



Chartered
Insurance
Institute

J07

Diploma in Financial Planning

Unit J07 – Supervision in a regulated environment

October 2021 Examination Guide

SPECIAL NOTICES

Candidates entered for the February 2022 examination should study this examination guide carefully in order to prepare themselves for the examination.

Practice in answering the question is highly desirable and should be considered a critical part of a properly planned programme of examination preparation.

J07 – Supervision in a regulated environment

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IMPORTANT GUIDANCE FOR CANDIDATES

The purpose of this Examination Guide is to help you understand how examiners seek to assess the knowledge and skill of candidates. You can then use this understanding to help you in your preparation for this examination.

Before the examination

Read the Qualifications Brochure

Details of administrative arrangements and the regulations which form the basis of your examination entry are to be found in the current CII Qualifications Brochure and important notes for candidates, which is *essential reading* for all candidates. It is available online at www.cii.co.uk.

Study the syllabus carefully

It is crucial that you study the relevant syllabus carefully, which is available online at www.cii.co.uk. All the questions in the examination are based directly on the syllabus. *You will be tested on the syllabus alone*, so it is vital that you are familiar with it.

Note the assumed knowledge

For the Diploma in Financial Planning, candidates are assumed to have studied the relevant units of the Certificate in Financial Planning or the equivalent. This knowledge is set out on the relevant syllabus.

Read widely

There are books specifically produced to support your studies that provide coverage of all the syllabus areas; however, you should be prepared to read around the subject. This is important, particularly if you feel that further information is required to fully understand a topic, or an alternative viewpoint is sought. The reading list which can be found with the syllabus provides valuable suggestions.

Make full use of the Examination Guide

This Examination Guide contains a full examination paper and model answers. The model answers show the types of responses the examiners are looking for and which would achieve maximum marks. *However, you should note that there are alternative answers to some question parts which would also gain high marks.* For the sake of clarity and brevity not all of these alternative answers are shown.

This guide and previous Examination Guides can be treated as ‘mock’ examination papers. Attempting them under examination conditions as far as possible, and then comparing your answers to the model ones, should be seen as an essential part of your exam preparation. The examiner’s comments on candidates’ actual performance in each question provide further valuable guidance. You can obtain copies of the two most recent examination guides free of charge at www.cii.co.uk.

Know the structure of the examination

- Assessment is by means of a two-hour on-screen written exam.
- The on-screen written exam is made up of 15 short questions.
- **All** questions are compulsory.
- The exam will carry a total of 130 marks.

Appreciate the standard of the examination

Candidates must demonstrate that they are capable of advising clients *whose overall levels of income and capital require a more sophisticated scheme of investment* than is normally prepared by a level 4 qualified adviser. These clients require a critical appraisal of the various financial planning options available to them.

Read the Assessment Information and Exam policies for candidates

The details of administrative arrangements and the regulations which form the basis of your examination entry are available online at www.cii.co.uk/qualifications/assessment-information/introduction/. This is *essential reading* for all candidates.

In the examination

The following will help:

Spend your time in accordance with the allocation of marks:

- The marks allocated to each question part are shown on the paper.
- If a question has just two marks allocated, there are likely to be only one or two points for which the examiner is looking for, so a long answer is wasting valuable time.
- Conversely, if a question has 12 marks allocated, a couple of lines will not be an adequate answer. Always remember that if the paper is not completed, your chances of passing will be reduced considerably.
- Do not spend excessive time on any one question: if the time allocation for that question has been used up, leave some space, go on to the next question and return to the incomplete question after you have completed the rest of the paper, if you have time.

Take great care to answer the question that has been set

- Many candidates leave the examination room confident that they have written a 'good' paper, only to be surprised when they receive a disappointing result. Often, the explanation for this lies in a failure to think carefully about what the examiner requires before putting pen to paper.
- Highlighting key words and phrases is a technique many candidates find useful.
- The model answers provided in this Examination Guide would gain full marks. Alternative answers that cover the same points and therefore answer the question that has been asked would also gain full marks.

