



# International Degrees Ltd

Financial Training Academy Courses

From the Heart of the World's Main Financial Centre

The Financial  
Training  
Academy Ltd

## CerIFR

# Introduction to Financial Services Regulation

### Course Director

The lecturers for this training event will be selected from amongst the faculty of lecturers provided by Risk Reward Limited UK.

### The Course

This 4-day programme on Financial Services Regulation will provide an understanding of the key regulatory developments relevant to a company or branch operation in the financial sector trading in the UK. This training event is offered as one 4 or 5-day unit or as individual modules, each self-contained in 1-day formats for ease of selection and combining based on one's own level of interest and requirements.

The modules in this programme include:

- General Compliance
- Basel II
- MIFID
- Anti-Money Laundering

Two (2) Optional 5th Day Courses are available (please select one) to complete the compliance introduction programme:

- Basel II Reporting Management
- Solvency II

### Learning Objectives

At the end of the training event participants will be aware of

- The basic structure of UK regulation
- The principle compliance rules generally operating within financial services

### Who should Attend?

Any member of staff joining the financial services sector.

### Teaching Methodology

Classroom based lectures and intensive hands-on practical workshop sessions.

### Knowledge Pre-Requisites

Some basic understanding of financial services will be advantageous.

## International Degrees Ltd

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### LOCAL CONTACT



**Course Outline**

**DAY 1 – General Compliance**

This 1-day course will provide participants with a general introduction to Financial Services regulation in the UK.

**Session 1: The current UK system**

- The Financial Services Authority (FSA)
- The Financial Markets Act
- The UK rule book
- The relationship with Europe
- Fundamentals
  - o Statutory objectives
  - o European directives

**Session 2: Key Applications**

- Fitness and propriety
  - o Honesty
  - o Solvency
  - o Competence
- Solvency requirements
- Systems and controls
  - o Apportionment of responsibilities
  - o Monitoring of transactions
  - o Record keeping

**Session 3: Conduct of business**

- Clear, fair and not misleading
- Financial promotions
- Commission
- Client classification, terms of business
- Know your customer and suitability
- Charges
- Clients' money

**Session 4: Training and competence**

- Qualifications
- Continuing assessment

**Session 5: Complaints**

- How to deal with
- Record keeping

**Session 6: General Standards for Compliance**

- Compliance policies
- Role and objective for compliance function
- Implementation of global compliance policies
- Business Ethics
- Conflicts of interest
- Know your customer
- Product due diligence
- New business procedures
- Fire walls
- Confidentiality
- Insider dealing
- Staff dealing rules
- Compliance manuals
- Recruitment and monitoring of staff
- Monitoring of electronic communications
- Training
- Advertising
- Customer agreements
- Monitoring





**DAY 2 –  
Introduction to Basel II**

This is a 1-day course providing a brief introduction to the Basel Accord. This course will focus on higher level principles only.

**Learning Objectives**

The learning objectives are to ensure that the participants understand the key requirements of the Accord. The types of options available and solutions provided will be discussed.

**Who Should Attend**

Anyone involved with either operational risk management or the Basel Accord would require this training material. This course will also provide a useful introduction for service providers seeking to introduce risk management solutions to the banking and financial services industry.

- Risk Management staff
- Board directors
- Internal audit
- Compliance
- Basel Project team members
- Business analysts
- Service providers

**Session 1: The Objectives of the Basel II Accord**

- The structure of the Basel Accord
- The Sound Practises Paper
- Calculation of minimum capital requirements<BR

**Session 2**

- Credit risk under the Basel Accord
- The standardised approach
- External credit assessments
- The internal ratings based (IRB) approach
- Introduction to the use test

**Session 3**

- Trading book issues
- Mark to market or Mark to model
- Trading book capital treatment
- Banking book vs trading book

**Session 4**

- The Basel Accord options for operational risk
- What is operational risk?
- Calculating the operational risk capital charge under the basic and standardised approaches
- Key elements of the advanced measurement approach
- Use of internal loss data
- How to use external loss data



**Introduction to MIFID (Markets in Financial Instruments Directive)**

**Course Description**

This 1-day introductory course is aimed at those who seek an understanding of the scope, nature and impact of this major new piece of legislation effective from 1st November 2007 in Europe.

**Learning Objectives**

Participants to this 1-day course will benefit from an understanding of MIFID issues and

- Understand the scope and purpose of MiFID
- Identify how it will impact firms both internally and externally
- Understand the potential impact in both Front Office and Operations
- Understand the impact upon market structures
- Recognise and focus on the challenges
- Know what is happening in the industry to prepare for its implementation



**Session 1: The objectives of MIFID**

- What is MiFID?
- Why is it needed?
- The Financial Services Action Plan
- Implementation time table across the EEA

**Session 2: Key Themes of MIFID**

- Affected parties
- Markets and products impacted
- Types of firms addressed
- Passporting
- Best execution
- Client classification

**Session 3: Customer Impacts**

- Suitability and appropriateness
- Customer agreements
- Order handling and price transparency
- Reclassification
- Record keeping

**Session 4: Changes required by firms**

- Revision of core business model
- Identifying key changes
- Impact on operations and processes
- Technology and data impacts
- Outsourcing and business continuity
- Transaction reporting
- Research and specialist services
- Impact on compliance and audit

**Session 5: Changes expected to market structures**

- Regulated markets and trading environments
- Examples of new market initiatives
- Systematic internalisers
- Multilateral trading facilities [MTFs]

**Session 6: Implementation Timetable**

- The roles of CESR, HM Treasury and the FSA
- Transposition and implementation
- Phasing across the EEA
- Which industry groups are involved?





