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Paraplanner of the Year Questions:

1. The bribery of a foreign public official would not be an offence when the:
 - a. Official is permitted to be influenced
 - b. Bribe is of a small amount of money
 - c. Person offering the bribe intended to gain an advantage
 - d. Person being bribed performs a public function for the local government
2. Noel plc has recently taken over Saver Ltd to form Noel Savings plc, a worldwide investment company. You have been reviewing a number of client files and believe that new business was generated by any means solely to enhance the value of Saver Ltd for sale. Which of the following would be the MOST appropriate action to take?
 - a. Ignore your concerns at this stage due to the lack of evidence but ensure that business processes are amended
 - b. Consult with the local management of the ex-Saver Ltd business to get a better understanding of how business was undertaken
 - c. Ignore your concerns given that any such issues would have been highlighted as part of the purchase due diligence process
 - d. Consult with Noel Savings plc's CEO, despite the fact that he was responsible for the acquisition and business valuation



3. Four customers have made complaints against your firm. Which ONE can be regarded as an eligible complainant in the eyes of the Financial Ombudsman Service?
 - a. The Chief Investment Officer of Asia Growth Fund, personally worth £1.5 million and acting in her personal capacity after believing she overpaid for some Hong Kong shares
 - b. Infratech PLC with Turnover of £1.5 million and five employees, whose sell order was lost and not executed
 - c. Homeless, a UK based charity with income of £1.5 million who were sold long dated Gilts instead of short dated
 - d. Mrs Biggelow, Trustee of the Jemima Biggelow Trust with a Net Asset Value of £1.5 million
4. A firm receives a decision notice regarding a breach of the FCA rules. What can it do if it disagrees with the notice?
 - a. Refer the decision to the Upper Tribunal (Tax and Chancery Chamber)
 - b. Refer the decision to the Ministry of Justice
 - c. Seek a judicial review of the decision
 - d. Appeal the decision with the FCA
5. Which of the following is normally TRUE of the FCA's powers to require information?
 - a. Only specified documents can be requested
 - b. There is no limit to the FCA's powers to require information
 - c. The FCA may not specify the form in which information is provided
 - d. The FCA must give written notice of its requirements



6. The Capital Requirements Directive (CRD) helps to ensure the stability of the financial system as it:
 - a. Minimises the risk of a firm collapsing by being unable to pay its debts
 - b. Ensures UK businesses do not take on debts from banks that they cannot repay
 - c. Lowers the capital requirements for banks so that their businesses can expand
 - d. Maximises the options for UK businesses to obtain finance when required
7. In granting authorisation to a firm under its threshold conditions, which of the following BEST describes how the FCA addresses a firm's application?
 - a. It compares the firm's application against the specific threshold conditions
 - b. It considers whether the firm satisfies and will continue to satisfy the threshold conditions
 - c. It provides a statement of objectives under the threshold conditions, which the applicant firm is expected to meet
 - d. It examines the application against its own threshold conditions regarding the suitability of the applicant firm
8. When a firm appoints a representative to act on its behalf regarding financial promotions, what FCA rules, if any, apply?
 - a. Any business by the representative is treated as being undertaken by the authorised person
 - b. The representative is not an authorised person so cannot be subject to specific Conduct of Business promotion rules
 - c. The representative is treated under the same regime as a client acting as an eligible counterparty
 - d. The rules apply for third party prospectuses in respect of MiFID business only



9. Three people recently obtained inside information. Person 1 fails to take advantage of this information but tells a friend, who takes advantage of this knowledge. Person 2 takes advantage of this information but incurs a loss as a consequence of this action. Person 3 suggests to his wife that she should take advantage of this information but she fails to do so. Based solely on these details, which of the following statements is TRUE?
- Only the actions of Persons 1 and 2 are likely to be classed as insider dealing
 - Only the actions of Persons 2 and 3 are likely to be breaches of the FSMA 2000
 - All three actions are likely to satisfy the general defence provisions of the insider dealing regulations
 - All three actions are likely to be breaches of the Criminal Justice Act 1993
10. Four individuals are accused of insider dealing and claimed the following reasons: Individual 1 that this occurred as part of her attempt to prevent excessive share price volatility following a new issue. Individual 2 that this occurred as a consequence of a one-off internal investigation requested by the FCA. Individual 3 that this was unavoidable in order to protect a client's position following an unexpected movement on the stock market. Individual 4 that she was merely replicating procedures carried out regularly by her colleagues which she assumed was acceptable practice. Which of the following statements is TRUE?
- Only Individual 1 is likely to benefit from the special defence provisions
 - Only Individual 3 is likely to benefit from the general defence provisions
 - Only Individuals 1 and 2 are likely to have breached the market abuse regulations
 - Only Individuals 3 and 4 are likely to have committed a statutory offence



11. An adviser has noticed that a client has given contradictory responses during the fact-finding exercise. How might the adviser proceed?
 - a. Through the use of additional open questions
 - b. The adviser would have to terminate the relationship with the client
 - c. By checking the fact-find
 - d. By using the answers that make the most sense
12. In what key way does the Government encourage individuals to save for their retirement using a personal pension?
 - a. The availability of the Lifetime Allowance
 - b. The use of carry forward
 - c. By granting tax relief on the contributions paid
 - d. With an annual allowance of £40,000 for the present tax year
13. When assessing client circumstances which of the following should form part of the consideration of their capital needs?
 - a. Debts
 - b. Ethical preferences
 - c. Objectives
 - d. Occupation
14. When deciding on whether to purchase a care fee annuity, an important point to note is that:
 - a. Income received is subject to income tax
 - b. No capital is returned on death
 - c. Payments made directly to the care home are taxable
 - d. The income received is always linked to inflation



15. Why is it important to use a split trust for a policy that provides both critical illness and death benefits?
- a. So that the critical illness payment is tax free
 - b. So that the settlor can benefit
 - c. To avoid payments being treated as a benefit in kind
 - d. To make the premiums more affordable
16. Which of the following is true of a defined contribution scheme? Benefits depend on:
- a. The member's final salary
 - b. The member's number of years' service
 - c. The scheme accrual rate
 - d. Fund performance
17. When investing in a Lifetime ISA (LISA), an investor needs to be aware that:
- a. The amount that can be held in a LISA is in addition to the current annual ISA limit
 - b. The Government will pay a bonus on all contributions up until age 50
 - c. The maximum contribution that will receive a bonus is £5,000 per tax year
 - d. They cannot access the LISA until age 55, unless it is to be used for a home purchase



18. When dealing with a client of the Muslim faith, a financial adviser must ensure that:

- a. No products are recommended which pay interest
- b. Insurance-based solutions must not be used
- c. Pooled funds will be more suitable than directly held stocks
- d. Commission payments cannot be received as a result of any recommendations

19. For what main reason would a client take out a payment protection policy?

- a. To cover the costs of a medical bill
- b. To receive long term sickness benefits should the client become incapacitated
- c. To cover regular payments on a financial commitment
- d. So that their family can benefit from a life assurance benefit

20. Where a client approaches a financial adviser to discuss an appropriate suite of protection policies, it is of paramount importance that the adviser:

- a. Seeks to obtain the cheapest policies
- b. Only recommends product providers who are based in the UK
- c. Quantifies the client's needs
- d. Assesses the likely impact of financial underwriting