



Chartered  
Insurance  
Institute

# J07

## Diploma in Financial Planning

Unit J07 – Supervision in a regulated environment

February 2024 Examination Guide

### SPECIAL NOTICES

Candidates entered for the September 2024 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 candidates' knowledge and their ability to apply this to a case study scenario. You can then use this understanding to help you in your preparation for the 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](http://www.cii.co.uk).

#### Study the syllabus carefully

This is available online at [www.cii.co.uk](http://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.

The current syllabus is examined from **1 September to 31 August** and includes new areas under the learning outcomes. This is primarily under learning outcome 1 *Understanding the characteristics and role of a manager in financial services*, however, there are further changes under the other learning outcomes. Some of these new syllabus areas are examined as part of this paper. Please refer to the syllabus for further details.

#### Note the assumed knowledge

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

#### Read widely

*It is quite unrealistic to expect that the study of a single textbook will be sufficient to meet all your requirements.* 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](http://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**

Details of administrative arrangements and regulations which form the basis of your examination entry are available online at <https://www.cii.co.uk/learning/qualifications/assessment-information/>. This is *essential reading* for all candidates.

### **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: [On-screen written exam - Demo 1](#)

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

1. From the demonstration test, ensure you can scroll right and see the whole screen. Ensure your screen resolution shows all the features including the button to return back to your answers to **edit** them. To return to edit any answer you have already typed, you must press **'Answer'** for the question you are already in otherwise it will not let you select a previous question you have answered to edit.

Chartered Institute of Taxation

Tools Calculator End Test 174:27

AF1 October 2019

**SECTION A**

This question is compulsory and carries 80 marks

**Question 1**

Read carefully all information provided in the case study before attempting the questions. Your answers should take into account the client's circumstances as set out in the case study. Please carry out ALL of the tasks (a), (b), (c), (d) and (e) which follow.

Andrew, aged 63, a higher rate taxpayer has two adult children, Lance and Hayley. Lance is a basic rate taxpayer and Hayley is a non-taxpayer. Hayley needs regular care as a result of the injuries she suffered in a motor accident when she was a child. Lance has two young children both under the age of 10.

Andrew's mother, Peggy, a widow, died on 1 March 2019 leaving her entire estate to Andrew. Peggy inherited her Aunt's estate of £400,000 in February 2016 following the payment of £30,000 Inheritance Tax (IHT) that was due following the administration of her estate.

Peggy's estate was comprised of the following on her death:

House	£700,000
Deposit accounts	£323,000
Cash ISAs	£55,000
FTSE listed shares	£150,000
Collective investment portfolio	£101,000
Personal Pension nominated to a discretionary trust	£326,000

Peggy's husband Frank, died in 2016, leaving his share of their house and his residual estate to Peggy. Frank made only one gift in the seven years before he died. He settled £450,000 into a discretionary trust just under four years earlier. Inheritance Tax (IHT) of £23,800 was paid at outset by the trustees. Following Peggy's death, Andrew is the only remaining trustee.

Andrew is in discussions with his solicitors to draft a Will and they have suggested he arrange a Lasting Power of Attorney (LPA) for Property & Financial Affairs.

Andrew intends to make some provision for his children and grandchildren. His income is around £10,000 a year higher than his outgoings. He has a variety of savings accounts and an onshore life assurance bond invested in a managed fund which has performed well over the years.

To gain maximum marks for calculations you must show all your workings and express your answers to two decimal places.

1. (a) Calculate, showing all your workings, the IHT due as a result of Peggy's death on the 1 March 2019. (13)

Navigation: < Inf01 Inf02 Inf03 **1a** 1b 1c 1d 1e Inf04 2a 2b 2c 2d 2e Inf05 3a 3b 3c Inf06 >

Flag Edit

2. Tax tables are **NOT** provided for J07. So only the question paper will appear on the right-hand side of the interface. Tax tables will only appear in the demo test and not the 'live' exam.

