

Appendix C : Review Questions

Candidates should note that the sole purpose of the Review Questions is to familiarise candidates with the scope and general nature of the examinations.

The Review Questions are not intended to be used as preparatory study material for the examinations, nor do the questions cover all the materials tested in the examination.

The correct answer for each question is in **bold**.

Chapter 1 – Overview of Wealth Management

For Questions 1 to 3, please refer to the following case scenario when answering the questions:

You are a Covered Person who has recently been introduced to a new prospect, Madam Susi, who is the homemaker wife of the Chief Financial Officer (CFO) of a foreign listed company. She is resident in Singapore with her children studying here, while her husband works overseas but visits often.

The material assets in her name mainly consist of a mortgage-free apartment in Singapore worth S\$2 million which she resides in with her children, plus assets held through a private investment company (PIC) of which shares are beneficially owned by her. She is able to produce documentation that shows the PIC has net assets of US\$5 million. The source of this wealth was a gift from her husband, who is from a well-known wealthy family. She is contemplating opening an account for this PIC in your Covered Entity.

1. Your Covered Entity only deals with accredited investors (AI) and you have to assess Madam Susi's eligibility. Based on the above information, which is the best approach to compute her AI eligibility?
 - a. Add the entire value of the Singapore apartment and value of the shares in the PIC (through its net assets).
 - b. Apply the total assets of the husband's family as they generated the wealth.
 - c. Assess the value of the shares in the PIC only.**
 - d. Sum up the assets of Madam Susi and her children residing in the same household.
2. Madam Susi mentions that her husband could one day need advice on futures trading. She asks whether you could provide such futures related advice. Which of the following is the best course of action?
 - a. Double check what regulated activities you are authorised to perform for your Covered Entity.**
 - b. Refer her to your friend who works for a futures broker not affiliated with your Covered Entity in exchange for an introduction fee.
 - c. Tell Madam Susi that her husband should not consider futures trading at all as it is too risky.
 - d. Confirm to Madam Susi that you can do so as you have already passed the CACS assessment and internal training courses.
3. You learn that the PIC's main holdings are in the shares of the foreign listed company that Madam Susi's husband works in. She tells you that she has been accumulating shares in the company as

- she feels very comfortable with the fact that her husband is its CFO and sees the shares as something she can pass to her children. Before proceeding to open the account for the PIC and receiving the assets, what is the best course of action?
- Open the account as normal as the explanation is plausible.
 - Open the account as normal but decline the transfer of the shares and request for fresh funds.
 - Obtain a letter of representation from the husband that he has not shared material non-public information on the company with Madam Susi.
 - Consider the risk of insider trading and escalate the matter to your supervisor and/or Legal & Compliance for guidance.**
4. How can eligible individuals obtain Accredited Investor (AI) status?
- AI-eligible individuals are required to “opt-in” to be considered as AIs.**
 - AI-eligible individuals are automatically considered as AIs.
 - AI-eligible individuals are required to “opt-in” after a one-year trial period.
 - AI-eligible individuals are required to seek MAS approval to be considered as AIs.
5. Which of the following statements on the Accredited Investor (AI) status is CORRECT?
- An AI client may withdraw his consent to being treated as an AI by notifying MAS.
 - An AI client may withdraw his consent to being treated as an AI by notifying the Covered Person.**
 - An AI client must be subjected to the same regulatory protection and safeguards as a retail investor.
 - An AI client is not eligible for any regulatory protection and safeguards as he is financially savvy.
6. When would a Covered Person NOT be penalised for acting for more than one principal at any one time?
- When all the principals have given their approval to the Covered Person.
 - When the Covered Person has been approved by the MAS to do so.
 - When the principals are related corporations.
 - When the Covered Person has been approved by the Covered Entity to do so.
- **(b) and (c).**
 - (a) and (c).
 - (c) and (d).
 - (a), (b) and (c).
7. A client is seeking recommendations from a Covered Person for investment opportunities in listed shares. At a recent family gathering, the Covered Person happened to hear information of some favourable developments on Corporation A that is not generally available. The Covered Person then proceeds to recommend Corporation A shares to the client. What act of misconduct could the Covered Person have committed?
- Dissemination of information on illegal transactions.
 - Insider trading.**
 - Fraudulently inducing persons to deal in securities.
 - Securities market manipulation.

