

**THE CHARTERED INSURANCE INSTITUTE**



**FA6**

**Certificate in Investment Operations**

**FA6 – Investment client servicing**

**Based on the 2017/2018 syllabus  
examined until 31 August 2018**

## FA6 – Investment client servicing

Based on the 2017/2018 syllabus examined until 31 August 2018

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## FA6 – Investment client servicing

Based on the 2017/2018 syllabus examined until 31 August 2018

### Introduction

This examination guide has been produced by the Examinations Department at the Chartered Insurance Institute to assist students in their preparation for the FA6 examination. It contains a specimen examination with answer key.

Ideally, students should have completed the majority of their studies before attempting the specimen examination. Students should allow themselves one hour to complete the examination. They should then review their performance to identify areas of weakness on which to concentrate the remainder of their study time.

Although the specimen examination in this guide is typical of an FA6 examination, it should be noted that it is not possible to test every single aspect of the syllabus in any one particular examination. To prepare properly for the examination, candidates should make full use of the tuition options available and read as widely as possible to ensure that the whole syllabus has been covered. They should also endeavour to keep as up-to-date as possible with developments in the industry by reading the periodicals listed in the FA6 reading list, which is located on the syllabus in this examination guide and on the CII website at [www.cii.co.uk](http://www.cii.co.uk).

### Background Information

CII examination questions undergo a rigorous writing and editing process before reaching an examination. The questions are written to strict guidelines by practitioners with relevant technical knowledge and experience. Questions are very carefully worded to ensure that all the information required to answer the question is provided in a clear and concise manner. They are then edited by an independent panel of experienced practitioners who have been specifically trained to ensure that questions are technically correct, clear and unambiguous. As a final check, each examination is scrutinised by the Senior Examiner and a CII assessment expert.

Occasionally a question will require amendment after the examination guide is first published. In such an event, the revised question will be published on the CII website:

- 1) Visit [www.cii.co.uk/qualifications](http://www.cii.co.uk/qualifications)
- 2) Select the appropriate qualification
- 3) Select your unit on the right hand side of the page

Candidates should also refer here for the latest information on changes to law and practice and when they will be examined.

## Syllabus

The FA6 syllabus is published on the CII website at [www.cii.co.uk](http://www.cii.co.uk). **Candidates should note that the examination is based on the syllabus, rather than on any particular tuition material.** Of course, the CII tuition material will provide the vast majority of the information required to perform well in the examination, but the CII recommends that students consult other reference materials to supplement their studies.

## Skill Specification

The skill level tested in each examination question is determined by the syllabus. Each learning outcome specifies the level of skill required of candidates and thus the level at which candidates may be tested. Learning outcomes for FA6 encompass the skill levels of *know* or *understand*. Different skill levels lead to different types of question, examples of which follow.

*Know* - Knowledge-based questions require the candidate to recall factual information. Typically questions may ask 'What', 'When' or 'Who'. Questions set on a *know* learning outcome can only test knowledge.

*Understand* - To answer questions based on understanding, the candidate must be able to link pieces of information together in cause-and-effect relationships. Typically questions may ask 'Why'. Questions set on an *understand* learning outcome can test either knowledge or understanding or both.

## Examination Information

The method of assessment for the FA6 examination is 50 multiple choice questions (MCQs). 1 hour is allowed for this examination.

The FA6 syllabus provided in this examination guide will be examined from 1 September 2017 to 31 August 2018.

Candidates will be examined on the basis of English law and practice in the tax year 2017/2018 unless otherwise stated.

The general rule is that the new tax year and changes arising from the Finance Act will be examined from 1 September each year. Other changes, not related to the Finance Act, will not be examined earlier than 3 months after they come into effect.

A multiple choice question consists of a problem followed by four options, labelled A, B, C and D, from which the candidate is asked to choose the correct response. Each question will contain only one correct or best response to the problem posed.

One mark is awarded for each correct response identified by the candidate. No mark is awarded if the candidate either chooses an incorrect response, chooses more than one response or fails to choose any response. No marks are deducted for candidates choosing an incorrect response.

