

Diploma in Financial Planning

Unit J11 – Wrap and platform services

October 2013 examination

SPECIAL NOTICES

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

All questions in this paper are based on English law and practice applicable in the tax year 2013/2014, unless stated otherwise in the question, and should be answered accordingly.

Instructions

- Two hours are allowed for this paper.
- Do not begin writing until the invigilator instructs you to.
- Read the instructions on page 3 carefully before answering any questions.
- Provide the information requested on the answer book and form B.
- You are allowed to write on the inside pages of this question paper, but you must **NOT** write your name, candidate number, PIN or any other identification anywhere on this question paper.
- The answer book and this question paper must **both be handed in personally by you** to the invigilator before you leave the examination room. **Failure to comply with this regulation will result in your paper not being marked and you may be prevented from entering this examination in the future.**

Unit J11 – Wrap and platform services

Instructions to candidates

Read the instructions below before answering any questions

- **Two hours** are allowed for this paper which consists of short answer questions and two essay questions carrying a total of 110 marks.
- Section A: 50 marks
- Section B: 60 marks
- You are strongly advised to attempt **all** questions to gain maximum possible marks. The number of marks allocated to each question part is given next to the question and you should spend your time in accordance with that allocation.
- Read carefully all questions and information provided before starting to answer. Your answer will be marked strictly in accordance with the question set.
- You may find it helpful in some places to make rough notes in the answer booklet. If you do this, you should cross through these notes before you hand in the booklet.
- It is important to show all steps in a calculation, even if you have used a calculator.
- If you bring a calculator into the examination room, it must be a silent, battery or solar-powered non-programmable calculator. The use of electronic equipment capable of being programmed to hold alphabetic or numerical data and/or formulae is prohibited. You may use a financial or scientific calculator, provided it meets these requirements.
- Answer each question on a new page and leave six lines blank after each question part.

Subject to providing sufficient detail you are advised to be as brief and concise as possible, using note format and short sentences on separate lines wherever possible.

SECTION A**Attempt ALL questions**

1. An authorised firm offering independent financial advice has recently undertaken a client segmentation exercise. For one group of existing clients, the firm has decided to offer a full financial planning service as opposed to its previous transaction-based advice service.

Explain the main uses of a wrap-style platform in the overall advice process for these existing clients.

(10)

2. Explain briefly the main risks for a client receiving investment advice involving a wrap-style platform.

(8)

3. A retail client has a fund supermarket-style platform and is considering re-registering the assets to a new fund supermarket-style platform provider.

Explain briefly the main issues that the financial adviser should consider.

(8)

4. Identify **eight** main areas in which the development of platforms has contributed to positive changes to the financial services market and provision of advice to retail clients in the UK.

(8)

5. An authorised firm already uses a platform and is looking into the addition of a second platform provider.

Describe briefly **eight** main factors that the firm should consider as part of its due diligence process.

(8)

6. Explain briefly the key benefits to an **employer** of expanding its workplace pension provision to include a corporate wrap platform that offers pension and investment products.

(8)

Total marks available for this section: 50

SECTION B**Attempt ALL questions**

7. A large advisory firm has implemented a wrap-style platform for one of its client groups. The client group average investment portfolio is £400,000 and the clients trade frequently.
- (a) Explain the main **benefits** to the **firm** of using the platform. (15)
- (b) Explain the main **benefits** to the **client** of using the platform. (15)
8. An advisory firm offers a fund supermarket-style platform to its retail clients, for investment purposes. The average investment portfolio is £200,000 and the clients trade infrequently.
- (a) Identify the main financial planning tools that are likely to be available on the platform. (11)
- (b) State the main **benefits** and **drawbacks** to the **client** of using these financial planning tools. (19)

Total marks available for this section: 60

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