

# Qualified Financial Adviser (QFA) Regulations Exam 1 Practice Test (Sample)

## Study Guide



**Everything you need from our exam experts!**

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# Table of Contents

<b>Copyright</b> .....	<b>1</b>
<b>Table of Contents</b> .....	<b>2</b>
<b>Introduction</b> .....	<b>3</b>
<b>How to Use This Guide</b> .....	<b>4</b>
<b>Questions</b> .....	<b>5</b>
<b>Answers</b> .....	<b>9</b>
<b>Explanations</b> .....	<b>11</b>
<b>Next Steps</b> .....	<b>17</b>

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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. Jacinta invested €80,000 in a deposit tracker bond in July 2016. What amount, if any, of Jacinta's investment is covered by the Deposit Guarantee Scheme?**
  - A. Nil.**
  - B. €20,000**
  - C. €76,000**
  - D. €80,000**
  
- 2. Personal data for the purposes of Data Protection legislation includes personal data held on computers, in manual paper files, and on USB sticks. Which statements are true?**
  - A. I only.**
  - B. II only.**
  - C. I and III only.**
  - D. I, II and III.**
  
- 3. Are trustees of large defined benefit occupational pension schemes covered deposits under the Deposit Guarantee Scheme?**
  - A. Yes**
  - B. No**
  - C. Only if they are charities**
  - D. Only when included in another category**
  
- 4. In Owen's complaint about mis-sold investment, which organization administers the compensation?**
  - A. FSPO.**
  - B. Central Bank.**
  - C. Pensions Authority.**
  - D. Government.**

- 5. The Consumer Protection Code requires an insurance intermediary to keep records of a fact find for what minimum period after completion?**
- A. A 3 years.**
  - B. B 5 years.**
  - C. C 6 years.**
  - D. D 7 years.**
- 6. What must be done with 'Reason Why' statements for a trainee adviser under Minimum Competency Code?**
- A. They must be checked and signed off by a qualified person.**
  - B. They must be signed by the client.**
  - C. They must be stored for records.**
  - D. They are not required.**
- 7. Which of the following is NOT subject to the Central Bank's Consumer Protection Code when providing financial services to consumers?**
- A. Authorised advisers.**
  - B. Certified persons.**
  - C. Banks.**
  - D. Mortgage intermediaries.**
- 8. Which statement about the Deposit Guarantee Scheme coverage is true?**
- A. In Jacinta's case, the entire €80,000 is covered.**
  - B. It guarantees 100% of the original investment amount for all deposits.**
  - C. It covers up to €10,000 per depositor.**
  - D. It is funded by levies on banks.**
- 9. Under the CP Code, which detail must be provided to an intermediary about a new investment product?**
- A. Projected return over five years.**
  - B. Nature and extent of risks inherent in the product.**
  - C. Projected return, net of charges, over five years.**
  - D. The name of the senior executive in the product producer.**

**10. Which term describes prescription of procedures that must be followed by financial services firms in their dealings with consumers?**

- A. Structural.**
- B. Systemic.**
- C. Prudential.**
- D. Conduct of Business.**

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## Answers

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

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## **Explanations**

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**1. Jacinta invested €80,000 in a deposit tracker bond in July 2016. What amount, if any, of Jacinta's investment is covered by the Deposit Guarantee Scheme?**

- A. Nil.
- B. €20,000
- C. €76,000
- D. €80,000**

The key idea is what the Deposit Guarantee Scheme covers and up to what limit. In Ireland, the scheme protects deposits up to €100,000 for each depositor per credit institution. A deposit tracker bond is treated as a deposit with the bank rather than a general investment, so it falls under the scheme's protection. Since €80,000 is within the €100,000 limit, the entire amount is covered. If the amount had exceeded €100,000, only up to the limit would be protected, and any portion above that would not be guaranteed. So, the full €80,000 is covered by the Deposit Guarantee Scheme.

**2. Personal data for the purposes of Data Protection legislation includes personal data held on computers, in manual paper files, and on USB sticks. Which statements are true?**

- A. I only.
- B. II only.
- C. I and III only.
- D. I, II and III.**

Data Protection legislation applies to personal data no matter where it is stored or how it is stored. Personal data is information about a living person that can identify them, directly or indirectly, and this includes digital files, paper records, and portable media. In this scenario, personal data can be stored on computers, in manual paper files, and on USB sticks. Each of these is a valid storage form, so all three ways of holding personal data are included. Therefore the statement that covers all of them is the correct one. Remember that protective measures must be applied across every form: secure digital systems, careful handling and filing of paper records, and appropriate security for portable media like USB sticks (encryption, access controls, and proper disposal).

**3. Are trustees of large defined benefit occupational pension schemes covered deposits under the Deposit Guarantee Scheme?**

**A. Yes**

**B. No**

**C. Only if they are charities**

**D. Only when included in another category**

Deposits are protected under the scheme only if the depositor falls into the eligible categories. Trustees of a large defined benefit occupational pension scheme don't count as such a depositor category. The trustee role is fiduciary for the beneficiaries, and the scheme's cash deposits with banks aren't treated as deposits belonging to an eligible depositor. The scheme's funds aren't covered by the Deposit Guarantee Scheme, whereas the Scheme does cover deposits for individuals and certain other categories (like charities or SMEs) if they qualify. So, in this scenario, the deposits are not covered.

**4. In Owen's complaint about mis-sold investment, which organization administers the compensation?**

**A. FSPO.**

**B. Central Bank.**

**C. Pensions Authority.**

**D. Government.**

The Financial Services and Pensions Ombudsman (FSPO) administers compensation for mis-sold investments. It's the independent body that handles individual complaints about financial services and, where warranted, can order redress including compensation from the provider. The Central Bank is the regulator, not the administrator of compensation; the Pensions Authority focuses on pension schemes; and the Government isn't the body that administers this type of compensation. So for a mis-sold investment complaint, the FSPO is the appropriate route for compensation.

