

When assessing whether a Covered Person (CP) is Fit and Proper, the Monetary Authority of Singapore (MAS) will consider which of the subsequent factors?

Educational qualification with at least a degree in finance and banking

Conviction of an offence in a foreign jurisdiction

Ability to fulfil financial obligations in Singapore

Whether the CP has entered into a compromise with creditors that is still in operation.

**Explanation:** There is no requirement for a CP to have at least a degree in finance and banking to be considered fit and proper.

Based on client segmentation in private banking, which client segment has the highest amount of investable assets?

Ultra High Net Worth individuals

Mass Affluent Individuals

Super Mass Affluent individuals

High Net Worth individuals

**Explanation:** (Chapter I.2) UHNWI have the highest amount of investable assets (more than S\$50 million). There is no category by the name "Super Mass Affluent" individuals.

The significance and relevance of a relevant person failing to satisfy any of the 'fit and proper' criteria set by the MAS depends on:

the surrounding circumstances leading to the relevant person not meeting the criteria.

the amount of time passed since the failure by the relevant person.

the relevance of the failure to the duties to be performed by the relevant person.

the opinion of the management about the relevant person.

**Explanation:** (Chapter I.5.4) The significance and relevance of a relevant person failing to satisfy the MAS that it or he meets a specific criteria depends on the seriousness of, and surrounding circumstances resulting in, the relevant person not meeting the specific criteria, the relevance of the failure by the relevant person to meet the specific criteria to the duties that are, or are to be, performed and the responsibilities that are, or are to be, assumed by the relevant person, and the passage of time since the failure by the relevant person to meet the specific criteria. The opinion of the management about the relevant person is NOT considered by the MAS in this context.

In the context of segmentation of clients by private banks, which of the following are NOT considered investable assets?

Cars.

Jewellery.

Works of art.

Antiques.

**Explanation:** (Chapter I.2) Exhibit I.2 states the exclusions (cars, jewellery, works of art, antiques).

Which of the following statements about the insider trading offence is TRUE?

It may be presumed that an unconnected person knows or ought reasonably to know that the information is non-public and price-sensitive

A person in possession of non-public price-sensitive information is prohibited from procuring another person to deal in the relevant securities only if either person is likely to profit from such dealings

The insider trading offence may be committed even when not in possession of non-public price-sensitive information

None of the above

**Explanation:** (Chapter I.5) The presumption in option A is valid for a connected person. A person in possession of non-public, price-sensitive info may not procure another person to deal in the relevant security in any circumstances (profitability is not a consideration). The Insider trading offence arises only if a person is in possession of non-public, price-sensitive info.

Regarding compliance with prescribed standards of conduct, the MAS guidelines provide that a Covered Person must:

Provide advice only in areas where he has the required competence and skills.

Provide written documentation to clients that their orders have been executed promptly.

Notify changes in his personal particulars to the client.

Distinguish facts and opinions when presenting his recommendations to the client.

**Explanation:** (Chapter I.5) A Covered Person is required to notify the Covered Entity of any changes in his personal particulars. Changes in personal particulars need not be notified to the client.

John is an accredited investor. His financial adviser Jane recommends him to buy 100,000 shares of PQR Limited over the next one month. Later, Jane comes to know from an insider (Robert) in PQR that the company is about to declare stellar quarterly results very soon. John starts to buy the shares in lots of 5,000 after Jane gets the insider information. Jane encourages John to buy more shares because she knows that her client will benefit from the purchases. John continues to buy shares and PQR's share price goes up significantly after the results. John makes a substantial profit from his investment. In this scenario:

Jane is not guilty of insider trading because she allowed John to trade in PQR's shares but never shared insider information with him.

John is guilty of insider trading if he is a connected person of PQR.

Jane is not guilty of insider trading because she did not recommend John to buy PQR's shares based on the insider information.

Robert is guilty of insider trading even if he did not trade in the shares of PQR based on the insider information.

**Explanation:** (Chapter 1, Section 1.5) Any person in possession of non-public price sensitive info is prohibited from procuring another person to deal in the relevant securities, or communicating the non-public price-sensitive info to another person if the person knew or ought reasonably to have known that the other person would or would likely deal in the relevant securities or procure another person to do so. Therefore, both Jane (encouraging - procuring John to buy the shares even after Jane got the insider info) and Robert (sharing of insider info) are guilty of insider trading. John will not be guilty of insider trading even if he is a connected person because he did not trade whilst in possession of the insider info. John never got the insider info.

Which of the following are Covered Entities that are bound by the Private Banking Code of Conduct?

Company A that provides finance courses to retail investors.

Company B that provides financial advisory services to retail clients.

Merchant Bank C that provides financial advisory services to accredited investors.

Bank D that provides small ETF funds to both retail and accredited investors.

**Explanation:** (Chapter 1.4) The PB Code sets out standards of good practice on competency and market conduct expected of financial institutions (including their staff) operating in the private banking industry in Singapore which are providing financial services to Accredited Investors (AIs). Please refer to the PB code (<https://abs.org.sg/docs/library/pb-code-of-conduct-14-feb-2020.pdf>).

Under section 218 of SFA, a connected person of a corporation includes:

An officer of its related corporation.

A substantial shareholder of a related corporation.

An officer of a substantial shareholder of a related corporation.

An officer of the corporation.

**Explanation:** (Chapter 1.5) For the purpose of section 218 of the SFA, a connected person of a corporation includes an officer of its related corporation, a substantial shareholder of the related corporation, and an officer of a substantial shareholder of the related corporation.

John is a Covered Person (CP) working for ABC Bank in Singapore. The HR department of ABC discovers that John was once censured by his previous employer PQR Private Limited for indiscipline. PQR is a private company selling branded computers. John was the Finance Manager of the company. John was also recently ordered by a Singapore court to repay a \$S20,000 loan he had taken from his friend Jane. The dispute was settled when John repaid the full amount as per the judgement. John had not disclosed these incidents to ABC at the time of his interview or appointment. John:

does not satisfy the fit and proper criteria of financial soundness because he was ordered to repay a debt.

does not satisfy the fit and proper criteria for honesty, integrity and reputation because he has been censured for indiscipline.

satisfies the fit and proper criteria for financial soundness because he has repaid the debt.

has not violated the fit and proper criteria for honesty, integrity and reputation because the censure was not passed by a government or a professional body.

**Explanation:** (Chapter 1.5) There is no outstanding judgement debt against John because he repaid the debt. The censure by a private company may not be considered a violation of the fit and proper criteria for honesty, integrity and reputation.

The MAS guidelines for assessing the financial soundness of the relevant person consider which of the following factors?

Whether the relevant person has been subject to bankruptcy petition outside Singapore

Whether the relevant person is able to fulfil his financial obligations in Singapore

Whether the relevant person is subject to a judgment debt partially unsatisfied outside Singapore

All of the above

**Explanation:** (Chapter 1.5) For determining financial soundness, it is important to check whether the relevant person has been subject to bankruptcy petition outside Singapore, whether he is able to fulfil his financial obligations in Singapore, and whether the relevant person is subject to a judgment debt partially (or wholly) unsatisfied outside Singapore.

A person may not be considered fit and proper under the Honesty, Integrity and Reputation criteria if he has been a partner in a business which has gone into administration within \_\_\_\_\_ after the person was the partner in the business.

3 years.

2 years.

1 year.

4 years.

**Explanation:** (Chapter 1.5.4) A person may not be considered fit and proper under the Honesty, Integrity and Reputation criteria if he has been a partner in a business which has gone into administration within 1 year after the person was the partner in the business.

Which of the following statements about SGX-ST is FALSE?

The Singapore Exchange Securities Trading Limited (SGX-ST) is the only approved securities exchange in Singapore

SGX-ST regulates the day to day activities of the securities market

SGX-ST administers the SGX-ST Rules

All Covered Entities are governed by the SGX-ST Rules

**Explanation:** (Chapter I.4) A Covered Entity which holds a trading membership with the SGX-ST will be governed by the SGX-ST Rules.

Jack, a 65 years old business tycoon, sets up a discretionary trust for the benefit of his wife Jill and his only child Jane. Jack transfers all his assets and businesses (net asset value SGD9 million) to the trust. KLG Corporation is the trustee of the trust. Jack reserves the powers of investment and asset management for himself, although he cannot revoke the trust. Jack's letter of wishes states that, upon his death, the assets transferred to the trust should be divided equally among the two beneficiaries. The assets transferred to the trust include Jack's share of a SGD4 million apartment jointly owned by Jack (60%) and Jill (40%). The apartment has been let out for rental income. Jill owns the residential apartment (market value SGD250,000) where the family stays and has SGD50,000 in savings. Jane is the CFO of a multinational corporation, with an annual salary of SGD350,000 plus perks. She also has SGD100,000 in savings. Robert, the authorized person of KLG, approaches you for opening a trading account for investing the cash in Jack's trust account. KLG wants to be considered an Accredited Investor in the context of Jack's trust. In this context, which of the following statements is TRUE?

KLG can be considered an AI because the settlor was an AI.

KLG can be considered an AI because both Jill and Jane are AIs based on their personal assets.

KLG cannot be considered an AI because it does not meet any of the relevant criteria.

KLG can be considered an AI because the beneficiaries are AIs based on their share in the trust property.

