Ethical and Professional Standards

共享题干题

【题干】Erik Brecksen, CFA, a portfolio manager at Apfelbaum Kapital, recently recruited Hans Grohl, a CFA candidate and recent MBA graduate from a top university with excellent quantitative analysis skills. Apfelbaum Kapital stresses "top-down" fundamental analysis and uses a team approach to investment management. The firm's investment professionals, all of whom are CFA charterholders or candidates, attend weekly investment committee meetings. At the meetings, analysts responsible for different industrial sectors present their research and recommendations. Following each presentation, the investment committee, consisting of senior portfolio managers, questions the analyst about the recommendation. If the majority of the committee agrees with the recommendation, the recommendation is approved and the stock is placed on a restricted list while the firm executes the necessary trades.Apfelbaum considers its research proprietary. It is intended for the sole use of its investment professionals and is not distributed outside the firm. The names of all the investment personnel associated with the sector or investment class are listed on each research report regardless of their actual level of contribution to the report.On Grohl's first day of work, Brecksen assigns him responsibility for a company that Brecksen covered previously. He provides Grohl with his past research including all of his files and reports. Brecksen instructs Grohl to report back when he has finished his research and is ready to submit his own research report on the company.Grohl reads Brecksen's old reports before studying the financial statements of the company and its competitors. Taking advantage of his quantitative analysis skills, Grohl then conducts a detailed multi-factor analysis. Afterward, he produces a written buy recommendation using Brecksen's old research reports as a guide for format and submits a draft to Brecksen for review.Brecksen reviews the work and indicates that he is not familiar with multi-factor analysis. He tells Grohl that he agrees with the buy recommendation, but instructs Grohl to omit the multi-factor analysis from the report. Grohl attempts to defend his research methodology, but is interrupted when Brecksen accepts a phone call. Grohl follows Brecksen's instructions and removes all mention of the multi-factor analysis from the final report. Brecksen presents the completed report at the weekly meeting with both his and Grohl's names listed on the document. After Brecksen's initial presentation, the committee turns to Grohl and asks about his research. Grohl takes the opportunity to mention the multi-factor analysis. Satisfied, the committee votes in favor of the recommendation and congratulates Grohl on his work.Ottie Zardt, CFA, has worked as a real estate analyst for Apfelbaum for the past 18 months. A new independent rating service has determined that Zardt's recommendations have resulted in an excess return of 12% versus the industry's return of 2.7% for the past twelve months. After learning about the rating service, Zardt immediately updates the promotional material he is preparing for distribution at an upcoming industry conference. He includes a reference to the rating service and quotes its returns results and other information. Before distributing the material at the conference, he adds a footnote stating "Past performance is no guarantee of future success."

1.【单项选择题】When preparing the initial draft for Brecksen' s review, does Grohl violate any CFA Standards?

A.No.

B.Yes, because he used Brecksen' s research reports without permission.

C.Yes, because he did not use reasonable judgment in identifying which factors were important

to the analysis.
参考答案：A
【莽学解析】Grohl exercised diligence, independence, and thoroughness in analyzing the company and its competitors. Brecksen provided his research reports for Grohl’s use and using the reports as a guide was appropriate. Standard V(A) requires that members distinguish between fact and opinion in communicating investment recommendations to clients. The Standard does not apply to investment recommendations communicated to supervisors or internal investment committees.

2.【单项选择题】When instructing Grohl to eliminate the multi-factor analysis from the research report, does Brecksen violate any CFA Standards?
A.No.
B.Yes, relating to record retention.
C.Yes, relating to diligence and reasonable basis.
参考答案：A
【莽学解析】Brecksen does not consider the multi-factor analysis a critical component of the analysis or the resulting investment recommendation and thus, under Standards V(A) and (C), is not required to maintain a record of the analysis within the completed report.Apfelbaum uses traditional “top-down” fundamental analysis in the investment process. The report followed the traditional format of previous reports on the same company. It contained a complete fundamental analysis and recommendation—indicating diligence and reasonable basis. The report also contained a multi-factor analysis—which is a quantitative analysis tool. If quantitative analysis were the basis of the investment recommendation, it would constitute a change in the general investment principles used by the firm. According to Standard V(B) - Communications with Clients and Prospective Clients, Brecksen and Grohl would be required to promptly disclose those changes to clients and prospective clients.

