

Reading 1: Ethics and Trust in the Investment Profession

Question #1 of 17

Question ID: 683833

Which of the following *best* describes elements of a framework for ethical decision making?

- A) Identify relevant facts; consider influences and alternatives; decide and act; reflect on outcomes.
 - B) State the objective; gather, process, and interpret the data; report the conclusions; update the analysis.
 - C) Relevance; faithful representation; transparency; comprehensiveness; consistency.
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Question #2 of 17

Question ID: 683824

Which of the following statements about a code of ethics is *most accurate*? A code of ethics:

- A) must include rules-based standards of conduct.
 - B) does not need to include standards of conduct.
 - C) must include principles-based standards of conduct.
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Question #3 of 17

Question ID: 683828

Unethical behavior by a financial professional harms:

- A) only clients and other employees.
 - B) only clients.
 - C) clients, other employees, and society.
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Question #4 of 17

Question ID: 683827

Unethical behavior by individuals in the investment industry is *most likely* to:

- A) decrease the rate of economic growth.
 - B) increase the overall profits of financial services firms.
 - C) decrease financing costs for businesses.
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Question #5 of 17

Question ID: 683834

A framework for ethical decision making is *most appropriately* applied to:

- A) reduce the need to maintain a large compliance department.
 - B) aid decision makers in considering alternatives and their potential impacts.
 - C) determine whether actions are legal.
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Question #6 of 17

Question ID: 683820

Ethics *least likely* refers to:

- A) the study of good and bad behavior.
 - B) moral principles to guide behavior.
 - C) a person's beliefs about right and wrong behavior.
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Question #7 of 17

Question ID: 683835

An ethical decision-making framework:

- A) focuses on the near term impact on all stakeholders.
 - B) primarily addresses compliance with regulatory issues.
 - C) considers alternative actions and unintended consequences.
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Question #8 of 17

Question ID: 683823

A code of ethics:

- A) provides the public with assurance of a minimum level of ethical behavior.
 - B) may be rules-based or principles-based.
 - C) should not be used for marketing purposes.
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Question #9 of 17

Question ID: 683826

Surveys have shown that, compared to other professions, the trust the public has in financial services professionals is:

- A) near the bottom of all professions.
 - B) higher than for other professions.
 - C) only average among professions.
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Question #10 of 17

Question ID: 683825

Challenges to ethical behavior are *most likely* to arise from:

- A) situational influences.
 - B) inadequate training.
 - C) internal motivations.
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Question #11 of 17

Question ID: 683822

Standards of conduct are *most* accurately described as:

- A) giving members of a group a minimum level of acceptable behavior.
 - B) providing the public with the values and general expectations for a group of professionals.
 - C) a necessary part of any ethical code.
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Question #12 of 17

Question ID: 683830

CFA Institute Standards of Professional Conduct are *most* accurately described as being based on:

- A) accepted legal standards.
 - B) a code of ethics.
 - C) the best interests of members and candidates.
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Question #13 of 17

Question ID: 683829

Unethical behavior by financial professionals:

- A) does not affect allocation of capital.
 - B) increases incomes for the profession.
 - C) increases risk and the cost of capital.
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Question #14 of 17

Question ID: 683821

Which of the following characteristics distinguishes a profession from an occupation? Members of a profession:

- A) view their work as a calling.
- B) are better compensated for their services.
- C) abide by a code of ethics.

Question #15 of 17

Question ID: 683832

Which of the following statements about legal and ethical standards is *most* accurate?

- A) Unethical acts are always illegal.
 - B) Illegal acts are always unethical.
 - C) Some illegal acts are considered ethical.
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Question #16 of 17

Question ID: 683831

Which of the following statements about legal and ethical standards is *most* accurate?

- A) Ethical standards are a subset of legal standards.
 - B) Legal standards are a subset of ethical standards.
 - C) Ethical and legal standards often intersect, but not always.
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Question #17 of 17

Question ID: 683819

Ethics are *most accurately* defined as:

- A) a belief about proper conduct.
- B) the study of moral principles.
- C) a written code of standards.