

**FINANCIAL COMPLIANCE/RISK ANALYST**

**Performance Outcome 1: Operate ethically and professionally in all interactions with internal and external customers/clients**

Skill content	Knowledge		English, Maths and Digital skills
	<b>1.1 Ethics and Roles in Compliance and Risk</b>		
	<b>Students should be able to understand</b>		
<b>S1.1</b> Demonstrate understanding of the concept of ethics and how they apply to the roles in compliance and risk.	1.1.1	The meaning of compliance risk	<b>E4</b> Use appropriate technical terms <b>E5</b> Read, understand and synthesise information to suit audience and purpose <b>D1</b> Access and manage digital information and data effectively and securely
	1.1.2	The purposes of risk management, regulation, ethics, professional standards across financial services including Banking, Insurance, Wealth Management and financial/risk analysis and compliance.	
	1.1.3	The Ethics and Regulation Summary specific to roles in risk and compliance <ul style="list-style-type: none"> <li>• Establishing key compliance actions and standards               <ul style="list-style-type: none"> <li>○ Professional standards</li> <li>○ Code of conduct</li> <li>○ Appropriate interactions with internal and external clients to meet best practice</li> </ul> </li> <li>• Risk identification               <ul style="list-style-type: none"> <li>○ Types and categorisation</li> <li>○ policy and framework</li> <li>○ mitigation controls</li> <li>○ avoidance of risk linked to external regulations</li> </ul> </li> <li>• Ethics policies and procedures</li> </ul>	

V0.5 Risk Spec (combined)

		1.2 Ethical dilemmas	
		Students should be able to understand	
<b>S1.2</b> Identify Ethical Dilemmas or Conflicts of Interest across different areas of a Financial firm	1.2.1	<p>The concept of conflicts of interest with reference to financial, reputational, and legal examples relating to different areas of the business including:</p> <ul style="list-style-type: none"> <li>• Customer information</li> <li>• Transacting business,</li> <li>• Contracting</li> <li>• Handling suppliers</li> <li>• Business associates</li> </ul>	<p><b>E4</b> Select main ideas from text/oral discussions and summarise concisely in style appropriate to audience and purpose</p> <p><b>E5</b> Select different sources to gather information for a particular purpose</p> <p><b>D1</b> Source information and carry out research, using digital technology and media</p>
<p><b>S1.3</b> Analyse Scenarios or case studies and propose ethical behaviours/basic solutions/courses of action</p> <p><b>S1.5</b> Demonstrate a basic understanding of processes and Regulation relating to external customers/ clients:</p> <p><b>S1.5.2</b> Identify and summarise key procedures, key regulations, and consideration in the customer on-boarding process</p>	1.2.2	<p>Different ethical dilemmas across different areas of a financial firm and ways to address these dilemmas effectively within financial compliance/risk analyst roles including:</p> <ul style="list-style-type: none"> <li>• Professional conduct</li> <li>• Consistently act in a fair and ethical manner</li> <li>• Take responsibility for own actions</li> <li>• Follow organisational policies and procedures effectively and consistently</li> <li>• Audit monitoring</li> <li>• Treating customers fairly</li> <li>• The concept of ethics being applied to interactions with internal and external customers/clients</li> </ul>	
	1.2.3	<p>Consequences of not following ethical best practice, rules, or standards including</p> <ul style="list-style-type: none"> <li>• Mis-selling of Payment Protection Insurance (PPI)</li> <li>• Through fraudulent activities</li> <li>• As a result of ignorance of standards and legal protocols</li> </ul>	
<b>S1.4</b> Identify Ethical Dilemmas or Conflicts of Interest across different areas of a Financial firm	1.2.4	<p>When and to whom ethical conflicts and dilemmas should be escalated through:</p> <ul style="list-style-type: none"> <li>• internal policies and procedures</li> </ul>	

V0.5 Risk Spec (combined)

		<ul style="list-style-type: none"> <li>• financial regulation</li> <li>• legal protocol</li> </ul>	
	<b>1.3 Processes and Regulation</b>		
	<b>Students should be able to understand</b>		
<b>S1.5.1</b> Demonstrate a basic understanding of processes and Regulation relating to external customers/ clients through scenario analysis on customer categorisation, process, and regulatory considerations.	1.3.1	<ul style="list-style-type: none"> <li>• Customer categorisation                             <ul style="list-style-type: none"> <li>○ market counterparty</li> <li>○ professional</li> <li>○ retail</li> <li>○ Protections</li> </ul> </li> <li>• Financial Conduct Authority (FCA) conduct of business rules including                             <ul style="list-style-type: none"> <li>○ fair treatment of customers</li> <li>○ provision of advice and services</li> <li>○ handling client money</li> <li>○ client communication rules</li> </ul> </li> <li>• Relevant conduct rules or guidelines such as the UK Code of Corporate Governance</li> <li>• Process, client confidentiality and regulatory considerations</li> <li>• Know Your Customer (KYC) process</li> <li>• Customer complaints</li> <li>• Key procedures and regulations                             <ul style="list-style-type: none"> <li>○ customer on-boarding process</li> <li>○ technology including databases and internet services</li> </ul> </li> <li>• Regulatory risks with reference to external customers and interactions with them</li> </ul>	<p><b>E4</b> Use appropriate technical terms</p> <p><b>E5</b> Read, understand and synthesise information to suit audience and purpose</p> <p><b>D1</b> Access and manage digital information and data effectively and securely</p>
<b>S1.6.1</b> Demonstrate understanding of processes and regulation relating to external customers/clients:	1.3.2	<p>The concept of anti-money laundering (AML) and identify possible regulatory risks from case studies</p> <ul style="list-style-type: none"> <li>• Ways to detect concealment of origins of money obtained illegally</li> </ul>	

V0.5 Risk Spec (combined)