8. Which of the following statements is CORRECT?
- a. **Full banks are allowed to take deposits of any amount in any currency.**
 - b. Wholesale banks are allowed to take deposit of any amount in any currency.
 - c. Merchant banks are allowed to take deposits of any amount in any currency.
 - d. All banks are exempt from the market misconduct provisions under the Securities and Futures Act.

Chapter 2 – Private Banking Code of Conduct

9. Which of the following topics is covered in the Private Banking Code of Conduct?

- a. How to execute margin calls.
- b. Handling data leakage incidents.
- c. Handling vulnerable clients.
- d. **Requirements of call reports.**

For Questions 10 to 11, please refer to the following case scenario when answering the questions:

10. You are a Covered Person. Your Covered Entity deals with External Asset Managers (EAMs), providing them execution services for the accounts of customers they introduce to your Covered Entity. Each customer holds an account in your Covered Entity but concurrently appoints their EAM to invest the assets in the account. One of these EAMs, a MAS-licensed fund manager, introduces a foreign businessman who wishes to open an account using an offshore company. His beneficial ownership of the entity is clear but you note that the offshore company has several layers of intermediate companies. Information on the intermediate companies was not forthcoming. The EAM says it is normal in that foreign businessman's country for confidentiality. Which of the following approaches is CORRECT?
- a. As the EAM is a MAS-licensed firm and the beneficial owner is clear, it is fine to proceed without additional due diligence steps.
 - b. Raise suspicions immediately to your Compliance department of tax evasion.
 - c. **Before opening the account, find out more about what the complex structure and its layers are meant to achieve, in conjunction with the purpose of the account.**
 - d. Open the account but immediately ascribe high tax risk to the account.
11. With respect to your Covered Entity offering services to such licensed EAMs, should due diligence on tax evasion related risk be done on the EAMs? Which of the following statements is CORRECT?
- a. No, as the due diligence should be performed on the customer only given the assets belong to the customer.
 - b. As the EAMs are licensed, it can be assumed that they are applying anti-tax evasion standards.
 - c. The EAMs should provide details of their anti-tax evasion programmes, including how many suspicious transaction reports they have filed in the past year.
 - d. **The EAMs should apply standards in line with the Private Banking Code of Conduct, Addendum 1 – Industry Sound Practices.**
12. Which of the following are criteria for determining if a client is a vulnerable client?
- a. The client is aged 62 or older.
 - b. The client is not proficient in written or spoken English.

- c. The client is not an AI.
 - d. The client has a non-business/non-finance educational background.
- **(a) and (b).**
 - (c) and (d).
 - (b) and (d).
 - (a) and (c).
13. Under the Private Banking Code of Conduct, why is it important for Covered Entities and Covered Persons to practise good market conduct?
- a. To promote the integrity and credibility of the financial system.
 - b. To prioritise the client's interest over that of the Covered Entity's at all times.
 - c. To maintain a professional relationship with clients at all times.
 - d. To maximise the likelihood of referrals from existing clients.
- (a) and (c).
 - **(a) and (b).**
 - (c) and (d).
 - (b) and (d).
14. Covered Entities are expected to provide full and relevant disclosures on financial products in a fair and reasonable manner. Which of the following is an accurate example of a reasonable measure in disclosure?
- a. Using technical language as much as possible to ensure precision when explaining products.
 - b. Disclosing the key terms of a transaction to the client after the transaction has been effected.
 - c. Avoiding any mention of fees and charges as these should be explained in person.
 - d. **Disclosing the capacity in which the Covered Entity is acting, whether as principal or agent.**
15. Which of the following actions by a client is most likely to constitute a "red flag" indicator that may trigger Enhanced Due Diligence measures?
- a. Requesting to hold mail services for one year due to a temporary relocation.
 - b. Insisting on conducting all business dealings and meetings face-to-face.
 - c. **Using complex structures to hold assets and funds with several layers of intervening companies for confidentiality.**
 - d. Opening a single name account with strict instructions not to inform the spouse.
16. If a Covered Person falls into bankruptcy, on what basis is it reportable to the MAS?
- a. Acts involving fraud and dishonesty.
 - b. **Failure to satisfy fit and proper criteria.**
 - c. Acts involving inappropriate advice and misrepresentation.
 - d. Failure to disclose adequate material information.

