Question #1 of 52

Will Lambert, CFA, is a financial analyst for Offshore Investments. He is preparing a purchase recommendation on Burch Corporation for internal use. According to the CFA Institute Standards of Professional Conduct, which of the following statements about disclosure of conflicts is not required? Lambert would NOT need to disclose to his employer that:

A) he is a beneficiary of a pension plan of his former employer that owns a large number of shares of Burch's stock.

B) Offshore is an OTC market maker for Burch Corporation's stock.

C) his wife owns 2,000 shares of Burch Corporation.

Question #2 of 52

Wes Smith, CFA, refers many of his clients to Bill Towers, CPA, for accounting services. In return, Towers performs routine services for Smith, such as his tax returns, for no charge. With respect to this relationship, Smith:

A) must disclose to his clients that Towers provides services for Smith's personal benefit.

B) is in violation of both Standard V(B) and III(B).

C) is only in violation of Standard III(B), Fair Dealing, by not putting the client first.

Question #3 of 52

Lee Hurst, CFA, is an equity research analyst for a long-term investment fund. His annual bonus is linked to quarterly trading profits. Under a new policy, the quarterly assessment period is switched to a monthly assessment period. According to the Code and Standards, best practices dictate:

A) requiring Hurst to obtain permission from each client prior to implementation of the new policy.

B) updating disclosures when the policy change is implemented.

C) keeping the policy change private as a trade secret.

Question #4 of 52

To comply with the CFA Institute Standards, employees have a duty to disclose possible conflicts of interest to:

A) neither employers nor clients, but the member must use "prudent judgment."

B) both their employer and their clients.

C) only their employer.

Question #5 of 52

An analyst has been covering a particular firm for years. Recently, the analyst's uncle died and left the analyst a sizable position in the firm's stock. The analyst needs to:

A) do nothing since the analyst did not purchase the stock.

B) refuse to receive the stock in the first place.

C) disclose the ownership of the stock to his supervisor.

Question #6 of 52

The following scenarios refer to two analysts who are employed at Global Securities, a large brokerage firm.

- Paula Linstrom, CFA, is instructed by her supervisor to write a research report on Delta Enterprises. Delta's stock is widely held by institutional and individual investors. Although Linstrom does not own any of Delta's stocks, she believes that one of her friends may own 10 shares of Delta. The stock currently sells for $25 per share. Linstrom does not believe that informing her employer about her friend's possible ownership of Delta shares is necessary.
- Hershel Wadel, a member of CFA Institute, is asked by his supervisor to write a research report on Gamma Company. Wadel's wife inherited 500 shares of Gamma Company from her father when he died five years ago. Gamma stock currently sells for $35 per share. Wadel does not believe that informing his employer about his wife's ownership of Gamma shares is necessary.

According to CFA Institute Standards of Professional Conduct, which the following statements about Linstrom and Wadel's conduct is *most* accurate?

A) Only one of these analysts must disclose a potential conflict of interest.

B) Both of these analysts must disclose a potential conflict of interest.

C) Neither of these analysts must disclose a potential conflict of interest.

Question #7 of 52

Dwight Dawson, a CFA charterholder and portfolio manager at Ascott Investments, was recently appointed to the investments committee at Brightwood College. He will receive no compensation from Brightwood for serving on this committee. Another person at Ascott manages part of Brightwood's endowment. Dawson does not inform Ascott's compliance office of his involvement with Brightwood, because he does not believe doing so is necessary.

Brenda Hamilton, a CFA candidate, also works for Ascott as an investment analyst. Procedures established at Ascott prohibit personal trading in securities analyzed or recommended by Ascott. One of these securities is Horizon, a telecommunications firm. Hamilton buys 10 shares of Horizon for her infant son's trust account. She believes that reporting this purchase to Ascott's compliance officer is unnecessary because the amount of the transaction is small and is not for her own personal account.

Did Dawson or Hamilton's actions violate CFA Institute Standards of Professional Conduct?

A) Dawson: Yes, Hamilton: Yes.

B) Dawson: No, Hamilton: No.

C) Dawson: No, Hamilton: Yes.

Question #8 of 52

Joe James, CAIA, CPA, is a Level II CFA candidate living in Boston. In the course of his accounting practice, James often refers clients to a local law firm specializing in estate planning. James does not violate client confidentiality and does not receive compensation for the referral. However, the law firm often gives James tickets to the theater and major sporting events.

