

# Supervision in a regulated environment

## Purpose

At the end of this unit, candidates should be able to demonstrate an understanding of:

- the supervisor's role in a regulated organisation;
- the principles and practices of recruitment and training;
- attaining, maintaining and supervising competence;
- management information and performance standards;
- Financial Services regulation and guidance;
- the legal and regulatory aspects of employment and supervision.

## Summary of learning outcomes

1. Understand the characteristics and role of a supervisor;
2. Understand different leadership and behavioural models;
3. Understand how communication is made effective and be able to describe a range of communication methods;
4. Understand the legal and regulatory aspects of recruitment, training and competence;
5. Understand how learning takes place;
6. Understand the coaching, counselling and assessing processes and the roles within them;
7. Understand the role of compliance in the sales process;
8. Understand the setting and measuring of objectives;
9. Understand management information and quality standards;
10. Understand relevant legislation in connection with employment, performance management and termination of employment.

## Important notes

- This syllabus will be examined in the October 2018 and April 2019 sessions.
- The general rule is that exams are based on the English legislative position three months before the date of the exams.
- 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.
- Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:
  1. Visit [www.cii.co.uk/qualifications](http://www.cii.co.uk/qualifications)
  2. Select the appropriate qualification
  3. Select your unit on the right hand side of the page

## **1. Understand the characteristics and role of a supervisor**

- 1.1 The key functions of a supervisor;
- 1.2 How the role of the supervisor fits into the organisation overall;
- 1.3 The knowledge and skill requirements of a supervisor and the competencies displayed;
- 1.4 Appropriate methods of control and monitoring;
- 1.5 The supervisor's impact on people development;
- 1.6 The distinction between direct and indirect supervision;
- 1.7 The role of the overseer and the competencies required.

## **2. Understand different leadership and behavioural models**

- 2.1 The functions and responsibilities of leaders;
- 2.2 Leadership models and theories, e.g. Adair, Belbin, Hersey & Blanchard, McGregor, Covey, Myers Briggs, Tuckman, De Bono's six thinking hats, Scouller's three levels of leadership;
- 2.3 Change management and the application of Lewin's model and Kotter's eight step change model;
- 2.4 Motivational models, Herzberg and Maslow.

## **3. Understand how communication is made effective and be able to describe a range of communication methods**

- 3.1 The key methods of communication;
- 3.2 The characteristics and benefits of effective communication;
- 3.3 Communication barriers;
- 3.4 How team meetings aid the business;
- 3.5 Regulatory requirements and appropriate methods for complaints handling;
- 3.6 The role of the Financial Ombudsman Service;
- 3.7 Conflict management, Thomas-Kilmann.

## **4. Understand the legal and regulatory aspects of recruitment, training and competence**

### **Recruitment**

- 4.1 The relationship of recruitment to business needs;
- 4.2 The elements of employment contracts;
- 4.3 The key elements of job descriptions and person specifications;
- 4.4 Competency based interviewing;
- 4.5 What constitutes a suitable induction plan.

### **Training and competence**

- 4.6 The design, scope and content of a training and competence scheme;
- 4.7 The different training and competence requirements for advisers in financial services, mortgages and general insurance under financial services regulation;
- 4.8 How a person is deemed fit and proper under the regulatory requirements;
- 4.9 The financial services regulatory notification requirements for advisers with competence, complaints or ethics issues;
- 4.10 Professionalism requirements, statements of professional standing and CPD.

## **5. Understand how learning takes place**

- 5.1 Theories of learning – Kolb, Honey and Mumford;
- 5.2 The purpose and use of training needs analysis (TNA);
- 5.3 The key elements in delivery of training by and for supervisors;
- 5.4 The key features of the validation process;
- 5.5 The relevance to individual and corporate objectives of structured training and development plans.