3.【单项选择题】When removing the multi-factor analysis from his research report, does Grohl violate any CFA Standards?
A.No.
B.Yes, because he no longer has a reasonable basis for his recommendation.
C.Yes, because he is required to make full and fair disclosure of all relevant information.
参考答案：A
【莽学解析】Removing the multi-factor analysis from the research report does not constitute a violation. Grohl diligently prepared the internal document according to the firm’s traditional format with a complete fundamental analysis and recommendation—indicating diligence and a reasonable basis for his recommendation. It would be wise for Grohl to retain records of the multi-factor analysis but he need not retain the analysis in the research report to comply with Standards V(A) - Diligence and Reasonable Basis or V(C) - Record Retention.

4.【单项选择题】When listing their names on the research report, do Brecksen and Grohl violate any CFA Standards?
A.No.
B.Yes, because Brecksen misrepresents his authorship.
C.Yes, because Grohl should dissociate from the report.

参考答案：A
【莽学解析】According to Standard V(A) - Diligence and Reasonable Basis, research report conclusions or recommendations may represent the consensus of a group and not necessarily the views of the individual members listed. If the member believes that the consensus opinion has a reasonable basis, then he need not dissociate from the report.

5.【单项选择题】When distributing the material at the industry conference, does Zardt violate any CFA Standards?
A. No.
B. Yes, because Zardt does not verify the accuracy of the information.
C. Yes, because analysts cannot claim performance or promote the accuracy of their recommendations.
参考答案：B
【莽学解析】Zardt violated the Standard relating to Performance Presentation because he did not verify the accuracy of the return information before its distribution. According to Standard III(D), analysts may promote the success or accuracy of their recommendations, but they must make reasonable efforts to ensure that the information is fair, accurate, and complete. In addition to providing attribution, Zardt should take steps to ensure the accuracy of the data prior to distributing the material.

