ABE Level 5 Diploma in Applied Financial

Qualification Specification

Version 1.1

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Contents

About ABE

Recognition

ABE qualifications are designated higher education qualifications. They are aligned to the Framework for Higher Education Qualifications (FHEQ) in England, Wales and Northern Ireland, and Quality Assurance Agency (QAA) Subject Benchmark Statements. These qualifications are part of the UK Regulated Qualifications Framework (RQF).

ABE is fully regulated by Ofqual, the British Government's qualifications regulator for England. In addition to Ofqual, we have agreements or recognition by regulatory authorities in many other countries where we operate.

ABE diplomas

Our diplomas are management focused and blend common units with more specialist subject areas, enabling you to develop expertise in particular disciplines as well as a strong understanding of business management and finance trading in general. This, together with our qualifications' focus on developing practical workplace skills alongside academic expertise, is a winning combination for ABE graduates.

ABE diplomas are valued internationally because they are:

Professional	Our qualifications are designed to give you the skills you need to excel in a managerial career.
Affordable	ABE is a not-for-profit organisation; as such we endeavour to keep costs to a minimum. Our fast track routes to degrees are often much less expensive than traditional routes.
Recognised	In addition to respected regulatory authorities, our qualifications are recognised by colleges, universities, employers and governments around the world.
Supported	As an ABE member, you can access a wealth of resources designed to support your studies, and enhance your learning experience.
International	For more than 45 years, learners around the world have been benefitting from ABE qualifications.
Proven	Our alumni speak for themselves – see their testimonials on our website. They work in a diverse range of industries and organisations. Many are in top jobs or running their own successful enterprises.
Flexible	You can study full time or part time at a pace that suits you.
A great route to university	ABE's diplomas have credits which are accepted by universities around the world. Holders of ABE diplomas can fast track onto a degree course, meaning the cost of your education is dramatically reduced.

Why study with ABE

ABE has an outstanding history and an excellent global reputation. Our qualifications are designed to give you the best chance of achieving your full potential in your chosen career. There is a world of opportunity waiting for you, and ABE can help you seize that opportunity and succeed.
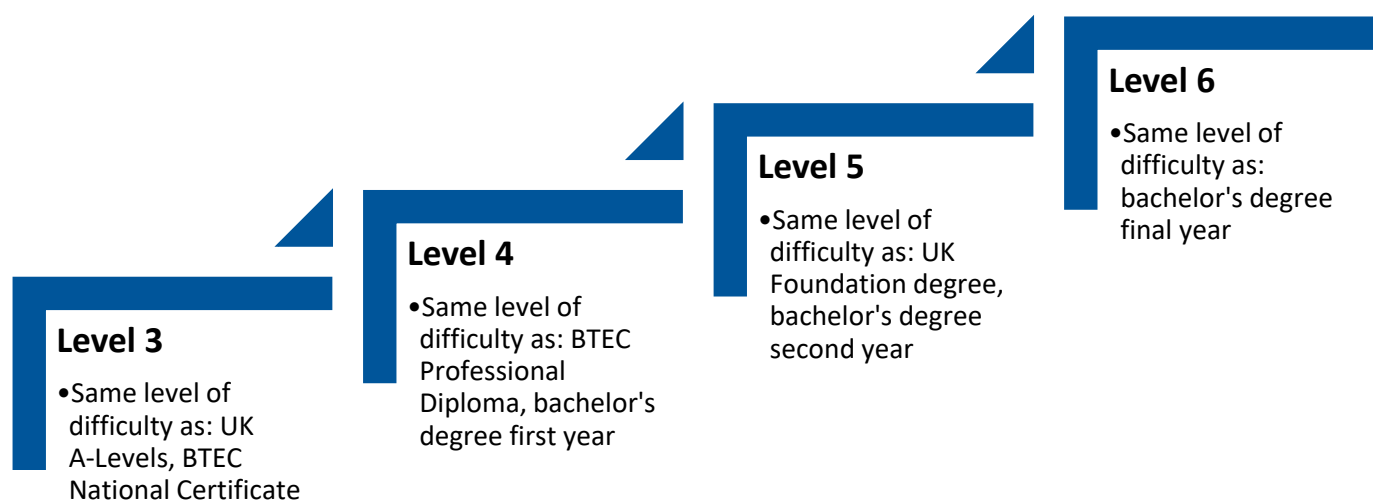
The content and format of our qualifications are the outcome of extensive research which explored the skills employees need to possess in order for businesses to succeed. Our findings highlighted that organisations require staff with a set of strong core business skills that can be flexible and adapted to diverse environments.

This research, along with consultation with employers and subject experts, has provided the backdrop for ABE's outstanding portfolio. Our qualifications are designed to adapt and develop in line with the needs and demands of employers now and in the future.

Whether you dream of becoming a trader, getting a great job, being promoted to senior management, or if you are already in a leadership role and want to enhance your professional skill set, an ABE qualification will help you turn your plans into reality.

About your qualification

ABE is regulated by Ofqual which assesses qualifications by difficulty level. Qualifications at the same level are broadly similar in the knowledge and depth of understanding required to pass them, but the size and the content of qualifications at the same level can vary. The diagram below shows how the levels progress.

