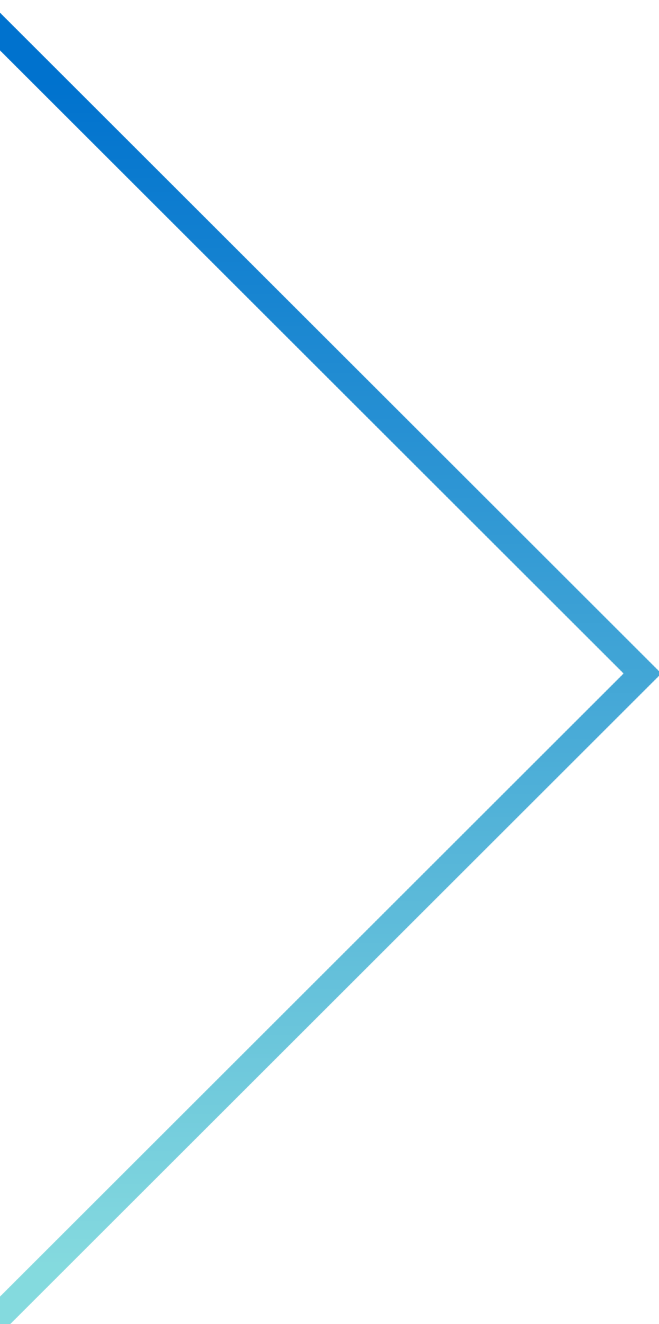




ASIC
Australian Securities &
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Financial adviser exam: Practice question guidance

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About this document

The practice questions in this document provide a guide to the types of questions you will have to answer in the financial adviser exam.

Document history

Version	Comments	Release date
3.0 to 12.0	A joint publication of the former Financial Adviser Standards and Ethics Authority and the Australian Council for Educational Research (ACER)	Final version 12.0 released August 2021
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15.0	Updated with legislated changes to exam format	January 2024

Contents

Preface	4
Practice questions	5
Appendix – Practice question answers	31

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Preface

The practice questions in this document are intended to provide you with a guide to the types of questions you will have to answer in the financial adviser exam, but do not necessarily reflect the full range of questions or their difficulty.

They are designed to provide guidance on what you can expect, in terms of question structure and answer formats.

They will also provide some guidance to the content of each question in the exam; however, the exam will cover broader knowledge areas.

It is important to understand that success in answering the practice questions does not guarantee or imply success in the actual exam.

An online version of practice questions is available for enrolled candidates via their candidate registration account.

The exam questions will typically adhere to the following format:

1 **Client scenario/case study**

You will be presented with several client scenarios or case studies covering various types of advice (e.g. financial planning, superannuation, stockbroking, self-managed superannuation funds (SMSF) and insurance). Although the scenario or case study will reference a type of advice, the questions posed will require advisers to apply their general knowledge in the curriculum areas regardless of their specialisation:

- › financial advice regulatory and legal obligations, including Chapter 7 of the Corporations Act 2001 (Corporations Act), the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*, the *Privacy Act 1988* (Privacy Act) and the *Tax Agent Services Act 2009*
- › applied ethical and professional reasoning and communication – incorporating the [Financial Planners and Advisers Code of Ethics 2019](#) (Code of Ethics) and how to comply with the Code of Ethics, and
- › financial advice construction – the suitability of advice aligned to different consumer groups, incorporating consumer behaviour and decision making.

Where a question references a particular piece of statutory information, this will be available in the open book materials for reference.

2 **Multiple-choice questions**

Multiple-choice questions may be complex. Ensure you read the question carefully. You will need to use your judgement and select the **best** answer based on the question asked, especially when you feel there may be more than one correct answer.

You will need to manage your time for each question and do what works for you.

On the day of the exam, you will be allocated 15 minutes of reading time. You will not be able to answer any questions during this time. You will have 3 hours 15 minutes to answer all questions.

Answers to these practice questions are provided for your reference in the [Appendix](#).

Practice questions

Client scenario – Julie Flags Loans

Julie has recently inherited \$300,000 and requires some financial advice.

A friend has recommended John, a financial adviser of BEAU Financial Advice Services, a medium-sized financial planning company and licensee of ISDD Money.

BEAU Financial Advice Services shares an office with Tuyla Accountants and Business Consultants, which provides specialised business, tax and accounting services.

Julie explains to John that she would like to use her inheritance:

- › for a deposit on an investment unit in Brisbane – requires a \$500,000 mortgage to finalise
- › to purchase a new car at a cost of \$130,000
- › to invest in shares or a managed fund, and
- › to start a part-time business.

John explains to Julie that he recently attended an investment seminar where some of the products demonstrated had great returns and also provided tax advantages. He recommends that Julie acquires \$10,000 in the 'Luyn Investment Fund', which is listed on the licensee's (ISDD Money) approved product list by giving her a Statement of Advice.

John recommends Julie obtain her mortgage from Flags Loans, as the interest rate on its investment mortgage is 0.25% lower than the nearest competitor and it approves within 14 days. In addition, Flags Loans will waive the \$1,400 loan application fee and provide a car loan to Julie for only 2.00% per annum if she takes out the investment loan at the same time.

John discloses to Julie that Flags Loans will pay him a commission of \$600 and an ongoing trail of 1%. However, he will rebate the commissions in full.

John also refers Julie to Alexia, his friend and an accountant at Tuyla Accountants and Business Consultants, for advice on setting up her part-time business.

PQ1 (1 mark)

When giving the Statement of Advice, which document must be provided?

- A. a Product Disclosure Statement.
- B. a Financial Services Guide.
- C. a Target Market Determination.
- D. a Fee Disclosure Statement.

