

### Question #1 of 180

Question ID: 1611887

Which of the following statements about the CFA Institute's Professional Conduct Program (PCP) is *least accurate*?

- A)** Possible sanctions include condemnation by a member's peers or suspension of a candidate's participation in the CFA Program.  
If the PCP staff determine that a sanction against a member is warranted, the
  - B)** member must either accept the sanction or lose the right to use the CFA designation.  
Members who cooperate with a PCP inquiry by providing confidential client
  - C)** information to PCP staff are not in violation of Standard III(E) Preservation of Confidentiality.
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### Question #2 of 180

Question ID: 1611889

Robert Miguel, CFA, is a portfolio manager. On Saturday, one of his clients invited Miguel and his wife to be his guests at his luxury suite for a major league baseball playoff game, which they did. Miguel told his supervisor on Monday that they had attended the game with the client and that the suite was luxurious. Miguel has:

- A)** not violated the Standards.
  - B)** violated the Standards because disclosure must be in writing.
  - C)** violated the Standards because he must disclose the gift prior to accepting.
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### Question #3 of 180

Question ID: 1611900

At his golf club on Saturday morning, Paul Corwin, CFA, sees Frank Roberts, a friend and institutional client of his, who tells him that he is planning to sell his house on the 7th fairway. While golfing that day, Corwin tells Robert Lowe, a realtor, that Roberts is planning to sell his house and may need a realtor. He also tells Lowe that he manages an equities account for Roberts. If Corwin has not received permission from Roberts, he has violated the Standard on preservation of confidentiality:

- A) both by disclosing Roberts' plan to sell his home and that he is a client.
  - B) by disclosing Roberts' plan to sell his home but not by mentioning that he was a client.
  - C) by disclosing that Roberts is a client of his but not by mentioning Roberts' plan to sell his home.
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#### Question #4 of 180

Question ID: 1611891

Doug Watson, CFA, serves in a sales position at Sommerset Brokerage, a registered investment adviser. Watson frequently drinks excessively. On one occasion, Watson was cited by local police for misdemeanor public intoxication. According to the Standard on knowledge of the law and the Standard on misconduct, Watson is in violation of:

- A) both of these Standards.
  - B) neither of these Standards.
  - C) only one of these Standards.
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#### Question #5 of 180

Question ID: 1611890

Peter Taylor, a CFA charterholder and a food industry analyst for a large investment firm, has been invited by Sweet Pineapple Co. to visit the firm's processing plants in Hawaii. The Standard concerning independence and objectivity recommends that Taylor:

- A) use and pay for commercial transportation, if available.
  - B) obtain written permission from his employer before he accepts this invitation.
  - C) decline this invitation if he issues recommendations on the firm's securities.
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#### Question #6 of 180

Question ID: 1611913

Ruth Brett, a Level I CFA candidate, feels nervous and unprepared the night before the exam. Brett writes a few key notes on the bottom of her shoe. At the exam, Brett sees the large number of proctors present and decides not to risk getting caught and does not look at her shoe. According to the CFA Institute Code of Ethics and Standards of Professional Conduct, Brett is:

- A) not in violation of any Standard or the Code of Ethics because she did not use the notes.
  - B) in violation of the Code of Ethics for bringing the notes into the examination room but is not in violation of any Standard because she did not use the notes.
  - C) in violation of both the Code of Ethics and the Standard governing conduct as participants in CFA Institute programs for taking the notes into the examination room.
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### Question #7 of 180

Question ID: 1611893

Which of the following is *least likely* included in the CFA Institute Code of Ethics? Members of CFA Institute must:

- A) place their clients' interests before their employer's interests.
  - B) strive to maintain and improve the competence of others in the profession.
  - C) use reasonable care and exercise independent professional judgment.
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### Question #8 of 180

Question ID: 1611905

In formulating her report on GammaCorp's common stock, Barb Kramer, CFA, did a complex series of statistical tests on the company's past sales and earnings. Based on this statistical study, Kramer stated in her report that, "GammaCorp's earnings growth for the next five years will average 15% per year." Her conclusion was based in part on a regression analysis with a high level of statistical significance. Has Kramer violated the Standard on communication with clients and prospective clients?

- A) Yes, because she didn't give complete details of the statistical model used.
- B) Yes, because she failed to indicate that 15% growth is an estimate.
- C) No, because her projections are within the generally accepted bounds of statistical accuracy.

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**Question #9 of 180**

Question ID: 1611894

Dudley Thompson is a bond salesman for a small broker/dealer in London. His firm is the lead underwriter on a new junk bond issue for Ibex Corporation, and Thompson has sent details of the offering to clients. Thompson calls only his accounts over £1,000,000 for whom he thinks the issue is suitable. Thompson also posts his firm's optimistic projections for Ibex's performance in several Internet chat rooms. According to the Standards concerning market manipulation and fair dealing, Thompson is in violation of:

- A)** both of these Standards.
- B)** neither of these Standards.
- C)** only one of these Standards.

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**Question #10 of 180**

Question ID: 1611908

Rob Elliott, CFA, is an analyst with a large asset management firm. His personal portfolio includes a large amount of common stock of Tech Inc., a semiconductor company, which his firm does not currently follow. The director of the research department has asked Elliott to analyze Tech and write a report about its investment potential. Based on the CFA Institute Standards of Professional Conduct, the *most appropriate* course of action for Elliot is to:

- A)** decline to write the report.
- B)** sell his shares of Tech before completing the report.
- C)** disclose the ownership of the stock to his employer and in the report, if he writes it.

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Question ID: 1611895