

# 1 Questions

## 1.1 Ethical and Professional Standards

1. Which of the following is not mentioned as part of Standard I "Professionalism"?

- A. misconduct
- B. misrepresentation
- C. market manipulation

2. Which of the following is not mentioned as part of Standard II "Integrity of Capital Markets"?

- A. knowledge of the law
- B. material nonpublic information
- C. market manipulation

3. Which of the following is not mentioned as part of Standard III "Duties to Clients"?

- A. diligence and reasonable basis
- B. suitability
- C. performance presentation

4. Which of the following is not mentioned as part of Standard III "Duties to Clients"?

- A. loyalty, prudence, and care
- B. suitability
- C. misconduct

5. Which of the following is not mentioned as part of Standard III "Duties to Clients"?

- A. responsibilities of supervisors
- B. suitability
- C. preservation of confidentiality

6. Which of the following is not mentioned as part of Standard IV "Duties to Employers"?

- A. performance presentation
- B. loyalty
- C. responsibilities of supervisors

7. Which of the following is not mentioned as part of Standard IV "Duties to Employers"?

- A. loyalty
- B. additional compensation arrangement
- C. suitability

8. Which of the following is not mentioned as part of Standard V "Investment Analysis, Recommendations, and Actions"?

- A. knowledge of the law

B. diligence

C. record retention

9. Which of the following is not mentioned as part of Standard V "Investment Analysis, Recommendations, and Actions"?

A. communication with clients and prospective clients

B. diligence

C. priority of transactions

10. Which of the following is not mentioned as part of Standard VI "Conflicts of Interest"?

A. referral fees

B. disclosure of conflicts

C. record retention

11. Which of the following is not mentioned as part of Standard VI "Conflicts of Interest"?

A. communication with clients and prospective clients

B. priority of transactions

C. disclosure of conflicts

12. Which of the following is not mentioned as part of Standard VII "Responsibilities as a CFA Institute Member or CFA Candidate"?

A. knowledge of the law

B. reference to CFA Institute and the CFA Designation

C. reference to the CFA Program

## 2 Answers

### 2.1 Ethical and Professional Standards

1. C.

Market manipulation is stated in Standard II "Integrity of Capital Markets". Standard I includes Knowledge of the Law, Independence and Objectivity, Misrepresentation, and Misconduct.

2. A.

Knowledge of the law is part of Standard I "Professionalism".

3. A.

"Diligence and reasonable basis" is part of Standard V "Investment Analysis, Recommendations, and Actions".

4. C.

"Misconduct" is part of Standard I "Professionalism".

5. A.

"Responsibilities of supervisors" is part of Standard IV "Duties to Employers".

6. A.

"Performance Presentation" is part of Standard III "Duties to Clients".

7. C.

"Suitability" is part of Standard III "Duties to Clients".

8. A.

"Knowledge of the law" is part of Standard I "Professionalism".

9. C.

"Priority of transactions" is part of Standard VI "Conflicts of Interest".

10. C.

"Record retention" is part of Standard V "Investment Analysis, Recommendations, and Actions".

11. A.

"Communication with clients and prospective clients" is part of Standard V "Investment Analysis, Recommendations, and Actions".

12. A.

"Knowledge of the law" is part of Standard I "Professionalism".

13. C.

It is important to note that they must not knowingly (!) make any misrepresentations.

14. C.

Important to note: material non(!)public information.

15. B.

A. is wrong, because they must not knowingly (!) assist in violations of such laws. C. is wrong because of the expression "should not".

16. B.

Confer Reading 2, Chapter A Knowledge of the Law, Exhibit 1

17. A.

Confer Reading 2, Chapter A Knowledge of the Law, Exhibit 1.

18. A.

We get

B (person lives here) < Codes and Standards < A (business is conducted here).

The law of locality governs, therefore, the analyst must adhere to the regulations of country A. Confer Reading 2, Chapter A Knowledge of the Law, Exhibit 1.

19. A.

We have the following. The rules of country B are less strict than the Codes and Standards. The Codes and Standards are less strict than the rules of country A. We therefore get

country B (business is done here) < Codes and Standards < country A (person lives here).