If you bring a calculator into the examination room, it must be a silent battery or solar-powered non-programmable calculator. The use of electronic equipment capable of being programmed to hold alphabetic or numerical data and/or formulae is prohibited. You may use a financial or scientific calculator, provided it meets these requirements.

Candidates are permitted to make rough notes. Candidates are **not** permitted, under any circumstances, to remove any papers relating to the examination from the examination room.

## Examination Technique: Multiple Choice Questions

The best approach to multiple choice examinations is to work methodically through the questions.

The questions are worded very carefully to ensure that all the information required is presented in a concise and clear manner. It cannot be emphasised too strongly that understanding the precise meaning of the question is vital. If candidates miss a crucial point when reading the question it could result in choosing the wrong option. Candidates should read carefully through the question and all the options before attempting to answer.

Candidates should pay particular attention to any words in the question which are emphasised in bold type, for example, **maximum**, **minimum**, **main**, **most**, **normally** and **usually**. Negative wording is further emphasised by the use of capital letters, for example **NOT**, **CANNOT**.

Candidates should not spend too much time on any one question. If they cannot make up their mind, they should leave the question and come back to it later.

When all of the questions have been answered, it is prudent to use any remaining time to go through each question again, carefully, to double-check that nothing has been missed. Altering just one incorrect response to a correct response could make the difference between passing and failing.

## After the Examination

Rigorous checks are made to ensure the correctness of the results issued. A pre-defined quota of passes to be awarded does not exist. If all candidates achieve a score of at least the pass mark, then all candidates will be awarded a pass grade. Individual feedback on the candidate's examination performance is automatically provided and will indicate the result achieved and, for each syllabus learning outcome, the percentage of questions in the examination that were answered correctly.

# Investment client servicing

## Purpose

At the end of this unit, candidates should understand the:

- investment client servicing cycle from setting up clients to closing customer accounts;
- rules applicable to client money;
- relevant conduct of business and client asset rules;
- processes involved in settlement;
- key features of investing in international markets.

Summary of learning outcomes	Number of questions in the examination*
1. Know the key requirements in setting up investment clients.	6
2. Understand the definition of client money and the rules applicable to client money accounts.	3
3. Know the regulatory requirements for custody of client assets.	2
4. Understand how the relevant conduct of business and client asset rules are applied in practice.	3
5. Know the range of investment products and services available to customers.	6
6. Know the tax considerations relevant to investment administration.	5
7. Understand the processes involved in the settlement of UK quoted securities and collective investment schemes.	9
8. Understand how corporate actions are applied to client assets/securities.	9
9. Understand fraud prevention and anti money-laundering rules.	2
10. Know the key features of investing in international markets.	3
11. Know the issues and procedures relevant to the closing of customer accounts.	2

\*The test specification has an in-built element of flexibility. It is designed to be used as a guide for study and is not a statement of actual number of questions that will appear in every exam. However, the number of questions testing each learning outcome will generally be within the range plus or minus 2 of the number indicated.

## Important notes

- **Method of assessment:** 50 multiple choice questions (MCQs). 1 hour is allowed for this examination.
- This syllabus will be examined from 1 September 2017 until 31 August 2018.
- Candidates will be examined on the basis of English law and practice in the tax year 2017/2018 unless otherwise stated.
- Candidates should refer to the CII website for the latest information on changes to law and practice and when they will be examined:
  1. Visit [www.cii.co.uk/qualifications](http://www.cii.co.uk/qualifications)
  2. Select the appropriate qualification
  3. Select your unit on the right hand side of the page

