

## AF6

# Advanced Diploma in Financial Planning

## Unit AF6 – Senior management and supervision

October 2016 examination

### SPECIAL NOTICES

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

- Three 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 AF6 – Senior management and supervision

### Instructions to candidates

#### Read the instructions below before answering any questions

- **Three hours** are allowed for this paper which carries a total of 160 marks as follows:
  - Section A: 80 marks
  - Section B: 80 marks
- You are advised to spend approximately 90 minutes on Section A and 90 minutes on Section B.
- **Your answers will be marked in accordance with the following weighting:**
  - Your knowledge and understanding of the subject area, including the accuracy and completeness of your facts. This has a mark weighting of 40%.
  - The way that you analysed or examined the subject area. This has a mark weighting of 40%.
  - The way that you structured your answer – is the information arranged logically? Is the reasoning sound? This has a mark weighting of 10%.
  - Evidence that you have used relevant industry examples and/or undertaken further reading to support your answer. This has a mark weighting of 10%.
- **It is recommended that you spend 15 minutes reading and planning your answer to case study 1 and 75 minutes answering it, and that you spend 10 minutes reading and planning your answer to each case study, 2 and 3, and 35 minutes answering each of these.**
- 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.

**SECTION A**

**This question is compulsory and carries 80 marks**

**To gain maximum marks you should include relevant examples and evidence of further reading in your answer**

**Case study 1**

Your employer, a medium-sized financial services firm, received a private warning from the Financial Conduct Authority (FCA). The recent visit from the regulator identified two main concerns:

- not having a formalised business model in place or adequate operating procedures;
- there was insufficient evidence of effective supervision of the financial advisers.

No evidence of customer detriment was identified and this was one of the contributory factors of the FCA not issuing a public reprimand or imposing a fine.

**Question**

You have been tasked to assemble a working group, spearheading the 'Transformation Programme' to address these failings. In order to brief the other members of the working group:

- outline the steps to be taken using Kotter's model;
- analyse and evaluate the likely pitfalls to be overcome at each step;
- evaluate the potential consequences for the firm and its directors if no changes are made.

**(80)**

**Section B questions can be found on pages 6 – 7**

**SECTION B**

**Both questions in this section are compulsory  
and carry an overall total of 80 marks**

**To gain maximum marks you should include relevant examples and evidence of further reading  
in your answer**

**Case study 2**

You are the HR Director of a large financial services firm regulated by the Financial Conduct Authority. Your Board has discussed increasing the membership of the Board by the recruitment of non-executive directors (NEDs).

**Question**

You have been asked to draft a report to the Board evaluating:

- the skills, competencies and attributes for NEDs;
- the benefits for the organisation from the appointment of NEDs;
- the regulatory requirements for NEDs and an analysis of the legislative context;
- a brief analysis of the requirements for recruitment and induction of appointees.

**(40)**

### Case study 3

You are a director of a large regulated financial services organisation. In recent years the organisation has been challenged by the regulator that its practices were too sales orientated which might have led to inappropriate advice to customers.

There has been significant effort by the organisation to address the situation, concentrating on processes and procedures to ensure adherence to Treating Customers Fairly principles. The Board directors are concerned that there is a lack of clear direction and leadership in middle management.

You have been tasked to set up a project group to review the overall concerns regarding leadership and make recommendations, with a focus on cultural change.

### Question

You have been asked to draft a report for the Board which:

- identifies the leadership styles which managers could adopt in order to encourage cultural change;
- describes the structure of the cultural model towards which the company could move;
- recommends actions which could be taken and resources required to bring about cultural change.

**(40)**

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