**Explanation:** (Chapter I.2.1) A Trustee of Trust, when acting in that capacity, can be considered an AI if the Trust property exceeds SGD10 million in value (or its equivalent), or All beneficiaries of the trust are AIs, or all settlors are AIs and have reserved to themselves all powers of investment and asset Management functions under the trust, and have reserved to themselves the power to revoke the trust. Jack has transferred all his assets to the trust. Therefore, he is not an AI. In any case, Jack does not have the power to revoke the trust, the trust cannot be an AI based on the settlor's qualifications despite reserving investment and asset management powers for himself. Jane is an AI based on the annual income criteria. However, the total value of Jill's net assets is  $40\% \times SGD4 \text{ million} + SGD250K + SGD50K = SGD1.9 \text{ million}$ . Therefore, she is not an AI. Hence, one of the beneficiaries is not an AI. Consequently, the trust cannot be an AI based on this criteria. It is important to note that Jill and Jane cannot include their shares of the property transferred by Jack to the trust in their net assets. This is because the trust is a discretionary trust and their shares are not certain. KLG has the power to decide who will get how much share, if any. Jack's letter of wishes is not binding on KLG. Basically, the beneficiary's interest in the asset or share of assets held under such trust must be absolutely or indefeasibly vested and immediately enjoyable if it is to be counted as the benefic

Which of the following activities may constitute a market misconduct offence under the SFA?

Making an unsolicited offer of bonds of Company X to an accredited investor at a non-business function

Asking a family member to buy shares of Company X after receiving non-public and price-sensitive information about Company X

Making an unsolicited offer for a private placement issue of Company Z's bonds to accredited investors

Circulating a statement that the price of shares of company Z will rise due to some market rigging transactions

**Explanation:** The prohibition against securities hawking does not apply if the securities are offered without a prospectus under the public offering exemptions prescribed in the relevant sections of the SFA for institutional investors, accredited investors and other relevant persons.

With regards to the issuance of bonds in Singapore by wholesale banks, which of the following statements is FALSE?

A wholesale bank in Singapore can issue bonds which are denominated in Euro.

A wholesale bank in Singapore can issue bonds in Singapore dollars.

If the bonds are denominated in foreign currency, the original maturity should not be less than 12 months.

If the bonds are denominated in Singapore dollars, the denomination should not be less than SGD200,000.

**Explanation:** (Chapter 1.4) If the bonds are denominated in SGD, the original maturity should not be less than 12 months.

Ray Inc is wholly owned by Jane and Norman. Creda Inc is wholly owned by Rick, Jackie and George. Latch Inc is owned by Ray (70%) and Creda (30%). Latch Inc's directors are Jane, Jackie and John and it fully owns Yay Ltd in which Kevin is the sole director. In the context of insider trading, who are the connected persons of Latch Inc?

Jane, Norman, Rick, Jackie, George, John and Kevin

Yay, Jane, Jackie, John and Kevin

Ray, Creda, Yay, Jane, Norman, Rick, Jackie, George, John and Kevin

Ray, Jane, Norman, Jackie, John

**Explanation:** Firstly, if the question did not include a chart, you should draw a simple one to have a clear visual view of the relationship between the companies and individuals. In the context of deeming who are "connected persons" for the purpose of tackling insider trading, only individuals are focused upon because even if insider trading is carried out by a corporation, it would have been done by an individual. Furthermore, the net would be casted too wide if the entire corporation were to be deemed as connected, since the corporation could have many common employees and minority shareholders (e.g. for a listed company) who are unlikely to possess inside information.

A person may be considered guilty of Dissemination of Information about market rigging transactions:

If an associate of that person purportedly entered into the transactions

If the person indirectly received any benefit for the dissemination

If an associate of that person directly received any consideration for the dissemination

All of the above

**Explanation:** (Chapter 1.5) The conditions for considering the person guilty are: If the person or his associate has entered into or purported to enter into that transaction, OR if the person or his associate received, directly or indirectly, any consideration or benefit for the dissemination.

Which of the following is/are FALSE about a covered entity (CE)?

CE provides services to HNWI.

A CE must have a Merchant Banking licence.

It must comply with relevant MAS guidelines.

It falls outside the ambit of Private Banking Code of Conduct.

**Explanation:** (Chapter 1.4) CEs need not necessarily have a Merchant Banking licence (they may have other types of licences as well). CEs fall under the ambit of the Private Banking Code of Conduct.

John, Jane, Jack and Jill are joint account holders for a trading account with KLG Limited (a Covered Entity). John is the only person who qualifies as an accredited investor (AI). In this context, which of the following statements is TRUE?

Since all account holders are not AIs, the account must be designated as a retail account.

The account can be granted AI status if John requests for the same.

The account can be granted AI status based on John's request, but only if Jane, Jack and Jill also opt in for the AI status of the account.

If the account is granted AI status, only John can be considered an AI in respect of the joint account.

**Explanation:** (Chapter 1.2.1) In order for a joint account to qualify for AI status at least one joint account holder must have been assessed as qualifying as an AI and that joint account holder has opted in for AI status, and all other joint account holders who do not qualify for AI status (in their individual capacity) must have opted in for AI status in respect of the joint account. In such a scenario, all account holders will be treated as AIs in respect of the account. If any one of the joint account holders has not opted in for AI status, the joint account will be designated as a retail joint account and none of the joint account holders will be able to transact through that joint account as an AI. Likewise, if any one joint account holder opts out of AI status, the joint account will be redesignated as a retail joint account and none of the joint account holders will be able to transact through that joint account as an AI.

Which of the following factors is/are included for assessing honesty, integrity and reputation of a Covered Person?

Whether he has been convicted of any offence under any law in any jurisdiction.

Whether he is being subject to any pending proceedings which may lead to such a conviction, under any law in any jurisdiction.

Whether he has accepted civil liability for fraud under any law in Singapore.

Whether he has had any civil penalty enforcement action taken against it by MAS.

**Explanation:** (Chapter 1.5) It is important to check whether the relevant person has been convicted of any offence under any law in any jurisdiction, whether he is subject to any pending proceedings which may lead to such a conviction, under any law in any jurisdiction, whether he has accepted civil liability for fraud under any law in Singapore, and whether he has had any civil penalty enforcement action taken against it by MAS.

Which of the following statements about Intercontinental Exchange Futures Singapore Pte Ltd. (IFSG) and Intercontinental Exchange (ICE) is/are TRUE?

ICE is the subsidiary of IFSG.

ICE is a global network of exchanges and clearing houses for financial and commodity markets based in the United States.

IFSG is an approved exchange under the MAS Act.

ICE has numerous regulated exchanges under its ambit.

**Explanation:** (Chapter 1.4.5) The IFSG is a subsidiary of ICE. IFSG is an approved exchange under the SFA. The other statements are true.

Which of the following is generally not considered a focus area of wealth management?

Wealth succession

Wealth multiplication

Wealth preservation

Wealth accumulation

**Explanation:** (Chapter 1.3) Wealth multiplication is not a focus area.

You got a new client to complete a questionnaire to better understand their investment profile. The following are the results:

- 1) Investment Horizon (Years): 0-2, 2-6, (6-9), 9
- 2) Knowledge of investments: Very little, (**Moderate**), Extensive
- 3) Primary growth goal: Conservative stream, (**Income with some growth**), Medium term growth, Long term growth

List of Investment Profiles:

Conservative Income: 70% Fixed Income and 30% Equities

Balanced: 60% Equities and 40% Fixed Income

Growth: 80% Equities and 20% Fixed Income

Aggressive Growth: 100% Equities

Based on the third part of the questionnaire, which profile does the client fall into?

Conservative Income

Balanced

Growth

Aggressive Growth

**Explanation:** FIs have different categories and different weightage given to each question in a questionnaire. For the purpose of the CACS exam, assume there are only those 4 profiles, namely Conservative, Balanced, Growth and Aggressive. Note that the questionnaire can only offer an insight of client's preference and knowledge based on the input, but the ultimate recommendation should be based holistically, taking into consideration client's circumstances such as age, commitments, health etc. This question specifically asked you about the third part of the questionnaire, which is the client's primary growth goal, which is the second bracket.

Developing wealth management or investment solutions and advising client involves which of the following activities?

Assess and understand the features and risk-reward of products

Ensure reasonable basis for suitable product recommendations;

Develop holistic solutions by taking into account the profile of the client.

Prospecting for clients through introducers.

**Explanation:** (Chapter 1.5) Prospecting for Clients through introducers is part of Marketing Activities and Client Acquisition.

Which of the following statements about Boutique Private banks is/are TRUE?

They focus on specialized services based on their specific capabilities

They distinguish themselves with pro-active, client-centric and highly personalised service

These include the traditional Swiss Private Banks which are limited partnerships

All of the above

**Explanation:** (Chapter 1.4) Boutique Private Banks focus on specialized services based on their specific capabilities. These include the traditional Swiss Private Banks which are limited partnerships. They distinguish themselves with pro-active, client-centric and highly personalised service.

Which of the following is TRUE about the Monetary Authority of Singapore (MAS)?

MAS is responsible for monetary policy of Singapore.

It supervises banks and other financial institutions.

It regulates the insurance industry.

It regulates the securities and futures industry.

**Explanation:** (Chapter 1.4) MAS is responsible for the monetary policy of Singapore. It supervises banks and other FIs. It regulates the insurance and the securities and futures industry.

Which of the following statements in relation to accredited investors is/are TRUE?

An HNWI is automatically treated as an accredited investor

Being an AI means that the person is financially savvy

An accredited investor is accorded the same level of regulatory protection as the man-on-the-street

All of the above

**Explanation:** (Chapter 1.2) An HNWI must meet the criteria for being treated as an AI. AIs are not accorded the same level of regulatory protection as a normal retail investor.

John is designated as an accredited investor (AI) for his trading account with KLG Bank. John purchases some exotic derivative products only available to AIs. John wants to opt out because he no longer wants to be considered an AI. In this context, which of the following statements is TRUE?

- John cannot opt out if he meets the relevant criteria for AIs.  
John can opt out only if he sells the products which are accessible to him only because of his AI status.  
If John opts out, he will get enhanced regulatory protection with respect to the exotic derivative product.  
John will get enhanced regulatory protection, available for non-AI investors, for transactions executed after he is allowed to opt out.

