Chartered Insurance Institute

J07

Diploma in Financial Planning

Unit J07 – Supervision in a regulated environment

September 2026 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.

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.

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. **(a)** Explain briefly the purpose of the Senior Managers and Certification Regime. **(2)**

(b) Outline the **four** Conduct Rules that apply only to senior managers. **(4)**

2. State **six** key activities carried out by a financial services organisation, relating to the competence and conduct of staff, which contribute to good consumer outcomes. **(6)**

3. John leads a bank's anti-money laundering (AML) investigations team. The previous manager, Alex, set strict daily alert-clearance targets, closely monitored staff and gave formal warnings when targets were missed. Staff were not consulted and morale was low.

John introduces team meetings, asks for ideas to improve processes, agrees shared quality and productivity measures, allows analysts to organise their own work and supports those who want extra training.

Using McGregor's Theory X and Y:

(a) identify the key assumptions about human nature in the theory used by Alex; **(5)**

(b) state the principles of the theory adopted by John, on the use of authority. **(3)**

4. Steve, a manager within a financial planning business, intends to send an e-mail to all staff informing them of some process changes.

State and describe briefly **five** potential barriers to effective communication in this scenario. **(10)**

5. **(a)** Outline **four** benefits of competency-based interviewing. **(4)**

(b) State **two** examples of questions that could be used in a competency-based interview. **(2)**

ENSURE YOU ANSWER EACH QUESTION IN THE CORRECT ANSWER BOX

6. Paolo, a senior manager at a UK authorised core firm, is appointed to a designated senior management function and has been presented with a Statement of Responsibilities (SoR).

(a) Explain briefly the purpose of an SoR. **(3)**

(b) State the **five** examples of senior managers' roles (senior management functions appointments) required for a UK authorised core firm. **(5)**

7. Sam has recently joined a financial services firm in a new analytical role. His manager supports his learning journey in producing regulatory reports.

1. At first, Sam is confident and insists the task is 'straightforward', but his reports contain frequent errors.
2. After feedback, Sam realises the task is more complex than expected and becomes anxious about making mistakes.
3. With coaching and practice, Sam can complete the reports accurately, but only by concentrating hard and following a written checklist.
4. After several months, Sam produces high-quality reports quickly and rarely needs to refer to notes.

(a) Identify and explain briefly **each** of the **four** stages of the conscious competence learning matrix illustrated by Sam's progress. **(8)**

(b) Outline, for **each** stage, how his manager should manage and support Sam. **(4)**

8. **(a)** State the **eight** key stages of a counselling discussion, using the format recommended by the Chartered Institute of Personnel and Development (CIPD). **(8)**

(b) List **three** skills required to undertake an effective counselling session. **(3)**

9. Tanya takes calls from customers in mortgage arrears within a call centre.

(a) Explain the advantages of workplace observations through call monitoring. **(6)**

(b) Identify the cross-cutting rules that Tanya's employer must follow. **(3)**

ENSURE YOU ANSWER EACH QUESTION IN THE CORRECT ANSWER BOX

10. **(a)** Outline the criteria that must be met for a customer complaint to be resolved informally. **(3)**

(b) State the timescale criteria that must be considered for a customer complaint to be referred to the Financial Ombudsman Service. **(4)**

11. Louise is considering how to measure the individual performance of each of her team of financial planners.

(a) State **five** potential qualitative performance measures. **(5)**

(b) State **five** potential quantitative performance measures. **(5)**

12. **(a)** State and describe briefly **two** key elements of corporate objectives. *Exclude strategic objectives from your answer.* **(4)**

(b) State **six** areas that may be covered by a firm's strategic objectives. **(6)**

13. NorthRiver Bank is a UK retail bank. A failed software change caused its online and mobile banking platform to be unavailable for six hours, which meant customers could not access funds or make payments. This incident attracted media coverage and interest from the regulator.

Identify and explain briefly the steps that NorthRiver Bank must take to improve its operational resilience. **(10)**

14. Identify and explain briefly, **three** types of management intervention that could be used when dealing with underperformance, providing a relevant example of **each**. *Exclude CPD from your answer.* **(9)**

15. **(a)** List **four** fundamental human rights. **(4)**

(b) List the **four** types of discrimination identified by the Equality Act. **(4)**

Total marks: 130