Full understanding of anti-money laundering (AML) concept and ability to identify possible regulatory risks from case studies		<ul style="list-style-type: none"> <li>Analysing complex series of banking transfers and commercial transactions</li> <li>Exposing obscure and indirect activity of schemes</li> </ul>	
<b>1.4 Research and Management Information</b>			
<b>Students should be able to understand</b>			
<b>S1.6.3</b> Demonstrate understanding of processes and regulation relating to external customers/clients through performing basic research on customers/clients (i.e. companies) and using the internet or publicly available information.	1.4.1	Available information in the public domain regarding companies and their management information with reference to processes and regulation in Financial Compliance and Risk Analyst activities including: <ul style="list-style-type: none"> <li>Information systems</li> <li>Due diligences</li> <li>Full disclosure</li> </ul>	<b>E5</b> Select different sources to gather information for a particular purpose <b>D1</b> Access & manage digital information & data effectively & securely <b>D5 Demonstrate</b> responsibility, accountability and effective inter-personal behaviours and skills when using digital technology
<b>S1.6.2</b> Demonstrate understanding of processes and regulation relating to external customers/clients and compile Management Information (MI) on customers using software ready for reporting purposes.	1.4.2	How to compile management information in readiness for reporting, using computer software (such as DataRails, Kensho or Dashboard) to demonstrate a basic understanding of processes and regulation including: <ul style="list-style-type: none"> <li>Financial data</li> <li>Performance targets and variances</li> <li>Outcomes of systems, procedures, and audit checks</li> </ul>	
<b>1.5 Conduct risk and culture</b>			
<b>Students should be able to understand</b>			
<b>S1.7</b> Demonstrate a basic understanding of: <b>S1.7.1</b> Regulation and best practice relating to conduct risk and culture <b>S1.7.2</b> Poor conduct and behaviours and suggest ways	1.5.1	Conduct Risk and Culture including: <ul style="list-style-type: none"> <li>The concept of conduct risk and its link to operational risk</li> <li>Individual accountability and responsibility</li> <li>Best practice relating to organisational culture and risk</li> <li>Conduct risk and organisational Culture</li> <li>Accepted standards and methods of auditing performance</li> </ul>	<b>E4</b> Use appropriate technical terms <b>E5</b> Select different sources to gather information for a particular purpose

V0.5 Risk Spec (combined)

organisations/regulators can mitigate		<ul style="list-style-type: none"> <li>Lessons from the financial crisis (current and past)</li> </ul>	<b>D1</b> Source information and carry out research, using digital technology and media
	1.5.2	Best practice in relation to mitigation of conduct risk <ul style="list-style-type: none"> <li>Elimination of the risk factor</li> <li>Actions taken to diminish the impact of a risk</li> <li>Techniques to reduce the likelihood of the risk occurring</li> </ul>	
	1.5.3	Poor conduct and behaviours and ways that organisations and regulators can mitigate against these behaviours in terms of: <ul style="list-style-type: none"> <li>Adherence to policies and procedures</li> <li>Use of effective frameworks</li> <li>Adherence to professional standards</li> <li>Legal compliance</li> </ul>	
<b>1.6 Market Abuse and Market Integrity</b>			
<b>Students should be able to understand</b>			<b>E4</b> Select key information from written text and summarise concisely (orally or in writing) in style appropriate to audience and purpose
<b>S1.8</b> Demonstrate a basic understanding of market abuse or insider dealing from expected market conduct, the controls and processes used to prevent market abuse or insider dealing and the relevant regulation and importance of market integrity	1.6.1	The importance of market integrity and fair and efficient markets <ul style="list-style-type: none"> <li>Protecting investors,</li> <li>Improving the efficiency of market trading</li> <li>Protecting the market from systematic risk</li> </ul>	<b>E5</b> Select different sources to gather information for a particular purpose <b>D1</b> Source information and carry out research, using digital technology and media
	1.6.2	<ul style="list-style-type: none"> <li>Market abuse and controls and processes used to prevent market abuse</li> <li>The concept of price-sensitive non-public information</li> <li>Insider dealing and controls and processes used to prevent insider dealing</li> <li>Compliance surveillance and monitoring aspects</li> <li>Real world examples, based on press reports, of market abuse, insider dealings that have led to fines and prosecutions</li> </ul>	

**FINANCIAL COMPLIANCE/RISK ANALYST**

**Performance Outcome 2: Communicate risk implications of products and services to internal and external customers/clients**

Skill content	Knowledge		English, Maths and Digital skills
	<b>2.1 Global financial markets</b>		
	<b>Students should be able to understand</b>		
<p><b>S2.1</b> Explain in writing, verbally or by presentation the risk implications of different products and services to internal and external customers/clients</p>	2.1.1	<p>How to explain in writing, verbally or by presentation the products and services of financial markets, their risk implications and benefits for customers and the UK to a non-technical audience including:</p> <ul style="list-style-type: none"> <li>• Bank accounts</li> <li>• Equities</li> <li>• Credit services                             <ul style="list-style-type: none"> <li>○ funds</li> <li>○ mortgages</li> <li>○ Interest rates</li> <li>○ Settlement of final payments</li> </ul> </li> <li>• Trading (Investments)</li> <li>• Buying and selling</li> <li>• Execution agreement to settle</li> <li>• Clearing guarantee by both parties to meet commitments</li> <li>• Over the counter markets</li> <li>• Derivatives</li> <li>• Securities and indexes: bonds, commodities, currencies, market indexes, shares</li> <li>• Insurance                             <ul style="list-style-type: none"> <li>○ Types of insurable and non-insurable products</li> <li>○ Annuities</li> <li>○ Benefits</li> </ul> </li> </ul>	<p><b>E1</b> Use appropriate grammar and choice of vocabulary and correct spelling and punctuation</p> <p><b>E2</b> Organise ideas and information logically</p> <p><b>D1</b> Effectively use a range of digital technology, devices, systems, networks, software and online products and services</p>
<p><b>S2.12</b> Communicate risk concepts verbally to a non-technical audience</p>			<p><b>D2</b> Design, create, develop and integrate digital content, using different formats and multi-media</p> <p><b>D5</b> Demonstrate responsibility, accountability and effective inter-personal behaviours and skills when using digital technology</p>

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V0.5 Risk Spec (combined)