Chapter 3 – Client Due Diligence

For Questions 17 to 19, please refer to the following case scenario when answering the questions:

You are a Covered Person and Mr Zee Wan has been a good foreign customer for many years. He is a successful entrepreneur with assets over US\$500 million but has decided to leave his private company Chief Executive Officer (CEO) role, to go into public service and take up a ministerial appointment in his country. He introduces his cousin, Mr Zee Too, who is taking over the reins of his business, to open an account with your Covered Entity in the name of an offshore company for his personal investment. You travel to meet them. (During your visit, you apply your knowledge of refraining from entertaining public officials and cross-border business protocols such as no investment recommendations during the visit.)

Mr Zee Too has been employed by his cousin Mr Zee Wan in various roles in his group of companies for the last decade and you are told that he has been remunerated handsomely, but there is no public information available on his compensation.

17. To satisfy the source of wealth corroboration, Mr Zee Wan as departing CEO offers to issue a company letter signed by him on the total income that Mr Zee Too has earned. Do you accept it?
- a. No, as it is not independent.
 - b. No, as you would require the actual payslips.
 - c. Yes, if Mr Zee Too also signs the letter.
 - d. Yes, provided there is also independent corroboration of the information by a senior officer from the company e.g. Human Resources Head or the Chief Financial Officer.**
18. Once Mr Zee Wan's political role is confirmed, what would you do with this information?
- a. Inform Compliance and invoke the politically exposed persons' internal review process for both Mr Zee Wan and Mr Zee Too.**
 - b. Inform Compliance and invoke the politically exposed persons' internal review process for Mr Zee Wan only as Mr Zee Too is a cousin and hence, is not a close family member.
 - c. Preserve the non-high-risk status as the funds concerned were earned before Mr Zee Wan became a politically exposed person.
 - d. Place a system block on Mr Zee Wan's account to ensure no further transactions take place.
19. Lastly, you receive information from Mr Zee Too that he has meanwhile transferred the control of his offshore company to his adult son resident in Singapore as part of wealth succession.

Are there tax implications to be considered? Which of the following statements is CORRECT?

- a. No, as long as this is a routine gift from father to son.
 - b. Yes, as the offshore company, beneficially owned by a Singapore tax resident, will not be reported to the tax authorities of the Common Reporting Standards participating country that Mr Zee Wan and Zee Too are resident in and the transfer of ownership could be suspicious, especially in light of the concerns over the transactions.**
 - c. No, as Singapore does not apply worldwide personal income tax on Singapore tax residents.
 - d. Yes, because Singapore law requires the parties to pay stamp duty on the transaction.
20. After your client Mr X's account has been opened, your Covered Entity's transaction monitoring system flags large third-party incoming transactions into the account. When Mr X is asked about them, he says that they are just business payments for electronic products he personally sourced and sold that are not related to the business he just took over from a family member. The payments come from an account in another Covered Entity but the Originator Information on the

payment message just carries the name of a company with the address of an offshore company service provider.

What should you do with this information?

- a. Ask your client for invoices supporting the transactions and consider sanctions risks of the buyers where their actual locations are not apparent.
- b. Review past activity to see whether such business payments had been received before but not flagged.
- c. Contact the other Covered Entity to ask what information can be shared with you about the remitting account.
- d. Request your client to send the payments back to the remitting entity while you review the matter.

- **(a) and (b).**
- (b) and (d).
- (a) and (c).
- (b) and (c).

21. You have a client who is assessed to be a politically exposed person, in charge of approving certain large procurement contracts in his country in his new ministerial position. You observed large incoming transactions to his account which you escalated to your Compliance department as potentially suspicious transactions. The Compliance department imposes a block on your client's account to flag further incoming transactions for review before they are booked into the account. Your client calls in irate fashion when the next payment has not yet been credited.

What should you NOT tell your client?

- a. **That his account is under investigation so the payment will take some time to clear.**
- b. That there are operational issues that you will look into as soon as possible.
- c. That there is a normal process to ask for more information on recurring third-party payments (and you ask questions following guidance from your Compliance department).
- d. That he can also write in with his concerns.

22. Which of the following regarding marketing materials is TRUE?

- a. **Marketing materials are typically reviewed and approved by the Covered Entity's Legal & Compliance department before they are circulated for use.**
- b. Other than the approved marketing materials, Covered Persons can prepare their own marketing materials to help their customers understand the products.
- c. Obsolete marketing materials could still be used as long as the clients have been verbally informed of the updated information.
- d. Email communications with clients are not deemed as marketing materials.

23. Which of the following is an example of a cross-border activity subject to the rules of a foreign securities regulator?

