

# LIBF

Part of Walbrook  
Institute London

**LIBF Level 4**

**Financial Services, Regulation and Ethics  
(FSRE®)**

Qualification specification



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## Purpose of the qualification

Why study the Level 4 Financial Services, Regulation and Ethics (FSRE) qualification?

The Financial Services, Regulation and Ethics (FSRE) qualification is designed to give you a comprehensive introduction to UK financial services. It provides core foundation knowledge of the UK financial services sector and is a mandatory component of LIBF's 'licence to practise' qualifications for mortgage advisers and for financial advisers. FSRE prepares you to work within the retail financial advice sector, as well as providing a platform for continued studies within financial services.

FSRE explores the financial services environment and the key components and interrelationships of the financial system and legal concepts relevant to retail financial advice. FSRE examines the FCA's approach to ethical and unethical behaviours and develops an understanding of the Code of Ethics while introducing the concept of the skills required to provide financial advice to clients.

### Objectives and key content areas

As a comprehensive introduction to UK financial services, regulation and ethics, FSRE develops knowledge of the structure of the UK financial services industry. Within this, it provides a solid introduction to the financial sector, by exploring the rules and regulations that govern the sector, the social-economic factors that impact personal financial plans and the ethical considerations.

Throughout the programme, you will understand the:

- key components and interrelationships of the financial system;
- regulatory framework;
- concept of risk with a specific focus on how risks relate to institutions and individuals;
- FCA's approach to ethical and unethical behaviour; and
- concepts relating to the advice process.

## Key skills developed

The qualification will encourage you to:

- develop an understanding of how financial products respond to the drivers and implications of changes in the wider environment and how these changes affect the clients' financial decision-making;
- apply higher-level cognitive skills of reflective practice, including analysis, and evaluation;
- demonstrate numeracy skills, including the ability to manipulate financial and other numerical data;
- use appropriate data and information from a range of sources to make financial decisions; and,
- structure and communicate ideas logically and coherently; and increase your ability to work and learn independently.

## Structure

FSRE is made up of two mandatory units which must be successfully completed to achieve the qualification:



## Qualification delivery

### Total Qualification Time (TQT)

TQT is a prediction of the total time a student with no prior knowledge might need to complete the course.

TQT consists of two elements: guided learning (GL) and all other hours:

- Guided Learning (GL) comprises study time under direct teacher supervision, encompassing instructional sessions and supervised examinations.
- All other hours include hours spent unsupervised in research, learning, e-learning, e-assessment, completing coursework, exam preparation, and formal assessments.

FSRE is primarily considered as a distance learning qualification with planned examination sessions.

|                          |           |
|--------------------------|-----------|
| Guided Learning Hours    | 2 hours   |
| Other hours              | 98 hours  |
| Total Qualification Time | 100 hours |

### Assessment

All assessments need to be passed to achieve a qualification pass. Both units are mandatory and are assessed as follows.

Assessment for this module consists of two one-hour exams comprising FSRE unit 1 (FRE1) and FSRE unit 2 (FRE2). Each unit includes 25 multiple-choice questions and 3 case studies with 5 linked multiple-choice questions. Each unit is worth a total of 40 marks, meaning that the entire exam is worth a total of 80 marks.

### Preparing for the assessment

Your exam for each unit will be delivered via our platform Brightspace, which is where you access your course materials. You can take your exam any time with remote invigilation. There's no need to book in advance.

Before starting your exam, you will be expected to pick up your laptop/webcam to do a full 360-degree scan of your testing space. You must therefore ensure that your equipment is in full working order and can be easily manoeuvred.

To prepare for the assessment you should make use of all learning resources as part of your revision for the exam.

## Qualification grading

The qualification will be graded Pass/Fail.

To pass the multiple-choice units you must achieve a minimum mark of 70%. The grade boundaries for each unit are as follows:

| Grade                       | Pass Mark (%) |
|-----------------------------|---------------|
| Pass                        | 70-79%        |
| Pass (at merit level)       | 80-89%        |
| Pass (at distinction level) | 90-100%       |

Feedback is provided via analysis sheets available on [MyLIBF](#), to see your strengths and areas to develop.

## Resit attempts

The qualification has a twelve-month registration period. There are no restrictions on the number of times you can resit a unit in which you were unsuccessful, however, you must resit the unit in accordance with the published policies of LIBF.

## Additional information

### Entry requirements

There are no specified entry requirements. However, you need to be satisfied of your ability to study in English.

## Recognition of Prior Learning (RPL)

LIBF recognises prior learning in different forms. Potentially, this means that you may not be required to register for every unit. Details of how to apply for recognition of prior learning are available on our [website](#).

## Progression and preparation for further study

FSRE provides a platform for continued study within the financial services sector and a wide range of other business-related disciplines. If you want to achieve a licence to practise and work as a financial adviser, you can continue your studies by taking five further modules and achieving the [Diploma for Financial Advisers \(DipFA®\)](#). If you want to achieve a licence to practise and work as a mortgage adviser, you can continue your studies by taking three further units and achieving the [Certificate in Mortgage Advice and Practice \(CeMAP®\)](#).

