

J11

Diploma in Financial Planning

Unit J11 – Wrap and platform services

October 2014 examination

SPECIAL NOTICES

Candidates are expected to be aware of the FCA regulation and guidance regarding wraps and platforms.

All questions in this paper are based on English law and practice applicable in the tax year 2014/2015, unless stated otherwise in the question, and should be answered accordingly.

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 J11 – Wrap and platform services

Instructions to candidates

Read the instructions below before answering any questions

- **Two hours** are allowed for this paper which consists of short answer questions and two essay questions carrying a total of 110 marks.
- Section A: 50 marks
- Section B: 60 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.
- It is important to show all steps in a calculation, even if you have used a calculator.
- If you bring a calculator into the examination room, it must be a silent, battery or solar-powered non-programmable calculator. The use of electronic equipment capable of being programmed to hold alphabetic or numerical data and/or formulae is prohibited. You may use a financial or scientific calculator, provided it meets these requirements.
- 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.

SECTION A

Attempt ALL questions

1. Explain briefly what main actions an advisory only platform provider is likely to take if an existing client decides to sever the relationship with their current financial advisory firm. (8)
2. A financial advisory firm is undertaking a client segmentation exercise to match clients to the most appropriate platform(s).
List **eight** main platform features that would be relevant to **clients** as part of a segmentation exercise. (8)
3. List and explain briefly the **five** key elements that a platform service provider must include as part of its money **processing** requirements. (10)
4. A financial adviser wishes to introduce model portfolios for its investment clients.
State **three** benefits and **three** drawbacks of using a platform to manage model portfolios compared to managing them off platform. (6)
5. (a) Identify **six** main stages in the financial planning process which can be supported by the tools on a wrap-style platform. (6)
(b) List **one** different tool available on the platform in each of the stages identified in part (a) above. (6)
6. A medium sized business has introduced a workplace platform to support the introduction of a new defined contribution pension scheme for its employees.
Identify **six** main functions that employees can carry out on the workplace platform. (6)

Total marks available for this section: 50

SECTION B

Attempt ALL questions

7. A firm of independent financial advisors has a client bank of high net worth clients. The client's average investment portfolio is worth £500,000 and contains a diverse range of investment assets.
- The firm has decided to migrate the client bank onto a single wrap-style platform.
- (a) Outline the **advantages** and **disadvantages**, to the **firm**, of using a single platform compared to a multiple platform solution. (18)
- (b) Outline the main administration **benefits** to the **firm** of using platforms to help with client investment accounts compared with directly held investments. (12)
8. A group of financial advisers have decided to set up a new independent financial advisory firm together, having previously all worked for large organisations. Not one of them has been a Compliance Officer before and they are keen to ensure that their use of technology and platforms conforms to regulatory and legal requirements. They have asked you to advise them on the Data Protection Act 1998 and the contract law as it relates to their platform use.
- (a) State the **eight** main Data Protection risks an independent financial advisor needs to be aware of when using a platform. (8)
- (b) Identify **eight** parties that may have contractual obligations with a platform. (8)
- (c) Outline the types of information that must be provided to clients about a platform at the point of sale. (7)
- (d) Outline the types of information that should be provided to clients by a platform post-sale. (7)

Total marks available for this section: 60

BLANK PAGE