Level 3
- Same level of difficulty as: UK A-Levels, BTEC National Certificate

Level 4
- Same level of difficulty as: BTEC Professional Diploma, bachelor's degree first year

Level 5
- Same level of difficulty as: UK Foundation degree, bachelor's degree second year

Level 6
- Same level of difficulty as: bachelor's degree final year

ABE Level 5 Diploma in Applied Financial Trading

Qualification purpose

The purpose of **ABE's Level 5 Diploma in Applied Financial Trading** is to provide learners with a comprehensive understanding of how different trading techniques are used in real life situations by financial market professionals. Teaching is delivered through academic lectures, live webinars, individual interaction with tutors and mentored practical sessions. The course requires little or no previous knowledge of trading, although learners with some experience should find this course particularly beneficial. This course is unique in the practical application delivered and assessed in unit 3, to enrol on this qualification learners will have to do so through our accredited partner London Academy of Trading (LAT), see the link on the web page.

The course comprises three units,

- **Unit 1 - Concepts of Financial Market Trading** (15 Credit Value)
- **Unit 2 – Theory of Financial Market Trading** (15 Credit Value)
- **Unit 3 – Practical Financial Trading Techniques** (15 Credit value)

Objectives of the ABE's Level 5 qualification in Applied Financial Trading

The objectives of the ABE Level 5 qualification in Applied Financial Trading are as follows:

To equip learners with trading skills, knowledge and the understanding necessary to achieve high performance in the global business environment.

To provide education and training for a range of careers in financial trading.

To provide insight and understanding into international business operations and the opportunities and challenges presented by a globalised marketplace.

To provide opportunities for learners to enter or progress in employment in business, or progress to higher education qualifications.

To provide opportunities for learners to develop the skills, techniques and personal attributes to enable them to understand financial market trading.

To provide opportunities for those learners with a global outlook to aspire to international career pathways.

To provide opportunities for learners to achieve an internationally recognised professional qualification.

To offer learners the chance of career progression in their chosen field.

To allow flexibility of study and to meet local or specialist needs.

Who it is for?

The **Level 5 Diploma in Applied Financial Trading** is for learners aged 16 and above, who are capable of reaching the standards required to study at Level 5 (please see our 'Entry guidance' section for more details).

More specifically, the qualification has been designed for individuals looking to:

- Understand more about financial markets and trading.
- Start a career (or looking for a career change) as a Trader, Sales Trader, Research Analyst or Administrator within a bank or other financial institution.
- Trade their own funds around a full-time or part-time job or trade other people's money as a Fund Manager.

Entry guidance

The entry requirements to study the **Level 5 Diploma in Applied Financial Trading**; are outlined below.

Standard entry requirements:

- At least one Level 3 qualification
- IELTS – 5.5
- Cambridge ESOL – Cambridge English Advanced (point score 169 or above)
- Pearson Test of English Academic (PTE Academic) – 56
- Common European Framework of Reference (CEFR) – B2
- Completed application form
- Personal statement
- Copy of Passport

Structure

The **Level 5 Diploma in Applied Financial Trading** consists of **three units**. You must achieve a minimum of a Pass in all 3 units in order to be awarded the qualification.

The Total Qualification Time (TQT) is **450 hours** and the Diploma is worth **45 credits**.

603/3627/4	ABE Level 5 Diploma in Applied Financial Trading						
Unit type	**Unit Number**	**Unit Title**	**Level**	**GLH**	**TQT**	**Credits**	**Assessment Method**
Mandatory	R/617/2398	Concepts of Financial Market Trading	5	40	150	15	Assignment
Mandatory	D/617/2419	Theory of Financial Market Trading	5	40	150	15	Assignment
Mandatory	R/617/2420	Practical Financial Trading Techniques	5	40	150	15	Assignment
Total				**120**	**450**	**45**	

Progression

The **Level 5 Diploma in Applied Financial Trading** is worth 45 credits, which may be used against bachelor degree units from other UK universities, but only in the case that the relevant degree-awarding university has completed their due diligence and has authorised such off-setting of credits.

QAA benchmarking

One of the key design principles of ABE's new qualifications is to enable progression to higher education university programmes. As well as ensuring that each qualification level offers the appropriate credit values for progression, we have also benchmarked the qualifications against the QAA Framework. The QAA Framework applies to all degree-awarding organisations, such as universities, in England, Wales, Northern Island and Scotland. The framework describes the achievement represented by higher education qualifications.

The purpose of benchmarking ABE's qualifications to the QAA Framework is to show how well ABE's qualifications map to those qualifications offered at Degree-Awarding Organisations and should support those wishing to progress to a degree programme.

In addition to this, the mapping also clearly shows which of the business management skills, generic skills and attributes expected to be covered in degree programmes are also covered in ABE's qualifications, highlighting the relevant workplace skills and competencies that you will develop through studying an ABE qualification.

Credits and Learning Hours

Total Qualification Time

As part of its Ofqual regulation, ABE allocates a Total Qualification Time (TQT) to each of its qualifications. TQT is the estimated total number of hours that learners will need in order to complete and achieve the qualification.

