

CFA® SAMPLE QUESTION – LEVEL I

Ethical and Professional Standards

Q: Susan Plumb is the supervisor of her firm's research department. Her firm has been seeking the mandate to underwrite Wings Industries' proposed secondary stock offering.

Without mentioning that the firm is seeking the mandate, she asks Jack Dawson to analyze Wings common stock and prepare a research report.

After reasonable effort, Dawson produces a favorable report on Wings stock. Plumb then adds a footnote describing the underwriting relationship with Wings and disseminates the report to the firm's clients.

According to CFA Institute Standards of Professional Conduct, these actions are:

- (a) not a violation of any Standard.
- (b) a violation of Standard V(A), Diligence and Reasonable Basis.
- (c) a violation of Standard VI(A), Disclosure of Conflicts.



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