Kate LaFleur is the director of regulatory compliance at Oceanic Asset Management (OAM). OAM has a significant number of clients using offshore centers for tax planning. LaFleur is conducting a quarterly review of the regulatory landscape, including the following:

- Prominent offshore center risk case studies
- Common Reporting Standard (CRS)
- Financial Action Task Force (FATF)
- Foreign Account Tax Compliance Act (FACTA)
- International Organization of Securities Commissions (IOSCO)
- Basel Committee on Banking Supervision (BCBS)
- CFA Institute Asset Manager Code (AMC)

LaFleur is unfamiliar with the AMC and tasks Juliet Austen from the compliance team to summarize the key requirements. Two quotes from Austen's report are shown here:

Quote 1:	"The AMC is a voluntary code for those individuals who work in asset management."
Quote 2:	"CFA charterholders and candidates annually sign a statement attesting to comply with the Code and Standards and the AMC."

As part of the quarterly review, LaFleur creates a regulatory awareness program for all OAM employees, which includes the following knowledge assessment questions.

Question #1 - 4 of 26

Question ID: 1870994

The importance of data security is illustrated in many case studies involving data breaches of client data in offshore centers. In which famous data breach was the goal to expose the use of offshore centers by famous and high-profile individuals, rather than to expose illegal activities?

A) The Pandora Papers.

B) The Paradise Papers.

C) The Panama Papers.

Question #2 - 4 of 26

Question ID: 1754202

Regarding Austen's quotes, which of the following statements is *most accurate*?

A) Quote 1 is inaccurate, as the AMC applies to firms and not individuals.

B) Quote 1 is inaccurate, as the AMC is a compulsory requirement.

C) Quote 2 is accurate.

Question #3 - 4 of 26

Question ID: 1891208

Which of the following is a multilateral framework with the main objective to prevent tax evasion by individuals who hide their assets or income in offshore accounts?

A) FATF.

B) CRS.

C) FATCA

Question #4 - 4 of 26

Question ID: 1754204

Which of the following is *mostaccurate* of the BCBS?

A) The BCBS identified vulnerabilities in risky and complex financial products before the global financial crisis.

B) The BCBS does not have direct authority over banks or financial advisers.

C) The BCBS includes minimum capital requirements for market risk, credit risk, and reputational risk.

Question #5 of 26

Question ID: 1870980

Josh Hammitt, CFA, offers a combination of financial planning, portfolio management, and other financial services to his clients. Hammitt is *most likely* acting as a:

A) asset manager.

B) private banker.

C) wealth manager.

Question #6 of 26

Question ID: 1870989

Which of the following is *best* described as recurring fees applied to the market value of a client's portfolio?

A) Asset-based fees.

B) Service and maintenance fees.

C) Transaction-based fees.

Question #7 of 26

Question ID: 1870982

Which of the following clients have assets between USD 1 million and 30 million?

A) Affluent clients.

B) High-net-worth clients.

C) Ultra-high-net-worth clients.

Question #8 of 26

Question ID: 1868459

A wealth management firm makes fees from providing Lombard loans. Which of the following is the *mostaccurate* description of this financial transaction? A borrower's:

A) pledged securities are used to underwrite a Lombard Loan.

B) income is used to underwrite a Lombard loan.

C) real estate is used to underwrite a Lombard loan.

Question #9 of 26

Question ID: 1870988

Jimmy Caldwell, CFA, is meeting with a potential new client. The client tells Caldwell that their current broker has been steadily increasing the number of transactions in their asset management account without any justification. They are concerned that the broker may be making these trades to generate additional fees. This situation is *best* described as:

A) retrocessions.

B) rebating.

C) churning.

Question #10 of 26

Question ID: 1870992

Three trends have been identified as affecting the wealth management sector: cost control, outsourcing, and increasing regulatory requirements. Of these trends, which of the following was the *most* important to wealth management firms?

A) Cost control.

B) Increasing regulatory requirements.

C) Outsourcing.

Question #11 of 26

Question ID: 1868464

On an annual basis, Charger Asset Management holds a session on Global Regulatory Principles for their investment advisors. This year's review discussed the multilateral organizations that play a role in financial regulations around the world. Which regulatory body is an association of securities regulators from more than 120 jurisdictions that facilitates the cooperation and information exchange among its members?

A) IOSCO.

B) FATF.

C) BCBS.

Question #12 of 26

Question ID: 1870979

A new wealth management firm plans to target a specific segment of high-net-worth individuals (HNWIs) or ultra-high-net-worth individuals (UHNWIs) in specialist markets or regions. It plans to provide personalized, face-to-face interactions with clients and specialized services.

According to the Porter's five forces theory, which approach for competitive advantage is the firm planning to take?

A) Cost leadership.

B) Differentiation.

C) Focus/niche.

Question #13 of 26

Question ID: 1870986

Which of the following methods is *most likely* to increase revenue for an asset management firm?

A) Clients holding investments with lower returns.

B) Lower their fees.

C) Retain existing clients.