PQ2 (1 mark)

Julie is pleased with the advice Alexia from Tuyla Accountants and Business Consultants has provided regarding the part-time business and now asks Alexia to consolidate all of her superannuation accounts and to set up a new self-managed superannuation fund (SMSF).

Alexia is allowed to:

- A. consolidate Julie's superannuation and set up the SMSF.
- B. consolidate Julie's superannuation, set up the SMSF, and provide tax general advice and factual information.
- C. set up the SMSF, and refer Julie to John for specific financial product advice relating to the SMSF and consolidation of the superannuation.
- D. set up the SMSF, provide tax (financial) and product advice relating to the SMSF and refer Julie to John for consolidation of the superannuation.

PQ3 (1 mark)

Julie brings John a bank cheque for \$10,000 to open the 'Luyn Investment Fund' account. John is a little suspicious, as the account documentation received matches his client records except for the name on the account opening forms, which is subtly misspelt.

To meet his obligations, John:

- A. must report his suspicions under the AML/CTF reporting obligations.
- B. should not have to report his suspicions as the product issuer, but Luyn Investment Fund must report under the AML/CTF reporting obligations.
- C. should not have to report his suspicions under the AML/CTF reporting obligations, as the account opening form provided is not conclusive evidence.
- D. must report his suspicions to the product issuer Luyn Investment Fund as they are required to conclusively check and confirm identification of all clients.

PQ4 (1 mark if all parts correct)

Which of the following statements are correct?

Select True or False for each of the following statements:

John may legally use the term 'independent' as a financial adviser of BEAU Financial Advice Services if he ...	True	False
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does **NOT** receive any commissions or fees and discloses any conflicts and benefits.

or any other adviser of BEAU Financial Advice Services receives commissions, fees or volume-based payments, but all conflicts and benefits are disclosed and all fees and commissions are rebated back to clients.

PQ5 (1 mark if all parts correct)

Consider the range of advice provided by John in the scenario.

Select True or False for each of the following statements:

John is providing financial product advice in the area of ...	True	False
direct property.		
managed investments.		

Standalone scenario questions #1

PQ6 (1 mark)

An adviser conducts research on an income protection policy and makes the following statement to his client:

'You currently have an income protection policy with a 2-year benefit within your existing industry fund. It would be worthwhile to retain this policy, as it is well priced and has adequate features. I recommend another policy with a 2-year waiting period and benefits payable to age 65, based on your goals and objectives.'

The statement is an example of:

- A. factual information.
- B. personal advice.
- C. general advice.
- D. specific advice.

PQ7 (1 mark if all parts correct)

Lisa calls her adviser about making a switch from one Australian shares managed fund in her investment portfolio to another Australian shares managed fund, due to a better research rating. The fees and the asset allocation strategy of both funds are similar. Lisa's personal circumstances have not changed since the last Statement of Advice (SOA) provided to her by the adviser five months ago.

Select True or False for each of the following statements:

As per the requirements of the Corporations Act, the adviser should ...	True	False
prepare a new SOA for Lisa since the changes were recommended by him and Lisa is acting on his advice.		
prepare a Record of Advice (ROA) incorporating reference to the original SOA – the ROA can be a tape recording of the phone conversation acknowledging and agreeing to the investment switch.		

Client scenario – Maryanne, Pete and Sue

Maryanne is a qualified chartered accountant and a financial adviser for Kilverlight Finance, an Australian financial services (AFS) licensee. She is authorised to provide advice on superannuation, self-managed superannuation funds and managed investments.

Maryanne's long-term married clients Peter (53) and Sue (49) run their own business (a successful café) and are considering expanding into the vacant next-door premises. They have recently inherited \$500,000 and have made an appointment to discuss the following:

- › invest \$200,000 in the business to refurbish and expand the café
- › invest \$50,000 in an upcoming initial public offering (IPO) with Leafgarden Agriculture (a sustainable coffee plantation company)
- › add \$20,000 each to their self-managed superannuation fund (SMSF) as concessional contributions
- › gift \$50,000 to their only child, who is getting married in the next six months
- › pay off their debts and \$200,000 mortgage, and
- › finalise their previous year's tax return as they are due to receive a large refund that will be used to partially fund their child's wedding, which is being held in Italy.

PQ8 (1 mark)

Peter and Sue request that Maryanne make a concessional contribution of \$40,000 to their self-managed superannuation fund urgently, as it's nearly the end of the year and they want to maximise their tax position.

In this time critical situation, which of the following is the most appropriate course of action for Maryanne to take?

- A. Provide Peter and Sue with a Statement of Advice explaining the strategy prior to them implementing the advice.
- B. Advise Peter and Sue verbally and then confirm the advice with a formal written file note on the same day.
- C. Provide the advice verbally and then follow up with a written advice document within five business days.
- D. Provide the advice immediately and confirm in writing with a Record of Advice within seven business days.

PQ9 (1 mark)

In relation to the \$50,000 investment with Leafgarden Agriculture, Peter and Sue must be provided with:

- A. a Financial Services Guide from both Maryanne and the stockbroking firm, as well as a prospectus for Leafgarden Agriculture by the stockbroking firm.
- B. a limited Statement of Advice as Maryanne is implementing only the investment advice sought by her clients.
- C. a Statement of Advice as Maryanne is implementing the advice provided and following her clients' instructions to invest \$50,000 in Leafgarden Agriculture.
- D. a Statement of Advice from Maryanne and a Product Disclosure Statement from Leafgarden Agriculture.

PQ10 (1 mark)

Maryanne needs to provide Peter and Sue (who pay ongoing fees) with a Fee Disclosure Statement for Maryanne's ongoing financial advice services.

The Fee Disclosure Statement needs to be provided:

- A. every year.
- B. every three years.
- C. every year, after the initial advice has been provided.
- D. the first year when the advice was provided, and then semi-annually.

PQ11 (1 mark)

Standard 8 of the Code of Ethics requires that a financial adviser keeps complete and accurate records of advice and services provided.

Maryanne has just completed her Masters in Financial Planning and can now specialise in securities and derivatives. She will be leaving Kilverlight Finance and joining a new licensee.

Which of the following is correct regarding maintenance of her files?

- A. Maryanne must retain a personal copy of all client files for a minimum of seven years.
- B. Kilverlight Finance must retain Maryanne's client files for seven years from the date she exits the practice.
- C. Kilverlight Finance must retain all client files for a minimum of seven years after the day the personal advice was provided to the client.
- D. Maryanne's record-keeping obligations end when Maryanne hands all files back to the client.

Client scenario – Kate and Don

Don is a financial planner employed by a subsidiary of Trustus Bank. Kate has had her first appointment and Don has taken the details of her financial position, investment profile and financial goals. She has \$50,000 to invest in managed funds. Don notes that she wants to be invested in 'low fee' ethical funds that exclude alcohol, tobacco and gaming interests.

Kate's investment profile shows that she is suited to a balanced investment portfolio. Don recommends that she place all her funds in a managed fund – with a balanced portfolio option, also created and managed by a Trustus subsidiary. It has lower fees than some other Trustus funds, but its fees are still higher than some other non-Trustus managed investments that are on Don's approved product list.