**5. The Consumer Protection Code requires an insurance intermediary to keep records of a fact find for what minimum period after completion?**

**A. A 3 years.**

**B. B 5 years.**

**C. C 6 years.**

**D. D 7 years.**

The important idea here is how long an insurance intermediary must retain a client's fact-find records after a transaction is finished. Under the Consumer Protection Code, the minimum retention period is six years after completion of the insurance arrangement. This ensures there is a retrievable record of the client's needs, the advice given, and the rationale for that advice, which supports any future questions, complaints, or regulatory checks. The options of three, five, or seven years don't meet the Code's standard, which specifically sets six years as the required minimum. In practice, treat this as six years from the completion of each completed transaction, and keep the records securely and accessible for that entire period.

**6. What must be done with 'Reason Why' statements for a trainee adviser under Minimum Competency Code?**

- A. They must be checked and signed off by a qualified person.**
- B. They must be signed by the client.**
- C. They must be stored for records.**
- D. They are not required.**

The key idea is accountability and validation of trainee work under the Minimum Competency Code. Reason Why statements are the trainee's documented justification for a recommended course of action, showing the trainee's thinking about why a particular product, strategy, or approach fits the client's needs and complies with standards. Under the Minimum Competency Code, these statements must be checked and signed off by a qualified person. This supervisor or mentor review provides an authoritative check that the trainee has correctly reasoned through the advice, that the justification is appropriate, and that it meets regulatory and organizational requirements. The sign-off creates a documented gate before the advice is delivered, helping ensure quality and accountability. Client signing or simply storing the statements may be part of broader record-keeping or consent processes, but they are not the mandated action that satisfies the requirement for these Reason Why statements. The essential step is the review and formal sign-off by a qualified person.

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

- A. Authorised advisers.**
- B. Certified persons.**
- C. Banks.**
- D. Mortgage intermediaries.**

The central idea is that the Consumer Protection Code applies to entities that are regulated by the Central Bank and that provide financial services to consumers. The code sets duties on those regulated entities themselves, not on every individual who might work in or around those entities. Banks, authorised advisers, and mortgage intermediaries are all regulated under Central Bank rules and carry the practical responsibility to treat customers fairly, disclose terms clearly, assess suitability, and handle complaints. They must embed CPC standards into how they operate and how their staff interact with consumers. Certified persons, by contrast, do not themselves represent a regulated financial service provider under the Central Bank. The code's requirements attach to the regulated entity and its approved activities. If a certified person is working for a regulated firm, the firm must ensure CPC compliance in its dealings with customers, and the individual's certification alone does not bring CPC obligations directly onto them. That separation is why certified persons are not subject to the CPC in the same direct way as authorised advisers, banks, or mortgage intermediaries.

**8. Which statement about the Deposit Guarantee Scheme coverage is true?**

- A. In Jacinta's case, the entire €80,000 is covered.
- B. It guarantees 100% of the original investment amount for all deposits.
- C. It covers up to €10,000 per depositor.**
- D. It is funded by levies on banks.

The main idea tested is how much of a depositor's money the scheme protects. The scheme doesn't guarantee every euro you've deposited; it provides a fixed limit per depositor per credit institution. In this scenario, that limit is €10,000. So if Jacinta has €80,000 in one bank, only €10,000 would be covered by the scheme, with the rest potentially at risk if the bank fails. If the funds are split across multiple banks, you could receive protection up to €10,000 in each bank, increasing the total protected amount. The coverage applies to standard deposits like current and savings accounts and term deposits, not to most investment products. Financing of the scheme (such as levies on banks) explains how the scheme is funded, but the important point about coverage is the €10,000 limit per depositor per institution.

**9. Under the CP Code, which detail must be provided to an intermediary about a new investment product?**

- A. Projected return over five years.
- B. Nature and extent of risks inherent in the product.**
- C. Projected return, net of charges, over five years.
- D. The name of the senior executive in the product producer.

The main idea being tested is risk disclosure to an intermediary. Under the CP Code, the product producer must give the intermediary clear information about the risks inherent in the new investment product. This isn't about promises of returns or who is in charge at the product house; it's about ensuring the intermediary understands what could go wrong, how severe the risks could be, and how those risks relate to the product's structure. With a solid picture of the risk profile—the kinds of risk (market, credit, liquidity, etc.) and the potential magnitude or likelihood—the intermediary can assess whether recommending the product fits a client's risk tolerance and investment goals, and communicate those risks to clients appropriately. Return projections or charges details, while sometimes relevant in other contexts, aren't the disclosure focus required here, and naming a senior executive isn't the information the CP Code mandates for this purpose.

**10. Which term describes prescription of procedures that must be followed by financial services firms in their dealings with consumers?**

**A. Structural.**

**B. Systemic.**

**C. Prudential.**

**D. Conduct of Business.**

This item tests the rules that govern how financial services firms interact with customers, ensuring proper procedures, disclosures, and fair treatment. The term that fits this focus is Conduct of Business, which covers how advisors and firms engage with clients, what must be disclosed, how recommendations are made, and how records and complaints are handled. The other terms point to different regulatory areas: structural relates to how a firm is organized, systemic to risks affecting the financial system as a whole, and prudential to the firm's financial soundness and risk management. Therefore, Conduct of Business is the correct description of the prescribed procedures in consumer dealings.

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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](mailto:hello@examzify.com).**

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

**<https://qfaregulations1.examzify.com>**

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

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