## **6. Understand the coaching, counselling and assessing processes and the roles within them**

- 6.1 The key features and applications of a coaching process, e.g. the GROW and PESOS models;
- 6.2 The key features and applications of a counselling process and models e.g. Michael Reddy;
- 6.3 The key features of assessment processes, including the use of observation aids;
- 6.4 The supervisor's role and responsibilities in coaching, counselling and assessing.

## **7. Understand the role of compliance in the sales process**

- 7.1 The key stages before, during and after the sales meeting;
- 7.2 FCA Principles for Businesses and their application in regulated activity;
- 7.3 FCA conduct of business rules and guidance;
- 7.4 Financial crime prevention and data protection regulations;
- 7.5 The mandatory and desirable behaviours in the sales process;
- 7.6 The supervisor's role in the sales process.

- 8. Understand the setting and measuring of objectives**
  - 8.1 How individual and corporate objectives relate;
  - 8.2 Major key performance indicators and their uses;
  - 8.3 Key elements of effective management information;
  - 8.4 The performance review and appraisal process;
  - 8.5 Target setting, company objectives and the management cycle;
  - 8.6 Career planning and development, talent management, competency based development.
- 9. Understand management information and quality standards**
  - 9.1 Key elements of management information, linking management information to ensuring a firm meets the fair treatment of customers principles;
  - 9.2 Quality standards and the Total Quality Management approach;
  - 9.3 Exception reports and their uses;
  - 9.4 The main British and European quality standards e.g. Investors in People, ISO 9000, ISO 9001, BS8453 and ISO 22222.
- 10. Understand relevant legislation in connection with employment, performance management and termination of employment**
  - 10.1 Disciplinary procedures;
  - 10.2 Managing unsatisfactory performance;
  - 10.3 The different levels of misconduct;
  - 10.4 Guidelines for contract termination and appeals;
  - 10.5 Relevant aspects of the law on equal opportunities, discrimination, disability and human rights.

## Reading list

The following list provides details of additional resources which may assist you with your studies.

**Note: The examination will test the syllabus alone.**

The reading list is provided for guidance only and is not in itself the subject of the examination.

The resources listed here will help you keep up-to-date with developments and provide a wider coverage of syllabus topics.

CII/PFS members can access most of the additional study materials below via the Knowledge Services webpage at [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge).

New resources are added frequently - for information about obtaining a copy of an article or book chapter, book loans, or help finding resources, please go to [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge) or email [knowledge@cii.co.uk](mailto:knowledge@cii.co.uk).

### CII study texts

Supervision in a regulated environment. London: CII. Study text J07.

### Books/eBooks\*

Conduct risk: a practitioner's guide. Peter Haines. London: Risk Books, 2016.

Exploring strategy: text and cases. 10th edition. G Johnson et al. Upper Saddle River: Pearson Education, 2013.

Future work: how businesses can adapt and thrive in the new world of work. Alison Maitland. Basingstoke: Palgrave MacMillan, 2011.\*

Harvard Business Review's 10 Must Reads. Series includes: Managing yourself, On strategy, On leadership, Change management, Managing people. Harvard Business Review Press, 2011.

Management: an introduction. David Boddy. 7th ed. Pearson Education, 2016.

Mastering operational risk. 2nd ed. Tony Blunden and John Thirlwell. Pearson Education, 2013.

People risk management: a practical approach to managing the human factors that could harm your business. Keith Blacker, Patrick McConnell. London: Kogan Page, 2015.\*

Scenarios: the art of strategic conversation. 2nd ed. Van der Heijden, K. John Wiley and Sons, 2009/2005.\*

Strategic management. Richard Lynch. 6th ed. Harlow: Pearson Education Ltd, 2012.

Understanding the Financial Conduct Authority: a guide for senior managers. Ashley Kovas. Kibworth Beauchamp: Matador Books, 2015.

### Ebooks

The following ebooks are available through Discovery via [www.cii.co.uk/discovery](http://www.cii.co.uk/discovery) (CII/PFS members only):

Behavioural risks in corporate governance: regulatory intervention as a risk management. Vivian Ngozi Okoye. Oxon: Routledge, 2015.