Chartered Institute of Taxation

Tools Calculator End Test 164:16

AF1 October 2019

**INCOME TAX**

RATES OF TAX	2018/2019	2019/2020
Starting rate for savings*	0%	0%
Basic rate	20%	20%
Higher rate	40%	40%
Additional rate	45%	45%
Starting-rate limit	£5,000*	£5,000*
Threshold of taxable income above which higher rate applies	£34,500	£37,500
Threshold of taxable income above which additional rate applies	£150,000	£150,000

Child benefit charge:  
1% of benefit for every £100 of income over £50,000 £50,000 £50,000

\*not applicable if taxable non-savings income exceeds the starting rate band of £5,000.

Dividend Allowance		£2,000
Dividend tax rates		
- Basic rate		7.5%
- Higher rate		32.5%
- Additional rate		38.1%
Trusts		
Standard rate band		£1,000
Rate applicable to trusts		
- dividends		38.1%
- other income		45%

**MAIN PERSONAL ALLOWANCES AND RELIEFS**

	£100,000	£100,000
Income limit for Personal Allowance §	£100,000	£100,000
Personal Allowance (basic)	£11,850	£12,500
Married/civil partners (minimum) at 10% †	£3,360	£3,450
Married/civil partners at 10% †	£8,695	£8,915
Marriage Allowance	£1,190	£1,250
Income limit for Married Couple's Allowance ‡	£28,900	£29,600
Rent a Room scheme – tax free income allowance	£7,500	£7,500

With regard to the discretionary trust established by Frank:

1. (b)(i) Explain to Andrew why IHT was payable when assets were placed into the trust and how it was calculated. No calculation is required. (6)

Navigation: < Inf01 Inf02 Inf03 **1a** **1b** 1c 1d 1e Inf04 2a 2b 2c 2d 2e Inf05 3a 3b 3c Inf06 >

Flag Clear

3. Once you have typed in your answer ensure you click the red 'Answer' box, this will save your answer and move you onto the next question. Unless you press 'Answer', you will not be permitted to move onto other questions. Furthermore, please do not type all of your answers for every question into the answer space for Q1a. You should familiarise yourself with all questions prior to starting the exam.

The screenshot shows the Chartered Insurance Institute exam interface. At the top left is the CII logo and navigation buttons: 'Prev', 'Nav', 'Next', and 'Clear Highlight'. At the top right are 'Tools', 'Calculator', 'End Test', and a timer showing '158:41'. The main area contains a question with three parts: (i) a calculation question, (ii) a question about Inheritance Tax (IHT), and (iii) a question about trustee duties. Below the question is a rich text editor with a toolbar. A red 'Answer' button is located at the bottom left of the editor. On the right side, there is a table titled 'INCOME TAX' for 'AF1 October 2019', comparing tax rates for 2018/2019 and 2019/2020. At the bottom, a question navigation bar shows '1a' and '1b' as active questions, with '1b' highlighted in red. A 'Flag' and 'Clear' button are also visible.

AF1 October 2019		
INCOME TAX		
RATES OF TAX	2018/2019	2019/2020
Starting rate for savings*	0%	0%
Basic rate	20%	20%
Higher rate	40%	40%
Additional rate	45%	45%
Starting-rate limit	£5,000*	£5,000*
Threshold of taxable income above which higher rate applies	£34,500	£37,500
Threshold of taxable income above which additional rate applies	£150,000	£150,000
Child benefit charge:		
1% of benefit for every £100 of income over	£50,000	£50,000
*not applicable if taxable non-savings income exceeds the starting rate band of £5,000.		
Dividend Allowance		£2,000
Dividend tax rates		
Basic rate		7.5%
Higher rate		32.5%
Additional rate		38.1%
Trusts		
Standard rate band		£1,000
Rate applicable to trusts		
- dividends		38.1%
- other income		45%
<b>MAIN PERSONAL ALLOWANCES AND RELIEFS</b>		
Income limit for Personal Allowance §	£100,000	£100,000
Personal Allowance (basic)	£11,850	£12,500
Married/civil partners (minimum) at 10% †	£3,360	£3,450
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Marriage Allowance	£1,190	£1,250
Income limit for Married Couple's Allowance*	£28,900	£29,600
Rent a Room scheme – tax free income allowance	£7,500	£7,500

4. On the day of the J07 exam, please click on:

The screenshot shows the top part of the exam interface. On the left is the CII logo. In the center, the exam title 'J07 Supervision in a regulated environment' is displayed in a large, bold font. A blue line points from the text in question 4 to the exam title.