- 1. Know the key requirements in setting up investment clients.**
  - 1.1 Know client classifications and rules relating to record keeping and client disclosures.
  - 1.2 Describe the disclosures that must be communicated to clients.
  - 1.3 Describe when client agreements are required and the main content.
- 2. Understand the definition of client money and the rules applicable to client money accounts.**
  - 2.1 State the principles underlying client money rules.
- 3. Know the regulatory requirements for custody of client assets.**
  - 3.1 State the rules on providing custody including the CASS oversight function.
- 4. Understand how the relevant conduct of business and client asset rules are applied in practice.**
  - 4.1 State the requirements for client reporting and investor information.
  - 4.2 State the rules on operation of client money accounts, provision of custody services and responsibility for client assets and reporting.
- 5. Know the range of investment products and services available to customers.**
  - 5.1 Describe the main types of investment products and services.
- 6. Know the tax considerations relevant to investment administration.**
  - 6.1 State how tax impacts the administration of a client's account.
  - 6.2 Calculate liabilities for income tax, capital gains tax and inheritance tax.
- 7. Understand the processes involved in the settlement of UK quoted securities and collective investment schemes.**
  - 7.1 Describe the main processes involved in the settlement of UK quoted securities and collective investment schemes.
- 8. Understand how corporate actions are applied to client assets/securities.**
  - 8.1 Describe the terms of mandatory and voluntary events.
  - 8.2 Calculate dividend and interest entitlements and bond events.
- 9. Understand fraud prevention and anti-money laundering rules.**
  - 9.1 Describe the customer checks required under anti-money laundering legislation.
- 10. Know the key features of investing in international markets.**
  - 10.1 Describe the key requirements and features of international investment and how trades are settled.
- 11. Know the issues and procedures relevant to the closing of customer accounts.**
  - 11.1 Describe the processes to be followed on closure of an account and when changes of control take place.



## Reading list

The following list provides details of various publications which may assist you with your studies.

**Note: The examination will test the syllabus alone.**

The reading list is provided for guidance only and is not in itself the subject of the examination.

The publications will help you keep up-to-date with developments and will provide a wider coverage of syllabus topics.

CII/PFS members can borrow most of the additional study materials below from Knowledge Services. CII study texts can be consulted from within the library.

New materials are added frequently - for information about new releases and lending service, please go to [www.cii.co.uk/knowledge](http://www.cii.co.uk/knowledge) or email [knowledge@cii.co.uk](mailto:knowledge@cii.co.uk).

### CII study texts

Investment client servicing. London: CII. Study text FA6.

### Books

The Financial Times guide to investing. 3rd edition. Glen Arnold. FT Prentice Hall, 2014.

Winning client trust. Chris Davies. London: Ecademy Press, 2011.

### Factfiles and other online resources

CII factfiles are concise, easy to digest but technically dense resources designed to enrich the knowledge of members. Covering general insurance, life and pensions and financial services sectors, the factfile collection includes key industry topics as well as less familiar or specialist areas with information drawn together in a way not readily available elsewhere. Available online via [www.cii.co.uk/ciifactfiles](http://www.cii.co.uk/ciifactfiles) (CII/PFS members only).

- Recent developments in investment product design. Nick Edwards.
- The regulation of retail investment business. Kevin Morris.

Additional articles and technical bulletins are available under the Personal Finance section of the website at [www.cii.co.uk/knowledge/personal-finance](http://www.cii.co.uk/knowledge/personal-finance).

### Journals and magazines

Personal finance professional (previously Financial solutions). London: CII. Six issues a year. Also available at [www.thepfs.org/knowledge](http://www.thepfs.org/knowledge) (CII/PFS members only).

Money management. London: FT Business. Monthly. Also available via [www.ftadviser.com](http://www.ftadviser.com).

### Reference materials

Dictionary of banking and finance. P H Collin. A&C Black, 2005.\*

Financial Conduct Authority (FCA) Handbook. Available at [www.handbook.fca.org.uk/handbook](http://www.handbook.fca.org.uk/handbook).

Harriman's financial dictionary: over 2,600 essential financial terms. Edited by Simon Briscoe and Jane Fuller. Petersfield: Harriman House, 2007.\*

Lamont's glossary: the definitive plain English money and investment dictionary. Barclay W Lamont. 10th ed. London: Taxbriefs, 2009. Also available online via [www.cii.co.uk/lamont](http://www.cii.co.uk/lamont) (CII/PFS members only).

Prudential Regulation Authority (PRA) Rulebook Online. Available at [www.prerulebook.co.uk](http://www.prerulebook.co.uk)

\*Also available as an ebook through Discovery via [www.cii.co.uk/discovery](http://www.cii.co.uk/discovery) (CII/PFS members only).

## Examination guides

An examination guide, which includes a specimen paper, is available to purchase via [www.cii.co.uk](http://www.cii.co.uk).