Don did not disclose the connection between the recommended fund and Trustus and he is comfortable that the fund is a safe and secure investment. Don did not realise that the investment manager regularly invests in the gaming industry.

PQ12 (1 mark)

Standard 2 of the Code of Ethics requires that a financial adviser must 'act with integrity and in the best interests of each of' their clients.

In his dealings with Kate, Don **FIRST** breached Standard 2 when he:

- A. noted Kate wanted to be invested in 'low fee' funds.
- B. recommended that Kate place all her funds in a managed fund that was not low fee and was also created and managed by a Trustus subsidiary.
- C. failed to disclose the connection between the recommended fund and Trustus.
- D. noted Kate wanted to be invested in ethical funds, excluding alcohol, tobacco and gaming interests.

PQ13 (1 mark)

Standard 5 of the Code of Ethics addresses when advice and recommendations will be in the 'best interests of the client' and emphasises the need for advice and recommendations to be appropriate to the client's individual circumstances.

In his dealings with Kate, Don **FIRST** breached Standard 5 when he:

- A. noted Kate wanted to be invested in 'low fee' funds.
- B. recommended that Kate place all her funds in a managed fund that was not low fee and was also created and managed by a Trustus subsidiary.
- C. failed to disclose the connection between the recommended fund and Trustus.
- D. noted Kate wanted to be invested in ethical funds, excluding alcohol, tobacco and gaming interests.

PQ14 (1 mark)

At which point in his dealings with Kate should Don have informed her about operating as a subsidiary of Trustus?

- A. after Kate implements her investment in Trustus.
- B. when Kate revealed the amount she had to invest.
- C. upon becoming aware that Kate wanted 'low fee' ethical investments.
- D. when Don recommended Kate place all her funds into a managed fund operated by a Trustus subsidiary.

Standalone scenario questions #2

PQ15 (1 mark if all parts correct)

During a busy period in a financial planning practice, an intern inadvertently leaves a paper copy of a client file in a transparent folder on a coffee table in the waiting room at reception. The file is there for an hour before a senior staff member sees it and secures it appropriately.

Select True or False for each of the following statements:

This incident is NOT a breach of the Privacy Act 1988 because ...

True

False

the client information was secured inside a folder.

the client file was salvaged and secured within a reasonable length of time.

PQ16 (1 mark)

A Statement of Advice is required when providing:

- A. personal advice for a wholesale client.
- B. all personal and general advice.
- C. all financial product advice.
- D. personal advice to retail clients.

Client scenario – Ababila AFS licensee

Ababila is an AFS licensee operating a financial planning business. Ababila is not a subsidiary of any financial product manufacturer or distributor. The majority of Ababila's clients have up-front and ongoing fee arrangements (OFAs) in place. Ababila offers its clients various payment methods to pay for the ongoing fees and sends a Fee Disclosure Statement (FDS) to all clients with OFAs.

A recent audit investigated the advice records of a new client, James, who has a large investment portfolio and likes to minimise his income tax. The scope of the advice was limited to investment and insurance. Ababila agreed to provide ongoing advice to James and he signed off an OFA. The ongoing fees for this arrangement were to be debited from the portfolio based on the performance of the investment. James was advised and consented to the potential risks of paying ongoing fees from the performance of his investment.

PQ17 (1 mark)

James would **NOT** require an FDS if:

- A. no service is provided for the ongoing fees paid.
- B. the only ongoing payment received by Ababila is the insurance commission.
- C. the OFA described the ongoing fee as a 'regular contribution'.
- D. the ongoing fees paid were capped below the regulatory threshold.

PQ18 (1 mark)

In its FDS to James, Ababila must incorporate:

- A. a list of fees that James agreed to be non-conflicted.
- B. the administration fee charged by James's investment portfolio manager.
- C. the amount of up-front fees paid by James in the previous year.
- D. services that James was entitled to receive in the previous year.

PQ19 (1 mark)

Which of the following possibilities may demonstrate that Ababila acted in the best interests of James?

Ababila invested James's portfolio in:

- A. growth funds to provide less income to James.
- B. defensive funds to minimise monitoring costs.
- C. balanced funds to minimise management fees.
- D. high-growth funds to boost short-term performance.

PQ20 (1 mark)

Which of the following services offered by Ababila would be the **MOST** genuine value-add justifying the charge of an ongoing fee?

- A. the retention of client records.
- B. an annual review of investment needs.
- C. the automatic rebalancing of an investment portfolio.
- D. sending regular updates on interest rate movements.

Client scenario – Julie and Scott

Julie and Scott have met with their financial adviser, Tarak, for the first time.

Julie recently started a new job and this has prompted the couple to review their financial position and seek professional advice.

Julie and Scott state that they would like to:

- › be debt-free as soon as possible
- › have a minimum of \$20,000 in the bank for emergencies
- › save for their children's secondary and tertiary education costs
- › ensure their family is protected financially if unexpected events occur, and
- › achieve a retirement income of at least \$60,000 per annum in today's dollars.

Tarak gathers the information in Table 1 at the first appointment.

Table 1: Personal information

Personal information	Julie, Female, Age 48	Scott, Male, Age 45
Relationship	De facto (together for six years)	
Family	Julie and Scott have two young sons. Julie also has two daughters aged 20 and 16 with her estranged husband (amicable separation, have not yet divorced).	
Retirement age	65	62

Personal information	Julie, Female, Age 48	Scott, Male, Age 45
Employment	Full-time Management Consultant New position Salary package is \$150,000 per annum plus superannuation	Sole trader with an ABN Golf Coach and Pro Shop Operator Derives around \$50,000 per annum in profits
Income and expenses	Surplus income of approximately \$1,000 per week available for investment after all living expenses and debt repayments are made	
Superannuation	Two funds: #1 Zodotto Super Fund receiving superannuation guarantee contributions with \$330,000 invested in a high-growth option with no insurance cover, and #2 Hordoff Super Fund with \$60,000 invested in single sector funds covering cash, Australian shares and international shares. It has \$500,000 life and total and permanent disability insurance cover attached	\$145,000 invested in a conservative option \$150,000 life and total and permanent disability insurance cover
Death benefit nomination (superannuation)	Non-lapsing binding nomination in favour of estranged husband with both funds	No nomination made
Current will and power of attorney	Last updated 10 years ago following separation from husband	No
Risk profile	High growth (Aggressive)	Balanced

Table 2: Assets and liabilities

Asset name	Owner	Value	Notes
Main residence	Joint tenants	\$800,000	Bought three years ago for \$750,000. No plans to move. Loan of \$600,000 attached. Variable interest of 4.1% per annum. Repaying \$2,900 per month.
Mortgage offset account	Joint	\$170,000	N/A
Share portfolio	Julie	\$120,000	Shares held in five blue-chip companies

Note: The clients have no credit cards or other debts.

PQ21 (1 mark if all parts correct)

Standard 2 of the Code of Ethics requires that financial advisers must 'act with integrity and in the best interests of each of their clients'.