Which of the following statements regarding disclosure is CORRECT? James:

A) need not disclose the benefits received for referring clients because no compensation is received.

B) must disclose the benefits received for referring clients to the law firm.

C) need not disclose the benefits received for referring clients because the clients were developed in the course of his accounting practice.

Question #9 of 52

An analyst is serving on the Board of Directors of a local publicly traded company. To avoid violating the CFA Institute Code and Standards, the analyst must disclose this to:

A) only his employer.

B) no one since it should not cause a conflict of interest for the analyst.

C) both his employer and his clients and prospective clients.

Question #10 of 52

A member or candidate that receives consideration from others for the recommendation of products or services, must disclose the estimated dollar value of the consideration paid in:

A) cash, soft dollars, or in kind.

B) cash only.

C) cash or soft dollars only.

Question #11 of 52

Arthur Harrow, CFA, is a pharmaceuticals analyst at Dominion Asset Management. His supervisor directs him to prepare separate research reports on Miracle Drug Company and Wonder Drug Company. Harrow serves on the board of Miracle and owns 2000 shares of Wonder, which is currently trading at $25 per share. According to CFA Institute Standards of Professional Conduct, which of the following actions, if any, is Harrow required to take if he writes the research reports?

A) Harrow must disclose to Dominion his relationship with Miracle but not his ownership of shares in Wonder.

B) Harrow must disclose to Dominion his ownership of shares in Wonder but not his relationship with Miracle.

C) Harrow must disclose to Dominion both his relationship with Miracle and his ownership of shares in Wonder.

Question #12 of 52

The following scenarios involve two analysts at Dupree Asset Management, a small New York-based company with about $150 million in assets under management. Dupree restricts personal trading of stocks analyzed, corporate directorships, trustee positions, and other special relationships that could reasonably be considered a conflict of interest with their responsibilities to their employer.

- Ray Bolt, CFA, is a senior investment analyst. Bolt was recently elected to the board of trustees of his alma mater, Midwest University, and was appointed as the chairman of the University's endowment committee. Midwest has more than $2 billion in its endowment. Bolt must travel from New York to Chicago eight times a year to attend meetings of the board of trustees and endowment committee. Bolt did not inform Dupree of his involvement with Midwest University.
- Wanda Delvecco, a candidate in the CFA Program, is a junior investment analyst. She recently wrote a research report on Aveco Communications and recommended the stock for Dupree's "buy" list. Delvecco bought 200 shares of Aveco stock for her personal account 12 months before she wrote her research report. Over the past 12 months, the stock's price has been in the $20-42 price range. Delvecco has not informed Dupree of her ownership of Aveco stock.

According to CFA Institute Standards of Professional Conduct, which the following statements about Bolt and Delvecco's actions is CORRECT?

A) Neither Bolt nor Delvecco violated the Standards.

B) Both Bolt and Delvecco violated the Standards.

C) Delvecco violated the Standards, but Bolt did not.

Question #13 of 52

Abner Flome, CFA, is writing a research report on Paulsen Group, an investment advisory firm. Flome's brother-in-law holds shares of Paulsen stock. Flome has recently interviewed for a position with Paulsen and expects a second interview. According to the Standards, Flome's *most* appropriate action is to disclose in the research report:

A) his brother-in-law's holding of Paulsen stock.

B) his brother-in-law's holding of Paulsen stock and that he is being considered for a job at Paulsen.

C) that he is being considered for a job at Paulsen.

Question #14 of 52

When an analyst makes an investment recommendation, which of the following statements *must* be disclosed to clients?

A) Both of these statements must be disclosed to clients.

B) The firm is a market maker in the stock of the recommended company.

C) An employee of the firm holds a directorship with the recommended company.

Question #15 of 52

According to Standard VI(A), Disclosures of Conflicts, members must disclose to their clients the member's (or their firm's) material ownership of all of the following EXCEPT:

A) corporate finance relationships.

B) beneficial ownership of securities.

C) real estate holdings.

Question #16 of 52

Patricia Spraetz is the chief financial officer and compliance officer at Super Selection Investment Advisors. Super Selection is a medium-sized money management firm which has incorporated the CFA Institute Code of Ethics and Standards of Practice into the firm's compliance manual.

Karen Jackson is a portfolio manager for Super Selection. She is not a CFA charterholder. Jackson is friendly with David James, president of AMD, a rapidly growing biotech company. James has provided Jackson with recommendations in the biotech industry, which she buys for her own portfolio before buying them for her clients. For three years, Jackson has also served on AMD's board of directors but has never notified Super Selection of this fact. She has received options and fees as compensation.

