



UK Financial Regulation

Effective from 1st April 2026

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Objective of the examination

The objective of the examination is to ensure candidates have a basic knowledge of the regulations and legislation underpinning the financial markets and the conduct of investment business.

The examination will test candidates' knowledge and understanding of the following elements:

- The Regulatory Environment
- Conduct of Business and Client Assets
- Enhancing Market Integrity
- Complaints and Redress

Syllabus Structure

The unit is divided into **elements**. These are broken down into a series of **learning objectives**.

Each learning objective begins with one of the following prefixes: **know** or **understand**. These words indicate the different levels of skill to be tested. Learning objectives prefixed:

- **know** requires the candidate to recall information such as facts, rules and principles
- **understand** requires the candidate to demonstrate comprehension of an issue, fact, rule or principle

Note: The syllabus has included for guidance, references from the FSMA 2000, the Criminal Justice Act 1993 [CJA] and the FCA Handbook and PRA Rulebook to assist candidates in locating source material. An explanation of FCA Handbook reference codes and other abbreviations follows:

AML	Anti-Money Laundering
CASS	Client Assets
CFT	Combating the Financing of Terrorism
COBS	Conduct of Business Sourcebook
COCON	Code of Conduct for Staff
COLL	Collective Investment Schemes
COMP	Compensation
COND	Threshold Conditions
DEPP	Decision Procedure and Penalties Manual
DISP	Dispute Resolution: Complaints
EG	Enforcement Guide
FATF	Financial Action Task Force
FCA	Financial Conduct Authority
FINMAR	The Financial Stability and Market Confidence sourcebook
FIT	Fit and Proper Test for Approved Persons
FOS	Financial Ombudsman Service
FPO	Financial Promotions Order
FRC	Financial Reporting Council
FSCS	Financial Services Compensation Scheme
GENPRU	General Prudential Sourcebook
ICO	Information Commissioner Office
JMLSG	Joint Money Laundering Steering Group
MCOB	Mortgages and Home Finance: Conduct of Business
MIFIDPRU	Prudential Sourcebook for MiFID Investment Firms
ML	Money Laundering
NCA	National Crime Agency
PERG	Perimeter Guidance Manual
PO	Pension Ombudsman
PPF	Pension Protection Fund
PRR	Prospectus Rules Regulation
PRA	Prudential Regulation Authority
PRIN	Principles for Businesses
SUP	Supervision

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SYSC	Senior Management Arrangements, Systems and Controls
TC	Training and Competence
UK DTR	UK Disclosure and Transparency Regulation
UK EMIR	UK European Market Infrastructure Regulation
UK GDPR	UK General Data Protection Regulation
UK MAR	UK Market Abuse Regulation
UK MiFID	UK Markets in Financial Instruments Directive
UK MiFIR	UK Markets in Financial Instruments Regulation
UK SFTR	UK Securities Financing Transactions Regulations

Please note all Handbook references in the syllabus refer to the FCA Handbook unless otherwise stated.

Examination Specification

Each examination paper is constructed from a specification that determines the weightings that will be given to each element. The specification is given below.

It is important to note that the numbers quoted may vary slightly from examination to examination as there is some flexibility to ensure that each examination has a consistent level of difficulty.

Examination specification 75 multiple choice questions		
Element number	Element	Questions
1	The Regulatory Environment	12
2	Conduct of Business and Client Assets	35
3	Enhancing Market Integrity	19
4	Complaints and Redress	9
Total		75

Assessment Structure

A 1 hour 30 minute examination of 75 multiple choice questions.

Candidates sitting the examination by Computer Based Testing may have up to 10% additional questions as trial questions that will not be separately identified and do not contribute to the result. Candidates will be given proportionately more time to complete the test.

Candidate Update

Candidates are reminded to check the 'Candidate Update' area of the Institute's website (cisi.org/candidateupdate) on a regular basis for updates that could affect their examination.