Tarak conducts research into Julie's two existing superannuation funds. He notes that the fees charged by the Hordoff Super Fund are higher than the Zotto Super Fund. The Zotto Super Fund has returned 8% per annum over the past year, while the Hordoff Super Fund has returned 9% per annum for the same period. Tarak prepares a recommendation that Julie rollover the \$60,000 in the Hordoff Super Fund into the Zotto Super Fund.

Select True or False for each of the following statements:

Tarak has breached Standard 2 because ...	True	False
the investment options offered by the Hordoff Super Fund better suit Julie's risk profile.		
he has not addressed the effect of Julie losing the insurance attached to the Hordoff Super Fund.		

PQ22 (1 mark)

The Code of Ethics requires that a financial adviser must act:

- › 'in accordance with all applicable laws, including this Code, and not try to avoid or circumvent their intent' (Standard 1), and
- › 'with integrity and in the best interests of each of' their clients (Standard 2).

During his initial meeting with Julie and Scott, Tarak mentions some strategies that people commonly use to reduce their debt more quickly. He does not document these in the Statement of Advice (SOA), but instead provides a general fact sheet about debt reduction.

Which of the following is correct?

- A. Tarak has breached Standard 1 because all advice given to clients must be documented in the SOA.
- B. Tarak has breached Standard 2 because he has failed to provide and document advice that is consistent with the couple's purpose in seeking advice.
- C. Tarak has complied with Standard 2 because there is no need for him to document the debt reduction strategies unless they form part of his formal recommendations.
- D. Tarak has complied with both Standards 1 and 2 because debt reduction is not considered personal financial advice and does not need to be included in the SOA.

PQ23 (1 mark)

Standard 3 of the Code of Ethics states that a financial adviser 'must not advise, refer or act in any other manner' where they have a conflict of interest or duty.

Julie indicates that she would like to add to and diversify her direct share portfolio. Tarak is not licensed to provide specific share recommendations.

Which of the following approaches by Tarak is **MOST** likely to breach Standard 3?

- A. A recommendation to invest in shares using sector-specific managed funds.
- B. Referral to an external stockbroker who operates under a fixed-fee brokerage model.
- C. Referral to a stockbroker working as an employee within Tarak's financial planning business.
- D. A recommendation to invest in shares using a managed discretionary account operated by his business.

PQ24 (1 mark if all parts correct)

During his analysis of Julie and Scott's situation, Tarak determines that there is a need to update their estate planning provisions. The couple does not have a current arrangement with a legal practitioner and asks Tarak for a recommendation. Tarak has a referral arrangement with a solicitor who has expertise in arrangements for complex family situations.

Select True or False for each of the following statements:

To ensure compliance with the Code of Ethics when referring the clients to the solicitor, Tarak should ...

True

False

obtain Julie and Scott's consent to disclose relevant details to the solicitor.

ensure there is no payment exchanged for the referral.

Client scenario – Nicole and P-Z-S-T

Nicole is an adviser with a stockbroking firm and is authorised to provide advice on securities and managed investments and to trade on the Australian Securities Exchange (ASX) on behalf of clients. She specialises in advising on emerging technology businesses.

She is approached by Gregory, the trustee of his own self-managed superannuation fund (SMSF). His fund is worth \$300,000, invested solely in Australian shares and cash. Gregory considers himself an experienced and successful investor. He is aged in his mid-40s and has a long-term investment horizon.

At the first interview with the Adviser, Gregory partially completes a 'fact find' but declines to complete a risk profiling questionnaire, saying, 'I know what I'm looking for'. He will not disclose the stocks in his share portfolio as he 'doesn't want anyone stealing my ideas'.

Gregory inquires about a newly floated company called P-Z-S-T that has developed software to simplify testing of new pharmaceutical products. Nicole provides him with the research note produced by the stockbroking firm, which recommends the shares as a BUY at \$1.50.

PQ25 (1 mark)

What financial service is Nicole providing by giving Gregory the research note?

- A. general advice.
- B. personal advice.
- C. information only.
- D. a recommendation to acquire listed securities.

PQ26 (1 mark)

Nicole suspects that Gregory has more information about P-Z-S-T than has been made publicly available and that this means he may be breaching the market integrity rules by:

- A. churning.
- B. wash trading.
- C. insider trading.
- D. cornering the market.

PQ27 (1 mark)

A week after Nicole has placed the shares for Gregory, the P-Z-S-T share price jumps to \$2.70 when the company announces a large new contract.

If Nicole suspects Gregory is breaching the market integrity rules, she **MUST** notify:

- A. the Australian Tax Office (ATO).
- B. the Australian Securities Exchange (ASX).
- C. the Australian Prudential Regulation Authority (APRA).
- D. the Australian Securities and Investments Commission (ASIC).

Client scenario – Joe and WillieWare Technologies

Joe recently inherited \$150,000, which he invested in a 'high growth' managed fund. The fund is invested in a broadly diversified mix of Australian and international shares, along with a small allocation to bonds and cash. In addition to this investment, Joe has a very small amount of superannuation. He has no other investments and rents the apartment he lives in.

Joe works for a small technology company, WillieWare Technologies. WillieWare Technologies is currently undertaking an initial public offering (IPO). As part of the IPO, Joe has been given the opportunity to subscribe for \$100,000 worth of shares in the company. This is separate from his ongoing remuneration arrangements and is not part of an employee share scheme. Joe believes WillieWare Technologies has strong prospects. He is thinking of selling \$100,000 of his high growth fund to finance the purchase.

PQ28 (1 mark)

If Joe sells \$100,000 of his high growth fund and acquires shares in WillieWare Technologies then, compared with before these transactions, his portfolio would best be described as having:

- A. reduced diversification and higher risk because it would mostly comprise a single company.
- B. roughly the same amount of diversification and risk because Joe's investments would remain mostly allocated to equities.
- C. greater diversification and lower risk, because Joe would hold shares in WillieWare Technologies and units in the managed fund, rather than only units in the managed fund.
- D. greater diversification and lower risk, because Joe's existing high growth fund would probably not be invested in WillieWare Technologies, meaning that the transactions would result in Joe increasing the number of companies he was invested in.

PQ29 (1 mark)

Joe's financial adviser recommended against Joe investing in WillieWare Technologies and gave detailed reasons for this advice. Joe was dissatisfied with the advice, given the returns he believed he would miss out on if he were to follow the advice.

Joe's dissatisfaction suggests that Joe's adviser has failed to:

- A. provide appropriate advice that was in Joe's best interests.
- B. properly assess the future prospects for WillieWare Technologies.
- C. take into consideration Joe's expressed preference to invest in WillieWare Technologies.
- D. adequately account for Joe's decision-making biases in the way he engaged with Joe and communicated his advice.

Standalone scenario questions #3

PQ30 (1 mark)

'You must satisfy yourself that any fees and charges that the client must pay to you or your principal, and any benefits that you or your principal receive, in connection with acting for the client are fair and reasonable and represent value for money for the client.' (from the Code of Ethics, Standard 7).

This sentence is primarily aimed at encouraging practitioners to examine their:

- A. motives.
- B. legal risks.
- C. procedures.
- D. financial risks.

PQ31 (1 mark)

Standard 10 of the Code of Ethics states that advisers 'must develop, maintain and apply a high level of relevant knowledge and skills'.

