

A Covered Person of a covered entity who engages in fund management is required to:

- Disclose his interests in the securities listed on the SGX-ST.
- Disclose any changes in interests in such securities listed on SGX-ST.
- Disclose his interests in the securities listed on a recognised market operator.
- Disclose any changes in interests in such securities listed on a recognized market operator.

Explanation : (Chapter 4.3) The CP must disclose his interest/changes in interests in securities.

Your client John bought a 1-year tenure unlisted debentures from you, but after 4 days he urgently needs money for an emergency. He wants to cancel the debenture agreement to get back the money invested. What should you do?

- Advise the client to sell it on the secondary market
- Inform him that he needs to hold it for one year
- Return the money John paid to you immediately
- Assist John to cancel the agreement

Explanation : (Chapter 4.3.6) The unlisted debentures should contain a right for the client to cancel the agreement within 7 days. You can't return the money because the money is with the debenture issuer.

LMN Bank is discussing the sale of its credit card division to OPQ Bank. The division is valued at \$1 million. The CFOs of LMN (Jane) and OPQ (Jack) are involved in the talks to complete the transaction.

Jack asks Jane to provide a list of its customers holding the bank's credit card along with the amounts in their savings accounts. Jane:

- may provide the information only if OPQ pays fees for such information.
- may provide the information after obtaining an undertaking that OPQ will not further disclose the information to anyone.
- may refuse because the information contains details not related to the credit card facilities provided to the customers.
- may disclose the information if approved by LMN's board of directors.

Explanation : Under Part II (5) of the third schedule of the Banking Act, customer information can be disclosed in connection with the restructure, transfer or sale, or proposed restructure, transfer or sale, of credit facilities (whether or not the restructure, transfer or sale is subsequently entered into or completed). However, customer information, other than information relating to the relevant credit facilities, must not be disclosed. Therefore, information related to savings accounts of customers must not be disclosed. Broadly speaking, purposes for which disclosure is allowed under Part I mainly relate to allowance by customer, customer matters (e.g. probate, bankruptcy, interpleader action) and enforcement or court orders/orders by authorities. Purposes under part II mainly relate to operational/strategic matters of the bank (e.g., internal audit, mergers & acquisition, restructuring), creditworthiness of the customer, and orders by the MAS/other authorities. For more details, refer to the Third Schedule of the Banking Act at <https://sso.agc.gov.sg/Act/BAI970?ProvIds=Sc3->

Mr Tan is 32 years old, married with a 2-year-old child. Mr Tan works at a university as a lecturer. Mr Tan had just inherited a sum of \$5M and seeks your advice on wealth management.

How would you go about recommending wealth management solutions to Mr Tan?

- Recommend a wealth management solution with high risk (and high returns) as Mr Tan now has financial ability to take on risk.
- Recommend to Mr Tan the most effective wealth management solution that has worked for other clients in the 20s.
- Obtain Mr Tan's financial and non-financial, personal/family information before making any recommendations.
- Advice Mr Tan to look into wealth succession solutions so as to provide for his 2-year-old child.

Explanation : Mr Tan is young and does not need to focus on wealth succession at this stage. Since the circumstances of each client are unique, a covered person cannot recommend any standard solution, even if it has worked for similar clients. Also, the ability to take risks should not dictate the design of wealth management solutions. Therefore, the covered person must obtain Mr Tan's financial and non-financial, personal/family information before making any recommendations. This will ensure that the solution is suitable for Mr Tan, based on his unique circumstances, needs, risk profile, etc.

Which of the following are classes of documents that must be kept for specified periods under the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act and the MAS Notice on Prevention of Money Laundering?

- Client identification information, business correspondence, and documents relating to the establishment of business relations.
- Notes taken by the Covered Person relating to the client's own research on market trends and outlook.
- Any information needed to explain and provide evidence of transactions.
- Financial transaction documents relating to the opening of an account.

Explanation : Notes taken by the Covered Person relating to the client's own research on market trends and outlook need not be preserved because they are not relevant in the context of MLTF.

A Covered Person must ensure that the unlisted debentures contain a right for the client to cancel the agreement within a specified period from the agreement date. Such a right is available for unlisted debentures:

with tenures of more than three months.
marketed only in Accredited Investor segment.
with a sale price of not more than \$88888 in Singapore currency.
which are not exempt from prospectus requirements under the SFA.

Explanation: A right to cancel within 7 calendar days apply when a CP sells unlisted debentures to an individual investor that have tenures of more than 3 months and are not exempted from prospectus requirements under the SFA. Note that the guide mentions the debentures should have "Tenures of three months or longer", whereas the relevant notice (SFA 04/I3-N02) mentions that the notice does not apply to "unlisted debentures with tenures of three months or shorter" (meaning the notice applies to those with tenures of more than three months).

Under the MAS Notice on Cancellation Period for Collective Investment Schemes Constituted as Unit Trusts, a relevant CIS Covered Person is required to:

- Give an individual investor the right to cancel the relevant purchase agreement within 14 business days of signing of the agreement.
- Give an individual investor the right to cancel the relevant purchase agreement within 7 business days of signing of the agreement.
- Give the investor written notice of his right to cancel accompanied by the cancellation form.
- Specify reasonable means by which the investor may exercise his right to cancel.

Explanation: (Chapter 4.3) The CP must give an individual investor the right to cancel an agreement to purchase units in a unit trust within seven CALENDAR days from the date the investor signs the purchase agreement (subject to certain exceptions).

Which of the following statements about portfolio review is correct?

- A portfolio review with the client should be conducted every once a year even if there has been a change in the client's investment objective
- The purpose of a portfolio review is to ensure that the client has no recourse to the Covered Entity or Covered Person if he makes a loss in his investments
- The portfolio review of a client with multiple investment portfolio may require a consolidated review of all assets and liabilities under his/her name in addition to separate reviews of each portfolio
- Multiple investment portfolios, whether discretionary or non-discretionary, should be monitored and reviewed.

Explanation: There is no rigid rule on how long should a review take place. A portfolio review is meant to ensure that the client's investment strategy is up to date to his needs and goals.

Jack, a widower, has two children Jane and John. Jack transfers \$1,000,000 from his PQR Bank savings account to Jane's savings account with the same bank. John also holds a savings account with PQR. Jack dies of a heart attack without writing any will. Jane and John decide to split Jack's assets amicably. Jane tells John in good faith that Jack had transferred \$1,000,000 to her just before his death. John asserts that half the amount rightfully belongs to him. Jane refuses to part with the money claiming that Jack had given the money to her on his own.

The management team of PQR senses that John and Jane will sue the bank for claiming ownership of the \$1,000,000. To avoid getting dragged into such a dispute, PQR files an application in the court requesting the court to compel John and Jane to file a court case over the claim. The court accepts the application and starts the proceedings. PQR may now share:

- Jack's savings account information with Jane.
- Jack's savings account information with John.
- John's savings account information with Jane.
- Jane's savings account information with John.

Explanation: In the given scenario, PQR files an interpleader action where the court asks Jane and John to litigate to claim the whole or part of the \$1,000,000 sum transferred by Jack. Under Part I (4) (b) of the third schedule of the Banking Act, client information can be disclosed by a bank if the disclosure is solely with a view to the institution of, or solely in connection with, the conduct of proceedings between the bank and 2 or more parties making adverse claims to money in an account of the customer where the bank seeks relief by way of interpleader. The disclosure can be made to all persons to whom the disclosure is necessary for the said purpose. While information about John and Jane's account can be shared, information about deceased Jack's account can be shared only if relevant to the interpleader proceedings, or permitted by any appointed representative of Jack under Part I (i).

Special record keeping requirements under CDSA and the MAS Notice on Prevention of Money Laundering require the covered entity to retain financial transaction documents relating to:

- The opening of an account for 5 years after the date the account is opened
- The opening of a deposit box for 5 years after the day on which the deposit box was opened
- Other financial transactions for 5 years after the date on which the transactions take place
- All of the above

Explanation: (Chapter 4.4) The financial transaction documents must be retained for 5 years after the account is CLOSED, or the deposit box CEASES to be used. For other transactions, the documents must be retained for 5 years after the date on which the transactions take place.

John approaches LMN Merchant Bank to arrange for financing the purchase of an office building. LMN wants to assess the creditworthiness of John before it moves further with the request. John tells LMN that he has a savings account and some fixed deposits with PQR Bank. LMN asks PQR Bank to provide information about John to assess his creditworthiness. PQR may provide details of:

- John's fixed deposits with PQR.
- John's savings account balance with PQR.
- John's loan repayment default amounts, if any.
- the duration of PQR's business relationship with John.

Explanation : Under Part II (8) of the third schedule of the Banking Act, customer information can be disclosed if it is strictly necessary for the assessment of the credit-worthiness of the customer in connection with or relating to a bona fide commercial transaction or a prospective commercial transaction. The information can be disclosed to any other bank or merchant bank in Singapore. Only customer information of a GENERAL NATURE and not related to the details of the customer's account with the bank can be disclosed.

You work for XYZ Bank as a Covered Person. XYZ's client John passed away. John had appointed his daughter Jane as his personal representative in relation to his investments and other assets. John's wife Ruby requests you to give a list of savings account balances and the market value of the investments made by John before death. John and Ruby were living separately because of some marital problems. Should you provide the details to Ruby?

- No, because she was staying separately from John at the time of his death.
- Yes, if Jane allows you to provide the details.
- Yes, but only for the investments made while they were staying together.
- Yes, because she is legally married to John.

Explanation : Disclosures can be made by a bank if permitted in writing by the client or, if he is deceased, his authorised person (Jane).

The market operators recognised under the SFA are:

- London Metal Exchange.
- Dubai Gold and Commodities Exchange.
- Chicago Mercantile Exchange.
- Euronext Paris.

Explanation : (Chapter 4.3) London Metal Exchange, Dubai Gold and Commodities Exchange, CME and Euronext Paris are all recognised under the SFA.

When implementing wealth solutions for a client, a Covered Person should:

- Use cross-trades wherever possible to procure efficient trades at the best possible price.
- Update clients only when requested to respect the privacy of the client.
- Modify the implementation of solutions that allow for offsetting against another client's order.
- Ensure that transaction orders are executed promptly and accurately at a fair market price.

Explanation : In implementing any agreed wealth management solutions for a client, it is important to ensure that transaction orders are executed promptly and at fair market prices with equitable allocations and avoidance of abuses from cross-trades. To protect client confidentiality, disclosure of client information to providers of professional services is permissible only under specific situations, e.g., where there is contractual agreement for legal and tax consultancy.

LMN Bank manages the \$10 million financial assets portfolio (mainly shares and bonds) of John under a non-discretionary mandate. Jane is the Covered Person managing the portfolio. John also owns several other financial assets (mainly derivatives) being managed by PQR Bank under a discretionary mandate. Jack is the Covered Person managing John's account. PQR Bank suspects that John is involved in money laundering and starts an internal investigation to decide whether to file an STR.

PQR files an STR for several transactions in John's account. The STRO obtains more information from PQR, especially in relation to some remittances to Mauritius. The concerned police officer at the STRO:

- may obtain information about John's social circle from Jane as part of the investigation.
- may share details of John's Mauritius transactions with LMN as part of the investigation.
- may share the information with the MAS.
- may obtain personal information related to John from Jack.

Explanation : Part I (5) (a) and (b) of the third schedule of the banking act allow disclosure of customer information if it is necessary for compliance with an order or request made under any specified written law to provide information, for the purposes of an investigation or prosecution, of an offence alleged or suspected to have been committed under any written law, OR for the making of a complaint or report under any specified written law for an offence alleged or suspected to have been committed under any written law. However, the disclosure can be made to a police officer or public officer duly authorised under the specified written law to carry out the investigation or prosecution or to receive the complaint or report, or any court. Note that only customer information, as defined in the banking act and related court judgements, can be shared by LMN or PQR. Any personal information that Jane or Jack may have acquired in the course of their dealings with John cannot be shared. Also, under the banking act, the police officer can share the information obtained from PQR as part of the investigation (with the MAS). This is because the information is being disclosed under Part I of the third schedule.

John is 40 years old and has been working for a large MNC for the past 18 years. He lives in his \$200K apartment which he purchased by taking a loan (6% p.a. fixed interest rate) from a bank a few years ago. He earns \$12K per month and pays \$3K to repay the loan (\$100K principal amount outstanding). John is currently unable to save much money every month. He wants to augment his retirement income by investing his \$100K savings. He also wants financial security for his wife and two children in the event of his death. His children are about to go to college and John wants them to get good quality education. General economic conditions are not good and interest rates are expected to decline over the next few quarters. John should:

repay the entire loan by his savings and invest \$3K per month in an equity SIP.

invest the \$100K in fixed income instruments to get additional income (current yield at around 4.5% per annum).

invest \$50K in an annuity with death benefit and invest the balance in listed shares of small-cap companies.

purchase a monthly premium whole life insurance policy with death benefit of \$100K and repay half of his home loan. Invest the balance in blue-chip equities with good dividend yield.

Explanation: (Chapter 4) John has a regular income but is not able to save money regularly. Therefore, if he repays the entire loan by his savings, he will be able to generate \$3K savings, but he will not have any money for large emergent expenses. Also, his insurance needs will not be satisfied if he invests monthly savings in an equity Systematic Investment Plan (SIP). Investing the entire savings in fixed income instruments may not be a smart idea because the yield is around 4.5% per annum (less than what he pays to the bank). Although the bond prices may rise if the interest rates fall, the fixed home loan interest rate will remain the same. Capital appreciation in bonds may not be enough to make this a worthwhile investment because of the reinvestment risk (investing at a lower rate after selling the bonds). Investing in an annuity with death benefits may be a good idea, but investing in small-cap stocks may be too risky. In emergent financial situations, he may have to sell his investments at a huge loss to meet his liquidity needs. Therefore, a whole life insurance policy (monthly premium) with death benefit may serve his insurance needs. He can lower his monthly burden by repaying half the loan and investing the balance in blue-chip equities (lower risk than small cap equities) with good dividend yield.

A covered entity which provides capital markets services relating to dealing in securities must give a contract note to the other party in respect of each transaction. In this regard, which of the following statements is TRUE?

The contract note is required to be given no later than 7 calendar days from the transaction.

The contract note is required to be given no later than the business day immediately following the sale or purchase of the securities.

The contract note is required to be given no later than three business days after the transaction.

Where any information required in a contract note can only be determined at a later date, the contract note may be given the business day following such date.

Explanation: (Chapter 4.4) The contract note must be given no later than the business day immediately following a transaction. Where any info required in a contract note can only be determined at a later date, the contract note may be given the business day following such date.

When providing financial advisory services in respect of an investment product or designated investment product, a Covered Person of a Covered Entity must disclose:

All material information relating to a designated investment product when making a recommendation related to such a product.

General information about the status of the representative.

General information about the remuneration of the covered entity.

General information about conflict of interest.

Explanation: (Chapter 4.3) All the relevant info mentioned in the options should be disclosed.

Mr Tan is estranged from Mrs Tan and they have one daughter. When Mr Tan passed away suddenly, their daughter was appointed as the personal representative of his estate.

No, as she is not an account holder.

No, as Mrs Tan is estranged from Mr Tan.

Yes, as Mrs Tan and Mr Tan are not divorced.

No, as she is not the personal representative.

Explanation: For confidentiality reasons, only authorized person can receive information, such as the representative or executor of an estate. The person or his authorized representative can also give permission in writing. Whether or not they are on good terms, or how close are their relationship (e.g. spouse, or children) are irrelevant.

John is an accredited investor. Under the SFA, ABC Bank should _____ before lending out John's shares.

obtain John's consent

obtain evidence of John's ownership of the shares

sign an agreement with John to disclaim any liabilities arising from the potential risk of loss

explain the risks involved to John

Explanation: (Chapter 4.3.3) ABC must enter into an agreement with John setting the terms of such borrowing or lending. If ABC lends shares belonging to John, it must obtain John's consent, even if he is an AI. However, if ABC borrows shares from John, it must provide a collateral to John UNLESS he is an AI.

You are a Covered Person who has just received a request from the Commercial Affairs Department requesting that you disclose account details and transaction history belonging to a client who is suspected of committing offenses under the CDSA. This client had previously reminded you that he is very particular about confidentiality and that you should protect his interests at all times. In such a scenario, what should you do and why?

Disclose the information as it is necessary for compliance with a request made under the law for investigating an offense

Disclose the information as the commercial affairs department is a prescribed person under the banking act

Do not disclose the information, as the duty of confidence that you owe towards your client takes precedence

Do not disclose the information, as the commercial affair department has not shown a search warrant

Explanation: There are exceptions to the general prohibition against disclosure of client information by a Covered Person. These are stipulated in the Third Schedule of the Banking Act. The exceptions include situations where disclosure is necessary for compliance with a request made under the law for investigating or prosecuting an offence alleged or suspected to have been committed under any written law.

The shares of Xeon Group are trading in an upward trend and many market participants are rushing in to place an order to buy. Due to the overwhelming response, there are only 50 lots of Xeon Group shares left in the market. You are a Covered Person who is about to contract 50 lots of Xeon Group shares for yourself. However, a client of yours calls and asks you to buy 25 lots of shares for him. What should you do in this situation?

Buy 50 lots of Xeon Group shares for your own account and then sell 25 lots to your client.

Buy 25 lots of Xeon Group shares for your client before transacting for your own account.

Buy 50 lots of Xeon Group shares for your own account as the client only indicated his interest after yours.

Buy 25 lots of Xeon Group shares for your own account and thereafter transact another 25 lots for your client.

Explanation: A Covered Person is prohibited from entering into a transaction for his own account or on behalf of a person associated with or connected to him, if his client has given instructions to purchase or sell securities or futures contracts of the same class, and he (the Covered Person) has not yet complied with the instructions. Since the client's order came before the covered person executed his own, he must withhold his order until the client's order is complete.

Is it permissible to disclose information regarding the order for oil futures contracts that you are currently holding for your client, when a colleague asks for it?

No, I may only do so when directed by the senior management through an official letter.

No, I am never allowed to disclose any information relating to the order to any third party.

Yes, if it is necessary for the timely and effective execution of the order.

Yes, if the colleague provides a written undertaking not to disclose the information to a third party.

Explanation: A Covered Person of a Covered Entity is prohibited from divulging information relating to a client's order held by the Covered Entity. He is only allowed to disclose information about his client's order if the disclosure is necessary for the effective execution of the order, permitted under the rules of the relevant securities exchange, futures exchange, clearing house or recognised market operator (as the case may be), or required by the MAS under the SFA or the SFR (I&C).

