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1. A former hedge fund manager, Jackman, has decided to launch a new private wealth management firm. From his prior experiences, he believes the new firm needs to achieve US$1 million in assets under management in the first year. Jackman offers a $10,000 incentive to any adviser who joins his firm with the minimum of $200,000 in committed investments. Jackman places notice of the opening on several industry web portals and career search sites. Which of the following is correct according to the Code and Standards?
   A. A member or candidate is eligible for the new position and incentive if he or she can arrange for enough current clients to switch to the new firm and if the member or candidate discloses the incentive fee.
   B. A member or candidate may not accept employment with the new firm because Jackman's incentive offer violates the Code and Standards.
   C. A member or candidate is not eligible for the new position unless he or she is currently unemployed because soliciting the clients of the member's or candidate's current employer is prohibited.

2. Eileen Fisher, CFA, has been a supervisory analyst at SL Advisers for the past 10 years. Recently, one of her analysts was found to be in violation of the CFA Institute Standards of Professional Conduct. Fisher has placed limits on the analyst's activities and is now monitoring all of his investment activities. Although SL did not have any compliance procedures up to this point, to avoid future violations, Fisher has put in place procedures industry standards. Did Fisher most likely violate any CFA Institute Standards of Professional Conduct?
   A. No, because she is taking steps to implement compliance procedures that are more than adequate.
   B. Yes.
   C. No, because she has taken steps to ensure the violations will not be repeated by the analyst.

3. Jurgen is a portfolio manager. One of her firm's clients has told Jurgen that he will compensate her beyond the compensation provided by her firm on the basis of the capital appreciation of his portfolio each year. Jurgen should:
   A. Turn down the additional compensation because it will result in conflicts with the interests of other clients' accounts.
   B. Turn down the additional compensation because it will create undue pressure on her to achieve strong short-term performance.
   C. Obtain permission from her employer prior to accepting the compensation arrangement.

4. When Jefferson Piedmont, CFA, joined Branch Investing, Branch began using a quantitative stock selection model Piedmont had developed on his own personal time prior to his employment with Branch. One year later when Piedmont left Branch

Investing, he found the original copy of the model he had developed in a file at his home and presented it to his new employer, which immediately began using the model. According to the Standards of Practice Handbook, did Piedmont most likely violate any CFA Institute Standards of Professional Conduct?

A. No.

B. Yes, because he misappropriated property now belonging to Branch.

C. Yes, because he failed to inform his new employer the model was the same one used by his previous employer.

5. Willier is the research analyst responsible for following Company X. All the information he has accumulated and documented suggests that the outlook for the company's new products is poor, so the stock should be rated a weak "hold." During lunch, however, Willier overhears a financial analyst from another firm whom he respects offer opinions that conflict with Willier's forecasts and expectations. Upon returning to his office, Willier releases a strong "buy" recommendation to the public. Willier:

A. Violated the Standards by failing to distinguish between facts and opinions in his recommendation.

B. Violated the Standards because he did not have a reasonable and adequate basis for his recommendation.

C. Was in full compliance with the Standards.