In the context of the entire Code of Ethics, this ultimately is designed to enable advisers to:

- A. lead clients effectively.
- B. serve clients effectively.
- C. teach clients effectively.
- D. shape clients effectively.

PQ32 (1 mark)

Joseph has been a financial planner for 15 years. With regard to an upcoming appointment, Joseph says the following to a colleague he is supervising for her professional year:

'This guy has \$1 million in superannuation. Charging an ongoing service fee of 0.55% on that superannuation balance – that's dollars in the bank. He needs a \$500,000 trauma policy and the commission for that will be flowing in too. Don't you love this job?'

Which of the following Code of Ethics standards is Joseph **MOST** in breach of?

- A. Standard 4: An adviser 'may act for a client only with the client's free, prior and informed consent'.
- B. Standard 5: 'All advice and financial product recommendations that you give to a client must be ... appropriate to the client's individual circumstances'.
- C. Standard 7: An adviser must obtain 'free, prior and informed consent to all benefits' received 'in connection with acting for the client, including any fees for services that may be charged'.
- D. Standard 12: An adviser 'must uphold and promote the ethical standards of the profession'.

Client scenario – Yasmine and Tina

Yasmine is a provisional financial adviser in quarter 3 of her professional year and works for a boutique superannuation fund. Tina is also employed by the fund and is licensed to provide personal superannuation and insurance advice to existing and prospective fund members. Tina recently took on the role of Yasmine's supervisor for the remainder of her professional year.

Tina attends some client meetings with Yasmine. During the most recent client initial appointment, Yasmine introduced Tina to the client as 'her colleague' and provided a Financial Services Guide that referred to Yasmine as a 'financial adviser and authorised representative' but provided no details of Yasmine undertaking her professional year.

Tina also observed that, during client meetings, Yasmine:

- › provides clients with a newspaper article about the fund, which states that it charges a 0.5% investment fee on assets under management, plus \$2.00 a week to cover administration (Tina knows that the fund charges 1.19% investment fees and this is disclosed on its website)
- › often makes the comment that the fund management team has more than 40 years of investment experience, but this actually reflects the team's combined years of experience and the fund was only established five years ago
- › does not conduct a risk profile for the client on the basis that 'the super fund only offers a balanced growth investment option so they have no choice anyway' and 'superannuation is a long-term investment'
- › recommends \$1 million death and total and permanent disability insurance and 90% monthly benefit income protection insurance to each client because 'it's an industry rule of thumb and that's what most people need', and
- › justifies recommendations to salary sacrifice into superannuation by stating that the strategy helps ensure the account balance is not eroded by insurance premiums and fees.

Tina notices that Yasmine often completes sections that the client has left blank on superannuation and insurance application forms, and on one occasion copied the client's signature from one part of a form to another. When asked about this, Yasmine said she felt it was easier to just complete the sections rather than delaying the application process by having to chase the client up.

PQ33 (1 mark if all parts correct)

Standard 4 of the Code of Ethics requires that financial advisers must 'act for a client only with the client's free, prior and informed consent'.

Select True or False for each of the following statements:

Yasmine has breached Standard 4 by failing to ...

True

False

conduct a comprehensive risk profiling process for each client.

disclose that she is undertaking her professional year.

PQ34 (1 mark if all parts correct)

Standard 9 of the Code of Ethics requires that all advice given 'to a client must be offered in good faith and with competence and be neither misleading nor deceptive'.

Select True or False for each of the following statements:

Yasmine has breached Standard 9 of the Code of Ethics by the manner in which she has ...

True

False

outlined the experience of the management team.

prepared insurance recommendations.

PQ35 (1 mark)

Standard 9 of the Code of Ethics requires that all advice given and all products a financial adviser recommends 'to a client must be offered in good faith and with competence and be neither misleading nor deceptive'.

Which of the following is the **PRIMARY** reason that Yasmine has breached Standard 9 when providing the article about the fee structure to existing and potential members?

- A. A newspaper article cannot be relied on as a source of information for fee information.
- B. Yasmine must include specific fee information in the Statement of Advice rather than discussing fees generally.
- C. Yasmine is legally required to refer existing and potential members directly to the fund website for fee information.
- D. Existing and potential members are likely to make a decision to join or remain with the fund based on the incorrect information provided by Yasmine.

PQ36 (1 mark if all parts correct)

Standard 12 of the Code of Ethics requires that financial advisers 'individually and in cooperation with peers ... uphold and promote the ethical standards of the profession and hold each other accountable for the protection of the public interest'.

Based on the information provided, select True or False for each of the following statements:

To ensure compliance with Standard 12, Tina should ...

True

False

review Yasmine's advice and the procedures she followed.

intervene and correct any errors or false claims made by Yasmine.

PQ37 (1 mark if all parts correct)

Standard 8 of the Code of Ethics requires that financial advisers 'must ensure that ... records of clients, including former clients, are kept in a form that is complete and accurate'.

Yasmine has been offered a role in a financial planning practice and plans to accept it. Under the terms of her current employment arrangement, all client files remain the property of the AFS licensee of the superannuation fund.

Select True or False for each of the following statements:

To ensure compliance with Standard 8, Yasmine should ...

True

False

review each client file, update all file notes, and ensure all records are accurate and complete.

obtain permission from her clients to make an electronic copy of their files to take to her new employer.

Standalone scenario questions #4

PQ38 (1 mark)

In which of the following situations should a financial planner suspect money laundering?

- A. A friend at a BBQ wants some hot investment tips as they have 'come into some money'.
- B. A colleague asks for free financial advice for their elderly parents who have \$50,000 to invest.
- C. An existing client asks the financial planner to invest \$13,000 cash for a new boyfriend they met online.
- D. A new client asks for financial advice on consolidating their various superannuation fund balances totalling \$11,502.

PQ39 (1 mark)

To establish if they are providing personal advice to a retail client, the **BEST** question a financial planner should ask themselves is:

- A. 'Am I only providing generic information?'
- B. 'Can the client get this information from the internet?'
- C. 'Would I want my colleague to overhear this information?'
- D. 'Am I applying the client's personal situation to the information?'

Client scenario – Dorothy

Dorothy, 86, owns her home, valued at \$540,000. She has \$70,000 in a bank account and receives a full pension. Dorothy also has a small \$20,000 total portfolio of shares in two blue-chip companies. She received both parcels of shares when the companies demutualised in the 1990s and has kept them because she likes the companies and they pay high dividends.

Due to failing health, Dorothy is preparing to move into an aged-care facility. She wants to keep her home as an inheritance for her five children, as specified in her current will. Dorothy has appointed her eldest daughter, Glenda, as both the executor of the estate and enduring power of attorney (EPOA). This covers legal and financial decisions only and was drafted so that it had legal effect immediately. Both the will and EPOA have been in place for three years, and Dorothy had legal capacity to make the documents at that time. All relevant parties reside in the Australian state in which the documents were enacted.

Glenda knows Raoul, a financial adviser with Soary Financial Planning, through the local golf club of which they are both members. Glenda has arranged an appointment for her mother to meet with Raoul to discuss the financial planning implications of moving into an aged-care facility.

