

J07

Diploma in Financial Planning

Unit J07 – Supervision in a regulated environment

April 2015 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. (a) Identify **three** skills that a supervisor would be expected to demonstrate to meet the regulatory requirements. (3)
- (b) (i) Identify **two** high level supervisory competencies other than team management. (2)
- (ii) For each of the competencies identified in (b)(i) above, provide **two** examples of ways in which a supervisor might demonstrate each. (4)
2. (a) Explain briefly how the Training and Competence (T&C) rules regarding qualifications for the role of overseer would differ from those relating to the role of a financial adviser. (3)
- (b) State the **five** specified administration functions an overseer could oversee on a day-to-day basis under the Financial Conduct Authority T&C rules. (5)
3. Simon, a supervisor in an operations team, believes that his effectiveness, and that of his team, has suffered recently due to systems issues. Simon has requested a systems change which he thinks should resolve the issues and improve service. Simon has discovered that this request has not been prioritised by the Information Technology Department (IT).
- Simon is considering escalating this to the CEO but his mentor has suggested an alternative means of achieving a solution and gaining the support of IT, by considering the principles of Dr Stephen Covey's 'The Seven Habits of Highly Effective People'.
- (a) Identify habits four, five and six and explain briefly how these could help Simon achieve his objective of implementing the systems changes he needs. (6)
- (b) List the remaining **four** habits. (4)

4. Linda has been tasked with the implementation of a new electronic appraisal system.
- (a) Explain briefly the actions Linda could take to apply Kurt Lewin's strategy for managing change. (3)
- (b) State Kotter's **eight** stages to leading change. (8)
5. Alan is developing a communications plan to announce the offshoring of several key functions. Alan plans the following steps:
- an audio podcast to UK and offshore staff by the CEO explaining the changes;
 - an email to all staff containing a presentation setting out the objectives and timelines;
 - a Frequently Asked Questions (FAQ) section on the staff website.
- (a) Identify and explain briefly **four** communication barriers that might arise. (8)
- (b) Explain briefly **two** ways in which the identified communication barriers can be overcome. (2)
6. (a) State the **two** points at which a firm is required to advise a customer of the right to refer a complaint to the Financial Ombudsman Service (FOS). (2)
- (b) Outline the criteria that the FOS will apply, in relation to timescales, when deciding whether it will consider a complaint. (4)
7. Identify **five** criteria, other than 'clearly drafted', that should be applied when designing a person specification document. (5)

QUESTIONS CONTINUE OVER THE PAGE

8. Paul has been appointed as the Training and Competence (T&C) manager for a small but growing firm of independent financial advisers. He has identified that they do not have a formal T&C scheme.

Paul has been asked to make a presentation to the directors to explain why a T&C scheme is important.

- (a) Explain the principal regulatory requirements met by an effective T&C scheme. (3)
- (b) State **six** areas that Paul should consider when designing a T&C scheme. (6)

9. Outline **five** benefits of structured training and development plans that apply to:

- (a) the individual; (5)
- (b) the organisation. (5)

10. Robert, a sales manager, has noticed that one of his advisers has been uncharacteristically withdrawn and quiet at recent team meetings. His recent sales activity has also fallen. The adviser has requested a meeting with Robert.

- (a) Explain Michael Reddy's three-part structure that Robert could follow to ensure he conducts an effective counselling session. (6)
- (b) State **three** skills required to undertake such a counselling session. (3)

11. Mike, a supervisor of Suresh, a trainee advisor, decides to undertake a demonstration of the advice process for Suresh.

State **six key points** to be included in the demonstration of:

- (a) the information gathering from the customer at the fact-finding stage; (6)
- (b) the presentation of recommendations and information to the customer in all cases where a product is recommended. (6)

- 12.** Peter is a Financial Adviser for a medium-sized financial services provider.
- (a)** Explain the benefits to Peter's employer of using a balanced scorecard to measure his performance. **(4)**
 - (b)** Identify **four** measures of performance that could be included in the 'Customer Perspective' area of a balanced scorecard. **(4)**
- 13.** List **five** benefits of National Vocational Qualifications. **(5)**
- 14.** John manages a team of advisers. One member of his team has recently suffered a deterioration in results.
- (a)** State the **four** types of management intervention, providing a suitable example for each, that Paul could apply to address the situation. **(8)**
 - (b)** Identify the most appropriate objective of any disciplinary action, should the underperformance continue. **(1)**
- 15.** State the level of misconduct to be assigned to the following scenarios and outline the action most likely to be taken by the employer.
- (a)** Michael, who has returned from lunch late on a number of occasions smelling of alcohol and has been volatile and abrupt with colleagues. **(3)**
 - (b)** Clare, who has been late for work on a number of occasions without a reasonable excuse. **(3)**
 - (c)** Hassan, who claims to have inadvertently passed customer account details to a colleague who used them to withdraw funds from the customer's account without their consent. **(3)**

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