

J07

Diploma in Financial Planning

Unit J07 – Supervision in a regulated environment

October 2016 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) State **five** methods of monitoring financial adviser performance. (5)
(b) Outline the main features of the supervisory approach for a pre-competent financial adviser. (5)
2. Sarah is a new financial adviser within a large IFA firm and is supervised by Peter. State **six** ways in which Peter could assist Sarah with her professional development. (6)
3. David is the manager of a 'performing' team, as identified by Bruce Tuckman's stages of team development.
(a) Identify **six** typical leadership behaviours that David may demonstrate. (6)
(b) Explain briefly how David's behaviour may be different if he became the manager of a 'forming' team. (6)
4. Luke has completed a Myers Briggs Type Indicator (MBTI) assessment and his behavioural preferences were classified as 'ENFJ'.
(a) State the behavioural preferences indicated by Luke's classification and explain briefly the characteristics of **each** of these indicators. (8)
(b) Outline briefly the supervisory approach the manager could apply to Luke. (2)
5. (a) Identify **five** benefits of effective communication. (5)
(b) State, giving your reasons, the most appropriate communication styles a supervisor should ideally use for:
(i) a team member who has developed serious health issues; (2)
(ii) the team, in relation to a non-urgent routine update. (2)
(c) State **three** advantages associated with a team meeting as a means of communication. (3)

6. Trevor has recently experienced conflict with a member of his team.
- (a) Explain briefly the features of the Thomas-Kilmann Conflict Mode Instrument collaborative approach to conflict management. (3)
 - (b) (i) List **three** advantages of using this approach. (3)
 - (b) (ii) List **three** disadvantages of using this approach. (3)
7. (a) Identify the **four** mandatory reasons why a firm would be required to notify the Financial Conduct Authority in relation to a financial adviser's competence. (4)
- (b) State the additional notification requirements a firm must comply with in relation to complaints against individual financial advisers. (3)
- (c) Outline **two** examples of additional notification requirements under the approved persons regime. (2)
8. (a) List the **three** key areas of insurance and financial services activities regulated by the Financial Conduct Authority (FCA). (3)
- (b) Describe briefly the FCA approach to regulating the activities identified in **part (a)** above. (5)
9. In relation to on-the-job observations for financial advisers state:
- (a) **four** advantages; (4)
 - (b) **four** disadvantages. (4)
10. List the **five** stages of the directive coaching model suitable for new financial advisers. (5)

QUESTIONS CONTINUE OVER THE PAGE

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- 11.** Francesca had an initial meeting with a client who is a close friend of a prominent politician. Francesca has concerns about the client's source of wealth.
- (a)** Outline, giving your reasons, the approach to due diligence that Francesca should apply. **(4)**
 - (b)** Explain briefly what Francesca should do and the measures her employer should take regarding Francesca's concerns. **(3)**
 - (c)** State the potential consequences for Francesca of discussing her suspicion with her client. **(3)**
- 12.** Using a management control cycle, Lola is designing a plan to put her firm's objectives into practice via a balanced scorecard.
- (a)** State the steps that Lola should follow when designing the plan. **(5)**
 - (b)** List the **four** criteria that the balanced scorecard measures. **(4)**
- 13.** Alpha plc, a small organisation, does not have a formal performance review process and is currently considering introducing one.
- (a)** Outline **five** benefits to the organisation of having a formal review process in place. **(5)**
 - (b)** Outline **four** benefits to the employees of Alpha plc of having a formal review process in place. **(4)**
- 14.** Red, amber and green (RAG) ratings and exception reporting are two methods that are commonly used by a supervisor when managing information for a team.
- (a)** Explain briefly what the **red** and **green** ratings would indicate to a supervisor and the actions that would need to be taken. **(4)**
 - (b)** State **four** potential **benefits** to a supervisor of using exception reports. **(4)**
- 15.** List the **five** steps of the Advisory, Conciliation and Arbitration Service (ACAS) Code of Practice. **(5)**