		<ul style="list-style-type: none"> <li>• Pension planning advice</li> </ul>	
	2.1.2	<p>The main risks faced by key players of Global financial markets sector including</p> <ul style="list-style-type: none"> <li>• Banks               <ul style="list-style-type: none"> <li>○ commercial</li> <li>○ retail</li> <li>○ investment</li> </ul> </li> <li>• Brokers</li> <li>• Asset and wealth management               <ul style="list-style-type: none"> <li>○ traditional funds</li> <li>○ hedge funds</li> <li>○ private equity</li> </ul> </li> <li>• Pensions</li> <li>• Challenger firms</li> <li>• Payment systems</li> <li>• Blockchain or Crypto currency</li> <li>• Crowd funding</li> <li>• Fin Tech (Financial Technology) sector</li> <li>• Insurance companies</li> </ul>	
	2.1.3	<p>The key types of financial markets :</p> <ul style="list-style-type: none"> <li>• Capital Markets               <ul style="list-style-type: none"> <li>○ Stock Market – stock exchange</li> <li>○ Bond market – primary and secondary credit market</li> </ul> </li> <li>• Futures Market</li> <li>• Commodity market- hard and soft commodities</li> <li>• Derivatives market – central counterparty clearing</li> <li>• Over the counter market</li> <li>• Money market</li> <li>• Forex market</li> <li>• Crypto currency market</li> <li>• Spot market</li> </ul>	

V0.5 Risk Spec (combined)

		<ul style="list-style-type: none"> <li>• Lending market</li> <li>• Insurance market</li> </ul>	
	<b>2.2 Risk implications of customers, clients, trading venues</b>		
	<b>Students should be able to understand</b>		<b>E1</b> Use appropriate grammar and choice of vocabulary and correct spelling and punctuation <b>D1</b> Effectively use a range of digital technology, devices, systems, networks, software and online products and services <b>D2</b> Design, create, develop and integrate digital content, using different formats and multi-media
<b>S2.2</b> Explain in writing, verbally or by presentation the risk implications of different types of customers/clients/trading venues to internal management	2.2.1	How to explain in writing, verbally or by presentation the risk implications of different types of customers, clients, trading venues and to internal management <ul style="list-style-type: none"> <li>• Financing</li> <li>• Trading</li> <li>• Investing</li> <li>• Selling</li> <li>• Insurance needs</li> <li>• Settling</li> <li>• Clearing</li> </ul>	
	<b>2.3 Risks by type of firm and by type of client, market of sector</b>		
	<b>Students should be able to understand</b>		<b>E4</b> Select main ideas/key information from written text/oral discussions and summarise concisely (orally or in writing) in style appropriate to audience and purpose <b>E5</b> Read, understand and synthesise
<b>S2.3</b> Demonstrate understanding of <ul style="list-style-type: none"> <li>• how different types of firms and sectors are exposed to different risks</li> <li>• types of client, markets and sectors that give rise to high/medium/low levels of risk</li> </ul>	2.3.1	The concept of risk management using the financial history of one business for each of the following: <ul style="list-style-type: none"> <li>• Market crash</li> <li>• Financial crises</li> <li>• Bubbles</li> </ul>	
	2.3.2	Types of risk management and their application to different products, markets and sectors in the financial sector <ul style="list-style-type: none"> <li>• Operational risk</li> </ul>	

V0.5 Risk Spec (combined)

		<ul style="list-style-type: none"> <li>• Market risk</li> <li>• Credit/counterpart risk</li> <li>• Liquidity risk</li> <li>• Legal risk</li> <li>• Regulatory risk</li> <li>• Model risk</li> <li>• Enterprise risk</li> <li>• Investment risk</li> <li>• Regulatory risk</li> <li>• Cyber risk</li> <li>• Levels of risk:             <ul style="list-style-type: none"> <li>○ High</li> <li>○ Medium</li> <li>○ Low</li> </ul> </li> </ul>	<p>information to suit audience and purpose</p> <p><b>D1</b> Effectively use a range of digital technology, devices, systems, networks, software, and online products and services</p> <p><b>D2</b> Design, create, develop and integrate digital content, using different formats and multi-media</p>
S2.7 Identify political and reputational risks	2.3.3	<p>How political and reputational risks impact on financial businesses including</p> <ul style="list-style-type: none"> <li>• Taxes</li> <li>• Currency valuation</li> <li>• Trade tariffs</li> <li>• Labour laws and minimum wage</li> <li>• Environmental regulations</li> <li>• Security issues</li> <li>• Safety issues</li> <li>• Quality issues</li> <li>• Sustainability</li> </ul>	
	2.3.4	<p>What is meant by Risk culture in financial businesses including</p> <ul style="list-style-type: none"> <li>• Risk appetite</li> <li>• Rewards</li> <li>• Behaviours and attitudes</li> <li>• Communication</li> </ul>	

V0.5 Risk Spec (combined)

2.4 Controlling and mitigating risks			
Students should be able to understand			
<p><b>S2.3.2</b> Demonstrate understanding of types of client, markets and sectors that give rise to high/medium/low levels of risk</p> <p><b>S2.3.3</b> Demonstrate understanding of how to mitigate and control such risk, explaining the role of best practice and regulation in managing risk</p> <p><b>S2.4</b> Perform summary analysis of key information</p> <p><b>S2.5</b> Use and interpret variety of metrics to explain risks, analyse products, clients, portfolios</p>	2.4.1	<p>The difference between:</p> <ul style="list-style-type: none"> <li>• Controlling risk - using methods to identify risks as they emerge to prevent them from happening or take early action to lessen any impact</li> <li>• Mitigating risk - using methods to prevent or take action to lessen potential impact of risks should they arise</li> </ul>	<p><b>E3</b> Style reflects the type of communication and purpose for example, formal/informal/external communication/internal communication/creative/in response to a brief</p> <p><b>E5</b> Select different sources to gather information for a particular purpose</p> <p><b>M6</b> Be able to show graphically error, variations in measurements and other secondary information on graphs</p> <p><b>D1</b> Source information and carry out research, using digital technology and media</p> <p><b>D2</b> Produce creative content in appropriate media for different contexts and channels</p>
	2.4.2	<p>The role of best practice and regulation in managing risk in financial businesses for each of the following:</p> <ul style="list-style-type: none"> <li>• High level of risk</li> <li>• Medium level of risk</li> <li>• Low level of risk</li> <li>• Political risk</li> <li>• Reputational risk</li> </ul>	
	2.4.3	<p>How to mitigate and control risks</p> <ul style="list-style-type: none"> <li>• Limits frameworks - quantifying risk                             <ul style="list-style-type: none"> <li>○ Hierarchical (Risk appetite framework)</li> </ul> </li> <li>• Key Risk Indicators (KRIs)                             <ul style="list-style-type: none"> <li>○ green</li> <li>○ amber/yellow</li> <li>○ red</li> </ul> </li> <li>• Hedging</li> <li>• Diversification and the Portfolio effect</li> </ul>	
	2.4.4	<p>How to use Risk Metrics to explain risks and interpret a risk report to</p> <ul style="list-style-type: none"> <li>• Explain the nature of risks including risk exposure</li> <li>• Analyse products</li> <li>• Analyse clients</li> <li>• Interpret a basic market analysis and investment report</li> </ul> <p>Expose Risk</p>	