Summary Syllabus

Element 1 The Regulatory Environment

- 1.1 The Role of the FCA and PRA
- 1.2 Principles for Businesses
- 1.3 Fitness and propriety
- 1.4 Prudential Standards
- 1.5 The Regulatory Infrastructure
- 1.6 Regulated and Prohibited Activities
- 1.7 Regulated Activities
- 1.8 Training and Competence

Element 2 Conduct of Business and Client Assets

- 2.1 The Application and General Provisions of the FCA Conduct of Business Sourcebook (COBS)
- 2.2 Appointed Representatives
- 2.3 Accepting Clients
- 2.4 Client Agreements and Information Provision
- 2.5 Reliance on Others
- 2.6 Communicating with Clients, Including Financial Promotions
- 2.7 Retail clients
- 2.8 Communicating with Retail Clients
- 2.9 Cold Calls and Other Promotions that are not in writing
- 2.10 Suitability
- 2.11 Appropriateness (Non-Advised Services)
- 2.12 Product Disclosure and the Client's Right to Cancel
- 2.13 Conflicts of interest
- 2.14 Inducements and Payment for Research
- 2.15 Personal Account Dealing
- 2.16 Dealing and Managing
- 2.17 Best Execution
- 2.18 Client Order Handling for MiFID and Non-MiFID Business
- 2.19 Client Limit Orders
- 2.20 Transaction and Trade Reporting
- 2.21 Reporting to Clients
- 2.22 Client Assets

Element 3 Enhancing Market Integrity

- 3.1 Market Abuse
- 3.2 Insider Dealing
- 3.3 Market Manipulation
- 3.4 Money Laundering and Financial Crime
- 3.5 Record Keeping Requirements
- 3.6 Bribery and Corruption
- 3.7 Fraud and Economic crime
- 3.8 Disclosure and Transparency rules

Element 4 Complaints and Redress

- 4.1 Consumer rights
- 4.2 Customer Complaints
- 4.3 Data Protection Act 2018 (DPA)
- 4.4 Whistleblowing

Element 1 The Regulatory Environment

1.1 The Role of the FCA and PRA

On completion, the candidate should:

1.1.1 know the role, activities and statutory objectives of the:

- Financial Conduct Authority (FCA)
- Prudential Regulatory Authority (PRA)
- Key regulatory areas

1.2 Principles for Businesses

On completion, the candidate should:

1.2.1 know key features of the FCA's Principles for Businesses

1.3 Fitness and propriety

On completion, the candidate should:

1.3.1 know the requirements of:

- the Senior Managers & Certification Regime (SM&CR)
- Fit and Proper Test (FIT)

1.4 Prudential Standards

On completion, the candidate should:

1.4.1 know the purpose of the Capital Adequacy Requirement for certain types of investment firms

1.5 The Regulatory Infrastructure

On completion, the candidate should:

1.5.1 know the role of:

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- The Competition and Markets Authority (CMA)
- HM Revenue & Customs (HMRC)
- The Financial Policy Committee (FPC)
- The Bank of England (BoE)
- HM Treasury (HMT)

1.5.2 know the Pension regulator's rules with respect to occupational pension schemes

1.5.3 understand how UK Financial services may be impacted by overseas:

- directives
- regulations
- law
- guidance
- international intergovernmental bodies (e.g. FATF)

1.5.4 know the role played by oversight, influencing bodies and relevant codes of conduct:

- internal audit
- external audit
- trustees
- compliance
- industry bodies, professional bodies and trade associations

1.6 Regulated and Prohibited Activities

On completion, the candidate should:

1.6.1 know the regulated and prohibited activities:

- authorised persons [PERG 2.2.3]
- exempt persons and FSMA
- offences under the Act

- enforceability of agreements entered into with an unauthorised business
- defences available under the Act
- prohibition orders
- actions for damages

1.7 Regulated Activities

On completion, the candidate should:

1.7.1 know the main exclusions from the need for authorisation under the FSMA 2000 (Regulated Activities Order)

- absence of holding out
- groups and joint enterprises
- advice in newspapers
- trustees, nominees and personal representatives
- employee share schemes
- overseas persons

1.7.2 know the investments specified in Part III of the Regulated Activities Order

1.7.3 know the authorisation procedures for firms:

- the need for authorisation
- the threshold conditions for authorisation

1.7.4 understand:

- the PRA and FCA individual accountability requirements for all firms
- the requirements for individuals to be registered and be subject to the Senior Managers & Certification Regime and what this means
- who is subject to the Conduct Rules

1.8 Training and Competence

On completion, the candidate will be able to:

1.8.1 know regulatory responsibilities in relation to the assessment of employee competence:

- per-engagement
- at engagement
- continuing professional development (CPD)
- Statement of Professional Standing (SPSS)

Element 2 Conduct of Business and Client Assets

2.1 The Application and General Provisions of the FCA Conduct of Business Sourcebook (COBS)

On completion, the candidate should:

2.1.1 know:

- firms subject to the FCA Conduct of Business Sourcebook
- activities which are subject to the FCA Conduct of Business Sourcebook including Eligible Counterparty Business and transactions between regulated market participants
- the impact of location on firms/activities of the application of the FCA Conduct of Business Sourcebook: permanent place of business in UK

2.2 Appointed Representatives

On completion, the candidate should:

2.2.1 know how the application of the FCA Conduct of Business Sourcebook applies to appointed representatives including financial promotions and firm's responsibilities for appointed representatives

2.3 Accepting Clients

On completion, the candidate should:

2.3.1 understand client status:

- definition of client
- the application of the rules on client categorisation
- retail client professional client and eligible counterparty

2.3.2 understand client status:

- when a person is acting as agent for another person
- the rule on categorising elective professional clients and the requirements for clients electing to be professional clients
- the rule on elective eligible counterparties
- providing clients with a higher level of protection
- the requirement to provide notifications of client categorisation

2.4 Client Agreements and Information Provision

On completion, the candidate should:

2.4.1 know:

- the requirement for firms to provide client agreements
- when a client agreement is required to be signed
- when it is acceptable to be provided to clients for MiFID business

2.4.2 know the requirement to provide information to clients prior to providing services to clients including information relating to the nature and risk of the services and designated investments being offered for MiFID and non-MiFID business

2.4.3 know the rules on:

- disclosure of costs and associated charges
- timing of disclosure
- medium of disclosure,
- changes to information provided to the client

- compensation information for MiFID and non-MiFID business

2.5 Reliance on Others

On completion, the candidate should:

- 2.5.1 know the rules, guidance and evidential provisions regarding reliance on others

2.6 Communicating with Clients, Including Financial Promotions

On completion, the candidate should:

- 2.6.1 know the FCA Conduct of Business Rules relating to fair treatment of customers, the application of the rules on communication to clients and on fair, clear and not misleading communications and financial promotions and the additional requirements relating to retail clients in respect of MiFID non-MiFID business
- 2.6.2 know:
- the main exceptions to the financial promotion rules in COBS
 - the limitations in connection to MiFID business
 - the existence of the FPO
- 2.6.3 know the rules on prospectus advertisements
- 2.6.4 know the requirement for approving financial promotions and the circumstances of relying on another firm's confirmation of compliance

2.7 Retail clients

On completion, the candidate should:

- 2.7.1 understand the four elements of Consumer Duty
- 2.7.2 know obligations related to the Fair Treatment of Customers (FTOC) for firms outside of the scope of the Consumer Duty

2.8 Communicating with Retail Clients

On completion, the candidate should:

2.8.1 know:

- the general rule in connection with communicating with retail clients
- the restrictions on the promotion of speculative illiquid securities to retail clients
- the rules on past, simulated past and future performance
- the rule on financial promotions containing offers or invitations

2.9 Cold Calls and Other Promotions that are not in writing

On completion, the candidate should:

2.9.1 know the rules on:

- unwritten promotions and the restriction on cold calling
- financial promotions for overseas persons

2.10 Suitability

On completion, the candidate should:

2.10.1 understand the purpose of the suitability rules and the requirement for assessing suitability

2.10.2 understand:

- the information which a firm must obtain from a client in order to make a suitability assessment
- the guidance on assessing suitability

2.10.3 know the application of the assessing suitability rules for professional clients

2.10.4 understand the application of the rules on churning and switching for MiFID and non-MiFID business

2.10.5 know:

- the obligation to provide a retail client with a suitability report for MiFID business and non-MiFID business