Glenda explains to Raoul that she will be happy to sign off on any advice even if Dorothy is unable to understand the recommendations.

PQ40 (1 mark)

Standard 1 of the Code of Ethics requires that financial advisers 'act in accordance with all applicable laws, including this Code, and not try to avoid or circumvent their intent'.

Following the initial appointment, Raoul evaluates potential strategies for Dorothy. Raoul realises that he requires additional information about Dorothy's Centrelink entitlements.

Raoul can obtain this information while complying with Standard 1 of the Code by:

- A. asking Glenda to access the details from Centrelink and forward the information to him as soon as possible.
- B. calling Centrelink directly and using the personal details in Dorothy's file notes to access the information he needs.
- C. obtaining access to operate Dorothy's Centrelink account by asking Glenda to add him as one of the authorised people.
- D. calling Centrelink directly, explaining that he is Dorothy's financial adviser and requires the information to evaluate the best strategy for his client.

PQ41 (1 mark)

During the initial appointment, Raoul notices that even when he directly asks Dorothy a question, Glenda does all the talking.

What is the main reason this behaviour should concern Raoul?

- A. Answering for Dorothy could indicate that Glenda is exerting undue influence over her mother.
- B. Dorothy is responsible for providing all the relevant information and as such needs to answer the questions directed at her.
- C. Glenda is unlikely to be aware of all the relevant information that Raoul needs in order to provide advice to Dorothy, especially concerning her lifestyle preferences.
- D. If Glenda answers all the questions, it is unlikely that Raoul can demonstrate he has met the safe harbour provisions under the Corporations Act.

PQ42 (1 mark if all parts correct)

Standard 2 of the Code of Ethics states that advisers 'must act with integrity and in the best interests of each of' their clients.

Select True or False for each of the following statements:

In order to comply with Standard 2, Raoul must ...	True	False
acknowledge that he owes a duty of care to both Dorothy as his client and Glenda as her executor and power of attorney.		
ensure that his personal association with Glenda does not influence the advice he provides to Dorothy.		

PQ43 (1 mark)

Standard 4 of the Code of Ethics states that financial advisers 'may act for a client only with the client's free, prior and informed consent'.

Which of the following aspects of Dorothy's personal situation is **most** relevant for Raoul to consider when complying with Standard 4 of the Code?

- A. Dorothy may feel pressured by Glenda to proceed with the advice.
- B. There could be a conflict between Glenda's best interests and Dorothy's best interests.
- C. Dorothy is unlikely to have the cognitive ability to understand the advice being provided.
- D. Glenda has initiated the advice process and obtaining her agreement to any advice is essential to proceed.

PQ44 (1 mark)

Dorothy calls Raoul because she has heard that the share price of one of the companies she owns shares in has dropped sharply over the past week due to the resignation of the managing director.

She is worried and wonders whether she should sell her shares before she loses all her money.

Raoul believes that the shares are still a good investment.

Which of the following statements is **MOST** likely to reassure Dorothy about her shareholdings?

- A. Past performance is no indication of future performance.
- B. Selling shares after the price has dropped turns a paper loss into a real loss.
- C. The dividends more than offset any change in the share price so it's important to keep owning them for the income.
- D. Share prices can drop when there is bad news about a company, but it's important to look at the big picture instead of panicking and selling.

PQ45 (1 mark)

Glenda thinks that Dorothy should sell her shares because they are far too risky. She thinks that Dorothy would be better off putting the money into a term deposit.

Which of the following statements would be **MOST** appropriate for Raoul to use in this situation?

- A. Every type of investment has some level of risk, even term deposits.
- B. The shares are in blue-chip companies that have far less risk than most investments.
- C. There is a high risk that Dorothy will outlive her capital if she puts all her money in the bank.
- D. Putting money in a term deposit means that Dorothy will lose access to her savings and this creates access risk.

PQ46 (1 mark if all parts correct)

According to the Code of Ethics, a financial adviser must 'act with integrity and in the best interests' of each of their clients (Standard 2) and ensure that 'records of clients, including former clients, are kept in a form that is complete and accurate' (Standard 8).

Following the initial interview, Raoul receives a phone call from Dorothy. She tells Raoul that she has just gifted \$15,000 from the sale of her shares to her youngest son to help him buy a new car. Dorothy does not want Glenda to know about the gift and asks Raoul the best way she can hide the transaction.

Consider the following statements regarding the implications of this phone call for Raoul and his compliance with the standards in the Code of Ethics.

Select True or False for each of the following statements:

Statement	True	False
Raoul has a duty to notify Glenda of the transaction.		
Raoul should record all details of the phone conversation in Dorothy's file notes.		

PQ47 (1 mark)

Raoul receives a phone call from one of Dorothy's other daughters, Hilda, who explains that she is also an executor of her mother's estate. She states that she has just ended a phone call with Dorothy and is concerned about the sale of her shares. Hilda expresses her belief that Glenda is experiencing financial difficulty and asks about who authorised the sale of Dorothy's shares and how the proceeds from the sale were used.

Which of the following actions should Raoul initially take to manage this situation while complying with the best interests duty and privacy laws?

- A. Inform Glenda of Hilda's concerns and ask whether the allegations of financial difficulty are true.
- B. Ask Hilda to provide written evidence that she is the executor prior to revealing details about Dorothy's financial situation.
- C. Take notes of Hilda's concerns and seek advice from the business compliance team about how to progress the matter.
- D. Assure Hilda that the share sale proceeds were not misappropriated by Glenda but were instead used to purchase a vehicle for Dorothy's youngest son.

Standalone scenario questions #5

PQ48 (1 mark)

Mel is a risk adviser who mainly works with clients to help them with their insurance needs. Mel is a strong believer that clients should have the appropriate level of insurance to meet their needs and focuses on ensuring the clients get adequate insurance. For some of the clients who have limited cash flow, she recommends for the insurance to be held inside superannuation.

Given Mel's advice preferences, she would be **MOST** at risk of breaching:

- A. Standard 4 of the Code of Ethics – to act only with 'the client's free, prior and informed consent'.
- B. Standard 6 of the Code of Ethics – to 'take into account the broad effects arising from the client acting' on the advice.
- C. Standard 8 of the Code of Ethics – all 'records of clients, including former clients, are kept in a form that is complete and accurate'.
- D. none of the standards of the Code of Ethics.

PQ49 (1 mark)

Consumers are more likely to perceive 'personal advice' as advice that:

- A. has no upfront fees.
- B. is from mass media (e.g. TV, radio).
- C. is from a sales or marketing recommendation.
- D. is from a face-to-face appointment.

PQ50 (1 mark)

An adviser is transferring all their paper-based client files to an electronic filing system. The adviser's assistant scans and saves the documents into matching numbered folders on the adviser's home computer. The paper client files are then immediately shredded.

The adviser has breached which of the following standards of the Code of Ethics?