If you have a current study text enrolment, the current examination guide is included and is accessible via Revisionmate ([www.revisionmate.com](http://www.revisionmate.com)). Details of how to access Revisionmate are on the first page of your study text.

It is recommended that you only study from the most recent versions of the examination guides.

## Exam technique/study skills

There are many modestly priced guides available in bookshops. You should choose one which suits your requirements.

The Insurance Institute of London holds a lecture on revision techniques for CII exams approximately three times a year. The slides from their most recent lectures can be found at [www.cii.co.uk/iilrevision](http://www.cii.co.uk/iilrevision) (CII/PFS members only).

1. How is the level of regulatory protection **normally** affected, if at all, when a retail client becomes an elective professional client?
  - A. It is not affected.
  - B. It automatically increases.
  - C. It automatically decreases.
  - D. It varies depending on the services provided.
  
2. When a client agreement is issued by an investment firm, the information that **must** be recorded is the effective date and the
  - A. agreement review period.
  - B. cancellation rights.
  - C. compensation rights.
  - D. type of agreement.
  
3. A new client of an investment firm requests a change of client categorisation. What information, if any, needs to be disclosed by the firm?
  - A. There is no obligation on the firm to disclose any further information.
  - B. There is an obligation on the firm to re-assess the client's attitude to risk.
  - C. Any increases to the level of client protection that such a different categorisation would entail.
  - D. Any limitations to the level of client protection that such a different categorisation would entail.
  
4. At what **minimum** frequency **must** a periodic statement for MiFID-designated business **normally** be provided to a client?
  - A. Monthly.
  - B. Quarterly.
  - C. Half-yearly.
  - D. Annually.
  
5. In normal circumstances, an investment firm **must** put in place the client agreement by what **latest** stage?
  - A. The day before the fact-find completion.
  - B. Immediately before the service begins.
  - C. The date of issue of the suitability report.
  - D. 14 days after receipt of the first cancellation notice.
  
6. Steve and Helen are separately investing with the same investment firm. Which section of the client agreement will **normally** explain how their respective levels of protection could differ?
  - A. Client categorisation.
  - B. Client communication.
  - C. Client compensation.
  - D. Client money.

7. What **main** factors, if any, **must** be taken into account when conducting initial and periodic due diligence for an approved bank holding client money?
- A. No initial or periodic due diligence is required if the bank is authorised and regulated in the UK.
  - B. The bank's diversification, risk management processes and financial crime controls should be reviewed.
  - C. The bank's market reputation, expertise, credit rating, and the size of the client money deposit in relation to its capital should be reviewed.
  - D. A current credit rating for the bank should be reviewed as evidence of the bank's financial strength and ability to hold client money.
8. An investment manager sold some equities and gilts from a client's portfolio. The equities raised £3,600 and the gilts raised £2,200. If the proceeds from the equity sale are being held prior to reinvestment, how much of the total amount, if any, **must** be treated as client money?
- A. None.
  - B. £2,200
  - C. £3,600
  - D. £5,800
9. An investment firm was unable to make up the shortfall identified on its client money account. As a result it should
- A. instruct the bank to freeze the account.
  - B. increase the frequency of the monitoring.
  - C. notify the regulator.
  - D. utilise the central loan facility.
10. How, if at all, do the client asset rules apply to the holding of custody assets in the operation of collective investment schemes in the UK?
- A. They apply if the scheme holds client assets as a custodian only.
  - B. They apply if the scheme holds client assets as a custodian or with a third party custodian.
  - C. They apply if the scheme holds client money in conjunction with custody assets only.
  - D. They do not apply at all.
11. Where a client has only low-risk investments and receives confirmation of individual deals, a periodic statement can be issued at what **minimum** frequency?
- A. Monthly.
  - B. Quarterly.
  - C. Half-yearly.
  - D. Annually.