Examples of activities which can contribute to Total Qualification Time include:

- Guided Learning
- Independent and unsupervised research/learning
- Unsupervised compilation of a portfolio of work experience
- Unsupervised e-learning
- Unsupervised e-assessment
- Unsupervised coursework
- Watching a pre-recorded podcast or webinar
- Unsupervised work-based learning

Within the TQT value of each qualification, we also define the Guided Learning Hours (GLH). The GLH is the estimated total number of hours for centres to deliver a qualification to their learners. The GLH covers any activities completed under direct instruction or supervision of a lecturer/teacher/tutor etc.

For example, classroom learning supervised by a teacher, live webinars or telephone tutorials, individual mentoring, e-learning supervised by a teacher in 'real time' and all forms of assessment which take place under the immediate guidance or supervision of a lecturer/teacher/tutor.

Guided Learning includes any supervised assessment activity; this includes assignments observed work-based practice.

The **Level 5 Diploma in Applied Financial Trading** has a value of **45 credits**.

Studying the Level 5 Diploma in Applied Financial Trading

To study for a **Level 5 Diploma in Applied Financial Trading**, you need to be registered with an accredited provider.

When studying for your diploma qualification, your study methods can include: -

- Classroom delivery (face-to-face teaching)

- Mentoring and coaching from tutors or trading mentors (face-to-face and/or remotely)

- E-learning (e.g. video lectures, reference manuals, etc.)

- Formative assessments

- Live daily interactive webinars

- Assessment support for assignment writing and revision sessions

- Resources are listed within this specification too

Assessment

The Diploma assessments are specifically designed to fit the purpose and objectives of the qualification. The **Level 5 Diploma in Applied Financial Trading** is assessed through a combination of three assignments.

Unit 1 Concepts of Financial Market Trading   **(30% Weighting)**

Unit 2 Theory of Financial Market Trading   **(30% Weighting)**

Unit 3 Practical Financial Trading Techniques   **(40% Weighting)**

Grading

In order to achieve the **Level 5 Diploma in Applied Financial Trading** qualification, you must demonstrate sufficient depth of study and acquisition of knowledge and skills. You will need to demonstrate your achievement through set assignments. On completion of your assessments, you will be awarded an overall qualification grade based on your performance across all of your unit assessments.

<table>
<tr><td colspan="1">**The following qualification grades are available:**</td><td colspan="2">**Units will be assessed using the following grading scale:**</td></tr>
</table>

Grade		Grade	Boundary
Fail		Fail	0 – 49%
Pass		Pass	50-64%
Merit		Merit	65- 79%
Distinction		Distinction	80- 100%

Learners are required to pass all three units individually in order to be awarded the Diploma qualification.

Grade descriptors

Grade descriptors will be used to make judgements on grade boundaries. These descriptors will also help learners to understand what is expected in order to achieve each grade.

For **distinction** standard, learners will produce relevant evidence of how fundamental and technical analysis can be applied to real-time financial markets as part of a successful trading strategy. Assignments will be professionally presented, logically structured, and will use correct financial terminology. Assignments will be accurate and will provide the required information to a very high standard. The practical trading performance will be disciplined, with all trade details recorded, demonstrating excellent adherence to trading rules and risk management parameters. The final assignment will be clear, concise, well-illustrated with example charts and trades and will present the learner's trading performance statistics in diagrammatic form in great detail. It will be suitable for the given audience.

For **merit** standard, learners will demonstrate a good understanding of how financial markets function and how fundamental and technical analysis can be applied to create a successful trading strategy. Assignments will be well presented and will provide the required information using good-quality written language. The practical trading performance will be disciplined, with trade details recorded, demonstrating good adherence to trading rules and risk management parameters. The final assignment will be clear and concise, with good explanations and will present the learner's trading performance statistics in diagrammatic form in detail. It will be suitable for the given audience.

For the **pass** standard, learners will adequately answer the required questions, explaining how fundamental and technical analysis can be applied to create trading strategies. Assignments will provide the requisite information using good-quality written language. The assignments will provide sufficient information using good written language. The practical trading performance will have most trade details recorded, demonstrating adherence to trading rules and risk management parameters. The final assignment will outline the learner's trading strategy, experiences and performance statistics in diagrammatic form. It will be suitable for the given audience.

Unit Specifications

In the second section of this document, you will find the Unit Specification for the three units included in the **Level 5 Diploma in Applied Financial Trading**.

The Unit Specification contains all the information you need to know about a particular unit, including the Credit value, Total Qualification Time, Guided Learning Hours and the Unit Syllabus details. You should use the Unit Specification to see what you will be expected to learn and what you will be expected to demonstrate in your assessments.