5. The above screenshot shows the point before the exam has started; you may wish to take this moment at this screen to jot down any notes on paper that may assist you during the exam. Please note the exam timer will not start until you click the exam titled: **J07 Supervision in a regulated environment.**

## 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. You can use the flag button to indicate which questions are incomplete.

#### Take great care to answer the question that has been set

- Many candidates finish the examination 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 answering.
- 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 'bullet points or short paragraphs. 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.

Marks are not lost due to poor spelling or grammar.

## EXAMINERS' COMMENTS

### Candidates' overall performance:

#### Question 1

Part (a) asked candidates to identify four relevant examples of roles in scope of the certification regime and some candidates found this challenging.

Part (b) required candidates to state the principal regulatory requirements that an individual working for a financial services firm (subject to the certification regime) must adhere to. Most candidates were only able to identify one of the two principal relevant requirements.

#### Question 2

Candidates performed reasonably well on this question that tested knowledge and understanding of the competencies a manager must demonstrate in their role. Whilst most candidates were able to identify 'working with others' and 'managing the team' and provide adequate explanations, relatively few candidates identified 'creating solutions and 'personal effectiveness'.

#### Question 3

This question tested knowledge of Belbin's leadership model. Part (a) was focused on the 'assets and liabilities' of a 'resource investigator' but was not answered well by candidates. Whilst some candidates were able to identify assets such as 'enthusiastic' and liabilities such as 'can become involved in irrelevancies', relatively few candidates were able to identify other features, such as 'prevents team from stagnating' and 'not original ideas person'.

Candidates performed slightly better on part (b), which tested 'assets and liabilities' of a 'shaper'.

#### Question 4

Part (a) tested the advantages of using face to face meetings as the best form of two-way communication for a supervisor to utilise with team members. This was well answered with some candidates achieving all of the marks available here.

Candidates performed reasonably well on part (b) which required examples of disadvantages of using video as a form of two-way communication.

#### Question 5

This question tested knowledge of the elements that could be included in a person specification. Some candidates were able to identify relevant elements but did not provide relevant examples to illustrate these.



### **Question 6**

Part (a) required the identification of four requirements to obtain a Statement of Professional Standing (SPS). It was answered to a reasonable standard, however most candidates did not identify the requirement to adhere to a code of ethics.

When addressing part (b), some candidates identified that pension transfer specialists must complete a minimum of 15 hours of appropriate CPD, and a minimum of nine hours of this must be structured. Relatively few candidates identified that at least five hours must be provided by an external independent provider.

### **Question 7**

Part (a) required examples of skills required to lead a counselling session. This was well answered with some candidates achieving all of the marks available in this section.

Candidates performed well on part (b) which tested knowledge of the three stages of counselling, in accordance with the Michael Reddy model.

### **Question 8**

The question required candidates to list the twelve Principles of Business. Candidates performed reasonably well, however not all principles were identified. This is a well-established area of the syllabus, and candidates were expected to display a working knowledge.

### **Question 9**

Part (a) tested knowledge of the mandatory information that must be included in a suitability report provided to a retail investor. A high proportion of candidate achieved less than half the marks available.

Candidates performed better on part (b), which required the identification of additional items that should be included in a suitability report to demonstrate the advice given. A relatively high proportion of candidates did not identify that the suitability report should be personalised, with technical terms explained, in plain English.

### **Question 10**

The question tested the three elements of the annual appraisal process. Whilst most candidates were able to identify the 'performance review' and provide relevant examples to illustrate the process, relatively few were able to identify the 'potential review' and 'reward review'.

### **Question 11**

Some candidates did not provide sufficient high-level detail regarding the three key elements of corporate objectives and in some instances misunderstood the requirements of the question.

### **Question 12**

Part (a) tested the purpose of ISO 9000 for a financial services firm. It was generally not addressed to a good standard, with a high proportion of the candidates achieving less than half the marks available or no marks.

Candidates performed slightly better on part (b) which tested key areas covered by ISO 9000. However, many candidates did not identify defined some of the key areas, such as organisational structure and internal quality audits.

