

ICA Specialist Certificate in Conduct Risk syllabus

Unit 1: Understanding Conduct Risk

Section 1: How has the conduct agenda developed?

- Global definitions and experiences
- Regulation examples
- Regulatory evolution
- Other drivers of development
- What does good conduct look like?
 - Governance
 - Conduct risk frameworks
 - Horizon scanning and gap analysis

Section 2: Core components of conduct and conduct risk

- Customer focus and outcomes
- The right culture
- Leadership and management
- Systems and controls
- Evidence and management information
- Risk management and appetite

Section 3: The GRC Context

- What does GRC mean in practice?
- Regulatory enforcement actions

Unit 2: What does good conduct look like?

Section 1: Definitions of company, customer and market conduct

Section 2: Company Conduct

- How to understand your firm's approach to conduct
- Understanding your firm's definition of conduct risk
- Risk appetite
- Benefits of good conduct
 - Commercial benefits
 - Reputation
 - Within the wider community and society
- Strong leadership
- Transparency with customers
- Proactive service and customer centricity
- The conduct framework
- Knowing the responsibilities and accountabilities

- The roles of the Board, management and HR
- Making judgements on conduct risks
 - When to challenge decisions
 - When to escalate risks
 - Doing the right thing
- Integrity – behaviour or a regulatory requirement?
 - Ethical conduct
 - Why is it important?
 - Who cares about ethics and integrity?

Section 3: Customer conduct

- Meeting customer objectives
- Products and pricing
- Trustworthiness
- Protecting client assets
- Fairness and Treating Customer Fairly outcomes
- Products and promotions
- Sales processes
- After-sales service and support
- Consumer benefits

Section 4: Market conduct

- Regulatory objectives
- Market conduct – a regulatory objective?
 - Transparency
 - Fairness
 - Integrity
- Market confidence, and the credit crisis as a driver of good conduct
- Trust and reputation
- Indicators of good market conduct
 - Strong leadership
 - Sound commercial performance
 - Positive relationships

Unit 3: The impacts of poor conduct

Section 1: For a company

- Silos
- Attitudes to regulation
- Relationship with regulators
- The LIBOR and FOREX manipulation scandals
- The role of the conduct risk manager

Section 2: For customers

- Approach to responsibilities imposed by regulation
- Lack of transparency and disclosure with customers
- Lack of customer centricity
- Failure to meet customer outcomes

Section 3: For the market

- Damage to market integrity
- Lower levels of investment
- Less liquidity in markets
- Ineffective competition and poor customer retention
- Poor reputation
- Attitudes to regulation and regulatory arbitrage
- Industry relationships with regulators

Section 4: Non-financial misconduct

- The increased focus on non-financial misconduct
- Associated risks
- Achievable solutions

Unit 4: Conduct Risk in practice

Section 1: The UK Senior Managers and Certification Regime (SM&CR)

Section 2: The EU Guidelines on Internal Governance – EBA-GL-2017-11 (EU GL11)

Section 3: Investor protection and the conduct of business in the EU: The Markets in Financial Instruments Directive (MiFID II)

Section 4: EU Directive 2016/97: The Insurance Distribution Directive (IDD)

Section 5: Handling complaints

Section 6: The EU General Data Protection Regulation (GDPR)

Section 7: Customer vulnerability