**Explanation :** (Chapter I.2.1) Since the exotic derivative product was purchased when John an AI, he would not benefit from regulatory safeguards accorded to a non-AI even if he opts out. He can choose to opt out without selling such investments, and even if he meets the relevant criteria for being considered an AI. After John is allowed to Opt Out, he will be subject to the regulatory safeguards accorded to a non-AI investors (retail investors) for future transactions.

Jane owns and stays in a S\$1.5 million apartment in Singapore. She also owns a S\$400,000 apartment for investment purpose. She has a S\$200,000 home loan outstanding for the apartment where she stays. She has invested S\$700,000 in Singapore Government Bonds at par value. She has a luxury car collection valued at S\$1 million and owns antiques worth S\$200,000. She has earned S\$350,000 over the last 12 months as a director in PQR Limited. Jane approaches ABC Bank (a Covered Entity) for wealth management services. ABC Bank considers individuals with total investable assets above S\$1.5 million as High Net Worth Individuals (HNWIs). Jane wants to be considered an Accredited Investor (AI). ABC may consider Jane:

- an AI, but not an HNWI.  
an HNWI, but not an AI.  
both an AI and an HNWI.  
neither an AI nor an HNWI.

**Explanation :** (Chapter I.2) Jane's investable assets include bonds worth S\$700K and S\$400K for her second apartment (investment purpose). So, her total investable assets are S\$1.1 million. Her primary residence and collectibles have to be excluded from the calculations. Therefore, she cannot be considered an HNWI based on ABC bank's criteria (>S\$1.5 million). Further, Jane's net personal assets total S\$3.3 million, including S\$1 million for the apartment (capped net equity value of S\$1.3 million), S\$400K for the second apartment, S\$1million for the cars, S\$200K for the antiques and S\$700,000 (the Singapore Government bonds). Her income during the last 12 months is S\$350K. Therefore, based on the net personal assets and the income criteria, she is an AI.

John is the owner of a listed company which has mounting debts and deteriorating financial situations. He told this to his good friend Jack who was an online influencer with a sizable following. John arranged for Jack to speak during an event, in which Jack told John's company's customers that the company was highly profitable lately, although he did not have evidence. Has Jack committed any offence?

- Yes, he has deliberately misled the customers into thinking that the company is financially sound  
No, he has not misled the customers as his best friend did not inform him in an official manner of the poor financial conditions  
No, as he has done the correct thing by only speaking to the customers and adding that he had no evidence  
No, as he has only spoken to the customers and has not put it in writing

**Explanation :** No person shall make a statement, or disseminate information, that is false or misleading. Making such statements in public can have a material effect on the market price of securities. For example, the stock price may increase or stabilize due to the misleading statement, as opposed to decreasing if the public were to know the truth.

Which of the following persons/entities is an accredited investor?

- An individual whose Net financial assets (net of any related liabilities) is S\$1.1 million  
A limited liability partnership in which each partner is an accredited investor  
A trustee of a trust where all settlors are accredited investors without settlor reserved powers and revocation powers  
A trustee of a trust of which all property and rights held on trust for its beneficiaries is S\$5 million in value

**Explanation :** (Chapter I.2) Limited Liability Partnerships are excluded. For a trust, the settlors must be AIs and have settlor reserved powers and revocation powers. Trust property should exceed \$10 million in value.

Jane has been your client for 2 years and wishes to create a new investment portfolio from funds she received last week from a large inheritance. The following were the results of a questionnaire filled up by her 3 months ago:

- 1) Investment Horizon (Years): 0-2 , 2-6, (6-9) , 9  
2) Knowledge of investments: Very little, (Moderate) , Extensive  
3) Primary growth goal: Conservative stream , (Income with some growth) , Medium term growth, Long term growth

List of Investment Profiles:

Conservative Income: 70% Fixed Income and 30% Equities  
Balanced: 60% Equities and 40% Fixed Income  
Growth: 80% Equities and 20% Fixed Income  
Aggressive Growth: 100% Equities

Which of the following actions would you undertake?

- Recommend Jane to create a portfolio comprising 60% equities and 40% fixed income.  
Recommend Jane to a portfolio comprising 80% equities and 20% fixed income.  
Request Jane to complete the questionnaire once more to obtain the most updated information.  
Propose to meet up with Jane to discuss her current situation.

**Explanation :** The death of a loved one or the sudden receipt of a huge sum of money can have different impact on different individuals. Even if Jane were to convey through a questionnaire that there had been no change to her questionnaire response, you should meet up with Jane to better understand her new circumstances in order to derive the best advice to her.

In which of the following cases an individual may risk not satisfying the fit and proper criteria?

He has been a substantial shareholder of a business that had gone into administration.

He has been asked to resign from a fiduciary position in the past.

He has been censured by the MAS.

He has resigned from his last job as a front office manager after a fight with his manager.

**Explanation:** (Chapter 1.5.4) Resigning on his own does not make an individual unfit in the context of the fit and proper criteria. The other options describe situations where the individual will fail the fit and proper test of Honesty, Integrity And Reputation.

A Covered Person may be exempted from certain examination requirements mandated in the MAS notices provided he possesses some qualification and experience or restricts his regulated activities to a limited market segment. Which of the following is NOT a circumstance where such exemptions are available?

Providing venture capital fund management services

Providing services for management of funds only for accredited investors

Providing only Financial advisory services in respect of capital market products to sophisticated investors

Providing only financial advisory services in respect of Singapore Government Securities

**Explanation:** (Chapter 1.5) Providing only Financial advisory services in respect of capital market products to SOPHISTICATED investors is not a circumstance for exemption from examination requirements.

Which of the following statements best describes insider trading under the SFA?

Trading for shares based on a company's announced plans to expand into a new growth market

Trading shares when in possession of non-public price sensitive information

Selling securities immediately prior to a significant drop in the price of the securities

Revealing financial information in a company's prospectus to a family member

**Explanation:** Insider trading means dealing in related securities while possessing non-public and price sensitive information. Announced plans are public information. Selling securities immediately prior to a significant drop in the price could be plain lucky and cannot be deemed as insider trading. Information published in a prospectus is public too.

Which of the following is considered to be a form of market misconduct under the SFA?

Market rigging transactions

Counterfeiting banknotes

Dishonest misappropriation of property

Criminal breach of trust

**Explanation:** Counterfeiting banknotes, dishonest misappropriation of money and criminal breach of trust are offences under other statutes or laws, NOT under the SFA.

Jane works in the proprietary trading department of ABC Bank Limited in Singapore. Jane exclusively deals in bond trading on behalf of ABC. Jane comes to know that John, the equity trader in the proprietary division, is actively engaging in propping up the share price of PQR Limited through algo trading. John owns 10,000 shares of PQR. Jane:

Should inform her superiors about John's market misconduct.

Must not inform anyone about John's market misconduct because she will be guilty of disseminating information about illegal transactions.

Should ignore the matter because she is not concerned with equity trading.

Must ask John to stop the market manipulation.

**Explanation:** (Chapter 1, Section 1.5) Dissemination of info about illegal transactions by a person is prohibited if the person or his associate has entered into or purported to enter into that transaction, or the person or his associate received, directly or indirectly, any consideration or benefit for the dissemination. In this context, Jane is not associated with John in relation to the illegal transactions. So, she can inform her superiors.

If a wholesale bank operates a current account denominated in Singapore Dollars for a natural person who is a resident of Singapore, the current account:

Should not be interest-bearing except with the approval of the MAS

Should pay interest above SIBOR at all times

Should not be used for making any overseas payments

Should be closed as soon as the person becomes an accredited investor

**Explanation:** (Chapter 1.4) SGD-denominated current accounts for Singapore Resident natural persons should not be interest bearing (unless approval of the MAS has been obtained).

Covered Entities include those licenced by MAS as:

- Full Banks
- Merchant Banks
- Wholesale Banks
- All of the above

**Explanation :** (Chapter 1.4) CEs may have any of these licences.

A Covered Person is expected to be a 'fit and proper' person in compliance with the relevant MAS guidelines. The criteria taken into account by MAS to determine whether a person is 'fit and proper' include his:

- Honesty and integrity
- Competence and capability
- Financial soundness
- All of the above

**Explanation :** (Chapter 1.5) Honesty and integrity, Competence and capability, and Financial soundness are considered to determine whether a CP is fit and proper.

Wealth preservation services include:

- Asset ownership.
- Asset protection.
- Advice on Asset Titling.
- Asset control.

**Explanation :** (Chapter 1.3) Asset titling issues are related to wealth succession.

A prospective client wishes to open a Singapore Dollar fixed deposit account with a wholesale bank. Can the Covered Person open such an account?

- Yes, provided the initial deposit is a minimum of S\$250,000
- Yes, provided the client is an HNWI
- No, a wholesale bank cannot operate any product involving the Singapore dollar
- No, a wholesale bank cannot operate fixed deposit accounts

**Explanation :** (Chapter 1.4) Wholesale Banks may only accept fixed deposits where the initial deposit and the outstanding deposit at all times is not less than S\$250,000.

Covered entities providing comprehensive services may:

- Manage the business assets and liabilities of the client's family
- Provide services for divestment of family-owned businesses
- Assist the client in setting up a family office
- All of the above

**Explanation :** (Chapter 1.4) CEs providing comprehensive services may provide all the mentioned services.

You are the Covered Person responsible for managing the trading account of KLG Corporation. The net assets of KLG are SGD8 million. Robert, the head of the proprietary trading division of KLG, is authorized to take decisions on behalf of KLG. KLG is equally owned by John, Jane and XYZ Corporation. John has net personal assets of SGD 2.6 million and Jane earns SGD30,000 per month. XYZ has net assets of SGD9 million. 100% shares of XYZ are owned by Jill. Jill owns financial assets comprising shares worth SGD2.5 million (including XYZ's shares) purchased using a 1:2 margin account facility. In this context, which of the following statements is TRUE?