12. A client executes an equity trade in tranches. What content **should** be reported to the client in the subsequent trade confirmations (contract notes)?
- A. Separate contract notes showing the highest and lowest market prices of each tranche.
  - B. Separate contract notes showing the opening and closing market prices of each tranche.
  - C. A single contract note showing the average price of each tranche, providing details of individual trades can be provided to the client on request.
  - D. A single contract note showing the discounted price of each tranche, providing details of individual trades can be provided to the client on request.
13. How are the client assets of an investment firm **normally** registered with a custodian?
- A. They are registered in the name of the investment firm.
  - B. They are registered in the name of the investment firm's individual clients.
  - C. They are registered with the parent company of the custodian in the name of the investment firm's individual clients.
  - D. They are registered in the name of the investment firm's nominee or an account linked to its underlying clients.
14. An investment firm holds client assets worth £40,000. Assuming this is classed as investment business, how much of this is currently protected under the Financial Services Compensation Scheme?
- A. £30,000
  - B. £32,000
  - C. £36,000
  - D. £40,000
15. Rob's portfolio comprises investment products with fixed share capital and the ability to borrow significant amounts for investment purposes. Rob is therefore invested in
- A. Exchange Traded Funds.
  - B. investment trusts.
  - C. open-ended investment companies.
  - D. unit trusts.
16. What type of cost, when incurred, is **normally** deducted from the bid price of a unit trust?
- A. Exit penalty.
  - B. Initial charge.
  - C. Performance fee.
  - D. Stamp Duty.
17. In relation to the charges applied by an Exchange Traded Fund, an investor should be aware that in addition to brokerage fees there will be an
- A. annual management charge only.
  - B. initial charge only.
  - C. annual management charge and an initial charge only.
  - D. annual management charge, an initial charge and an exit charge.

18. When establishing a new open-ended investment company, which two documents are essential to create the legal structure?
- A. A certificate to trade and a shareholders' agreement.
  - B. An instrument of incorporation and articles of association.
  - C. A limited company formation certificate and an auditor's statement of approval.
  - D. A statement of intent and a certificate of approval from the Financial Conduct Authority.
19. John has utilised his current ISA allowances for the tax year 2017/2018 and his parents are taking out a friendly society Tax Exempt Savings Plan (TESP) in his name. What amount, if any, can be invested?
- A. None, as he has an existing ISA.
  - B. There are no limits on any contributions paid.
  - C. £270 on an annual basis or £25 per month.
  - D. £270 on an annual basis with another £25 paid each month.
20. Which category of collective investment scheme is **most likely** to contain index-tracking investments?
- A. Exchange Traded Funds.
  - B. Investment trusts.
  - C. Open-ended investment companies.
  - D. Unit trusts.
21. The **primary** purpose of the European Union Savings Directive is to prevent fraud and tax evasion by
- A. banks.
  - B. custodians.
  - C. individuals.
  - D. registrars.
22. James, a basic-rate taxpayer, receives £4,500 UK dividend income in the tax year 2017/2018. What is his tax liability, if any, on this income?
- A. Nil.
  - B. £337.50
  - C. £1,462.50
  - D. £1,714.50
23. Stephen died in May 2017 leaving his entire estate, which did **NOT** include property of £600,000 to his daughter. Assuming he had made no lifetime gifts, he has **NOT** used any annual exemptions and has never married, the Inheritance Tax liability is
- A. £55,000
  - B. £82,500
  - C. £110,000
  - D. £137,500

24. When Nathan sold his block of shares, the calculation of his Capital Gains Tax liability did **NOT** take into account the actual cost of the shares on the purchase date. This was because he
- A. bought the shares before April 1982.
  - B. bought the shares in his role as a trustee.
  - C. sold the shares in two or more separate tranches.
  - D. sold the shares to his son or daughter.
25. Samantha pays Income Tax at the higher rate. Above what level of her personal savings allowance, if any, is higher-rate tax chargeable for the tax year 2017/2018 in respect of interest earned from UK cash deposits?
- A. Nil.
  - B. £500
  - C. £1,000
  - D. £5,000
26. As a result of a transfer of shares, CREST electronically issued a register update request to the issuer registrar. If this was sent at 10.30am on a working day, the register is **normally** updated by what latest time?
- A. 11.30am
  - B. 12.30pm
  - C. 1.30pm
  - D. 2.30pm
27. If shares are held in escrow under a CREST stock account, this **usually** indicates that
- A. certificated holdings are involved.
  - B. netting is taking place.
  - C. post-settlement failure procedures have been enacted.
  - D. the shareholder has agreed to a takeover.
28. The sale of a certificated holding has been settled on a DvP basis. What will be the time gap, if any, between the delivery stage and the payment stage?
- A. There is no time gap.
  - B. A maximum of 30 minutes.
  - C. A maximum of 60 minutes.
  - D. A maximum of 1 business day.
29. Variation margins are only paid by clearing members holding positions deemed to be
- A. closed.
  - B. long.
  - C. open.
  - D. short.