### **Question 13**

This question asked for candidates to outline the benefits of using exception reports when managing a team and was well answered.

### **Question 14**

Part (a) tested the relevant COCON rules an employee of a financial services firm performing a certified role was expected to adhere to. It was generally addressed to a good standard.

Part (b) tested the three main objectives of disciplinary action for an employer. Some of the candidates provided generic explanations but needed to be more specific in their answers (e.g discussing key concepts such as rehabilitation and deterrence).

### **Question 15**

Candidates performed well on part (a) which required examples of evidence an employer could provide to an employment tribunal to demonstrate they acted reasonably.

Candidates performed less well on part (b) that tested knowledge of remedies available for employees, in instances where the tribunal ruled in their favour. Not all candidates were able to distinguish between a basic award and a compensatory award.

## 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 2023/2024, 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.
- 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**

**ENSURE YOU ANSWER EACH QUESTION IN THE CORRECT ANSWER BOX**

1. Henrietta works for a financial services firm and is subject to the certification regime.
  - (a) Identify **four** relevant examples of roles in scope of the certification regime. (4)
  - (b) State the **two** principal regulatory requirements Henrietta must adhere to in her role. (2)
  
2. State and explain briefly the competencies a manager must demonstrate in their role. (8)
  
3. State **three** assets and **three** liabilities from Belbin's leadership model for **each** of the following team roles:
  - (a) Resource Investigator. (6)
  - (b) Shaper. (6)
  
4. Anita is a supervisor and is considering the best forms of two-way communication to utilise with her team members.
  - (a) Identify **three** advantages of Anita using face-to-face meetings. (3)
  - (b) Identify **three** disadvantages of Anita using video calls. (3)
  
5. State **five** elements that could be included in a person specification and provide an example for **each** of these elements. *Exclude physical make up and interests from your answer.* (10)

**ENSURE YOU ANSWER EACH QUESTION IN THE CORRECT ANSWER BOX**

6. Alan is a financial adviser, specialising in pensions transfers and is currently applying for a Statement of Professional Standing (SPS). (4)
- (a) Identify the **four** requirements Alan must meet to obtain an SPS. (4)
- (b) Outline the additional Continuous Professional Development that Alan must complete on an annual basis as a pension transfer specialist. (3)
7. Jaden attended a course to develop his counselling skills, to better support his team. (5)
- (a) State **five** examples of skills required to lead a counselling session. (5)
- (b) State and explain briefly the **three** stages of counselling, in accordance with the Michael Reddy model. (6)
8. List the **twelve** Principles for Businesses. (12)
9. (a) Identify the mandatory information that must be included in a suitability report provided to a retail investor. (3)
- (b) Identify **six** additional items that should be included in a suitability report to demonstrate the advice given. (6)
10. State **three** elements of the annual appraisal process and provide **two** examples of the benefits of each. (9)
11. Identify and explain briefly the **three** key elements of corporate objectives. (6)
12. (a) Explain briefly the purpose of ISO 9000 for a financial services firm. (3)
- (b) List the **five** key areas covered by ISO 9000. (5)

**ENSURE YOU ANSWER EACH QUESTION IN THE CORRECT ANSWER BOX**

13. Outline the benefits of using exception reports when managing a team. (5)
14. (a) List the relevant COCON rules an employee of a financial services firm performing a certified role is expected to adhere to. (5)
- (b) State and explain briefly the **three** main objectives of disciplinary action for an employer. (6)
15. John was dismissed due to unsatisfactory performance and is taking his employer to an employment tribunal on the basis of unfair dismissal.
- (a) Identify **four** examples of evidence his employer could provide to an employment tribunal to demonstrate they acted reasonably. (4)
- (b) State and explain briefly the **two** most commonly used remedies that may be available if the tribunal rules in John's favour. (6)

**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) *Candidates would have gained full marks for any four of the following:*
- Advisors.
  - Material risk takers/ significant harm function or roles.
  - Head of IT.
  - Head of Risk.
  - Managers of certified individuals/Director.
  - CASS oversight function.
  - Other relevant examples.
- (b)
- Fit & proper requirements/ all three elements.
  - Conduct rules requirements/ all five elements.

