

Chartered  
Insurance  
Institute

# J07

## Diploma in Financial Planning

Unit J07 – Supervision in a regulated environment

February 2025 Examination Guide

### SPECIAL NOTICES

Candidates entered for the September 2025 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 familiarisation**

The familiarisation test allows you to experience using the assessment platform before your exam. Please note that while there might be slight differences in layout it will give you a good idea of how to navigate and use the platform functionality. This test is for the purpose of familiarisation with the assessment platform only. You can also access past exam papers [here](#).

You can access the familiarisation test at any time which can be found [here](#).

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.

**Once you have received your exam login details, we strongly advise that you try the familiarisation test to ensure you are familiar with the navigation for the exam.**

- From the familiarisation 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 Insurance Institute | Prev | Nav | Next | Clear Highlight | 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 >

Buttons: Flag, Edit

- 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 Insurance Institute | Prev | Nav | Next | Clear Highlight | 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

\*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**

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

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.

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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.

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 >

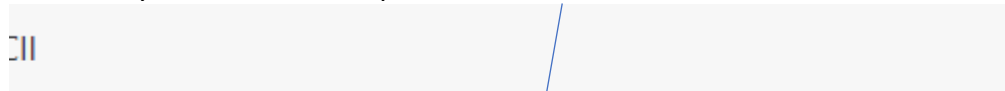
Buttons: Flag, Clear



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, there are navigation buttons: 'Prev', 'Nav', 'Next', and 'Clear Highlight'. On the right, there are 'Tools', 'Calculator', 'End Test', and a timer showing '158:41'. The question text is partially visible, with three sub-questions (i), (ii), and (iii). Below the question is a text editor with a rich text toolbar. A red 'Answer' button is located at the bottom left of the text editor. To the right of the text editor is a table titled 'INCOME TAX' for 'AF1 October 2019'. The table is divided into sections: 'RATES OF TAX', 'Dividend Allowance', 'Dividend tax rates', 'Trusts', and 'MAIN PERSONAL ALLOWANCES AND RELIEFS'. The 'RATES OF TAX' section includes rates for savings, basic, higher, and additional rates, along with starting-rate limits and thresholds. The 'Dividend Allowance' section shows a £2,000 allowance. The 'Dividend tax rates' section shows rates of 7.5%, 32.5%, and 38.1%. The 'Trusts' section shows a £1,000 standard rate band and rates of 38.1% for dividends and 45% for other income. The 'MAIN PERSONAL ALLOWANCES AND RELIEFS' section includes allowances for Personal Allowance, Married/Civil Partners, Marriage Allowance, and Married Couple's Allowance.

AF1 October 2019		
INCOME TAX		
RATES OF TAX	2018/2019	2019/2020
Starting rate for savings*	0%	0%
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Income limit for Personal Allowance §	£100,000	£100,000
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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:



-  **J07 Supervision in a regulated environment**
-  **on-screen written exam familiarisation**

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**.

## Important information for remote invigilation candidates only

If you are taking the exam through remote invigilation, **we strongly advise that you try the online tutorial test** once you have received your exam login details and well in advance of the actual exam day.

You should have received the below information via email before your examination date.

You must check the equipment you plan to use on the exam day is suitable. The system requirements are [here](#)

### EXAM TUTORIAL:

- [Launch Tutorial Test](#)
- Duration: The tutorial will take approximately 30 minutes to complete.
- Attempts: Launch the tutorial test up to three (3) times to familiarize yourself with the environment. We suggest saving one attempt for 2-3 days prior to your exam date.
- Timing: The Launch link will expire 150 minutes (2 hours and 30 minutes) prior to your scheduled exam time.

To access your exam on the exam day click on the "Launch Exam" link beside your scheduled exam within the Bookings and Results area of MyCII [Dashboard](#). If you have any difficulty accessing your MyCII account, you should contact CII customer service at the contact details below.