John, a Covered Person, receives a sell order from a client (Jane) for the 10,000 shares of ABC Limited at \$20. John knows that his friend Peter wants to buy a large quantity of ABC's shares. John immediately calls Peter and tells him about Jane's order. They fix a time for entering the orders and both the orders get executed at \$20. Jane is happy that her large sell order got executed without any slippage. In this context:

John is guilty of the offence of divulging Jane's order information to Peter.

John did the right thing because Jane got the price she wanted.

Jane is not guilty of any misconduct because she did not know how her trade got executed.

John is entitled to disclose Jane's order details to Peter because it helped in the smooth execution of Jane's order.

Explanation: (Chapter 4.4.8) A Covered Person of a Covered Entity is prohibited from divulging info relating to a client's order held by the Covered Entity. However, he is allowed to disclose info about his client's order if, inter-alia, the disclosure is NECESSARY for the effective execution of the order. In this case, John's disclosure is not justified as the order could have been executed by simply entering it into the system. Disclosing order info was not NECESSARY for the effective execution of Jane's order. Jane is not guilty of any misconduct because she did not know how her trade got executed.

Information on family financial situation of the client does not include:

Income tax liabilities

Identities of individual beneficial owners and account holders

Estate Planning structures

Fixed and variable expenses

Explanation: (Chapter 4.2) Identities of individual beneficial owners and account holders is not part of the info on the family's financial situation.

John is a top client of KLG bank. Mary is John's relationship manager. John has a high risk tolerance with many years' experience in making financial investments. He always invests in high-risk products by himself. John pledges his existing investment portfolio as the collateral for a loan taken from KLG. The portfolio consists of several leveraged positions. Adverse movements in the market lead to significant mark-to-market losses. The annual portfolio review comes up but John tells Mary that there is no need to perform the portfolio review because he is an expert. In this situation, Mary should:

- Ignore John's request and conduct a portfolio review with him.
- Warn John that the mark-to-market losses may lead to margin calls, resulting in liquidity pressure.
- Inform John that he should be prepared to put up additional collateral for the loan.
- Encourage John to undergo a portfolio review in light of the prevailing market conditions.

Explanation : Mary can encourage the client to undergo a portfolio review, especially in light of the given circumstances. Mary cannot force a portfolio review with the client. Mary must also warn John about the possible margin calls and the need for additional collateral for the loan.

John, a Covered Person, works for LMN Limited, a covered entity. John receives a buy order from a client (Jane) for 10 futures contracts of ABC Limited at \$20. The shares are currently trading at \$21. John is holding an order for selling 10 futures contracts of ABC for LMN's account at \$19.60. John enters LMN's sell order at \$19.60 and Jane's buy order at \$20, in that sequence. Both the orders get executed immediately at \$19.60. John:

- should not have entered LMN's order because he was holding a pending order from Jane.
- may enter both the orders because Jane got a better price for her purchase than she wanted.
- has committed the offence of trading against the client without obtaining her consent.
- may be guilty of an offence only if Jane reports the matter to the MAS.

Explanation : (Chapter 4.4.4) Before a Covered Entity enters into a transaction to buy from or sell to its client any futures contract for the Covered Entity's own account (or the account of its associated or connected person or any account in which the Covered Entity has an interest), it must obtain the client's prior consent for such transaction. Further, the transaction must be executed in accordance with the business rules and practices of a futures exchange or recognised market operator. John has committed the offence of trading against the client and trading for own account while in possession of a client's order for the same futures contracts.

Jane (40 years) is a widow and lives in Singapore with her daughter (14 years). She earns about \$15K per month as a sales manager in a large MNC and saves about \$5-7K per month. She lives on rent and wants to purchase an apartment in the next few years. She also wants to send her daughter to Europe for college studies when she passes school. Jane wants to accumulate \$300K over the next 10 years for these purposes. She wants her investments to be liquid so that she can sell them in case of any emergent requirement. Jane recently inherited \$100,000 from her father. She deposited the money in a time deposit with a bank. The overall economy is overheated and inflation is picking up fast. As Jane's financial adviser, which of the following investment strategies will you propose to her?

- Private equity investments in new age companies with high-growth potential.
- A portfolio of physical real estate.
- A portfolio of listed shares of blue-chip companies.
- A portfolio of corporate bond funds.

Explanation : (Chapter 4) Jane has liquidity needs and wants to accumulate wealth. Therefore, she cannot invest in higher-risk, illiquid private equity investments. She does not have the capital to invest in physical real estate, which is also illiquid. A portfolio of corporate bonds can be suitable for her because she is a conservative investor. However, investment in bonds is risky in an overheated economy. The interest rates may rise and the bond prices may fall, leading to large MTM losses in the bond portfolio. Further, investments in bond funds are unlikely to triple in 10 years. Therefore, out of the given options, a portfolio of listed shares of blue-chip companies may help her accumulate the desired wealth, with reasonable amount of risk. This is presuming that the CAGR of equity investments will be around 12%.

John is a Covered Person and discloses information about a client Jane to ABC Bank. The disclosure is made under an exception in Part I of the Third Schedule of the Banking Act. In this context:

- Jane can object to such disclosure.
- John can disclose the information to ABC but ABC cannot disclose the information further to any other person.
- John can disclose the information to ABC, and ABC can disclose the information further to any other person.
- John can disclose the information to ABC, but ABC can disclose the information further only to another bank.

Explanation : (Chapter 4.6) There are exceptions to the general prohibition against disclosure of client info by a Covered Person. These exceptions are divided into two categories, as set out in Parts I and II of the Third Schedule of the Banking Act (for Banks) and Part I and II of the Third Schedule to Banking Regulations (for Merchant Banks). Where disclosure of client info is made pursuant to an exception in Part I, the recipient of the info is NOT prohibited from further disclosing the info to any other person, and where disclosure of client info is made pursuant to an exception in Part II, normally the recipient of the info is prohibited from further disclosing the client info to any other person (unless, e.g., there is a court order).

If a colleague asks a Covered Person about the securities in his client's portfolio at a social event, the Covered Person:

- should only disclose in writing
- is allowed to disclose the info orally
- is allowed to disclose provided insider trading provisions are not contravened
- is prohibited from disclosing the info

Explanation : (Chapter 4.6) Client info should not be disclosed in such a situation.

<p>In order to recommend appropriate products to the client, the Covered Person must inquire about what information from the client?</p>	<p>Client's relationship with family members and information on wealth succession. Client's past investable profits and losses from all past investment portfolios. Client's knowledge and experience with investment and finance. Client's past medical history and records.</p> <p>Explanation: To recommend appropriate products, a client's knowledge and experience with investment and finance must be ascertained. Client's relationships with family members, past investment performance, and medical history are not relevant in the context of product recommendations.</p>
<p>What is the main reason for collecting non-financial information about a client and his family?</p>	<p>To understand the intended purposes of the client investment aspiration and provide suitable wealth management solutions. To learn about the client's interest so that targeted marketing events can be launched to capture the client's interest. To be used as prospecting leads where the client could refer to wealthy relatives as prospective clients to the Covered Entity. To identify the key decision-makers within a large family that have the greatest influence over the client.</p> <p>Explanation: Such information may be collected from clients to facilitate the assessment of needs and the recommendation of appropriate wealth solutions.</p>
<p>According to the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act (CDSA) and the MAS Notice 626 on Prevention of Money Laundering and Countering the Financing of Terrorism, what are the data which must be kept for specified periods?</p>	<p>Any information required to explain and provide evidence of transactions Client identification information, business correspondence and documents relating to the establishment of business relations Financial transaction documents relating to the opening of an account Records taken by the CP relating to the client's own research on market trends and outlook</p> <p>Explanation: These records are required to be kept for possible investigation needs later. So, any information that is related to account opening to transactions should be preserved. Customer's notes on market outlook do not indicate his judgment/decision, so it is not useful enough to warrant for the law to enforce record keeping on it.</p>
<p>How many years is a Covered Entity required by the CDSA and MAS Notice on Prevention of Money Laundering to keep records of financial transaction info?</p>	<p>1 3 5 7</p> <p>Explanation: (Chapter 4.4) The records must be retained for 5 years.</p>
<p>Understanding a client's financial situation and wealth management needs on a continuous basis is important for a Cover Person because:</p>	<p>A client's changing life circumstances and experiences may result in the need for new wealth management solutions. Continuously obtaining such information allows a Covered Person to monitor their clients for suspicious activities. A client's changing preference for Covered Persons or Covered Entities may affect his wealth planning. Continuously obtaining such information makes the client feel important and increases trust in the industry.</p> <p>Explanation: A Covered Person's understanding of clients' individual financial situation, wealth management needs, preferences, goals and aspirations must be a continuous process of discovery because changing life circumstances and life changing experiences can, over time, transform clients' values, attitude, outlook and perspectives which, in turn, may give reason for new wealth management solutions.</p>
<p>In what situations would a Covered Person be permitted to reveal information pertaining to a customer's account?</p>	<p>When the information has been requested by the customer's employee to settle an ongoing legal dispute. When the customer has given their consent to receiving marketing materials. When the customer has given their consent to such disclosures in writing. When the Covered Entity's parent company has requested the information for external audit purposes.</p> <p>Explanation: There are exceptions to the general prohibition against disclosure of client information by a Covered Person. These are stipulated in the Third Schedule of the Banking Act. The exceptions include situations where disclosure is permitted in writing by the client or the disclosure is solely in connection with the conduct of INTERNAL audit of the Covered Entity or the performance of risk management.</p>

LMN Bank issues a credit card to John. John is unable to pay the credit card dues on several occasions. LMN suspends the credit card facility given to John.

In this context, which of the following statements is TRUE?

- LMN must inform all financial institutions in Singapore about the suspension of credit facilities to John.
- LMN may inform about the suspension of credit facilities to John only if specifically requested by a bank.
- LMN may disclose the suspension of credit facilities to John only to financial institutions that issue credit cards.
- John may force LMN to keep the suspension confidential if he agrees to pay the dues by a given date.

Explanation : Under Part II (6) of the third schedule of the Banking Act, customer information can be disclosed about a customer who has been issued with a credit or charge card by a bank in Singapore, if disclosure is strictly necessary for notification of the suspension or cancellation of the card by the bank by reason of the customer's default in payment to the bank. The disclosure may be made to any financial institution in Singapore which issues credit or charge cards.

LMN Bank's holding company OPQ Limited is in the process of merging with another company RST Limited.

OPQ's CFO managing the merger talks asks LMN for information about some specific high-profile celebrity clients. LMN:

- may provide the information only if the client agrees to share such information.
- may not provide the information because the clients are celebrities.
- may not disclose the information because OPQ is just a holding company.
- may disclose the information, but OPQ may not further disclose the information to any person.

Explanation : Under Part II (4) of the third schedule of the Banking Act, customer information can be disclosed if the disclosure is solely in connection with the merger or proposed merger of the bank or its financial holding company with another company, or any acquisition or issue, or proposed acquisition or issue, of any part of the share capital of the bank or its financial holding company, whether or not the merger or acquisition is subsequently entered into or completed. The disclosure can be made to any person participating or otherwise involved in the merger, acquisition or issue, or proposed merger, acquisition or issue, including any of the person's lawyers or other professional advisers (whether or not the merger or acquisition is subsequently entered into or completed). Therefore, the information can be disclosed to OPQ. However, since the disclosure is under Part II, further disclosure is prohibited. Broadly speaking, purposes for which disclosure is allowed under Part I mainly relate to allowance by customer, customer matters (e.g., probate, bankruptcy, interpleader action) and enforcement or court orders/orders by authorities. Purposes under part II mainly relate to operational/strategic matters of the bank (e.g., internal audit, mergers & acquisition, restructuring), creditworthiness of the customer, and orders by the MAS/other authorities. For more details, refer to the Third Schedule of the Banking Act at <https://sso.agc.gov.sg/Act/BA1970?ProvId=Sc3>

For managing three investment portfolios for the same client, each with distinct investment strategies and preferences, how should you approach conducting a portfolio review for this client?

- Deal with each portfolio within its own confines as they were specially established with different strategies and preferences.
- Review each portfolio separately, and subsequently perform a consolidated review of the client's total assets and liabilities.
- Conduct a cross-review of the portfolios only when there are collateralized credit facilities that have been cross pledged.
- Merge the three portfolios into a single portfolio as this would allow for a consolidated investment strategy.

Explanation : A client relationship may have multiple investment portfolios with the same Covered Entity involving different investment strategies and investment preferences. Such a scenario may require a consolidated review of all assets and liabilities under the client's name, in addition to separate reviews of each portfolio.

LMN Bank issues a credit card to John. John is unable to pay the credit card dues on several occasions. LMN suspends the credit card facility to John.

John also defaults on credit card payments due to OPQ Bank in Singapore. OPQ requests LMN to disclose details of John's credit card payment history. LMN may disclose which of the following information about the suspension of credit facilities to OPQ?

- LMN may not disclose any information because it is confidential customer information.
- The amount of debt owed by John to LMN
- The date of suspension of credit card facilities to John
- The net worth of John as per LMN's records

Explanation : Under Part II (6) of the third schedule of the Banking Act, customer information can be disclosed about a customer who has been issued with a credit or charge card by a bank in Singapore, if disclosure is strictly necessary for notification of the suspension or cancellation of the card by the bank by reason of the customer's default in payment to the bank. The disclosure may be made to any financial institution in Singapore which issues credit or charge cards. However, only the customer's name and identity, the amount of the debt outstanding on the customer's credit or charge card, and the state of suspension or cancellation of the customer's credit or charge card, as the case may be, can be disclosed. Therefore, John's net worth cannot be disclosed.

John is a Covered Person working with ABC Limited (the covered entity). Jane, a 72 year-old HNWI has been a client of John for 5 years and has so far been investing regularly in government bonds and high-grade corporate bonds. She now wants to invest \$1 million in small-cap companies for high returns. When asked for the reason of such a sudden change in risk appetite, Jane explains that she wants to make a windfall from the current bull-run in the stock market. John feels that Jane's decision-making may be getting impaired due to deteriorating mental health. What should John do?

Since Jane is entitled to do what she wants with her money, execute Jane's orders by identifying high-quality small-cap stocks after obtaining her signature on a report of what have been discussed.

Discuss the matter with Jane's son, informing him about the order to buy \$1 million worth of small-cap stocks and highlight the risks involved. Proceed to carry out the order if Jane's son is agreeable, and cancel the order if Jane's son disagrees.

Record the request in a report for future reference.

John should, as a separate matter, bring up the topic of appointing a trusted contact regarding Jane's investments and assets should one day John is unable to reach Jane, and get Jane's signature on the appointment. John should then contact the trusted contact to discuss his suspicion with Jane's mental health or unusual risk appetite. If the suspicion has been cleared and Jane reiterates her instructions, John should obtain her signature on a report of what have been discussed with her and execute her order.

Explanation: (Chapter 4.5.1) Due to the high risk of the order and the suspicion of Jane's mental capacity, the order should not be carried out immediately. Her order cannot be revealed to anyone, even to his son. John can however discuss Jane's mental health with her appointed contact. Discussions with clients regarding changes to investment strategies, their strategic asset allocations, agreement to re-balance their investment portfolio(s), unusual and specific client requests are to be recorded by the Covered Person and the report kept for future reference. For important situations, it would be the responsibility of a Covered Person to obtain his client's signature as documentary evidence to pre-empt future disputes.

A Covered Entity intends to enter into a transaction for a futures contract as the principal with its client. Which of the following MUST the Covered Entity do?

Obtain the client's consent prior to the transaction

Check whether the client is high net worth individual

Inform the futures exchange 7 days prior to executing the transaction

Execute the transaction in accordance with the rules of the futures exchange

Explanation: If a Covered Entity wants to act as the principal in buying or selling futures contract to/from its own client, it needs to ask permission from the client. Also, the transaction needs to be done in accordance with the business rules and practices of a futures exchange or recognised market operator.

Jane's portfolio is down 40% last year. She calls her Relationship Manager John to lament on the portfolio's performance, during which she also told John that the bank's FX rates are not competitive. Is this a complaint?

No, Jane was merely sharing information.

No, as FX rates are controlled by the central bank.

Yes, all comments logs should be recorded and reported to MAS regularly.

Yes, John should follow the complaint handling process.

Explanation: (Chapter 4.5.2) Many disputes and complaints are often brought to the attention of the Covered Person informally by the client at an early stage of the client's unhappiness. Inaction by the Covered Person could cause the client to escalate the complaints to senior management.

ABC Limited, a covered entity, often borrows and lends shares from/to its client John for covering short positions. In this context:

ABC must enter into an agreement with John setting the terms of such borrowing or lending.

If ABC borrows shares from John, it must provide a collateral to John even if he is an AI.

If ABC lends shares belonging to John, it must obtain John's consent, even if he is an AI.

John must report the matter to the MAS because such borrowing or lending is prohibited.

Explanation: (Chapter 4.3.3) ABC must enter into an agreement with John setting the terms of such borrowing or lending. If ABC lends shares belonging to John, it must obtain John's consent, even if he is an AI. However, if ABC borrows shares from John, it must provide a collateral to John UNLESS he is an AI.

XYZ Bank's client John passed away recently. John had appointed his daughter Jane as his personal representative. Jane appoints Jack as the lawyer to manage the probate process. Jack approaches you (the Covered Person for XYZ) for information related to John's bank accounts and investments. Should you provide the information to him?

Yes, since he is Jane's representative and Jane is John's appointed personal representative.

Yes, if formally authorised by Jane to request and receive the information.

Yes, because he is Jane's lawyer.

No, because Jane cannot authorise anyone else to receive the information.

Explanation: Disclosures can be made by a bank if permitted in writing by the client or, if he is deceased, his authorised person (Jane). Jane may authorise Jack to ask and receive information on her behalf. Without such authorisation, XYZ cannot disclose any information to Jack.