Tackling questions

Tackle the questions in whatever order feels most comfortable. Generally, it is better to leave any questions which you find challenging until you have attempted the questions you are confident about. Candidates should avoid mixing question parts, (for example, 1(a)(i) and (ii) followed by 2(b)(ii) followed by 1(e)(i)) as this often leads to candidates unintentionally failing to fully complete the examination paper. This can make the difference between achieving a pass or a narrow fail.

It is vital to label all parts of your answer correctly as many questions have multiple parts to them (for example, question 1(a) may have parts (i), (ii) and (iii)). Failure to fully distinguish between the separate question parts may mean that full credit cannot be awarded. It is also important to note that a full answer must be given to each question part and candidates should not include notes such as 'refer to answer given in 1(b)(i)'.

Answer format

Unless the question requires you to produce an answer in a particular format, such as a letter or a report, *you should use 'points' or short paragraphs*, since this allows you to communicate your thoughts in the most effective way in the least time. The model answers indicate what is acceptable for the different types of question.

Where you are asked to perform a calculation, it is important to show **all** the steps in your answer. The majority of the marks will be allocated for demonstrating the correct method of calculation.

Candidates will **not** lose marks due to poor spelling or grammar.

Calculators

The calculator is in a pop-up box on the right-hand side of the interface. It is important to show all steps in a calculation, even if you have used a calculator.

On-screen written exam demonstration (Demo 1)

The familiarisation test allows you to experience using the assessment platform before your exam. You can try the familiarisation test at any time here <https://uat-cii.psonline.com/phoenix/instant/launch?auth=EH6jtrqPu3J6znVp&username=ILDemo1&test=05a75b4f-1c90-4a74-a22d-ec4aa8d4ca48&autoopen=1&samewindow=1&theme=custom/alternative/CII>

Please note, although based on AF1, this example test is designed for all candidates and while there might be slight differences in layout it will give you a good idea of how to navigate and use the platform functionality.

The demonstration test is designed to allow you before the day to go through the end-to-end process from logging in to answering test questions. **We advise you try the demonstration test once you have received your login details and well in advance of the exam to help pre-empt any potential exam day technical issues.**

EXAMINERS' COMMENTS

Candidates' overall performance:

This paper included a mix of application and knowledge questions, testing all relevant learning outcomes and requiring candidates to evidence breadth and depth of knowledge and understanding.

This was the third online sitting of this paper and in some instances, the responses provided by candidates were very brief, which limited the level of application that was evidenced and consequently the total number of marks that could be awarded. The better prepared candidates demonstrated good knowledge and application of the subject matter.

When studying for the examination, it is recommended that candidates study past Examination Guides and read the Examiner's Comments in preparation for sitting this examination. In doing so this should aid candidates in identifying areas of the syllabus which require further study.

Question 1

Candidates did not perform well on the first part of this question; this assessed the key areas of competence that must be displayed by a successful overseer, other than managing the team.

The second part of the question required candidates to identify three relevant examples of pension administration activities and candidates performed better in this section.

Question 2

The question tested a specific management model ('Six thinking hats' developed by Dr E De Bono) and was generally answered to a good standard, although some candidates did not articulate the relevant explanations regarding the significance of the roles indicated by the various colour hats in a work environment. There were several candidates who obtained the maximum marks available.

Question 3

This question required candidates to identify barriers to communication and provide recommendations for three given scenarios. It was reasonably well answered, although some candidates found the recommendation section challenging.

Question 4

This question asked candidates to identify three advantages and disadvantages of a strategy that needed to be applied to two scenarios, with reference to the Thomas Kilmann conflict management model. Some of the candidates did not perform well in this question, and this was in part, due to not ascertaining the correct strategy to be applied.

Question 5

This question tested knowledge of the employment status guidance, issued by HM Revenue & Customs. Whilst some candidates were able to address this question based on their own work experience, in some instances candidates did not provide a comprehensive response to achieve high marks or included factors that were not relevant. Part (b), which related to self-employment factors, was generally answered to a better standard than part (a), which related to employment factors.