- If Robert requests, you can allow KLG to opt in as an Accredited Investor (AI).
- KLG can be considered an AI only if Robert is an AI.
- KLG can be considered an AI only if any of its owners makes the request for KLG to opt in as an AI.
- KLG cannot opt in as an AI because it does not meet the required net asset criteria.

**Explanation :** (Chapter 1.2.1) To be considered an AI, a corporation should either have Net assets more than SGD10 million (or its equivalent in a foreign currency), or its entire share capital should be owned by one or more persons, each being an AI. KLG does not qualify based on the net asset criteria, but each of its owners is an AI. John's net personal assets exceed SGD2 million, Jane earns more than SGD300K per year, and Jill (the ultimate owner of XYZ) has net financial assets in excess of SGD 1 million (even after considering the 1:2 margin account financing). Note that XYZ is not an AI, but what matters is whether its ultimate owner (Jill) is an AI or not. Therefore, if the authorised person Robert requests, KLG can be considered an AI.

Private Banks often classify their clients guided by:

- The type of assets placed by the client under management with them
- The amount of assets placed by the client under management with them
- The period of their contract with the client
- None of the above

**Explanation :** (Chapter 1.2) The amount of assets test is used.

Which of the following is FALSE regarding a Covered Person meeting the 'Fit and Proper' criteria?

Failure to meet the criteria may lead to an automatic revocation of the status of an appointed representative

A covered entity is required to report to the MAS if any of its covered persons fail to meet the criteria

The significance of failure to meet the criteria depends on the passage of time since the failure

None of the above

**Explanation:** (Chapter 1.5) The failure by a Covered Person to meet the fit and proper criteria set out in these Guidelines MAY NOT lead to an automatic revocation of the status of an appointed representative. Other factors need to be considered before revocation.

A Covered Person can be appointed as an 'appointed representative' of more than one principal at any given time:

With the approval of MAS.

Provided the principals mutually agree to such an arrangement.

Provided the principals are related corporations.

With the approval of its board of directors.

**Explanation:** (Chapter 1.5) For being appointed as an appointed representative for more than one principal at any given time, prior approval of MAS is required OR the principals must be related corporations.

Securities Hawking refers to:

Making an offer of securities in an unsolicited meeting

Insider trading by an unconnected person

Insider trading by a connected person

None of the above

**Explanation:** (Chapter 1.5.7.8) Securities hawking refers to making an offer of securities in an unsolicited meeting.

A covered entity which is a Capital Markets Services Licence holder:

Cannot use the word 'Bank' in its name.

Can be allowed to provide custodial services for securities.

Cannot be allowed to carry out leveraged trading in foreign exchange.

Can be allowed to manage Real Estate Investment Trusts

**Explanation:** (Chapter 1.4) CEs who are CMSL holders can carry out leveraged FX trading (please see footnote 6 on page 9).

The SFA prohibits various market misconducts which apply to a Covered Person. Which of the following is not such a misconduct?

Dissemination of false or misleading statements and information

Futures trading

Insider trading

Employment of manipulative or deceptive devices

**Explanation:** (Chapter 1.5) Futures trading is not a form of market misconduct.

ABC Limited is a Wholesale Bank in Singapore. Which of the following instruments can be issued by ABC without the prior approval of the MAS?

A 6-month US dollar bond issued at par

A S\$100,000 negotiable certificate with a maturity of 12 months

A S\$500,000, 3-year bond issued to Jane who is a nominee of John, a sophisticated investor.

A S\$50,000 negotiable certificate issued to John who is not a sophisticated investor.

**Explanation:** (Chapter 1.4) Wholesale Banks may issue bonds and negotiable certificates of deposit in Singapore, provided that they are denominated in foreign currency, or, if they are denominated in Singapore dollars, they must have an original maturity period of not less than 12 months, be issued in a denomination of not less than S\$200,000, or be issued to sophisticated investors or their nominees.

Which of the following is generally not considered a focus area of wealth management?

Wealth succession

Wealth multiplication

Wealth preservation

Wealth accumulation

**Explanation:** (Chapter 1.3) Wealth multiplication is not a focus area.

An individual who meets the required criteria for being considered an accredited investor (AI):

- Needs to opt-in for being considered an AI, but cannot opt out once he has given his consent for being considered an AI
- Will automatically be considered an AI, but can opt out at any time after being declared an AI
- May opt-in for being considered an AI and can opt out at any time by notifying the covered person
- Will automatically be considered an AI for 6 months, and can opt out at any time thereafter

**Explanation:** (Chapter 1.2) Opt-in is a must. Opt-out is possible at any time by notifying the CP.

The Financial Soundness criteria for determining whether a person is Fit and Proper include:

- whether he has been unable to fulfill any of its financial obligations outside Singapore.
- whether he has entered into a compromise with his creditors.
- whether he has been subject to a bankruptcy petition outside Singapore.
- has been subject to a fully satisfied judgement debt outside Singapore.

**Explanation:** (Chapter 1.5.4) The Financial Soundness criteria for determining whether a person is Fit and Proper include checking whether the person is subject to a judgement debt which is UNSATISFIED, either in whole or in part, in Singapore or elsewhere. The other options state financial soundness criteria.

The shares of ABC Limited, a mid-cap company, are listed on XYZ Exchange. They are relatively illiquid, with the 7-day average daily volume being 10,500. The last traded price is \$18.20, which is about 10% below the IPO price of \$20. John holds about 10,000 shares of ABC which he got at the IPO. John decides to buy more shares every day at the close of the trading hours with the hope of pushing up the share price. The illiquidity helps John achieve his objective and the closing price crosses \$21.50 in a few days. By that time, John has accumulated a total of 14,000 shares at an average price of 21.25. John sells the shares at an average price of \$19.50 over the next few days. In this context, which of the following statements is TRUE?

- John is not guilty of market misconduct because he did not profit from his transactions.
- John is using a legitimate trading strategy to push up the price of the shares and has taken significant risk while doing so.
- John intended to push up the price of the shares to benefit from the rise. Therefore, he is guilty of market manipulation.
- John is not guilty of market misconduct because there was change in beneficial ownership of the shares in each of his transactions.

**Explanation:** (Chapter I.5.7) John is guilty of false trading because he traded with an intention of rigging the price of the shares at the close of trade to benefit from the rise. The fact that he did not make a profit is irrelevant because he manipulated the market by interfering with the genuine forces of supply and demand to inflate share prices.

A Merchant Bank may conduct which of the following activities without specific permission from the MAS?

- Discounting of money market instruments in Singapore dollars
- Raising monies by issuing promissory notes
- Operating an Asian Currency Unit Account
- All of the above

**Explanation:** (Chapter 1.4) Merchant banks may not raise monies by issuing promissory notes or operate ACU accounts.

You got a young couple to complete a questionnaire to better understand their investment profile. The following are the results:

- 1) Investment Horizon (Years): 0-2 , 2-6 , **(6-9)** , 9+
- 2) Knowledge of investments: Very little , **(Moderate)** , Extensive
- 3) Primary growth goal: Conservative stream , Income with some growth , **(Medium term growth)** , Long term growth

List of Investment Profiles:

Conservative Income: 70% Fixed Income and 30% Equities

Balanced: 60% Equities and 40% Fixed Income

Growth: 80% Equities and 20% Fixed Income

Aggressive Growth: 100% Equities

- Conservative Income
- Balanced
- Growth
- Aggressive Growth

**Explanation:** Ifs have different categories and different weightage given to each question in a questionnaire. For the purpose of the CACS exam, assume there are only those 4 profiles, namely Conservative, Balanced, Growth and Aggressive. Note that the questionnaire can only offer an insight of client's preference and knowledge based on the input, but the ultimate recommendation should be based holistically, taking into consideration client's circumstances such as age, commitments, health etc.

Regarding collaborative relationships of Covered Persons in Private Banking, which of the following is/are TRUE?

- A relationship Manager can be a generalist
- An assistant relationship manager liaises with subsidiaries on client related matters on behalf of the relationship manager
- A product specialist executes investment transaction orders
- All of the above

**Explanation:** (Chapter 1.5) The Investment Consultant and Product Specialist liaises with subsidiaries on client-related matters on behalf of the Relationship Manager. Assistant Relationship Manager executes investment transaction orders.

When assessing whether a CP is "fit and proper", which of the following criteria does MAS consider?

Academic qualifications with at least a degree in finance or banking

Conviction of an offence in a foreign jurisdiction

Whether he has entered into a compromise with creditors that is still in operation

Ability to fulfil financial obligations in Singapore

**Explanation:** Remember the six key points of being fit and proper: Honesty, integrity, reputation, competence, capability and financial soundness. Note that not having a specific degree does not make one unfit.

Which of the following statements about the insider trading offence is TRUE?

It may be presumed that an unconnected person knows or ought reasonably to know that the information is non-public and price-sensitive

A person in possession of non-public price-sensitive information is prohibited from procuring another person to deal in the relevant securities only if either person is likely to profit from such dealings

The insider trading offence may be committed even when not in possession of non-public price-sensitive information

None of the above

**Explanation:** (Chapter 1.5) The presumption in option A is valid for a connected person. A person in possession of non-public, price-sensitive info may not procure another person to deal in the relevant security in any circumstances (profitability is not a consideration). The Insider trading offence arises only if a person is in possession of non-public, price-sensitive info.

John opens a trading account with ABC Brokers. The account is actively used for trading by his friend Jane. Jane's father is the CFO of PQR, a large-cap company listed on the SGX. ABC is unaware that John's account is being operated by Jane. In this context, which of the following statements is/are TRUE?