- the timing and contents of a suitability report for MiFID business and non-MiFID business
- relevant guidance for dealing with insistent clients

2.11 Appropriateness (Non-Advised Services)

On completion, the candidate should:

2.11.1 know the:

- obligations for assessing appropriateness for MiFID and non-MiFID business
- circumstances in which it is not necessary to assess appropriateness for MiFID business and non-MiFID business

2.12 Product Disclosure and the Client's Right to Cancel

On completion, the candidate should:

2.12.1 know:

- the purpose of the rules on the sale of packaged products to retail clients
- the rules requiring the provision of key features to retail clients
- the main features to be explained in the key features
- the information about financial instruments (MiFID provisions)

2.13 Conflicts of interest

On completion, the candidate should:

2.13.1 know the rules for managing conflicts of interest:

- common methods
- contents of a conflicts policy

2.13.2 know the rules on managing conflict in connection with investment research and research recommendations

2.14 Inducements and Payment for Research

On completion, the candidate should:

2.14.1 know the rules on inducements relating to:

- MiFID business
- the provision of independent advice, restricted advice and portfolio management services to retail clients
- the provision of independent advice and portfolio management services to retail clients outside the UK or to Professional clients

2.14.2 know the rules regarding acceptable minor non-monetary benefits

2.15 Personal Account Dealing

On completion, the candidate should:

2.15.1 understand:

- the purpose and application of the personal account dealing rule
- the restrictions on personal account dealing for MiFID business and non-MiFID business

2.15.2 know:

- the arrangements required to comply with the personal account dealing rules including the notification requirements
- exceptions regarding personal account dealing for MiFID and non-MiFID business

2.16 Dealing and Managing

On completion, the candidate should:

2.16.1 know the application of the rules on dealing and managing

2.17 Best Execution

On completion, the candidate should:

2.17.1 understand the requirements of providing best execution for MiFID and Non-MiFID business

2.17.2 understand:

- the requirements for an order execution policy
- its disclosures,
- the requirements for consent and review for MiFID and non-MiFID business

2.17.3 understand the rules on following specific instructions from a client

2.17.4 understand the rules on:

- monitoring the effectiveness of execution arrangements and policy;
- demonstrating compliance with the execution policy
- the duties of portfolio managers and receivers and transmitters to act in a client's best interest
- information provision for MiFID business and non-MiFID business

2.18 Client Order Handling for MiFID and Non-MiFID Business

On completion, the candidate should:

2.18.1 understand the rule on client order handling and the conditions to be satisfied when carrying out client orders

2.19 Client Limit Orders

On completion, the candidate should:

2.19.1 know:

- the rules on client limit orders
- the obligation to make unexecuted client limit orders public for MiFID and non-MiFID business

2.20 Transaction and Trade Reporting

On completion, the candidate should:

2.20.1 know the definition of a reportable transaction

2.20.2 know the role and purpose of reporting:

UK Financial Regulation

- transaction (UK MiFIR)
- trade (UK MiFIR)
- UK EMIR
- short selling
- UK SFTR

2.20.3 know which party to a trade is responsible for reporting including trades carried out by overseas branches

2.21 Reporting to Clients

On completion, the candidate should:

2.21.1 know:

- general client and occasional reporting requirements
- the provision of dealing confirmations and periodic statements to retail and professional customers
- exceptions to the requirements and the record-keeping requirements in respect of MiFID and non-MiFID business

2.22 Client Assets

On completion, the candidate should:

2.22.1 know:

- the purpose of the client money and custody rules (CASS)
- exemptions

Element 3 Enhancing Market Integrity

3.1 Market Abuse

On completion, the candidate should:

- 3.1.1 understand the scope and status of the UK Market Abuse Regulation
- 3.1.2 understand the civil and criminal regime for market abuse and insider dealing

- 3.1.3 understand the requirement to prevent and detect market abuse including the obligation on firms to make suspicious transaction and order reports

3.2 Insider Dealing

On completion, the candidate should:

- 3.2.1 know the main concepts of:
- inside information
 - insider dealing
 - unlawful disclosure of inside information and insider lists
- 3.2.2 know offences described in UK legislation and the instruments covered by the Criminal Justice Act 1993
- 3.2.3 understand market soundings and market manipulation
- 3.2.4 understand:
- disclosure requirements for inside information
 - the requirement for insider lists
- 3.2.5 understand general defences relating to insider dealing
- 3.2.6 understand Special defences:
- market makers acting in good faith
 - market information
 - price stabilisation
 - legitimate behaviour

3.3 Market Manipulation

On completion, the candidate should:

- 3.3.1 know the four forms of market manipulation:
- manipulating transactions
 - manipulating devices
 - dissemination
 - benchmark manipulation

3.3.2 know:

- legitimate behaviour
- the concept of accepted market practices
- the obligation on Persons discharging managerial responsibilities

3.3.3 understand the obligations relating to the provision of investment recommendations

3.4 Money Laundering and Financial Crime

On completion, the candidate should:

3.4.1 know the terms:

- money laundering
- criminal property

3.4.2 know the three stages of money laundering

3.4.3 understand the main offences set out in the Proceeds of Crime Act 2002 (POCA)

3.4.4 know due diligence measures designed to prevent money laundering and/or terrorist financing

- Joint Money Laundering Steering Group (JMLSG) guidance
- credit reference agencies

3.4.5 know the role of the Money Laundering Reporting Officer and/or Nominated Officer

3.4.6 know the duty to report suspicious activities

3.5 Record Keeping Requirements

On completion, the candidate should:

3.5.1 know record keeping requirements in relation to:

- Anti – Money Laundering (AML)
- Combating the Financing of Terrorism (CFT)

3.6 Bribery and Corruption

On completion, the candidate should:

- 3.6.1 know the main purpose of the Bribery Act 2010 and the categories of offences covered in Sections 1 - 7 Bribery Act 2010

3.7 Fraud and Economic crime

On completion, the candidate will be able to:

- 3.7.1 know responsibilities in relation to the prevention of fraud and economic crime

3.8 Disclosure and Transparency rules

On completion, the candidate should:

- 3.8.1 know the main concepts, legal requirements and regulations relating to disclosure and transparency rules as they relate to:
- disclosure and control of inside information by issuers
 - transactions by persons discharging managerial responsibilities and their connected persons
 - share dealing by directors and other persons discharging managerial responsibilities, including closed periods; chairman's approval; no short-term dealing Anti Money Laundering

Element 4 Complaints and Redress

4.1 Consumer rights

On completion, the candidate should:

- 4.1.1 know relevant aspects of the Consumer Rights Act 2015 (CRA)
- 4.1.2 know the:
- purpose and requirements of the cancellation and withdrawal rights
 - application of reflection periods

4.2 Customer Complaints

On completion, the candidate should:

- 4.2.1 know the criteria for a complainant to be eligible to lodge a complaint
- 4.2.2 know the procedures a firm must implement and follow to handle customer complaints
- 4.2.3 know the role of the Financial Ombudsman Scheme (FOS)
- 4.2.4 know the role of the Financial Services Compensation Scheme (FSCS)

4.3 Data Protection Act 2018 (DPA)

On completion, the candidate should:

- 4.3.1 know the six principles of the Data Protection Act 2018
- 4.3.2 know the rights of individuals in respect of the collection and use of their personal data
- 4.3.3 know the breach notification and reporting requirements

4.4 Whistleblowing

On completion, the candidate should:

- 4.4.1 know the legal and regulatory basis for whistleblowing

Further Reference

While a thorough understanding of the training materials will be sufficient to pass the examination, candidates may wish to read beyond these materials to gain a better grasp of the sector in which they have chosen to work. Candidates might find the following websites of interest for this purpose.

Financial Ombudsman Service at financial-ombudsman.org.uk

Financial Services Compensation Scheme at fscs.org.uk

The Office of Public Sector Information at legislation.gov.uk

(source legislation is available on this site)

HM Treasury at hm-treasury.gov.uk

Joint Money Laundering Steering Group guidance at jmlsg.org.uk

Information Commissioner's Office at ico.org.uk

Financial Conduct Authority at fca.org.uk

Bank of England at bankofengland.co.uk

PRA Rulebook at prerulebook.co.uk

FCA Handbook at handbook.fca.org.uk