

J07

Diploma in Financial Planning

Unit J07 – Supervision in a regulated environment

April 2014 examination

SPECIAL NOTICE

Candidates are expected to be aware of the FCA rules and guidance regarding training and competence, conduct of business and complaints handling as contained within the relevant sourcebooks.

Instructions

- Two hours are allowed for this paper.
- **Do not begin writing until the invigilator instructs you to.**
- **Read the instructions on page 3 carefully before answering any questions.**
- Provide the information requested on the answer book and form B.
- You are allowed to write on the inside pages of this question paper, but you must **NOT** write your name, candidate number, PIN or any other identification anywhere on this question paper.
- The answer book and this question paper must **both be handed in personally by you** to the invigilator before you leave the examination room. **Failure to comply with this regulation will result in your paper not being marked and you may be prevented from entering this examination in the future.**

Unit J07 – Supervision in a regulated environment

Instructions to candidates

Read the instructions below before answering any questions

- **Two hours** are allowed for this paper which consists of 15 short answer questions and carries a total of 130 marks.
- You are strongly advised to attempt **all** questions to gain maximum possible marks. The number of marks allocated to each question part is given next to the question and you should spend your time in accordance with that allocation.
- Read carefully all questions and information provided before starting to answer. Your answer will be marked strictly in accordance with the question set.
- You may find it helpful in some places to make rough notes in the answer booklet. If you do this, you should cross through these notes before you hand in the booklet.
- Answer each question on a new page and leave six lines blank after each question part.

Subject to providing sufficient detail you are advised to be as brief and concise as possible, using note format and short sentences on separate lines wherever possible.

Attempt ALL questions**Time: 2 hours**

1. Peter is an experienced adviser who recently achieved poor results in an internal pension test.
 - (a) State **two** KPIs, which could be used to measure Peter's lack of pension knowledge and for each KPI, explain how failure to reach standard could impact the firm. (4)
 - (b) List **four** methods of control and monitoring that Peter's supervisor could use to measure his competency in relation to pensions apart from monitoring KPIs. (4)

2. State the **six** concepts of total quality management. (6)

3.
 - (a) State and briefly explain the **four** scales, naming both extremes on each scale used by the Myers Briggs Type Indicator (MBTI) to categorise an individual's behavioural preferences. (8)
 - (b) List **four** key advantages of using the MBTI. (4)

4. List **six** protected characteristics under the Equality Act 2010. (6)

5. You need to communicate an urgent message at a team meeting.
 - (a)
 - (i) State which meeting style would be most appropriate. (1)
 - (ii) State **three** generic circumstances for which this style of meeting would be appropriate. (3)
 - (b) List **three** other team meeting styles and for each style, describe the purpose for which it could be used. (6)

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6. You are about to recruit a new supervisor using a competency based interview approach.
- (a) Explain briefly the benefits of competency based interviews. (4)
 - (b) (i) List **four** competencies you would expect a supervisor to demonstrate when managing a team. (4)
 - (ii) List **three** competencies you would expect a supervisor to demonstrate when creating solutions. (3)
7. State and explain briefly the three core principles of the Investors in People framework. (6)
8. (a) With the exception of complaints, describe the Financial Conduct Authority (FCA) notification requirements under which an individual approved person's conduct must be reported to the FCA. (7)
- (b) Describe a firm's reporting obligations under the on-going complaints notification rules. (4)
9. (a) List the **three** key areas of insurance and financial services activity regulated by the FCA. (3)
- (b) State the main Training and Competence rules for regulated investment advisers which are more prescriptive than for those selling non-investment insurance contracts. (5)
- (c) Tommy, one of your advisers, has been a trainee for twelve months including a continuous period of four months absence due to illness.
- State how many months remain for Tommy to attain an appropriate qualification. (1)

Questions continue over the page

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- 10.** Using Honey and Mumford's theory of learning:
- (a)** List **four** activities that would **least** appeal to:
 - (i)** a pragmatist; **(4)**
 - (ii)** a theorist. **(4)**
 - (b)** List **four** activities **most** appealing to a reflector. **(4)**
- 11.** You are Mark's supervisor and have recently observed him providing a poor explanation of an ISA to a client.
- (a)** State the actions you should have taken during the meeting in respect of this poor explanation, and state the factors which would determine whether a training or coaching solution is required. **(3)**
 - (b)** List **five** validation methods that could be used to assess the effectiveness of your chosen solution other than an observed meeting. **(5)**
- 12.** Fiona is an adviser in your team. Her father has recently died and since then her file quality has fallen below standard.
- (a)** State whether counselling or coaching would be the most appropriate way to address this situation, briefly explaining the reasons for your answer. **(4)**
 - (b)** List **six** skills which would be required to be an effective coach. **(6)**
- 13.** State the **six** Financial Conduct Authority Principles for Businesses that directly impact on the advice process. **(6)**

14. (a) State the Financial Conduct Authority (FCA) information disclosure requirements that a firm must follow before providing advice to clients. (4)
- (b) List the FCA's **three** high level areas about which an adviser must obtain information in order to assess the suitability of their advice. (3)
15. List **four** benefits of a performance review and appraisal meeting to;
- (a) an individual; (4)
- (b) an organisation. (4)

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