

CISI REGULATORY PRACTICE EXAM (SAMPLE)

STUDY GUIDE



Prepare with structure. Pass with confidence



Copyright © 2026 by Examzify - A Kaluba Technologies Inc. product.

ALL RIGHTS RESERVED.

No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.

Notice: Examzify makes every reasonable effort to obtain accurate, complete, and timely information about this product from reliable sources.

SAMPLE

Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	5
Answers	8
Explanations	10
Next Steps	16

SAMPLE

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

SAMPLE

- 1. Who has the authority to hear appeals against the decisions made by the CMA?**
 - A. The High Court
 - B. The Competition Appeal Tribunal
 - C. The Office of Fair Trading
 - D. The UK Parliament
- 2. What is notable about the timing after Day 21 in the offer process?**
 - A. The target company can withdraw any offer
 - B. The earliest closing date for the offer occurs
 - C. Shareholders cannot change their minds
 - D. Lastly, the predator must disclose intentions
- 3. Which of the following is NOT a standard listing requirement for RIEs?**
 - A. Freely transferable shares
 - B. 25% free float
 - C. 3 years trading record for all companies
 - D. Prospectus approval
- 4. What is a key characteristic of the specialist fund segment?**
 - A. Aimed at retail investors
 - B. Part of main market and subject to LSE rules
 - C. Voluntary disclosure
 - D. Focused on emerging markets
- 5. Which types of firms does the FCA conduct regulation for?**
 - A. Only dual-regulated firms
 - B. All regulated firms
 - C. Only non-regulated firms
 - D. Only retail firms
- 6. What role does a non-exec director play in governing functions?**
 - A. Supervision of risk assessment
 - B. Regulatory compliance oversight
 - C. Contributing to high-level decision making
 - D. Managing customer relationships

- 7. Who is responsible for appointing the board members of the FCA?**
- A. The Prime Minister
 - B. The Chancellor of the Exchequer
 - C. The Treasury
 - D. The Financial Services Authority
- 8. What can happen if a regulated firm fails to report suspicions to the Money Laundering Reporting Officer (MLRO)?**
- A. A warning from regulatory authorities
 - B. A fine imposed on the company
 - C. Up to 5 years imprisonment for individuals involved
 - D. A mandatory requirement to undergo compliance training
- 9. Which of the following is NOT a principle of good regulation by the FCA and PRA?**
- A. Sustainable growth
 - B. Standardization
 - C. Openness and disclosure
 - D. Transparency
- 10. Under what conditions can firms accept fees from parties other than clients?**
- A. If it enhances the quality of service
 - B. If the client agrees to it
 - C. If it is legally mandated
 - D. If it benefits the firm's profitability

Answers

SAMPLE

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

SAMPLE

Explanations

SAMPLE

1. Who has the authority to hear appeals against the decisions made by the CMA?

- A. The High Court
- B. The Competition Appeal Tribunal**
- C. The Office of Fair Trading
- D. The UK Parliament

The Competition Appeal Tribunal (CAT) has the authority to hear appeals against the decisions made by the Competition and Markets Authority (CMA). The CAT plays a crucial role in the UK's competition regime, specifically dealing with cases related to competition law. It is an independent body that reviews decisions made by the CMA to ensure that they align with legal standards and to consider challenges brought forth by businesses or individuals who may be impacted by those decisions. The CAT focuses on matters such as appeals regarding market investigations, merger decisions, and other decisions made by the CMA under competition law. This specialized tribunal is equipped to handle complex issues surrounding competition and market behavior, providing a focused avenue for resolving disputes in this area of law. In contrast, other entities like the High Court and the Office of Fair Trading do not serve this specific appeal function related to CMA decisions. The UK Parliament's role is primarily legislative and not involved in directly hearing appeals against administrative decisions made by the CMA.

2. What is notable about the timing after Day 21 in the offer process?

- A. The target company can withdraw any offer
- B. The earliest closing date for the offer occurs**
- C. Shareholders cannot change their minds
- D. Lastly, the predator must disclose intentions

The timing after Day 21 in the offer process is significant because it generally marks the point at which the earliest closing date for the offer occurs. This timing is critical as it establishes a framework for when shareholders can accept the offer and helps ensure that there is a clear timeline for all parties involved. In a takeover bid, the initial offer period typically lasts for at least 21 days from the date of the offer being made. After this 21-day period, the offer can begin to close, allowing the bidder to process acceptances from shareholders. This structure is important as it creates certainty in the process and also gives shareholders a defined period to consider the offer and make decisions. The role of the closing date in the offer process is pivotal; it solidifies when the offer is valid and when shareholders must act. This aspect of the offer process is designed to promote transparency and fairness, ensuring that all shareholders have an opportunity to respond before the offer concludes. The other options do not accurately reflect the established practices regarding the offer timeline. For instance, the ability of a target company to withdraw an offer, the ability of shareholders to change their minds, and the requirements for disclosure of intentions by the predator all occur within different contexts and regulatory frameworks that do not

