

CLIENT ADVISER COMPETENCY STANDARDS (CACs) PAPER 1 PRACTICE EXAM (SAMPLE) STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE**

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. Which of the following is a cross-border activity?**
- A. Open a futures trading account for an overseas client.
 - B. Organising marketing events in Singapore.
 - C. Cold calling a client in Singapore.
 - D. Accepting an overseas client's orders in Singapore.
- 2. Which of the following combinations correctly identifies Oversea Investor categories among the statements: i) An independent work permit holder. ii) A foreign company that has not more than 1 branch in Singapore. iii) A company that has no commercial or physical presence in Singapore. iv) Non-citizen / non-permanent resident dependent on Singaporean.**
- A. i and iii
 - B. i and ii
 - C. ii and iv
 - D. iii and iv
- 3. Regarding domicile, which statement is true?**
- A. A person can have multiple domiciles
 - B. A person can have only one domicile
 - C. A person can have two domiciles during lifetime
 - D. A domicile is only for tax purposes
- 4. Which statement about a trust is NOT true?**
- A. It is a fiduciary arrangement where property is held by one party for the benefit of another.
 - B. It is created by a deed or will.
 - C. It imposes duties on trustees.
 - D. It is a contract
- 5. Why should clients seek professional opinions from lawyers and tax accountants when complex legal documentation is involved?**
- A. It will allow the clients to obtain better understanding of the investment solutions and products
 - B. It is in the best interest of the client to obtain additional opinions on legal and tax issues
 - C. Generally covered persons are not legal experts nor do they have license to provide legal services
 - D. None of the above

- 6. Which statement about life insurance as a legacy planning tool is true?**
- A. It guarantees investment returns
 - B. The death benefit provides liquidity to beneficiaries
 - C. It eliminates all taxes
 - D. It requires no underwriting
- 7. Can a wholesale bank accept fixed deposits?**
- A. Yes, with no minimum
 - B. Yes, but only if at least S\$250,000
 - C. No, wholesale banks cannot accept fixed deposits
 - D. Yes, with residents' consent
- 8. Which combination represents the correct objectives for gathering non-financial personal and family information from a client?**
- A. Identifying beneficial owners and account holders; determining principal family leaders
 - B. Identifying beneficial owners; understanding cash flow requirements
 - C. Determining principal family leaders; enabling higher commissions
 - D. Understanding cash flow requirements; enabling higher commissions
- 9. Under SFA advertising regulations, which of the following must not be included in an advertisement?**
- A. All of the above
 - B. Statements that analysis will be furnished free
 - C. Inaccurate or misleading statements to exploit client inexperience
 - D. Representations that a chart could be used to determine which securities to buy
- 10. When a covered person provides financial advisory services to an accredited investor, the person is strictly required to disclose their interests in the securities recommended unless:**
- A. The client is an ultrahigh net worth investor
 - B. The client is an institutional investor
 - C. The client agrees to exempt disclosure
 - D. The client is a charity fund

Answers

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1. A
2. A
3. B
4. D
5. C
6. B
7. B
8. A
9. A
10. C

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Explanations

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1. Which of the following is a cross-border activity?

- A. Open a futures trading account for an overseas client.**
- B. Organising marketing events in Singapore.
- C. Cold calling a client in Singapore.
- D. Accepting an overseas client's orders in Singapore.

Cross-border activity means providing financial services to a client located outside your own country or conducting the service outside your home jurisdiction. Opening a futures trading account for an overseas client clearly fits this, because you're initiating and establishing a trading relationship with a client who is abroad, which triggers cross-border regulatory considerations, due diligence, and ongoing compliance for a non-resident client. The other options are domestic: organising marketing events in Singapore happens entirely within Singapore, and cold calling a client in Singapore is also a local activity. Accepting an overseas client's orders in Singapore involves handling a foreign client from within Singapore, which may be treated as local processing rather than establishing a cross-border relationship, so the scenario that best illustrates cross-border activity is opening a futures trading account for an overseas client.