V0.5 Risk Spec (combined)

<p><b>S2.6</b> Interpret a basic risk report/market analysis report/investment report (or similar)</p>		<ul style="list-style-type: none"> <li>• Show Value at Risk (VaR)</li> <li>• Conduct Stress tests to gauge investment risk including:               <ul style="list-style-type: none"> <li>○ Sensitivity analysis</li> <li>○ Stress testing of risk factors</li> <li>○ Scenario analysis</li> </ul> </li> <li>• Use standard deviation as an indicator of market volatility</li> <li>• Use Key Risk Indicators (KRIs) to facilitate risk reporting</li> <li>• Determine the Credit spread               <ul style="list-style-type: none"> <li>○ Default risk</li> <li>○ Loss severity</li> <li>○ Recovery rate</li> </ul> </li> <li>• Credit ratings of clients</li> <li>• Interest rates</li> <li>• Equity index values or returns</li> </ul>	<p><b>D4</b> Work efficiently and collaboratively using digital technology, tools and resources</p> <p><b>D5</b> Demonstrate responsibility, accountability and effective inter-personal behaviours and skills when using digital technology</p>
<p><b>2.5 Accounting and finance concepts</b></p>			
<p><b>Students should be able to understand</b></p>			
<p><b>S2.6</b> Interpret a basic risk report/market analysis report/investment report</p> <p><b>S2.9</b> Analyse basic risk and financial/accounting information</p>	<p>2.5.1</p>	<p>Key features of financial and accounting information in terms of risk</p> <ul style="list-style-type: none"> <li>• Income Statements and daily profit and loss accounts</li> <li>• Statements of Financial Position</li> <li>• Cash Flow Statements</li> <li>• Market and economic data</li> <li>• Risk matrices</li> <li>• Directors' Responsibility Statements</li> <li>• Statements of Corporate Governance</li> <li>• Statements of Changes in Equity</li> </ul>	<p><b>E5</b> Read, understand and synthesise information to suit audience and purpose</p> <p><b>M5</b> Create visual representations of data such as graphs</p> <p><b>M6</b> Use data already gathered to solve problems and represent those solutions using methods such as graphs or dashboards</p>

V0.5 Risk Spec (combined)

			<p><b>D1</b> Source information and carry out research, using digital technology and media</p> <p><b>D2</b> Develop and apply creative, presentational, design-based, multi-media and media management skills</p> <p><b>D4</b> Evaluate, select and use a range of communication and collaborative tools and media</p> <p><b>D5</b> Demonstrate responsibility, accountability and effective inter-personal behaviours and skills when using digital technology</p>
	2.5.2	<p>Valuation of assets/derivatives, including:</p> <ul style="list-style-type: none"> <li>• Market valuations are estimates of the most probable price that would be paid in a transaction on the valuation date</li> <li>• Price - valuation of an asset estimated as the expected future price discounted at the risk-free rate, plus a risk premium, plus the present value of any benefits, minus the present value of any costs associated with holding the asset (for example, storing gold in a guarded holding facility)</li> </ul>	
<b>S2.11.1</b> Demonstrate an understanding of: The concept of valuation uncertainty and P&L	2.5.3	<p>Each type of valuation uncertainty including:</p> <ul style="list-style-type: none"> <li>• Market uncertainty</li> <li>• Model uncertainty</li> </ul>	

V0.5 Risk Spec (combined)

		<ul style="list-style-type: none"> <li>• Input uncertainty</li> </ul>	
	2.5.4	<p>The role of reserves for risk management planning, including:</p> <ul style="list-style-type: none"> <li>• Contingency reserves: <ul style="list-style-type: none"> <li>○ Percentage of project cost</li> <li>○ Expected monetary value</li> <li>○ Decision tree analysis</li> <li>○ Monte Carlo simulation</li> </ul> </li> <li>• Management reserves: <ul style="list-style-type: none"> <li>○ Cost estimate</li> <li>○ Cost baseline</li> <li>○ Project budget</li> </ul> </li> </ul>	
	<b>2.6 Regulation and roles</b>		
	<b>Students should be able to understand</b>		
<b>S2.8</b> Explain in writing, verbally or by presentation the role of best practice and regulation in managing risk	2.6.1	<p>The roles of regulators and frameworks that apply to risk management</p> <ul style="list-style-type: none"> <li>• Prudential regulation <ul style="list-style-type: none"> <li>○ Bank of England – Prudential Regulation Authority (PRA)</li> <li>○ specifies requirements via the Basel Accord, UK law, and own rulebook</li> </ul> </li> <li>• Financial Conduct Authority</li> <li>• Concept of regulatory capital and disclosure <ul style="list-style-type: none"> <li>○ Regulatory capital requirements minimum requirements imposed on financial services institutions by the regulatory supervisory authorities</li> <li>○ Financial institutions must hold sufficient liquid assets to cover net liquidity outflows under gravely stressed conditions over a period of 30 days. This is typically equal to 25% of outflows.</li> </ul> </li> <li>• UK Code of Corporate Governance</li> <li>• Role of Basel and Bank for International Settlements (BIS)</li> </ul>	<p><b>E1</b> Use appropriate grammar and choice of vocabulary and correct spelling and punctuation</p> <p><b>E2</b> Organise ideas and information logically</p> <p><b>D1</b> Access and manage digital information and data effectively and securely</p> <p><b>D2</b> Use multi-media, design and simulation tools to develop and improve digital content,</p>

