

**The London Institute  
of Banking & Finance**

# **LIBF Level 4 Financial Services Regulation and Ethics (FSRE)**

Qualification Specification



## Table of Contents

<b>PURPOSE OF THE QUALIFICATION</b>	<b>3</b>
<b>WHY STUDY THE FINANCIAL SERVICES, REGULATION AND ETHICS (FSRE) QUALIFICATION?</b>	<b>3</b>
<b>OBJECTIVES</b>	<b>3</b>
<b>KEY CONTENT AREAS</b>	<b>3</b>
<b>QUALIFICATION LEARNING OUTCOMES (LO)</b>	<b>4</b>
<b>KEY SKILLS DEVELOPED</b>	<b>4</b>
<b>ENTRY REQUIREMENTS</b>	<b>5</b>
<b>RECOGNITION OF PRIOR LEARNING (RPL)</b>	<b>5</b>
<b>PROGRESSION AND PREPARATION FOR FURTHER STUDY</b>	<b>5</b>
<b>APPRENTICESHIPS</b>	<b>5</b>
<b>PREPARATION FOR EMPLOYMENT</b>	<b>5</b>
<b>STRUCTURE</b>	<b>5</b>
<b>TOTAL QUALIFICATION TIME (TQT)</b>	<b>6</b>
<b>LEARNING RESOURCES</b>	<b>6</b>
<b>WHAT TO DO BEFORE THE ASSESSMENT</b>	<b>6</b>
<b>ASSESSMENT</b>	<b>6</b>
<b>QUALIFICATION GRADING</b>	<b>7</b>
<b>RE-SIT ATTEMPTS</b>	<b>7</b>
<b>APPENDICES</b>	<b>8</b>
<b>APPENDIX 1 – REGULATION DETAIL – FINANCIAL SERVICES, REGULATION AND ETHICS (FSRE)</b>	<b>8</b>
<b>APPENDIX 2 – QUALIFICATION DETAIL – FINANCIAL SERVICES, REGULATION AND ETHICS (FSRE)</b>	<b>9</b>
<b>3.1 FSRE DESCRIPTION</b>	<b>9</b>
<b>3.2 FSRE ASSESSMENT METHODOLOGY</b>	<b>9</b>
<b>3.3 FSRE LEARNING OUTCOMES / ASSESSMENT CRITERIA</b>	<b>10</b>

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Please always review the latest document available through our website.

## Purpose of the qualification

### Why study the LIBF 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 the London Institute of Banking & Finance 'licence to practise' qualification 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

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 on personal financial plans and the ethical considerations.

### Key content areas

- Key components and interrelationships of the financial system.
- Regulatory framework.
- Concept of risk with specific focus on how risks relate to institutions and individuals.
- The FCA's approach to ethical and unethical behaviour.
- Concepts relating to the advice process.

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## Qualification learning outcomes (LO)

On completing this qualification, you will understand:

LO	Detail
LO1	Understand the UK financial services industry in its European and international context.
LO2	Identify how the retail consumer is served by the financial services industry
LO3	Apply the legal concepts and considerations relevant to financial advice
LO4	Understand the development of financial services regulation
LO5	Evaluate the FCA's and PRA's responsibilities and approach to regulation
LO6	Identify the skills required when advising clients
LO7	Apply FCA principles, requirements, and regulations to client relationships to ensure fair and ethical outcomes
LO8	Apply ethical principles to professional behaviour and judgements at work

## 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 practise, 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.

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## Entry requirements

There are no specified entry requirements. However, as FSRE is only offered in English, you will need to be satisfied of your ability to study in this language.

## Recognition of Prior Learning (RPL)

In line with the London Institute of Banking & Finance regulations, as FRSE is a single unit qualification, recognition of prior learning does not apply.

## 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 a further unit and achieve the Diploma for Financial Advisers (DipFA<sup>®</sup>) (QN 50101146).

## Apprenticeships

FSRE forms part of the Compliance/Risk Officer and Financial Services Administrator Apprenticeship Standards. Further details can be found on the [Gov 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.

## Structure

FSRE is made up of one mandatory unit which must be successfully completed to achieve the qualification.

The detailed unit syllabus is available through our [website](#).

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## Total Qualification Time (TQT)

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

FSRE is primarily considered as a distance learning qualification with on-demand examinations through Pearson VUE.

Guided Learning Hours	2 hours
Other hours	110 hours
Total Qualification Time	112 hours

## Learning resources

You are provided with the following learning resources:

Online access to the learning materials is through your MyLIBF- [www.myLIBF.com](http://www.myLIBF.com) account, where activities to help consolidate your learning, and to KnowledgeBank (virtual library) are available.

These include;

- hard copy of the core FSRE study text;
- unit syllabus;
- access to online tutor forum; and
- specimen papers.

## What to do before the assessment

You must be registered to sit an examination managed by you. Examinations are sat electronically at any one of the 150 Pearson VUE test centres across the UK or via Remote Invigilation where you can sit your assessment remotely.

It is recommended that exams are booked two months in advance of the date you wish to sit. However, subject to availability, an examination can be booked as little as two working days in advance. Examinations can be booked over the [phone](#) or via the [Pearson VUE website](#).

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To prepare for the assessment, you should make use of all learning resources.

## Assessment

FSRE is assessed through multiple-choice questions. A total of 100 marks are available. The pass mark is 70%; to pass, you must achieve the minimum pass mark. The structure of the assessment ensures that all aspects of the course content are subject to external examination.

## Qualification grading

The overall qualification is graded pass only. To achieve a pass, you must achieve a minimum mark of 70%.

Grade	Pass mark
Pass	70%

Feedback is provided in analysis sheets which show the relative strength of your assessment performance and where any gaps in your knowledge may be found. These analysis sheets can be accessed through your MyLIBF account.