2. Which of the following combinations correctly identifies Oversea Investor categories among the statements: i) An independent work permit holder. ii) A foreign company that has not more than 1 branch in Singapore. iii) A company that has no commercial or physical presence in Singapore. iv) Non-citizen / non-permanent resident dependent on Singaporean.

- A. i and iii**
- B. i and ii
- C. ii and iv
- D. iii and iv

The idea being tested is how an Oversea Investor is defined by the level of local presence and independence of the investor. An Oversea Investor is someone who operates from outside Singapore or without a local establishment. An independent work permit holder fits this as a non-resident individual who is allowed to work in Singapore but does not have citizenship or permanent residency, and there's no established local business footprint tied to them. They're operating from abroad in terms of investment activity, so they're categorized as an Oversea Investor. A company that has no commercial or physical presence in Singapore is clearly offshore; there's no local office, no operations, no branch. That pure absence of a Singapore footprint places it squarely in the Oversea Investor category. The other scenarios don't fit as Oversea Investor categories. A foreign company with not more than one branch in Singapore still has a local presence (the branch), which means there's some Singapore-based activity and presence. A non-citizen/non-permanent resident dependent on a Singaporean lacks independence and is not an investor in their own right, so this status isn't considered overseas investor material. So the combination that aligns with the Oversea Investor classifications is the independent work permit holder and the company with no Singapore presence.

3. Regarding domicile, which statement is true?

- A. A person can have multiple domiciles
- B. A person can have only one domicile**
- C. A person can have two domiciles during lifetime
- D. A domicile is only for tax purposes

Domicile is the place a person considers their permanent home and to which they intend to return. You have only one domicile at any given moment. You can change your domicile by moving to a new place with the intention to reside there, and when that happens, the previous domicile ceases to be your domicile. While you may acquire a new domicile over your lifetime, you do not hold two domiciles at the same time, which is why the statement that you have only one is the correct one. Domicile matters beyond tax as it helps determine which jurisdiction's laws apply to your personal status and civil matters.

4. Which statement about a trust is NOT true?

- A. It is a fiduciary arrangement where property is held by one party for the benefit of another.
- B. It is created by a deed or will.
- C. It imposes duties on trustees.
- D. It is a contract**

A trust is a fiduciary relationship in which property is held by one party (the trustee) for the benefit of another (the beneficiaries). It is typically created by a deed or a will for express trusts, though trusts can also arise in other ways by operation of law. Trustees owe duties to the beneficiaries—loyalty, prudence, impartiality, and oversight of the trust property—guided by trust law and the terms of the trust instrument. It is not a contract. A contract is a voluntary agreement between parties that creates mutual obligations typically tied to consideration. A trust's obligations come from its fiduciary nature and the trust document, not from a bilateral contract formed by promises and consideration. Therefore, the statement that a trust is a contract is not true. The other statements reflect the true characteristics: it is fiduciary, created by deed or will, and imposes duties on trustees.

5. Why should clients seek professional opinions from lawyers and tax accountants when complex legal documentation is involved?

- A. It will allow the clients to obtain better understanding of the investment solutions and products
- B. It is in the best interest of the client to obtain additional opinions on legal and tax issues
- C. Generally covered persons are not legal experts nor do they have license to provide legal services**
- D. None of the above

When documentation has legal or tax implications, you want professionals who are legally qualified to interpret, advise on, and opine about those issues. Licensed lawyers and tax accountants have the training, credentials, and authority to provide official opinions and ensure documents comply with the law. General covered persons or non-legal advisers aren't licensed to offer legal services or formal legal opinions, so relying on them for complex legal interpretations can lead to misunderstandings, non-compliance, or unintended consequences. That's why seeking opinions from lawyers and tax professionals is the appropriate approach in this situation. The other options touch on related benefits or aspects, but they don't directly address the need for licensed legal and tax guidance as clearly or precisely.