V0.5 Risk Spec (combined)

		<ul style="list-style-type: none"> <li>○ 3 Pillar requirements including minimum capital, capital adequacy and market discipline</li> <li>○ Published annual reports and financial statements</li> <li>○ Risk weighted assets calculations across different risk types</li> </ul>	processes, and outcomes
<b>S2.10.1</b> Demonstrate a basic understanding of: How Risk Functions are structured, different types or roles and their interaction	2.6.2	<ul style="list-style-type: none"> <li>● Risk functions and roles</li> <li>● Structure of risk functions</li> <li>● Purpose and function of committees and working groups- Risk Committee, Audit Committee, Asset-Liability Committee (ALCO)</li> <li>● Risk reporting with Key Risk Indicators (KRIs)</li> <li>● Structure of policies and procedures</li> <li>● Use of analytics, technology, and Big Data</li> <li>● Interaction of functions and roles</li> </ul>	
<b>S2.10.2</b> Demonstrate a basic understanding of: The purpose and basic structure of governance and policies	2.6.3	<p>Key roles of</p> <ul style="list-style-type: none"> <li>● Corporates and businesses</li> <li>● Individuals</li> <li>● UK in the international context</li> <li>● Regulators, Basel, and central banks</li> <li>● Exchanges, central counterparty clearing (CCPs) and institutions</li> <li>● Over-the- counter marketeers</li> <li>● Lessons from financial history and what can go wrong e.g. market crashes, financial crashes, bubbles</li> </ul>	

**Performance Outcome 3: Communicate Regulatory implications of products and services to internal and external customers/clients**

Skill content	Knowledge		English, Maths and Digital skills
	<b>3.1 The role and models of regulations in financial services</b>		
	<b>Students should be able to understand</b>		
<p><b>S3.1</b> Demonstrate understanding of the:</p> <ul style="list-style-type: none"> <li>• Concept of regulation and compliance and application to the financial sector</li> <li>• Regulatory implications of different products and services</li> <li>• Regulatory implications of dealing with different sectors and different external clients/customers</li> <li>• Consequences of not following the rules for individuals and firms</li> </ul>	3.1.1	<p>The objectives and importance of roles and models of regulation for compliance, including</p> <ul style="list-style-type: none"> <li>• Financial Conduct Authority</li> <li>• Financial Reporting Council</li> <li>• Institute of Business Ethics</li> </ul>	<p><b>E1</b> Organise ideas logically and coherently</p> <p><b>E4</b> Select main ideas/key information from written text/oral discussions and summarise concisely (orally or in writing) in style appropriate to audience and purpose</p> <p><b>E5</b> Select different sources to gather information for a particular purpose</p> <p><b>D1</b> Source information and carry out research, using digital technology and media</p> <p><b>D2</b> Produce creative content in appropriate media for different contexts and channels</p>
	3.1.2	<p>How UK legislation in accounting/reporting to reduce risk and the consequences of not adhering to legislation in relation to</p> <ul style="list-style-type: none"> <li>• UK Bribery Act</li> <li>• Money laundering</li> <li>• Terrorist funding</li> <li>• Companies Act</li> <li>• General Data Protection Regulation</li> <li>• Dodd-Frank Act</li> <li>• LIBOR</li> <li>• HMRC</li> </ul>	
<p><b>S3.2</b> Demonstrate a basic understanding of:</p> <ul style="list-style-type: none"> <li>• The purpose of key regulatory rules</li> <li>• Regulatory frameworks</li> </ul>	3.1.3	<p>How to explain in writing, verbally or by presentation the products and services of financial markets, their risk implications and benefits for customers and the UK to a non-technical audience including:</p> <ul style="list-style-type: none"> <li>• Bank accounts</li> <li>• Equities</li> <li>• Credit services                             <ul style="list-style-type: none"> <li>○ funds</li> </ul> </li> </ul>	

V0.5 Risk Spec (combined)

<ul style="list-style-type: none"> <li>• The purpose of regulation for exchanges and multilateral trading facilities</li> <li>• Consequences and regulatory implications of different situations and behaviours or failed process</li> <li>• The concept of regulatory change</li> </ul>		<ul style="list-style-type: none"> <li>○ mortgages</li> <li>○ Interest rates</li> <li>○ Settlement of final payments</li> <li>• Trading (Investments)</li> <li>• Buying and selling</li> <li>• Execution agreement to settle</li> <li>• Clearing guarantee by both parties to meet commitments</li> <li>• Over the counter markets</li> <li>• Derivatives</li> <li>• Securities and indexes: bonds, commodities, currencies, market indexes, shares</li> <li>• Insurance <ul style="list-style-type: none"> <li>○ Types of insurable and non-insurable products</li> <li>○ Annuities</li> <li>○ Benefits</li> </ul> </li> <li>• Pension planning advice</li> </ul>	<p><b>D5</b> Demonstrate responsibility, accountability and effective inter-personal behaviours and skills when using digital technology</p>
	<p>3.14</p>	<p>Regulatory implications of dealing with different sectors and different external clients/customers</p> <ul style="list-style-type: none"> <li>• Financing</li> <li>• Trading</li> <li>• Investing</li> <li>• Selling</li> <li>• Insurance needs</li> <li>• Settling</li> <li>• Clearing</li> </ul> <p>the consequences of not following the rules for individuals and firms:</p> <ul style="list-style-type: none"> <li>• Fines and penalties</li> <li>• Suspension of business</li> <li>• Loss/damage to reputation</li> </ul>	

V0.5 Risk Spec (combined)