**Model answer for Question 2**

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

- **Personal effectiveness**
- Striving for excellence.
- Taking initiative.
  
- **Working with others**
- Customer focus.
- People focus.
- Building understanding and trust.
- Influencing skills.
  
- **Creating solutions**
- Seeking information.
- Understanding issues.
- Problem solving.
  
- **Managing the team**
- Leadership.
- Communication/ a relevant example of.
- Maintaining compliance standards.
- Managing performance.
- Developing others.

**Model answer for Question 3**

**(a) Assets**

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

- Likeable/ sociable.
- Relaxed.
- Enthusiastic.
- Prevents team from stagnating.

**Liabilities**

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

- Not original ideas person.
- Easily bored and demoralised.
- Cannot work alone.
- Can become involved in irrelevancies.

**(b) Assets**

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

- Extrovert.
- Full of energy.
- Self-confident.
- Focuses and motivates team.

**Liabilities**

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

- Anxious.
- Impulsive.
- May be seen as aggressive.
- High control need.

**Model answer for Question 4**

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

- She can communicate with multiple team members at once.
- Communication at several layers – verbal, visual, body language.
- It allows for interaction and feedback.
- 1-2-1 meetings are good for sensitive issues.

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

- There is no record of what was said and agreed unless calls are recorded.
- It may be time consuming if used to communicate with each team member.
- Video calls may be subject to poor communication/ connection issues/ people interrupting.
- Team members less likely to fully participate on video calls/ more likely to be distracted.



### Model answer for Question 5

- **Qualifications and experience**
- Level 4/ experience of pension transfer/ another relevant example.
- **General intelligence**
- Numeracy/ verbal reasoning/ another relevant example.
- **Special aptitudes**
- Advisory skills/ IT literacy/ another relevant example.
- **Disposition**
- Dependability/ positive attitude/ another relevant example.
- **Circumstances**
- Mobility/ ability to work remotely/ another relevant example.

### Model answer for Question 6

- (a) *Candidates would have gained full marks for any four of the following:*
- Alan must adhere to a code of ethics.
  - He must meet the FCA conduct rules (COCON) or statement of principles and Code of Practice for Approved Persons (APER).
  - He must be level 4 qualified.
  - He must have kept his knowledge up-to-date by undertaking appropriate CPD.
- (b)
- Pension specialists must complete a minimum of 15 hours of pension transfer role appropriate CPD.
  - A minimum of 9 hours of this must be structured CPD.
  - At least 5 hours of this must be provided by an external independent provider.

### Model answer for Question 7

- (a)
- Active listening.
  - Empathy.
  - Tolerance.
  - Skilled questioning techniques.
  - Ability to summarise.
- (b)
- **Understanding**
  - Gain an understanding on what the problem is.
  - **Challenging**
  - Get the individual to look at the problem in a different light/ redefine the problem/ identify the underlying issue.
  - **Resourcing**
  - Encourage the individual find the solution and give support.

### Model answer for Question 8

- Integrity.
- Skill, care and diligence.
- Management and control.
- Financial prudence.
- Market conduct.
- Customers' interests/TCF.
- Communications with clients.
- Conflicts of interest.
- Customers: relationships of trust.
- Clients' assets.
- Relations with regulators.
- Consumer Duty/ Customer Outcomes.

### Model answer for Question 9

- (a)
- It should specify the client's goals and objectives/ demands and needs.
  - It should explain why the recommendation is suitable for the client based on their circumstances/ needs/ objectives.
  - Any possible disadvantages to the client needs to be explained.
- (b)
- The client's circumstances/ objectives should be recapped.
  - An explanation of all areas of the recommendation should be included/ advantages & disadvantages.
  - Refer to alternative products discussed, or products first recommended and rejected.
  - Be personalised, with technical terms explained, in plain English.
  - Refer to each need highlighted by the adviser and not taken forward including the reasons.
  - Any charges associated with the recommendation should be explained clearly.

### Model answer for Question 10

- **Performance review**

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

- Review performance against objectives/ provide feedback.
- Understand the reasons for success or failure.
- Helps inform job related training needs (BAU).
- Helps evidence the requirements of the SMCR regime.

