QUALIFIED FINANCIAL ADVISER (QFA) REGULATIONS EXAM 2 PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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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.

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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!

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Questions

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1. **ACME is NOT required to comply with the 'know the consumer' requirement in relation to Mary if she has specified all of the following:**

   A. The type of investment she wants to invest in.

   B. The financial institutions she wants to invest in.

   C. How much she wants to invest in each type of investment product with each financial institution.

   D. All of the above.

2. **A MiFID investment firm covered by the Investor Compensation Scheme is NOT allowed to do which of the following?**

   A. hold any client funds or assets.

   B. advertise the fact that the firm is covered by the scheme.

   C. refer to the scheme in its Terms of Business.

   D. give clients any information about the scheme.

3. **Which of the following is NOT subject to the Central Bank's Consumer Protection Code when providing financial services to consumers?**

   A. It does not apply to certified persons

   B. It applies to Banks

   C. It applies to Mortgage intermediaries

   D. It applies to certified persons

4. **XYZ Investment Advisers Ltd wants to provide advice on UCITS funds provided by TOP Investment Managers Ltd. Which condition must be satisfied for this to be allowed?**

   A. Get permission from the Central Bank to give advice on collective investment funds

   B. An agency appointment with TOP Investment Managers Ltd

   C. Minimum shareholder funds of €50,000

   D. All of the above

5. **A trustee complaint about the conduct of an occupational pension scheme's trustees has been upheld. To which body can the trustees appeal the decision?**

   A. can appeal to the High Court.

   B. cannot appeal this decision.

   C. can appeal to the Pensions Authority.

   D. can appeal to the Central Bank.

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6. A unsolicited telephone call to Alison, who is NOT an existing client of the firm, is allowed if:

A. A (i) only.

B. B (i) and (ii) only.

C. C (i) and (iii) only.

D. D (ii) and (iii) only.

7. An investment intermediary which can legally act for only one bank in receiving deposits is called a deposit:

A. Agent

B. Arranger

C. Broker

D. Restricted agent

8. HWJ Ltd can make an unsolicited telephone call to the personal phone belonging to Aoife who is NOT an existing client of the firm, if:

A. the purpose of the call is limited to offering Aoife a term assurance policy.

B. Aoife is a solicitor.

C. Aoife is classified as a professional experienced investor.

D. Aoife is contacted on a landline, and not on a mobile number.

9. Under the Central Bank's rules for agency cancellations, which statement is required?

A. Inform Central Bank immediately.

B. Place a notice in a national newspaper within seven working days.

C. Notify customers within 28 working days.

D. Inform Central Bank and notify customers.

10. Owen had €35,000 invested with ACE Investment Managers Ltd, which has gone into liquidation. What is the maximum amount he may recover from the Investor Compensation Scheme?

A. €20,000

B. €35,000

C. €18,000

D. €31,500

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Answers

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

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Explanations

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1. ACME is NOT required to comply with the 'know the consumer' requirement in relation to Mary if she has specified all of the following:

A. The type of investment she wants to invest in.

B. The financial institutions she wants to invest in.

C. How much she wants to invest in each type of investment product with each financial institution.

D. All of the above.

Know-your-consumer steps are about gathering enough information to understand and implement a client's instructions. When a client explicitly defines what they want, where to invest, and how much to invest in each option, there's no ambiguity left about their preferences. If Mary has specified the type of investment, the financial institutions to use, and the exact allocations across those institutions, ACME can act on her instructions without needing to undertake additional KYC actions to determine suitability or confirm her needs. Each of these details alone helps confirm her preferences, and together they remove the need for further know-your-consumer steps for executing the plan. That's why the correct answer is that all of the above conditions, when specified by Mary, mean ACME is not required to comply with the know-the-consumer requirement.

2. A MiFID investment firm covered by the Investor Compensation Scheme is NOT allowed to do which of the following?

A. hold any client funds or assets.

B. advertise the fact that the firm is covered by the scheme.

C. refer to the scheme in its Terms of Business.

D. give clients any information about the scheme.

The key idea here is how firms communicate about investor compensation protection. A MiFID investment firm that is covered by the Investor Compensation Scheme must avoid marketing claims that imply guaranteed protection or wide, assured coverage. Advertising that the firm is "covered by" the scheme can mislead clients into thinking all losses are fully protected or that every investment is insured regardless of eligibility, limits, or exclusions. Regulators want to prevent that kind of misrepresentation, so stating the firm is covered as a selling point is not allowed. You can still provide neutral, factual information about the scheme or reference it in the Terms of Business, but promotional claims asserting coverage are restricted. The other options involve routine client asset rules or neutral references, which align with standard compliance when used properly.

3. Which of the following is NOT subject to the Central Bank's Consumer Protection Code when providing financial services to consumers?

A. It does not apply to certified persons

B. It applies to Banks

C. It applies to Mortgage intermediaries

D. It applies to certified persons

The main idea is understanding who the Central Bank's Consumer Protection Code covers. The Code sets minimum standards for any financial service provider regulated by the Central Bank when dealing with consumers. That scope includes banks, mortgage intermediaries, and certified persons who provide financial services to consumers. Because certified persons are within the regulated activities the Code governs, they are subject to the CPC. Therefore, the statement that it does not apply to certified persons is incorrect. Banks and mortgage intermediaries are clearly covered as well. In short, the CPC applies to all three groups listed, so there isn't a true NOT-subject option among them.