Recently, the board of AMD decided to raise capital by voting to issue shares to the public. This was attractive to board members (including Jackson) who wanted to exercise their stock options and sell their shares to get cash. When the demand for initial public offerings (IPO) diminished, just before AMD's public offering, James asked Jackson to commit to a large purchase of the offering for her portfolios. Jackson had previously determined that AMD was a questionable investment but agreed to reconsider at James' request. Her reevaluation confirmed the stock to be overpriced, but she nevertheless decided to purchase AMD for her clients' portfolios.

Which of the following statements is NOT correct?

A) Jackson violated Standard VI(A) regarding Conflicts of interest by not disclosing her board membership and ownership of stock options to her employer.

B) Jackson did not violate Standard III(A) on Fiduciary Duty to clients because she was bound by her fiduciary duty to AMD and its stockholders as a board member. Therefore, when she reversed her

C) Jackson violated Standard IV(B) regarding Disclosure of Additional Compensation by not disclosing additional compensation in the form of cash and stock options received from AMD, as its board

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Question #17 of 52

Juan Lopez manages accounts for Street Capital. Lopez's mother is a client of the firm. Lopez does not make trades in his mother's accounts until all other clients of the firm have been given an opportunity to trade. Lopez has:

A) not violated CFA Institute Standards of Professional Conduct because transactions for clients should have priority over personal transactions and transactions for beneficial owners.

B) violated CFA Institute Standards of Professional Conduct because family accounts that are client accounts should be treated like any other firm accounts.

C) violated CFA Institute Standards of Professional Conduct because he is not allowed to trade in family accounts.

Question #18 of 52

Recommended procedures to comply with the Standard concerning priority of transactions are *least likely* to include:

A) disclosure to clients of the firm's policies in regard to personal investing.

B) blackout periods.

C) limited front-running by employees.

Question #19 of 52

An analyst, who is a CFA Institute member, manages a high-grade bond mutual fund. This is his only professional responsibility. When the analyst comes across a speculative stock investment that he feels is a good investment for his personal portfolio, the analyst:

A) may invest in the stock because the analyst would not purchase the stock for the bond portfolio he manages.

B) is in violation of Standard IV(A), Loyalty to Employer, by spending time analyzing stocks when he should only analyze bonds.

C) must notify his supervisor about the stock according to Standard VI(B), Priority of Transactions, to see if it is appropriate for the portfolio that he manages.

Question #20 of 52

Williams and Fudd is a major London-based brokerage and investment banking firm. Heritage Group, a money management firm, is the first, second, or third largest holder of each of the securities listed on Williams & Fudd's "PrimeShare #10" equity security list.

On Tuesday morning, August 22, Williams & Fudd released a research report recommending the purchase of Skelmerdale Industries to the public and to its clients. On Wednesday afternoon, August 23, Heritage Group bought 1.5 million shares of Skelmerdale. This action is:

A) in accordance with the CFA Institute Code and Standards.

B) a violation of the Standard concerning disclosure of conflicts.

C) a violation of the Standard concerning fair dealing.

Question #21 of 52

One year ago, Karen Jason left the employment as a portfolio manager of Howe Advisors. The departure was contentious and both parties threatened legal action. As a result, both parties signed a settlement in which Jason was paid a pro rated bonus, but agreed not to work on the portfolios of any existing Howe client for two years. The terms of the agreement were that both parties agreed to keep all aspects of the agreement confidential, including the fact that there was hostility surrounding the departure. Jason now works for Torre Advisors, who has the Stein Company as a new client. At the time Jason left Howe, Stein was a client of Howe, although Jason did not personally work on the Stein portfolio. Jason's supervisor at Torre wants Jason to work on the Stein portfolio. Jason should:

A) work on the portfolio because she did not personally work on the portfolio when she was at Howe.

B) inform her supervisor that she cannot work on the portfolio because of a non-compete agreement.

C) inform her supervisor that she cannot work on the portfolio because of a legal agreement, but cannot tell him why.

Question #22 of 52

Samuel Goldstein, CFA, is an analyst for Tamarack Securities. Goldstein's father, Reuben, has a client account at Tamarack. In ordering trades, Goldstein should place orders in:

A) his clients' accounts first, his father's account second, and his account last.

B) all accounts simultaneously.

C) his clients' and his father's accounts in the first group and his personal accounts in the second group.