<p>What actions should you take when meeting a client for the first time to design wealth management solutions for him/her?</p>	<p>Provide all available product information, public or non-public, to help the client make a considered decision.</p> <p>Undertake a suitability analysis with the client, considering information such as their investment priorities and personal circumstances.</p> <p>Encourage the client to focus on investment products that give the highest return within the shortest possible time.</p> <p>Provide the client with applicable key terms of investment products, including fees and charges related to specific transactions.</p>
<p>Your client, John, has just passed away and left 3 portfolios for his wife Jane. One portfolio is discretionary and two portfolios are non-discretionary, with different investment objectives.</p> <p>How would you review the portfolio accounts with Jane?</p>	<p>Perform a review to determine which portfolios are the most aligned with Jane's investment objectives.</p> <p>Perform a consolidated review of all assets and liabilities, as well as separate reviews of each portfolio.</p> <p>Perform a review of the discretionary portfolio only.</p> <p>Perform a consolidated review of the two non-discretionary accounts only.</p>
<p>PQR Bank is incorporated in the USA. It operates in Singapore and many other countries. PQR's parent supervisory authority requests the Singapore branch to provide account details (fixed deposits information) of 1,000 random customers. Is the Singapore branch allowed to share the customer information requested by its supervisory authority?</p>	<p>Yes, provided it destroys the information immediately after use.</p> <p>No, because it may not provide deposit information.</p> <p>No, unless the supervisory authority wants it in connection with a court order.</p> <p>No, unless the information is requested as part of an ML/TF investigation.</p>
<p>John is a Covered Person responsible for dealing with UHNWI clients of PQR Wealth Management Limited. John is not well organised and his desk is always full of papers when he leaves for home after work. In this context, which of the following statements is/are TRUE?</p>	<p>John is in violation of the principles of a clear desk policy.</p> <p>John should put away confidential documents securely before leaving office to prevent unauthorised access.</p> <p>If John's desk is in a separate cabin, then he can leave the documents on his desk.</p> <p>If John is a senior manager, his juniors are responsible for securing client documents.</p>
<p>You are a financial adviser and your client John (35 years) wants investment products that can help him beat inflation over a 3-year horizon, without taking too-much risks. Capital preservation is important for John, but a 10% loss is acceptable provided the asset is likely to deliver 20% returns over 3 years. The interest rates have peaked and they are expected to decline over the next few years. What will be your advice to John?</p>	<p>Invest 100% of the capital in a basket of blue chip, cyclical equities with good dividend payment.</p> <p>Invest 50% in bond put options and 50% in good quality small-cap stocks.</p> <p>Invest 60% in large-cap, non-cyclical stocks and 40% in top-grade corporate bonds.</p> <p>Invest 100% in Singapore government bonds.</p>

LMN Bank proposes to acquire 10% of the share capital of OPQ Bank. CFOs of LMN (Jane) and OPQ (Jack) are involved in the acquisition talks.

Jack asks Jane to disclose the number of customers of LMN who have fixed deposits above \$10 million. In this scenario, which of the following statements is TRUE?

Jane may refuse to provide the information because LMN is the buyer and OPQ is the target.

The information requested is not customer information under the banking act.

Jane may not disclose the information because the acquisition is not complete.

Jane may provide the information only if Jack also provides similar information about OPQ.

Explanation: Disclosure of customer information is allowed under Part II (4) in the course of a merger or acquisition (or a proposed merger or acquisition) of the bank or its financial holding company with another company. The disclosure can be made to persons involved in the process of merger or acquisition. However, the NUMBER of customers with a specific amount of fixed deposits is NOT customer information.

WiseKid Limited is 100% owned by John (the CEO). WiseKid owns several businesses, and has a portfolio of shares and bonds worth \$2 million managed by LMN Bank (its Financial Adviser). WiseKid suffers significant losses in its businesses due to economic recession and applies to the High Court for winding up. Its application is accepted and an official receiver is appointed. PQR Bank is the main lender of WiseKid, with an outstanding principal amount of \$2 million at the time of winding up.

If PQR requests LMN to disclose the details of WiseKid's investment portfolio, LMN may:

disclose the details because PQR is a creditor.

refuse to accept the request because a receiver has been appointed.
disclose the details only if allowed by WiseKid.

disclose the details only if allowed by John.

Explanation: Under the Part I (3)(b) of the third schedule of the Banking Act, disclosure of customer information is allowed if it is solely in connection with the winding up of the customer which is a body corporate. The disclosure can be made to all persons to whom the disclosure is necessary for the winding up. In this context, the creditors of the company have a right to know the details of WiseKid because it is being wound up.

John enters into an agreement with XYZ CIS (an authorised CIS) to purchase 10,000 units of the scheme. The relevant person gives John a notice of his right to cancel before the purchase agreement is concluded. In this context, which of the following statements is/are TRUE?

There is no mandatory requirement to inform the investor of his right to cancel because the cancellation rights are assured by MAS Notice SFA 04/13-N01.

The notice must state the point in time where the cancellation period begins.

The notice must state the steps the investor has to take to cancel the purchase agreement.

The notice must state that the relevant price for calculating the refund will be the dealing price the day before the receipt of the cancellation request by the relevant person.

Explanation: (Chapter 4.3.6) The notice, or a similar document, is mandatory under the MAS Notice SFA 04/13-N01. For example, the MAS will accept that clear and prominent notice of the investor's right to cancel is complied with if the investor's right to cancel is disclosed in or together with the relevant application form for Authorised CIS. However, the application form should prominently feature words like: IMPORTANT: information about your right to cancel this agreement is enclosed. The notice must state that the relevant price for calculating the amount to be refunded will be the dealing price FOLLOWING the receipt of the cancellation request by the relevant person, as determined by the relevant person's time-stamp or any other reasonable means. The other statements are true. Please refer to the Notice for more details.

LMN Bank is discussing the sale of its credit card division to OPQ Bank. The division is valued at \$1 million. The CFOs of LMN (Jane) and OPQ (Jack) are involved in the talks to complete the transaction.

OPQ asks LMN to disclose the average credit limit of the customers holding LMN bank's credit card. LMN may disclose the information:

to OPQ's lawyer involved in the transaction.

to OPQ's professional adviser involved in the transaction.

only if such disclosure is approved by the CEO of LMN.

only if such disclosure is approved by the MAS.

Explanation: Under Part II (5) of the third schedule of the Banking Act, customer information can be disclosed to any transferee, purchaser or any other person participating or otherwise involved in the restructure, transfer or sale, or proposed restructure, transfer or sale, including any of the person's lawyers or other professional advisers (whether or not the restructure, transfer or sale is subsequently entered into or completed).

When can a Covered Person engage with insurers that are not registered under the Insurance Act?

When the insurance policies are targeted towards high net worth individuals.

When the Covered Person is negotiating a contract of reinsurance.

Covered Persons may not deal with unregistered insurers under any circumstances.

When the policies involved in the deal are universal life policies.

Explanation: A Covered Entity or its Covered Persons who arrange a life policy should only deal with an insurer which is registered under the Insurance Act. This requirement does not apply if the Covered Entity and its Covered Persons are negotiating a contract of reinsurance or are conducting a business relating to risks outside Singapore.

Jane is a Covered Person and prepares wealth management plans for UHNWI clients of PQR Wealth Management Limited. Her client John visits Jane in her office and, by mistake, leaves his bank statements on Jane's desk. At the end of the day, Jane clears her desk and locks all the confidential documents in her cabinet, except the bank statements. PQR has a clear desk policy for all its employees. In this context, which of the following statements is TRUE?

Jane is not responsible for the bank statements because the client left the document by mistake.

Jane should have cleared her desk properly and put away the bank statements as well.

Since Jane was not aware that the document was on her desk, she cannot be held responsible for any violation of the clear desk policy.

Jane can only be held responsible for a violation of the clear desk policy if someone misuses the document.

Explanation: (Chapter 4.6) Jane should have cleared her desk properly and put the bank statements away securely. The fact that she did not see the document indicates that she did not clear her desk thoroughly. It does not matter whether anyone misuses the document or not. The fact that the document could have been misused is enough to confirm a violation of the principles of a clear desk policy.

PQR Bank in Singapore starts a risk management exercise where large movements of funds by institutional clients is the main focus.

If PQR is incorporated in Singapore and is wholly owned by Singaporean entities, the internal auditor may share relevant client information with _____ for internal audit.

any lawyer appointed by PQR

any private consultant appointed by the head office

the holding company of PQR designated by PQR's head office

the subsidiary company of PQR designated by PQR's head office

Explanation: Under Part II (2) of the third schedule of the Banking Act, customer information can be disclosed if the disclosure is solely in connection with the conduct of internal audit of the bank or the performance of risk management. In the case of a bank incorporated in Singapore, not being a foreign-owned bank incorporated in Singapore, the disclosure can be made to the parent bank, or any related corporation of the bank designated in writing by the head office of the bank. Here, related corporation broadly means subsidiaries and holding companies of the bank.

John enters into an agreement to purchase units of XYZ CIS (the original authorised CIS). The agreement allows John to switch his units to another authorised CIS during the cancellation period applicable to such purchase agreement. In this context, the relevant person:

cannot give John the right to cancel units in the other Authorised CIS.
must inform John in writing that he will receive a refund of the initial sales charge in relation to the purchase agreement in respect of the original Authorised CIS.

must inform John that it is not certain whether the investor would be in a better or worse position if he switches Authorised CISs.

must inform John of any fee involved in switching from the original Authorised CIS to the other Authorised CIS.

Explanation: (Chapter 4.3.6) Where the purchase agreement allows an investor to switch his units to another Authorised CIS during the cancellation period applicable to such purchase agreement, the relevant person MAY ALSO give the investor the right to cancel units in the other Authorised CIS. Before any switch of units is made by the investor pursuant to the purchase agreement in respect of the original Authorised CIS, the relevant person must inform the investor in writing that the investor SHALL NOT receive any refund of initial sales charge in relation to the purchase agreement in respect of the original Authorised CIS. The other statements are true. Please refer to MAS Notice SFA 04/13-N01.

A Covered Person will be entering into an agreement with an accredited investor to manage the investor's forex trading account. In this context, which of the following is FALSE?

The Covered Person must provide the investor with a written risk disclosure document

The Covered Person must obtain a signed and dated acknowledgement from the investor that he has received and understood the nature and contents of the risk disclosure document

The Covered Person may decide whether to disclose the risks involved to the client based on his own judgement

None of the above

Explanation: (Chapter 4.3) Please refer to section 4.3.2 (on page 72) of the guide. Also refer to SFR (LCB) section 47DA (1) to (4). For futures contracts, spot forex contracts, leveraged forex trading and forex OTC derivatives contracts, the risk disclosure statement must be given to the client and his acknowledgement must be obtained (even if he is an AI). For other capital market products, the risk disclosure requirement is waived for an accredited investor, an expert investor, an institutional investor, or a related corporation of the CMS licence holder. Also, the Covered Person MUST disclose the risks involved to the client.

To protect client confidentiality, disclosure of client information to providers of professional services is permissible only under specific situations. Such situations DO NOT include:

When the disclosure is necessary for the effective execution of the order

When the disclosure is permitted under the rules of the relevant recognised market operator

When the covered entity considers it trivial

All of the above

Explanation: (Chapter 4.4) The CE cannot decide to disclose an info simply because it considers the info to be trivial.

<p>John (35 years old) writes a will whereby his wife (Jane 33 years old) will inherit all his assets after his death. His friend James (40 years old) is the executor of the will. John's lawyer Jack confirms that the will is legally valid based on the relevant Singapore laws. John's financial adviser LMN Bank manages his portfolio of financial assets (mainly shares, bonds, fixed deposits, and savings accounts) worth \$50 million. Most of John's other assets (mainly real estate) are jointly owned by him and Jane. John dies of a heart attack and Jane applies for probate in the court.</p> <p>Jane obtains information about John's portfolio from LMN based on a court order and decides to appoint SmartGuy as her financial adviser instead of LMN. In such a scenario:</p>	<p>LMN must sue Jane because Jane obtained confidential information about John's portfolio.</p> <p>Jane may disclose John's portfolio details to SmartGuy.</p> <p>Jane may disclose John's portfolio details to her father.</p> <p>Jane should not disclose John's portfolio details to her friends.</p> <p>Explanation: Further disclosure is not prohibited if the disclosure is made under the conditions specified in Part I of the third schedule of the Banking Act. Jane can choose to appoint any one as her FA because she will own the assets after transfer.</p>
<p>Tom is 45 years old, married with four children aged 6 to 15, and has a reasonably good-paying white-collar job. Tom struck a Toto lottery with a sum of \$3.5 million recently and he has decided to come to you for wealth management advice.</p> <p>During your meeting with Tom, he reveals that he needs regular blood transfusions due to diabetes. Which of the following should you ask Tom?</p>	<p>His risk appetite and preference for capital gains or income-based investment products.</p> <p>His existing estate planning structure, if any, and wealth succession plans and needs.</p> <p>His existing cash flows and expected cash flow requirements for the foreseeable future.</p> <p>His existing insurance policies, if any and the coverage extent of these policies.</p> <p>Explanation: Tom's health condition appears to be serious and he must plan in a manner that his family is taken care of when he passes away. Therefore, it is important to know Tom's estate planning structure, wealth succession plans, cash flow needs and expectations, and insurance policies. Risk appetite and preference for a particular type of investment product are not relevant in the given context (future planning based on health condition).</p>
<p>Under what circumstance will you NOT be obligated to prioritize your client's purchase of a certain class of debentures, considering that you also plan to purchase them for your own account?</p>	<p>Your transaction is entered into in accordance with the business rules or practices of the exchange.</p> <p>You have written consent from the Covered Entity expressly authorizing your purchase of the debentures.</p> <p>The value of your client's purchase does not meet the minimum threshold of S\$1,000.</p> <p>The client's decision to purchase the class of debentures was based on your recommendation.</p> <p>Explanation: A Covered Person is not required to give priority to a client's order if the client's order must be effected only on specified conditions (e.g., a specific price which is different from the existing price), or if the transaction is entered into in accordance to the business rules or practices of the securities exchange or futures exchange through which the transaction is entered into.</p>
<p>All Covered Persons employed by Merchant Banks must observe principles of confidentiality which apply under:</p>	<p>common law, Banking Act. Banking Regulations. Trustees Act.</p> <p>Explanation: (Chapter 4.6) A Covered Person must observe principles of confidentiality which apply under common law, and for Covered Persons employed by Banks and Merchant Banks, under the Banking Act and Banking Regulations. Under common law, where information is of a confidential nature (i.e., information not in the public domain) and is imparted in circumstances where the recipient knows or ought to have known that the information is confidential, a duty of confidence is imposed on the recipient even in the absence of any statutory or contractual obligation of confidence.</p>
<p>What obligation does a Covered Entity or its Covered Person have in relation to the cancellation period in transactions or arrangements involving the purchase of an Unlisted debenture on an investor's behalf to be held in a nominee arrangement?</p>	<p>Specify reasonable means by which the investor may exercise his right to cancel.</p> <p>Recover disclosed and undisclosed expenses incurred by the Covered Entity in relation to the purchase.</p> <p>Ensure that a small penalty is imposed on the investor for termination of the purchase agreement.</p> <p>Provide the investor with clear verbal notice of his right to cancel.</p> <p>Explanation: Under the relevant SFA Notice, a Covered Person must, inter alia, specify reasonable means by which the investor may exercise his right to cancel the purchase.</p>
<p>A Covered Person must ensure that unlisted debentures sold to an individual investor contain a right for the client to cancel the agreement within seven (7) calendar days from the agreement date. This requirement is applicable to debentures with the following features:</p>	<p>Those with tenures up to 3 months.</p> <p>Those with tenures longer than 3 months.</p> <p>Those exempted from prospectus requirements under the SFA.</p> <p>Those not exempted from prospectus requirements under the SFA.</p> <p>Explanation: (Chapter 4.3) The requirement is applicable to debentures with more than 3 months tenure and those not exempted from prospectus requirements under the SFA. Please refer to SFA 04/13-N02.</p>

Mr Q has a 'Balanced' risk profile but requested for a US\$20m facility in leveraged forex trading. He claims to be experienced in hedging his forex exposures of his business.

He insist on having this facility while maintaining his 'Balanced' risk profile. What would you do to comply with a Covered Person's obligations on making recommendations and disclosures?

I would advise Mr Q of the finance assets blocked as collateral, maximum margins requirements, all applicable charges, and circumstances under which his assets may be liquidated without prior consent.

I would provide Mr Q with a separate written risk disclosure document and obtain a signed and dated acknowledgement that he has received and understood the nature and contents of that document.

I would document in writing any explanation made to Mr Q on the inconsistencies in the risk-reward characteristics between the facility and his risk profile.

I would persuade Mr Q to change his mind. I would not provide him the facility no matter how experienced he claims to be, unless he amend his overall risk profile accordingly.

Explanation: (Chapter 4.3) After explaining the requirements, providing the risk-disclosure document, obtaining the acknowledgement, and documenting the explanations, the facility may be given.

John takes loans of \$50,000 each from 5 family members for making investments. He gives the money to his financial advisor LMN Bank for investment. LMN helps John make a private equity investment in a high-risk, startup tech company PQR. PQR files for winding up after a few months and John suffers total loss of the investment. John is unable to repay his debts on the due dates. John's 5 family members file for John's bankruptcy in court to recover their dues by selling real estate and other assets personally owned by John. The assets are worth around \$200,000.

Before the bankruptcy proceedings started, John had declared to LMN that his girlfriend Julie was the UBO in respect to some specific fixed deposits in his name. The interest earned on such deposits was being transferred by John to Julie regularly. John's creditors ask LMN to provide details about the UBO in respect of John's financial assets managed by it as part of the bankruptcy

should not disclose UBO information because it is not customer information.

should not disclose UBO information unless John agrees.

may disclose UBO information if permitted by the relevant UBO.

may disclose UBO information because it is part of the bank's records related to customer information.

Explanation: Note that UBO information is considered customer information. Therefore, it may be disclosed in the given context.

John (19 years old) and Jane (23 years old) get married in Singapore with the consent of their parents after following the due legal process. John owns a \$10 million multi-asset portfolio. The assets mainly include shares, bonds, private equity investments, real estate in Singapore, and 2 joint bank accounts with Jane. John's portfolio is being managed by LMN Bank (his Financial Adviser). John's father is a billionaire. John's father forces him to execute a prenuptial agreement with Jane to cover property distribution in the event of a divorce. Immediately after the marriage, John's friend James (21 years) advises him to write a will whereby Jane will inherit all the assets in John's portfolio upon his death. John writes the will and makes James the executor of the will in the presence of his 2 uncles as witnesses. 5 years after the marriage John dies in a car accident in Singapore.

Jane asks LMN to disclose the details of John's portfolio so that she can apply to the court for grant of probate or letters of administration. LMN:

must disclose the details because John had intended to transfer the assets to Jane.

may refuse if it believes in good faith that Jane is not the legal heir of the assets.

must disclose the details if allowed by James.

may disclose the details if it believes in good faith that Jane will be granted the letters of administration by the court in due course.