- a. Travelling to another country to attend a social event organised by the client.
- b. Providing advice on wealth planning to a foreign client who came to Singapore.
- c. **Providing advice on a new real estate investment trust (REIT) to high net worth individuals in another country.**

- d. Accepting a prospective client's invitation to play golf in another country.
24. When a Covered Person performs introducing activities under a written agreement with a Covered Entity, what is he NOT allowed to do?
- a. Refer clients to an appointed representative of the Covered Entity.
 - b. Provide factual information about investment products to the clients.
 - c. Provide advice on investment products to the clients.**
 - d. Disclose the amount of remuneration received for conducting the introducing activities.
25. Which of the following forms of advertising content is RESTRICTED under the Securities and Futures Act?
- a. References to all past recommendations of the Covered Entity for the previous year.
 - b. Usage of graphs and charts with flashy colours to draw the reader's attention.
 - c. Printing of materials in multiple languages to cater to different markets.
 - d. Stating the expected performance of the investment product as a confirmed occurrence.**
26. Why is it important to screen a client as part of Client Due Diligence measures?
- a. To determine that the client is indeed an Accredited Investor.
 - b. To determine if there are any money laundering risks in relation to the client.**
 - c. To determine the risk of default by the client in a financial downturn.
 - d. To determine if the potential benefits will outweigh the costs of servicing the client.

Chapter 4 – Client Advisory

27. You are a Covered Person. At your customer's request, you extracted his monthly account statement and sent it to him by email. The customer's full name, account number and his account holdings are set out in the statement. Unfortunately, you selected another customer's email address and mis-sent it. Which parties should your Covered Entity report this incident to?
- a. The Monetary Authority of Singapore.
 - b. The Personal Data Protection Commission.
 - c. The Monetary Authority of Singapore and the Personal Data Protection Commission.**
 - d. The Inland Revenue Authority of Singapore.
28. Your customer called to place an order to purchase a bond at an all-in-price of 102. As this is one of your key customers, you assure him that you will get the "best price possible" for him. Based on your Covered Entity's fee schedule, the spread to be charged for such a trade is 0.5. After taking the order, you managed to execute the trade at a better price of 100. What should be the final price of the bond charged to your customer?
- a. 100.5.
 - b. 102.0.**
 - c. 101.5.
 - d. 102.5.
29. Your clients have a joint account. The wife who has been the one mainly handling the investments calls you to inform that she is getting a divorce and not to contact her husband on any matters relating to the joint account. Further, she asks for all the investments to be liquidated and funds

- to be wired out immediately to her single name in an offshore account. What is the best option that you should take?
- Get guidance from your Legal & Compliance department.**
 - Inform her husband immediately.
 - Execute the transaction at once as she has full rights over operating the account.
 - Get guidance from the Monetary Authority of Singapore.
30. You are a Covered Person. You received a limit order by phone from Client A to buy a large amount of shares of a listed company. It is likely to affect the share price positively. Immediately after Client A's order, and before you have had a chance to execute it, Client B calls to leave a market order to buy the same shares. If Client A's order is executed, Client B is probably going to end up paying significantly more than the current market price. Should you execute Client B's order first?
- Yes, as it is in the best interest of Client B and this does not affect Client A.
 - No, as it is tantamount to withholding Client A's order in favour of Client B.**
 - Yes, as this complies with your Covered Entity's Best Execution policies and procedures.
 - No, as it could constitute market manipulation.
31. Which of the following are elements of best execution practices that Covered Persons should be mindful of?
- Speed of trade execution.
 - Keeping information on prices confidential.
 - Likelihood of order being executed.
 - Client-specific instructions.
- **(a), (c) and (d).**
 - (a), (b) and (d).
 - (b), (c) and (d).
 - (a), (b), (c) and (d).
32. Why do Covered Persons and Entities gather a client's non-financial information?
- To identify the individual beneficial owner and account holder.
 - To identify the key decision makers in the client's family.
 - To anticipate changes to residence status which may impact tax optimisation.
 - To comply with the Personal Data Protection Act.
- **(a), (b) and (c).**
 - (a), (c) and (d).
 - (b), (c) and (d).
 - (a), (b), (c) and (d).
33. Which of the following points should be addressed by a Covered Entity under the MAS Guidelines on Fair Dealing?
- Offer products and services that are suitable for its target client segments.
 - Have competent representatives who provide clients with quality advice.
 - Ensure that clients enjoy the lowest fees and charges.

