

firm is unable to resolve to the satisfaction of the complainant within the timescales outlined above. Authorised firms are automatically subject to the compulsory jurisdiction.

2. Its **voluntary jurisdiction (VJ)** covers complaints which are not within the CJ. Businesses can opt into the VJ by entering into a contractual arrangement with the FOS. In doing so, they become 'VJ participants'. The FCA has stated that certain complaints which do not fall within the compulsory jurisdiction can be considered under the VJ.

2.3 FOS Awards

The FOS can require the firm to pay monetary award as a result of a complaint. Any monetary award against the firm will be an amount which the FOS considers to be fair compensation. In 2018, the FCA consulted on proposals to increase the amount of compensation that the FOS can award to eligible complainants and, as a result, the amount of compensation available under the FOS increased, with effect from 1 April 2019. Consequently, the amount of compensation a complainant may be eligible to receive will depend on whether the underlying act or omission that led to the complaint occurred on or after 1 April 2019. The amounts of compensation the FOS can award to a complainant are as follows:

- **£375,000** for complaints referred to the FOS on, or after, 1 April 2022 about firms' acts or omissions on or after 1 April 2019.
- **£355,000** for complaints about firms' acts or omissions between 1 April 2020 and 31 March 2022, on or after 1 April 2019.
- **£170,000** for complaints about acts or omissions by firms before 1 April 2019, and which are referred to the service after 1 April 2022
- **£160,000** for complaints about firms' acts or omissions prior to 1 April 2019, and which are referred to the service after 1 April 2020 but before 1 April 2022

The key is that the limits refer to when the event being complained about actually happened as well as when it was brought before the FOS.

Future limits will be adjusted in line with inflation. Therefore, from 1 April 2020 onwards, both award limits will be automatically adjusted on 1 April using the consumer price index (CPI) for the preceding January. The inflation adjusted limit will be rounded down to the nearest £5,000.

In calculating the maximum award, the FOS excludes interest on the award, costs which were reasonably incurred by the complainant in respect of the complaint, and interest on costs.

When the FOS has adjudicated on the complaint, it will write to the complainant asking for confirmation as to whether the complainant accepts or rejects the decision. If the decision is accepted, it is final and binding on both parties.

22. Which of the following is an offence under POCA 2002?
- A. Committing the criminal offence of handling stolen goods
 - B. Acquiring, use or possession of property without knowledge of criminal activities
 - C. Conspiring to commit insider dealing
 - D. An individual working for UK regulated entity reported their suspicion to the firms MLRO
23. One of the two broad reasons for the JMLSG customer due diligence requirements is to help the firm be satisfied that the customer is who the firm say they are and there are no legal reasons preventing the relationship; the other reason is to:
- A. identify the customer or beneficial owner
 - B. obtain verification of the beneficial owner and conduct additional checks
 - C. assist law enforcement
 - D. obtain information about the intended nature of the business relationship
24. Which tier imposed by the Information Commissioner's Office (ICO) is correct for the higher maximum penalty?
- A. £3.8 million or 4%
 - B. £5.2 million or 2%
 - C. £8.7 million or 2%
 - D. £17.5 million or 4%
25. If a firm is carrying on activity on an eligible counterparty basis, which of the following rules applies to them?
- A. Best execution
 - B. Client order handling
 - C. Conflicts of interest
 - D. Client agreements
26. Under the Conduct of Business Sourcebook (COBS) rules, which financial promotions communicated by their appointed representatives are firms responsible for?
- A. Only those promoting MiFID financial instruments
 - B. Those which are published in the consumer press
 - C. Those which relate to high-risk investments
 - D. All types of financial promotions

Q16. Answer: A Ref: Chapter 3, Section 2.4.2

Debt securities are caught under the insider dealing legislation; however, the other three options are not.

Q17. Answer: A Ref: Chapter 3, Section 2.1

Units in collective investment schemes and loans are not securities for the purpose of insider dealing legislation.

Q18. Answer: C Ref: Chapter 3, Section 2.6.1

One of the special defences is where a market maker acts in good faith carrying out its roles as a market maker. The other three options are all general defences under the CJA.

Q19. Answer: B Ref: Chapter 3, Section 2.4.1

Someone commits the offence of insider dealing if they encourage someone else to deal in price-affected securities when in possession of inside information.

Q20. Answer: B Ref: Chapter 3, Section 2.1.3

Market abuse behaviours are normally behaviours which are likely to give a false or misleading impression of the supply, demand or value of the investments concerned.

Q21. Answer: D Ref: Chapter 3, Section 4.1

Option D is correct. Guidance provided by the JMLSG is not approved by the FCA or the PRSA. The JMLSG guidance is not mandatory; it is industry guidance provided on best practices within the financial services sector.

Q22. Answer: A Ref: Chapter 3, Section 4.3.2

Option A is correct as the individual knew that they were handling stolen property, derived from criminal activity – they would be guilty of Section 328 of POCA (Arrangements).

Q23. Answer: C Ref: Chapter 3, Section 4.4.3

C is the correct answer as it is one of the two broad reasons. The other answers are the three aspects to CDD at the outset of a new business relationship.

Q24. Answer: D Ref: Chapter 3, Section 9.1.1

There are two tiers of penalty that the ICO can impose – the higher maximum penalty and the standard maximum:

- The higher maximum amount is £17.5 million or 4% of the total annual worldwide turnover in the preceding financial year, whichever is higher. In practice, the higher maximum amount can apply to any failure to comply with any of the data protection principles, any rights an individual may have or in relation to any transfers of data to third countries.
- The standard maximum may be applied where there are infringements of other provisions, such as administrative requirements of the legislation. The standard maximum is £8.7 million or 2% of the total annual worldwide turnover in the preceding year, whichever is higher.