- **Potential review**

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

- Assesses future prospects in a company/ future plans.
- Helps inform suitability for promotion/ business succession planning.
- Identifies developmental training needs/ skill shortages (Future).

- **Reward review**

- Establishes the link between performance and pay.
- Assists with pay review/ bonus decisions.

### Model answer for Question 11

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

- **Mission**
  - What the firm is seeking to attain.
  - The main reason for the firm's existence/ relevant example.
- **The strategic objectives**
  - Big picture goals.
  - Example of a big picture goal e.g. increase market share.
- **The business strategy**
  - The actions and plans the firm will take to achieve its corporate objectives.
  - Example of a specific plan/ action e.g. marketing plan, resource planning.

### Model answer for Question 12

- (a)
  - The firm maintains a framework/ adequate evidence.
  - This enables continuous improvement of products and services.
  - Helps demonstrate that the firm has reliable systems in place.
- (b)
  - Defined organisational structure.
  - Internal quality audits.
  - Defined processes.
  - Management review.
  - Formal training systems.

### Model answer for Question 13

- Highlight potential problems/ under-performance.
- Identify differences in performance between team members.
- Identify who is achieving well/ exceeding targets.
- Help identify trends.
- Allows the manager more time to focus on planning/ less data.

### Model answer for Question 14

- (a)
- Act with integrity.
  - Act with due skill, care and diligence.
  - Must be open and cooperative with the FCA/ PRA/ other regulators.
  - Must pay due regard to the interests of customers and treat them fairly.
  - Observe proper standards of market conduct.
  - Act to deliver good outcomes for retail customers.
- (b)
- **Rehabilitation**
  - Bring about a change in behaviour.
  - **Deterrence**
  - Discourage similar performance.
  - **Retribution**
  - Measures taken to tackle inappropriate behaviours.

### Model answer for Question 15

- (a) *Candidates would have gained full marks for any four of the following:*
- 1-2-1s/ regular reviews took place.
  - Training was provided.
  - John's performance was measured objectively by KPIs.
  - John's under performance was highlighted and he was given the opportunity to address this/ evidence of the underperformance/ process has been followed.
  - The firm's disciplinary procedures were followed.
- (b)
- **Reinstatement**
  - The employee must be treated by the employer as if they have never been dismissed.
  - They must be re-employed on the same basis.
  - **Compensation**
  - This can be a basic award which is calculated on a fixed formula that takes into account age and service.
  - Or a compensatory award based on the loss of past and future earnings and associated earnings.

## Glossary of terms

*Some abbreviations candidates can you use in financial planning online exams:*

1. CPD – Continuing professional development
2. KPI – Key performance indicators
3. GDPR – General data protection regulation
4. FOS – Financial ombudsman service
5. FSCS – Financial Services Compensation Scheme
6. SM&CR – Senior Managers and Certification Regime
7. SoR – Statement of Responsibilities

February 2024 Examination - J07 Supervision in a regulated environment		
Question Number	Syllabus learning outcomes being examined	
1.	1.1	Conduct and competency of managers in scope of the SM&CR regime and T&C requirements as relevant;
2.	1.4	The knowledge and skill requirements of a manager and the competencies displayed;
3.	2.1	Leadership models and theories, e.g. Belbin, Hersey & Blanchard, McGregor, Covey, Myers Briggs, Tuckman, emotional intelligence, Scouller's three levels of leadership;
4.	3.1	The key methods of communication;
5.	4.1	The relationship of recruitment to business needs and elements of employment contracts;
6.	5.4	Professionalism requirements and CPD.
7.	6.4	The manager's role and responsibilities in coaching, counselling and assessing.
8.	7.1	FCA Principles for Businesses, code of conduct (COCON) and their application in regulated activity;
9.	7.2	FCA Consumer Duty, Conduct of business rules and guidance including vulnerable customers;
10.	8.4	The performance review and appraisal process;
11.	8.5	Target setting, company objectives and the management cycle;
12.	9.2	The main approaches and quality standards in use;
13.	9.3	Clarity of management information, e.g. exception reports and their uses;
14.	10.1	Managing unsatisfactory performance;
15.	10.4	Guidelines for contract termination and appeals;