Explanation: Disclosure of customer information is allowed under Part I (1) of the third schedule of the Banking Act if it is permitted in writing by the customer or, if he or she is deceased, his or her appointed personal representative. Such disclosure can be made to any person permitted by the customer/appointed personal representative. Here, appointed personal representative means a person appointed as the executor or administrator of the estate of the deceased person. Under Part I (2), disclosure of customer information is allowed solely in connection with an application for a grant of probate or letters of administration in respect of a deceased customer's estate. Such disclosure must be made to any person whom the bank in good faith believes is entitled to the grant of probate or letters of administration. In the given context, the will was not valid because it was executed when John was below 21 years old. Therefore, James cannot be considered John's appointed personal representative. However, LMN may disclose the portfolio details to Jane if it believes in good faith that Jane will be granted the letters of administration. Note that the bank has some discretion in the matter.

A colleague approaches you for information regarding your client's order. When can you disclose the information?

I am never allowed to disclose any information relating to the order to any third party.

If the colleague provides a written undertaking not to disclose the information to a third party

I can only do so when directed by MAS through an official letter.

It is necessary for the timely and effective execution of the order.

Explanation: There are exceptions when you are allowed to disclose. Your colleague is not authorized to receive the info, so a letter of undertaking is irrelevant. If all legitimate case must come with a letter from MAS, MAS will have to issue too many letters everyday. It would be disastrous if the order cannot be executed because your broker cannot inform anyone of your order.

Information on personal/family wealth management risk profile of clients includes:

Individual portfolio risk profile

Investor profile

Risk aversion towards certain products

All of the above

Explanation: (Chapter 4.2) Individual portfolio risk profile, investor profile, and risk aversion towards some products are included in the info on personal/family wealth management risk profile of the client.

When engaged in client profiling and needs analysis, which option MOST effectively clarifies the reason why a Covered Person should gather comprehensive and precise financial, as well as non-financial, information from the client?

- It allows the Covered Person to propose suitable wealth management or investment recommendations.
- It is to avoid any complaints by the Client that the Covered Person has no interest in the client relationship.
- It is a prerequisite for the Covered Person to prepare the client's income and tax statements.
- It's required by the Securities and future Act and the relevant regulatory authorities.

Explanation: It allows the Covered Person to propose suitable wealth management or investment recommendations.

You have a potential client who is intrigued by leveraged trading. At present, the majority of the client's funds are invested in long-term low-yield options. How should you proceed?

- Advise the client not to invest in leveraged trading because it involves a lot of risks.
- Ask the client when his long-term investment will mature and advise him to discuss leveraged trading with you at that point.
- Advise the client to liquidate his investments now because a large buffer is needed to avoid margin calls in using leverage trading.
- Find out about the client's investment objectives, risk tolerance, and liquidity needs before providing any investment advice.

Explanation: When designing a wealth management solution for a client, a Covered Person should take into consideration the client's needs, investment objectives, risk tolerance and product knowledge and suitability.

PQR Bank in Singapore starts a risk management exercise where large movements of funds by institutional clients is the main focus.

If PQR is a foreign-owned bank incorporated in Singapore, the internal auditor may share relevant client information with _____ for internal audit.

- the parent bank
- any professional adviser appointed by PQR
- any lawyer appointed by the parent bank
- any related company of the bank designated by PQR.

Explanation: Under Part II (2) of the third schedule of the Banking Act, customer information can be disclosed if the disclosure is solely in connection with the conduct of internal audit of the bank or the performance of risk management. In the case of a foreign-owned bank incorporated in Singapore, the disclosure can be made to the parent bank or any related corporation of the bank designated in writing BY THE PARENT BANK.

KLG Limited (a Covered Entity) arranges for the purchase of 1,000 units of XYZ Collective Investment Scheme (an authorised CIS) per month by its client John. The purchase is the first one under a regular savings plan launched by XYZ. In this context, which of the following statements is TRUE?

- XYZ must give John a minimum 7 calendar days period within which he can cancel any of his purchases.
- KLG need not allow any cancellation period in respect of John's purchases because they are a part of a regular savings plan.
- If John submits a valid cancellation request and XYZ provides for the levy of a realisation charge, KLG may reduce the refund payable to John accordingly.
- Subject to conditions, John may be allowed to switch his units to another unit trust during the cancellation period.

Explanation: (Chapter 4.3.6) The cancellation period should be allowed by the relevant person KLG because KLG is arranging for the purchase for John. The cancellation period right applies to the first purchase under regular savings plans as well. The right to cancel need not be given for the second and any subsequent payment. KLG should refrain from imposing a realisation charge on any investor who has submitted a valid cancellation request even if a unit trust provides for the levy of such realisation charge. Please refer to MAS Notice SFA 04/13-N01.

As per the requirement for the issuance of the contract note for a futures trade, a CE should:

- issue the contract note before pricing has been determined.
- issue the contract note by the business day following the trade date.
- issue the contract note within 10 business days after the trade date.
- not be required to issue contract notes.

Explanation: (Chapter 4.4.9) A Covered Entity which provides capital markets services relating to "dealing in securities", "trading in futures contracts" and "carrying out leveraged foreign exchange trading" must give, in respect of each transaction, to the other party a contract note no later than the business day immediately following a sale or purchase of securities or futures contract.

Which of the following does NOT help you to determine product suitability of the client?

- Marital status
- Service Preference
- Risk Tolerance
- Experience of Investment and Finance

Explanation: (Chapter 4.2.1) Knowing the service preference helps structure the client relationship, but marital status, risk tolerance, and experience with investment helps with product recommendations.

John is a Covered Person (CP) responsible for executing trades for UHNWI clients of PQR Wealth Management Limited. PQR has a clear desk policy in place. John telephonically receives an order from a client Jane to sell 100 shares of LMN Finance, a subsidiary of PQR. John writes the client name and the order details on a writing pad. After executing the order, John throws the paper on which he had written the order details in the dustbin. The cleaning person finds the paper and reads it out of curiosity. In this context, which of the following statements is TRUE?

John has not violated the clear desk policy because the paper was found by the cleaner, who is not a CP.

John has not violated the clear desk policy because he threw the paper in the dustbin.

John has not violated the clear desk policy because the order related to a subsidiary of PQR.

John has violated the clear desk policy because he did not shred the paper before throwing.

Explanation: (Chapter 4.6) Unless John shreds the paper before throwing, John has violated the clear desk policy. The information was available for others to see, even if it was in the dustbin. No one should have unauthorised access to such documents. Such carelessness can lead to leaking of client information. It does not matter if the order pertained to shares of PQR's subsidiary.

John is a Covered Person providing capital markets services to a client in respect of trading in futures contracts. His client Jane wants to trade in equity futures contracts. In this context:

John must provide Jane with a separate written risk disclosure document in the prescribed form.

John must obtain a signed and dated acknowledgement from Jane that she has received and understood the nature and contents of the risk disclosure document.

John must verbally explain to Jane the risks involved in trading futures contracts.

Jane must assure John that she knows how to trade in equity futures contracts.

Explanation: (Chapter 4.3.2) John must provide Jane with a separate written risk disclosure document in the form prescribed under the SFR (L&C), AND obtain a signed and dated acknowledgement from the client that he has received and understood the nature and contents of the risk disclosure document.

Which of the following are examples of obligations which a Covered Person have with regards to the cancellation and sale of Unlisted Debenture?

Giving investors clear and prominent written notice of his right to cancel.
Providing an accompanying form to affect any cancellation requests.
Refraining from imposing a realization charge on a valid cancellation request.

Ensuring that the penalty imposed on the investor for the termination of the purchase agreement does not exceed 0.5% of the amount invested.

Explanation: A covered person must comply with the requirements in relation to the reimbursement of the expenses incurred by the investor, including ensuring that no penalty may be imposed on the investor for the termination of the purchase agreement.

What is the BEST course of action you should undertake when your client Jane places an order with you to purchase oil futures contracts, and another client, John, simultaneously placed an order with you for the sale of the same futures contract, coincidentally, both orders being of the same price and same quantity?

Fill and execute Jane's order against John's order only if the price of the trade is competitive.

Offset Jane's order against John's order after obtaining the approval from the futures exchange.

Offset Jane's order against John's order only after obtaining the consent from both clients prior to the transaction.

Execute both Jane's and John's orders separately.

Explanation: A Covered Entity which provides capital markets services relating to trading in futures contracts is prohibited from knowingly filling or executing a client's order for the purchase or sale of a futures contract in a futures market by off-setting against the order or orders of any other person.

Your client, John, has just passed away and left 3 portfolios for his wife Jane. One portfolio is discretionary and two portfolios are non-discretionary, with different investment objectives.

Which of the following BEST describes the relevant considerations while advising Jane on possible wealth management solutions?

Whether the solutions are in line with what John had previously mandated.

Whether the solutions could provide returns fast enough to meet Jane's short-term expenses.

Whether the solutions allow you reasonable discretion to achieve Jane's investment goals.

Whether the solutions are suitable for Jane, taking into account her own profile and needs.

Explanation: The solutions should be suitable for Jane (the client), based on her profile and needs.

A Covered Person receives an order from a Client A to sell 22,000 lots of shares of ABC Corp. A few minutes later, he receives an order from Client B to buy 50,000 lots of shares of ABC Corp. The Covered Person should:

decline to execute Client A's order due to possible conflict of interest

place Client A's order first, followed by Client B's

place Client B's order first, followed by Client A's

Explanation: (Chapter 4.4) In this situation, the orders should be placed in the order of receipt.

<p>Regarding Review of Client's Portfolio, which of the following statements is TRUE?</p>	<ul style="list-style-type: none"> If for some reason a client declines to have a portfolio review, the covered person is not required to request the client to undergo a review If the client declines to have a portfolio review, the covered person is responsible to encourage the client to undergo a formal review The average market valuation of the client's portfolio over the past 30 days should be used for any review None of the above
<p>Explanation : (Chapter 4.5) If the client declines to have a portfolio review, the covered person should encourage the client to undergo a formal review.</p>	
<p>Client A asks a Covered Person to make a futures contract purchase in the futures market. The Covered Person has a pending order from Client B to sell the same type and amount of futures contract as specified by Client A. The Covered Person:</p>	<ul style="list-style-type: none"> must off-set Client A's order with Client's B's order may choose to off-set Client A's order against Client's B's order is not allowed to off-set Client A's order against its own order is not allowed to off-set Client A's order against anyone's order
<p>Explanation : (Chapter 4.4) Offsetting of orders in such a manner is not allowed. Both the orders should be placed in the market in the order of receipt.</p>	
<p>In this scenario, what steps should you take after being notified that one of your clients has lodged a formal complaint against you regarding a system error caused by your mistake?</p>	<ul style="list-style-type: none"> Deny all the responsibility in face to face meetings with the client and write a letter to management and the compliance officer explaining the situation. Leave the resolution of the complaint to be handled by another staff of the covered entity who is unconnected to the complaint. Contact the client, apologize for the error and conduct an independent investigation without any input from Covered Entity Contact the client and explain that there was an error in the system for which the Covered Entity was responsible.
<p>Explanation : Covered Persons and Covered Entities need to support the objective and independent handling processes of their organisation. The resolution of client disputes and complaints are best left to other staff independent of the complaint because the Covered Person himself may be too involved in the case to remain emotionally detached and objective. For proper investigation, inputs (e.g., the circumstances of the case) from the Covered Entity organization are required. Without such inputs, the investigation cannot be fair and objective. Simply contacting the client will not be sufficient for resolution of the complaint.</p>	
<p>There are exceptions to the general prohibition against disclosure of customer information by a Covered Person. The exceptions include where disclosure is:</p>	<ul style="list-style-type: none"> In compliance with the provisions of the Deposit Insurance Act Necessary for compliance with a garnishee order served on the bank/merchant bank attaching moneys in the account of the customer Permitted in writing by the appointed personal representative of a deceased customer All of the above
<p>Explanation : (Chapter 4.6) All the situations mentioned in the options are exceptions where customer info can be disclosed.</p>	
<p>When a Covered Person sells an unlisted debenture to an investor, he is required to disclose and explain to the investor:</p>	<ul style="list-style-type: none"> The time frame for the investor to reconsider his purchase of the unlisted debenture. The terms and procedures for exercising his right to cancel his purchase of the unlisted debenture. That the risk of any fall in value of the unlisted debenture during the cancellation period would be borne by the seller. That the risk of any fall in value of the unlisted debenture during the cancellation period would have to be borne by the investor.
<p>Explanation : (Chapter 4.3) That the risk of any fall in value of the unlisted debenture during the cancellation period is to be borne by the investor.</p>	
<p>Which of the following is an example of a circumstance where you, as the client's banker, would not give priority to their order to sell a certain class of securities, even though you have yet to act on those instructions and have been considering selling some of your own securities of the same class as well?</p>	<ul style="list-style-type: none"> The client instructs to sell his securities only when the market price reaches a certain level. You have obtained written consent from the Covered Entity to proceed with your own transaction. Your own transaction has a market value of less than SGD5,000. The client's order has a market value of less than SGD5,000.
<p>Explanation : A Covered Person is not required to give priority to a client's order if the client's order must be effected only on specified conditions (e.g., a specific price which is different from the existing price), or if the transaction is entered into in accordance to the business rules or practices of the securities exchange or futures exchange through which the transaction is entered into.</p>	

<p>A client's circumstances may change over time. How can this be addressed by a Covered Person?</p>	<p>Recommending flexible wealth management solutions that can adapt to any change to life circumstances Requesting that the client contact the Covered Persons when there are any material changes to the client's life circumstances Keeping up to date with the client's financial needs and expectations to develop new wealth management solutions Making sure that the client's investment plans do not change despite any changes to his life circumstances</p> <p>Explanation : A Covered Person's understanding of clients' individual financial situation, wealth management needs, preferences, goals and aspirations must be a continuous process of discovery because changing life circumstances and life changing experiences can, over time, transform clients' values, attitude, outlook and perspectives which, in turn, may give reason for new wealth management solutions.</p>
<p>Jack, a widower, has two children Jane and John. Jack transfers \$1,000,000 from his PQR Bank savings account to Jane's savings account with the same bank. Jack dies of a heart attack without writing any will. Jane and John decide to split Jack's assets amicably. Jane tells John in good faith that Jack had transferred \$1,000,000 to her just before his death. John asserts that half the amount rightfully belongs to him. Jane refuses to part with the money claiming that Jack had given the money to her on his own.</p> <p>If interpleader proceedings are instituted by the court (at the request of PQR) in the given context:</p>	<p>John may not request the court to hold the proceedings in private. Jane may request the court to hold the proceedings in private. PQR may request the court to hold the proceedings in private. Deposit information related to Jack's account may not be disclosed by PQR.</p> <p>Explanation : In the given scenario, PQR files an interpleader action where the court asks Jane and John to litigate to claim the whole or part of the \$1,000,000 sum transferred by Jack. Under Part I(4)(b) of the third schedule of the Banking Act, client information can be disclosed by a bank in such a scenario (interpleader action). The disclosure can be made to all persons to whom the disclosure is necessary for the said purpose. Also, the court may order the proceedings to be held in private on its own motion or upon request by any party to the proceedings or the customer to whom the customer information relates. Therefore, PQR, John, and/or Jane can request the court to hold the proceedings in private. Also, there is no restriction on sharing deposit information under Part I (4).</p>
<p>Mr Tan is 32 years old, married with a 2-year-old child. Mr Tan works at a university as a lecturer. Mr Tan had just inherited a sum of \$5M and seeks your advice on wealth management.</p> <p>Which of the following types of information is the MOST important in order to design an optimal wealth management solution for Mr Tan?</p>	<p>Mr Tan's relationship with his family. Mr Tan's needs, goals, and aspirations. Mr Tan's current investment products. Mr Tan's current household expenditure.</p> <p>Explanation : Considering the fact that Mr Tan just got a large sum of money, it is vital that Mr Tan's goals and aspirations should be understood. This information will help create the foundation for any wealth management solution.</p>
<p>A Covered Person of a Covered Entity is only allowed to disclose information about his client if the disclosure is:</p>	<p>Necessary for effective execution of the order. Permitted under the rules of the relevant securities exchange, futures exchange, clearing house or recognized market operator. Required by the MAS under the SFA or SFR. If the market value of the transaction is above \$S1 million.</p> <p>Explanation : (Chapter 4.4) Disclosure of client info is allowed if it is necessary for effective execution of client's order, permitted under the rules of the relevant exchange/clearing house or recognized market operator, or required by the MAS. The permission is not related to the market value of the transaction.</p>
<p>Which class of persons is a Covered Entity not obligated to provide collateral to when borrowing securities from other parties?</p>	<p>Small companies Foreign counterparties Retail customers Accredited investors</p> <p>Explanation : When a Covered Entity borrows securities from a person who is an accredited investor, it is not required to provide collateral to the accredited investor.</p>
<p>John takes loans of \$50,000 each from 5 family members for making investments. He gives the money to his financial advisor LMN Bank for investment. LMN helps John make a private equity investment in a high-risk, startup tech company PQR. PQR files for winding up after a few months and John suffers total loss of the investment. John is unable to repay his debts on the due dates. John's 5 family members file for John's bankruptcy in court to recover their dues by selling real estate and other assets personally owned by John. The assets are worth around \$200,000.</p> <p>If John's creditors ask LMN to disclose the details of John's assets, LMN:</p>	<p>may do so only after John is declared bankrupt by the court. may not do so because the assets are personally owned by John as an individual. may do so if the information request is solely in connection with John's bankruptcy. must not do so because John did not file for bankruptcy.</p> <p>Explanation : The third schedule Part I 3(a) of the Banking Act permits the disclosure of customer information if it is solely in connection with an individual customer's bankruptcy (whether filed by the customer or his creditors). The disclosure must be made to all persons to whom the disclosure is necessary for the bankruptcy proceedings.</p>