Company organization: theory and practice. M.C. Barnes. Hoboken: Routledge, 2013.

Conduct risk management: using behavioural approach to protect your board and financial services business. Roger Miles. Kogan Page, 2017.

Financial services management: a qualitative approach. Stewart Falconer. Hoboken: Taylor and Francis, 2014.

Global trends in human resource management. Emma Parry, ed. Basingstoke: Palgrave MacMillan, 2013.

Leadership and organizations. Alan Bryman. London: Routledge, 2013.

Leading change: how successful managers approach change management. Paul Lawrence. Philadelphia: Kogan Page, 2014.

Management, organization and employment strategy: new directions in theory and practice. Tony Watson. Hoboken: Routledge, 2013.

Risk management, strategic thinking and leadership in the financial services industry; a proactive approach to strategic thinking. Hasan Dinger, ed. Switzerland: Springer, 2017.

The dynamics of managing diversity: a critical approach. Gill Kirton and Anne Marie Greene. Abingdon, Oxon: Routledge, 2015.

The values-driven organisation: unleashing human potential for performance and profit. Richard Barrett. Abingdon, Oxon: Routledge, 2013.

### Fact files and online resources

CII fact files are concise, easy to digest but technically dense resources designed to enrich the knowledge of members. Written by subject experts and practitioners, the fact files cover key industry topics as well as less familiar or specialist areas of general insurance, life, and pensions and financial services, with information drawn together in a way not readily available elsewhere. Available online via [www.cii.co.uk/ciifactfiles](http://www.cii.co.uk/ciifactfiles) (CII/PFS members only).

The Insurance Institute of London (IIL) podcast lecture series features leading industry figures and subject experts speaking on current issues and trends impacting insurance and financial services. Available online at [www.cii.co.uk/ciifactfiles](http://www.cii.co.uk/ciifactfiles) (CII/PFS members only).

- The regulatory framework. Simon Collins.

Further articles and technical bulletins are available at [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge) (CII/PFS members only).

### Journals and magazines

Financial adviser. London: FT Business. Weekly. Available online at [www.ftadviser.com](http://www.ftadviser.com).

Personal finance professional (previously Financial solutions). London: CII. Six issues a year. Available online at [www.thepfs.org/financial-solutions-archive](http://www.thepfs.org/financial-solutions-archive) (CII/PFS members only).

### Reference materials

Advisory handbook: discipline and grievances at work. London: Advisory, Conciliation and Arbitration Service. Available online at [www.acas.org.uk](http://www.acas.org.uk).

Harriman's financial dictionary: over 2,600 essential financial terms. Edited by Simon Briscoe and Jane Fuller. Petersfield: Harriman House, 2007.\*

Lamont's financial glossary: the definitive plain English money and investment dictionary. Barclay W Lamont. 10th ed. London: Taxbriefs, 2009.

\* Also available as an ebook through Discovery via [www.cii.co.uk/discovery](http://www.cii.co.uk/discovery) (CII/PFS members only).

### Examination guides

Guides are produced for each sitting of written answer examinations. These include the exam questions, examiners' comments on candidates' performance and key points for inclusion in answers.

You are strongly advised to study guides from the last two sittings. Please visit [www.cii.co.uk](http://www.cii.co.uk) to buy online or contact CII Customer Service for further information on +44 (0)20 8989 8464.

Alternatively, if you have a current study text enrolment, the latest exam guides are available via [www.revisionmate.com](http://www.revisionmate.com).

Older guides are available via [www.cii.co.uk/past-exam-guides](http://www.cii.co.uk/past-exam-guides) (CII/PFS members only).

### Exam technique/study skills

There are many modestly priced guides available in bookshops. You should choose one which suits your requirements.

The Insurance Institute of London holds a lecture on revision techniques for CII exams approximately three times a year. The slides from their most recent lectures can be found at [www.cii.co.uk/iilrevision](http://www.cii.co.uk/iilrevision) (CII/PFS members only).