Question 6

The first part of the question asked candidates to identify four examples of training needs of financial advisers. Although this question was addressed to a good standard, in some instances some of the candidates did not identify that knowledge of the regulatory environment was a relevant training need.

The second part of the question was generally well answered, with a reasonable number of candidates identifying some of the requirements of the Statement of Professional Standing for financial advisers.

Question 7

Candidates performed moderately well in this area relating to accompanied visits, with the section on the disadvantages of on-the-job observations through accompanied visits addressed to a better standard than advantages. Not all candidates identified validating transfer of learning to the job as an advantage.

Question 8

The first part of the question required the candidate to briefly explain counselling, however relatively few candidates provided a full explanation of the concept.

The second part of the question required the candidates to list five skills required to provide effective counselling, but relatively few candidates identified that the ability to summarise was a key skill.

Question 9

Candidates found the first part of the question challenging; this tested knowledge and application of the role of a financial sales supervisor. In some instances, responses were limited to the fair treatment of customers and ensuring regulatory standards were met.

The second part of the question was answered to a better standard, with most candidates evidencing knowledge of the key activities that need to be completed after an accompanied visit.

Question 10

The first part of the question required candidates to identify main areas of regulatory disclosure that a financial advisor needed to explain, when providing financial advice to a new client. Some candidates provided brief answers that did not fully address the question requirements.

The second part of the question required candidates to provide details of mandatory behaviours a financial adviser needed to evidence when making a call to make an appointment with a client. This was answered to a good standard.

Question 11

This question required candidates to explain briefly the management control cycle. It proved challenging to candidates, in particular regarding its purpose.

The second part of the question was not adequately answered, with some candidates not identifying correctly the stages of the management control cycle.

Question 12

This question posed challenges to some of the candidates, in relation to the key stages of competency-based development, in particular in relation to the final stage that could be adopted by a manager to re-assess/monitor behaviour against the framework.

The second part of the question tested knowledge of the key activities associated with talent management. Overall candidates did not perform well in this section, providing examples of general career progression activities rather than those specific to talent management.

Question 13

This question required candidates to list the six Treating Customers Fairly outcomes. Many candidates did not provide a comprehensive response and achieve high marks in an area that is a cornerstone of financial services regulation.

Question 14

This question required candidates to list and explain the four stages of the “Investors in People” (IiP) accreditation. Overall candidates did not perform well in this area, with some of the answers highlighting the benefits of the accreditation rather than providing an accurate explanation of the process.

The second part of the question required candidates to identify the benefits of the IiP accreditation to staff members and was generally addressed to a better standard.

Question 15

This question required the candidate to list six examples of protected characteristics under the Equal Opportunities Act and was well answered, with most candidates achieving full marks.

The second part of the question required the candidates to briefly explain the scope of “positive action” and provide a relevant example and it was answered adequately by most candidates.

Unit J07 – Supervision in a regulated environment

Instructions to candidates

Read the instructions below before answering any questions

All questions in this examination are based on English law and practice applicable in the tax year 2021/2022, unless stated otherwise in the question, and should be answered accordingly. It should be assumed that all individuals are domiciled and resident in the UK unless otherwise stated.

If you are sitting via remote invigilation please

- Write down the following number **+44 (0)80 8273 9244** this is the number to use if your system freezes or you get forced out of your exam. It is fine to phone it if you have these issues.
- Show your ID to the camera now, if you did not do so during the ID checks.
- Show the edge of your screen with a mirror, if you did not do this during the room scan.
- Show any blank sheets of paper for notes, if you did not show both sides to the camera during the room scan.

If you are sitting in a test centre and encounter a problem please alert the invigilator.