<p>A Covered Person is required by the FAA, FAR and the relevant MAS notices to:</p> <p>5 7 0 2 0 8 4 0</p> <p>4 5 4</p> <p>5 F *</p>	<p>Provide additional disclosures when providing any financial advisory services to a client concerning a Dual Currency Investment.</p> <p>Comply with the training and competency requirements when providing advise on structured deposits.</p> <p>Disclose information about segregation of activities in relation to the marketing and advisory process for structure deposit from those related to traditional deposit.</p> <p>Comply with the MAS guidelines on Fair Dealing.</p> <p>Explanation: (Chapter 4.3) A CP must provide the disclosures mentioned in the options and also comply with the MAS guidelines on Fair Dealing, except that instead of DISCLOSED, it should be ENSURING segregation of activities in relation to the marketing and advisory process for structure deposit from those related to traditional deposit.</p>
<p>John is a lawyer is married to Jane, doctor. They are both in their early 30s and are doing well. They have 2 children, both schooling in lower primary. In a questionnaire in which they were asked in which time horizon do they think they would need a huge sum of cash, they responded "7-9 years". Their investment knowledge is moderate. What are their investment goals?</p> <p>4 5 4</p> <p>5 F *</p>	<p>Children's education needs</p> <p>Retirement planning</p> <p>Building cash reserve for emergency</p> <p>Moving to another country</p> <p>Explanation: First thing that should come into your mind should be the 3 focus areas of wealth management: Wealth Accumulation, Preservation and Transfer. John and Jane are definitely in the Wealth Accumulation stage. Their kids will go to universities in about 7-9 years time, so A is definitely correct. Since they are now in their early 30s, and would only be about 40 years old then, retirement planning is wrong. They are still relatively young in their career, and it is reasonable to assume that they worry about any emergency that could eat into their accumulation which was meant for their kids' education. So, building a cash reserve can be part of the goal to achieve the kids' education goal. Finally, there is no strong indication of possibility of them moving to another country, especially when lawyers' and doctors' qualifications are not easily compatible to other countries.</p>
<p>You receive a call from a client, who is also your friend, to buy SGX FTSE China A50 index futures at a fixed price. Shortly a client John called you to sell SGX FTSE China A50 index futures at a price higher than your friend's buy price. Then, a ultra high net-worth client of yours, Mary, called to buy SGX FTSE China A50 index futures at a price higher than your friend's but within what John offered. What should you do?</p>	<p>Enter Mary's order first, followed by John's, and then your friend's</p> <p>Enter your friend's order first, followed by Mary's, and then John's</p> <p>Enter John's order first, followed by Mary's, and then your friend's</p> <p>Enter your friend's order first, followed by John's, and then Mary's</p> <p>Explanation: Off-setting orders, known as Cross-Trading, is prohibited. Orders should be executed based on the sequence of them being received, and a CP should always give priority to client's outstanding orders over his own trades, and a CP is prohibited from trading against clients.</p>
<p>A covered entity is required to adhere to the various requirements regarding handling client's money. Which of the following is/are NOT among those requirements?</p> <p>4 5 4</p> <p>5 F *</p>	<p>The client's money or other assets received should be applied solely for the purpose agreed by the client</p> <p>The money received must be invested only in highly liquid money market instruments</p> <p>The covered entity should record and maintain a separate book entry for each client in relation to that client</p> <p>All of the above</p> <p>Explanation: (Chapter 4.4) When a CE receives money or other assets from or on the account of the client, it must ensure that the money or asset is applied solely for the purpose agreed to by the client. Once the money/asset is received, it may take some time to apply (invest/deposit) it in accordance with the client's instructions. During this intervening period, the money or assets must be paid or deposited in accordance with the law. There is no compulsion that the money must be invested in highly liquid instruments only. The investment will depend upon the client's instructions or the relevant law, as the case may be. Also, the CE must record and maintain a separate book entry for each client in relation to that client's money or other assets.</p>
<p>John (19 years old) and Jane (23 years old) get married in Singapore with the consent of their parents after following the due legal process. John owns a \$10 million multi-asset portfolio. The assets mainly include shares, bonds, private equity investments, real estate in Singapore, and 2 joint bank accounts with Jane. John's portfolio is being managed by LMN Bank (his Financial Adviser). John's father is a billionaire. John's father forces him to execute a prenuptial agreement with Jane to cover property distribution in the event of a divorce. Immediately after the marriage, John's friend James (21 years) advises him to write a will whereby Jane will inherit all the assets in John's portfolio upon his death. John writes the will and makes James the executor of the will in the presence of his 2 uncles as witnesses. 5 years after the marriage John dies in a car accident in Singapore.</p> <p>If Jane approaches LMN with a request to arrange for the transfer of the portfolio of assets to her based on the will, LMN:</p>	<p>must help Jane start the legal process for transfer immediately based on the will.</p> <p>may help change the joint bank accounts to Jane's individual account.</p> <p>may decide based on the prenuptial agreement.</p> <p>should wait till the letters of administration are issued by the court and act accordingly.</p> <p>Explanation: In Singapore, a will is not valid if it is executed by a person below 21 years. Therefore, the best course of action for LMN is to wait for the court to issue letters of administration based on requests by claimant(s). The prenuptial agreement signed by Jane covers divorce only. It is not relevant as the marriage ended because of John's death.</p>

<p>As time passes, a client's life circumstances might undergo alterations. How should a Covered Person approach this situation?</p>	<p>Developing flexible wealth management solutions that can adapt to any changed circumstances. By Ensuring that client investment goals do not change despite any change in life circumstances. By requesting that the client contact the covered person when there are any material changes to the client's circumstances. Keeping up to date with the client's financial needs and aspiration to develop new wealth management solutions.</p>
<p>Which of the following statements BEST describes the what a Covered Entity is required to do when it wants to buy from or to sell to its client any futures contract, for the Covered Entity's own account?</p>	<p>The Covered Entity must obtain the client's prior consent, and the transaction must be executed in accordance with the rules of the futures exchange. The Covered Entity must obtain the client's prior consent, and the transaction note must contain a disclaimer stating that such consent has been obtained. The Covered Entity need not obtain the client's prior consent, as long as the client has signed the risk disclosure form when opening a trading account. The Covered Entity must execute a cross-trade order against the client in order to be able to square off its trading positions.</p>
<p>Which of the following is relevant to 'time stamping'?</p>	<p>Keeping a written record of the date/time of receipt of a client's orders Keeping a written record of the date/time of receipt of a client's order cancellation instructions Keeping a written record of the date/time of receipt of a client's order modification instructions All of the above</p>
<p>Objectives of gathering non-financial personal/family information include:</p>	<p>Determining the key decision makers of the family. Appreciation of evolving family values and social behaviour shaping the hierarchy. Tax liability management. Anticipated changes to legal domicile.</p>
<p>The MAS Notice on Cancellation Period for Collective Investment Schemes Constituted as Unit Trusts applies to a Covered Entity or its Covered Persons who:</p>	<p>Purchase units in a unit trust on behalf of an investor and through whom the investor would redeem the units Arrange for the units purchased by the investor to be held in a nominee account Arrange for the units purchased by the investor to be held on trust All of the above</p>
<p>Data regarding client's knowledge and experience of investment and finance will help to determine:</p>	<p>the risk appetite of a client the client's investment styles and preferences product suitability and level of details to be explained to the client client's suitability to be enrolled in market surveys</p>

John (35 years old) writes a will whereby his wife (Jane 33 years old) will inherit all his assets after his death. His friend James (40 years old) is the executor of the will. John's lawyer Jack confirms that the will is legally valid based on the relevant Singapore laws. John's financial adviser LMN Bank manages his portfolio of financial assets (mainly shares, bonds, fixed deposits, and savings accounts) worth \$50 million. Most of John's other assets (mainly real estate) are jointly owned by him and Jane. John dies of a heart attack and Jane applies for probate in the court.

Jane asks LMN to disclose the details of John's financial assets portfolio in connection with the probate application. LMN:

- may disclose the information only if James permits it to do so.
- may disclose the information only if Jack permits it to do so.
- may disclose the information if it believes that Jane is entitled to the grant of probate.
- should not disclose the information till the court grants the probate to Jane.

Explanation: Under Part I (2) of the third schedule of the Banking Act, disclosure of customer information is allowed if it is made solely in connection with an application for a grant of probate or letters of administration in respect of a deceased customer's estate. Such disclosure must be made to any person whom the bank in good faith believes is entitled to the grant of probate or letters of administration. Therefore, there is no need for James' or Jack's permission. Note that James is the appointed personal representative of John (because he is the executor of the will). Therefore, LMN may disclose customer information to any other person specifically permitted by James.

John (19 years old) and Jane (23 years old) get married in Singapore with the consent of their parents after following the due legal process. John owns a \$10 million multi-asset portfolio. The assets mainly include shares, bonds, private equity investments, real estate in Singapore, and 2 joint bank accounts with Jane. John's portfolio is being managed by LMN Bank (his Financial Adviser). John's father is a billionaire. John's father forces him to execute a prenuptial agreement with Jane to cover property distribution in the event of a divorce. Immediately after the marriage, John's friend James (21 years) advises him to write a will whereby Jane will inherit all the assets in John's portfolio upon his death. John writes the will and makes James the executor of the will in the presence of his 2 uncles as witnesses. 5 years after the marriage John dies in a car accident in Singapore.

If the assets in John's portfolio are legally transferred to Jane, and Jane decides to appoint LMN as her Financial Adviser, LMN:

- should conduct a KYC and needs analysis for Jane based on her assets and liabilities, including the inherited portfolio.
- should realign the portfolios based on Jane's risk appetite and investment objectives.
- should manage the portfolio on a discretionary basis if Jane does not have any investment experience.
- must manage the portfolio based on John's mandate until it assesses Jane to be capable of taking investment decisions.

Explanation: After the transfer of ownership of assets, LMN must conduct KYC, needs analysis, risk profiling and other exercises to ensure that Jane's assets and liabilities (including the inherited portfolio) are managed in accordance with Jane's profile. The portfolio must be managed based on Jane's mandate, discretionary or otherwise. Note that Jane can choose not to appoint LMN as her FA after legal transfer of the portfolio.

WiseKid Limited is 100% owned by John (the CEO). WiseKid owns several businesses, and has a portfolio of shares and bonds worth \$2 million managed by LMN Bank (its Financial Adviser). WiseKid suffers significant losses in its businesses due to economic recession and applies to the High Court for winding up. Its application is accepted and an official receiver is appointed. PQR Bank is the main lender of WiseKid, with an outstanding principal amount of \$2 million at the time of winding up.

If John requests the court to conduct the winding up proceedings in private, the court:

- must accept John's request if LMN agrees.
- must accept John's request if all the creditors agree.
- may pass an order that customer information may not be shared by any person involved in the winding up proceedings.
- may accept John's request if it deems fit.

Explanation: Under the third schedule of the Banking Act Part I (3) and (4), the court may, either of its own motion, or on the application of any party to the proceedings or the customer to which the customer information relates direct that the proceedings be held in private, and make such further orders as it may consider necessary to ensure the confidentiality of the customer information. Note that the court is not under any compulsion to make any such order. Basically, the court is empowered to order that the winding up proceedings be held in private and ensure confidentiality of customer information. Note that such private proceedings are possible only under (3) and (4), not under (1), (2), or (5) to (9) of Part I of the third schedule.

John is a Covered Person primarily responsible for KYC of UHNWI clients of PQR Wealth Management Limited. John is assigned the task to onboard Jane, a well-known TV personality, as a client. John receives copies of her birth certificate, utility bills, passport and other identification documents in a face-to-face meeting in his office. John compares the documents with the originals and returns the originals to Jane. John leaves the documents in his filing cabinet for further processing the next day. PQR has a clear desk policy in place. In this context, which of the following statements is TRUE?

- John has not violated the clear desk policy because he did not leave the documents on his desk.
- John has violated the clear desk policy unless the filing cabinet was locked.
- John has not violated the clear desk policy because Jane is not PQR's client yet.
- Most of Jane's information may already be in public domain. Therefore, John has not violated the clear desk policy.

Explanation: (Chapter 4.6) Unless the filing cabinet is locked, John has violated the clear desk policy. Clear desk policy does not just relate to a clear desk or table. It requires putting away physical confidential documents securely in locked cabinets/drawers and shutting down/securing computers or securing soft copies of confidential information, etc. Essentially, no one, other than the responsible person, should have access of the confidential information. It does not matter whether Jane is already a client or not, and whether some of her personal information is in public domain or not.

Which of the following should you consider when developing solutions for client?

- The various strategies suitable for the client
- The risk characteristics of identified solutions and products
- The ease for the client to understand the product
- Regulatory restrictions on and issues pertaining to the identified solutions

Explanation: (Chapter 4.2) While developing solutions for the client, the ease with which a client may understand the product is not relevant. The product may be explained to the client and what is relevant is the product suitability.

You have been the primary wealth manager for your 25-year friend, Ben, for 5 years. The 'Growth' investment strategy you had advised him then has been performing very well. Recently, his father died.

Yesterday, Ben asked to dissolve his family trust and to replace it with a foundation structure with the same beneficiaries. He appeared depressed and did not want to talk about the reasons for doing so.

With Ben's instructions to implement a change of his investment strategy from 'Growth' to 'Wealth Preservation', are you obliged to carry out his instructions immediately despite the lack of a new investor profile and any background info for the change request?

Yes, as long as Ben signs a written instruction to implement the new investment strategy.

No, I would explain to Ben the financial consequences to making investments which deviates from his investor profile.

Yes, as long as Ben is explained the negative financial impact from all applicable transaction costs due to an immediate change in the investment strategy.

No, Ben is psychologically unstable and will regret his new plan in future.

Explanation: (Chapter 4.2) There is no obligation to carry out the instruction immediately (before a discussion on the relevant issues).

Which of the following is a Covered Person obliged to do under the SFA before lending the shares of a customer, Bob, who is an accredited investor?

Enter into a written agreement with Bob setting out the terms for the lending.

Explain the risks involved in the transaction to Bob.

Confirm that Bob indeed owns those shares.

Obtain tape recordings of the oral agreements of terms.

Explanation: (Chapter 4.3) In the case of AIs, only a written agreement is required.

Before opening futures trading accounts for your clients, you, as a Covered Person providing Capital Market Services in Securities and Futures dealings, must first:

Furnish a declaration to the future exchange 3 days before anticipated futures transactions.

Conduct bankruptcy and litigation search on the clients.

Provide clients with separate written risk disclosure documents.

Obtain written approval from the MAS for each deal transacted after the account.

Explanation: Before opening a futures trading account, the covered person must provide the client with a separate written risk disclosure document in the form prescribed under the SFR (L&C), and obtain a signed and dated acknowledgement from the client that he has received and understood the nature and contents of the risk disclosure document.

XYZ is a structured product issuer. XYZ approaches KLG with a new, low-risk product for risk-averse investors. The due diligence on the financial product by KLG should cover the product's:

risk-return profile.

fees and charges.

volatility.

liquidity.

Explanation: (Chapter 4.3.1 and Guidance on Private Banking controls, MAS Information Paper, 2014) The due diligence on the financial products by covered entities should cover the product's risk-return profile, product volatility, product liquidity, product complexity, experience, credit worthiness, and reputation of product issuers and service providers, and fees and charges.

John purchases units of XYZ CIS (an authorised CIS) through his investment manager Victor. The units are to be held on trust. In this context, which of the following statements is/are TRUE?

John cannot cancel the purchase agreement for the CIS till the units are held on trust.

Victor must ensure that John gets a maximum 7 calendar day's notice to cancel the purchase.

The cancellation period would not have applied if the units were listed on an approved exchange.

In case John decides to cancel his purchase of units, he may hand over the cancellation notice to Victor.

Explanation: (Chapter 4.3.6) The cancellation period right applies to units to be held in a nominee account or to be held by a nominee corporation or on trust. 7 days is the minimum cancellation period that should be given to John. The relevant person may give the investor a longer cancellation period (i.e., more than 7 days) and it must disclose in the purchase agreement the investor's rights for the extended period (i.e., for the period after the 7th day). The other statements are true.

According to the SFA Notice on obligations of a Covered Entity and its Covered Person in relation to the cancellation period of an unlisted debenture when they purchase or arrange for the purchase of an unlisted debenture on an investor's behalf to be held in a nominee arrangement, which of the following statements is FALSE?

The Covered Entity should ensure that no penalty may be imposed on the investor for the termination of the purchase agreement.

The Covered Entity should ensure that the penalty imposed on the investor for the termination of the purchase agreement is fair and reasonable.

The Covered Entity should specify reasonable means by which the investor may exercise his right to cancel.

None of the above.

Explanation: (Chapter 4.3) The CE should ensure that NO penalty may be imposed on the investor for the termination of the purchase agreement.

<p>Under the MAS Notice on Cancellation Period for Collective Investment Schemes Constituted as Unit Trusts, a relevant CIS Covered Person is required to give an individual investor a right to cancel an agreement to purchase units in a unit trust within _____ from the date the investor signs the purchase agreement, subject to certain exceptions.</p>	<p>7 calendar days 7 business days 14 business days 14 calendar days</p>
<p>What information should the Covered Person obtain in order to assess a client's needs and better recommend appropriate wealth solutions?</p>	<p>Client's risk aversion towards investment products. Client's fixed and variable annual expenses Client's political beliefs. Client's Marital Status.</p>
<p>which of the following is an objective in gathering non-financial info about a client and his family?</p>	<p>Proper identification of individual beneficial owner(s) and account holder(s) for the purpose of treating them as clearly non-communal or segregated assets of individual family members Segmentation of primary and secondary client relationships within the family to determine who are the principal leaders or key decision makers of the family Impact of education, occupation, marriage status, stage in lifecycle and lifestyle interests on individual family members and their potentially diverse wealth management focus All of the above</p>
<p>John is a Covered Person working for KLG Merchant Bank (a private Merchant Bank, not listed on any exchange). John tells his wife Jane that KLG is about to shut down its proprietary trading division. John tells Jane that the information is confidential. In this context, which of the following statements is/are TRUE?</p>	<p>John has breached the relevant confidentiality rules under the Banking Regulations. John has breached the relevant confidentiality rules under the Banking Act. Jane is not subject to the relevant confidentiality rules under the Banking Act or Banking Regulations. Jane is not subject to confidentiality requirements under the common law.</p>
<p>John enters into an agreement on January 4 (Tuesday) with XYZ CIS (an authorised CIS) to purchase 10,000 units of the scheme. John sends a cancellation request under the terms of the purchase agreement by ordinary post. In this context, which of the following statements is TRUE?</p>	<p>John's cancellation request is invalid because it was sent by ordinary post. The relevant day for determining whether the right to cancel has been exercised within the cancellation period is the date on which such request is posted by the investor, as stated by the investor. A cancellation request is valid when it is served on the relevant person. A cancellation request is not valid if it is served on an agent of the relevant person.</p>
<p>Regarding client confidentiality, which of the following statements is TRUE?</p>	<p>A Covered Person must observe principles of confidentiality which apply under common law Covered Persons employed by Banks and Merchant banks should follow the requirements under the Banking Act and Banking Regulations Both A and B None of the above</p>

<p>Covered Entities or their Covered Persons are _____.</p> <p style="text-align: center;">* * *</p>	<ul style="list-style-type: none"> allowed to solicit insurance business for foreign insurers in businesses for risks outside Singapore allowed to solicit insurance business for insurers registered under the Insurance Act allowed to solicit insurance business for insurers connected/related to the Covered Entity not allowed to solicit insurance business
<p>John (45 years old) wants to invest \$50,000 now to fund the expected college expenses of his son (around \$70,000) 5 years from now. He can tolerate a maximum drawdown of 10% at any time in his portfolio. Preferably, he wants to remain invested in the asset for 5 years without any switching. Which of the following portfolios is most likely to help John achieve his objective based on his profile?</p> <p style="text-align: center;">4 5 4</p>	<ul style="list-style-type: none"> Invest 100% in money market funds. Invest 10% in high-growth, small-cap equities and 90% in high-yield corporate bonds Invest 100% in an annuity. Invest 50% in high-quality mid-cap equities and 50% in high-quality corporate bonds
<p>How should you respond to the garnishee order received from the High Court regarding the attachment of monies in your client's account?</p> <p style="text-align: center;">5 F 50045</p>	<ul style="list-style-type: none"> Disclose the information immediately to comply with the garnishee order. Disclose the information upon obtaining verbal consent from the client. Do not disclose the information until the internal audit department has been informed of the garnishee order. Do not disclose the information unless the client has provided prior written consent.
<p>What should you do when you receive a garnishee order to disclose client information?</p> <p style="text-align: center;">5 F 525752</p>	<ul style="list-style-type: none"> Disclose the information immediately. Disclose the information after client's consent. Inform the client of the garnishee order. Disclose the information after internal audit of the garnishee order.
<p>In the context of client confidentiality, what is the meaning of the 'clear desk policy'?</p> <p style="text-align: center;">5 F 520872</p>	<ul style="list-style-type: none"> The covered person should execute all the orders received from the clients before he leaves his office for the day The covered person should remove all confidential materials from his desk and keep them securely when they are not in use or when he is not at his desk The covered person should ensure that he hands over vital information about the client to his successor when he quits his job or is transferred to another department All of the above
<p>Information about client's knowledge and experience of investment and finance can help the Covered Person to:</p> <p style="text-align: center;">5 F 50036</p>	<ul style="list-style-type: none"> Determine product suitability for the client Determine the level of plain English to be used by the covered person during discussions with their clients on wealth management issues Determine the amount of care to be taken while communicating product information All of the above

KLG Corporation enters into an agreement on January 4 (Tuesday) with XYZ CIS (an authorised CIS) to purchase 10,000 units of the scheme. In this context, which of the following statements is TRUE?