3. Which of the following is NOT a standard listing requirement for RIEs?

- A. Freely transferable shares
- B. 25% free float
- C. 3 years trading record for all companies**
- D. Prospectus approval

The requirement for a company to have a trading record of three years is not a standard listing requirement for Recognised Investment Exchanges (RIEs). While having a track record can certainly be beneficial for a company seeking to list, RIEs typically do not enforce a universal standard of three years of trading history for all companies. Instead, they focus on aspects like the company's financial situation, governance, and the market's demand for the shares. On the other hand, the other options are recognized requirements in the context of RIEs. Freely transferable shares are essential as they ensure liquidity in the market. A 25% free float requirement ensures that a portion of the company's shares is available for trading by the public, fostering market activity and preventing manipulation by major shareholders. Lastly, prospectus approval is crucial as it provides potential investors with essential information regarding the company's operations, financials, and risks, ensuring transparency in the investment process. Thus, while having a robust trading history can enhance credibility and investor confidence, it is not a universally mandated criterion for listing on RIEs, making the presence of this three-year trading record inappropriate as a standard requirement.

4. What is a key characteristic of the specialist fund segment?

- A. Aimed at retail investors
- B. Part of main market and subject to LSE rules**
- C. Voluntary disclosure
- D. Focused on emerging markets

The key characteristic of the specialist fund segment being part of the main market and subject to LSE rules indicates that it operates under a specific regulatory framework designed to ensure a higher level of transparency and oversight. This adherence to the rules established by the London Stock Exchange (LSE) ensures that these funds provide adequate disclosure, meet certain standards, and maintain a level of investor protection. Specialist funds are typically tailored for sophisticated investors and may focus on niche markets or investment strategies that require a greater understanding of complex financial products. Being part of the main market signifies that these funds are subject to rigorous listing and reporting obligations, which enhances their credibility and integrity in the eyes of investors. This context contrasts with other characteristics that might apply to different fund segments, such as targeting retail investors or focusing specifically on emerging markets, which may not necessarily align with the regulatory environment applicable to specialist funds.

5. Which types of firms does the FCA conduct regulation for?

- A. Only dual-regulated firms
- B. All regulated firms**
- C. Only non-regulated firms
- D. Only retail firms

The Financial Conduct Authority (FCA) is responsible for regulating a broad spectrum of firms to ensure that financial markets operate fairly and effectively. This includes all regulated firms, which consists of a wide array of businesses operating in the financial services sector, ranging from banks and building societies to insurance companies, investment firms, and even certain aspects of consumer credit providers. The FCA's role extends beyond just the firms that are dual-regulated by both it and the Prudential Regulation Authority (PRA). By regulating all types of firms, the FCA aims to protect consumers, enhance the integrity of the UK financial system, and promote competition among financial services providers. This comprehensive regulatory approach allows for a more stable and transparent financial environment, benefiting both consumers and the economy at large. The other choices specify limitations that do not align with the FCA's mandate. For instance, only focusing on dual-regulated firms or non-regulated firms would ignore significant segments of the financial services market that the FCA oversees. Similarly, restricting regulation solely to retail firms would overlook the important roles of institutional and wholesale firms in financial markets. Thus, the correct answer accurately reflects the extensive scope of the FCA's regulatory responsibilities.

6. What role does a non-exec director play in governing functions?

- A. Supervision of risk assessment
- B. Regulatory compliance oversight
- C. Contributing to high-level decision making**
- D. Managing customer relationships

A non-executive director (NED) plays a pivotal role in high-level decision-making within an organization. Their primary function is to provide independent oversight and contribute to the board's deliberations on strategic matters. Unlike executive directors, who are involved in the day-to-day operations of the company, non-executive directors bring an external perspective, which is vital for ensuring that decisions made at the highest level align with the company's long-term goals and stakeholder interests. By contributing to high-level decision-making, non-executive directors help to challenge assumptions and strategies proposed by the executive team, promoting a culture of accountability and responsible governance. Their insights are drawn from their diverse experiences and expertise, allowing them to ask important questions that may not be considered by those immersed in the daily operations. This contribution is essential for enhancing the quality of decision-making processes and fostering a well-rounded approach to governance. The other roles listed, such as supervising risk assessment or overseeing regulatory compliance, while important, are typically more aligned with specific internal governance functions carried out by executives or dedicated committees within the organization. Non-executive directors may provide insight into these areas, but their primary responsibility lies in the overarching governance and strategic decision-making framework. Managing customer relationships, on the

