

## Investment advice and the IMC

Retail Investment Advisers in the UK must meet the FCA exam standards as set by the Retail Distribution Review. The ESMA knowledge and competency criteria for those advising on investments are therefore most relevant for those servicing professional clients.

<b>ESMA criteria for staff giving investment advice</b>	<b>IMC syllabus topic area</b>
a) understand the key characteristics, risk and features of the investment products being offered or recommended, including any general tax implications to be incurred by the client in the context of transactions. Particular care should be taken when providing advice with respect to products characterised by higher levels of complexity;	<ul style="list-style-type: none"> <li>■ Financial Markets and Institutions</li> <li>■ Client Advice</li> <li>■ Taxation</li> <li>■ Investment Products</li> </ul>
b) understand the total costs and charges to be incurred by the client in the context of the type of investment product being offered or recommended and the costs related to the provision of the advice and any other related services being provided;	<ul style="list-style-type: none"> <li>■ Financial Markets and Institutions</li> <li>■ The Regulation of Financial Markets and Institutions</li> <li>■ Client Advice</li> <li>■ Portfolio Management</li> </ul>
c) fulfil the obligations required by firms in relation to the suitability requirements including the obligations as set out in the Guidelines on certain aspects of the MiFID suitability requirements;	<ul style="list-style-type: none"> <li>■ Financial Markets and Institutions</li> <li>■ Client Advice</li> </ul>
d) understand how the type of investment product provided by the firm may not be suitable for the client, having assessed the relevant information provided by the client against potential changes that may have occurred since the relevant	<ul style="list-style-type: none"> <li>■ Client Advice</li> </ul>

information was gathered;	
e) understand how financial markets function and how they affect the value and pricing investment products offered or recommended to clients;	<ul style="list-style-type: none"> <li>■ Financial Markets and Institutions</li> </ul>
f) understand the impact of economic figures, national/regional/global events on markets and on the value of investment products being offered or recommended to clients;	<ul style="list-style-type: none"> <li>■ Macroeconomics</li> </ul>
g) understand the difference between past performance and future performance scenarios as well as the limits of predictive forecasting;	<ul style="list-style-type: none"> <li>■ The Regulation of Financial Markets and Institutions</li> <li>■ Client Advice</li> <li>■ Quantitative Methods</li> </ul>
h) understand issues relating to market abuse and anti-money laundering;	<ul style="list-style-type: none"> <li>■ The Regulation of Financial Markets and Institutions</li> </ul>
i) assess data relevant to the type investment products offered or recommended to clients such as Key Investor Information Documents, prospectuses, financial statements, or financial data;	<ul style="list-style-type: none"> <li>■ The Regulation of Financial Markets and Institutions</li> <li>■ Accounting</li> </ul>
j) understand specific market structures for the type investment products offered or recommended to clients and where relevant their trading venues or the existence of any secondary markets;	<ul style="list-style-type: none"> <li>■ Financial Markets and Institutions</li> <li>■ Derivatives</li> <li>■ Investment Products</li> </ul>
k) have a basic knowledge of valuation principles for the type of investment products offered or recommended to clients;	<ul style="list-style-type: none"> <li>■ Quantitative Methods</li> <li>■ Equities</li> <li>■ Fixed Income</li> </ul>

	■ Derivatives
l) understand the fundamentals of managing a portfolio, including being able to understand the implications of diversification regarding individual investment alternatives.	■ Portfolio Management

■ IMC Unit 1

■ IMC Unit 2