

J07

Diploma in Financial Planning

Unit J07 – Supervision in a regulated environment

October 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) State **two** key roles of a supervisor. (2)
- (b) Identify **three** key benefits of a supervisor to their firm. (3)
- (c) State **five** activities supervisors can use to ensure that customer service is maintained, other than through the identification of training needs or delivering training. (5)
2. Mike has a team of eight financial advisers including:
- Paul, a new entrant who has been with the firm for four weeks. All client meetings so far have been accompanied.
 - Sarah, an experienced adviser who has just returned from maternity leave. She has no key performance indicator information within the last year due to her absence, but her results before this were above standard.
 - John, previously an experienced area manager in Mike's firm, who has moved to a CF30 adviser role. John has achieved competent adviser status and is under indirect supervision.
- (a) State and explain briefly, the level of supervision that Mike should apply to:
- (i) Paul; (2)
 - (ii) Sarah. (2)
- (b) State the main types of supervisory activity that Mike would be conducting with John. (3)
- (c) Mike has been asked to take responsibility for supervising a further two new advisers. State what training and competence (T&C) considerations would apply to Mike in this situation. (2)

3. Vinu has been promoted to lead a team of paraplanners in a newly created sales region. Her team consists of several newly recruited graduates. The area manager for her region has outlined his strategic plan which will put her team at capacity immediately and he has emphasised to her that he expects her full support to meet his objectives. Her manager has confirmed that her main priority should be to achieve the task and suggested that she uses Adair's leadership model to help define her team's priorities.
- (a) State the **two other** need areas described by Adair that Vinu must consider when developing the leadership priorities for her team. (2)
 - (b) Describe **five** types of activity that Vinu could perform to address the priority identified by her manager. (5)
 - (c) Outline **three** potential consequences if Vinu fails to achieve a long term balance between Adair's three need areas. (3)
4. Dan is the team manager of a small group of specialist underwriters, who are paid above market rate. Performance is below the team's capabilities. Offering salary increases and threatening disciplinary action has failed to raise the performance level of the team. Dan wants to use Herzberg's theory of motivation to address these performance issues.
- (a) State Herzberg's **six** motivators. (6)
 - (b) Using Herzberg's theory, explain why previous attempts to improve performance have failed to motivate the team. (4)
5. (a) List **six** reasons for holding regular team meetings. (6)
- (b) Describe **four benefits** of using a facilitative meeting style. (4)
- (c) List **two** other meeting styles. (2)
6. (a) Describe briefly the key features of a competency based interview. (2)
- (b) List **four** specific competencies that a supervisor could demonstrate when working with others. (4)

QUESTIONS CONTINUE OVER THE PAGE

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7. (a) State the **three** areas covered by the Fit and Proper requirements that should be considered when appointing a new CF30 adviser. (3)
- (b) State the information that should be obtained when seeking a reference for a CF30 adviser, other than debts and employment history. (6)
8. (a) State the **four** steps a firm must follow under the Financial Conduct Authority Training and Competence guidance, when dealing with a training need. (4)
- (b) State the key drivers of training needs other than environmental changes. (2)
- (c) Identify **three** examples of environmental changes that would create a training need for staff. (3)
9. James has decided to coach one of his new advisers on the sales process that is used by his firm. He has opted to use the PESOS model.
- (a) State the key steps in the PESOS coaching model. (5)
- (b) State **two** reasons why James selected PESOS as a suitable coaching method in this instance. (2)
10. Explain briefly the key requirements for financial advisory firms arising from the Money Laundering Regulations 2007. (6)
11. (a) Describe the mandatory actions to be demonstrated by the adviser during the initial client contact. (3)
- (b) As set out in the Financial Conduct Authority Conduct of Business Sourcebook rules, state the:
- (i) required timescale for issuing a suitability report in respect of a life policy; (1)
- (ii) **two** exceptions to this requirement. (2)

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12. Wendy has recently been appointed as a supervisor. Before Wendy meets her new team, she has decided to review the management information available for the team. Wendy has noticed that one of her advisers has a low persistency rate.
- (a) (i) Explain the difference between qualitative and quantitative key performance indicators (KPIs). (2)
 - (ii) Give an example of a **qualitative** KPI. (1)
 - (iii) Give an example of a **quantitative** KPI. (1)
 - (b) Explain what low persistency results may indicate to Wendy. (3)
13. Identify **five** benefits of the performance review and appraisal process to the:
- (a) individual; (5)
 - (b) organisation. (5)
14. (a) Apart from ensuring consumers do not face unreasonable post-sale barriers (Treating Customers Fairly (TCF) outcome six), state the remaining **five** TCF outcomes specified by the Financial Conduct Authority (FCA). (5)
- (b) For TCF outcome six, identify the **four** business processes that the FCA would expect firms to be measuring as part of their ongoing TCF monitoring. (4)
15. In relation to the Equality Act 2010:
- (a) Describe the purpose of the Act. (3)
 - (b) State the protected characteristics covered by the Act. (7)

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