

1. Solution: B

Standard VI(B)—Priority of Transactions does not limit transactions of company employees that differ from current recommendations as long as the sale does not disadvantage current clients. Thus, answer A is incorrect. Answer C is incorrect because the Standard does not require the matching of personal and client trades.

2. Solution: A

A is correct because there is no indication that the investment is unsuitable for investors and in violation of Standard III(C)—Suitability.

B is incorrect because the conflict of interest represented when the bank selects the bonds making up the CDO, instead of the collateral manager, should be disclosed as required by Standard VI(A)—Disclosure of Conflicts.

C is incorrect because the basic format and general principles of the investment processes used to analyze investments, select securities, and construct portfolios should be disclosed as required by Standard V(B)—Communication with Clients and Prospective Clients, and any changes that might materially affect those processes must be promptly disclosed.

3. Solution: A

Standard VII(B)—Reference to CFA Institute, the CFA Designation, and the CFA Program is the subject of this question. The reference on Albert's business card implies that there is a "CFA Level II" designation; Tye merely indicates in promotional material that he is participating in the CFA Program and has completed Levels I and II. Candidates may not imply that there is some sort of partial designation earned after passing a level of the CFA exam. Therefore, Albert has violated Standard VII(B). Candidates may communicate that they are participating in the CFA Program, however, and may state the levels that they have completed. Therefore, Tye has not violated Standard VII(B).

4. Solution: B

according to Standard VII(B)—Reference to CFA Institute, the CFA Designation, and the CFA Program. CFA Program candidates do not receive their actual scores on the exam. Topic and subtopic results are grouped into three broad categories, and the exam is graded only as "pass" or "fail." Although a candidate may have achieved a topical score of "above 70%," she or he cannot factually state that she or he received the highest possible score because that information is not reported. Thus, answer C is incorrect. Answer A is incorrect as long as the member or candidate actually completed the exams consecutively. Standard VII(B) does not prohibit the communication of factual information about completing the CFA Program in three consecutive years.

5. Solution: B

According to Standard VII(B)—Reference to CFA Institute, the CFA Designation, and the CFA Program, Quinn cannot claim to have finished the CFA Program or be eligible for the CFA charter until he officially learns that he has passed the Level III exam. Until the results for the

most recent exam are released, those who sat for the exam should continue to refer to themselves as “candidates.” Thus, answer C is incorrect. Answer A is incorrect because members and candidates may discuss areas of practice in which they believe the CFA Program improved their personal skills.

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