- A. Standard 8 – to ensure that all 'records of clients, including former clients, are kept in a form that is complete and accurate'.
- B. Standard 9 – to ensure that all advice and products recommended to a client are 'offered in good faith and with competence and be neither misleading nor deceptive'.
- C. Standard 10 – to develop, maintain and apply a high level of relevant knowledge and skills.
- D. Standard 11 – to 'cooperate with ASIC and monitoring bodies in any investigation of a breach or potential breach' of the Code.

PQ51 (1 mark)

Marko, an adviser, receives a letter from another adviser saying that a client of Marko's will now be seeing her for advice. The new adviser asks if she can obtain a copy of the client's files. Marko does not respond to this letter. The new adviser has phoned and left several messages with Marko's receptionist, which Marko hasn't returned.

Marko is breaching the Code of Ethics because he is:

- A. failing to support a fellow professional or extending professional courtesy.
- B. failing to demonstrate relevant knowledge and skills.
- C. demonstrating a conflict in his interests or duties.
- D. avoiding his record-keeping obligations.

Client scenario – Michael hobby farm

Michael met with a financial adviser to seek advice on whether he should sell some of his investment portfolio and use the proceeds to purchase a hobby farm in a country town.

While Michael is only in his late 40s, he already has a secure financial position. He has a salary of \$250,000. He owns a home in one of Australia's capital cities and has paid off his mortgage in full. In addition, he has more than \$750,000 in superannuation. He also holds more than \$1.5 million in a professionally managed 'balanced' investment portfolio that is diversified across major asset classes, including Australian shares, international shares, fixed income and listed property trusts. The investment is held via an exchange traded fund that is listed on the Australian Securities Exchange (ASX) and is managed by one of the leading international fund managers.

Michael has identified a small country town that he'd like to live in during retirement, where he plans to play golf three times per week and manage the small hobby farm. During the adviser's conversation with Michael, it emerged that while Michael believes he would enjoy managing a hobby farm, he has no experience with farming.

PQ52 (1 mark if all parts correct)

Select True or False for each of the following statements:

An advantage of Michael being able to clearly articulate his retirement objectives is that ...

True

False

Michael is likely to be more motivated to save for retirement, compared with if he had no clear objectives.

the adviser can recommend investments that align with the objectives that Michael articulates, without having to explore why Michael has those objectives.

PQ53 (1 mark)

Recommending that Michael purchases a property in the country town as soon as possible should **MOST** help him achieve his goals because it reduces the risk that:

- A. Michael loses his job prior to reaching retirement.
- B. property prices in the town fall prior to Michael's retirement.
- C. no suitable property is available in the town for Michael to purchase as he nears retirement.
- D. Michael is unable to sell his investment portfolio when he wants to purchase a property in the future.

PQ54 (1 mark if all parts correct)

Select True or False for each of the following statements:

If the adviser recommends that Michael purchases a property in the country town as soon as possible, this could INCREASE the risk profile of Michael's investments by REDUCING the ...

True

False

liquidity of Michael's investments.

diversification of Michael's investments.

PQ55 (1 mark)

Whether buying a property in the country town either **INCREASES** or **DECREASES** Michael's chances of achieving his retirement goals is **MOST** dependent on:

- A. Michael's risk tolerance.
- B. the short-term outlook for mortgage interest rates.
- C. Michael's preferences for investing in different asset classes.
- D. the likelihood of Michael's retirement plans changing materially.

PQ56 (1 mark)

The adviser should be **MOST** concerned by Michael's lack of farming experience because:

- A. Michael should not expect to learn new skills in retirement.
- B. Michael will not be able to rely on the farm for his retirement income.
- C. it suggests that Michael might be lying about his retirement objectives.
- D. it suggests an increased risk that Michael's retirement plans might change significantly.

PQ57 (1 mark)

The adviser asks Michael what he would do if he was unable to manage a hobby farm because of any future health problems.

Which of the following responses provided by Michael would give the adviser the **STRONGEST** basis to recommend he purchases a property in the country town?

- A. 'Even if I had a serious health problem, I'd still be OK to manage a farm.'
- B. 'I don't expect to have any health problems, as I've always been fit and healthy.'
- C. 'I'd still want to live in the town – I've always liked the quiet country atmosphere.'
- D. 'I know that property prices in that town will rise, so I will be able to sell my hobby farm to someone else for a profit.'

PQ58 (1 mark)

If the adviser believes that Michael is not properly considering the risks of purchasing a hobby farm, it would be best for the adviser to recommend that Michael:

- A. stays on a hobby farm to try it out before making a purchase.
- B. tries to forget about the hobby farm and focus instead on golf.
- C. purchases a hobby farm with a friend, so they could share the costs.
- D. buys shares in some agricultural companies, so he gets used to owning agricultural investments.

Standalone scenario questions #6

PQ59 (1 mark)

The risk that a client will spend carelessly is **HIGHEST** for money kept in:

- A. a transaction account.
- B. a direct share portfolio.
- C. a managed investment.
- D. a high-interest savings account.

Client scenario – Panic super cash

A financial adviser, Reginald, receives a telephone call from a relatively new client, Hamish.

Hamish says, 'The share market will never recover from this global downturn. It's a disaster! I want to change the asset allocation in my superannuation to 100% cash, and I want to do it today! I want my wife, Lucy, to move her superannuation into cash as well.'

Hamish and Lucy are both 52 and have a combined superannuation balance of \$400,000.

Reginald advises Hamish to not panic, highlights the long-term nature of share market investments, and discusses the risks of placing all their money into cash at this turbulent time.

Reginald makes an appointment the following day to meet with both Hamish and Lucy, telling Hamish 'Don't panic or do anything today – let's have a look at how to manage this tomorrow.'

The next day at the meeting, Hamish states, 'I contacted the superannuation fund yesterday, and changed my asset allocation to 100% cash. Lucy also transferred hers to 100% cash. But now I realise I might have panicked and done the wrong thing. What can I do?'

PQ60 (1 mark)

What action should Reginald have taken after the phone call to **BEST** uphold the value of diligence in the Code of Ethics to 'perform all professional engagements with due care and skill'?

- A. Call Lucy and schedule a meeting with her for the next day.
- B. Email Hamish and assure him that the share market will pick up again quickly.
- C. Email Lucy and inform her of the phone call, requesting that she 'talk some sense to her husband'.
- D. Contact Lucy and confirm that she is aware of both the conversation and the upcoming meeting.

PQ61 (1 mark)

Upholding the value of competence in the Code of Ethics requires a financial adviser to 'have regard to the knowledge, skills and experience necessary' to perform their 'professional obligations' to clients.

During the phone call with Hamish, Reginald **BEST** upheld the Code of Ethics value of competence by:

- A. identifying that Hamish's short-term reaction to risk may be in conflict with his long-term needs and priorities.
- B. taking Hamish's concerns seriously instead of dismissing them as momentary panic.
- C. assuming that Hamish will listen to this warning and not take any action.
- D. assessing how much Hamish's portfolio will decline in value.

PQ62 (1 mark)

What should be Reginald's **NEXT** step at their final meeting to act in the best interests of Hamish and Lucy?