## Re-sit attempts

The qualification has a nine month registration period. There are no restrictions on the number of times you can resit, although each resit will require a re-registration.

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## Appendices

### Appendix 1 – Regulation detail – LIBF Level 4 Financial Services, Regulation and Ethics (FSRE)

This document describes the regulation detail that is applicable to the qualification.

<b>Qualification title</b>	LIBF Level 4 Financial Services, Regulation and Ethics (FSRE)
<b>Ofqual qualification number</b>	TBC
<b>Qualification level</b>	4
<b>European Qualifications Framework (EQF) level</b>	5
<b>Qualification Type</b>	Occupational Qualification
<b>Regulation start date</b>	15 September 2016
<b>Operational start date</b>	15 September 2016
<b>Offered in</b>	England, Wales and Northern Ireland
<b>Assessment available in English</b>	Yes
<b>Assessment available in Welsh</b>	No
<b>Assessment available in Irish</b>	No
<b>Sector subject area</b>	15.1 Accounting and Finance
<b>Total credits</b>	9
<b>Minimum credits at / above level</b>	9
<b>Guided learning hours</b>	2
<b>Total qualification time</b>	112 hours
<b>Overall grading type</b>	Pass / Merit / Distinction
<b>Assessment methods</b>	Multiple-choice examination
<b>Qualification description</b>	The Financial Services, Regulation and Ethics qualification consists of one mandatory unit. A total

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	credit value of 11 must be obtained for achievement of the qualification.
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## Appendix 2 – Qualification detail – Financial Services, Regulation and Ethics (FSRE)

### 3.1 FSRE description

The unit explores the environment within which the financial services industry operates and the key components and interrelationships of the financial system along with legal concepts relevant to financial advice and the interplay between regulation and legislation. The unit focuses on the principles underpinning the regulatory framework and the implications for the advice process. The unit also develops the learners' understanding of the importance of the concept of risk with specific focus on how risks relate to institutions and individuals. The unit examines the FCA's approach to ethical and unethical behaviours and develops learners' understanding of the Code of Ethics. Finally, the unit introduces the concept of the skills required to advise clients.

<b>Unit title</b>	Unit 1: Financial Services, Regulation and Ethics (FSRE)
<b>Ofqual unit reference number</b>	Y / 601 / 2801
<b>Unit level</b>	4
<b>Unit credit value</b>	11
<b>Typical study hours</b>	112

### 3.2 FSRE assessment methodology

- I. The FSRE assessment has one component:
  - a. 90 standalone multiple-choice questions and two case studies with 5 multiple-choice questions each. The examination is to be completed in two hours. The examination is worth 100 marks.

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### 3.3 FSRE learning outcomes / assessment criteria

Learning outcome (LO) The learner can:	Assessment criteria (AC) The learner should be able to:
<p>1. Understand the UK financial services industry in its European and international context.</p>	<p>1.1 Understand the purpose and structure of UK and international financial markets</p> <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> <p>1.2 Understand the main asset classes and their characteristics</p> <p>1.3 Understand the role of the UK government and the impact of international standards and regulation on UK regulation and the economy</p> <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> <p>1.4 Interpret the function and operation of financial services within the wider economy.</p> <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>

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<p>2. Identify how the retail consumer is served by the financial services industry</p>	<p>2.1. Interpret a firm’s obligations towards consumers and their perception of financial services</p> <ul style="list-style-type: none"> <li>• Consumer perceptions</li> <li>• Financial services industry obligations</li> </ul> <p>2.2 Identify consumers’ financial needs and how they are prioritized</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>
<p>3. Apply the legal concepts and considerations relevant to financial advice</p>	<p>3.1 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>3.2 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>

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<p>4. Understand the development of financial services regulation</p>	<p>4.1 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>
<p>5. Evaluate the FCA's and PRA's responsibilities and approach to regulation</p>	<p>5.1 Understand how the structure of the FCA and PRA facilitates the achievement of its statutory objectives</p> <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>5.2 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 &amp; 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>• Market Conduct Code (MAR)</li> <li>• Regulatory processes</li> </ul>

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<p>6. Identify the skills required when advising clients</p>	<p>6.1 Identify the processes and skills involved in assessing client needs and making appropriate recommendations</p> <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>
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<p>7. Apply FCA principles, requirements, and regulations to client relationships to ensure fair and ethical outcomes</p>	<p>7.1 Apply FCA principles to promote fair and ethical outcomes for customers</p> <ul style="list-style-type: none"> <li>• Principles for businesses and conduct of business rules</li> <li>• FCA guiding principle on the prevention or reduction of harm to consumers</li> <li>• Corporate culture and leadership and responsibilities of senior management</li> </ul> <p>7.2 Understand and apply principles and rules in the regulatory framework</p> <ul style="list-style-type: none"> <li>• Regulated activities and authorisation requirements</li> <li>• Senior Managers' and Certification Regime</li> <li>• Record keeping, reporting and notification requirements</li> <li>• Professionalism, training and competence</li> <li>• Anti-money laundering and proceeds of crime rules and obligations</li> <li>• Data protection and data security</li> <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>7.3 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> </ul>
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	<ul style="list-style-type: none"><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>
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<p>8. Apply ethical principles to professional behaviour and judgements at work</p>	<p>8.1 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>8.2 Apply a professional code of ethics to resolve ethical dilemmas</p> <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>8.3 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>• Firm ethics – Regulator initiatives on firm ethics - FCA Principles for Businesses, Individual and Senior manager Conduct rules</li> <li>• Developing ethical behaviour – whistleblowing</li> </ul>
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	<ul style="list-style-type: none"><li>• Professionalism and Competence - Continuing professional development (CPD)</li></ul>
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