

# **Subject P5 Finance UK Practice Module**

## **Syllabus**

for the 2009 Examinations

1 June 2008

**The Faculty of Actuaries and  
Institute of Actuaries**

## **Subject P5 — Finance UK Practice Module Syllabus**

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### **Aim**

The aim of this module is to provide a knowledge of UK business practice, regulation, legislation and professional guidance notes relevant to the work of an actuary practising in Finance in the UK.

The Core Reading for the Finance Specialist part of this module is contained within the Core Reading for Subject SA5 — Finance Specialist Applications. There is separate Core Reading for the generic part of this module.

### **Part A: Generic**

This part is generic module P0 and may be taken on its own with a 45 minute test.

1. Know and understand the purpose and structure of UK financial services industry and regulations.
2. Know and understand the FSA's regulatory powers and their impact upon firms and individuals, including how the FSA's rules affect the control structures of firms and their relationship with the FSA and its approach to ethical conduct by firms and individuals.
3. Identify key organisations, institutions and people in the industry and the roles they play in the provision of financial services products.
4. Know and understand the role of the main consumer protection bodies in UK financial services.
5. Explain what is meant by advice, including monitoring and review arrangements, and state the rules that apply to the different types of advice.
6. Know and apply the basic principles of business ethics and integrity.
7. Know and understand the requirements of the major codes of practice relevant to retail financial services.
8. Know and understand the nature of business fees and commission.
9. Know and understand the rules, regulations and procedures relating to the handling of client money.
10. Apply the main requirements of the Data Protection Act 1998, anti money laundering regulations, Conduct of Business Rules, Proceeds of Crime Act 2002 and the laws of agency and contract in dealing with customers.
11. Know and understand the FSA's complaints handling requirements.

12. Know and understand the main features of the FSA's policy regarding financial promotions.
13. Understand the concepts and principles underpinning insurance contracts.
14. Know and understand the FSA's requirements relating to market abuse.
15. Know and apply the principles of asset ownership to retail financial services.
16. Know and understand the importance of financial planning and describe the factors that affect financial needs throughout life.
17. Understand and apply the principles and concepts of risk associated with financial planning.
18. Be aware of the purpose of the professional guidance for actuaries contained in the Professional Conduct Standards and the Guidance Notes.

**Part B: Finance Specialist**

1. Demonstrate a knowledge and understanding of the financial markets with particular references to the needs of the UK user.
2. Demonstrate a knowledge of the influences over the UK commercial and economic environment from the Bank of England and government policy.
3. Demonstrate a knowledge of the personal and corporate taxation framework in the UK.
  - (a) Describe the basic principles of UK Income Tax.
  - (b) Describe the basic principles of UK Capital Gains Tax.
  - (c) Describe the basic principles of UK company taxation.
  - (d) Outline the taxation treatment of capital asset depreciation in the UK.
  - (e) Describe the different systems of UK company taxation from the points of view of an individual shareholder and the company.
  - (f) Define franked investment income.
  - (g) Outline the basic principles of double taxation relief.
  - (h) Outline the basic principles of the taxation of a UK life insurance company.

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- (i) Outline the basic principles of the taxation of a UK general insurance company and other companies in the UK which are classified as “traders in securities”.
  - (j) Outline the taxation treatment of different forms of investment for individuals and institutional investors resident in the UK.
4. Demonstrate a knowledge of the legislative and regulatory framework for finance in the UK.
  - (a) Corporate Governance.
  - (b) Role of the listings authority.
  - (c) Competition and Fair Trading controls.
  - (d) Monopolies regulators.
  - (e) EU legislation.
  - (f) Role and responsibilities of directors.
5. Know and understand the impact of capital adequacy regulations in the UK.
6. Describe the requirements of the professional guidance relevant to actuaries practising in or advising in corporate finance.
7. Be aware of any proposed changes in legislation or professional guidance that will affect the work undertaken or advice given by actuaries working in the corporate finance field, and their expected effective date of implementation.
8. Understand the major areas of risk and uncertainty associated with corporate finance in terms of:
  - the nature and extent of the risks
  - the factors that will affect these risks
  - measures which can be adopted to manage risk and uncertainty efficiently
9. Outline the external influences on mergers and acquisitions, including government policy, regulation and controls.

**End of Syllabus**