	3.1.5	How UK legislation and regulations in the financial sector deal with external clients/customers, considering: <ul style="list-style-type: none"> <li>• Financial Services and Markets Act 2000</li> <li>• Due diligence</li> <li>• GDPR and the implications of confidentiality</li> <li>• Obtaining professional clearance</li> <li>• Holding client monies</li> </ul>	
	3.1.6	Functions of the UK financial regulatory framework and how this takes into account trading with overseas companies and the impact on their internal accounting controls and mechanisms <ul style="list-style-type: none"> <li>• ethics in accounting</li> <li>• rules based approach</li> <li>• principles based approach</li> </ul>	
	3.1.7	How regulators such as the FCA and Bank of England regulate financial services in the UK linking to the different types of risk faced Operational <ul style="list-style-type: none"> <li>• Reputational</li> <li>• Process</li> <li>• People</li> <li>• Legal</li> <li>• Event</li> <li>• Systems</li> </ul>	
	<b>3.2 The UK regulatory framework in relation to the rest of the world</b>		
	<b>Students should be able to understand</b>		<b>E1</b> Organise ideas logically and coherently
<b>S3.2</b> Demonstrate a basic understanding of: <ul style="list-style-type: none"> <li>• The purpose of key regulatory rules</li> </ul>	3.2.1	How to compare the UK regulatory framework for risk with Europe, United States, and the rest of the world	<b>E4</b> Use appropriate technical terms
	3.2.2	<ul style="list-style-type: none"> <li>• Regulatory equivalence</li> <li>• Third Country</li> </ul>	

V0.5 Risk Spec (combined)

<ul style="list-style-type: none"><li>• Regulatory frameworks</li><li>• The purpose of regulation for exchanges and multilateral trading facilities</li><li>• Consequences and regulatory implications of different situations and behaviours or failed process</li><li>• The concept of regulatory change</li></ul>			<p><b>E5</b> Read, understand and synthesise information to suit audience and purpose</p> <p><b>D1</b> Access and manage digital information and data effectively and securely</p> <p><b>D2</b> Produce creative content in appropriate media for different contexts and channels</p> <p><b>D5</b> Operate effectively and responsibly with digital technology and data, with appropriate data management and systems, networks, and software security measures.</p>
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Skill content	Knowledge		English, Maths and Digital skills
	<b>3.3 Compliance function</b>		
	<b>Students should be able to understand</b>		
<p><b>S3.1</b> Demonstrate understanding of the:</p> <ul style="list-style-type: none"> <li>• concept of regulation and compliance and application to the financial sector</li> <li>• regulatory implications of different products and services</li> <li>• regulatory implications of dealing with different sectors and different external clients/customers</li> <li>• consequences of not following the rules for individuals and firms</li> </ul> <p><b>S3.2</b> Demonstrate a basic understanding of:</p> <ul style="list-style-type: none"> <li>• The purpose of key regulatory rules</li> <li>• Regulatory frameworks</li> <li>• The purpose of regulation for exchanges and multilateral trading facilities</li> </ul>	3.3.1	<p>How using key financial regulators identify how compliance is ensured</p> <ul style="list-style-type: none"> <li>• role of watchdog organisations</li> <li>• role of the FCA</li> <li>• auditing</li> <li>• Purpose of key regulations including Financial Conduct Authority (FCA) Handbooks</li> <li>• The Markets in Financial Instruments Directive (MiFID2)</li> </ul>	<p><b>E4</b> Select main ideas/key information from written text/oral discussions and summarise concisely (orally or in writing) in style appropriate to audience and purpose</p> <p><b>E5</b> Select different sources to gather information for a particular purpose</p> <p><b>D1</b> Source information and carry out research, using digital technology and media</p> <p><b>D2</b> Produce creative content in appropriate media for different contexts and channels</p> <p><b>D5</b> Demonstrate responsibility, accountability and effective inter-personal behaviours and skills when using digital technology</p>
3.3.2	<p>The roles within business who have responsibility for ensuring compliance</p> <ul style="list-style-type: none"> <li>• internal audit team</li> <li>• policies and procedures</li> <li>• Human Resources</li> <li>• Compliance officer</li> </ul>		
3.3.3	<p>How to make recommendations for maintaining compliance including proposing solutions to take into account best practice in a financial services firm Identify the key roles and structures</p> <ul style="list-style-type: none"> <li>• Identify the responsibilities of ensuring compliance in business operations</li> <li>• Identify legislation to regulate relationships</li> <li>• Identify the changes to maintain compliance, this can be key actions to undertake as part of the audit process</li> </ul>		
3.3.4	<p>How to produce summary and impact analysis on client/own firm within the context of a regulatory rule</p>		

V0.5 Risk Spec (combined)

<ul style="list-style-type: none"><li>• Consequences and regulatory implications of different situations and behaviours or failed process</li><li>• The concept of regulatory change</li></ul>			
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Skill content	Knowledge		English, Maths and Digital skills
	<b>3.4 Key current compliance regulatory themes</b>		
	<b>Students should be able to understand</b>		
<p><b>S3.1</b> Demonstrate understanding of the:</p> <ul style="list-style-type: none"> <li>• concept of regulation and compliance and application to the financial sector</li> <li>• regulatory implications of different products and services</li> <li>• regulatory implications of dealing with different sectors and different external clients/customers</li> <li>• consequences of not following the rules for individuals and firms</li> </ul>	3.4.1	How current data protection legislation ensures compliance including <ul style="list-style-type: none"> <li>• GDPR</li> <li>• Cybersecurity</li> <li>• Prudential Regulation Authority</li> <li>• Financial Conduct Authority (FCA)</li> <li>• Sarbanes Oxley Act</li> <li>• UK Bribery Act</li> </ul>	<p><b>E1</b> Use appropriate grammar and choice of vocabulary and correct spelling and punctuation</p> <p><b>E4</b> Use appropriate technical terms</p> <p><b>E5</b> Read, understand and synthesise information to suit audience and purpose</p> <p><b>D1</b> Source information and carry out research, using digital technology and media</p> <p><b>D2</b> Produce creative content in appropriate media for different contexts and channels</p> <p><b>D5</b> Operate effectively and responsibly with digital technology and data, with appropriate data management and systems, networks, and software security measures.</p>
	3.4.2	The impact of BREXIT on regulation including <ul style="list-style-type: none"> <li>• Changes to key regulatory rules</li> <li>• Effect on exchange</li> <li>• Challenges facing multilateral trading facilities</li> </ul>	
	3.4.3	The importance of prudential regulation, including <ul style="list-style-type: none"> <li>• The importance of why capital coverage is required</li> <li>• Identifying the liquidity requirements set to minimise exposure to risk</li> <li>• Showing how risk is controlled including, statutory powers and enforcement</li> </ul>	
	3.4.4	The importance of the senior managers' certification regime including <ul style="list-style-type: none"> <li>• Responsibilities for undertaking the necessary checks</li> <li>• Statement of responsibility</li> <li>• Duty of responsibility</li> <li>• Employee due diligence</li> <li>• Regulatory requirements adhered to by organisation</li> <li>• Prescribed responsibilities held by senior managers</li> </ul>	