Jane will be guilty of market misconduct if she trades in PQR's shares based on insider information.

John is guilty of deception as he has opened a trading account which is being used by another person, without the knowledge of ABC.

ABC is guilty of market misconduct because it allowed Jane to trade using John's account.

Jane is not guilty of market misconduct if she does not take the profits made from any trade.

**Explanation:** (Chapter 1.5.7) John is guilty of deception under section 201 of the SFA because he allowed Jane to trade using his account when ABC was under the impression that the account was for John. Jane is guilty of market misconduct because she is trading by using another person's trading account. She will be guilty of insider trading if she trades in PQR's shares based on insider info. ABC is not guilty of market misconduct because it was not aware of the fact that the trading account was being used by Jane.

Which of the following are essential roles of a Covered Person?

Advising on the legality of client's proposed legal structures for holding assets

Performing KYC and client profiling procedures

Monitoring the performance of a client's portfolio

Reviewing a client's portfolio in accordance with the client's mandate.

**Explanation:** The main roles of client-facing Covered Persons are: Marketing, Dealing with a prospective client, Commencing a client relationship - KYC (Know Your Client) and client profiling, Developing wealth management strategies and implementing recommendations, in accordance with the client's mandate (if any), and Monitoring and reviewing a client's portfolio in accordance with the client's mandate (if any). Advising on the legality of client's PROPOSED legal structures for holding assets is not an essential role.

A new product has been launched significant characteristics with an offering documentation of more than 200 pages. What would you do to help investors understand the product?

Approach the relevant persons such as other Covered Persons in the Covered Entity and the product specialist to develop a Q&A list to help Covered Persons and customers to better understand the product

Read all documentation relating to the product

Seek external legal or professional advice to assist in the understanding of the product

Distribute the product documentation to the customers for them to read and come to their own conclusions

**Explanation:** It is not realistic to expect every investor to read through a 200-page document, or even after having done so one would fully understand the product. It is also unrealistic to have to pay professional fees to a professional to understand a new product. It would be very useful to create a Q&A list with the help of a product specialist. However, do take note that any documents need to obtain clearance from the legal and compliance department if they were to be used along with, or used as a marketing material.

Which of the following statements about client segmentation is TRUE?

UHNWIs have minimum \$100 million in investable assets

HNWIs have minimum \$10 million in investable assets

Mass Affluent Investors have minimum \$50 million in investable assets

None of the above

**Explanation:** (Chapter 1.2) Investable assets criteria: UHNWI: Above S\$50 million, HNWI: S\$1 million to S\$50 million, Mass Affluent: S\$200,000 to S\$1 million.

Depending upon their activities, Covered Entities may be subject to the regulatory requirements set out in which of the following statutes?

Banking Act

Financial Advisers Act

Trust Companies Act

Insurance Act

**Explanation:** (Chapter 1.4) CEs are not directly subject to the Insurance Act, although non-compliance with any requirement imposed by the Insurance Act is considered market misconduct.

Jack, a 65 years old business tycoon, sets up a discretionary trust for the benefit of his wife Jill and his only child Jane. Jack transfers all his assets and businesses (net asset value SGD9 million) to the trust. KLG Corporation is the trustee of the trust. Jack reserves the powers of investment and asset management for himself, although he cannot revoke the trust. Jack's letter of wishes states that, upon his death, the assets transferred to the trust should be divided equally among the two beneficiaries. The assets transferred to the trust include Jack's share of a SGD4 million apartment jointly owned by Jack (60%) and Jill (40%). The apartment has been let out for rental income. Jill owns the residential apartment (market value SGD250,000) where the family stays and has SGD50,000 in savings. Jane is the CFO of a multinational corporation, with an annual salary of SGD350,000 plus perks. She also has SGD100,000 in savings. Robert, the authorized person of KLG, approaches you for opening a trading account for investing the cash in Jack's trust account. KLG wants to be considered an Accredited Investor in the context of Jack's trust. In this context, which of the following statements is TRUE?

KLG can be considered an AI because the settlor was an AI.

KLG can be considered an AI because both Jill and Jane are AIs based on their personal assets.

KLG cannot be considered an AI because it does not meet any of the relevant criteria.

KLG can be considered an AI because the beneficiaries are AIs based on their share in the trust property.

**Explanation:** (Chapter 1.2.1) A Trustee of Trust, when acting in that capacity, can be considered an AI if the Trust property exceeds SGD10 million in value (or its equivalent), or All beneficiaries of the trust are AIs, or all settlors are AIs and have reserved to themselves all powers of investment and asset Management functions under the trust, and have reserved to themselves the power to revoke the trust. Jack has transferred all his assets to the trust. Therefore, he is not an AI. In any case, Jack does not have the power to revoke the trust, the trust cannot be an AI based on the settlor's qualifications despite reserving investment and asset management powers for himself. Jane is an AI based on the annual income criteria. However, the total value of Jill's net assets is 40%\*SGD4 million + SGD250K+SGD50K = SGD1.9 million. Therefore, she is not an AI. Hence, one of the beneficiaries is not an AI. Consequently, the trust cannot be an AI based on this criteria. It is important to note that Jill and Jane cannot include their shares of the property transferred by Jack to the trust in their net assets. This is because the trust is a discretionary trust and their shares are not certain. KLG has the power to decide who will get how much share, if any. Jack's letter of wishes is not binding on KLG. Basically, the beneficiary's interest in the asset or share of assets held under such trust must be absolutely or indefeasibly vested and immediately enjoyable if it is to be counted as the benefic

The assessment of a person as being Fit and Proper under the Honesty, Integrity and Reputation criteria includes considering whether he:

has a judgment debt entered against him in any civil proceedings outside Singapore.

was a director of a company which has been convicted of a criminal offence in relation to a matter that took place within one year of his relinquishing office as a director.

has been a substantial shareholder of a business which has been refused registration by a professional body outside Singapore.

has been suspended by the MAS.

**Explanation:** (Chapter 1.5.4) Some of the key criteria for judging Honesty, Integrity and Reputation criteria include whether the person is or has been a director, partner, substantial shareholder or concerned in the management of a business that has been censured, disciplined, prosecuted or convicted of a criminal offence or been the subject of any disciplinary or criminal investigation or proceeding, in Singapore or elsewhere, in relation to any matter that took place WHILE the person was a director, partner, substantial shareholder or concerned in the management of the business. The judgement debt criteria relates to financial soundness.

A Merchant Bank may:

Deal in gold

Participate in syndicated loans and act as guarantors

Lend in institutional money markets

All of the above

**Explanation:** (Chapter 1.4) Merchant banks are allowed all the mentioned activities.

One of the essential roles a Covered Person is to understand client's wealth management or investment needs. Which of the following activities is/are considered part of this essential role?

Assessment of client's risk tolerance.

Assessing client's investment goals and priorities.

Understanding client's personal circumstances.

Provide independent, prompt and appropriate handling of client dispute and complaint resolution.

**Explanation :** (Chapter 1.5) Providing independent, prompt and appropriate handling of client dispute and complaint resolution is part of the "Monitor and Review Client's Portfolios in Accordance with the Client's Mandate (if any)" role.

John is an accredited investor. His financial adviser Jane recommends him to buy 100,000 shares of PQR Limited over the next one month. Later, Jane comes to know from an insider (Robert) in PQR that the company is about to declare stellar quarterly results very soon. John starts to buy the shares in lots of 5,000 after Jane gets the insider information. Jane encourages John to buy more shares because she knows that her client will benefit from the purchases. John continues to buy shares and PQR's share price goes up significantly after the results. John makes a substantial profit from his investment. In this scenario:

Jane is not guilty of insider trading because she allowed John to trade in PQR's shares but never shared insider information with him.

John is guilty of insider trading if he is a connected person of PQR.

Jane is not guilty of insider trading because she did not recommend John to buy PQR's shares based on the insider information.

Robert is guilty of insider trading even if he did not trade in the shares of PQR based on the insider information.

**Explanation :** (Chapter 1, Section 1.5) Any person in possession of non-public price sensitive info is prohibited from procuring another person to deal in the relevant securities, or communicating the non-public price-sensitive info to another person if the person knew or ought reasonably to have known that the other person would or would likely deal in the relevant securities or procure another person to do so. Therefore, both Jane (encouraging - procuring John to buy the shares even after Jane got the insider info) and Robert (sharing of insider info) are guilty of insider trading. John will not be guilty of insider trading even if he is a connected person because he did not trade whilst in possession of the insider info. John never got the insider info.

Jane, the Chief Financial Officer (CFO) of the real estate developer firm ABC, drafts its IPO prospectus. In the prospectus Jane mentions that ABC will begin the execution of a \$100 million residential development project within 60 days of the closure of the IPO. Jane also mentions that the funds for the development will be sourced internally. She does not mention that the funds will be obtained as loan from a sister corporation. Jane:

need not mention the details of the funding because the funding is to be obtained from a sister corporation.

should have mentioned the details of the funding source for the investors to make an informed decision.

is guilty of Employment of Manipulative and Deceptive Devices because she omitted a material fact that could have reduced the ambiguity about the funding source.

is not guilty of market misconduct because the investors can always ask the company directly if they have any doubts.

**Explanation :** (Chapter 1.5) Jane omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. She is, therefore, guilty of employment of manipulative and deceptive devices to encourage investors to subscribe to ABC's shares.

In assessing the competency and capability of a relevant person, the MAS guidelines look at:

The annual income of the relevant person.

Whether the person has satisfactory past performance or expertise.

Whether he had been dismissed from a fiduciary appointment in the last 3 years within Singapore.

Whether the person's assumed responsibilities would give rise to a conflict of interest or otherwise impair his ability to discharge his duties.