- A. Tell Hamish he made a mistake and there is no way to fix the situation.
- B. Call the superannuation fund's investment team and instruct them to revert back from 100% cash to their previous allocations.
- C. Inform Hamish that he will make a file note of yesterday's phone call and Hamish's subsequent action to change the asset allocation.
- D. Confirm with Hamish and Lucy how they want to proceed in relation to their asset allocations and to revisit their risk tolerance.

PQ63 (1 mark)

Upholding the value of fairness in the Code of Ethics requires an adviser to 'bring professional objectivity to the task of engaging with clients professionally' and when 'recommending financial products and professional services'.

Which of the following questions asked by Reginald at their final meeting **BEST** demonstrates the Code of Ethics value of fairness?

- A. 'Mistakes happen. How can we move forward and fix this situation?'
- B. 'How does your mistake reflect on your personal reputation?'
- C. 'Surely, you must have considered the small returns on cash?'
- D. 'What documentation can you show me proving these transactions occurred?'

PQ64 (1 mark)

Upholding the value of fairness in the Code of Ethics requires an adviser to bring 'professional objectivity to the task of engaging with clients professionally' and when 'recommending financial products and professional services'. It requires advisers to 'properly investigate, evaluate and diagnose a client's need for professional services, and to self-reflect on the limits of' their professional competency.

After the meeting with Hamish and Lucy, Reginald reflects on his actions in this scenario as a professional financial adviser.

Which of the following questions asked by Reginald to himself **BEST** demonstrates the Code of Ethics value of fairness?

- A. 'How will this scenario look to my colleagues?'
- B. 'What could I have done better to avoid this situation?'
- C. 'Have I acted in good faith during our meetings?'
- D. 'How can we fix this with limited damage to the client's and my reputation?'

Client scenario – Joshua

A financial adviser receives a call from Joshua, who has been referred to him by one of his long-standing clients. Joshua explains to the adviser that the football season is about to commence and he will be playing football in three days' time. He has been meaning to come and see the adviser but hasn't had any time as he has been juggling running his own small business and being a single father of two children. He has a small amount of death and total and permanent disability (TPD) cover inside his superannuation fund and wants to set up some trauma cover before the football game, which he wants done immediately.

The adviser explains that he will need to provide his recommendations in a Statement of Advice (SOA), which will take a few weeks but Joshua responds, 'That's not good enough, I just need the trauma cover set up for now so I can play footy on the weekend – can it be done or not?'. The adviser explains time critical advice can be provided and promises to call him back with a recommendation the next day.

PQ65 (1 mark)

Which of the following factors would make it permissible for the adviser to provide a recommendation to Joshua before giving him an SOA?

- A. Joshua is a friend of a long-standing client.
- B. The adviser seeks approval from the compliance manager.
- C. Joshua has instructed the adviser to provide the financial service immediately.
- D. Joshua signs a disclaimer consenting to the risks of not receiving an SOA.

PQ66 (1 mark if all parts correct)

Select True or False for each of the following statements:

The adviser is able to provide Joshua with a verbal recommendation before giving him an SOA because ...

True

False

it is not reasonably practical to provide Joshua with an SOA before the financial service is provided.

Joshua has been referred to him by a long-standing client.

PQ67 (1 mark)

For a time critical advice to apply, it must be at:

- A. the adviser's direction.
- B. Joshua's direction.
- C. both Joshua's and the adviser's direction.
- D. the direction of the compliance manager.

Appendix – Practice question answers

The sample answers for the written response questions are a guide and are not necessarily comprehensive – that is, there may be other correct answers.

Client scenario – Julie Flags Loans

PQ1

Option A (correct) 1 mark

PQ2

Option C (correct) 1 mark

PQ3

Option A (correct) 1 mark

PQ4

False; False (1 mark if all parts correct)

PQ5

False; True (1 mark if all parts correct)

Standalone scenario questions #1

PQ6

Option B (correct) 1 mark

PQ7

False; True (1 mark if all parts correct)

Client scenario – Maryanne, Pete and Sue

PQ8

Option C (correct) 1 mark

PQ9

Option A (correct) 1 mark

PQ10

Option A (correct) 1 mark

PQ11

Option C (correct) 1 mark

Client scenario – Kate and Don**PQ12**

Option B (correct) 1 mark

PQ13

Option B (correct) 1 mark

PQ14

Option D (correct) 1 mark

Standalone scenario questions #2**PQ15**

False; False (1 mark if all parts correct)

PQ16

Option D (correct) 1 mark

Client scenario – Ababila AFS licensee**PQ17**

Option B (correct) 1 mark

PQ18

Option D (correct) 1 mark

PQ19

Option A (correct) 1 mark

PQ20

Option B (correct) 1 mark

Client scenario – Julie and Scott

PQ21

False; True (1 mark if all parts correct)

PQ22

Option B (correct) 1 mark

PQ23

Option D (correct) 1 mark

PQ24

True; True (1 mark if all parts correct)

Client scenario – Nicole and P-Z-S-T

PQ25

Option A (correct) 1 mark

PQ26

Option C (correct) 1 mark

PQ27

Option D (correct) 1 mark

Client scenario – Joe and WillieWare Technologies

PQ28

Option A (correct) 1 mark

PQ29

Option D (correct) 1 mark

Standalone scenario questions #3

PQ30

Option A (correct) 1 mark

PQ31

Option B (correct) 1 mark

PQ32

Option D (correct) 1 mark

Client scenario – Yasmine and Tina**PQ33**

False; True (1 mark if all parts correct)

PQ34

True; True (1 mark if all parts correct)

PQ35

Option D (correct) 1 mark

PQ36

True; True (1 mark if all parts correct)

PQ37

True; False (1 mark if all parts correct)

Standalone scenario questions #4**PQ38**

Option C (correct) 1 mark

PQ39

Option D (correct) 1 mark

Client scenario – Dorothy**PQ40**

Option A (correct) 1 mark

PQ41

Option A (correct) 1 mark

PQ42

False; True (1 mark if all parts correct)

PQ43

Option A (correct) 1 mark

PQ44

Option D (correct) 1 mark

PQ45

Option A (correct) 1 mark

PQ46

False; True (1 mark if all parts correct)

PQ47

Option C (correct) 1 mark

Standalone scenario question #5**PQ48**

Option B (correct) 1 mark

PQ49

Option D (correct) 1 mark

PQ50

Option A (correct) 1 mark

PQ51

Option A (correct) 1 mark

Client scenario – Michael hobby farm**PQ52**

True; False (1 mark if all parts correct)

PQ53

Option C (correct) 1 mark

PQ54

True; True (1 mark if all parts correct)

PQ55

Option D (correct) 1 mark

PQ56

Option D (correct) 1 mark

PQ57

Option C (correct) 1 mark

PQ58

Option A (correct) 1 mark

Standalone scenario question #6

PQ59

Option A (correct) 1 mark

Client scenario – Panic super cash

PQ60

Option D (correct) 1 mark

PQ61

Option A (correct) 1 mark

PQ62

Option D (correct) 1 mark

PQ63

Option A (correct) 1 mark

PQ64

Option B (correct) 1 mark

Client scenario – Joshua

PQ65

Option C (correct) 1 mark

PQ66

True; False (1 mark if all parts correct)

PQ67

Option B (correct) 1