Skill content	Knowledge		English, Maths and Digital skills
	<b>3.5 Compliance and the regulatory functions</b>		
	<b>Students should be able to understand</b>		
<p><b>S3.1</b> Demonstrate understanding of the:</p> <ul style="list-style-type: none"> <li>• concept of regulation and compliance and application to the financial sector</li> <li>• regulatory implications of different products and services</li> <li>• regulatory implications of dealing with different sectors and different external clients/customers</li> <li>• consequences of not following the rules for individuals and firms</li> </ul> <p><b>S3.2</b> Demonstrate a basic understanding of:</p> <ul style="list-style-type: none"> <li>• The purpose of key regulatory rules</li> <li>• Regulatory frameworks</li> <li>• The purpose of regulation for exchanges and multilateral trading facilities</li> <li>• Consequences and regulatory implications of different</li> </ul>	3.5.1	The importance of compliance and regulatory functions including: <ul style="list-style-type: none"> <li>• Regulated market structures, exchanges</li> <li>• Trading facilities</li> </ul>	<p><b>E1</b> Organise ideas logically and coherently</p> <p><b>E4</b> Use appropriate technical terms</p> <p><b>E5</b> Select different sources to gather information for a particular purpose</p> <p><b>D2</b> Develop and apply creative, presentational, design-based, multi-media and media management skills</p> <p><b>D5</b> Demonstrate responsibility, accountability and effective inter-personal behaviours and skills when using digital technology</p>
	3.5.2	International compliance best practice	
	3.5.3	Compliance structure and roles within a financial services business	
	3.5.4	Key processes and tasks involved in managing the relationships with the regulatory bodies.	
	3.5.5	Regulatory requirements for the following: <ul style="list-style-type: none"> <li>• Data Protection and IT security</li> <li>• Prudential Regulation</li> <li>• Senior Managers Certification Scheme</li> </ul>	

V0.5 Risk Spec (combined)

<p>situations and behaviours or failed process</p> <ul style="list-style-type: none"><li>• The concept of regulatory change</li></ul> <p><b>S3.3</b> Complete a summary analysis and propose solutions</p>			
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## Performance Outcome 4: Investigate and analyse potential risk or regulatory issues and present findings

Skill content	Knowledge		English, Maths and Digital skills
	<b>4.1 An understanding of the interpretation of financial data</b>		
	<b>Students should be able to understand</b>		
<p><b>S4.1</b> Conduct detailed research and analysis using data and documents from a variety of sources in order to draw conclusions, propose courses of action or solutions:</p> <p><b>S4.1.1</b> Identify potential risk or regulatory issues to investigate using qualitative and quantitative data</p> <p><b>S4.1.2</b> Identify key regulatory and risk issues from a variety of sources of information</p> <p><b>S4.1.6</b> Examine large volume of data and establish trends/find patterns</p> <p><b>S4.1.9</b> Apply regulatory rules or concepts to a scenario or process</p>	4.1.1	<p>How to interpret financial data to identify risk, and understand the impact of how the media and economy can augment the potential of risk</p> <ul style="list-style-type: none"> <li>• Benchmarking</li> <li>• Company financial statements</li> <li>• Industry standards and KPIs</li> <li>• Secondary research</li> <li>• Watchdog organisations</li> <li>• Financial Ombudsman</li> </ul>	<p><b>E4</b> Use appropriate technical terms</p> <p><b>E5</b> Read, understand and synthesise information to suit audience and purpose</p> <p><b>M5</b> Find data and scrutinise it for its relevance to the intended use</p> <p><b>M7</b> Highlight key points within these diagrams to provide evidence for decision making</p> <p><b>D1</b> Effectively use a range of digital technology, devices, systems, networks, software, and online products and services</p>
<p><b>S4.1.1</b> Identify potential risk or regulatory issues to investigate using qualitative and quantitative data</p>	4.1.3	<p>How to highlight risks that need to be identified to implement an action plan</p> <ul style="list-style-type: none"> <li>• Breaches of regulatory rules</li> <li>• Shared best practice</li> </ul>	<p><b>D2</b> Design, create, develop and integrate digital content, using</p>

V0.5 Risk Spec (combined)

<p><b>S4.1.3</b> Identify any breaches of regulatory rules or risk best practice</p> <p><b>S4.1.5</b> Communicate technical information to non-technical audience</p> <p><b>4.1.9</b> Apply regulatory rules or concepts to a scenario or process</p> <p><b>4.1.10</b> Apply risk best practice to a basic scenario or process</p>		<ul style="list-style-type: none"> <li>Consequences of breaching regulatory rules</li> </ul>	<p>different formats and multi-media</p> <p><b>D4</b> Evaluate, develop and respond effectively to digital information, resources, communications, and interactions</p> <p><b>D5</b> Operate effectively and responsibly with digital technology and data, with appropriate data management and systems, networks, and software security measures.</p>
<p><b>S4.1.11</b> Carry out a year-end review of internal report/documents</p>	4.1.4	<p>How to perform a summary analysis on the interpretation of financial data, to include both qualitative and quantitative key information</p> <ul style="list-style-type: none"> <li>External – customers/suppliers/investors/government agencies/creditors/banks</li> <li>Internal – employees/shareholders/investors/owners/board of directors</li> </ul>	
<p><b>S4.1.4</b> Demonstrate understanding and apply basic statistical concepts using appropriate tools to perform and investigation or analysis of quantitative and qualitative data</p>	4.1.5	<p>How to use and interpret the metrics to explain (from the information above):</p> <ul style="list-style-type: none"> <li>Risk</li> <li>Analysis of products</li> <li>Clients and portfolios</li> </ul>	
<p><b>4.2 Financial forecasting and statistics used in risk and data analysis</b></p>			
<p><b>Students should be able to understand</b></p>			
<p><b>S4.1.4</b> Demonstrate understanding, and apply basic statistical concepts using appropriate tools to perform an investigation or analysis of quantitative and qualitative data</p> <p><b>S4.1.7</b> Test quantitative data to check for errors or invalid results</p>	4.2.1	<p>Basic concepts of financial forecasting to perform an investigation based on data</p> <p>Use formulae to calculate financial data to forecast information</p> <ul style="list-style-type: none"> <li>Moving averages</li> <li>Time series analysis</li> <li>Linear regression</li> <li>Standard deviation</li> </ul>	<p><b>M3</b> Create graphical examples of proportion through, for instance infographics <b>M4</b> Choose when particular formulas are relevant to a situation</p>