**This Exam tutorial of the invigilation system will help you feel confident on exam day and can prevent technical issues by alerting you to potential issues with your equipment.**

**Please note you are strongly advised not to use a laptop provided by your employer.**

Laptops and IT equipment provided by your employer typically include security protocols that conflict with any remote invigilation software. You should also avoid using a corporate Wi-Fi or any other internet connection that may include firewalls that you cannot personally control.

It is fundamentally important that if you are sitting an examination via remote invigilation, you read all of the documents on this page; [How to prepare for your on-screen written exam by remote invigilation](#)

If there is anything you are unsure of, or if you have not received the tutorial email, please contact Customer Service (telephone +44 (0)20 8989 8464 Mon to Fri: 9am – 5pm (UK time) email [customer.serv@cii.co.uk](mailto:customer.serv@cii.co.uk) ) as soon as possible, as this may affect your examination sitting.

## 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:**

Candidates' performance on this paper was mixed, and I would expect to see a high variance in marks. Some candidates were clearly well prepared and scored maximum or close to maximum marks on the easier questions, and moderate marks on the harder questions, whilst others struggled throughout, only picking up low to moderate marks even on the easier questions.

The questions candidates typically struggled with the most were those relating to definitive models, rules or standards, where it is difficult to guess the required answers.

It is important to note the small number of candidates for this sitting.

Comments on individual questions are shown below.

### **Question 1**

Part (a) of this question, which focused on the two main requirements for employees in scope of the certification regime, was answered well by some candidates, but many were unable to identify one or both of the requirements.

Candidates performed better in part (b) of the question, which asked for the regulatory definition of a 'competent employee'. Many candidates gained the first four marks available, with ethical behaviour being the mark most often missed.

### **Question 2**

Candidates generally performed well in part (a) of this question, which asked them to state the key elements of a responsibility map. Many candidates scored highly on this question part.

Part (b) was less well answered. Although some well-prepared candidates were able to identify the four senior manager conduct rules, it was clear that these were not known to other candidates, who provided unrelated answers.

### **Question 3**

This question asked candidates to state and explain the four categories of behavioural preferences from the Myers-Briggs model. Many candidates were able to identify the categories, but fewer could correctly explain and provide an example for each of these. Some candidates confused the different category headings and their meanings.

### **Question 4**

Candidates did not generally score highly on this question, which asked them to identify and describe four organisational barriers to change. Cost and particular individuals being resistant were often correctly identified by candidates as barriers to change, but other barriers, such as structural inertia and previous experience were noted by few candidates.

### **Question 5**

This question was generally well answered by candidates, many of whom scored highly. The question asked for the identification of five key features of active listening. The answer most often missed by candidates was that of asking the other person to recap.

### **Question 6**

Part (a) of this question requested the key information that must be included in an employment contract. It was generally well-answered by candidates, with plenty of marks available, and many scoring highly.

In contrast, candidates scored poorly in part (b) of this question, which asked them to state the two parts of the 'statement of employment particulars'. Most candidates did not gain either of the two marks available.

**Question 7**

Candidates performed fairly well on part (a) of this question, which focused on the benefits of competency-based interviewing. Most candidates were able to identify two or three of the four answers required.

Part (b) of the question asked for examples of relevant skills for a manager that could be tested through competency-based interviewing. This was less well answered, with many candidates providing examples of other skills which may be displayed by managers, but not generally tested in this manner, such as training.

**Question 8**

Some candidates were clearly familiar with Kolb's learning cycle and therefore performed well in part (a) of this question, which asked for identification and a brief description of each of the four stages. Other candidates were unable to correctly identify the stages or mixed them up.

Part (b) of the question was generally not well-answered. Many candidates correctly identified that all four stages of the cycle should be included and that the cycle can start at any stage, but most failed to state the other three relevant key points.

**Question 9**

This question asked candidates to outline the principal elements of a counselling meeting. Candidates did not generally score highly, with many correctly identifying only a small number of the nine possible answers. Some candidates incorrectly referred to common models used for counselling and therefore did not answer the question being asked.