30. The act of netting as part of the trading process helps address the issue of which particular type of risk?
- A. Currency.
  - B. Liquidity.
  - C. Systemic.
  - D. Volatility.
31. Roger is selling his certificated UK shareholding. Settlement will therefore take place within the normal **maximum** period of
- A. T+7
  - B. T+8
  - C. T+9
  - D. T+10
32. At a given point in time, CREST shows the running total for a member on the cash memorandum account (CMA) as £16,200. The debit cap in respect of this member, set by the payment bank, is £20,000. The average CMA total over the past five business days is £14,600. The current headroom for this member is therefore
- A. £3,800
  - B. £5,400
  - C. £34,600
  - D. £36,200
33. How is legal title confirmed in the process of transferring bearer shares?
- A. By the transfer of the share certificate to the new owner.
  - B. By the completion of a deed of renunciation on the part of the seller.
  - C. By the re-registration of the shares in CREST.
  - D. By the re-registration of the shares with a book entry transfer.
34. Following the operation of the transfer and settlement process, how are immobilised securities held under a book entry transfer system?
- A. The share certificate is physically transferred to the new owner.
  - B. The share certificate is retained by a central securities depository without any physical movement.
  - C. The shares are converted to bearer shares in the name of the new owner.
  - D. The shares are registered in electronic format in the name of the new owner.
35. In respect of the payment of dividends to shareholders, the record date confirms the
- A. shares declared ex dividend.
  - B. shares trading cum dividend.
  - C. shareholders eligible to receive the dividend.
  - D. shareholders who have purchased or sold shares in the last 12 months.

36. A company is planning an open offer in order to raise new capital. The **maximum** discount, below the current middle market price, at which new shares can be offered is limited to
- A. 5%
  - B. 10%
  - C. 15%
  - D. 20%
37. Guy holds 600 shares with a purchase price of 120p each paying a dividend of 8p per share. He has accepted a scrip dividend, therefore the number of new shares he has received is
- A. 8 shares.
  - B. 15 shares.
  - C. 40 shares.
  - D. 120 shares.
38. Octavia, a higher-rate taxpayer, bought £1,000 of 5% Treasury Gilt 2020 when priced at £125. What is the flat yield, as a percentage, that she receives?
- A. 3%
  - B. 4%
  - C. 5%
  - D. 7%
39. Tamsin owns ordinary 25p shares in a company that is about to issue bonus shares and Ursula owns ordinary 25p shares in a company that is about to engage in subdivision of its shares. As a result
- A. Tamsin's new shares will retain the same nominal value as the existing shares, but all Ursula's shares will have a reduced nominal value.
  - B. Ursula's number of shares will reduce yet Tamsin's number of shares will increase.
  - C. both Tamsin and Ursula's new and existing shares will have the same nominal value.
  - D. both Tamsin and Ursula will receive additional shares at a different nominal value to the existing ones.
40. The **main** purpose of a company deciding to offer a rights issue is to
- A. attract new shareholders.
  - B. protect its share price.
  - C. raise additional capital.
  - D. reinvest surplus funds.
41. Chris holds shares in a FTSE 100 company. As a result of a recent corporate action, she effected a nil paid sale. She was able to do this because the corporate action involved
- A. a bonus issue.
  - B. a consolidation.
  - C. an open offer.
  - D. a rights issue.