【题干】Samuel Telline, CFA, is a portfolio manager at Aiklin Investments with discretionary authority over all of his accounts. One of his clients, Alan Caper, Chief Executive Officer (CEO) of Ellipse Manufacturing, invites Telline to lunch. At the restaurant, the CEO reveals the reason for the lunch. “As you know Reinhold Partners has made an unsolicited cash offer for all outstanding shares of Ellipse Manufacturing. Reinhold has made it clear that I will not be CEO if they are successful. I can assure you that our shareholders will be better off in the long term if I'm in charge.” Caper then shows Telline his projections for a new plan designed to boost both sales and operating margins. “I know that your firm is the trustee for our firm's Employee Stock Ownership Plan (ESOP). I hope that the trustee will vote in the best interest of our shareholders—and that would be a vote against the takeover offer.” After looking through Caper's business plans, Telline says, “This plan looks good. I will recommend that the trustee vote against the offer.” Caper responds, “I remember my friend Karen Leighton telling me that the Leighton Family's Trust is managed by your firm. Perhaps the trustee could vote those shares against the acquisition as well. Karen Leighton is a close friend. I am sure that she would agree.” Telline responds, “The Family Trust is no longer managed by Aiklin.” He adds, “I understand that the Trust is very conservatively managed. I doubt it that it would have holdings in Ellipse Manufacturing.” Telline does not mention that although the Family Trust has changed investment managers, Karen Leighton remains an important client at Aiklin with significant personal holdings in Ellipse. After lunch, Telline meets with Sydney Brown, CFA, trustee of the Ellipse ESOP. He shows her Caper's plan for improvements. “I think the plan is a good one and Caper is one of the firm's most profitable accounts. We don't want to lose him.” Brown agrees to analyze the plan. After thoroughly analyzing both the plan and the takeover offer, Brown concludes that the takeover offer is best for the shareholders in the ESOP and votes the plan's shares in favor of the takeover offer. A few months later the acquisition of Ellipse by Reinhold Partners is completed. Caper again meets Telline for lunch. “I received a generous severance package and I'm counting on you to manage my money well for me. While we are on the subject, I would like to be more aggressive with my portfolio. With my severance package, I can take additional risk.” Telline and Caper discuss his current financial situation, risk tolerance, and financial objectives throughout lunch. Telline agrees to adjust Caper's investment policy statement (IPS) to reflect his greater appetite for risk and his increased wealth.Back at the office, Telline realizes that with the severance package, Caper is now his wealthiest client. He also realizes that Caper's increased appetite for risk gives him a risk profile similar to that of another client. He pulls a copy of the other client's investment policy statement (IPS) and reviews it quickly before realizing that the two clients have very different tax situations. Telline quickly revises Caper's IPS to reflect the changes in his financial situation. He uses the other client's IPS as a reference when revising the section relating to Caper's risk tolerance. He then files the revised IPS in Caper's file.The following week, an Aiklin analyst issues a buy recommendation on a small technology company with a promising software product. Telline reads the report carefully and concludes it would be suitable under Caper's new IPS. Telline places an order for 10,000 shares in Caper's account and then calls Caper to discuss the stock in more detail. Telline does not purchase the stock for any other clients. Although the one client has the same risk profile as Caper, that client does not have cash available in his account and Telline determines that selling existing holdings does not make sense.In a subsequent telephone conversation, Caper expresses his lingering anger over the takeover. “You didn't do enough to persuade Aiklin's clients to vote against the takeover. Maybe I should look for an investment manager who is more loyal.” Telline tries to calm Caper but is unsuccessful. In an attempt to change the topic of conversation, Telline states, “The firm was just notified of our allocation of a long-awaited IPO. Your account should receive a significant allocation. I would hate to see you lose out by moving your account.” Caper seems mollified and concludes the phone call, “I look forward to a long-term relationship with you and your firm.” Aiklin distributes a copy of its firm policies regarding IPO allocations to all clients annually. According to the policy, Aiklin allocates IPO shares to each investment manager and each manager has responsibility for allocating shares to accounts for which the IPO is suitable. The statement also discloses that Aiklin offers different levels of service for different fees.After carefully reviewing the proposed IPO and his client accounts, Telline determines that the IPO is suitable for 11 clients including Caper. Because the deal is oversubscribed, he receives only half of the shares he expected. Telline directs 50% of his allocation to Caper's account and divides the remaining 50% between the other ten accounts, each with a value equal to half of Caper's account.

6.【单项选择题】When discussing the Leighton Family Trust, does Telline violate any CFA Institute Standards of Professional Conduct?

A.No.

B.Yes, relating to duties to clients.

C.Yes, relating to misrepresentation.

参考答案：B

【莽学解析】Telline has a duty to preserve the confidentiality of current, former, and prospective clients. Telline violates Standard III(E)–Preservation of Confidentiality when he reveals information about the Leighton Family Trust.

7.【单项选择题】When deciding how to vote the ESOP shares, does Brown violate any CFA Institute

Standards?
A. No.
B. Yes, relating to loyalty, prudence, and care.
C. Yes, relating to diligence and reasonable basis.
参考答案：A
【莽学解析】Brown conducts an independent and careful analysis of the plans' benefits for shareholders as well as the takeover offer. In doing so she puts the client's interests ahead of the firm's. Brown's actions are consistent with Standard III(A) - Loyalty, Prudence, and Care; Standard V(A) - Diligence and Reasonable Basis; and Standard III(B) - Fair Dealing.