**Question 10**

This question focused on observation aids, with part (a) asking for identification of two elements that must be included in the scoring mechanism, and part (b) asking for two purposes of an observation aid. Candidates did not generally score highly across either question part, with some providing answers in part (a) that would be more suitable in part (b), and vice versa.

**Question 11**

The quality of answers was wide ranging for this question, which asked for the three Consumer Duty cross-cutting rules and an illustrative example for each. Some candidates were able to quote the rules verbatim and provide good examples, whilst others provided answers unrelated to Consumer Duty.

**Question 12**

Candidates generally performed well in this question, about the key features of effective management information. Many candidates gained high scores. The answer most often omitted was that MI should meet regulatory requirements.

**Question 13**

This question related to BS8453 and was poorly-answered across both question parts. Candidates generally appeared unfamiliar with both the requirements of the standard (part a) and the ways in which firm can implement the standard (part b). Some candidates did correctly identify that firms can have an independent audit to receive certification.

**Question 14**

Candidates did not generally score highly in this question, about the four types of management intervention used when dealing with underperformance. Many correctly identified the training intervention but missed some or all of the others.

**Question 15**

There was a mixture of performances on this question, which focused on the five stages of the disciplinary process set out in the ACAS Code of Practice. Few candidates appeared to know the stages well, although many scored some marks by detailing a generic disciplinary process. Some candidates provided answers about the possible disciplinary outcomes, rather than the process itself, which meant they did not score highly.

## 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 2024/2025, 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.     **(a)** State the **two** main requirements for employees in scope of the Certification Regime. **(2)**  
**(b)** Outline the regulatory definition of a 'competent employee'. **(5)**
  
2.     **(a)** State the key elements of a responsibility map. **(4)**  
**(b)** Identify the **four** individual conduct rules that apply only to senior managers. **(4)**
  
3.     State and explain briefly, the **four** categories used to describe behavioural preferences identified in the Myers-Briggs Indicator model. **(12)**
  
4.     Identify and describe briefly **four** organisational barriers to change. **(8)**
  
5.     Identify **five** key features of active listening. **(5)**
  
6.     **(a)** List the key information that must be included in an employment contract. *You should exclude names of employer, employee and place of work from your answer.* **(10)**  
**(b)** State the **two** parts of the 'statement of employment particulars'. **(2)**
  
7.     **(a)** Explain briefly the benefits of competency-based interviewing. **(4)**  
**(b)** State **seven** examples of relevant skills for a manager that could be tested through competency-based interviewing. **(7)**

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

8. (a) State and describe briefly the **four** stages of Kolb's learning cycle. (8)
- (b) Describe the key points that should be considered to ensure Kolb's learning cycle is as effective as possible. (5)
9. Cora is preparing to undertake a counselling session to support James, who dealt with a difficult situation that detrimentally impacted the quality of his work.
- Outline the principal elements of the meeting. (9)
10. Observation aids will typically include a scoring mechanism to ensure a consistent approach.
- (a) Identify **two** elements that must be included in the scoring mechanism. (2)
- (b) State **two** purposes of a typical observation aid. (2)
11. List the **three** FCA Consumer Duty cross-cutting rules and provide a relevant example to illustrate **each** one. (6)
12. Bill is preparing new management information (MI) for reporting to the Board of a firm.
- Identify the key features that the MI should have, to be as effective as possible. (7)
13. BS 8453 is the British standard for managing compliance and risk management within a regulated firm.
- (a) List **four** requirements a regulated firm must meet to comply with BS 8453. (4)
- (b) State **two** ways that a financial services firm can implement the BS 8453 standard. (2)

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

- 14.** List and explain briefly, providing a relevant example of **each**, the **four** types of management intervention that could be used when dealing with underperformance. **(12)**
- 15.** State and explain briefly the **five** stages of the disciplinary process set out in the Advisory, Conciliation and Arbitration Service (ACAS) Code of Practice. **(10)**

**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) Employees must:
- be fit and proper.
  - comply with the conduct rules.
- (b) A competent employee should have:
- skills.
  - knowledge.
  - expertise.
  - to discharge responsibilities allocated to them.
  - a good standard of ethical behaviour.