42. An existing shareholder should be aware that when a corporate action results in a rights issue, the issue will be offered
- A. at a discount to the market.
  - B. at a premium to the market.
  - C. on a compulsory basis so it must be taken up.
  - D. only to institutional and corporate shareholders.
43. With regard to share transactions, at what level is The Panel on Takeovers and Mergers levy applied?
- A. £5,000
  - B. £10,000
  - C. £50,000
  - D. £100,000
44. A firm reported a suspicious transaction to the National Crime Agency (NCA) relating to the operation of a client's investment account. The firm requested consent for the transaction to proceed or be declined. The effect would be that the
- A. client can operate his account, but only make new investments until consent has been given or declined by the NCA.
  - B. client can operate his account, but only make new additional contributions to existing investments until consent had been given or declined by the NCA.
  - C. client can operate his account, but only make withdrawals until consent has been given or declined by the NCA.
  - D. transaction and related activities are automatically frozen until consent has been given or declined by the NCA.
45. A firm's anti-money laundering training and monitoring processes **must** cover which categories of staff?
- A. All managers and supervisors only.
  - B. All permanent staff who are involved in the handling of client money and undertaking financial transactions only.
  - C. All senior management staff that are approved persons only.
  - D. All staff including temporary employees and contractors.
46. Settlements within the Japan Securities Depository Centre (JASDEC) involve the timing convention
- A. T+2 accompanied by book entry transfer.
  - B. T+3 accompanied by book entry transfer.
  - C. T+2 without a book entry transfer requirement.
  - D. T+3 without a book entry transfer requirement.

47. In Germany, facilities for integrated banking, custody and settlement for the trading of fixed-interest securities and shares are provided by
- A. ICSD Clearstream.
  - B. LCH Clearnet Group.
  - C. Euronext.
  - D. Cascade.
48. If an equity settlement takes place in the French market, what standard settlement timing will apply?
- A. T+2
  - B. T+3
  - C. T+4
  - D. T+5
49. Following Nigel's death, the provider of his unit trust paid out the proceeds on the instructions of the administrator. What **key** fact does this indicate?
- A. Nigel failed to leave a valid will.
  - B. Nigel's unit trust was held in joint names.
  - C. Nigel's unit trust was worth less than £40,000.
  - D. Nigel was unmarried at the date of his death.
50. Clive and John held an investment bond worth around £120,000. When Clive died, the bond provider required the death certificate but **NOT** any other official documentation. This was because
- A. the bond was owned jointly as tenants.
  - B. the bond was taken out less than 12 months ago.
  - C. Clive was a discharged bankrupt.
  - D. Clive was domiciled outside the UK.

## Specimen Examination Answers and Learning Outcomes Covered

Question	Answer	Learning Outcome	Question	Answer	Learning Outcome	Question	Answer	Learning Outcome
<b>Learning Outcome 1</b>			<b>Learning Outcome 6</b>			<b>Learning Outcome 9</b>		
1	C	1.1	21	C	6.1	44	D	9.1
2	D	1.1	22	A	6.2	45	D	9.1
3	D	1.1	23	C	6.2	<b>2 Questions</b>		
4	C	1.2	24	A	6.2			
5	B	1.3	25	B	6.2	<b>Learning Outcome 10</b>		
6	A	1.3	<b>5 Questions</b>			46	B	10.1
<b>6 Questions</b>						47	A	10.1
			<b>Learning Outcome 7</b>			48	A	10.1
<b>Learning Outcome 2</b>			26	B	7.1	<b>3 Questions</b>		
7	C	2.1	27	D	7.1			
8	D	2.1	28	A	7.1	<b>Learning Outcome 11</b>		
9	C	2.1	29	C	7.1	49	A	11.1
<b>3 Questions</b>			30	B	7.1	50	A	11.1
			31	D	7.1	<b>2 Questions</b>		
<b>Learning Outcome 3</b>			32	A	7.1			
10	B	3.1	33	A	7.1			
11	D	3.1	34	B	7.1			
<b>2 Questions</b>			<b>9 Questions</b>					
<b>Learning Outcome 4</b>			<b>Learning Outcome 8</b>					
12	C	4.1	35	C	8.1			
13	D	4.2	36	B	8.1			
14	D	4.2	37	C	8.2			
<b>3 Questions</b>			38	B	8.2			
			39	A	8.2			
<b>Learning Outcome 5</b>			40	C	8.2			
15	B	5.1	41	D	8.2			
16	A	5.1	42	A	8.2			
17	A	5.1	43	B	8.2			
18	B	5.1	<b>9 Questions</b>					
19	C	5.1						
20	A	5.1						
<b>6 Questions</b>								