**Explanation :** (Chapter 1.5) Annual income of the relevant person is not a criteria for assessing his competency and capability. Dismissal from a fiduciary appointment in Singapore may be taken into account - but there is no time period consideration, and the dismissal could happen both inside and outside Singapore.

You are a Covered Person providing trading account services to Jane. Jane earns SGD200,000 per annum and wants to trade in exotic derivatives and other risky instruments. Presently, she cannot do so because the trading account is designated as a retail account. Jane inherits a SGD2.5 million commercial property in Singapore from her father John through a gift. Jane's brother Jack disputes the registration of the property in the court. The court passes an order restricting the transfer of the property pending decision on the matter. Based on the inheritance, Jane wants to be treated as an accredited investor. In this context, which of the following statements is TRUE?

Jane can be considered an AI if she opts in for the status because she meets the relevant criteria.

Jane cannot be considered an AI because the property is encumbered.

Jane can be considered an AI till the time the case is decided against her in the court.

Jane can be considered an AI if Jack confirms in writing that he has no objection to Jane being considered an AI for the account.

**Explanation :** (Chapter 1.2.1) Only unencumbered properties can be considered a part of an investor's assets. The commercial property cannot be considered part of Jane's net assets because of the court order. Therefore, she does not meet the criteria to be an AI.

Before being appointed as an 'appointed representative' of a covered entity, a Covered Person is required to comply with which of the following requirements set out in the MAS notices?

- SFA Exam Notice when he is providing financial advisory services
- FAA Exam Notice when he is providing capital markets services
- Passing of Client Advisory Competency Standards assessment before providing financial advice

All of the above

**Explanation:** (Chapter 1.5) SFA Exam Notice is relevant when providing capital market services and FAA Exam Notice is relevant when providing financial advisory services.

John posted a news on his highly popular investment blog that the CEO of ABC Ltd. may be arrested for fraud. John's statement is based on rumours in the market. John has not verified the information and does not care whether the information is correct or not. He wants readers to short the stock and make profit. He wants to increase the number of readers and followers of his blog. John has committed the offence of:

- Securities market manipulation
- Insider trading
- Making false and misleading statements
- Fraudulently inducing persons to deal in capital markets products

**Explanation:** John made false and misleading statements and has attempted to induce people to trade in the shares of ABC Limited. Since John has not himself transacted in the shares, it is not securities market manipulation. It is not insider trading because the information involved is not insider information.

You got a new client to complete a questionnaire to better understand his investment profile. The following are the results:

- 1) Investment Horizon (Years): (0-2), 2-6, 6-9, 9+
- 2) Knowledge of investments: Very little, Moderate, (Extensive)
- 3) Primary growth goal: Conservative stream, Income with some growth, Medium term growth, (Long term growth)

List of Investment Profiles:

Conservative Income: 70% Fixed Income and 30% Equities

Balanced: 60% Equities and 40% Fixed Income

Growth: 80% Equities and 20% Fixed Income

Aggressive Growth: 100% Equities

Which of the following statements is/are TRUE?

Regardless of the client's knowledge with investments and growth goal, any investment with higher proportion of equities is risky for an investment horizon of less than 2 years. Unless the client is willing to risk losing a huge part of his capital, he should stick to the Conservative Income investment profile.

I should talk to the client to understand the reason why he seek a long term growth despite having such a short investment horizon.

In view that the client has extensive knowledge with investments and seeks growth, I will let the client to choose between the Growth or Aggressive Growth profile.

After receiving the results, I should tabulate the score of the questionnaire and match the client to the corresponding investment profile. All the client's current and future portfolios shall be adjusted to the corresponding proportion of fixed income and equities.

**Explanation:** Having extensive knowledge with investments does not mean it is advisable or suitable for a client to take more risks despite a very short investment horizon. The client could need the funds as soon as next month, so even liquidity risk need to be considered. Questionnaire is a tool to help you better understand the client, but it is not the only source of information to base your recommendations and actions on.

Which of the following is a factor to assess the honesty, integrity and reputation of a Covered Person?

He has been refused membership of any government agency outside Singapore

He has been censured by any professional body in Singapore

He has abetted another person in breach of any code of conduct outside Singapore

All of the above

**Explanation:** (Chapter 1.5) It is important to check whether the relevant person has been refused membership of any government agency outside Singapore, whether he has been censured by any professional body in Singapore and whether he has abetted another person in breach of any code of conduct outside Singapore.

KLG Wealth Management is a covered entity providing wealth management services to accredited investors. In this context, which of the following statements is TRUE?

KLG's employee John who works in a client-facing role is definitely a covered person.

KLG's employee Jane who works in a client-facing role and provides banking transactional services to clients is a covered person.

All employees in the finance department of KLG are covered persons.

KLG must have applied to the IBF or the ABS to be recognized as a covered entity.

**Explanation:** (Chapter 1.1 and Private Banking Code of Conduct, Effective 1 Sep 2020) A Covered Person is an individual who is in a client-facing role AND provides financial/wealth advisory service(s), banking transactional service(s) (i.e., deposit taking/payments), brokerage service(s) and granting of loans/credit facilities to AIs on behalf of a Covered Entity. A covered entity is any financial institution or a division thereof in the private banking industry which is regulated by the MAS, where the financial institution or division provides services to AIs. No application to the Association of Banks in Singapore (ABS) or Institute of Banking and Finance (IBF) is required for recognition as a Covered Entity under the PB Code.

Types of Market Misconduct relevant to a Covered Person include:

Forgery of the signature of clients on legal documents

Spreading information about market manipulation

Insider trading

All of the above

**Explanation:** (Chapter 1.5) Forgery, spreading info about illegal transactions and insider trading are all market misconducts.

In your meeting with Jon and Candy, a couple in their late 60s, you got them to complete a questionnaire to better understand their investment profile. The following are the results:

- 1) Investment Horizon (Years): (2), 5, 8, 10
- 2) Knowledge of investments: Very little, (Moderate), Extensive
- 3) Primary growth goal: Conservative stream, (Income with some growth), Medium term growth, Long term growth

List of Investment Profiles:

Conservative Income: 70% Fixed Income and 30% Equities  
Balanced: 60% Equities and 40% Fixed Income  
Growth: 80% Equities and 20% Fixed Income  
Aggressive Growth: 100% Equities

Based on the first part of the questionnaire, what is their investment profile?

Conservative Income

Balanced

Growth

Aggressive Growth

**Explanation:** The first part of the questionnaire asks about the couple's investment horizon. With just a 2-year time horizon, that's the lowest possible bracket. Conservative is also the most risk-adverse bracket.

Check Answer

Under the SFA, which of the following activities are market misconduct?

Selling securities of Company X after obtaining inside info from a director of Company X

Making an offer of shares to an accredited investor via unsolicited marketing

Spreading rumours that affect share price of a listed company

Buying securities of a company before an important earnings announcement.

**Explanation:** (Chapter 1.5) Buying securities of a company before an important earnings announcement is a common trade taken by traders.

Jack creates a fixed trust with his wife Jane (50%) and son John (50%) as beneficiaries in the trust deed. Jack transfers SGD5 million worth of shares and bonds to the trust. After the transfer, Jack is left with a residential apartment worth SGD1.5 million (fair market value) and SGD100K in his savings account. Both Jane and John have SGD500K worth of net financial assets. Jack makes his brother Robert as the trustee. Robert's net personal assets total SGD11 million. Can Robert be considered an accredited investor in respect of the trust?

Yes, because his net personal assets are more than SGD10 million.

Yes, because the beneficiaries cross the SGD1 million threshold after totalling their trust assets (net financial assets worth SGD2.5 million each) and other net financial assets (SGD500K each).

Yes, because Jack was an AI before he transferred the assets to the trust.

No, because the net assets of the trusts are below SGD10 million.

**Explanation:** (Chapter 1.2.1) The Trustee of Trust can be considered an AI if the trust property exceeds SGD10 million in value, or all beneficiaries of the trust are AIs, or all settlors are AIs and have settlor reserved powers and revocation powers. Jack (the settlor) is not an AI and the trust property is below SGD10 million. Therefore, the trustee Robert can qualify as an AI only if Jane and John are AIs. In determining whether all the beneficiaries of the trust are AIs, the value of the subject matter of the trust can potentially be taken into account. The extent of the assets in the trust that can be counted towards the net personal assets or financial assets of each beneficiary of the trust is based on trust law and the terms and conditions of the trust deed. However, the beneficiary's interest in the asset or share of assets held under such trust must be absolutely or indefeasibly vested and immediately enjoyable. Since the trust deed of the fixed trust clearly specifies the shares of Jane and John, they can be considered AIs. Please refer to MAS FAQs on The Definition of Accredited Investor and Opt-In Process.

John works with an equities and derivatives brokerage firm ABC Limited. ABC receives orders from financial institutions (FIs) and the orders are large in size. The FIs normally give a 2 to 3 days window over which the trades are to be executed. John is tasked with executing the orders of one such FI PQR Limited. John splits the orders in such a way that only a small quantity is initially executed on the first day. He tells his wife Jane to trade in the shares or futures accordingly (long or short position) in her personal account. John does not tell her the reason for taking the trade. On the second and third day, after his wife has taken a position, he executes the balance order in large lots. His wife exits the position based on the favourable movements generated by the huge orders. In this context, which of the following statements is TRUE?

This is not a case of front running because a small order was executed before he told his wife to trade.

This is a case of front running that can be prosecuted as insider trading as well.

ABC is guilty of insider trading because it is a connected insider.

Jane is not guilty of insider trading because she was not in possession of the insider information when she traded.

**Explanation:** (Chapter 1.5.7) John is guilty of front running that can be prosecuted as insider trading as well. This is because he traded in shares whilst in possession of PQR's order. ABC is not guilty of Insider trading because it did not trade based on the info to profit and did not share the info with any outsider. Jane is not guilty of insider trading because she was not in possession of the insider info.