- d. Handle client complaints in an independent, effective and prompt manner.
- **(a), (b) and (d).**
 - (a), (c) and (d).
 - (b), (c) and (d).
 - (a), (b), (c) and (d).
34. Which of the following should be taken into account when preparing a suitability analysis?
- a. Risk tolerance of the client.
 - b. Financial situation of the client.
 - c. Number of representatives the client has previously dealt with.
 - d. Level of knowledge possessed by the client in his profession/business.
- **(a) and (b).**
 - (b) and (c).
 - (c) and (d).
 - (a) and (d).
35. Client X is an Accredited Investor. Your Covered Entity would like to enter into an arrangement with Client X that would allow it to borrow securities from Client X. Which of the following **MUST** be provided to Client X before the arrangement can proceed?
- a. Collateral for borrowing Client X's securities.
 - b. Written agreement of the lending terms.**
 - c. Product factsheet of the securities being borrowed.
 - d. A cash deposit to Client X's account as a goodwill gesture.
36. A client relationship has multiple investment portfolios with your Covered Entity involving different investment strategies and investment preferences. How should you review the client's portfolio in such a scenario?
- a. Perform a review of liabilities under the client's name only.
 - b. Perform a review of all assets and liabilities under the client's name.**
 - c. Perform a review of the portfolio that has been deemed the most volatile.
 - d. Perform a review of the portfolio that takes up the largest weightage of the client's assets.

Chapter 5 – Wealth Transfers and Succession Planning

37. Which of the following scenarios could suggest a possible need for life insurance?
- a. Your customer resides in a jurisdiction which levies inheritance tax on worldwide assets.
 - b. Your customer holds a material stake in a listed company and wants to be able to trade the shares anonymously, through an insurance wrapper.
 - c. Your customer currently wants a death benefit to go directly to a named beneficiary.
 - d. Your customer is the sole breadwinner in the family, with young children.
- (a), (b) and (c).
 - **(a), (b) and (d).**
 - (b), (c) and (d).
 - (a), (b), (c) and (d).

38. You are a wealth planner of a Covered Entity. Your customer, a retired Singapore citizen, wants to set up a trust with his children as beneficiaries. He tells you that he has been spending most of his time in the US where all his children are currently residing. What would be your next steps?
- Work with a trust company to set up the trust.
 - Seek clarification to better understand your customer's tax residency.**
 - Decline to set up the trust.
 - File a Suspicious Transaction Report.
39. What is typically the role of a protector in a trust?
- To manage investments for the trust.
 - To appoint a replacement trustee if the present one is ineffective.**
 - To review the bank account statements of the trust account.
 - To authorise distributions of the trust assets to the beneficiaries.
40. Which of the following are COMMON obstacles in preserving, protecting or transferring wealth efficiently for high net worth clients?
- Personal risks that threaten wealth.
 - Forced heirship laws.
 - Sovereign risks in countries where assets are held.
 - Existence of prenuptial agreements.
- **(a), (b) and (c).**
 - (a), (b) and (d).
 - (b), (c) and (d).
 - (a), (b), (c) and (d).
41. Which of the following statements on the role of a settlor in a trust is TRUE?
- A settlor can only reserve certain investment powers to himself.
 - A settlor can reserve certain investment powers to himself, but this has to be exercised jointly with the trustee.
 - A settlor can reserve full investment powers to himself.**
 - A settlor cannot reserve any investment powers to himself.
42. Which of the following is a feature of Universal Life Insurance?
- It pays the policyholder regular annuity streams after a minimum holding period.
 - It receives an investment credit that allows the policy's value to grow.**
 - It will never lapse once the policy is approved by the underwriters and put into effect.
 - It charges much lower premiums when compared to Term Life Insurance.

For Questions 43 to 45, please refer to the following case scenario when answering the questions:

Mr Xie is a Chinese national who is intending to set up a Singapore trust with his wife and children as beneficiaries. He plans to transfer his Singapore assets (mainly properties) to the trust. Mr Xie also wants to have a say regarding any distributions to his wife and children while he is still alive.

Mr Xie runs a timber business. The company has recently taken a \$20 million loan to expand its operations, with Mr Xie as the loan's sole guarantor. Although his business has been profitable thus far, Mr Xie wants to ensure that his Singapore trust will be protected against any potential creditor claims arising from his company's loan.