7. Who is responsible for appointing the board members of the FCA?

- A. The Prime Minister
- B. The Chancellor of the Exchequer
- C. The Treasury**
- D. The Financial Services Authority

The Treasury is responsible for appointing the board members of the Financial Conduct Authority (FCA). This responsibility is embedded in the governance structure of the FCA, which operates under the framework established by the Financial Services and Markets Act 2000 and subsequent amendments. The Treasury plays a key role in ensuring that the FCA's board comprises individuals with the requisite experience and expertise to oversee the effective regulation of financial markets and services. This process of appointment underscores the government's influence in overseeing regulatory bodies, reinforcing accountability and alignment with national financial objectives. The relationship between the FCA and the Treasury is crucial for ensuring that the regulatory body functions effectively and responds to changes in the financial landscape. In contrast, while the Prime Minister and the Chancellor of the Exchequer hold significant positions in government, they do not have a direct role in the appointment of board members for the FCA. The Financial Services Authority, which was the previous regulatory body before the FCA was established, no longer exists and therefore cannot appoint board members. This distinction clarifies the structure and accountability of financial regulation in the UK.

8. What can happen if a regulated firm fails to report suspicions to the Money Laundering Reporting Officer (MLRO)?

- A. A warning from regulatory authorities
- B. A fine imposed on the company
- C. Up to 5 years imprisonment for individuals involved**
- D. A mandatory requirement to undergo compliance training

When a regulated firm fails to report suspicions of money laundering to the Money Laundering Reporting Officer (MLRO), significant legal consequences can follow, particularly for individuals involved in the failure to report. One of the most serious potential outcomes is criminal liability, which can lead to prison sentences. In many jurisdictions, failing to report such suspicions is seen as a serious offense under anti-money laundering (AML) regulations, and individuals may face penalties, including imprisonment for up to five years. This reflects the seriousness with which financial authorities regard compliance with AML obligations. In contrast, while fines, warnings, and compliance training may also be consequences for a firm or its employees, these are typically considered less severe compared to the possibility of imprisonment. The legal framework is designed to emphasize the importance of preventing money laundering activities, and the potential for imprisonment underscores the individual responsibility of those within regulated firms to adhere to reporting procedures. This highlights the critical role that individuals play within the compliance environment and the serious implications of neglecting those responsibilities.

9. Which of the following is NOT a principle of good regulation by the FCA and PRA?

- A. Sustainable growth
- B. Standardization**
- C. Openness and disclosure
- D. Transparency

The principle of good regulation emphasized by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA) focuses on a range of ideals that promote effective governance and ethical behavior in the financial industry. Standardization, while a necessary component for ensuring compliance and consistency, is not explicitly noted as a guiding principle by either regulatory authority. In contrast, principles such as sustainable growth, openness and disclosure, and transparency are fundamental to good regulation. Sustainable growth highlights the importance of creating a regulatory environment that allows financial institutions to thrive over the long term while maintaining stability in the financial markets. Openness and disclosure ensure that stakeholders are well-informed and can participate fully in the financial system, fostering trust and accountability. Transparency is essential for regulators and firms alike; it allows for scrutiny and oversight, which ultimately enhances the integrity of the regulatory framework. Thus, the correct choice indicates that standardization does not align with the core principles of good regulation as defined by the FCA and PRA, highlighting that while it can support regulatory objectives, it is not among the foundational principles that guide their regulatory practices.

10. Under what conditions can firms accept fees from parties other than clients?

- A. If it enhances the quality of service**
- B. If the client agrees to it
- C. If it is legally mandated
- D. If it benefits the firm's profitability

Firms can accept fees from parties other than clients under the condition that it enhances the quality of service provided to the client. This principle prioritizes the client's best interests and ensures that any additional compensation is directly related to improving the service quality. Accepting fees in this context could involve arrangements such as receiving a referral fee from a third party if it allows the firm to offer better resources or expertise to the client. This is aligned with the ethical standards and regulatory requirements that govern professional conduct in financial services, ensuring that clients receive maximum benefit from such arrangements. It's essential for firms to maintain transparency about these fees, ensuring clients are aware of any third-party financial influences and that these do not conflict with the clients' best interests. By focusing on enhancing service quality, firms can cultivate trust and integrity in their client relationships.

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://cisiregulatory.examzify.com>

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

SAMPLE