For candidates sitting via remote invigilation or at a test centre

- **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.
- The calculator is in a pop-up box on the right-hand side of the interface. It is important to show all steps in a calculation, even if you have used a calculator.
- For each answer, please type in the full question number you are answering e.g., **1a**
- **Please note each answer must be typed in the correct corresponding answer box**
- **If you are wearing headset, earphones, smart watch please take them off. No watches permitted.**
- Please familiarise yourself with **all** questions before starting the exam.

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

PLEASE ENSURE YOU ANSWER EACH QUESTION IN THE CORRECT ANSWER BOX

1. Khalid is an overseer and manages a team of pension administrators.
 - (a) Identify the **four** key areas of competence that Khalid must display as a successful overseer. (4)
 - (b) State **three** examples of pension administration activities undertaken by Khalid's team. (3)

2. State and explain briefly the roles of the 'six thinking hats' in the De Bono's model. (12)

3. Identify **one** potential barrier to communication and outline **one** recommendation to deal with the barrier for each of the scenarios listed below:
 - (a) Janis is delivering an important update verbally to her team in an open plan office. (2)
 - (b) Faiza is responding to a customer complaint letter about a complex investment product. (2)
 - (c) Lizzie has a difficult meeting and avoids eye contact with her colleagues. (2)

4. Carla is leading on a cross-departmental project, with two colleagues from other business areas.

State and identify **three** advantages and **three** disadvantages of the strategy Carla should adopt, when applying the Thomas Kilman model to the following scenarios:

 - (a) Max feels that his area is more important and requires priority, however Carla strongly disagrees. (7)
 - (b) Lucy raised a number of challenges, however Carla feels that these are minor, and are unlikely to have an impact on the overall project. (7)

PLEASE ENSURE YOU ANSWER EACH QUESTION IN THE CORRECT ANSWER BOX

5. State the key factors that are used by HM Revenue & Customs to assess status, if an individual is:
- (a) Employed. (5)
 - (b) Self-employed. (5)
6. Suresh is the supervisor of a team of financial advisers.
- (a) Identify **four** examples of training needs of financial advisers. (4)
 - (b) State **four** requirements of the Statement of Professional Standing (SPS) for financial advisers. (4)
7. State **four** advantages and **four** disadvantages of on-the-job observation through accompanied visits. (8)
8. (a) Explain briefly counselling and state when it should be applied. (2)
- (b) List the **five** skills required to provide effective counselling. (5)
9. Grainne is a financial sales supervisor.
- (a) State and explain briefly the key requirements of her role. (4)
 - (b) State the key activities that need to be completed after an accompanied visit. (4)
10. (a) State **four** main areas of regulatory disclosure an adviser must demonstrate when advising a new client. (4)
- (b) List **five** mandatory behaviours an adviser must evidence when making a call to make an appointment with a client. (5)

PLEASE ENSURE YOU ANSWER EACH QUESTION IN THE CORRECT ANSWER BOX

- 11.** (a) Explain briefly the management control cycle and its purpose. (2)
- (b) List the **five** stages of the management control cycle. (5)
- 12.** As part of a succession plan initiative, Grace has been fast tracked through the company's talent management programme.
- (a) Explain briefly the **three** stages of competency-based development that must be adopted by her manager. (3)
- (b) List **four** activities associated with talent management. (4)
- 13.** State the **six** Treating Customers Fairly outcomes. (6)
- 14.** Your employer has attained the 'Investors in People' accreditation.
- (a) List and explain briefly the **four** stages of the process. (8)
- (b) Identify **four** examples of benefits for staff members. (4)
- 15.** With reference to the Equal Opportunities Act 2010:
- (a) List **six** examples of protected characteristics. (6)
- (b) Explain briefly the scope of 'positive action' and provide **one** example. (3)

NOTE ON MODEL ANSWERS

The model answers given are those which would achieve maximum marks. However, there are alternative answers to some question parts which would also gain high marks. For the sake of clarity and brevity not all of these alternative answers are shown. An oblique (/) indicates an equally acceptable alternative answer.