XYZ must give KLG a minimum 7 calendar days period within which it can cancel the purchase.

XYZ must give KLG a minimum 14 calendar days period within which it can cancel the purchase.

XYZ can cancel the purchase agreement within 7 calendar days.

XYZ need not give KLG the right to cancel the purchase.

Explanation: (Chapter 4.3.6) The right to cancel in paragraph 8 of the notice is applicable only to individuals. Therefore, the right need not be given if the investor is not an individual (e.g. KLG). Please refer to MAS Notice SFA 04/13-N01 for more details.

Ben's family runs a toy business named XYZ Toys. Which of the following data can be used in a financial needs analysis for Ben?

XYZ Toys' P&L

Ben's family members' names and identity numbers

XYZ Toys' income statement

None of the above

Explanation: (Chapter 4.2) The financial needs of Ben are not related to his family's toy business.

John enters into an agreement on January 4 (Tuesday) with XYZ CIS (an authorised CIS) to purchase 10,000 units of the scheme. John sends a notice to XYZ to cancel the purchase on January 7 (Friday). The relevant person of XYZ can deduct which of the following expenses from the gross refund amount payable to John?

Administrative expenses incurred for canceling the units, specifically mentioned in the purchase agreement

An amount equivalent to the realisation charge imposed by XYZ at the time of redemption of units

Any sales charge or front-end load fee imposed by the relevant person in respect of the purchase agreement

Any penalty on the investor for the termination of the purchase agreement, as mentioned in the purchase agreement

Explanation: (Chapter 4.3.6) The relevant person shall be entitled to recover any expense it incurred by reducing the amount to be repaid to the customer, provided that such expense is reasonably related to the original purchase and subsequent cancellation of units by the investor, and disclosed, in writing, to the investor before the purchase agreement is concluded. For the avoidance of doubt, where an investor exercises his right to cancel, any sales charge or front-end load fee imposed by the relevant person in respect of any purchase agreement shall not be chargeable to the investor. In addition, the relevant person shall be prohibited from imposing any penalty on the investor for the termination of the purchase agreement. Where an Authorised CIS provides for the levy of a realisation charge (or by whatever name it is called) on an investor who redeems his units, the relevant person shall not be entitled to impose such charge on an investor who has submitted a valid cancellation request. Please refer to MAS Notice SFA 04/13-N01 for more details.

The needs and priorities of a client for each area of wealth management should consider factors such as client's:

Financial situation.

Non-financial situation.

Knowledge and experience of investment and finance.

Service preference and expectations.

Explanation: (Chapter 4.2) Financial and non-financial situation, knowledge and experience of investment and finance, and service preference and expectations, all must be considered.

Which of the following are information on which a Covered Person must maintain confidentiality?

Information that is in the public domain as told to you by the client

Information concerning regulatory guidelines issued by MAS and other authorities

Information that is imparted in circumstances that a Covered Person knows as confidential

Information relating to a client's trading account with the Covered Entity

Explanation: Under common law, where info is of a confidential nature (i.e. info not in the public domain) and is imparted in circumstances where the recipient knows or ought to have known that the info is confidential, a duty of confidence is imposed on the recipient even in the absence of any statutory or contractual obligation of confidence.

The husband of Client X calls you, a Covered Person, to ask about the amount of money which Client X has in her investment account. Do you disclose it to him?

Yes, if he can answer verification questions over the phone

Yes, if he can provide a statutory declaration and marriage certificate to prove the spousal relationship

Yes, only in official writing addressed to him after satisfying the conditions described in (B)

No

Explanation: (Chapter 4.6) Client info can be disclosed only under specific prescribed circumstances (e.g. when permitted in writing by the client). It does not matter whether the person requesting the info is the client's husband.

<p>You have been the primary wealth manager for your 25-year friend, Ben, for 5 years. Recently, his father died.</p> <p>Yesterday, Ben asked to dissolve his family trust and to replace it with a foundation structure with the same beneficiaries. He appeared depressed and did not want to talk about the reasons for doing so.</p> <p>What would you ask Ben?</p>	<p>Do you know how costly it is to carry out the conversion from a Trust to a Foundation?</p> <p>Why have you not consulted the Trustees for their opinions?</p> <p>Who advised you to use a Foundation?</p> <p>What new wealth management needs or priorities are served by the Foundation?</p> <p>Explanation: (Chapter 4.2) It is important to know what new wealth management needs or priorities are served by the Foundation.</p>
<p>After a client terminates business relationship with a Covered Person, the documents relating to the client's accounts and financial transactions must be kept for ___ years.</p>	<p>1 3 5 7</p> <p>Explanation: (Chapter 4.4) The records must be retained for 5 years.</p>
<p>If a client declines to have a portfolio review, what should a Covered Person do?</p>	<p>Ask the client to sign a statement that he does not want a review of his portfolio.</p> <p>Advise the client to take more interest in his portfolio and encourage him to undergo a formal review.</p> <p>Adhere to the client's wishes and prepare to hold a review when the client is ready.</p> <p>Proceed to document the client's responsibility and file it in his onboarding file for record.</p> <p>Explanation: If for some reasons, clients decline to have a portfolio review, it would be the responsibility of a Covered Person to encourage these clients to take more interest in their own portfolios and undergo a formal review.</p>
<p>Before the Covered Person can open a futures trading account for the client, the document that MUST be provided to the client is specified under Regulation 47E of the SFR.</p>	<p>An email confirmation to the client reiterating the client's intent to trade futures.</p> <p>A written risk disclosure acknowledgment.</p> <p>The most-up-to-date prospectus approved by MAS on that particular futures product.</p> <p>An indemnity from the client to indemnify the Covered Person from all liabilities.</p> <p>Explanation: Before opening a futures trading account, the covered person must provide the client with a separate written risk disclosure document in the form prescribed under the SFR (L&C), and obtain a signed and dated acknowledgement from the client that he has received and understood the nature and contents of the risk disclosure document.</p>
<p>Is a Covered Entity which is a CMSL Holder for 'trading in futures contract' allowed to enter into a transaction to sell to its customer any futures contract for its own account?</p>	<p>Yes, provided that the Covered Entity executes the transaction immediately and in the correct sequence</p> <p>Yes, provided that there is no ill intention harboured</p> <p>Yes, provided that the customer has given prior consent to the transaction</p> <p>No, provided that the Covered Entity ensures that it does not possess any inside info</p> <p>Explanation: (Chapter 4.4) In such a scenario, prior consent of the customer for the transaction is required.</p>
<p>Mr Ng wants to sell 50 shares of KLG at a good price. Your client Mr Ho calls in to express his wish to buy 50 KLG shares at a price higher than their asking price. Your friend also holds KLG shares which he could sell. What should you do?</p>	<p>Enter Mr Ng's sell order, followed by Mr Ho's buy order.</p> <p>Offset Mr Ho's buy order against your friend's position at Mr Ho's buy price. Then execute Mr Ng's sell order on SGX.</p> <p>Offset Mr Ho's buy order against Mr Ng's sell order at Mr Ng's sell best price</p> <p>Offset Mr Ho's buy order against Mr Ng's sell order at Mr Ho's buy best price.</p> <p>Explanation: Off-setting orders, known as Cross-Trading, is prohibited. Orders should be executed based on the sequence of them being received, and a CP should always give priority to client's outstanding orders over his own trades, and a CP is prohibited from trading against clients.</p>
<p>Which of the following info needs to be collected about a client in order to recommend suitable products with the requisite risk-reward characteristics?</p>	<p>The agreement from client to participant in regular profile review</p> <p>The client's risk profile, knowledge and experience of investment</p> <p>The client's overall liquidity status and requirements</p> <p>The client's full particulars, as well as his immediate family members'</p> <p>Explanation: (Chapter 4.2) The client's risk profile, knowledge and experience of investment are particularly relevant for recommending suitable products with the required risk-reward characteristics to the client.</p>

<p>What should a Covered Person do when implementing wealth solutions for a client?</p>	<ul style="list-style-type: none"> Use cross-trades whenever possible to procure efficient trades at the best possible price Identify the implementations of solutions that allow for offsetting against other client's order Ensure that transactions are executed promptly and accurately at fair market prices Update clients only when requested to respect the privacy of the client <p>Explanation: Cross trading is unfair to other market participants as it involves offsetting matching orders without having the orders posted onto the exchange. Clients' privacy pertains to confidentiality rather than being contacted. Legitimate contacts to provide updates are not intrusion of client's privacy.</p>
<p>What are the good practices that a Covered Person should follow when reviewing a client's portfolio?</p>	<ul style="list-style-type: none"> A Covered Person should use a standard presentation format for all clients to maintain fairness and objectivity. A Covered Person should review the inter-relationships between the client's different investment portfolios. A Covered Person should give a comprehensive presentation with full explanations using detailed technical terminology. A Covered Person should check for the client's understanding of the review presentation from time to time. <p>Explanation: If there are multiple investment portfolios under the same client relationship, the Covered Person may need to review the purposes of, and the inter-relationships between the client's different investment portfolios. A CP cannot use a standard format for all clients because each client and his portfolio are different. Detailed technical jargons should be avoided as much as possible. In any review of a client's portfolio, it would be a good practice to have a comprehensive presentation with minimal technical jargon and at a level that client can understand. A Covered Person should, from time to time, check for the client's understanding of the presentation and not take for granted a client's ability to follow the Covered Person's explanations.</p>
<p>You are the personal banker of a client Jane who submits an order. You may disclose the order information to:</p>	<ul style="list-style-type: none"> the product team for better cross-selling. the trading desk. the operation team who handles the contract note. the sales desk. <p>Explanation: (Chapter 4.4.8) You may only disclose the order information when it is necessary for the effective execution of the order, required by MAS (under SFA/SFR) or is permitted under the rules of the relevant exchange, clearing house or market operator.</p>
<p>Client Information, as defined in section 40A of the Banking Act, DOES NOT include:</p>	<ul style="list-style-type: none"> Any information about the loan account of a customer Any information about an investment transaction that is not referable to any named client Information related to any deposit of a client of a merchant bank Information related to any safe custody arrangement made by a client of a bank <p>Explanation: (Chapter 4.6) Client Information is defined in section 40A of the Banking Act to mean any information relating to, or any particulars of, an account of a client of the bank or merchant bank, whether the account is in respect of a loan, investment or any other type of transaction, but does not include any information that is not referable to any named client or group of named clients, or Deposit information. Deposit information is defined as information relating to any deposit of a client of the bank or merchant bank, funds of a client under management by the bank or merchant bank, or any safe deposit box maintained by, or any safe custody arrangements made by a client with the bank or merchant bank. But, client information excludes any information that is not referable to any named person or group of named persons.</p>
<p>Tom is 45 years old, married with four children aged 6 to 15, and has a reasonably good-paying white-collar job. Tom struck a Toto lottery with a sum of \$3.5 million recently and he has decided to come to you for wealth management advice.</p> <p>During your meeting with Tom, he reveals that he needs regular blood transfusions due to diabetes. You also come to know that Tom is fond of gambling and visits casinos once or twice a year. What should you take this into consideration when designing a wealth management solution for Tom?</p>	<ul style="list-style-type: none"> To plan for an investment product that has a maturity date in half-year or one-year cycles To assess Tom's needs and priorities holistically and review how this fits into his broader goals and aspirations To recommend higher risk Investment products based on his higher risk appetite To advise Tom to focus on investments that are more liquid, such as shares that are traded on the stock exchange <p>Explanation: Tom's liking for gambling is a new piece of information that requires understanding. One must assess Tom's needs and priorities holistically and review how this fit into his broader goals and aspirations. A covered person must not find products that support this habit or suggest higher-risk products because of the client's inclination to take risks.</p>

Mr Tan is estranged from Mrs Tan and they have one daughter. When Mr Tan passed away suddenly, their daughter was appointed as the personal representative of his estate.

Mrs Tan wants to know the status of the estate. Can you disclose to her?

No, as she is not a joint account holder

No, as she is estranged from Mr Tan

Yes, provided Mr Tan's daughter permits it in writing in representation of the estate

Yes, as Mrs Tan and Mr Tan are legally combined persons

Explanation: For confidentiality reasons, only authorized person can receive information, such as the representative or executor of an estate. The person or his authorized representative can also give permission in writing. Whether or not they are on good terms, or how close are their relationship (e.g. spouse, or children) are irrelevant.

LMN Bank's holding company OPQ Limited is in the process of merging with another company RST Limited.

RST's lawyer (an external, partnership firm hired by RST) requests LMN for information related to LMN's HNWI customers (with balances and deposits more than \$30 million). LMN:

may disclose customer information only after the merger is complete.
may not disclose customer information because the merger does not involve LMN.

may disclose customer information to RST's senior managers involved in the merger process.

may not disclose customer information to the lawyers.

Explanation: Under Part II (4) of the third schedule of the Banking Act, customer information can be disclosed if the disclosure is solely in connection with the merger or proposed merger of the bank or its financial holding company with another company, or any acquisition or issue, or proposed acquisition or issue, of any part of the share capital of the bank or its financial holding company, whether or not the merger or acquisition is subsequently entered into or completed. The disclosure can be made to any person participating or otherwise involved in the merger, acquisition or issue, or proposed merger, acquisition or issue, including any of the person's lawyers or other professional advisers (whether or not the merger or acquisition is subsequently entered into or completed).

Which of the following is a provision of the FAA that Covered Persons must adhere to?

Make specific recommendations with respect to investment products on the basis of profit for the client.

Disclose any information that is material to a statement relating to the amount payable in respect of an investment product.

Disclose minimal and basic information so as not to muddle the issues for the client.

Disclose interests that the Covered Person has in the securities recommended by the Covered Person only when asked.

Explanation: A covered person must disclose any information that is material to a statement relating to the amount payable in respect of an investment product. The recommendations should not be purely based on possible profit or loss. Product information should not be disclosed selectively. Instead, all material information must be disclosed, even if it is a bit complicated. Interests in securities must be disclosed even if the client does not ask for such disclosure.

WiseKid Limited is 100% owned by John (the CEO). WiseKid owns several businesses, and has a portfolio of shares and bonds worth \$2 million managed by LMN Bank (its Financial Adviser). WiseKid suffers significant losses in its businesses due to economic recession and applies to the High Court for winding up. Its application is accepted and an official receiver is appointed. PQR Bank is the main lender of WiseKid, with an outstanding principal amount of \$2 million at the time of winding up.

If PQR obtains details of WiseKid's investments based on a court order, PQR:

must not further disclose the details to any person without the permission of the court.

may further disclose the data to any other person.

may further disclose the details to any person only if John permits it to do so.

may further disclose the details to senior managers of its subsidiary company.

Explanation: Further disclosure is not prohibited if the disclosure is made under the conditions specified in Part I of the third schedule of the Banking Act. Broadly speaking, purposes for which disclosure is allowed under Part I mainly relate to allowance by customer, customer matters (e.g., probate, bankruptcy, interpleader action) and enforcement or court orders/orders by authorities. Purposes under part II mainly relate to operational/strategic matters of the bank (e.g., internal audit, mergers & acquisition, restructuring), creditworthiness of the customer, and orders by the MAS/other authorities. For more details, refer to the Third Schedule of the Banking Act at <https://sso.agc.gov.sg/Act/BA1970?Provided=Sc3>

Jack, a widower, has two children Jane and John. Jack transfers \$1,000,000 from his PQR Bank savings account to Jane's savings account with the same bank. Jack dies of a heart attack without writing any will. Jane and John decide to split Jack's assets amicably. Jane tells John in good faith that Jack had transferred \$1,000,000 to her just before his death. John asserts that half the amount rightfully belongs to him. Jane refuses to part with the money claiming that Jack had given the money to her on his own.

John requests PQR for the bank statements of Jane and Jack because he wants to file a claim in the court regarding the \$1,000,000 and any other such transfers made by Jack to Jane. PQR:

must provide the statements to John because of the intended filing of the claim in the court.

may provide Jane's statements to John if allowed by Jane.

may disclose any information about Jack's account to John if John also has an account with PQR.

should not disclose any customer information to John.

Explanation: The purpose given by John is not covered under part I or Part II of the third schedule of the Banking Act. Therefore, PQR cannot disclose information about Jack or Jane's bank accounts (customer information) to John. However, if Jane agrees, her bank statements can be given to John.