For the purpose of RPL into our HE programmes the qualification learning outcomes can be drawn from the key content areas.

## Apprenticeships

FSRE forms part of the Compliance/Risk Officer and Financial Services Administrator Apprenticeship Standards. Further details can be found on the [GOV.UK website](#).

## Preparation for employment

This qualification develops knowledge and understanding of financial services regulation and enhances skills that are valued within that sector and others. It does not qualify you for direct entry to a particular occupational role but does form the first part of the licence to practise qualification for retail financial advisers and the first part of the licence to practise qualification for mortgage advisers.

## Appendices

### Appendix 1 – Unit 1 – FSRE: Industry, Regulation and Key Parties (FRE1)

This section provides information about the Financial Services, Regulation and Ethics – Part 1 (FRE1) unit, including syllabus content, learning outcomes and assessment criteria. FRE1 is a mandatory unit within the CeMAP and DipFA qualifications.

#### Assessment methodology

The assessment of FRE1 has two components:

- i. An electronic assessment with multiple-choice questions via a one-hour multiple-choice examination.
  - a. Part 1 with 25 multiple-choice questions (select 1 answer from 4). One mark is available for each correct answer. This component is worth 25 marks.
  - b. Part 2 with 3 case studies with 5 linked multiple-choice questions (select 1 answer from 4). One mark is available for each correctly answered question. This component is worth 15 marks.
- ii. A total of 40 marks are available.
- iii. The unit pass mark is 70% and you must achieve the minimum pass mark for the unit. Higher-level passes are achieved at merit (80%) and distinction (90%) levels.



## Unit 1 – FSRE: Industry, Regulation and Key Parties (FRE1) Learning outcomes and assessment criteria

| <b>Learning outcome (LO)</b><br>The learner when awarded credit for this unit will:          | <b>Assessment criteria (AC)</b><br>Assessment of the LOs will require a learner to demonstrate that they can:  |
|--|--|
| LO1 Understand the UK financial services industry in its European and international context. | AC1.1 Understand the purpose and structure of UK and international financial markets. <ul style="list-style-type: none"> <li>• The purpose and role of money and financial markets</li> <li>• The structure of markets in the UK and other international financial markets</li> <li>• Types of main markets</li> </ul>                       |
|  | AC1.2 Understand the main asset classes and their characteristics.   |
|  | AC1.3 Understand the role of the UK government and the impact of international standards and regulation on UK regulation and the economy. <ul style="list-style-type: none"> <li>• Role of the UK government – economic and industrial policy, regulation, taxation and social welfare</li> <li>• Role of the EU on UK regulation</li> </ul> |
|  | AC1.4 Interpret the function and operation of financial services within the wider economy <ul style="list-style-type: none"> <li>• Key functions of the Bank of England and financial institutions</li> <li>• Main types and impacts of financial crime</li> </ul>   |
| LO2 Identify how the retail consumer is served by the financial services industry.           | AC2.1 Interpret a firm's obligations towards consumers and their perception of financial services. <ul style="list-style-type: none"> <li>• Consumer perceptions</li> <li>• Financial services industry obligations</li> </ul>   |

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|   | <p>AC2.2 Identify consumers' financial needs and how they are prioritised.</p> <ul style="list-style-type: none"> <li>• Customer needs and priorities</li> <li>• How consumer needs are met</li> <li>• Product types and their functions</li> </ul>  |
| LO3 Apply the legal concepts and considerations relevant to financial advice. | <p>AC3.1 Understand legal concepts relevant to financial services.</p> <ul style="list-style-type: none"> <li>• Legal entities</li> <li>• Powers of attorney</li> <li>• Law of contract and agency</li> <li>• Property ownership</li> <li>• Insolvency and bankruptcy law</li> </ul>   |
|   | <p>AC3.2 Apply the laws related to wills, intestacy, and trusts.</p> <ul style="list-style-type: none"> <li>• Wills and intestacy</li> <li>• Structure and purpose of trusts</li> <li>• Types of trusts</li> </ul>   |
| LO4 Understand the development of financial services regulation.              | <p>AC4.1 Understand the development of financial services regulation in the UK.</p> <ul style="list-style-type: none"> <li>• History of UK regulation from 1986 to 2021</li> <li>• UK regulatory framework</li> <li>• Other regulators</li> <li>• Additional senior management oversight; auditors; trustees; external compliance support</li> </ul> |
| LO5 Evaluate the FCA's and PRA's responsibilities and approach to regulation. | <p>AC5.1 Understand how the structure of the FCA and PRA facilitates the achievement of its statutory objectives.</p>  |

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|  | <ul style="list-style-type: none"><li>• Statutory and operational objectives of the FCA and PRA</li><li>• Principles-based regulation and its implications</li><li>• Regulators' duties and powers of enforcement</li></ul>  |
|  | <p>AC5.2 Evaluate the main principles and rules set out in the FCA Handbook.</p> <ul style="list-style-type: none"><li>• Purpose and structure of the Handbook</li><li>• High-level standards</li><li>• Training and Competence (T&amp;C) regime</li><li>• Prudential standards for FCA-regulated firms.</li><li>• Conduct of Business (COBS) rules</li><li>• Client assets (CASS)</li><li>• Senior Managers and Certification Regime</li><li>• Regulatory processes</li><li>• Regulated activities and authorisation requirements</li></ul> |

## Appendix 2 – Unit 2 – FSRE: Skills, Principles and Ethical Behaviours (FRE2)

This section provides information about the Financial Services, Regulation and Ethics – Part 2 (FRE2) unit, including syllabus content, learning outcomes and assessment criteria. FRE2 is a mandatory unit within the CeMAP and DipFA qualifications.

