



Chartered  
Insurance  
Institute

# J07

## Diploma in Financial Planning

### Unit J07 – Supervision in a regulated environment

April 2018 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.**

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**Attempt ALL questions****Time: 2 hours**

1. (a) Explain briefly the key features of direct supervision. (3)
- (b) State **four** situations when a direct supervision approach would be appropriate for an adviser. (4)
2. (a) Identify the **three** levels of Scouller's leadership model. (3)
- (b) Explain briefly **two** characteristics of each level identified in your answer to **part (a)** above. (6)
3. (a) State the appropriate meeting style for:
- board meetings;
  - crisis management meetings. (2)
- (b) State **four** key features of **each** meeting style identified in your answer to **part (a)** above. (8)
4. (a) State the criteria that must be met for a customer complaint to be resolved informally. (3)
- (b) State the **four** timescales within which the Financial Ombudsman Service will consider a customer complaint. (4)
5. Miguel has developed an induction plan for a new adviser and only included an explanation of; the nature of the role, organisational fit, introductions to key members of staff and all activities specific to the adviser role.
- (a) State **seven** company specific actions that should be included in this induction plan. (7)
- (b) State the **three** main areas of competence that will need to be formally assessed before his new adviser can give advice under supervision. (3)

6. A supervisor is planning to undertake a competency-based interview.
- (a) Explain the key features of this type of interview. (7)
  - (b) State the **four** key benefits of this approach. (4)
7. Jasmine is a strategist always looking for the big picture. As a change agent, repetitive and solitary tasks do not suit her. She is not good with detail and she does not like observing others.
- Hayden is cautious, prefers to stand back and consider experiences. He dislikes shortcuts and insists on having all the information before making decisions. Hayden is not spontaneous and dislikes unrealistic deadlines.
- (a) State the most appropriate learning style, using Honey and Mumford's theory for:
    - (i) Jasmine. (1)
    - (ii) Hayden. (1)
  - (b) Identify **four** training approaches that are most likely to appeal to each of:
    - (i) Jasmine. (4)
    - (ii) Hayden. (4)
8. List the **seven** stages a supervisor should follow to create an effective individual development plan. (7)
9. Jainew is using a non-directive coaching intervention style with an experienced adviser.
- (a) Explain the stages of the coaching style Jainew will use. (4)
  - (b) Explain briefly the **two** key aims of the coaching style identified in your answer to **part (a)** above. (2)
  - (c) State **five** disadvantages of coaching. (5)

QUESTIONS CONTINUE OVER THE PAGE

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10. (a) State and explain briefly the Financial Conduct Authority Principles for Businesses which have a direct impact on the sales process except Integrity, and Skill, Care and Diligence. (4)
- (b) State **two** roles which are covered by the conduct rules under the certification regime, in addition to CF30 advisers. (2)
11. Conor is a trainee adviser and had received negative feedback from Shappi his supervisor following an observed fact-find meeting. Shappi did not brief Conor prior to the observation taking place.
- (a) Explain the steps that Shappi should have completed prior to the observed meeting. (7)
- (b) Explain briefly the ideal structure of Shappi and Conor's feedback session. (4)
12. (a) Explain briefly the differences between input and output key performance indicators (KPIs). (2)
- (b) List **four** KPIs used to measure advice quality. (4)
13. XYZ is a firm of financial advisers introducing a new management information (MI) suite with variance reporting. The MI suite includes a dashboard with a 'traffic light' status system of performance indicators.
- (a) State **three** benefits of the reporting approach being adopted by XYZ. (3)
- (b) (i) State and explain briefly **each** of the status levels in XYZ's dashboard. (3)
- (ii) State and explain briefly the management action that should be taken at **each** status level. (3)

- 14.** Colin is chairing a disciplinary panel which is considering the following two cases:
- Roger had been seen playing games on his work computer during working hours on more than one occasion, contrary to the terms and conditions of his employment contract.
  - Aashita had been ordering large amounts of stationery on the firm's account over the last 12 months and selling it for personal gain.
- (a)** Identify **one** type of misconduct that occurred for:
- (i)** Roger. **(1)**
  - (ii)** Aashita. **(1)**
- (b)** State the possible actions Colin could recommend be taken for the behaviour demonstrated by:
- (i)** Roger. **(3)**
  - (ii)** Aashita. **(4)**
- 15.** Lisa was dismissed with a week's notice, having worked for her employer for eight years. Her employer did not follow the disciplinary process and Lisa suffered a financial loss.
- (a)** State what type of termination occurred in this scenario. **(1)**
- (b)** Explain briefly Lisa's rights in relation to bringing a claim and how much compensation she could obtain if an award was made. **(6)**

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