8. 【单项选择题】The Standard least likely to provide guidance for Telline when working with the clients' investment policy statements would be the Standard relating to:
A. suitability.
B. fair dealing.
C. loyalty, prudence, and care.
参考答案：B
【莽学解析】Telline is not likely to receive appropriate guidance on developing or revising investment policy statements from the Standard relating to Fair Dealing. Standard III(B) provides members with guidance on treating clients fairly when making investment recommendations, providing investment analysis, or taking investment action. Telline could obtain guidance from the Standards relating to Loyalty, Prudence, and Care and Suitability. Both Standard III(A) and (C) provide guidance for members in determining client objectives and the suitability of investments.

9. 【单项选择题】Does Telline violate any CFA Institute Standards when he places the buy order for shares in the technology company for Caper's account?
A. No.
B. Yes, relating to fair dealing.
C. Yes, relating to diligence and reasonable basis.
参考答案：A
【莽学解析】Telline is careful to consider the investment's suitability for Caper's account. Telline's actions are consistent with CFA Institute Standards III(A) - Loyalty, Prudence, and Care and III(B) - Fair Dealing. Telline determines that the other client does not have the cash available in his account and selling existing holdings does not make sense.

10. 【单项选择题】Is Aiklin's policy with respect to IPO allocations consistent with required and recommended CFA Institute Standards?
A. Yes.
B. No, because the IPO policy disadvantages certain clients.
C. No, because the different levels of service disadvantage certain clients.
参考答案：B
【莽学解析】The firm violates Standard III(B) - Fair Dealing. Under Aiklin's policy, some clients for whom an IPO is suitable may not receive their pro-rata share of the issue. CFA Standards recommend that firms allocate IPOs on a pro-rata basis to clients, not to portfolio managers.

11.【单项选择题】Does Telline violate any CFA Institute Standards in his allocation of IPO shares to Caper's account?

A. No.

B. Yes, because the IPO is not suitable for Caper.

C. Yes, because he does not treat all his clients fairly.

参考答案：C

【莽学解析】Telline violates Standard III(B) - Fair Dealing by over-allocating shares to Caper. Telline carefully reviews both the proposed IPO and his client accounts to determine suitability. He fails to allocate the IPO shares on a pro-rata basis to all clients for whom the investment is suitable.

【题干】Adam Craw, CFA, is chief executive officer (CEO) of Crawfood, a European private equity firm specializing in food retailers. The retail food industry has been consolidating during the past two years as private equity funds have closed numerous deals and taken many companies private. Crawfood recently hired Lillian Voser, a CFA Level II candidate, as a controller. On Voser's first day of work, the head of personnel informs her that by signing the employment contract, Voser agrees to comply with the company's code of ethics and compliance manual. She hands Voser copies of the code and compliance manual without further comment. Voser spends the next hour reading both documents. An excerpt from the compliance manual appears in Exhibit 1.

Exhibit 1. Crawfood Company Compliance Manual Excerpts

1. Employees must not accept gifts, benefits, compensation, or consideratio competes with, or might reasonably be expected to create a conflict of intere their employer's interest unless they obtain written consent from all parties invo
2. Officers have responsibility for ensuring that their direct reports—that is, emp whom they directly supervise—adhere to applicable laws, rules, and regulations
3. Employees in possession of material nonpublic information should make rea efforts to achieve public dissemination of the information if such actions wo breach a duty.
4. Employees shall not trade or cause others to trade in securities of food retail may be potential takeover targets of their employer.

When she enters her new office that afternoon, Voser finds a large gift basket sent by her sister. The card reads "Congratulations on your new position." The basket is filled with expensive high-quality food items from Greenhornfood—a local small, publicly-traded food retailer, which produces many delicatessen products under its own brand name. During the next two weeks, Voser meets with all of Crawfood's upper management, including the CEO. In his office, Craw praises Voser's efforts to complete the CFA program. "The program is demanding, but it is worthwhile." Craw then explains his investment strategy for choosing Crawfood's acquisition targets. He points to a large map on the wall with multi-colored pins marking