Question #23 of 52

Isaac Jones, CFA, wishes to buy Maxima common stock for some of his clients' accounts. Jones also wishes to purchase Maxima for his personal account. In accordance with CFA Institute Standards, Jones:

A) must disclose his personal account purchase, in writing and in advance, to his clients and employer.

B) may purchase Maxima at any time, as long as the execution price is not more favorable than the execution price given to the clients.

C) may purchase Maxima for his personal account, but the transactions for his clients must take priority.

Question #24 of 52

Fern Baldwin, CFA, as a representative for Fernholz Investment Management, is compensated by a base salary plus a percentage of fees generated. In addition, she receives a quarterly performance bonus on a particular client's fee if the client's account increases in value by more than 2 points over a benchmark index. Baldwin had a meeting with a prospect in which she described the firm's investment approach but did not disclose her base salary, percentage fee, or bonus.

Baldwin has:

A) violated the Standards by not disclosing her salary, fee percentage, and performance bonus.

B) not violated the Standards because there is no conflict of interest with a potential prospect in the employment arrangements.

C) violated the Standards by not disclosing her performance bonus.

Question #25 of 52

Ray Stone, CFA, follows the Amity Paving Company for his employer, Rubbell Securities. Which of the following scenarios is Stone *least likely* to have to disclose?

A) Stone's ownership of Amity securities.

B) The fact that Stone's son worked at Amity as a laborer during the summer while in school.

C) Rubbell's broker-dealer relationship with Amity.

Question #26 of 52

Todd Gregory has been recently hired as the head of compliance for Speed Capital. He decides the firm should precisely follow the recommendations of the CFA Institute Standards of Professional Conduct to ensure integrity within the firm. Which of the following is NOT a compliance procedure that Speed should put in place?

A) A requirement that investment personnel should clear all personal investments to identify possible conflicts.

B) A requirement that employees provide duplicate confirmations of personal investing transactions.

C) A requirement of disclosure of all investment holdings of friends and family members of employees on an annual basis.

Question #27 of 52

Gordon McKinney, CFA, works in the trust department of a bank. The bank's trust account holds a large block of a particular company. McKinney learns that this company is going to buy back one million shares at a 15% premium to the market price on a first-come-first-served basis. McKinney immediately tells his mother-in-law to tender her shares but waits until the end of the day to tender the trust's shares. McKinney has *most* likely violated:

A) Standard IV(A), Loyalty to Employer.

B) Standard VI(B), Priority of Transactions.

C) Standard II(A), Material Nonpublic Information.

Question #28 of 52

Standard VI(C), Referral Fees, requires the member to do all of the following EXCEPT:

A) disclose to the referred client how much the referral source was paid to refer the client.

B) make required disclosures to the referred client before an agreement is made to provide services to the referred client.

C) disclose to the referred client the percentage of the member's business that comes from referrals.

Question #29 of 52

If a CFA charterholder receives a referral fee, he must:

A) disclose the nature of the fee arrangement to the client before entering into a formal agreement.

B) consult with the firm's compliance officer, and follow his or her instructions concerning disclosure.

C) disclose the fee to the supervisor, in written form, as an additional benefit.

Question #30 of 52

Wes Smith, CFA, refers many of his clients to Bill Towers, CPA, for accounting services. In return, Towers performs routine services for Smith, such as his tax returns, for no charge. Towers has just become a member of CFA Institute. With this development, Towers must:

A) only reveal to the prospects referred by Smith that he performs services for Smith.

B) reveal to the prospects referred by Smith that he performs services for Smith, along with the estimated value of those services.

C) discontinue his services for Smith.

Question #31 of 52

Lance Tuipulotu, CFA, is a portfolio manager for an investment advisory firm. He plans to sell 10,000 shares of Park N'Wreck, Inc. to finance his daughter's new restaurant venture, but his firm recently upgraded the stock to "strong buy." In order to remain in compliance with Standard VI(B) "Priority of Transactions," Tuipulotu must:

A) notify his firm of his intention to sell the shares before selling the shares.

B) not sell the shares of Park N'Wreck.

C) delay selling the shares until a firm client makes an offsetting purchase to avoid having a market impact.

Question #32 of 52

Ryan Brown, CFA, is an analyst with a large insurance company. His personal portfolio includes a significant investment in QRS common stock that his firm does not currently follow. The director of the research department asked Brown to analyze QRS and write a report about its investment potential. Based on CFA Institute Standards of Professional Conduct, Brown is required to:

A) disclose the ownership of the stock to his employer and in the report.

