/marital status
- Children/dependence
- Income and employment
- Expenditure
- Assets
- Liabilities
- Pension details

As only 10 marks are available the explanation of the importance of such questions must be brief. 1 mark for each and 1 mark for the evaluation.

(The relevant section of the Study Manual is Part 2, Chapter 2.2.3.)

**10 marks**

6. **Outline and explain briefly the main elements of professionalism introduced by the Retail Distribution Review (RDR).**

**10 marks**

Answer should include coverage of:

- Accredited bodies
- Appropriate qualifications
- Statements of Professional Standing
- Continuing Professional Development.

As only 10 marks are available 2-3 marks for each is sufficient. Relevant examples would help support a full answer.

(The relevant section of the Study Manual is Part 2, Chapter 1.3.)

**10 marks**

7. **Outline the Financial Conduct Authority's Code of Ethics and the interaction with the Statements of Principle and Code of Practice for Approved Persons.**

**10 marks**

Answer should include a description of the overarching code of ethics, a brief outline of each of the 7 principles and their relationship to the Code of Practice.

(The relevant section of the Study Manual is Part 2, Chapter 1.3 and 1.4)

**10 marks**