Here are some key terms to help you read and use the Unit Specifications:

Qualification	The qualification is the outcome of your studies and assessment and represents your achievement.
Unit	A unit is a component of the overall qualification, focusing on a particular topic or area of study relevant to the qualification. This Diploma comprises three units, Concepts of Financial Market Trading, Theory of Financial Market Trading and Practical Financial Trading Techniques.
Total Qualification Time (TQT)	TQT is the number of hours which represents the total amount of time that a typical learner would take to complete the qualification. TQT is GLH plus an unsupervised learning and assessment time.
Guided Learning Hours (GLH)	GLH is an element of the TQT and is an estimate of the number of hours during which the learner is given specific guidance by their tutor towards the achievement of the qualification, for example, face-to-face teaching, e-learning, mentoring, live webinars, etc.
Element	An element represents a segment of learning within the unit. Each individual element has its own rationale and content.
Learning outcomes	The learning outcome lays down the expectations of the learner and defines the knowledge, understanding and/or skills they will acquire on completion of the Unit.
Assessment criteria	The assessment criteria define what a learner must know, understand or be able to do in order to prove that they can achieve the Learning Outcome.
Indicative content	The indicative content is the scope of knowledge required in order to fulfil the assessment requirements and achieve the learning outcome; it also outlines the technical components of the programme.
Weighting	The way in which a section of the content is emphasised in terms of teaching, learner effort, and the percentage contribution to the overall assessment marks.

Unit 1: Concepts of Financial Market Trading

Assessment Method: Assignment

Unit Type	Mandatory
Level	5
Credits	15
GLH	40
TQT	150

The Total Qualification Time for this unit is 150 hours and includes 40 hours GLH, plus the additional non-guided time of 110.

In terms of marks for assessments, this unit provides a 30% weighting towards the overall Diploma marks.

What you'll learn

The table below shows the learning outcomes of this unit (what you will be able to do or what you will know), along with the assessment criteria (what you will be able to do to demonstrate achievement of the learning outcome).

Learning Outcomes *The learner will:*	Assessment Criteria *The learner can:*
1. Assess the structure and trading mechanics of different financial asset classes	1.1 Examine the key principles for trading in Foreign Exchange markets 1.2 Assess the similarities and differences between the structure of the futures market and OTC markets 1.3 Explain the mechanics of options trading and how they are used for hedging or speculation 1.4 Evaluate the structure of the stock market, considering how, why and where stocks are traded 1.5 Examine the major commodity markets and assess their relationships with other global asset classes
2. Evaluate how fundamental, economic and political events influence financial markets	2.1 Examine the impact on global financial markets of the release of macroeconomic data 2.2 Discuss how political events impact financial market prices 2.3 Analyse the impact of economic cycles in different countries on the longer-term trends of asset prices 2.4 Evaluate how international trade balances and imbalances can cause financial markets to fluctuate

3. Analyse the risks associated with retail and institutional trading.	3.1 Examine the key principles and applications of Exchange Traded Funds, Contracts for Difference, spread betting and cash trade execution
	3.2 Analyse different types of investment risk and identify how risks may be mitigated

Capabilities

Alongside academic learning and development, this qualification has been designed to develop your practical skills and capabilities. These capabilities are highlighted as certain values, knowledge, skills, and behaviours that will help you in your professional development.

Below is an overview of the behaviours, skills, and attitudes that you will develop through this unit:

Element of learning	Key capabilities developed
Element 1 - The structure of financial markets	Ability to discuss the different financial investment vehicles available and how they are traded
	Ability to differentiate between different financial institutions and their functions within the financial markets
	Analysis, understanding
Element 2 – Analysis of fundamental and political news	Ability to conduct an analysis of real-time fundamental and political news within a global environment
	Ability to relate fundamental news and data to volatility and trends in financial markets
	Ability to assess the long-term and short-term effects of macroeconomic data announcements
	Analysis, judgement, decision-making

Indicative Content

1. Assess the structure and trading mechanics of different financial asset classes

1.1 Examine the key principles for trading in Foreign Exchange markets

- The size of the FX market and the breakdown of activity across different financial centres
- The major participants in the FX market and their function within the industry

1.2 Assess the similarities and differences between the structure of the futures market and OTC markets

- Futures and OTC marks structure and the key differences
- Exchange traded markets and how they differ from over-the-counter markets
- Specific futures exchanges and what assets can be traded
- Advantages of trading futures for speculation

1.3 Explain the mechanics of options trading and how they are used for hedging or speculation

- Payoff diagrams for basic vanilla options (puts and calls)
- Reasons for trading options
- Options pricing and the factors that affect the options price

1.4 Evaluate the structure of the stock market, considering how, why and where stocks are traded.

- Understanding the purpose of stocks and shares
- Participants in the stock market and their purposes for doing so
- Stock index construction and trading

1.5 Examine the major commodity markets and assess their relationships with other global asset classes

- Analysis of key commodity markets
- Fundamental factors influencing the price of commodities
- Gold trading and its relationship with currencies and stock markets
- Oil trading and comparisons between WTI and Brent Crude

2. Evaluate how fundamental, economic and political events influence financial markets

2.1 Examine the impact on global financial markets of the release of macroeconomic data.

- Analysis of economic calendars
- Individual macroeconomic data items and their effect on financial market prices
- Evaluation of major macroeconomic events

2.2 Discuss how political events impact financial market prices

- Short, medium and long-term stock market reactions to major political events
- Recent and future political events and their (predicted) effects on financial markets

2.3   Analyse the impact of economic cycles in different countries on the longer-term trends of asset prices

- Combining a series of macroeconomic data to identify economic trends
- The major factors determining the strength or weakness of individual countries' economies
- The effects of economic cycles on national and international financial markets

2.4   Evaluate how international trade balances and imbalances can cause financial markets to fluctuate

- Analysis of trade surplus and deficits
- The effect of trade imbalances on different countries' economies
- The internal and external impact of balance of trade on financial markets and currencies

3.   Analyse the risks associated with retail and institutional trading.

3.1   Examine the key principles and applications of Exchange Traded Funds, Contracts for Difference, spread betting and cash trade execution.