Crawfood's previous takeovers. The map shows acquisitions in all the major cities of Germany with one exception—the home of Crawfood headquarters. Craw remarks, "We are currently in talks for another purchase. Confidentiality prohibits me from discussing it any further, but you will hear more about it soon." Introduced to Greenhornfood by her sister, Voser quickly becomes a loyal customer. She considers it the best food retailer in the vicinity and she frequently purchases its products.The following week, the local newspaper features an article about Greenhornfood and its young founders. The article describes the company's loyal and growing customer base as well as its poor quarterly financial results. Voser notes that the stock has steadily declined during the past twelve months. She concludes that the company has an inexperienced management team, but its popular product line and loyal customer base make the company a potential acquisition target. Voser calls her sister and recommends that she purchase Greenhornfood shares because "it would be an attractive acquisition for a larger company." Based on Voser's recommendation, her sister buys €3,000 worth of shares.During the following two weeks the stock price of Greenhornfood continues to decline. Voser's sister is uncertain of what she should do with her position. She seeks Voser's advice. Voser recommends that her sister wait another few days before making her decision and promises to analyze the situation in the meantime.While walking by Craw's office the following day, Voser sees a document with Greenhornfood's distinctive logo and overhears the company's name through an open office door. That evening, Voser tells her sister, "with the price decline, the stock is even more attractive." She recommends that her sister increase her position. Based on her recommendation her sister buys an additional €3,000 worth of Greenhornfood shares.One month later, Crawfood publicly announces the acquisition of Greenhornfood Company at a 20% premium to the previous day's closing price. Following the announcement, Voser's sister boasts about Voser's excellent recommendation and timing to her broker.Regulatory authorities initiate an investigation into suspicious trading in Greenhornfood shares and options preceding the formal announcement of the acquisition. Craw receives a letter from regulatory authorities stating that he is the subject of a formal investigation into his professional conduct surrounding the acquisition. He learns from the compliance officer that Voser is also under investigation. The compliance officer provides no details and out of respect for Voser's privacy, Craw makes no inquiries.The situation remains unchanged and the matter is still pending with regulatory authorities several months later when Craw receives his annual Professional Conduct Statement (PCS) from CFA Institute. He reviews the text asking "In the last two years, have you been . . . the subject of…any investigation…in which your professional conduct, in either a direct or supervisory capacity, was at issue?"

12.【单项选择题】Are Excerpts 2 and 3 of Crawfood' s compliance procedures consistent with the CFA Institute Standards of Professional Conduct?

A.Yes.

B.No, because Excerpt 2 applies only to officers and their direct reports.

C.No, because Excerpt 3 does not require employees to achieve public dissemination.

参考答案：B

【莽学解析】Excerpt 2 is inconsistent with CFA Standards because it addresses only officers and only their direct reports, that is, employees whom they directly supervise. Standard IV (C) states that "any investment professionals who have employees subject to their control or influence" exercise supervisory responsibility. According to The Standards of Practice Handbook, "members and candidates who supervise large numbers of employees cannot personally evaluate the conduct of their employees on a continuing basis. Although these members...may delegate supervisory duties, such delegation does not relieve them of their supervisory responsibility." Excerpt 3 is consistent with CFA Standards. It is based on a quote from the Standards of Practice Handbook stating that "if a member or candidate determines that information is material, the member… should make reasonable efforts to achieve public dissemination." Members are not required to achieve public dissemination and those bound by a duty of loyalty or a duty to preserve confidentiality would refrain from doing so because it would breach their duty.

13.【单项选择题】According to the CFA Institute Standards, must Voser obtain permission from her supervisor before accepting the Greenhornfood gift basket?

A.No.

B.Yes, because the value of the basket is higher than €50.

C.Yes, because consent is required by the company's compliance procedures.

