

## The following 18 questions pertain to Ethical and Professional Standards

1. Which of the following is least likely to prompt a professional conduct inquiry at the CFA Institute?
  - A. Notification of a problem by the Securities and Exchange Commission (SEC) or other government regulatory organization.
  - B. A written complaint to the Professional Conduct staff from customers of a covered person.
  - C. The Professional Conduct staff becomes aware of a possible violation through the public media.
  - D. Self-disclosure on the annual Professional Conduct Statement of involvement in civil litigation.
  
2. Which of the following is one of the seven categories of the Standards of Professional Conduct?
  - A. Integrity of the trading desk.
  - B. Duties to local CFA Societies.
  - C. Diligence in adhering to local, federal, and international law.
  - D. Responsibilities as a CFA Institute member or CFA candidate.
  
3. Ann Vincent, CFA, resides in Country M, which has more strict securities laws and regulations than the Code and Standards. She conducts business in Country L, which has less strict securities laws and regulations than the Code and Standards. Country M's laws specify that the laws and regulations of the country where a client resides apply. When Vincent deals with a client residing in Country L, what minimum regulations apply?
  - A. The laws of Country L.
  - B. The laws of Country M.
  - C. The CFA Institute Code and Standards.
  - D. Vincent is free to choose which laws and Standards apply.
  
4. Jacob Pumphrey, CFA, printed a brochure touting his new investment management firm. The brochure includes some statistical data about the performance of various indices that was obtained from Standard & Poor's website. It also included discussion of a model that Pumphrey uses to help identify undervalued securities. In fact, Pumphrey's model is a variation of a model published in an academic journal. Although the brochure does not cite sources of the statistical data or the model, Pumphrey freely offers verbal credit to both sources when asked. Based only on this information, did Pumphrey violate the Code and Standards by not citing sources for the statistical data and valuation model in his brochure?
  - A. He only violated the Code and Standards by not citing the source of the statistical data.
  - B. He only violated the Code and Standards by not citing the original source of the model he presented.
  - C. He violated the Code and Standards both by not citing the source of the statistical data and by not citing the original source of the model.
  - D. He did not violate the Code and Standards either by not citing the source of the statistical data or by not citing the original source of the model he presented.