- The difference between institutional and retail trading
- The investment vehicles available for retail traders
- Advantages and disadvantages of using different trading platforms

3.2   Analyse different types of investment risk and identify how risks may be mitigated

- Reasons that investments may not perform as expected
- The meanings of specific different types of investment risk
- Techniques to avoid assuming unnecessary investment risk

Delivery Programme - Concepts of Financial Market Trading

Learning will explore the structure of financial markets and the different asset classes traded across the globe. Different types of analysis will be explained and discussed, including fundamental, technical and behavioural analysis, as well as risk management. Fundamental news and political events are the cause of most significant market moves, so macroeconomic events and their significance will be discussed on an unfolding and real-time basis. There will also be a strong emphasis given to different types of investment risk and how these different types of risk can be mitigated.

TQT will be made up of further reading of reference manuals (provided), market commentaries and recommended reading materials, plus daily market analysis of fundamental, macroeconomic and political news (online), plus the assignment.

The TQT for this unit is 150 hours and includes the 40 hours GLH, plus the additional non-guided time of 35 hours for LO1, 50 hours for LO2, and 25 hours for LO3

Unit 1	GLH	TQT	Weighting
LO1	5	40	30%
LO2	20	70	40%
LO3	15	40	30%
Total	40	150	

Assignment	Assessment Criteria Covered	Weighting
Assignment	1.1, 1.2, 1.3, 1.4, 1.5 ,2.1, 2.2, 2.3, 2.4, 3.1 & 3.2	100%

Unit 2: Theory of Financial Market Trading

Assessment Method: Assessment

Unit Type	Mandatory
Level	5
Credits	15
GLH	40
TQT	150

TQT will be made up of further reading of reference manuals (provided), market commentaries and recommended reading materials, plus daily market analysis of fundamental, macroeconomic and political news (online), plus coursework and an assessed assignment.

The TQT for this unit is 150 hours and includes 40 hours GLH, plus the additional non-guided time of 110.

In terms of marks for assessments, this unit provides a 30% weighting towards the overall Diploma marks.

What you'll learn

The table below shows the learning outcomes of this unit (what you will be able to do or what you will know), along with the assessment criteria (what you will be able to do to demonstrate achievement of the learning outcome).

Learning Outcomes *The learner will:*	Assessment Criteria *The learner can:*
1. Assess how asset prices and trading performance can be affected by crowd behaviour and human psychology	1.1 Assess the effects of human psychological biases on trading behaviour 1.2 Analyse the causes and effects of overconfidence in traders and explain the potential solutions 1.3 Justify processes used by traders to avoid the derogatory effects of natural psychological biases
2. Examine how chart analysis is used to forecast financial market price behaviour	2.1 Analyse the tenets of Dow Theory 2.2 Explain the causes and effects of a typical Bull-Bear market cycle 2.3 Assess the significance of support & resistance levels and trends in the supply and demand for different assets. 2.4 Evaluate the construction of Japanese Candlestick patterns and study the effects of these patterns on future price behaviour 2.5 Justify the application of Fibonacci retracements in financial market trading 2.6 Justify how price patterns can be identified and used to predict future price targets

3. Explain how technical analysis strategies can be used to identify trading opportunities	3.1 Examine how moving averages are utilised to identify trends and generate trading signals
	3.2 Evaluate how price momentum and volume can be used in anticipating price behaviour
	3.3 Analyse specific trading strategies to illustrate the S-T-E-M trading approach

Capabilities

Alongside academic learning and development, this qualification has been designed to develop your practical skills and capabilities. These capabilities are highlighted as certain values, knowledge, skills, and behaviours that will help you in your professional development.

Below is an overview of the behaviours, skills, and attitudes that you will develop through this unit:

Element of learning	Key capabilities developed
Element 1 - The effect of human behaviour in financial markets	Ability to assess the effects of typical crowd behaviour on the prices of financial assets
	Ability to analyse personal psychology and its effects on trading decisions *Analysis, judgement, decision-making*
Element 2 – Analysis of price action of financial assets	Ability to identify price trends and levels of investor supply and demand
	Ability to assess price momentum and identify potential trend reversals
	Ability to identify price patterns and predict future price performance *Analysis, judgement, technical skills*

Indicative Content

1. Assess how asset prices and trading performance can be affected by crowd behaviour and human psychology

1.1 Assess the effects of human psychological biases on trading behaviour

- The psychological reasons for traders to be reluctant to cut losses
- Loss aversion and Snake Bite Effect
- The psychological reasons for traders to take profits too early
- Lack of confidence in analysis and fear of losing the cause of hope that a losing trade will recover
- Fear that a winning trade will reverse and fail
- Trading to avenge an earlier loss

