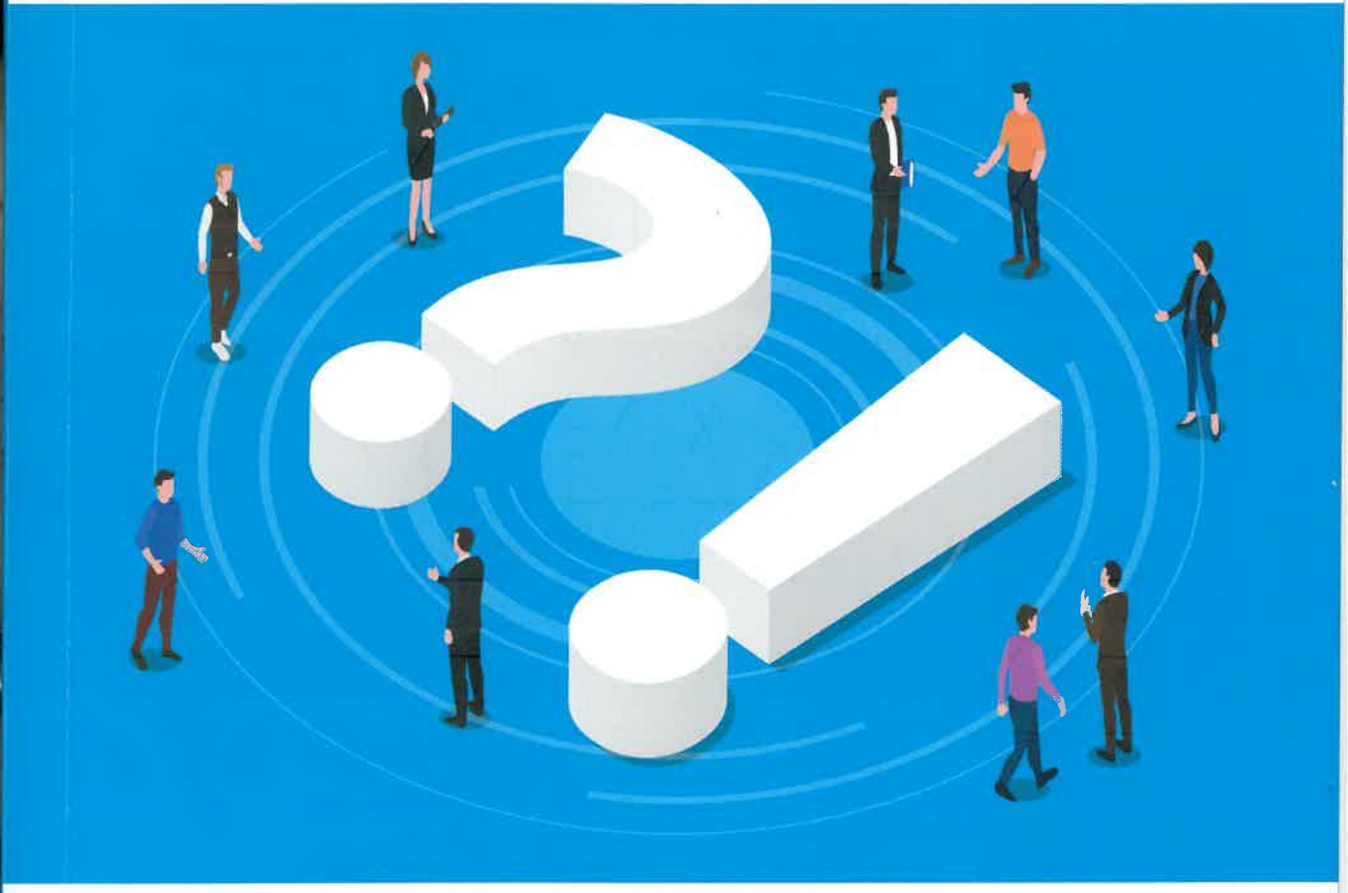
2026

CFA Institute®
CFA Program

CFA LEVEL I



Premium Mock - 2

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Mock Exam 2 Session 1 Questions

Question 1
Which of the following is a violation according to the Standard relating to preservation of confidentiality?