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4. XYZ Investment Advisers Ltd wants to provide advice on UCITS funds provided by TOP Investment Managers Ltd. Which condition must be satisfied for this to be allowed?

A. Get permission from the Central Bank to give advice on collective investment funds

B. An agency appointment with TOP Investment Managers Ltd

C. Minimum shareholder funds of €50,000

D. All of the above

The main idea here is that to provide advice on a specific manager's UCITS funds, the adviser must have a formal arrangement with that manager. An agency appointment establishes the contract and regulatory basis for XYZ Investment Advisers to discuss, market, and advise on TOP Investment Managers Ltd's funds. It shows TOP has authorised XYZ as a representative to deal with its products, ensuring proper governance, disclosures, and alignment with TOP's investment processes. The other options don't directly create that specific distributor-adviser relationship: a blanket permission from the Central Bank isn't what authorizes advice on a particular manager's funds, and a minimum share capital requirement doesn't address the necessary agency relationship. Therefore, having an agency appointment with TOP Investment Managers Ltd is the essential condition.

5. A trustee complaint about the conduct of an occupational pension scheme's trustees has been upheld. To which body can the trustees appeal the decision?

A. can appeal to the High Court.

B. cannot appeal this decision.

C. can appeal to the Pensions Authority.

D. can appeal to the Central Bank.

When a complaint about trustees' conduct is upheld by the pensions ombudsman, the next step is to challenge the decision in the High Court. The High Court handles appeals from ombudsman decisions, but typically only on a point of law (not a fresh re-hearing of facts). This court reviews whether the decision was legally sound, procedurally fair, or within the regulator's powers. Regulatory bodies like the Pensions Authority or Central Bank aren't appellate tribunals for ombudsman decisions, and there is a mechanism to appeal, so saying there is no appeal isn't correct.

6. A unsolicited telephone call to Alison, who is NOT an existing client of the firm, is allowed if:

A. A (i) only.

B. B (i) and (ii) only.

C. C (i) and (iii) only.

D. D (ii) and (iii) only.

Unsolicited contact with someone who isn't already a client is only allowed when you have a valid basis to reach out, usually explicit consent to be contacted or a legitimate pre existing relationship that permits outreach. The correct option includes both of these bases, meaning you have either obtained explicit consent or have a permissible reason tied to a prior relationship that allows the firm to initiate contact about financial services. If one of those elements is missing, the call would not be allowed. In practice, this means you must have clear, documented consent or a qualifying pre existing relationship for a non client to receive such a call; otherwise, it's not permitted.

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7. An investment intermediary which can legally act for only one bank in receiving deposits is called a deposit:

A. Agent

B. Arranger

C. Broker

D. Restricted agent

The key idea is an agency relationship. When an investment intermediary is authorized to act for a bank in receiving deposits, they're functioning as the bank's agent, acting on behalf of that single bank. The exclusivity—being able to act for only one bank in this capacity—fits an agency arrangement where the bank designates one intermediary to solicit and collect deposits. This is different from a broker, who typically matches deals or funds between multiple parties, or an arranger, who organizes financing or funding across different institutions. So the term that best describes this role is agent.

8. HWJ Ltd can make an unsolicited telephone call to the personal phone belonging to Aoife who is NOT an existing client of the firm, if:

A. the purpose of the call is limited to offering Aoife a term assurance policy.

B. Aoife is a solicitor.

C. Aoife is classified as a professional experienced investor.

D. Aoife is contacted on a landline, and not on a mobile number.

The key idea is that unsolicited calls to a private number for financial products are tightly restricted, with only narrow exemptions. The only scenario that fits is when the purpose of the call is strictly limited to offering a term assurance policy. In that case, the firm is allowed to make the call even though Aoife isn't an existing client, because the communication is confined to one specific product. Being a solicitor or being a professional experienced investor does not automatically grant a blanket exemption for cold marketing to a private number, and the fact that the call is to a landline rather than a mobile does not create an additional exception. The allowed scenario remains the single-product offer.

9. Under the Central Bank's rules for agency cancellations, which statement is required?

A. Inform Central Bank immediately.

B. Place a notice in a national newspaper within seven working days.

C. Notify customers within 28 working days.

D. Inform Central Bank and notify customers.

When an agency is cancelled, the regulator must be kept up-to-date immediately. The Central Bank is the supervisor that maintains the official records of who is authorized to act for each issuer or product, so prompt notification ensures the supervisory register reflects the change and can be managed safely. This helps prevent any activity continuing under an authority that no longer exists and supports proper wind-down and client-protection steps under supervision. Publishing a newspaper notice or informing customers isn't the mandated step in this rule, and delaying notification would undermine regulatory oversight. Hence, informing the Central Bank immediately is the required action.

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10. Owen had €35,000 invested with ACE Investment Managers Ltd, which has gone into liquidation. What is the maximum amount he may recover from the Investor Compensation Scheme?

A. €20,000

B. €35,000

C. €18,000

D. €31,500

When an investment firm fails, the Investor Compensation Scheme protects retail investors by paying compensation up to a fixed limit for each investor per firm. The key number here is the cap of €20,000 per investor from any one investment firm, regardless of how much was actually invested. So even though Owen had €35,000 with ACE Investment Managers Ltd, the most he can recover through this scheme is €20,000. The remaining €15,000 would not be covered by the Investor Compensation Scheme.

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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://qfaregulations2.examzify.com

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

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