John is an appointed representative at ABC Limited, a financial adviser (FA). His client Jane wanted to be an Accredited Investor (AI) so that she could trade in complex derivative products. With her consent, John inflated the value of her home by 3% during onboarding. This resulted in her becoming eligible to be considered an AI. Jane opted to be an AI and made significant profits by trading such products. In this context:

Jane is guilty of providing false information to ABC.

John is guilty of misconduct as he abetted improper valuation of assets.

Jane is not guilty of any misconduct because she made a profit in the trades.

John is not guilty of market misconduct if he provided Jane with a written risk disclosure document highlighting the risks involved in trading complex derivative products.

**Explanation :** (Chapter 1.5.8) A Covered Person is prohibited from wilfully making, or causing to be made, a false entry in any book of the Covered Entity. John is guilty on this account by helping in inflating the value of Jane's assets. John and Jane have both wilfully made a false statements to the covered entity (ABC) (and potentially to the MAS).

Jane has trading accounts with KLG Bank and XYZ Bank. She opts to be treated as an AI in respect of her account with KLG and the bank accepts her request. In this context, which of the following statements is TRUE?

Jane will automatically be treated as an AI by XYZ.

Jane can choose to be treated as a retail investor with respect to her XYZ trading account.

If XYZ bank considers Jane's trading account as a retail account, KLG must redesignate Jane's account as a retail account.

Jane can choose to be treated as a retail customer for some products and as an AI for some other products in respect of her KLG account.

**Explanation :** (Chapter 1.2.1) The AI status of an account is at the financial institution level. Therefore, Jane can choose to be considered an AI by KLG, while she can decide to be a retail investor for her XYZ account. She cannot request for a status based on the types of products or transactions.

Monitoring and reviewing of client's portfolio involves which of the following activities?

Monitoring tools to identify issues relating to sales practices and suitability.

Applying fair dealing practices and avoiding conflict of interest.

Monitoring the progress and effectiveness of solutions.

Providing timely updates and conducting regular portfolio reviews.

**Explanation :** (Chapter 1.5) "Monitor and Review Client's Portfolios in Accordance with the Client's Mandate (if any)" involves monitoring the progress and effectiveness of solutions, providing timely updates on key market developments and conduct regular portfolio reviews, identifying changes to client's wealth management needs & priorities, and providing independent, prompt and appropriate handling of client dispute and complaint resolution.

The term 'accredited investor' includes:

An individual whose net personal assets value is S\$2 million with net equity of primary residence at S\$1.5 million of the \$2 million

An individual whose income in preceding 12 months is S\$400,000

A corporation with total assets equal to S\$10 million in value

All of the above

**Explanation :** (Chapter 1.2) Net equity of primary residence is capped at S\$1 million. For a corporation, NET assets are considered, not total assets.

If any representative of a CMS licence holder fails to meet the 'Fit and Proper' criteria, it is required to report the matter within \_\_\_\_\_.  
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14 days.

7 days.

21 days.

30 days.

**Explanation :** (Chapter I.5.4) CMS licence holders must ensure that independent and rigorous due diligence checks are conducted to ensure that representatives meet the Fit and Proper criteria. They have to file a Report on Misconduct of Representative if any of its representatives fail to meet the Fit and Proper criteria or have committed acts relating to market misconduct within 14 days after the discovery of the misconduct. Please refer to MAS Guidelines on Fit and Proper Criteria (FSG-G01).

Which of the following statements about the Asia Pacific Exchange Pte Ltd (APEX) is/are TRUE?

APEX is licensed by the SGX.

APEX is an international foreign currency exchange.

APEX provides Asian pricing benchmarks for commodities.

APEX uses APEX Block Trade and EFRP Facility, and APEX Member and Customer Management System to facilitate trades.

**Explanation :** (Chapter I.4.5) APEX is licensed by the MAS. APEX is an international derivatives exchange. The other statements are true.

John is an Accredited Investor (AI) and has a joint bank account with his wife Jane. Jane has Net Personal Assets (NPA) of S\$2 million, cash and financial investments totalling S\$550,000 and an annual income of S\$250,000 during the past 12 months. With respect to any dealings from this bank account, Jane:

is not an AI because she does not meet the relevant criteria.

is an AI because she has NPA totalling S\$2 million.

is not an AI because she does not have an individual account.

is an AI because she holds a joint account with an AI.

**Explanation :** (Chapter 1.2) NPA should EXCEED S\$2 million for an individual to be considered an AI. The Net Financial Assets should exceed S\$1 million OR the annual income should be more than S\$300K for an individual to be considered an AI. Based on these criteria, Jane is not an AI. However, a person who holds a joint account with an accredited investor, in respect of the dealings though that joint account, is considered an AI. Therefore, Jane is an AI.

A Covered Person is required to notify the Covered Entity of any changes in the regulated activities for which he or she is to act as a representative within \_\_\_\_\_ after the occurrence of such changes.

7 days

2 weeks

21 days

1 month

**Explanation :** (Chapter 1.5) Changes in regulated activities must be notified within 7 days.

John is 35 years old and earned USD1 million in the preceding 12 months. He wants to start investing his savings in various asset classes for long-term gains. However, he is not well-versed with the risks of investing and wants regulatory protection so that his financial adviser does not sell highly risky products to him. John:

Will be considered an accredited investor (AI) because he meets the relevant criteria.

Will get extra regulatory protection if he opts to be considered an AI.

Must tell his financial adviser to consider him an AI but not suggest any risky product for investment.

Should not opt to be considered an AI.

**Explanation :** (Chapter 1, Section 1.2) John should NOT opt to be considered an AI. If he does not opt in, he will not be considered an AI. Accordingly, he will get the same regulatory protection as retail customers. This will protect him legally and ensure that the financial adviser conducts proper due diligence (e.g. Customer Knowledge Assessment) before recommending any investment product.

ABC fund is restricted to serving Accredited Investors in Singapore or equivalent investors abroad. In this context, which of the following statements is TRUE?

ABC's fund manager should allow only those investors who are AIs and have opted in to be AIs to invest in the fund.

ABC's fund manager can allow investors who are AIs to invest in the fund, even if they have not opted in to be AIs.

Where the fund is being offered to foreign investors of an equivalent class (as AI) under the laws of the country where the offer is made, the AI opt-in requirements will apply with necessary changes.

ABC fund management company should be eligible to be considered an AI if ABC fund has to restrict itself to AIs.

**Explanation :** (Chapter 1.2.1) Where the fund is offered to AIs in Singapore, these AIs are required to opt-in. The obligation to obtain the opt-in from the underlying AI investors in the fund falls on the person making the offer (such as the main manager of the fund). The person making the offer can delegate the process of obtaining the opt-in to third parties, such as the sub-manager/ sub-adviser, or a distributor. The fund manager should satisfy itself that the third party has in place an effective framework to procure the relevant opt-in. Where the fund is being offered to foreign investors of an equivalent class under the laws of the country where the offer is made, the AI opt-in requirements will NOT apply. There are, however, select circumstances under which fund managers restricted to serving AIs can manage or advise funds offered to retail investors. For example, an AI fund manager can act as a sub-manager or sub-adviser to a fund offered to retail investors, if the main manager of the fund satisfies the definition of an AI, and is authorised or licensed to manage investment funds for retail investors in the jurisdiction where it operates. Please refer to MAS FAQs on The Definition of Accredited Investor and Opt-In Process.

When assessing whether a Covered Person (CP) is Fit and Proper, the Monetary Authority of Singapore (MAS) will consider which of the subsequent factors?

Educational qualification with at least a degree in finance and banking

Conviction of an offence in a foreign jurisdiction

Ability to fulfil financial obligations in Singapore

Whether the CP has entered into a compromise with creditors that is still in operation.

**Explanation :** There is no requirement for a CP to have at least a degree in finance and banking to be considered fit and proper.

What are the competencies expected of a Covered Person?

Practicing proper compliance and risk management to serve the client's best interests

Addressing client's wealth management needs in a client-centric and consultative approach

Keeping abreast of the latest updates on financial instruments, products and services

Predicting market trends to ensure that the portfolio attains all of the client's investment targets

**Explanation:** Predicting market trends to ensure that the portfolio attains all of the client's investment targets is NOT a competency expected of a Covered Person.

John is an appointed representative working with ABC Limited which is a licensed financial adviser. John comes to know through his friend Jane that PQR Limited has been severely impacted by the ongoing economic downturn and may file for bankruptcy. Jane knows that PQR is trying to restructure its debt and may file for bankruptcy if the lenders do not agree to such restructuring. Jane works in the marketing department of PQR and hears about such developments from her colleagues. John:

Should inform his clients that PQR may file for bankruptcy and ask them to offload PQR's shares immediately.

May check with PQR Limited whether the information is true or not.

Should inform his colleagues in ABC Limited that PQR may file for bankruptcy.

May inform the senior management of ABC that PQR may file for bankruptcy.

**Explanation:** (Chapter 1, Section 1.5) John will be guilty of making reckless statements if he shares the unconfirmed info about PQR with his clients, colleagues, or senior management. He can ask PQR to confirm or deny the rumour.

John has a short position in 50,000 shares of PQR at \$20.00. Contrary to his expectation, the price of the shares rise to \$21.00. Sensing that the loss may get bigger, John sells 10,000 more shares of PQR Limited in one go in order to depress its price. The average trading volume of PQR's shares is 1 million. The price goes down to \$20.00. John:

is guilty of securities market manipulation because he intended to depress PQR's share price.

is not guilty of securities market manipulation because he only effected one transaction.

tried a legitimate trading strategy to keep the price of PQR's shares depressed.

is not guilty of securities market manipulation because the sale of the shares did not take the price below \$20.00.