1.2 Analyse the causes and effects of overconfidence in traders and explain the potential solutions

- The reasons for traders to become overconfident
- Identifying behaviours which illustrate states of overconfidence
- Processes to adopt as solutions to avoid trading with overconfidence
- Recognising the difference between information and knowledge

1.3 Justify processes used by traders to avoid the derogatory effects of natural psychological biases

- The need for accurate analysis of information to increase understanding
- The process of relating knowledge and understanding to physical control in trading
- Techniques to mitigate overconfidence when trading
- Rules and processes to circumvent the effects of hope and fear within the trading process

2. Examine how chart analysis is used to forecast financial market price behaviour

2.1 Analyse the tenets of Dow Theory

- The six tenets of Dow Theory and the application of these tenets in present-day markets
- The links between Dow Theory and the Bull-Bear stock market cycle

2.2 Explain the causes and effects of a typical Bull-Bear market cycle

- Understanding the psychology behind long-term stock market cycles
- Relating stock market performance to economic activity
- Analysis of the behaviours of professional and retail investors

2.3 Assess the significance of support & resistance levels and trend lines in the supply and demand for different assets

- The definition of support and resistance and their relationship with investor supply and demand
- The definition of trends and trend lines and how they can be used by traders
- Analysis of the relevance of price levels and when they can be discarded
- Identification of when levels are breached

2.4 Analyse the construction of Japanese Candlestick patterns and study the effects of these patterns on future price behaviour

- The construction and significant features of Japanese candlestick charts
- Specific candlestick patterns for continuation or reversal of trends
- Identification of trigger points for trading candlestick patterns

2.5 Justify the application of Fibonacci retracements in financial market trading

- Understanding when and how to draw Fibonacci retracements
- Using retracements to identify buying and selling zones
- Projecting potential price targets using Fibonacci extensions

2.6 Justify how price patterns can be used to predict future price targets

- Understanding the psychology behind recognisable price patterns
- Recognising price patterns to continue or reverse existing trends
- Using minimum price objectives generated from pattern breakouts

3. Explain how technical analysis strategies can be used to identify trading opportunities

3.1 Examine how moving averages are utilised to identify trends and generate trading signals

- Benefits and drawbacks of moving averages and associated solutions
- Applications of moving average trading systems

3.2 Analyse how price momentum and volume can assist in anticipating price behaviour

- Different momentum indicators and their formulae
- How momentum and volume indicators can be used to confirm other technical studies
- Trading strategies based on momentum, Bollinger Bands and volume indicators

3.3 Analyse specific trading strategies to illustrate the S-T-E-M trading approach

- Pivot Point trading strategies
- ADX, DMI and the Holy Grail trading strategy
- Using the Ichimoku chart trading system
- Using Wilder's Parabolic SAR to identify stop levels

Delivery Programme: Theory of Financial Market Trading

This unit covers different types of analysis , including technical and behavioural analysis. Technical analysis is a major driver of financial markets, so this unit will provide detailed explanations of technical analysis tools and will explain how these indicators can be combined to build robust and profitable trading strategies. There is also a strong emphasis given to trading psychology and how the natural human emotions of hope, fear, greed and over-confidence can adversely affect trading decisions.

TQT is made up of further reading of reference manuals,market commentaries and recommended reading materials, plus daily market analysis of real-time charts, and completion of the assignment.

The TQT for this unit is 150 hours and includes 40 hours GLH, plus the additional non-guided time of 110

In terms of marks for assessments, this unit provides a 30% weighting towards the overall Diploma marks.

Unit 2	GLH	TQT	Weighting
LO1	10	40	30%
LO2	10	40	30%
LO3	20	70	40%
Total	40	150	

Assignment	Assessment Criteria Covered	Weighting
Assignment	1.1, 1.2, 1.3, ,2.1, 2.2, 2.3, 2.4, 2.5,3.1,3.2, & 3.3	100%

Unit 3: Practical Financial Trading Techniques

Assessment Method: Assignment covering trading period

Unit Type	Mandatory
Level	5
Credits	15
GLH	40
TQT	150

The Total Qualification Time for this unit is 150 hours and includes 40 hours GLH, plus the additional non-guided time of 110

In terms of marks for assessments, this unit provides a 40% weighting towards the overall Diploma marks.

What you'll learn

The table below shows the learning outcomes of this unit (what you will be able to do or what you will know), along with the assessment criteria (what you will be able to do to demonstrate achievement of the learning outcome).

Learning Outcomes *The learner will:*	Assessment Criteria *The learner can:*
1. Prove competent in using a trading platform to trade in real-time markets	1.1 Execute trades on a real-time trading platform 1.2 Identify how and where to set stop losses and profit targets to minimise risk and/or maximise profits 1.3 Demonstrate the application of trend lines and support/resistance lines to illustrate price patterns and forecast future price movements 1.4 Demonstrate how secondary indicators are applied and analysed to reinforce trading decisions
2. Develop a structured trading plan	2.1 Develop a structured trading process containing specific rules to define a valid trade set-up 2.2 Explain the events required to trigger each trading signal 2.3 Explain the process of utilising time and/or price filters to enable precise and consistent execution of each trade 2.4 Assess how trades are managed throughout their duration with relevant stop losses and targets
3. Apply a structured trading plan to financial assets using a real-time trading platform	3.1 Demonstrate the application of technical and/or fundamental analysis in real-time financial markets 3.2 Monitor and record all trade details

| | 3.3 Assess trading performance over a fixed trading period |
| | 3.4 Evaluate the strengths and weaknesses of your trading strategy and propose future enhancements and developments |

Capabilities

Alongside academic learning and development, this qualification has been designed to develop your practical skills and capabilities. These capabilities are highlighted as certain values, knowledge, skills, and behaviours that will help you in your professional development.