B) decline to write the report without specific approval of his supervisor.

C) sell his shares of QRS before completing the report.

Question #33 of 52

Member compliance on issues relating to corporate governance or to soft dollars is primarily addressed by the Standard concerning:

A) Disclosure of Referral Fees.

B) Loyalty, Prudence, and Care.

C) Disclosure of Conflicts to Clients and Prospects.

Question #34 of 52

An analyst likes to trade options in her own account. She does not deem any of her client accounts suitable for option trading. When she finds a favorable options position, in accordance to Standard VI(B), Priority of Transactions, she should:

A) refrain from acting until she notifies her supervisor.

B) act on it on her own behalf as she sees fit.

C) first tell her clients about it before acting herself.

Question #35 of 52

Judy Gonzales is a portfolio manager with Brenly Capital and works on Johnson Company's account. Brenly has a policy against accepting gifts over $25 from clients. The Johnson portfolio has a fantastic year, and in appreciation, the pension fund manager sent Gonzales a rare bottle of wine. Gonzales should:

A) inform her supervisor in writing that she received additional compensation in the form of the wine.

B) return the bottle to the client explaining Brenly's policy.

C) present the bottle of wine to her supervisor.

Question #36 of 52

Standard VI(B), Priority of Transactions, applies to transactions an analyst takes on behalf of:

A) his employer.

B) both of these.

C) his clients.

Question #37 of 52

An analyst has the opportunity to offer his clients shares in a "hot new issue." One of the analyst's clients is his brother. When the new issue comes out, for those clients he deems it would be appropriate, he offers them an equal share. He includes his brother in that group. With respect to Standard VI(B), Priority of Transactions, this is:

A) congruent with the Standard as long as he does not have a direct personal interest in his brother's account.

B) congruent with the Standard if his brother is not a 'covered person'.

C) congruent with the Standard even if he has a direct personal interest in his brother's account.

Question #38 of 52

Jan Hirsh, CFA, is employed as manager of a college endowment fund. The college's board of directors has recently voted to consider divesting from companies located in a country that has a poor civil rights record. Hirsh has personal investments in several firms in the country. Hirsh needs to:

A) do nothing since the board has not made a decision yet.

B) disclose her ownership in the stocks to both her supervisor and the board.

C) disclose her ownership in the stocks to her supervisor only.

Question #39 of 52

Andy Rock, CFA, is an analyst at Best Trade Co. The company is going to announce a sell recommendation on Biomed stock in one hour. Rock was a member of the team who reached the decision on Biomed. Rock's wife has an account at Best Trade Co. that contains Biomed stock. According to the Code and Standards, trading on Rock's wife's account can begin:

A) only after the recommendation is announced to the general public.

B) only after Rock, as a beneficial owner, has given an appropriate amount of time for clients and his employer to act.

C) as soon as the information is disseminated to all clients.

Question #40 of 52

Phil Trobb, CFA, is preparing a purchase recommendation on Aneas Lumber for his research firm. All of the following are potential conflicts of interest EXCEPT:

A) Trobb's research firm has a large stake of ownership in Aneas Lumber.

B) Trobb's cousin repairs machines for Aneas.

C) Aneas hires Trobb as a consultant to analyze Aneas' financial statements.

Question #41 of 52

A firm produces regular proprietary research reports on various companies. According to Standard VI(B), Priority of Transactions, which of the following would be an "access person?"

A) A person working in the mail room.

B) An independent auditor with access to material, non-public information on a company being analyzed.

C) A supervisory analyst who reviews all research reports prior to dissemination.

Question #42 of 52

An analyst has a large personal holding of a security, and he has just determined that market conditions warrant selling this security. The analyst contacts clients who have a position in the security and advises them to sell some or all of the security. After waiting 24 hours, he sells the security from his personal accounts. This is:

A) congruent with Standard VI(B), Priority of Transactions.

B) a violation of Standard VI(B), Priority of Transactions.

C) a violation of Standard III(B), Fair Dealing.

Question #43 of 52

An analyst who is a member of CFA Institute has composed an introductory information packet for her new clients, which includes information on fees she receives for referring clients to other professionals and those she pays for having clients referred to her. With respect to Standard VI(C), Referral Fees, this action:

A) exceeds the requirement of the Standard because she does not need to reveal the fees she pays to those that refer clients to her.

B) may not satisfy the Standard if such information is only provided after the receivers of the information have become clients.

