

THE PENSIONS MANAGEMENT INSTITUTE

QUALIFYING EXAMINATION 2017

RETAIL ADVICE AND REGULATION

**Notes:** *Three hours are allowed for this paper. Answer all parts of all questions. In a multi-part question when the marks are not equally divided a guide to the available marks for each part is shown. A small number of marks may be awarded for appropriate and relevant communication and formatting.*

1. As a Financial Adviser, you have recently acquired a new client. Your client has numerous existing investments which they have asked you to review. Their investments (which include direct shares, overseas stocks, property, and funds held on deposit) were set up a few years ago, but they are now looking to simplify their portfolio with a view to taking an income in the future to supplement their retirement income. The attitude to risk when the portfolio was originally established was deemed to be high. Produce a suitability report confirming your recommendations. **You should be aware that marks are available for the format and clarity of the suitability report.** Your report should focus on:
  - (a) the relevant information that has been collated as part of the fact-finding process, both on a personal basis and information in relation to the existing benefits; (20 marks)
  - (b) the recommendations in relation to your client's existing investments based on tax wrapper and asset allocation. There should also be explanations as to why the recommendation is suitable for your client and why other solutions have been discounted; (15 marks)
  - (c) the risks or any changes that the client needs to be aware of in relation to their existing and the recommended investments, and (5 marks)
  - (d) the costs and consequences of implementing the advice and the service levels to be expected from you as the Financial Adviser. (5 marks)

**(45 marks available for this question)**
2. Outline the "Guidance Guarantee" service created by the Government. (10 marks)

3. Describe the additional requirements a public limited company and the Company Secretary of such a company have to fulfil when it becomes listed on the Stock Exchange. (10 marks)

4. As Compliance Manager of XYZ Limited, you are responsible for ensuring all members of staff are aware of your firm's Complaints Procedure. Write training notes for all your staff covering:

- the FCA rules (10 marks)
- the actions the customer must take when they wish to make a complaint (2 marks)
- the requirements the firm must fulfil when it receives a complaint. (7 marks)

(this question includes 1 mark for formatting)

5. Explain:

- the aim of the Insurance Mediation Directive (IMD) (5 marks)
- the requirements the IMD imposes on UK firms (10 marks)

**APRIL 2017**