Below is an overview of the behaviours, skills, and attitudes that you will develop through this unit:

Element of learning	Key capabilities developed
Element 1 – Trading on a real-time platform	Ability to navigate the trading platform to perform required tasks Ability to draw lines and apply technical indicators to real-time price charts Ability to execute trades with relevant stop losses and target levels *Analysis, judgement, practical and technical skills*
Element 2 – Creating a structured trading plan	Ability to develop a robust and structured trade plan incorporating technical and/or fundamental analysis Ability to adapt your trade plan to enable consistent application in real-time financial markets *Analysis, understanding, judgement, economic awareness*
Element 3 - Personal development as a trader	Ability to take personal responsibility for trading decisions Ability to understand the consequences of political events and react to the resulting volatility in financial markets Ability to reflect on your trading performance and the psychological effects of your trading decisions, and analyse the impact of these decisions to identify your strengths and weaknesses *Personal responsibility, reflection, self-development, planning*

Indicative Content

1. Prove competent in using a trading platform to trade in real-time markets

1.1 Executing trades on a real-time trading platform

- Market orders, stop orders and entry orders
- Setting appropriate trade sizes
- Identify how to maintain psychological control and adhere to risk limits at all times

1.2 Identify how and where to set stop losses and profit targets to minimise risk and/or maximise profits

- Take profit orders that should be realistic and achievable
- Risk/reward ratios that should be acceptable
- Stop loss orders that should maintain risk within predefined limits

1.3 Demonstrate the application of trend lines and support/resistance lines to illustrate price patterns and forecast future price movements

- Draw trend lines on charts to illustrate trends
- Draw lines on charts to identify and illustrate price patterns

1.4 Demonstrate how secondary indicators are applied and analysed to reinforce trading decisions

- Different oscillators and how to interpret them
- Moving averages and their functions

2. Develop a structured trading plan

2.1 Develop a structured trading process containing specific rules to define a valid trade set-up

- Technical or fundamental set-up rules
- Clearly defined and specific rules

2.2 Explain the events required to trigger each trading signal

- Use a technical breakout to generate a trigger
- Use a macroeconomic news event to trigger a trade

2.3 Explain the process of utilising time and/or price filters to enable precise and consistent execution of each trade

- Avoid false breakout trades where possible
- Manage the trade entry to ensure trade trigger is confirmed

2.4 Assess how trades are managed throughout their duration with relevant stop losses and targets

- Understand the use of stop losses to limit risk and/or lock in profits
- Take consistent and decisive action when targets are hit
- Manage positions by taking incremental profits or even adding to winning positions

3. Apply a structured trading plan to financial assets using a real-time trading platform

3.1 Demonstrate the application of technical and/or fundamental analysis in real-time financial markets

- Record overnight market activity before starting each trading day
- Stay within pre-defined risk limits
- Control emotions to avoid straying from your trade plan

3.2 Monitor and record all trade details

- Record all details of each trade within a Trade Blotter -, including entry and exit levels, risk parameters, trade duration and any other relevant information
- Complete individual trade sheets for each trade undertaken

3.3 Assess trading performance over a fixed trading period

- Analyse Trade Blotter statistics to identify trading strategy strengths and weaknesses
- Include an analysis of trade frequency and duration, hit rates, profitability and risk/reward ratios
- Illustrate your trading statistics in diagrammatical form

3.4 Evaluate the strengths and weaknesses of your trading strategy and propose future enhancements and developments

- Analyse trading performance statistics to identify any trends
- Propose solutions to any perceived strategy weaknesses
- Include other proposed future developments or enhancements

Delivery Programme - Practical Financial Trading Techniques

Unit Type: Mandatory

Level: 5

Credits: 15

GLH: 40

Assessment Method: Assignment covering trading period

Learners are required to complete Unit 1 (Concepts of Financial Market Trading) and Unit 2 (Theory of Financial Market Trading) before progressing onto this unit.

Learners are required to create a trading plan together with a structured trading strategy. Trade plans may include analysis of fundamental and/or technical data, with further emphasis on risk management. Once the Trade Plan is ready, learners are required to apply their trading rules in real-time financial markets on a demo trading account for the last four weeks of the course. They are required to demonstrate strong psychological control throughout this assessed trading period, as well as a good understanding and application of Risk Management rules.

TQT will be made up of learning how to use all of the features of the trading platform, creating a robust and structured trading strategy, and then applying that strategy in real-time markets over a (typically) four-week assessed trading period. Learners will also be required to undertake extensive reading of daily market news and analysis such as political, fundamental and macroeconomic news (online). Additional TQT will be spent developing a trading strategy assignment

The TQT for this unit is 150 hours and includes the 40 hours GLH, plus the additional non-guided time of 30 hours for LO1, 25 hours for LO2, and 55 hours for LO3, totalling 110 hours.