V0.5 Risk Spec (combined)

<p><b>S4.1.8</b> Carry out financial projections of customer/client and company activities</p>		<ul style="list-style-type: none"> <li>• Normal distribution</li> </ul>	<p><b>M5</b> Find data and scrutinise it for its relevance to the intended use</p>
<p><b>S4.1.11</b> Carry out a year-end review of internal reports and documents</p>	<p>4.2.2</p>	<p>How to investigate data and identify the trends and patterns to test the accuracy of the information</p> <ul style="list-style-type: none"> <li>• Report findings to a financial target audience</li> <li>• Report findings to a non-financial target audience</li> <li>• Suggest recommendations based on findings of the information to both financial and non-financial customers</li> </ul>	<p><b>M6</b> Use data already gathered to solve problems and represent those solutions using methods such as graphs or dashboards</p> <p><b>M8</b> Articulate themselves clear in both writing and oral presentation so that they can explain mathematical concepts in easily accessible terms.</p> <p><b>D1</b> Effectively use a range of digital technology, devices, systems, networks, software, and online products and services</p> <p><b>D2</b> Develop and apply creative, presentational, design-based, multi-media and media management skills</p> <p><b>D4</b> Evaluate, develop and respond effectively</p>

V0.5 Risk Spec (combined)

			to digital information, resources, communications, and interactions
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V0.5 Risk Spec (combined)

Skill content	Knowledge		English, Maths and Digital skills
	<b>4.3 Mathematics for finance</b>		
	<b>Students should be able to understand</b>		
<p><b>S4.1.4</b> Demonstrate understanding, and apply basic statistical concepts using appropriate tools to perform an investigation or analysis of quantitative and qualitative data</p> <p><b>S4.1.7</b> Test quantitative data to check for errors or invalid results</p>	4.3.1	<p>How to use mathematical formulas to calculate financial information that can be used in assessing future risk</p> <ul style="list-style-type: none"> <li>• Simple and compound interest on long term loans and mortgages</li> <li>• Foreign exchange conversion rates</li> <li>• Present value of money</li> <li>• Future value of money</li> <li>• IRR (internal rate of return)</li> <li>• Investment appraisal</li> <li>• Discounted cash flow</li> <li>• Pay back periods</li> </ul>	<p><b>M3</b> Create graphical examples of proportion through, for instance infographics</p> <p><b>M4</b> Use formulae from their sector to calculate answers</p> <p><b>M5</b> Find data and scrutinise it for its relevance to the intended use</p> <p><b>M6</b> Use data already gathered to solve problems and represent those solutions using methods such as graphs or dashboards</p>
<p><b>S4.1.8</b> Carry out financial projections of customer/client and company activities</p>	4.3.2	<p>How to carry out financial projections based on the calculated information and make recommendations to customer/client to inform on future activities</p>	<p><b>M8</b> Use data already gathered to solve problems and represent those solutions using methods such as graphs or dashboards</p> <p><b>D1</b> Source information and carry out research,</p>

V0.5 Risk Spec (combined)

			<p>using digital technology and media</p> <p><b>D2</b> Produce creative content in appropriate media for different contexts and channels</p> <p><b>D4</b> Work efficiently and collaboratively using digital technology, tools and resources</p> <p><b>D5</b> Demonstrate understanding of digital rights and responsibilities in different contexts</p>
<p><b>S4.1.5</b> Communicate technical information to non-technical audience</p> <p><b>S4.1.12</b> Produce summary and impact analysis on client/own firm within the context of a regulatory rule</p>	4.3.3	How to make suggestions on actions to take in order to minimise risk and highlight the implications of not taking appropriate action to minimise risk identified	

V0.5 Risk Spec (combined)

Skill content	Knowledge		English, Maths and Digital skills
	<b>4.4 Types of data</b>		
	<b>Students should be able to understand</b>		
<b>S4.1.6</b> Examine large volume of data and establish trends/find patterns	4.4.1	Different types of data that can be used to assess risk <ul style="list-style-type: none"> <li>• Client data</li> <li>• Company reports and financial reports</li> <li>• Credit reference agencies such as Experian – basic rating agency reports</li> <li>• Basic regulatory papers</li> </ul>	<b>E4</b> Select main ideas/key information from written text/oral discussions and summarise concisely (orally or in writing) in style appropriate to audience and purpose  <b>E5</b> Select different sources to gather information for a particular purpose  <b>M2</b> Choose when particular formulas are relevant to a situation  <b>M4</b> Choose when particular formulas are relevant to a situation  <b>M5</b> Create visual representations of data such as graphs  <b>M6</b> Use data already gathered to solve problems and represent those solutions using methods such as graphs or dashboards
	4.4.2	How to use regulatory concepts to process the information <ul style="list-style-type: none"> <li>• International Financial Reporting Standards</li> <li>• Corporate governance</li> <li>• Regulatory risk assessment</li> <li>• Financial Conduct Authority</li> </ul>	
	4.4.3	How to produce a report with findings <ul style="list-style-type: none"> <li>• Identify the summary findings</li> <li>• Identify the impact on client and business</li> </ul>	

V0.5 Risk Spec (combined)

			<p><b>M8</b> Articulate themselves clear in both writing and oral presentation so that they can explain mathematical concepts in easily accessible terms.</p> <p><b>D1</b> Access and manage digital information and data effectively and securely</p> <p><b>D2</b> Develop and apply creative, presentational, design-based, multi-media and media management skills</p> <p><b>D5</b> Demonstrate responsibility, accountability and effective inter-personal behaviours and skills when using digital technology</p>
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