**DAY 4**  
**Introduction to Anti-Money Laundering**

Money laundering deterrence is an area of increasing business and regulatory concern for the financial services sector.

**Learning Objectives**

To enable participants to understand what money laundering deterrence really is and the legal and regulatory framework.

**Who should attend?**

All staff involved in banking and financial services, and/or those providing services to the financial services industry.

**Session 1:**

- What is money laundering
- Structure of dirty money
- The three stages of money laundering

**Session 2:**

- Who are the joint money laundering steering group? (JLMSG)
- How has regulation developed
- JLMSG guidance

**Session 3:**

- Personal obligations
- Customer identification
- Policies
- Know your customer
- Suspicion/Tipping off
- The role of the MLRO
- Reporting suspicions





**Day 5**  
**Optional 1-Day**  
**Basel II Reporting Management**

Practical strategies and solutions for reporting to management under the Basel II Accord.

**Learning Objectives**

How risk management can practically manage reporting sent up and down the management line. Risk managers will learn what they are supposed to report and to whom, as well as how to report in a succinct and compliant manner.

**Who Should Attend**

- Risk management staff
- Financial reporting staff
- Internal audit
- External audit

**Level of Preparation Required**

Basic understanding of financial terms and accounting required.

**Methodology**

Classroom lectures combined with workshop sessions.

**Session 1: Introduction to Basel**

- The basic structure of Basel
- Trading book issues under Basel
- Credit risk under Basel and the options
- Operational risk under Basel and the options
- Key management responsibilities

This session will briefly explain the basic structure of the Basel Accord. It will briefly consider the Sound Practices paper and highlight the issues that management will need to address in practice.

**Session 2: Reporting to Management**

- Development of a Basel strategy
- Management of the Basel project
- Milestones in the Basel project
- Market risk
- Credit risk
- Operational risk

This session considers reporting to management during the implementation of the Basel project itself and considers the depth of such reporting, the specific requirements from Basel and the frequency of such

reporting. It also addresses the idea of exception based reporting.

- Reporting to management of
  - o Market risk
  - o Credit risk
  - o Operational risk

This session looks at the specific requirements in the Basel Accord and supporting papers with respect to the reporting for the three risks covered by the Accord. It will look at what institutions are doing in practice in these areas and by reference to published information, what they say they are covering. It will look at each of the risks and consider what the appropriate ways of reporting this material to management are.

We will also address the level of knowledge of senior management to understand the material provided, together with the assumptions that will be inherent within the material provided. Further we will go through case study, which, show the questions that management should be asking as a result of the material provided to them.

**Session 3: Development of Key Performance and Risk Indicators under Basel**

- What are key performance and risk indicators?
- How should they be developed?
- What should be reported to senior management?

Key indicators are a critical part of the reporting within Basel. We shall consider the setting of indicators and also the reporting levels appropriate for a firm. Exception-based reporting and graduated escalation will also be explained.

**Session 4: Other reporting to senior management**

- Development and reporting of risk appetite
- Reporting Control and risk self assessment
- The balanced scorecard
- The quarterly risk report
- The reporting of non-goal correlated loss events
- The reporting of policy deviations





**Day 5  
Optional 1-Day FSR5B**

**Solvency II**

This 1-day course will describe the upcoming Solvency II Directive as it applies to EU countries. The course will not only set out the contents of Solvency II but will provide guidance as to what insurance firms should be doing now to prepare themselves for this important change in financial regulation.

**Learning Objectives**

After attending this course an attendee will be able to:

- Describe the main provisions of the existing EU regulations
- Discuss the current proposals for Solvency II
- Analyse the potential impacts on his or her firm of becoming compliant with the emerging regulations of Solvency II;

**Pre-Requisite Knowledge**

It is anticipated that attendees for this course will have some familiarity with the insurance industry.

**Who Should Attend**

- Risk management staff
- Finance staff
- Management Consultants
- Operations staff
- Compliance Officers
- Internal & External Auditors

**Methodology**

The course consists of lectures, illustrated by real life examples and/or practical experience.

**Session 1: Solvency: Concepts and Regulations**

- Concept of solvency
- Solvency I
- Solvency II
- 3-Pillar architecture
- Consolidation of existing regulations
- New additions and the Lamfalussy Model
- CEIOPS and EIOPC

**Session 2: Solvency II Overview**

- Economic context and trends
- Goals and objectives
- Scope
- Stronger risk management

**Session 3: Estimating Liabilities**

- Risk types
- Traditional liability valuation
- New standard for regulatory valuations
- Quantifying the prudential margin

**Session 4: Solvency Requirements and Regulatory Supervision**

- Solvency capital requirement (SCR)
- Minimum capital requirement (MCR)
- Solvency margins in current regulations
- Solvency margins in Solvency II
- Role and structure of the MCR
- Calculating the SCR
- Standardised approach
- Internal models
- Supervisory intervention

