

1. An "access" person is also known as -
 - a. Ombudsman
 - b. Fiduciary
 - c. Covered person

2. Ramesh invests capital for one of his clients. Ramesh attends an analyst meet where the issuer distributes designer watches to all the attendees. Ramesh initially denies the gift but finally accepts it after much insistence from the client and after seeing that everyone is accepting it without fuss. Ramesh can:
 - a. Not accept gifts from issuers of securities under any circumstances
 - b. Accept modest gifts
 - c. Accept any gift, as long as it is disclosed

3. An AIMR member;
 - I. Must report any criminal activity to the appropriate legal or regulatory authority.
 - II. May be held responsible for any illegal activity he associates himself with.
 - III. Can be held liable for violations if he does not take actions to dissociate himself from them.
 - a. I, II, III
 - b. II and III only
 - c. II only

4. Jignesh is a portfolio analyst at Sedelweiss., a leading investment bank. Sedelweiss's corporate policy prohibits its employees from trading in IPOs even if they are not being underwritten by Sedelweiss. Recently, a fast-growing internet firm, Sodel Solutions, announced that it was going public. Jignesh friend, Lalit, told him that he could get her bid in for a few shares of the IPO. The size of the deal was very small, amounting to less than a couple of thousand dollars. Jignesh went ahead and bought the shares but did not think it was necessary to inform his supervisor about it. He;
 - a. Violated Standard ID - Professional Misconduct - by violating company policy.
 - b. Did not violate the AIMR code of conduct even though he violated the company policy since the size of her transaction was extremely small.
 - c. Violated Standard IV - Disclosure of Conflicts to Employer - by violating company policy.

5. Geet Seth an analyst with an investment advisory firm changed the recommendation on Uniball. Inc.'s stock from hold to sell 12 days ago. This recommendation was published in the firm's newsletter that came out three days after this announcement. Geet has just given his broker instructions to liquidate his personal holdings of Uniball. Geet has:
 - a. Violated Standard VI (A) - Disclosure of Conflicts to Clients and Prospects.
 - b. Violated Standard VI (B) - Priority of Transactions.
 - c. Not violated any standard of AIMR code.

6. When an investment manager's client instructs the manager to use the client's brokerage to purchase goods or services for the client, this is known as;
 - a. Horizontal brokerage and does not violate any fiduciary duty.
 - b. Directed brokerage and does not violate any fiduciary duty.
 - c. Straight brokerage and does not violate any fiduciary duty.

7. A manager who pays a higher commission than would normally be paid to purchase the goods or services is said to be _____ services.
 - a. Under Exploiting
 - b. Paying up for
 - c. Fee-bound for

8. Shaun Maclane is a reputed money manager who is also an AIMR member. Shaun recently discovered that some employees at the firm where he is employed have been engaging in some questionable activity which could very well be construed as insider trading by the SEC. John, however, does not think the activity is egregious enough to be reported to the SEC. In any case, he does not want to be branded as a "rat". By not reporting the criminal activity Shaun has:
 - a. Not violated the AIMR code.
 - b. Violated the AIMR code - Fundamental Responsibilities.
 - c. Violated the AIMR code- Duty to the Employer.

9. Which of the following is NOT a violation of Standard IV Duty to Employer'?
 - a. Using the current employer's discarded client list for personal independent practice.
 - b. Rendering services to independent clients without informing them about your current employment status but after obtaining written permission from the current employer.
 - c. Provide free tax assistance to "low-income" people on a volunteer basis without expecting or accepting any compensation when some of these people can be potential clients of your current employer.

10. Lalit is a portfolio manager who manages (with the help of three analysts) the pension plan assets of DC Industries. Lalit received this account four years ago from DC Industries President Pran, who is also in charge of investment oversight. To whom does Lalit owe fiduciary duties?
 - I. The employees of DC Industries.
 - II. The pension beneficiaries at DC industries.
 - a. II only
 - b. I only
 - c. I and II both

11. A (n) ____ is a publicly available independent representation of the market and if used as a benchmark, should be investable.
 - a. Mutual fund
 - b. Composite
 - c. Index

12. Which of the following is NOT true about Standard V(A) - Research Reports?
 - a. The analyst must separate fact from statistical conjecture to be in compliance with the standard.
 - b. Even if the analyst has carried out adequate investigation. She cannot omit from the report certain aspects of the investigations that she deems unimportant.
 - c. The report must contain a basic description of the characteristics of the investment under consideration.

13. Which of the following statements about the AIMR Performance Presentation Standards is true?
 - a. All aspects of the AIMR Performance Presentation Standards are mandatory.
 - b. All aspects of the AIMR Performance Presentation Standards are recommended. They are simply guidelines and don't necessarily need to be followed.
 - c. Some aspects of the AIMR Performance Presentation Standards are mandatory, while others are recommended.

14. Which of the following statements is NOT true relating to Standard III(B)- Fair Dealing?
 - a. This standard covers the conduct of two groups: those who prepare recommendations and those who take investment action.
 - b. Members shall deal equally and objectively with all clients.
 - c. Only through the fair treatment of all parties can the investment management profession maintain the confidence of the investing public.

15. To fulfill the basic provisions of Standard IV (B), a member should.
 - a. Stay free of all conflicts of interest
 - b. Disclose to clients, all additional compensation agreements
 - c. None of these

16. When formulating an investment policy for a client, which of the following falls under the category "client identification?"
 - a. Risk tolerance
 - b. Type and nature of clients
 - c. Investable funds

17. Dilbert , An AIMR member has violated one of the AIMR code of ethics standards, However, according to the laws of the country governing his behavior, he has done nothing wrong. Then,
- AIMR can take disciplinary action against Dilbert.
 - AIMR cannot take disciplinary action against Dilbert.
 - There is no violation of the code since local laws were adhered to.
18. Standard III(A) clearly states that _____ owe undivided loyalty to their clients and must place client interests before their own.
- AIMR members
 - Supervisors
 - Fiduciaries
19. Rishikesh has decided to leave his current employer Boldman Securities. And has disclosed his plan to the top management of the company. Before leaving the organization Rishikesh plans to make preparations to undertake his new assignment. Is Rishikesh violating the AIMR code of
- Loyalty
 - Sagacity
 - Prudence
20. Etonia is a country with almost no securities laws. Tolerancia is a country that has securities laws that are less strict than the AIMR code of ethics while Elbonia has securities laws that are stricter than the code of ethics. A securities trader lives in Elbonia but conducts his business in Tolerancia. His behavior is governed by Elbonia laws. However, the Elbonia law states that the applicable business laws are the Focal laws where the business is conducted. In that case, the trader must adhere to:
- Tolerancia business laws.
 - AIMR code.
 - Elbonia business laws.