**Explanation:** (Chapter 1.5) Securities market manipulation involves intentional interference with the free forces of supply and demand to deceive or defraud investors, or for some other ulterior purpose. This disallows any person from directly or indirectly effecting 2 or more transactions in securities of a corporation if the transactions have the effect of raising, lowering, maintaining or stabilising the price of the securities, with the intent to induce other persons to subscribe for, purchase or sell securities of the corporation. In this case, John averaged his position and only transacted once. So, the transaction seems to be part of a legitimate trading strategy.

Jane is a resident of Singapore and wants to open a current account with an initial deposit of S\$300,000. In this context, which of the following statements is TRUE?

Jane can open a non-interest bearing current account in a Full Bank.

Jane cannot open the current account in a Merchant Bank because the amount of initial deposit is more than S\$250,000.

Jane can open the current account in a Merchant bank if the account is interest-bearing.

Jane can open the current account in a Wholesale bank only if it is non-interest bearing.

**Explanation:** (Chapter 1.4.1) Wholesale banks may operate current accounts, but in respect of current accounts denominated in Singapore dollars where the client is a natural person and a resident of Singapore, the current account shall not be interest-bearing, except with the prior approval of MAS. Full Banks provide the whole range of banking business approved under the Banking Act as compared to Wholesale Banks, which may only provide a restricted range of banking services. Merchant banks cannot accept deposits or borrow from the public in any form.

John purchased 10,000 shares of ABC Limited in the last 30 minutes of the trading hours on January 15, 2021. He purchased the total quantity in 9 lots with prices ranging between \$13 and \$13.60 per share. John wanted to maintain the price of ABC's shares. John's last transaction was at \$13.50 per share and the closing price was \$13.70 per share. John:

is guilty of false trading because he intended to interfere in the price movements of ABC's shares.

is not guilty of false trading because the beneficial ownership changed from the seller to John.

is not guilty of false trading because the closing price was different from that of John's last transaction.

is not guilty of false trading because he did not sell the shares at a profit.

**Explanation:** (Chapter 1.5) This is an example of false trading because John intended to maintain the price of ABC's shares. John intended to create a false or misleading appearance of the price of ABC's shares.

KLG Pte Ltd holds a CMSL for fund management. It is regulated as an exempt financial adviser under the FAA. Mrs See wants to open an account with KLG. Sharon goes through the onboarding process for Mrs See and deems her an accredited investor and Mrs See consents to being recognized as an accredited investor. Mrs See agrees to transfer USD 400,000 to her account with KLG. Sharon tasks Ravi to inform Sharon when the funds have arrived. A week later, Mrs See calls Mary to tell her that she is expecting a transfer of USD 200,000 to her account and it should be converted into SGD upon receipt. Who is/are a "Covered Person"?

Mrs See  
Sharon  
Ravi  
Mary

**Explanation:** Two elements of a Covered Person is that he or she must be client-facing staff and that they provide financial advisory service to their high net worth clients. Mrs See is a client herself. Ravi is not a Covered Person in this context because he did not face the client but was merely tasked by a colleague to monitor a transaction. Sharon and Mary have faced Mrs See, the client, and provided financial advisory services to her.

You are a covered person of ABC bank. Your client John tells you that he is interested in FX margin trading because his friends have made huge profits recently trading USD/JPY. John has no experience in FX margin trading. He believes that he may lose only a small portion of his capital in the worst case scenario. As John's covered person, what should you do?

Tell John that margin trading may involve total loss of capital.

Allow John to start FX margin trading because you must do what the client tells you.

Suggest to John that he should avoid FX margin trading because he has no experience.

Recommend a dual currency investment product.

**Explanation:** It is obvious that John does not know the risks involved in margin trading. Therefore, you should suggest to John to avoid such investments. You must tell him that margin trading magnifies both the loss and the profit, with a possibility of total loss of capital.

The main roles of client-facing Covered Persons are:

Marketing.

KYC and client profiling.

Implementing recommendations relating to wealth management strategies according to the client's mandate (if any).

Monitoring and reviewing a client's portfolio in accordance with his mandate (if any).

**Explanation:** (Chapter 1.5) The main roles of client-facing Covered Persons include Marketing, KYC and client profiling, implementing recommendations based on client's mandate (if any), and Monitoring and reviewing the client's portfolio based on the mandate.

ABC Limited is a Wholesale Bank in Singapore. Which of the following transactions can be carried out by ABC without the prior approval of the MAS?

Opening an interest-bearing Singapore dollar-denominated current account of an insurer registered in Singapore.

Opening a USD250,000 fixed deposit account for a finance company.

Operating a Singapore dollar savings account for Jane, a natural person who is an Accredited Investor.

Operating a Singapore dollar current account for John, a natural person who is a resident of Singapore, with zero interest.

**Explanation:** (Chapter 1.4) A Wholesale Bank may transact any banking business with any bank, finance company, Merchant Bank, or insurer licensed, approved or registered in Singapore. There are some restrictions with respect to transactions with other entities. For example, it must not operate savings accounts denominated in Singapore dollars. Also, when an interest-bearing current account denominated in Singapore dollars is opened for a client who is a natural person, the client must not be a resident of Singapore.

Which of the following are services typically provided by Covered Persons for Wealth Successions?

Using corporate structures, trusts and foundations to achieve client's goals  
Providing legal advice for disputes over legacy wishes  
Building a portfolio of insurance policies for succession & estate planning  
Execution of 'Family Governance'

**Explanation:** (Chapter 1.3) CPs cannot provide legal advice for disputes over legacy wishes.

Based on client segmentation in private banking, which client segment has the highest amount of investable assets?

Ultra High Net Worth individuals  
Mass Affluent Individuals  
Super Mass Affluent individuals  
High Net Worth individuals

**Explanation:** (Chapter 1.2) UHNWI have the highest amount of investable assets (more than S\$50 million). There is no category by the name "Super Mass Affluent" individuals.

ABC Merchant Bank provides financial advisory (FA) services to HNWIs. John works for ABC and is deemed to be a Covered Person. In this context, which of the following statements is TRUE?

John need not be appointed as an appointed representative because ABC is providing FA services.

John must be appointed as an appointed representative because he is providing FA services to clients.

ABC bank may formally authorise John to provide FA services, without any need for a formal appointment as an appointed representative.

John need not be appointed as an appointed representative if he has the relevant qualifications and experience.

**Explanation:** (Chapter 1.4.1) Professionals in banks and Merchant Banks who carry on financial advisory services and/or regulated activities under the SFA and deemed as Covered Persons, must be separately appointed as appointed representatives under the FAA or the SFA.

John owns and stays in a Singapore apartment with a market value of S\$2.5 million. The purchase price was S\$1 million. He has S\$1.6 million loan outstanding against the property. John owns another apartment (market value S\$1.2 million) in Singapore for investment purpose. The purchase price was S\$900,000. John has S\$100,000 loan outstanding against that apartment. He has S\$500,000 cash in his savings bank account. Based on the Net Personal Assets (NPA) criteria, can John be considered an Accredited Investor?

No, because his NPA total is S\$1.9 million.

No, because his NPA total is S\$2 million.

Yes, because his NPA total is S\$2.5 million.

No, because his NPA total is S\$200,000.

**Explanation:** (Chapter 1.2) John's Net Personal Assets = (S\$2.5 million - S\$1.6 million)+(1.2million - S\$100,000)+S\$500K=S\$2.5million. Market values of the apartments are considered, not purchase values. Based on the calculation, John can be considered an AI as his NPA EXCEEDS S\$2 million. Cash (a financial asset) is included as personal asset. Note that the value of the second apartment has not been capped at S\$1 million.

Which of the following statement (s) regarding Wholesale Banks is/are TRUE?

They may not accept fixed deposits.

They may not transact any banking business with an insurer.

They can issue negotiable certificates of deposit in Singapore dollars in Singapore, subject to conditions.

They can issue bonds in foreign currency in Singapore.

**Explanation:** (Chapter 1.4) Wholesale Banks may accept fixed deposits (subject to conditions for SGD deposits) and may transact banking business with an insurer.

Based on a rumour, John writes in his highly popular investment blog that the CEO of ABC Ltd. may be arrested for fraud. John does not care whether the information is correct or not. He simply wants his readers to remain updated of the latest market buzz. Which of the following statements about this scenario is CORRECT?

This is a clear case of spreading false and misleading information

John is not guilty of dissemination of false and misleading information if the rumour turns out to be true

John is not guilty of dissemination of false and misleading information if he clearly states that the news is just a rumour

John is not guilty of dissemination of false and misleading information because he does not care whether the information is true or false

**Explanation:** (Chapter 1.5) John has spread false and misleading info even if he does not care whether the info is true or not.

For assessing whether a person is Fit and Proper, the Honesty, Integrity and Reputation criteria include whether the person:

has been refused the right to carry on any trade for which a specific licence is required by the law in any jurisdiction.

has been issued a warning by MAS.

has been reprimanded by an operator of a clearing facility outside Singapore.

is subject to any pending proceedings which may lead to his conviction under any law outside Singapore.

**Explanation:** (Chapter 1.5.4) All the options state criteria for judging Honesty, Integrity and Reputation of the person.

Which of the following is definitely a case of securities market manipulation?

John purchases 1 million shares of ABC Ltd. in a day for long-term investment and the prices of the shares rise as a result of such a large order

Robert buys 100,000 shares of XYZ Ltd. every day for 10 days to push up their prices in order to sell his 2 million shares at a higher price

Peter sells 10,000 shares of PQR Ltd. in one large order hoping that he can cover his short position at a profit later during the day

All of the above

**Explanation:** (Chapter 1.5) John takes a long-term position and Peter takes a short-term trade. Both are permissible. Robert intends to manipulate the prices, which is a form of market misconduct.