43. Based on this scenario, which of the following statements is TRUE?
- a. The trust must be resident in China because Mr Xie is a Chinese national.
 - b. As beneficiaries, Mr Xie's wife and children will become legal owners of the trust's assets if he passes away.
 - c. As beneficiaries, Mr Xie's wife and children are empowered to control the trust's assets and make investment decisions.
 - d. Proceeds from any sale of the trust's assets will still remain a part of the trust's holdings.**
44. If Mr Xie's timber business fails after the trust had been established for six years, can the creditor seize the Singapore assets from the trust?
- a. No, because Mr Xie is not the legal owner of the trust assets.**
 - b. No, because the legal owners of the trust assets are the beneficiaries.
 - c. Yes, because Mr Xie is the sole guarantor of the loan.
 - d. Yes, because Mr Xie has a say in the distribution of the trust assets.
45. How would Mr Xie be able to have a say regarding distributions to his wife and children while he is alive?
- a. He can reserve for himself the power to direct distributions in the trust deed.
 - b. He can specify his preferences via a Letter of Wishes.**
 - c. He can schedule the distributions in the trust deed.
 - d. He can have himself appointed as protector of the trust.

Chapter 6 – Ethical Conduct

46. You are a Covered Person and you have just joined your Covered Entity. During your previous employment, you came to be aware that a suspicious transaction report had been filed over Customer A arising from an investigative report that was specially commissioned by your previous employer and that report uncovered criminal links not in the public domain. Accordingly, Customer A is being exited by your previous employer. Customer A approaches you to open an account with your new Covered Entity. You know that without the benefit of historical unusual transactions and the investigative report, the elevated risk of Customer A would not be evident to your new Covered Entity. Considering that you are obliged to observe confidentiality of customer-related information of your past employer, which of the following is the CORRECT ethical action that you should take?
- a. Inform the Compliance Officer of your new Covered Entity of the suspicions that your past employer had on Customer A.
 - b. Fend off and decline Customer A's interest, being careful also not to tip him off that your previous employer had filed a suspicious transaction report.**
 - c. Open an account for Customer A without citing the confidential risks known to you, as each client should be subject to the Know Your Client practices of any new Covered Entity.
 - d. Tell your ex-employer to decline any instructions Customer A furnishes to send assets to your new employer.

47. You are a Covered Person on the organising committee of your Covered Entity's upcoming staff event. You require a dinner venue, and given the number of expected attendees, the staff event would cost at least \$10,000. Your customer owns a restaurant in Singapore and you think that this event would be a great possibility to provide him with some business and deepen your relationship. Which of the following policies of your Covered Entity are you likely to apply?
- A. Gift and Entertainment Policy only.
 - b. Gift and Entertainment Policy and Conflicts of Interest Policy.
 - c. **Gift and Entertainment Policy, Conflicts of Interest Policy and Procurement Policy.**
 - d. Gift and Entertainment Policy, Conflicts of Interest Policy, Procurement Policy and Anti-Money Laundering Policy.
48. You are a Covered Person and your Singapore tax resident customer, with income as an investment objective, has been purchasing a US exchange traded fund (ETF) and receiving dividends withheld at 30%. These ETF investments are self-directed trades not advised by you. You know that there are USD denominated equivalents listed on the London Stock Exchange with less withholding tax impact. Would it be ethical for you to disclose this option to your customer?
- a. No, as the customer does not have experience with products listed on the London Stock Exchange.
 - b. No, as a Covered Person should not give tax advice.
 - c. **Yes, as the client's objectives could be more closely matched by another product.**
 - d. No, as the transaction costs on both exchanges are different.
49. Which of the following is the MAIN objective of the ethical framework?
- a. To execute transactions as quickly as possible.
 - b. To develop an expert understanding of financial products.
 - c. To avoid financial risks to the employer.
 - d. **To serve the best interest of the clients.**
50. Tim is a portfolio manager of a fund management product in your Covered Entity. In his first year, the fund managed to achieve a return of 25%. Tim then created new marketing materials that showed the fund's previous five years' performance through back testing. However, he did not state in the marketing materials that the fund's previous five years' performance was obtained through back testing. In the given scenario, how has Tim demonstrated unethical behaviour?
- a. Tim has made use of material non-public information to make capital gains.
 - b. **Tim has failed to uphold standards for performance presentation.**
 - c. Tim has misused confidential information provided by the employer.
 - d. Tim has committed self-dealing by appropriating information from his employer.