6. Which statement about life insurance as a legacy planning tool is true?

- A. It guarantees investment returns
- B. The death benefit provides liquidity to beneficiaries**
- C. It eliminates all taxes
- D. It requires no underwriting

Liquidity after death is the key reason life insurance fits into legacy planning. The death benefit provides readily available funds for funeral costs, outstanding debts, and taxes, and it can help beneficiaries receive bequests or preserve the value of other assets by avoiding forced sales in a tight market. This liquidity makes it easier to settle the estate and support heirs without scrambling for cash. It's typically paid income-tax-free to beneficiaries, which adds to its usefulness in estate planning, though it doesn't eliminate all taxes that can arise with an estate or ownership structure. Life insurance does not guarantee investment returns, and most policies involve underwriting to determine eligibility and premium levels, so the idea that underwriting isn't required isn't accurate.

7. Can a wholesale bank accept fixed deposits?

- A. Yes, with no minimum
- B. Yes, but only if at least S\$250,000**
- C. No, wholesale banks cannot accept fixed deposits
- D. Yes, with residents' consent

Wholesale banks operate in the wholesale funding space, dealing with larger, professional or institutional clients rather than the mass retail market. To qualify as wholesale funding, fixed deposits accepted must meet a minimum size, which in this context is S\$250,000. This threshold keeps wholesale deposits distinct from typical retail deposits and aligns with prudential rules for deposit-taking. So, a wholesale bank can offer fixed deposits, but only if the amount is at least S\$250,000. Smaller deposits would fall under retail deposit rules and aren't considered wholesale funding.

8. Which combination represents the correct objectives for gathering non-financial personal and family information from a client?

- A. Identifying beneficial owners and account holders; determining principal family leaders**
- B. Identifying beneficial owners; understanding cash flow requirements
- C. Determining principal family leaders; enabling higher commissions
- D. Understanding cash flow requirements; enabling higher commissions

The main idea here is to map who truly owns or controls the client and who leads the family, because this helps assess risk and how family dynamics might influence financial decisions. Identifying beneficial owners and account holders reveals the real ownership and control behind the client's accounts, not just who signs the papers. Understanding principal family leaders provides insight into how family influence could affect financial choices and risk exposure. Cash flow requirements pertain to financial data rather than non-financial personal and family information, and aims like enabling higher commissions are inappropriate and concern ethics rather than information-gathering objectives. So, the best combination is identifying beneficial owners and account holders; understanding principal family leaders.

9. Under SFA advertising regulations, which of the following must not be included in an advertisement?

A. All of the above

B. Statements that analysis will be furnished free

C. Inaccurate or misleading statements to exploit client inexperience

D. Representations that a chart could be used to determine which securities to buy

Under SFA advertising rules, ads must be fair, clear, and not misleading, and they must not exploit clients' inexperience or promise guaranteed results. A claim that analysis will be furnished free is problematic because it can mislead about what is being offered, its value, or any ongoing obligations, creating an undue inducement. Describing statements that are inaccurate or misleading to take advantage of a client's inexperience directly violates the principle of fairness to investors. And suggesting that a chart could be used to determine which securities to buy implies a simple, guaranteed method for picking investments, which misleads about risk, suitability, and the uncertain nature of markets. Because each of these elements would breach the rules, all of the above practices must not appear in an advertisement.

10. When a covered person provides financial advisory services to an accredited investor, the person is strictly required to disclose their interests in the securities recommended unless:

A. The client is an ultrahigh net worth investor

B. The client is an institutional investor

C. The client agrees to exempt disclosure

D. The client is a charity fund

The key idea here is conflict-of-interest disclosure. When a covered person gives financial advice to an accredited investor, they must disclose any financial interests they have in the securities they are recommending, so the client can judge the advice with full information about potential incentives or conflicts. The only time you can avoid that disclosure is if the client explicitly agrees to waive or exempt the disclosure after being fully informed about the interests and the associated risks. In other words, the client's written consent to exempt disclosure is required for the exception to apply. The other scenarios—being an ultrahigh net worth investor, being an institutional investor, or the client's status as a charity fund—do not, by themselves, create a valid waiver of disclosure. The obligation to disclose remains unless there is that explicit, informed, written exemption from the client.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://cacspaper1.examzify.com>

We wish you the very best on your exam journey. You've got this!

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