Model answer for Question 1

- (a)
- Personal effectiveness.
 - Working with others.
 - Creating solutions.
 - Managing the team.
- (b) *Candidates would have gained full marks for any three of the following:*
- New business administration.
 - Policy alterations/examples of surrenders/policy loans/transfer.
 - Preparing projections.
 - Fund switches.
 - Processing claims/pension payments/statements.

Model answer for Question 2

- White hat.
- Facts and information.
- Red hat.
- Emotion.
- Black hat.
- Critical judgement.
- Yellow hat.
- Positive and constructive.
- Green hat.
- Alternatives and creativity.
- Blue hat.
- Control.

Model answer for Question 3

- (a)
- Environmental factors/ background noise in the office.
 - Janis needs to book a meeting room/find a quiet space for her briefing.
- (b)
- Wording or terminology/jargon.
 - She needs to word the letter in a customer focused way with language they can understand/call the customer to discuss.
- (c)
- Body language/an example of;
 - she needs to give them her full attention.

Model answer for Question 4

(a) *Candidates would have gained full marks for any seven of the following:*

- Compete

Advantages

- Asserts the position.
- Imposes decisions.
- Can be quick.
- People know where they stand.

Disadvantages

- Reduces cooperation.
- May increase conflict.
- May make Max resentful.
- Assumes Carla is right/best option.

(b) *Candidates would have gained full marks for any seven of the following:*

- Avoid

Advantages

- Saves times
- Reduces stress
- Circumstances may change/things could be more favourable
- Allows time to 'cool down'.

Disadvantages

- Does not solve anything
- Could worsen team relationships
- Could adversely impact the relationship/communication/performance.
- May be seen as weak leadership.

Model answer for Question 5

(a) *Candidates would have gained full marks for any five of the following:*

- Contract of service.
- Individually works mainly/exclusively for one company.
- The employer has the right to control duties and how they are performed/follows policies.
- The individual works set hours/has set hours of work.
- The individual is provided with all necessary equipment.
- The individual is expected to carry out tasks personally.

(b) *Candidates would have gained full marks for any five of the following:*

- Contract for service.
- Control over timing of tasks/methods of tasks.
- May have freedom to subcontract work.
- May have to supply their own equipment.
- Agreement for specific sum of money/no regular pay.
- Subject to a degree of financial risk for the individual.

Model answer for Question 6

- (a)
- Technical knowledge required in the role.
 - Advisory skills/positioning the service to be provided/questioning techniques.
 - Processes/back-office system/compliance requirements/ process and documentation.
 - Regulatory environment/generic knowledge/general or specific market area.
- (b)
- Adviser adheres to a code of ethics.
 - Meets the FCA Statement of Principles and COCON/or code of conduct for persons subject to the SMCR regime.
 - Is qualified up to level 4.
 - Has kept their knowledge up to date through CPD.

Model answer for Question 7

Candidates would have gained full marks for any eight of the following:

Advantages

- Can assess both knowledge and skills.
- Can validate transfer of learning to the job.
- Training needs can be identified quickly.
- Support can be provided in relation to the training needs/written record.
- Builds relationships between supervisor and adviser.
- Real life.

Disadvantages

- Depends on the skill of the supervisor.
- The behaviour may not be displayed.
- Individual may behave differently.
- Time-consuming.

Model answer for Question 8

- (a)
- A set of techniques/skills and attitudes to help people manage their own problems using their own resources
 - when underperformance not due to a lack of skills/problems.
- (b)
- Active listening.
 - Empathy.
 - Tolerance.
 - Questioning techniques.
 - Ability to summarise.

Model answer for Question 9

(a) *Candidates would have gained full marks for any four of the following:*

- Monitor conduct and;
- fair treatment of customers.
- To ensure standards have been met.
- To record evidence.

- Improve/develop the skills of the adviser.

(b) *Candidates would have gained full marks for any four of the following:*

- Ask adviser for their views.
- Provide feedback/evidence.
- Reconcile differences/resolve disputes.
- Agree development plan/training.
- Monitor.