Question #14 of 26

Question ID: 1870990

Aaron Mulliniks, CFA, is a wealth manager for a large global money management firm. He has a select clientele of high-net-worth clients. His clients appreciate the time and effort he invests in understanding their unique needs and providing financial advice that is tailor-made for their specific goals. Mulliniks recently had a meeting with his direct supervisor to review his compensation package, which includes both fixed and variable remuneration. Which of the following characteristics are commonly found in these arrangements?

Fixed	Variable
• **Annual salary**	**Performance bonus**
• Performance bonus	Fringe benefits
• Annual salary	Long-term incentives

A) Annual salary Long-term incentives

B) Annual salary Performance bonus

C) Performance bonus Fringe benefits

Question #15 of 26

Question ID: 1870985

Which of the following is an example of a type of fixed revenue earned by a private wealth management firm?

A) Assets under management fees.

B) Periodic service fees.

C) Transaction-based fees.

Question #16 of 26

Question ID: 1868463

An ultra-high-net-worth client plans to travel to a high-risk location and asks their wealth manager for guidance. Which of the following is unlikely to be included in the advice given?

A) Kidnap and ransom insurance.

B) Recommending not to go.

C) Recommending security consultants.

Question #17 of 26

Question ID: 1868461

After the recent sale of his company, Jian Zhang wants to reconsider his residency status to obtain more favorable tax treatment. Zhang speaks with his investment advisor, Wei Chen, about the possibility of obtaining a Golden Visa to relocate his assets. As of 2021, which were the two most popular countries for golden visas?

A) United Kingdom and Spain.

B) Greece and Portugal.

C) Panama and Australia.

Question #18 of 26

Question ID: 1868462

Last year, Sophie Mueller left her employer to start her own independent investment management practice. Mueller is currently reviewing custodial service providers, but is unsure of the services that she will require. Which of the following is *mostaccurate* regarding the services of custodians?

A) Custodians use real-time analytics to aid wealth managers in portfolio assessment and strategy formation.

B) The role of a custodian is solely focused on the safekeeping of assets.

C) Custodians may provide investment advice based on the transactions that they observe on their platform.

Question #19 of 26

Question ID: 1870981

Kim Newton, CFA, is having a conversation with a new intern at her private wealth management firm. The intern made the following statements:

Statement 1:	Because our firm primarily works with individuals with net investable assets up to USD 250,000, we cater to the retail segment of the industry.
Statement 2:	Offshore services are attractive if access to suitable investment products is only available locally.
Statement 3:	Due to our market niche, robo-advisers should not be considered a threat to our business.

Which of these statements is *most likely* correct?

A) Statement 1.

B) Statement 2.

C) Statement 3.

Question #20 of 26

Question ID: 1754199

Which of the following scandals is one of the largest cases of corruption and money laundering in history, with USD 4.5 billion being siphoned through a network of shell companies, bank accounts, and intermediaries? (The proceeds were used to fund lavish lifestyles, bribe officials, and influence elections.)

A) Danske Bank.

B) 1Malaysia Development Berhad.

C) Riggs Bank.

Question #21 of 26

Question ID: 1870987

Zachary Miller, CFA, is attending a strategy meeting at his firm. The firm's primary clients have assets under management below USD 500,000. The committee is discussing issues that may present pressure on the firm in the upcoming years. During the meeting, one of the presenters made the following comments:

Comment 1:	Our firm should not be concerned by the introduction of robo-advisers. Our clients will continue to demand our services.
Comment 2:	Our clients are becoming more aware of ESG-related issues and expect us to offer services tailored to their preferences. This could lead to additional costs and lower margins for the firm.

Which of these statements made by the presenter is *most likely* correct?

A) Comment 2 only.

B) Both comments 1 and 2.

C) Comment 1 only.

Question #22 of 26

Question ID: 1870983

Jackson Wilkinson, CFA, works for an advisory firm that primarily caters to affluent clients. His firm offers comprehensive financial planning services for a fee. What is the approximate net investable assets per client within the firm?

A) USD 10 million.

B) USD 1 million.

C) USD 5 million.

Question #23 of 26

Question ID: 1868460

An investment advisor, Anderson Jones, wants to expand his network of contacts to include professional services that can assist his high-net-worth clients. Which of the following private wealth support professionals are *most likely* to mediate disagreements and conflicts that arise within wealthy families?

A) Accountants.

B) Private wealth managers.

C) Lawyers.

Question #24 of 26

Question ID: 1870984

Recurring revenues are usually derived from:

A) stand-alone events such as death or divorce.

B) custom work requested by clients.

C) portfolio management, custody, and tax planning.

Question #25 of 26

Question ID: 1754194

Blake and Crystal Carrington are prepared to invest a significant sum in return for residency and citizenship rights in a foreign country where their daughter, Alexis, in now based. The Carringtons also have commercial interests that they are considering relocating. Which of the following is the *most suitable* private wealth support professional to help them achieve their objectives?

A) Accountant.

B) Tax specialist.

C) Lawyer.

Question #26 of 26

Question ID: 1870991

Nicholas Brown, CFA, earns extra money by sending client orders to a trading firm that offers cost-efficient execution practices. Brown is *most likely* engaging in the practice of:

A) retrocessions.

B) payment for order flow.

C) churning.