参考答案：A

【莽学解析】According to Standard I(B) - Independence and Objectivity, members must use reasonable care and judgment to achieve and maintain independence and objectivity in their professional activities. Although it was sent to Voser's office, the gift basket is a private gift from Voser's sister and not likely to affect Voser's professional activities. According to Excerpt 4 of the Crawfood compliance manual and Standard IV(B) - Additional Compensation Arrangements, employees must obtain permission from their employer before accepting gifts, compensation, or other benefits that compete with, or might create a conflict of interest with, the employer's interests. The gift basket does not create a conflict or compete with the employer's interests.

14.【单项选择题】When making her initial recommendation to purchase Greenhornfood company shares, Voser most likely violates the Standard relating to:

A.loyalty to employer.

B.integrity of capital markets.

C.diligence and reasonable basis.

参考答案：A

【莽学解析】Voser most likely violated the Standard relating to loyalty to employer, Standard IV(A). While Voser used public information to develop the recommendation to purchase Greenhornfood shares, the company compliance guide states that she should not trade or cause others to trade in securities of companies that may be potential takeover targets. Voser's recommendation caused her sister to trade in Greenhornfood, violating the company's compliance policies, and possibly harming her employer in its attempt to acquire Greenhornfood.By advising others to invest in a food retailer that she considered an attractive acquisition target, Voser deprived her employer of the advantage of her skills and abilities and may have caused harm to her employer. Voser could have recommended Greenhornfood to Craw rather than her sister as an acquisition target. Although the sister's trade in Greenhornfood was small, a large trade might have moved the stock price and caused harm to Crawfood in terms of additional cost.

15.【单项选择题】When recommending the purchase of additional Greenhornfood company shares, Voser least likely violates the Standard relating to:

A. loyalty to employer.

B. integrity of capital markets.

C. diligence and reasonable basis.

参考答案：C

【莽学解析】Voser least likely violated the Standard relating to diligence and reasonable basis. Voser initially applied the mosaic theory and had a reasonable basis for the trade as required by Standard V(A). Eventually, she came into possession of material nonpublic information (corporate logo on a document, overheard conversation). According to Standard II(A), once in possession of material nonpublic information, she is prohibited from acting or causing others to act. Voser also violated her duty of loyalty to her employer, Standard IV(A), by encouraging others to trade in Greenhornfood and possibly harming Crawfood's attempts to acquire the smaller company at an attractive price.

16.【单项选择题】Does Craw violate any CFA Institute Standards?

A. No.

B. Yes, because he passes material nonpublic information to Voser.

C. Yes, because he does not make reasonable efforts to prevent violations of applicable law.

参考答案：C

【莽学解析】Craw did not adequately fulfill his responsibilities as a supervisor. While he may have delegated supervisory duties to Voser's immediate supervisor, such delegation does not relieve him of his supervisory responsibility. As stated in the Standards of Practice Handbook, members and candidates with supervisory responsibility also must understand what constitutes an adequate compliance system for their firms and make reasonable efforts to see that appropriate compliance procedures are established, documented, communicated to covered personnel, and followed. "Adequate" procedures are those designed to meet industry standards, regulatory requirements, the requirements of the Code and Standards, and the circumstances of the firm. Once compliance procedures are established, the supervisor must also make reasonable efforts to ensure that the procedures are monitored and enforced. According to Standard IV(C)-Responsibilities of Supervisors, adequate compliance procedures require that once a violation is discovered, Craw conduct a thorough investigation to determine the scope of wrongdoing.

17.【单项选择题】According to the CFA Standards, Craw must disclose to CFA Institute the investigation into:

A. his conduct.

B. Voser's conduct.

C. neither his conduct nor Voser's conduct.

参考答案：A

【莽学解析】As stated on page ix of the Standards of Practice Handbook, "Members and candidates must self disclose on the annual Professional Conduct Statement all matters that question their professional conduct, such as involvement in civil litigation, a criminal investigation, or being the subject of a written complaint." Standard VII(A)-Conduct as Members and Candidates in the CFA Program prohibits conduct that compromises the reputation of the CFA designation including misrepresenting information on the Professional Conduct Statement. Members are encouraged but not required to report violations of others. At a minimum, Craw should remind Voser of her duty to report the investigation.