

PRACTISE EXAM

Core 2: Professional Standards Accreditation

QUESTIONS

Q 1	Do hybrid securities have the features of:
a.	Equity only
b.	Debt only
c.	Derivative
d.	Debt and equity

Q 2	A financial product is a facility through which a person:
a.	Makes a large investment and someone else manages it
b.	Allows another person to make and manage the investment
c.	Makes and manages investment but not a non-cash payment
d.	Makes, manages an investment and makes a non-cash payment

Q 3	The main functions of the financial system are to:
a.	Implementation of monetary policy and an efficient savings process
b.	Mobilisation of funds and flexibility of investment
c.	Implementation of the of monetary policy by the Reserve Bank
d.	All of the above

Q 4	Is the Life Insurance Act 1995 supervised and administered by:
a.	ASIC
b.	AUSTRAC
c.	APRA
d.	ACCC

Q 5	Can any person place an order into the ASX trading systems?
a.	Yes – if that person has an Australian Financial Services Licence
b.	Only if they are approved to do so by APRA
c.	Only if they are a DTR working for an ASX Market Participant
d.	Only if they work for an ASX listed company

Q 6	If a company is listed on ASX who regulates that company?
a.	It's external auditor only
b.	It's external auditor and the ACCC
c.	ASX only
d.	ASX and ASIC

Q 7	What is the settlement period for ASX traded equities?
a.	T + 3
b.	T = 1
c.	T + 5
d.	T + 2

Q 8	What is the settlement period for ASX traded derivatives
a.	T + 3
b.	T = 1
c.	T + 5
d.	T + 2

Q 9	What is the calculation tool used by ACH for calculating margins?
a.	Theoretical Inter-market Margining System(TIMs)
b.	Theoretical Intra-day Margining System(TIMs)
c.	Theoretical Intra –day Marketing System (TIMs)
d.	Theoretical Inter-market Marketing System

Q 10	Does managed investment risks also include manager risk:
a.	No
b.	Yes
c.	Dependant on how the manager was employed
d.	Only if the manager delegates responsibility

Q 11	What of the following have the greatest impact on the local economy
a.	Corporate earnings and liquidity
b.	Interest rates, monetary conditions and valuations
c.	Uncertainty
d.	All of the above

Q 12	What is the main focus of disclosure for retail clients?
a.	Financial Services Guide
b.	Product disclosure Statement
c.	Statement of Advice
d.	All of the above

Q 13	Must ASX Market Participants belong to an external dispute resolution scheme?
a.	Yes
b.	No
c.	Only if ASX requires them to
d.	Only if their wholesale clients request them to do so

Q 14	Must financial service providers have compensation arrangements in place?
a.	No
b.	Yes, under ASIC Regulatory Guide 126
c.	Yes, under ASX Regulatory Guide 126
d.	No, under ASIC Regulatory Guide 146

Q 15	To provide services on behalf of an AFS licensee must an individual be approved by the licensee to be it's representative:
a.	Verbally
b.	No need to be approved
c.	In writing
d.	It depends if they are well known to the licensee as to how they are approved

Q 16	Is it the responsibility of an AFS licensee to train it's representatives?
a.	No
b.	Only if the individual is new to the industry must they sit an induction training course
c.	Only if the individual makes an error on a client account
d.	Yes, at all times under ASIC Regulatory Guide 146

Q 17	It is the Australian Reserve Banks role to:
a.	Effect monetary policy only and provide selected services the the federal and state governments
b.	Maintain financial system stability only
c.	Enhance the safety and efficiency of the payments system only
d.	All of the above

Q 18	What decade were Australia's financial markets deregulated?
a.	Early 70s
b.	Early 80s
c.	Mid 90s
d.	Mid 80s

Q 19	Is it correct that ethics can be defined as the principles, values and ways of thinking that guide a person to make moral choices?
a.	Dependant on the industry that the person is employed in
b.	It depends on the situation that the person finds themselves in
c.	No
d.	Yes - at all times

Q 20	Should a broker always act in the best interests of it's client?
a.	Only if the client's interest does not compete with its own
b.	No – the broker should always look after itself first
c.	Yes – irrespective of the circumstance
d.	Only if it states that it must on its AFS licence

Q 21	Does conflicts of interest mean:
a.	Not to worry about someone else's interest if it completes with your own
b.	A tension between two employees of the same organisation
c.	You have the same obligations and responsibilities as another party
d.	A tension between competing obligations and responsibilities

Q 22	Should the board of an AFS licensee be concerned with Ethics and Corporate Governance or is this the responsibility of middle management
a.	Responsibility of middle management
b.	Only the dedicated board member responsible be concerned
c.	It is an individual decision
d.	Yes, definately

Q 23	What time of day do the ASX markets open
a.	9:30 am
b.	10:00 am
c.	9:00 am
d.	10;15 am

Q 24	Can any stock broking employee receive an order from a client on behalf of the stock broker?
a.	Only if the employee knows the client
b.	Yes
c.	Only if all of the representatives are on the telephone
d.	No t at all

Q 25	Must a client's instruction be followed at all times?
a.	Yes, always
b.	Only if the representative thinks the client knows what he is doing
c.	Only if the act will not interfere with what the licensee wants to do
d.	Yes, at all times unless it is suspected that the client wants to do something illegal

ANSWERS

1	d	2	d	3	d	4	c
5	c	6	d	7	a	8	b
9	a	10	b	11	d	12	d
13	a	14	b	15	c	16	d
17	d	18	b	19	d	20	c
21	d	22	d	23	b	24	d
25	d						

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