### Assessment methodology

The assessment of FRE2 has two components:

- i. An electronic assessment with multiple-choice questions via a one-hour multiple-choice examination.
  - a. Part 1 with 25 multiple-choice questions (select 1 answer from 4). One mark is available for each correct answer. This component is worth 25 marks.
  - b. Part 2 with 3 case studies with 5 linked multiple-choice questions (select 1 answer from 4). One mark is available for each correctly answered question. This component is worth 15 marks.
- ii. A total of 40 marks are available.
- iii. The unit pass mark is 70% and you must achieve the minimum pass mark for the unit. Higher-level passes are achieved at merit (80%) and distinction (90%) levels.

## Unit 2 – FSRE: Skills, Principles and Ethical Behaviours (FRE2) Learning outcomes and assessment criteria

| <b>Learning outcome (LO)</b><br>The learner when awarded credit for this unit will:  | <b>Assessment criteria (AC)</b><br>Assessment of the LOs will require a learner to demonstrate that they can:   |
|--|---|
| LO6 Identify the skills required when advising clients.  | AC6.1 Identify the processes and skills involved in assessing client needs and making appropriate recommendations. <ul style="list-style-type: none"> <li>• Communication skills</li> <li>• Gathering of information</li> <li>• Assessment and analysis</li> <li>• Identifying appropriate solutions</li> <li>• Recommendations and conclusions</li> <li>• Insistent clients</li> </ul>   |
| LO7 Apply regulatory principles, requirements and regulations to client relationships to ensure fair and ethical outcomes. | AC7.1 Apply regulatory principles and requirements to promote fair and ethical outcomes for customers. <ul style="list-style-type: none"> <li>• Principles for Businesses and conduct of business rules</li> <li>• FCA's guiding principle on the prevention or reduction of harm to consumers</li> <li>• Market Conduct Code (MAR)</li> <li>• Corporate culture and leadership and responsibilities of senior management</li> <li>• Consumer rights and unfair contract terms</li> </ul> |
|  | AC7.2 Understand and apply principles and rules in the regulatory framework. <ul style="list-style-type: none"> <li>• Record keeping, reporting and notification requirements</li> <li>• Anti-money-laundering and proceeds of crime rules and obligations</li> <li>• Data protection and data security</li> </ul>  |

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|   | <ul style="list-style-type: none"> <li>• Complaint handling procedures</li> <li>• The Financial Ombudsman Service (FOS)</li> <li>• The Financial Services Compensation Scheme (FSCS)</li> <li>• Treating customers fairly and conduct risk</li> </ul>   |
|   | <p>AC7.3 Apply the regulatory advice framework to client situations.</p> <ul style="list-style-type: none"> <li>• Client relationships and adviser responsibilities</li> <li>• Types of clients</li> <li>• Fiduciary relationships</li> <li>• Types of service provision and disclosure requirements</li> <li>• Adviser charging rules.</li> <li>• Limitations to adviser's authority or expertise</li> <li>• Clients' cancellation rights</li> <li>• Vulnerable clients</li> <li>• Regulated advice standards</li> <li>• Monitoring and reviewing of client circumstances</li> <li>• Due diligence on products and services</li> </ul> |
| <p>LO8 Apply ethical principles to professional behaviour and judgements at work.</p> | <p>AC8.1 Understand and apply the ethical principles, codes of conduct and regulatory standards to professional behaviour.</p> <ul style="list-style-type: none"> <li>• Core ethical theories, principles and values</li> <li>• Impact of ethical principles and professional codes of conduct</li> </ul> <p>AC8.2 Apply a professional code of ethics to resolve ethical dilemmas.</p>   |

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|  | <ul style="list-style-type: none"><li>• Code of ethics and professional standards in financial services</li><li>• Values, morals and ethics in a business context.</li><li>• The relevance and benefits of business ethics</li><li>• Impact of ethics on consumer outcomes</li><li>• Impact of ethical principles, regulatory standards and professional codes of conduct on professional behaviour</li></ul>   |
|  | <p>AC8.3 Distinguish between ethical and compliance-driven behaviours and understand the impact of ethics on a firm’s culture, the industry, individual advisers and customers.</p> <ul style="list-style-type: none"><li>• Applied ethics – personal and business ethics</li><li>• Ethics in practice – common characteristics of ethical behaviour in business</li><li>• Developing ethical behaviour – whistleblowing</li><li>• Professionalism, training and competence – continuing professional development (CPD)</li></ul> |