



Chartered  
Insurance  
Institute

# J07

## Diploma in Financial Planning

### Unit J07 – Supervision in a regulated environment

October 2019 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. State **seven** Key Performance Indicators (KPIs) used by regulated firms to monitor the performance of their supervisors. (7)
  
2. Explain briefly how a supervisor has a direct impact on the personal development and performance of the advisers in their team. (4)
  
3. McGregor Theory X and Theory Y assumes that leadership is influenced by the underlying assumptions we make about people.  
Explain briefly **five** assumptions that are made about human nature for:
  - (a) Theory X. (5)
  - (b) Theory Y. (5)
  
4. State the **six** stages of a two-way communication process. (6)
  
5. State and explain briefly **four** key features of a competency-based interview. (8)
  
6.
  - (a) State the **three** fit and proper requirements for advisers. (3)
  - (b) State the key information about the firm the Financial Conduct Authority considers when assessing the fitness and propriety of an adviser. (3)

7. State and explain briefly which stage of Kolb's Learning cycle the following people prefer:
- (a) Ade likes to get involved in things and to learn on the job. (2)
  - (b) Yesim likes to review previous experiences. (2)
  - (c) Eva likes to pull together a wide range of ideas. (2)
  - (d) Stephen uses the learning points from previous experiences to decide the approach he would take in similar situations. (2)
8. Hamish attended a training course to improve his protection sales skills. He would like to undertake additional training to consolidate and build on what he learned from the course.
- State **four** other methods of off-the-job training that Hamish could undertake and explain briefly **two** advantages of each method. (12)
9. Samad is an inexperienced adviser who is struggling with his sales performance and therefore needs a directive form of coaching.
- State the most suitable coaching model and explain briefly the key steps of this model. (11)
10. (a) Explain the key requirements of a suitability report. (8)
- (b) State when the suitability report must be sent following a personal pension recommendation. (2)

QUESTIONS CONTINUE OVER THE PAGE

- 11. (a)** State **five mandatory actions** that must be demonstrated by an adviser at the pre-call stage of the sales process. **(5)**
- (b)** State **five desirable actions** that should be demonstrated by an adviser at the pre-call stage of the sales process. **(5)**
- 12.** List and explain briefly the **three** elements of the annual appraisal process. **(9)**
- 13.** Rania, a supervisor at a retail investment firm, is reviewing her team's performance.
- (a)** Explain briefly the purpose of Rania using a balanced scorecard. **(3)**
- (b)** State **three** measures, other than those related to customers, that typically appear in a balanced scorecard. **(3)**
- (c)** State **four** indicators relating to customers that Rania could use to measure her team's performance as part of a balanced scorecard. **(4)**
- 14.** Explain the key concepts of Total Quality Management (TQM). **(11)**
- 15.** State and explain briefly the first **four** steps of the ACAS Code of Practice regarding the disciplinary process. **(8)**