XYZ is a structured product issuer. XYZ approaches KLG with a new, low-risk product for risk-averse investors. While performing due diligence on the financial product, KLG should:

- assess the experience of XYZ in creating such products.
- examine the complexity of the product for risk-averse investors.
- assess the reputation of XYZ.
- understand the fees and charges payable by investors.

Explanation: (Chapter 4.3.1 and Guidance on Private Banking controls, MAS Information Paper, 2014) The due diligence on the financial products by covered entities should cover the product's risk-return profile, product volatility, product liquidity, product complexity, experience, creditworthiness, and reputation of product issuers and service providers, and fees and charges.

John enters into an agreement with XYZ CIS (an authorised CIS) to purchase 10,000 units of the scheme. The purchase agreement specifies that John has the right to cancel the agreement within 5 calendar days and he should approach Victor (an insurance broker) for the cancellation. In this context, which of the following statements is TRUE?

- XYZ can allow the 5 calendar days cancellation period because John has entered into an agreement with such terms.
- XYZ can contract out John's rights to Victor because John has entered into an agreement with such terms.
- The purchase agreement cannot violate the terms of MAS Notice SFA 04/13-N01.
- The purchase agreement is a legally binding contract between XYZ and John. Therefore, both parties can agree to whatever terms they like.

Explanation: (Chapter 4.3.6) The relevant person of the Authorised CIS is not permitted to contract out of or alter an investor's rights as specified under MAS Notice SFA 04/13-N01 by the terms and conditions of the purchase agreement between the investor and the relevant person, or otherwise. Therefore, while the cancellation period can be extended beyond 7 days (e.g., by XYZ), it cannot be reduced. Further, XYZ cannot contract out John's rights to a third party like Victor.

LMN Bank is discussing the sale of its credit card division to OPQ Bank. The division is valued at \$1 million. The CFOs of LMN (Jane) and OPQ (Jack) are involved in the talks to complete the transaction.

Jane asks Jack to provide the amount of average monthly spending of all its credit card customers. Jack:

- may provide the information only if permitted by the MAS.
- may provide the information if it is relevant for OPQ's purchase.
- may not provide the information because OPQ is the buyer and LMN is the seller.
- may provide the information only after the purchase is complete.

Explanation: Under Part II (5) of the third schedule of the Banking Act, customer information can be disclosed if the disclosure is solely in connection with the restructure, transfer or sale, or proposed restructure, transfer or sale, of credit facilities (whether or not the restructure, transfer or sale is subsequently entered into or completed). The information can be disclosed to any transferee, purchaser or any other person participating or otherwise involved in the restructure, transfer or sale, or proposed restructure, transfer or sale, including any of the person's lawyers or other professional advisers (whether or not the restructure, transfer or sale is subsequently entered into or completed). Customer information, other than information relating to the relevant credit facilities, must not be disclosed.

Based on the scoring methodology in ABC Bank's risk profile questionnaire, a client John is accorded the category of an 'aggressive' investor. Based on this classification, John is allowed to trade in listed derivative instruments, especially because he has the required knowledge and experience in such products. He insists on investing in futures and options to increase his bank balance quickly. John owns a mid-size cyclical business and has \$300K spare for investment. However, John is 50 years old and has several large personal commitments to honour within the next 2 to 3 years. For example, he has plans to buy a \$200K apartment, pay for his daughter's foreign college education (\$200K), and save money for her settlement abroad. As a Covered Person, what will be your advice to John?

- Invest in futures and options, but after understanding the risks and rewards.
- Build a balanced \$100K portfolio of liquid assets, including equities and bonds, and trade in equity options with the balance \$200K.
- Invest \$200K in government bonds and trade in futures with the balance \$100K.
- Invest \$300K in a portfolio of equity ETFs (80%) and bonds (20%) with a long-term perspective.

Explanation: (The answer has been revised recently) Summary of John: Can take high risk, want \$200K apartment, need pay \$200K college, need save for settlement, need keep business running. Sequence from most to least important should be: Business, College, Settlement, Apartment. As such, options like A and B which could cause John not to be able to fork out \$200K to either use for his business or pay for college by 2-3 years should be ruled out. D is less suitable than C because John does not have a long term perspective and such allocation is unlikely to achieve 100% return in 2-3 years. With option C, he has \$200K liquidity to protect from bad business cycles, and is highly likely to be able to afford the college fees. The balance from the futures trades can then be used on the settlement and apartment.

If a covered entity enters into a trade as principal with a client in respect of shares traded on an overseas securities exchange and fails to notify the client about the fact that it is acting as a principal, the client:

- May rescind the contract by a written notice to the covered entity not later than 30 days after the receipt of the contract note
- May approach the MAS for recovery of brokerage charges
- May approach the senior management of the covered entity to request for cancellation of the trade
- None of the above

Explanation: (Chapter 4.4) In the case of such a failure to notify, the client may rescind the contract by a written notice to the CE not later than 30 days after receipt of the contract note.

<p>A covered entity which provides capital markets services relating to trading in futures contracts:</p>	<p>Is prohibited against cross trading Must keep a written record of clients instructions in the order Must keep a record of the date and time of receipt, transmittal and execution of the order All of the above</p> <p>Explanation: (Chapter 4.4) Cross trading is prohibited and the CE must keep proper records related to the order/transaction.</p>
<p>When providing capital market services to clients, which of the following are FALSE?</p>	<p>A Covered Entity should ensure that a written agreement regarding such borrowing or lending is entered into with the lender or the borrower. The borrowing and lending transactions must be supported by collaterals equivalent to minimum 50% of the market value of the securities. When the securities are borrowed from an accredited investor, the value of the collateral should be minimum 25% of the market value of such securities. The forms of collateral can be chosen by the covered entity.</p> <p>Explanation: (Chapter 4.3) The securities borrowing and lending transactions must be FULLY collateralised. The acceptable forms of collateral are prescribed in Regulation 45(9) of the SFR (L&C) (not chosen by the CE at his discretion). When a CE borrows securities from an AI, it is not required to provide collateral.</p>
<p>John enters into a purchase agreement on January 4 (Tuesday) to buy units of XYZ CIS (an authorised CIS). John enters into another purchase agreement with XYZ CIS on January 13 (Thursday). In this context, which of the following statements is/are TRUE? Presume that there are no public holidays in January.</p>	<p>On January 10 (Monday), John can cancel the first purchase agreement On January 13 (Thursday), John can cancel the second agreement. On January 14 (Friday), John cannot cancel either purchase agreement. On January 19 (Wednesday), John can cancel the second purchase agreement, but cannot cancel the first one.</p> <p>Explanation: (Chapter 4.3.6) The right to cancel is not available where the investor is an existing participant in the Authorised CIS and the purchase agreement is the investor's second or any subsequent purchase agreement, UNLESS such purchase agreement was entered into by the investor within the cancellation period (7 calendar days) of his first purchase agreement in respect of the Authorised CIS. Please refer to MAS Notice SFA 04/13-N01.</p>
<p>A covered entity:</p>	<p>Cannot enter into a trade as a principal with a client in respect of any securities traded on an overseas exchange. Cannot enter into a trade as principal with a client in respect of any securities traded on an local exchange. Can enter into a trade as principal with a client in respect of any securities traded on an local exchange. When he trades as a principal with a client in respect of any securities traded on an overseas exchange, the contract note must state that the covered entity is transacting as a principal and not as an agent.</p> <p>Explanation: (Chapter 4.4) A CE may enter into a trade as principal with a client in respect of any securities traded on a local or overseas securities exchange or any recognised market operator.</p>
<p>John is a 25 years old HNWI who wants to make a living by trading and investing. He is a finance graduate and has theoretical knowledge about finance and investments. He has \$250k for investment and is ready to borrow money to invest even more. He is not worried about large book losses in his portfolio if the expected rewards are commensurate. John plans to get married in 2 years. John approaches you for investment advice, from a very long-term perspective (20-30 years). Which of the following portfolio options will you recommend so that John can meet his long-term needs?</p>	<p>Invest in art and other collectibles (25%), shares of unlisted firms (private equity) (25%), equity ETFs (25%) and REITs (25%). Invest in small-cap equities (25%), large cap equities (25%), fixed income instruments (25%), and trade in futures with the balance 25% capital. Invest in event-driven hedge funds (50%) and S&P 500 index ETFs (50%). Trade in futures and options with 250K because John wants to make a living by trading and investing. The leverage may help John to make huge profits.</p> <p>Explanation: (Chapter 4) John is a HNWI at the beginning of his career. Therefore, he has the willingness and the ability to take risks. However, if he looks at his financial needs from a 20-30 years perspective, he must build a balanced portfolio. As his life progresses, he will have liquidity needs and wealth accumulation needs. Therefore, investment in art and other collectibles (25%) and private equity (25%) is not suitable for John as half of his wealth will be locked in illiquid assets. REITs (25%) and equity ETFs (25%) will not be able to give him sufficient returns for his wealth accumulation needs. Investing 50% of one's wealth in event-driven hedge funds (50%) may be too risky. Trading with 100% of the savings is also not advisable because potential losses may lead to liquidity issues, and he may not be able to generate any income. Considering his knowledge of finance, and his desire to take on risks, a portfolio of small-cap and large cap equities (total 50%) and fixed income instruments (25%) may serve his income and liquidity needs. A desire to make a living by investing can be accommodated in the financial planning by allocating a part (25%) of the capital to the venture.</p>

In the context of MAS Notice on Cancellation Period for Collective Investment Schemes where a client signed the agreement on 19 May 2021 (Wednesday), which of the following statements is TRUE? Presume that there is a public holiday on 26 May, 2021.

The cancellation request must be received by the Covered Person latest by 25 May.

The cancellation request must be sent out by the client latest by 27 May.

The cancellation request must be sent out by the client latest by 25 May.

The cancellation request must be sent out by the client latest by 26 May.

Explanation: (Chapter 4.3.6) If agreement was signed on Wednesday, the last day the client can exercise right to cancel is Tuesday. The client may send a post to cancel on the last day (Tuesday), even if the postal mail reaches the Covered Person past the dateline. If the last day to cancel falls on a Sunday or public-holiday, then the next non-Sunday-or-public-holiday calendar day will be the last day to exercise the right to cancel. Based on this, the client should send out the cancellation request by 25 May.

In the context of MAS Notice on Cancellation Period for Collective Investment Schemes where a client signed an agreement on 19 May (Wednesday), which of the following statements best describe the last the day to cancel?

The last day to cancel should be 25 May, if it is not a public holiday.

The last day to cancel should be 26 May, if it is not a public holiday.

If the 7th calendar day from the date of signature falls on a public holiday, the right to cancel must be exercised by the 6th calendar day.

If the 7th calendar day from the date of signature falls on a public holiday, the right to cancel can be exercised by the 9th calendar day.

Explanation: Chapter 4.3.6 : If agreement was signed on Wednesday, the last day the client can exercise right to cancel is Tuesday. The client may send a post to cancel on the last day (Tuesday), even if the postal mail reaches the Covered Person past the dateline. If the last day to cancel falls on a Sunday or public-holiday, then the next non-Sunday-or-public-holiday calendar day will be the last day to exercise the right to cancel.

Before selling or marketing any new product in Singapore to any client, a financial adviser must assess:

The investment objective of the new product

Whether the new product matches the client base of the financial adviser

How the new product is intended to be marketed

All of the above

Explanation: (Chapter 4.3) The investment objective, whether the new product matches the client base of the FA, and how the new product is intended to be marketed are aspects which should be assessed.

John takes a \$50,000 loan from his friend James with a promise to repay \$55,000 after one year. However, John expresses his inability to repay the loan on the due date citing lack of sufficient funds. James comes to know through a common friend that John has a lot of money in his savings account with LMN Bank. Accordingly, James obtains a judgement debt and, subsequently, an interim order from the court directing LMN Bank to pay \$55,000 to James from John's account, or show cause why it cannot do so. The order is served on LMN and John.

In which of the following ways can John or LMN respond to the court order?

John may stop LMN from disclosing the fact that he has an account with LMN to James.

John may stop LMN from disclosing the exact amount in his account to the court.

LMN may not disclose John's account details to the court if it is a joint account with his brother.

LMN must disclose John's account details to the creditors.

Explanation: Under Part I (6) of the third schedule of the Banking Act, client information can be disclosed if the disclosure is necessary for compliance with an enforcement order for attachment of a debt served on the bank attaching moneys in the account of the customer. The information can be disclosed to all persons to whom the disclosure is required to be made under the enforcement order for attachment of a debt. This includes James and the court, even if the account is a joint one. In the given case, John is the judgement debtor and James is the judgement creditor, as ordered by the court. Further, an interim garnishee order has been served on the bank making it the garnishee. LMN cannot avoid paying John's debt if it contains the required amount. John's account will be frozen and the amount will be paid to James. Basically, LMN will become liable to James instead of John regarding the specific amount (\$55,000) in John's account. Note that in the absence of the garnishee order, LMN is the creditor and John is the debtor in respect of the savings account.

A Covered Person:

Must not withdraw from the market a customer's order for the benefit of the covered entity

While providing capital market services related to futures trading, must give priority to the client's outstanding orders over his own trades

While providing capital market services related to futures trading, need not give priority to the client's orders if the client's orders must be effected only on specified conditions

All of the above

Explanation: (Chapter 4.4) A CP must not withdraw from the market a customer's order for the benefit of the covered entity, it must give priority to the client's outstanding orders over his own trades, but he need not give priority to the client's orders if the client's orders must be effected only on specified conditions.

John, a Covered Person, receives buy order from a client (Jane) for the futures contract of ABC Limited at \$20. John immediately receives an order from another client Peter to sell ABC's shares at \$20. John matches the two orders at \$20, without entering them in the trading system. In this context:

John is guilty of market manipulation.

John is guilty of cross trading.

John has done the right thing by matching the orders because both the client's got the price that they wanted.

John should have withheld Peter's order till Jane's order was executed.

Explanation : (Chapter 4.4.5) A Covered Entity which provides capital markets services relating to trading in futures contracts is prohibited from knowingly filling or executing a client's order for the purchase or sale of a futures contract in a futures market by off-setting against the order or orders of any other person. John should have entered both the orders in the trading system in the order of receipt. John has committed the offence of cross trading by filling Peter's order with Jane's order without entering the orders.

MNO Bank is incorporated in Singapore. 51% of its share capital is owned by WiseKid which is 100% owned by John (a US citizen based in the USA). MNO's parent supervisory authority requests the Singapore branch to provide details of some remittances made by a Singaporean client Jane from her Singapore account to the Cayman Islands. The information is requested in connection with an internal investigation. MNO shares the information. In this context, which of the following statements is TRUE?

MNO has violated the client confidentiality rules under the banking act by sharing the information.

MNO should have obtained approval of the MAS before sharing the information.

MNO's parent authority may share the information with other banks in the USA.

MNO's parent authority may share the information with any person if asked to do so by a US court.

Explanation : Under Part I (8) of the third schedule of the Banking Act, client information can be disclosed by a bank incorporated outside Singapore or a foreign-owned bank incorporated in Singapore if the disclosure is strictly necessary for compliance with a request made by the parent supervisory authority of the bank. The disclosure can be made to the parent supervisory authority of the bank. Also, the parent supervisory authority cannot disclose the customer information obtained by it to any person unless compelled to do so by the laws or courts of the country or territory where it is established. Therefore, although the disclosure is made under part I, the recipient cannot further disclose the customer information (unless required by its local laws or courts).

Tom is 45 years old, married with four children aged 6 to 15, and has a reasonably good-paying white-collar job. Tom struck a Toto lottery with a sum of \$3.5 million recently and he has decided to come to you for wealth management advice.

How would you go about recommending a wealth management solution to Tom?

Advise Tom to place his winnings in a trust for his children's education, which is a definite priority.

Obtain Tom's financial and non-financial, personal and family information in order to advise him suitably.

Ensure that Tom holds diverse portfolio investment products across different risk levels.

Recommend to Tom the most effective wealth management solution that has worked for other middle-aged clients.

Explanation : Analysis of a client's wealth management needs and priorities allows the Covered Person to structure an optimal balance between Wealth Preservation, Wealth Accumulation and Wealth Succession for each client. The needs and priorities of a client for each of these areas of wealth management would take into consideration many factors, including the client's: Financial situation; Non-financial situation; Risk profile; Knowledge and experience of investment and finance; and Service preferences and expectations. For Tom, who has just come to you for wealth management solutions, information on these aspects is a must before recommending any solution.

Best practices in the provision of wealth management solutions and product recommendations depend upon:

Client profiling

Clients' need analysis

Effective communication with clients

All of the above

Explanation : (Chapter 4.2) The best practices depend upon client profiling, his needs analysis, and effective communication with the client.

Before entering into any trade as a principal (and not as an agent) with a client, a Covered Entity must:

Allow the client to rescind the contract within 45 days of the trade.

Offer the securities directly to the client in a private placement.

Notify the client in advance and ensure that the contract note contains a statement stating the same.

Take additional precautions to ensure that the client's interest is fully protected.

Explanation : When a Covered Entity enters into a trade as principal with a client in respect of any securities traded on a local or overseas securities exchange or any recognised market operator, the client must be notified in advance of the transaction that the Covered Entity is dealing as principal and not as agent. The contract note for the transaction must also state that the Covered Entity is transacting as principal and not as agent.

John takes loans of \$50,000 each from 5 family members for making investments. He gives the money to his financial advisor LMN Bank for investment. LMN helps John make a private equity investment in a high-risk, startup tech company PQR. PQR files for winding up after a few months and John suffers total loss of the investment. John is unable to repay his debts on the due dates. John's 5 family members file for John's bankruptcy in court to recover their dues by selling real estate and other assets personally owned by John. The assets are worth around \$200,000.

John requests the court to hold the bankruptcy proceedings in private. The court:

may accept John's request if it deems fit.

must accept John's request because his personal assets are involved.

must accept John's request if a majority of John's creditors agree.

should not act on John's request because the bankruptcy was applied for by the creditors.

Explanation: The third schedule Part I, 3(a) of the Banking Act permits the disclosure of customer information if it is solely in connection with an individual customer's bankruptcy. The disclosure must be made to all persons to whom the disclosure is necessary for the bankruptcy proceedings. The court may order the proceedings to be held in private on its own motion, or based on a request by any party to the proceedings, or the customer to which the customer information relates.

LMN Bank proposes to acquire 10% of the share capital of OPQ Bank. CFOs of LMN (Jane) and OPQ (Jack) are involved in the acquisition talks.