**Model answer for Question 2**

- (a)
- Detail reporting lines.
  - Show responsibilities of each role individual.
  - Name individuals in each role.
  - State whether the role is senior management function / certified.
- (b)
- You must take reasonable steps to ensure that the business of the firm for which you are responsible is controlled effectively.
  - You must take reasonable steps to ensure that the business of the firm for which you are responsible complies with the relevant requirements and standards of the regulatory system.
  - You must take reasonable steps to ensure that any delegation of your responsibilities is to an appropriate person and that you oversee the discharge of the delegated responsibility effectively.
  - You must disclose appropriately any information of which the FCA or PRA would reasonably expect notice.

### Model answer for Question 3

- **Extroversion (E) or Introversion (I)**
- Do we get our energy from ourselves or other people?
- Extroverts get their energy from others / introverts get their energy from within / any relevant example.
- **Sensing (S) or Intuition (N)**
- How do we gather information?
- Sensing people looks for facts, details etc / Intuitive person looks at bigger picture, creative options / any relevant example.
- **Thinking (T) or Feeling (F)**
- How do we make decisions?
- Thinking people make decisions based on facts and logic / Feeling people make decisions based on values and emotions / any relevant example.
- **Judging (J) or Perceiving (P)**
- What is our approach to life?
- Judging person plans and likes control / Perceiving person is spontaneous, likes to keep options open / any relevant example.

### Model answer for Question 4

- **Structural inertia**
- This is a tendency towards stability within an organisation which must be overcome if change is to be achieved.
- **Social norms/culture**
- This could develop within a particular group or team within an organisation / Influential staff could perceive a threat to their power position.
- **Expectations/previous experience**
- Unsuccessful previous attempts to introduce change may undermine subsequent initiatives.
- **Cost**
- The cost of change, actual or perceived, could act as a barrier to change / The risks and cost of change may be seen to outweigh the potential benefits.

### Model answer for Question 5

- Asking questions / ensuring you have understood correctly.
- Summarising the conversation.
- Asking the other person to recap.
- Encouraging the other person / supportive verbal and non-verbal cues.
- Not interrupting / being respectful.



**Model answer for Question 6**

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

- Job title.
- Brief description of duties.
- Payment / including payment frequency.
- Non contractual benefits / an example of (bonus).
- Pensions.
- Training / including mandatory / right to non-mandatory.
- Probationary period.
- Hours of work.
- Holiday.
- Notice of termination.
- Details of grievance / disciplinary procedures.
- Sick pay.

**(b)**

- Principal statement.
- Written statement.

**Model answer for Question 7**

**(a)**

- Provides the interviewee the opportunity to evidence their expertise / how they acted in a real-life situation.
- Provides evidence of the competencies required for a specific role.
- Ensures a consistent approach is adopted in interviews.
- Interviewees are less able to bluff / easier to identify capability.

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

- Building relationships.
- Prioritising / efficiency.
- Decision making.
- Communication.
- Bringing people together / leadership.
- Building trust with the team / teamwork.
- Creating a positive culture.
- External stakeholder management.

**Model answer for Question 8**

- (a)
- **Concrete experience**
  - Taking part in activities / direct experience.
  - **Reflective observation**
  - Review of results and analysis of how effective it was.
  - **Abstract Conceptualisation**
  - Draw conclusions / pull thinking together.
  - **Active Experimentation**
  - Decide on the approach going forward, based on conclusions.
- (b)
- All four stages of the cycle should be included.
  - The learning cycle can start at any stage.
  - People should be encouraged to spend time on reflection, as this stage is often rushed.
  - Most people have a preference for one or more stages, rather than all of them.
  - We shouldn't assume people will learn just because they've had an experience.