Unit 3	GLH	TQT	Weighting
LO1	10	40	10%
LO2	15	40	35%
LO3	15	70	55%
Total	40	150	

In terms of marks for assessments, this unit provides a 40 % weighting towards the overall Diploma marks.

Assessment is in the form of an assignment based around the performance of trading and a review of strategy and learning points.

Assignment	Assessment Criteria Covered	Weighting
Trade Plan creation	1.2, 2.1, 2.2, 2.3, 2.4	40%
Assessed Trading Period	1.1, 1.3, 1.4, 3.1, 3.2	35%
Performance portfolio	3.3, 3.4	25%

Resources for Level 5 Diploma Applied Financial Trading

Recommended Books on Trading & Technical Analysis

Gandevani, N. **How to Become a Successful Trader**. (2002), Writer Club Press.

Schwager, Jack D. **Getting Started in Technical Analysis** - ISBN-9780471295426

Schwager, Jack D. **Market Wizards – The New Market Wizards – Hedge Fund Market Wizards –**

ISBN- 9781118273043

Additional Reading on Trading/Technical Analysis

Achelis, Steven B. **Technical Analysis from A to Z**. Chicago, IL: Probus Publishing Company,

1995.

Appel, Gerald and Hitschler, Fred. **Stock Market Trading Systems**. Homewood, IL: Dow Jones- Irwin, 1980.

Appel, Gerald. **The Moving Average Convergence-Divergence Method.** Great Neck, NY: Signalert,
1979.

Arms, Richard W., Jr. **Volume Cycles in the Stock Market**. Salt Lake City, UT: Equis International, Inc., 1994.

Bensignor, Rick (Editor). **New Thinking in Technical Analysis.** Bloomberg Press, 2000.

Bollinger, John. **Bollinger on Bollinger Bands**. McGraw-Hill Trade, 2001

Chande, Tushar S and Stanley Kroll. **The New Technical Trader**. New York: Wiley, 1994.

Cohen, A.W. **How to Use the Three-Point Reversal Method of Point & Figure Stock Market Trading**. Larchmont, NU: Chartcraft, 1984.

Dobson, Edward D. **Understanding Fibonacci Numbers**. Greenville, SC: Traders Press, 1984.

Edwards, Robert D. and Magee, John. **Technical Analysis of Stock Trends**. Sixth Edition. Boston, MA: John Magee, Inc., 1992. (Distributed by New York Institute of Finance.)

Eng, William F. **The Technical Analysis of Stocks, Options, & Futures**. Chicago, IL: Probus

Publishing,1988.

Granville, Joseph E. **New Strategy of Daily Stock Market Timing for Maximum Profit**. Englewood Cliffs, NJ: Prentice-Hall, 1976.

Kaufman, Perry J. **Commodity Trading Systems and Methods**. New York: Wiley, 1978.

Lebeau, Charles, and David Lucas. **Technical Trader's Guide to Computer Analysis of the Futures**

Market. Homewood, IL: Business One Irwin, 1991.

Mackay, Charles, **Memoirs of Extraordinary Popular Delusions and the Madness of Crowds,**

London: Office of the National Illustrated Library, 1841

Merrill, Arthur A. **Filtered Waves-Basic Theory**. Chappaqua, NY: The Analysis Press, 1977.

Nison, Steven. **Japanese Candlestick Charting Techniques.** New York, NY: New York Institute of Finance, 1991.

Nison, Steven. **Beyond Candlesticks**. New York, NY: Wiley, 1994.

Wilder, J. Welles **New Concepts in Technical Trading Systems**, Trend Research, 1978

Additional Reading on Trading Psychology

"Trading in the Zone" by Mark Douglas
"The Intelligent Investor" by Benjamin Graham
"Irrational Exuberance" by Robert Shiller "One Up on
Wall Street" by Peter Lynch "Against the Gods" by Peter
Bernstein
"Reminiscences of a Stock Operator" by Edwin Lefevre
"The Alchemy of Finance" by George Soros
"Common Sense on Mutual Funds" by John Bogle
"A Random Walk Down Wall Street" by Burton Malkiel "The Essays of
Warren Buffett" by Warren Buffett "Manias, Panics, And Crashes" by
Charles P. Kindleberger
"The Little Book of Behavioural Investing" by James Montier
"Too Big to Fail" by Andrew Ross Sorkin
"Liar's Poker" by Michael Lewis

Online Resources – Macroeconomic Data

http://www.forexfactory.com/
http://www.fxstreet.com/
http://www.forexpeacearmy.com/
http://www.dailyfx.com/
http://www.tradingeconomics.com/
http://www.marketpulse.com/
http://www.forexcrunch.com/
http://www.forexminute.com/
http://www.actionforex.com/
http://www.forexnews.com/

Online Resources – Financial News

http://www.wsj.com/uk
http://uk.reuters.com/
http://www.bloomberg.com/
http://www.cnbc.com/id/100746255?region=world#
http://www.bbc.co.uk/news/business/ http://www.ft.com/home/uk
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