Jane asks Jack to disclose the last 10 transactions of its customers with savings account balances of above \$10 million. Jack:

may provide the information as part of the acquisition.

may refuse to provide the information because such disclosure is not allowed under the third schedule of the Banking Act.

may disclose such information to the media if it helps OPQ during the acquisition process.

may refuse to provide the information because the proposed acquisition involves only 10% of the shares of OPQ.

Explanation: Disclosure of customer information is allowed under Part II (4) in the course of a merger or acquisition (or a proposed merger or acquisition) of the bank or its financial holding company with another company. The disclosure can be made to persons involved in the process of merger or acquisition. The information cannot be shared with the media because it is confidential information. The media is not involved in the acquisition process. There is no minimum percentage specified in the provision.

John enters into an agreement on January 4 (Tuesday) with XYZ CIS (an authorised CIS) to purchase 10,000 units of the scheme. The purchase agreement gives John the right to cancel the purchase by January 10 (Monday). In this context, which of the following statements is/are TRUE?

John cannot redeem his units during the cancellation period.

John will get a refund of the sales charge for any allowed redemption.

John may have to pay a realisation charge for any allowed redemption.

The relevant person must inform John that published unit prices are indicative in nature and can change during the period between the submission and processing of any allowed redemption request.

Explanation: (Chapter 4.3.6) During the cancellation period, the relevant person MUST PERMIT an investor to choose to redeem his units instead of exercising his right to cancel. In this case, the redemption procedures as stated in the prospectus of the Authorised CIS will apply. The relevant person shall make it clear to the investor that the investor will not be able to enjoy the benefits of cancellation in the event that he chooses to redeem his units (i.e., no refund of initial sales charge will be given for redemption and levy of realisation charge is allowed) and that the redemption proceeds that the investor will receive may be lower than the amount being refunded had he exercised his cancellation right if the appreciation in the value of units in the Authorised CIS is less than the initial sales charge, and the published prices are indicative in nature and can change during the period between the submission and processing of the redemption request. Please refer to MAS Notice SFA 04/13-N01 for more details.

What is the fundamental difference between disclosure exceptions in Banking Secrecy under Part I and II of the Third Schedule of the Banking Act?

Disclosures under Part I are not subject to further restrictions under the banking regulations, whereas disclosures made pursuant to exception in Part II are prohibited from further disclosure with no exception.

Disclosure to any party permitted under Part I may be further disclosed to a third party unlike when permitted under Part II. There are exceptions when further disclosures can be made.

Disclosures under Part I are subject to further restrictions under the banking regulations, whereas these restrictions do not apply vice versa for Part II.

Disclosure to any party permitted under Part I may not be further disclosed to a third party, whereas disclosures to parties permitted under Part II may be further disclosed to a third party.

Explanation: Disclosures under Part I can be further disclosed whereas those made under Part II cannot be further disclosed. There are exceptions, such as being permitted in writing, necessary for compliance with law etc. When a CP receives a request to disclose any client info, he should always consult with the legal and compliance department with regards to the CE's position on whether the disclosure is permitted by law or the contractual agreement between the CE and the relevant client.

In the implementation of client solutions and execution of transactions, the prohibitions on the Covered Person include:

Withdrawing clients' orders for the covered person's benefit.

Prioritizing client's orders.

Cross-trading.

Trading against client.

Explanation: (Chapter 4.4) Prioritizing client's orders is a must.

<p>In undertaking an advisory mandate for the client:</p> <p><i>5 1020838</i></p>	<p>A covered person should consider the client's personal circumstances. Front-running activities should be encouraged. Insider trading must be avoided. Reasons for suitability of investment recommendations should be explained to the client.</p> <p>Explanation: (Chapter 4.3) Front-running activities are prohibited.</p>
<p>A covered entity who arranges a life policy should only negotiate a contract of insurance on behalf of its client with an insurer registered under the Insurance Act. This requirement DOES NOT apply if the covered entity is:</p> <p><i>5 1020838</i></p>	<p>Negotiating a contract of reinsurance. Conducting a business relating to risks within Singapore. Conducting a business relating to risks outside Singapore. Arranging a life policy whose sum assured is less than \$1 million.</p> <p>Explanation: (Chapter 4.4) The requirement is not applicable if the CE is negotiating a contract of reinsurance or conducting a business relating to risks outside Singapore.</p>
<p>A Covered Person who provides capital markets services relating to 'fund management' must _____ if he buys shares listed on the SGX-ST for himself.</p> <p><i>5 1020838</i></p>	<p>disclose to his Covered Entity disclose to the SGX-ST obtain approval from MAS obtain approval from his Covered Entity</p> <p>Explanation: (Chapter 4.3) A Covered Person who provides capital markets services relating to "fund management" must disclose to his CE if he buys shares listed on the SGX-ST for himself.</p>
<p>William has recently qualified as a Covered Person. The Covered Entity deals in securities, so he is required to disclose his interests in securities which are listed on the SGX-ST or a recognised market operator. Which of the following statements is TRUE regarding this?</p> <p><i>5 1020838</i></p>	<p>William needs to inform all custodian banks to report on his securities holdings The requirements cover all interests in securities that William holds as beneficiary William needs to only register what is not in his CDP account The requirements cover all interests in securities that William holds whether as a trustee or beneficiary</p> <p>Explanation: Beneficiaries obviously have a beneficial interest in the securities. A trustee (who has control to sell) is also deemed to have interest as per MAQ's FAQ on Disclosure of Interest</p>
<p>If a Covered Person provides capital market services in respect of Trading in Futures Contracts, he should:</p> <p><i>5 1020842</i></p>	<p>Provide a separate written risk disclosure document to the client before opening the futures trading account Obtain a signed and dated acknowledgement from the customer that he has understood the nature and contents of risk disclosure document Both A and B None of the above</p> <p>Explanation: (Chapter 4.3) The CP must provide a written risk disclosure document to the client and obtain an acknowledgement from him.</p>
<p>It is necessary for a Covered Person to have on-going communication with his clients regarding the latter's personal and family wealth needs, goals and aspirations to determine any change in priorities and purposes of the business relationship. Which of the following is/are examples of such needs?</p> <p><i>5 1020838</i></p>	<p>New estate planning New business succession strategies Significant qualitative changes in the top management of the covered entity Retirement planning</p> <p>Explanation: (Chapter 4.2) Change in priorities and purposes of the business relationship between a client and a CP are NOT related to the significant qualitative changes in the top management of the covered entity.</p>
<p>LMN Bank and PQR Bank are members of a licensed credit bureau STU. Both the banks have a large retail customer base and significant home loan portfolios. A small percentage of their customers default on home loan repayments from time to time. Both banks maintain dynamic databases of all its home loan customers, including names, addresses, loan amount, amount outstanding, and default dates (if any).</p> <p>How may the home loan information be shared between LMN, PQR and STU?</p> <p><i>4 5 4 5 F *</i></p>	<p>LMN may share its home loans database with PQR. PQR may share its home loans database with LMN. STU may disclose relevant details about any person from its records to LMN, for LMN to assess the person's creditworthiness. LMN may share the information in its database with STU to enable STU to prepare a credit report.</p> <p>Explanation: Under Part II (7)(a) of the third schedule of the Banking Act, customer information can be disclosed if the disclosure is strictly necessary to create a credit report by a licensed credit bureau of which the bank is an approved member. Such disclosure can be made by the bank to the licensed credit bureau to enable it to create a credit report, OR by the licensed credit bureau to any approved member of the licensed credit bureau to enable the member to assess the creditworthiness of its customer. Also, deposit information must not be disclosed.</p>

<p>Which of the following statements about the notice of cancellation right in respect of unlisted debentures is correct?</p>	<p>The notice of cancellation right must be accompanied by a form to assist the investor to effect the cancellation The notice of cancellation right must be given to the investor before the purchase agreement is concluded The notice of cancellation right must be given in writing and the investor must acknowledge receipt The notice of cancellation right must comply with the prescribed bid size</p> <p>Explanation: There is no requirement for the investor to acknowledge receipt of the right, and there is no prescribed bid size to comply with in a notice of cancellation right.</p>
<p>Jane is a 50 years old divorcee and is nearing retirement. She earns \$300K per annum and her only son is working abroad. She recently purchased an apartment with her savings where she is living alone. She has about \$50K in savings (cash and bank deposits only). She admits that she is a spendthrift and is able to save about \$5K every month. She is now worried about her retirement and wants advice on how to secure her and her son's future. She has little knowledge about investment and finance. She has no insurance cover. Which of the following investment strategies will you recommend to Jane?</p>	<p>Purchase a whole life policy with \$2.5K per month as premium and invest the balance in equities every month. Invest \$5K in equities and bonds (50/50) every month. Increase her savings to \$10K, and invest \$7K per month regularly in equity CIs. Buy a whole life policy with \$200K death benefit, with her son as the beneficiary. Increase her savings to \$12K, and invest \$5K regularly in equity ETFs and \$5K in corporate bonds. Buy a term policy with \$200K cover, with her son as the beneficiary.</p> <p>Explanation: (Chapter 4) Jane is saving a very small percentage of her income despite the fact that her son is independent and she lives in her own apartment. Considering the fact that she is nearing retirement, she must increase her savings (she admits that she spends too much) and invest a major portion in equity ETFs and corporate bonds (a 50/50 balanced portfolio) regularly. This will help her increase her net worth over time, with the benefit of having liquid assets for emergent needs. Jane does not have the expertise to invest directly in equities. Jane may not be able to get good returns from a whole life policy. Instead, she can go for a term policy so that her son (who is at the beginning of his career) is financially secure in the event of her untimely death.</p>
<p>What should a Covered Entity do before it enters into any trade as a principal (and not as an agent) with a client?</p>	<p>Notify the client in advance and ensure that the contract note contains a statement stating the same Sell the securities directly to the client in a private placement Exercise additional precautions to ensure that the client's interests are fully protected Allow the client to rescind the contract within 45 days of the trade</p> <p>Explanation: Acting as Principal and not as an Agent means that the Covered Entity, such as a bank, is selling the asset directly to the client, instead of the client going through the Covered Entity to buy it from a third party, such as on a stock exchange. Since the client has the right to know the seller is the Covered Entity itself, he should be notified in advanced and it should be stated in the contract note. The client also has 30 days to rescind the contract by a written notice.</p>
<p>Your client, an accredited investor, owns securities which your Covered Entity wishes to borrow. Which of the following should be done on behalf of the Covered Entity before the lending can commence?</p>	<p>Arrange with a custodian to lend the client's securities Explain the risks involved in the transaction to the client Obtain the client's written consent to the lending Provide the client 14 days notice before commencing such lending</p> <p>Explanation: Obtaining the client's written consent is the only mandatory requirement even for an accredited investor. Arranging custodianship is optional to a Covered Entity. Explaining the risks is only mandatory if the client is not an accredited investor. There is no need to provide any period of notice.</p>
<p>Which of the following are Covered Person NOT allowed to disclose?</p>	<p>Client's income Client's portfolio Client's deposit box content type Potential conflict of interest</p> <p>Explanation: (Chapter 4.6) Potential conflicts of interests must be disclosed.</p>
<p>Client information is defined in section 40A of the Banking Act. The meaning of client information includes:</p>	<p>Any information relating to a loan account of a customer of the bank or merchant bank. Any information relating to the investment account of a customer of the bank or merchant bank. Deposit information. Any information, even if it is not referable to any named customer or group of named customers.</p> <p>Explanation: (Chapter 4.6) Client info DOES NOT include any info that is not referable to any named client or group of named clients.</p>

John enters into an agreement on January 4 (Tuesday) with XYZ CIS (an authorised CIS) to purchase 10,000 units of the scheme. The purchase was executed on January 4 at SGD10 per unit. John sent a notice to XYZ to cancel the purchase on January 7 (Friday) when the unit price was SGD10.50. In this context, which of the following statements is TRUE?

The relevant person of XYZ can refund a maximum SGD100,000 to John based on the purchase price.

The relevant person of XYZ can calculate the refund amount payable to John based on the market price, after making the allowed deductions.

The relevant person of XYZ can pay the entire refund amount out of the funds of XYZ.

John cannot cancel the agreement because the market price of the units is greater than the purchase price.

Explanation: (Chapter 4.3.6) Where the market value of the units held by the investor is greater than the original amount paid by the investor, the relevant person may agree to pay the excess amount to the investor, save that a relevant person who is the responsible person of an Authorised CIS must ensure that such excess amount is not paid out of the funds or assets of the Authorised CIS. Therefore, the refund payable can be calculated based on the market price, subject to the aforementioned conditions. Please refer to MAS Notice SFA 04/13-N01 for more details.

You have been the primary wealth manager for your 25-year friend, Ben, for 5 years. Recently, his father died.

Yesterday, Ben asked to dissolve his family trust and to replace it with a foundation structure with the same beneficiaries. He appeared depressed and did not want to talk about the reasons for doing so.

Which of the following actions will you take?

Such a life changing experience can transform a client's outlook and perspective. You will perform a thorough review of his wealth management needs/priorities before advising him.

You will contact Ben's family to discuss his latest requests and try to find justifications for doing so.

Do as Ben requested immediately because even though you have known him for 25 years, you are bound by the business relationship to carry out client's instructions.

You will wait for Ben to talk to you again before doing anything as you are sure Ben was psychologically unstable and would regret his instructions in future.

Explanation: (Chapter 4.2) This is a major life changing experience which can transform Ben's outlook and perspective. Therefore, a thorough review of Ben's wealth management needs/priorities is required before advising him.

When a Covered Person borrows securities from an accredited investor, he is NOT REQUIRED to _____

provide collateral by law

obtain the investor's written consent to the lending

set out the T&C in writing

explain the risks involved in the transaction to the lender

Explanation: (Chapter 4.3) When a Covered Person borrows securities from an accredited investor, he is NOT REQUIRED to provide a collateral or explain the risks involved in the transaction. However, the accredited investor's written consent and a written agreement are required.

A Covered Entity which carries out leveraged forex trading is required by the SFA to issue a contract note to the other party _____ immediately following the transaction.

no later than the business day

no later than 2 business days

no later than 3 calendar days

no later than 7 calendar days

Explanation: (Chapter 4.4) The contract note must normally be given no later than the business day immediately following a transaction.

You are the relationship manager of Sally whom you have conducted a portfolio recently. A few days after the review, Sally contacts you to tell you that the FX spot rate is low and asks you how she can get a better rate. Is this considered a customer complaint, and if so, why?

No, it is not a complaint as it is a request for information and can be managed with a communication with the client

Yes, it is a customer complaint, and all such comments should be logged and communicated to the customer

No, it is not a complaint as the Bank has full discretion to fix the FX spot rates

Yes, it is a customer complaint as it is dependent on the subjective perspective of the customer, and Sally is obviously unhappy

Explanation: As long as the customer is unhappy about something, it should be deemed as a complaint. A complaint has no fixed form. A passing remark can be a complaint about something, as like a formal complaint letter.

Felicia is your client who has all the while invested in a combination of stocks and bonds. You are doing a portfolio review with her, during which she expresses her interests in trading in oil futures as she is of the view that oil prices will likely move in a specific direction of her judgment.

After you have placed oil futures orders for Felicia, her father calls you and demands for details of all the futures trades. He added that all of Felicia's monies ultimately came from him. How should you respond to this?

Provide the information to him, and file a complaint to MAS

Do not provide the information to him as you are not allowed to

Do not provide the information to him and ask him to file a request to the Covered Entity

Provide the information to him, as you know he is her family

Explanation: Felicia is an adult. Her father has no rights to her daughter's account information.

<p>PQR Bank in Singapore is owned by a US-based company BigBro. Jane has a savings account and several fixed deposits with PQR. John is a senior manager of PQR's retail customers division.</p> <p>Which of the following statements about sharing of Jane's account information by John in the course of his duties as a manager is/are TRUE?</p> <p>4 5 4 5 F *</p>	<p>The information should not be shared with an officer of BigBro because it is a foreign entity.</p> <p>The information may be shared with BigBro if agreed to by Jane.</p> <p>The information may be shared with a lawyer contracted by PQR in Singapore.</p> <p>The information may be shared with an external consultant contracted by BigBro for marketing PQR's products in Singapore.</p> <p>Explanation : According to the Banking Act, a bank can share client info if it's related to their duties as an officer or adviser. This info can be given to a bank officer in SG or one designated by the bank's head office in SG (for foreign-owned banks). Lawyers, consultants, or advisers hired should be appointed by the bank in SG, whereas auditors can be appointed by the bank in SG or its head office (for foreign-owned banks in Singapore). Since the consultant is not appointed by PQR, info cannot be shared with it. Do also note that BigBro is merely the owner, not the parent bank.</p>
<p>Assessment of the needs of clients and making wealth management solutions recommendations requires which of the following client data?</p> <p>4 5 4 5 F *</p>	<p>Family's knowledge and experience of investment and finance</p> <p>Family's service preferences and expectations</p> <p>Client's non-financial personal information</p> <p>All of the above</p> <p>Explanation : (Chapter 4.2) Client's knowledge and experience of investment and finance is more relevant in the given context.</p>
<p>Which matters must a Covered Person maintain confidentiality in?</p> <p>4 5 4 5 F *</p>	<p>Information that is imparted in circumstances where the recipient knows or ought to have known that the information is confidential.</p> <p>Information relating to a client trading account with the covered entity.</p> <p>Information that is in the public domain as told to you by the client.</p> <p>Information concerning regulatory guidelines issued by MAS and others.</p> <p>Explanation : Under common law, where information is of a confidential nature (i.e., information not in the public domain) and is imparted in circumstances where the recipient knows or ought to have known that the information is confidential, a duty of confidence is imposed on the recipient even in the absence of any statutory or contractual obligation of confidence. Also, information relating to a client trading account with the covered entity is client information and should not be disclosed. Information that is in public domain and MAS guidelines are not confidential.</p>
<p>Mr Tan is 32 years old, married with a 2-year-old child. Mr Tan works at a university as a lecturer. Mr Tan had just inherited a sum of \$5M and seeks your advice on wealth management.</p> <p>Which of the following BEST describes the relevant considerations in assessing Mr Tan's investment objectives?</p> <p>4 5 4</p>	<p>Mr Tan's marital status, financial expenses and insurance coverage.</p> <p>Mr Tan's financial expenses and insurance coverage and service preferences.</p> <p>Mr Tan's service preferences, risk appetite and marital status.</p> <p>Mr Tan's risk appetite, marital status, and financial expense.</p> <p>Explanation : Information on Mr Tan's marital status, financial expenses and insurance coverage will help in determining his investment objectives. Information on his risk appetite may help when designing wealth management solutions. Services preferences are not relevant for determining a client's investment objectives.</p>