A. Members share details relating to former clients with third party service providers

B. Members convey to clients that not all firm-sponsored resources may be appropriate for communicating confidential information

C. When allowed under the law, members share confidential client information to defend themselves in an investigation by the CFA Institute Professional Conduct Program

Question 2
Which of the following is most accurate according to the Standard relating to knowledge of the law? Members are required to:

A. dissociate from client activities they believe are unethical.

B. have detailed knowledge of all the laws that could potentially govern their activities.

C. report potential violations of the Code and Standards committed by fellow members to the CFA Institute Professional Conduct Program.

Question 3
Robert Dowling, CFA, is part of a research team. Dowling's team has recommended a "buy" rating on a company, but Dowling does not agree with the recommendation. To comply with the Standard relating to diligence and reasonable basis, Dowling:

A. must decline to be identified with the report.

B. must ensure that the report reflects his opinion.

C. may continue to be identified with the report as long as the recommendation has a reasonable basis.

Question 4
Daniel Morgan is a Level III candidate in the CFA Program. After taking the exam, Morgan signs into a CFA-candidate-only Internet forum and writes a post expressing the opinion that the CFA Program and examination policies are unfair. Has Morgan most likely violated the Standards?

A. No.

B. Yes, by providing confidential program information.

C. Yes, by compromising the reputation of CFA Institute.

Question 5
Which of the following is a recommended procedure for members to meet their obligations under the Standard relating to performance presentation?

In

A. Members should use a single representative account for each investment mandate while

presenting performance history
B. Members should consider the knowledge and sophistication of the audience to whom the performance history is being presented
C. Members should exclude terminated accounts while presenting performance history with an indication of when the accounts were terminated

Question 6

According to the Standard relating to loyalty, prudence, and care, members are most likely required to:
A. vote all proxies on behalf of clients even if some proxies offer no direct client benefit.
B. avoid the use of soft dollars unless the services purchased have corresponding benefit for the client.
C. consider each investment based solely on its characteristics, independently of other portfolio assets.

Question 7

According to the GIPS standards, compliance may be claimed only:Mahakali Book Centre
A. after verification has been performed.
B. if the firm is compliant on a firm-wide basis.
C. with respect to specific composites and not to individual portfolios.

Question 8

According to the Standard relating to additional compensation agreements, a member is required to obtain permission from her employer before accepting benefits from third parties:
A. only for services rendered to her employer.
B. only for services that might create a conflict with her employer's interest.
C. both for services rendered to her employer and for services that might create a conflict with her employer's interest.

Question 9

Diana Fairbanks, CFA, is married to an auditor who is employed at a large accounting firm. When her husband mentions that a computer firm he audits will receive a qualified opinion she thinks nothing of it. Later that week when she reviews a new client account she notices that there are substantial holdings of this computer firm. When she does a thorough internet search for news on the company, she does not find anything about its most recent audit or any other adverse information. Which of the following actions concerning the computer stock should Fairbanks most likely take to avoid violating the CFA Institute Standards of Professional Conduct?
A. Take no investment action

B. Complete a thorough and diligent analysis of the company and then sell the stock
C. Sell the stock immediately as she has a reasonable basis for taking this investment action

Question 10

If a member self-discloses a matter that questions his professional conduct in his annual statement to the CFA Institute, an initial investigation is conducted by the:

A. Standard of Practice Council.
B. Disciplinary Review Committee.
C. Professional Conduct Program staff.

Question 11

A firm manages $500 million in large-cap equity portfolios. Of this, non-fee-paying portfolios amount to $50 million, and fee-paying non-discretionary portfolios total $75 million. To be compliant with the GIPS standards, the firm must present the value of its large-cap composite as:

A. $375 million.
B. $425 million.
C. $450 million.

Question 12

Which of the following is among the recommended procedures for compliance with the Standard relating to misconduct?

Procedure 1	Disseminate to all employees a list of past violations together with disciplinary actions.
Procedure 2	Check references of potential employees to ensure that they are of good character.

A. Procedure 1 only
B. Procedure 2 only
C. Both Procedure 1 and Procedure 2

Question 13

A member is developing allocation procedures for block trades and new issues. According to the recommended procedures for compliance with the Standard relating to fair dealing, the member's allocation procedures should involve:

A. prohibiting consideration of advanced interest when allocating trades for new issues.
B. bundling orders on a first-in, first-out basis for efficiency as appropriate for the asset class.
C. giving client accounts participating in a block trade, execution prices corresponding to order arrival time.