Model answer for Question 10

- (a)
- Disclosure of status, costs.
 - Establishing “know your customer” requirements/GDPR.
 - Product or service disclosure.
 - Money laundering checks.

(b) *Candidates would have gained full marks for any five of the following:*

- Call conducted at appropriate time of the day /9am - 9pm /not Sundays or bank holidays.
- Adviser’s name stated.
- Adviser’s Company/employer stated.
- Genuine purpose of call stated.
- Clarify if potential client happy to continue with call.
- Leave a contact number.
- End the call if requested to do so.

Model answer for Question 11

- (a)
- The management control cycle sets out the steps to work through in order to put the company objectives into practice.
 - and should be worked through by the manager with their team members in setting and monitoring tasks.

- (b)
- Design the plan.
 - Implement/put plan into operation.
 - Monitor the results.
 - Evaluate the results against the plan.
 - Put into effect any corrective action required.

Model answer for Question 12

- (a)
- Identify strengths and weaknesses against a competency framework.
 - Determine a development plan to address weaknesses/areas where competencies can not be demonstrated.
 - Re-assess/monitor behaviour against a competency framework to evaluate success/transfer of behaviours to the workplace.
- (b)
- Coaching.
 - Mentoring.
 - Undertaking projects/specialist tasks.
 - Job rotation/secondments.

Model answer for Question 13

Candidates would have gained full marks for any eight of the following:

- Consumers can be confident the fair treatment of customers is central to corporate culture.
- Product/services designed to meet/targeted to meet needs of identified consumer groups.
- Consumers provided with clear information/kept informed before, during after point of sale.
- Advice is suitable and takes account of their circumstances.
- Products provided that perform/associated service is as expected.
- No unreasonable post-sale barriers imposed to change product/switch provider/submit a claim/make a complaint.

Model answer for Question 14

(a) *Candidates would have gained full marks for any eight of the following:*

- **Discovery phase.**
 - To include an online self-diagnostic assessment.
 - A meeting to discuss results with a practitioner.
- **Online survey.**
 - To gather staff views.
 - Face-to-face interviews.
 - To obtain 'soft facts'.
- **Accreditation report.**
 - Including evidence and
- **Feedback.**

(b) *Candidates would have gained full marks for any four of the following:*

- Reduced absenteeism.
- Better retention of staff.
- Acceptance of change.
- Closer identification with the organisation/loyalty.
- Better trained.
- Higher motivation/morale.

Model answer for Question 15

(a) *Candidates would have gained full marks for any six of the following:*

- Age.
- Disability.
- Gender reassignment.
- Marriage/civil partnership.
- Race.
- Religion/Belief.
- Sex.
- Sexual orientation.
- Pregnancy and maternity

(b)

- Employers can take steps to help someone with a protected characteristic.
- It is voluntary/not mandatory.
- Any reasonable example: encourage people who are underrepresented in an activity or type of work.

October 2021 Examination - J07 Supervision in a regulated environment		
Question Number	Syllabus learning outcomes being examined	
1.	1.7	The role of the overseer and the competencies required.
	1.3	The knowledge and skill requirements of a supervisor and the competencies displayed.
2.	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.
3.	3.3	Communication barriers.
4.	3.7	Conflict management, Thomas-Kilmann.
5.	4.2	The elements of employment contracts.
6.	4.6	The design, scope and content of a training and competence scheme.
7.	5.4	The key features of the validation process.
8.	6.2	The key features and applications of a counselling process and models e.g. Michael Reddy.
9.	7.1	The key stages before, during and after the sales meeting.
10.	7.3	FCA conduct of business rules and guidance.
11.	8.5	Target setting, company objectives and the management cycle.
12.	8.6	Career planning and development, talent management, competency based development.
13.	9.1	Key elements of management information, linking management information to ensuring a firm meets the fair treatment of customers principles.
14.	9.4	The main British and European quality standards e.g. Investors in People, ISO 9000, ISO 9001, BS8453 and ISO 22222.
15.	10.5	Relevant aspects of the law on equal opportunities, discrimination, disability and human rights.