C) is not addressed in the Standard.

Question #44 of 52

Referral fees a member must disclose to a prospective client include:

A) only fees a member receives for referrals.

B) both fees a member receives and fees a member pays.

C) only fees a member pays to others for referrals.

Question #45 of 52

An analyst routinely has the opportunity to offer his clients the opportunity to purchase "hot new issues." He tells his clients that he will distribute each issue equally among those interested, with himself included in the distribution. The clients do not object to this. With respect to Standard VI(B), Priority of Transactions, this:

A) may be a violation because it is impossible to distribute hot new issues equally.

B) may be a violation despite the clients' approval.

C) cannot be a violation because the clients know of the practice and agree.

Question #46 of 52

Vijay Gill, CFA, leases office space from Land Bank in exchange for an agreement that Gill will pay Land 20% of any fees paid by Land customers to Gill for investment management services. Gill also has an arrangement with Bloom Insurance Advisors whereby Gill receives a fee for each client referred. Gill only refers clients that request insurance products. Gill meets with Randolph Song, a Land Bank customer, who is interested in Gill's asset management services as well as insurance products. Gill is required to disclose to Song:

A) the terms of the arrangement with Bloom, but not the terms of the arrangement with Land Bank.

B) neither the Land Bank nor Bloom arrangements, but may disclose them if he chooses to do so.

C) the terms of the arrangements with both Land Bank and Bloom.

Question #47 of 52

Standard VI(C), Referral Fees, is applicable to:

A) only consideration paid in soft dollars for the recommendation of products or services.

B) only cash consideration received for the recommendation of products or services.

C) all consideration received or paid for the recommendation of products or services.

Question #48 of 52

Will Lambert, CFA, is a financial analyst for Offshore Investments. He is preparing a purchase recommendation on Burch Corporation. According to CFA Institute Standards of Professional Conduct, which of the following relationships with Burch is Lambert *least likely* required to disclose?

A) his son-in-law was formerly employed by Burch.

B) he has a material beneficial ownership of Burch through a family trust.

C) his wife owns 2,000 shares of Burch.

Question #49 of 52

Brendan Duval works as a research analyst for Toby Securities. Duval recommends changing a recommendation from "sell" to "buy" on Dalton Company. His firm, which manages several mutual funds, may be interested in buying Dalton's stock. He also manages the retirement account that his parents established with Toby. Duval wants to buy shares of Dalton's stock because it is an appropriate investment for his parent's retirement account and obtains approval from his employer to do so. Duval is also thinking about personally investing in Dalton stock. According to CFA Institute Standards of Professional Conduct, which of the following *best* describes the priority of transactions? Duval should give:

A) priority of transactions to Toby's clients, followed by his employer, then his parent's retirement account, and finally his personal account.

B) priority to Toby's clients and his employer concurrently, followed by his parent's retirement account, and finally his personal account.

C) Toby's clients and his parent's account equal priority, followed by his employer, and then his personal account.

Question #50 of 52

Which of the following statements about Standard VI(C), Referral Fees, is CORRECT?

A) Referral fees may be disclosed before or after proceeding with an agreement for service.

B) Referral fees must be disclosed after proceeding with an agreement for service.

C) Referral fees must be disclosed before proceeding with an agreement for service.

Question #51 of 52

Connie Baker, CFA, is an analyst with the brokerage and investment banking firm Hill and Stevens (H&S). Baker's supervisor, John Lewis, has asked her to write a research report on Jagged Rock Brewing. The H&S mergers and acquisitions department has represented Jagged Rock in all of its acquisitions for the past 12 years. Both Hill and Stevens sit on Jagged Rock's board. According to the Standards of Professional Conduct, can Baker write the report?

A) Yes, if she maintains her independence and objectivity in its preparation.

B) No.

C) Yes, if she discloses the directorships and the mergers-and-acquisitions relationship.

Question #52 of 52

Bill Valley has been working for Advisors, Inc., for several years, and he just joined CFA Institute. Valley routinely writes research reports on Pharmaceutical firms. Valley has recently been asked to serve on the board of directors of an organization that promotes the search for a cure of a certain cancer. Serving on the board is an unpaid position without any direct benefits other than meeting new people and potential clients. To comply with Standard VI, Disclosure of Conflicts, Valley needs to:

A) only disclose the position on the board to his supervisor.

B) both disclose the position on the board to his supervisor and describe his responsibilities on the board.

C) do nothing.