



Chartered
Insurance
Institute

J07

Diploma in Financial Planning

Unit J07 – Supervision in a regulated environment

October 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.

Attempt ALL questions**Time: 2 hours**

1.
 - (a) Explain briefly the role of an overseer. (2)
 - (b) State and explain briefly the main exceptions from the Training and Competence rules that apply to overseers. (5)

2. Lisa is an experienced advisor, with a very good track record of performance and customer service. Her performance has deteriorated and Javeen, her manager, does not think that additional training would be valuable. Javeen intends to work with Lisa to identify the reasons for her underperformance and get her to take the lead in addressing them.
 - (a) Identify and describe briefly the appropriate management style within the Hersey and Blanchard situational leadership model. (3)
 - (b) Give **four** examples of approaches that Javeen could use to effectively apply the chosen management style. (4)

3. The Chief Executive Officer (CEO) of Raeburn plc has proposed an ambitious change agenda, which includes significant changes to the business strategy.
 - (a) List and explain **four** organisational barriers the CEO will face when undertaking this. (8)
 - (b) Provide **three** brief recommendations to address individual barriers to change. (3)

4. Avoidance is one strategy in the Thomas-Kilmann Conflict Mode Instrument.
Explain briefly the other **four** strategies. (8)

5. List and explain briefly the key information that a firm must collect as part of an application process for an approved person. *Your answer should not include reference to fitness and propriety requirements.* (10)

6. (a) Explain briefly the role of business conferences as a method of communication. (2)
- (b) (i) State **three** advantages of business conferences. (3)
- (ii) State **three** disadvantages of business conferences. (3)
7. State **two** appropriate methods to validate the learning that has taken place as the result of sales skills training and explain briefly **two** advantages of **each**. (6)
8. Lesia has been coaching her advisers to improve their performance levels. One of her team is having personal problems and the coaching approach has not been successful.
- (a) State an alternative approach Lesia could use. (1)
- (b) (i) Outline a **three** step process for effectively implementing the alternative approach identified in your answer to **part (a)** above. (3)
- (ii) Explain the key skills required for this approach. (5)
9. (a) State **three** mandatory actions that must be demonstrated by an adviser at the initial contact stages with a client. (3)
- (b) State **seven** desirable actions that must be demonstrated by an adviser at the initial contact stages with a client. (7)
10. Hans has moved to the UK recently, having resigned from his position six months ago as a member of the Danish Parliament.
- (a) Explain briefly the verification requirements that a financial adviser must undertake prior to investing any money for Hans. (6)
- (b) State the risks associated with doing business with Hans. (2)

QUESTIONS CONTINUE OVER THE PAGE

11. Explain briefly the key elements of effective management information. (7)
12. For individuals identified by firms as having high potential:
- (a) state **four** examples of appropriate activities to develop them; (4)
 - (b) list the **four** steps of talent management. (4)
13. (a) Explain briefly the purpose of ISO 22222. (6)
- (b) List the **four** planning skill areas that advisers need to demonstrate competence in to achieve ISO 22222 accreditation. (4)
14. Chris is suspected of committing fraud against his company and the matter requires immediate detailed investigation.
- (a) List the **three** options Chris's manager has with regard to Chris's ongoing employment status. (3)
 - (b) (i) Explain briefly the key actions required as part of the investigation. (2)
 - (ii) State **six** facts to be established as part of the investigation. (6)
15. (a) List the fundamental human rights contained in the Human Rights Act 1998. (4)
- (b) List and explain briefly **three** rights that employers must consider to comply with this legislation. (6)

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