**Model answer for Question 9**

- Welcome and clarify purpose of meeting.
- Assure James about confidentiality.
- Encourage James to participate.
- Ask James to clarify any points Cora is not sure about / does not understand.
- Take initiative in probing important areas.
- If James is defensive, try to understand why / vary the approach.
- Summarise throughout.
- Clarify decisions reached at the end of the meeting.
- Agree follow up support if appropriate.

**Model answer for Question 10**

- (a)
- It should contain the mandatory items (such as covering COBS requirements) that must be successfully demonstrated.
  - It should also contain non-mandatory items or "soft skills" that must also be successfully demonstrated.
- (b)
- To set out the required behaviours through the advice process.
  - To provide a record of the observation and any subsequent action.

**Model answer for Question 11**

- Act in good faith towards retail customers.
- Firms must determine whether they are acting consistently with the customers' reasonable expectations / any other relevant example.
- Avoid foreseeable harm.
- Identify any early warning signs and act accordingly / any other relevant example.
- Enable and support retail customers to pursue their financial objectives.
- Establish an environment where customers can act in their own interests / any other relevant example.

**Model answer for Question 12**

- Relevant.
- Accurate.
- Timely / applied consistently / up to date.
- Recorded.
- Clear / summary / easy to read.
- Cost effective – benefit should outweigh cost.
- Meet regulatory requirements.

**Model answer for Question 13**

- (a)
- Effective risk management processes.
  - Undertaking risk assessments.
  - Monitoring compliance.
  - Internal and external reporting.
- (b)
- They can adopt the standards through a benchmark of best practice being provided.
  - They can have an independent audit to receive certification from an accredited awarding body.

### Model answer for Question 14

- **Motivational**
  - To encourage return to acceptable levels of performance.
  - Targets/praise/encouragement/rewards/any other relevant example.
- **Training**
  - To improve performance by 'upskilling'.
  - Training to improve IT skills / any other relevant example.
- **Behavioural**
  - Attempting to change behaviour / attitude.
  - Ensuring individual completes their contracted hours / any other relevant example.
- **CPD**
  - To ensure that individuals keep place with changes.
  - Planning structured CPD activities that is validated and tailored to address a shortfall / any other relevant example.

### Model answer for Question 15

- **Establish the facts**
  - Investigate quickly / consider circumstances, previous incidents, training history / any other relevant factors.
- **Inform the employee of the issue**
  - Confirm in writing, stating details of alleged misconduct, possible consequences, meeting details.
- **Hold a meeting**
  - Employee must have reasonable time to prepare / have the right to be accompanied / both parties set out their case and can call witnesses.
- **Decide on appropriate action**
  - Communicate to employee / various outcomes possible.
- **Opportunity to appeal**
  - Employee must tell employer they wish to appeal and set out reasons in writing / further (appeal) meeting held / should be dealt with by someone not involved in original proceedings.

## 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 2025 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.	1.5	Appropriate methods of control and monitoring.
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.	2.2	Change management and the application of Kotter's eight step change model.
5.	3.1	The key methods of communication.
6.	4.1	The relationship of recruitment to business needs and elements of employment contracts.
7.	1.4 4.3	The knowledge and skill requirements of a manager and the competencies displayed. Competency based interviewing.
8.	5.1	Theories of learning e.g. Kolb, Honey and Mumford.
9.	6.2	The key features and applications of a counselling process, e.g. Michael Reddy.
10.	6.4	The manager's role and responsibilities in coaching, counselling and assessing.
11.	7.2	FCA Consumer Duty, Conduct of Business rules and guidance including vulnerable customers.
12.	8.3	Key elements of effective management information.
13.	9.2	The main approaches and quality standards in use.
14.	10.1	Managing unsatisfactory performance.
15.	10.3	Disciplinary procedures.