QUALIFIED FINANCIAL ADVISER (QFA) REGULATIONS EXAM 1 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.

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

1. Harry, a client of a MiFID investment firm, has asked the firm to classify him as a professional investor for the purposes of arranging a particular investment for him. The firm may classify Harry as a professional investor only if he:

A. (i) has an investment portfolio of at least €500,000.

B. (iii) is aged 50 or over.

C. (i) and (ii)

D. (i) and (ii) only.

2. Which of the following is NOT one of the main GDPR obligations for an investment intermediary?

A. A Process personal data fairly.

B. B Keep personal data up to date.

C. C Collect personal data only for one or more specified purposes.

D. D Communicate with customers using plain intelligible language.

3. Lawrence's position as manager of personal financial advisers for ABC Bank plc. For fitness and probity purposes, Lawrence's position is a:

A. Controlled function

B. Politically Exposed Person

C. Pre-Approval Controlled Function

D. Compliance Function

4. Which European authority is the regulatory body for insurance and pensions across the EU?

A. European Securities and Markets Authority.

B. European Central Bank.

C. European Insurance and Occupational Pensions Authority.

D. European Commission.

5. 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

6. A bank has cancelled the agency appointment of TOP Investment Advisers Ltd. The bank must: (i) inform the Central Bank immediately of the cancellation. (ii) place a notice of discontinuance in a national newspaper within seven working days. (iii) write to all customers affected by the cancellation informing them of the cancellation within 28 working days.

A. (i) only.

B. (ii) only.

C. (ii) and (iii) only.

D. (i), (ii) and (iii).

7. Under the Consumer Protection Code, a life assurance company may charge a fee for an optional extra benefit under a new policy only if the consumer has:

A. Has confirmed that he or she wishes to purchase that optional benefit.

B. Does not positively object to paying for that benefit.

C. Is an existing client of the life assurance company.

D. Is a company or an individual acting in the course of their business.

8. OAK Advisers Ltd, an investment intermediary, is advising Catherine on the investment of a large lump sum. Under the Consumer Protection Code OAK is required, when dealing with Catherine, to:

A. Provide assistance to Catherine to facilitate her dealings with them.

B. Recommend only risk-free investment products to her.

C. Provide only generic investment advice to her, and not recommend any particular product to her.

D. Not arrange a financial product for her until at least 14 working days after providing a written investment recommendation to her.

9. Which ongoing confirmations may be required to maintain fit and proper status?

A. Daily performance reviews and weekly client updates.

B. No confirmations are needed after initial certification.

C. Annual renewal confirmations of fit and proper status, ongoing disclosures of material changes, and training/certification updates.

D. Only client feedback forms.

10. When a MiFID investment firm is providing advice to a client on investing in a deposit, it must comply with the:

A. MiFID Regulations.

B. Code of Conduct for Deposit Intermediaries.

C. Consumer Protection Code.

D. Insurance Mediation Regulations.

Answers

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

Explanations

1. **Harry, a client of a MiFID investment firm, has asked the firm to classify him as a professional investor for the purposes of arranging a particular investment for him. The firm may classify Harry as a professional investor only if he:**

   A. (i) has an investment portfolio of at least €500,000.

   B. (iii) is aged 50 or over.

   C. (i) and (ii)

   D. (i) and (ii) only.

Under MiFID, being treated as a professional investor isn't based on age or a single fact. It relies on meeting defined criteria that show substantial investment activity and market experience. The decisive requirement here is having both a sizeable investment portfolio (at least €500,000) and appropriate professional experience or knowledge in financial markets. Age alone does not qualify someone as a professional investor, and meeting only one of these criteria isn't enough. Therefore, the firm can classify Harry as a professional investor only if he satisfies both conditions together.

2. **Which of the following is NOT one of the main GDPR obligations for an investment intermediary?**

   A. A Process personal data fairly.

   B. B Keep personal data up to date.

   C. C Collect personal data only for one or more specified purposes.

   D. D Communicate with customers using plain intelligible language.

The concept being tested is which GDPR requirement is treated as a distinct obligation for an investment intermediary versus a broader processing principle. In GDPR, keeping data accurate, collecting only for specified purposes, and communicating information in clear, plain language are framed as explicit duties that guide processing. The idea of processing personal data fairly is a fundamental principle—part of lawful, fair, and transparent processing—rather than a separate, enumerated obligation. In this context, the fairness principle underpins all processing, while the other items describe concrete obligations. So, the statement about processing personal data fairly isn't counted as one of the main enumerated obligations, making it the best choice.

3. **Lawrence's position as manager of personal financial advisers for ABC Bank plc. For fitness and probity purposes, Lawrence's position is a:**

   A. Controlled function

   B. Politically Exposed Person

   C. Pre-Approval Controlled Function

   D. Compliance Function

The key idea is fitness and probity for roles with significant influence over a firm's activities. A manager of personal financial advisers has substantial control over how advice is given, the quality and conduct of advisers, and the overall direction of the advice business. That level of influence and responsibility places the role in a controlled function, which are positions that regulators scrutinize closely to ensure sound governance and client protection. This isn't about political exposure, so the Politically Exposed Person label isn't appropriate here. It isn't necessarily a Pre-Approval Controlled Function, unless the regulator has explicitly designated that specific function for pre-approval. And while a Compliance Function exists, the scenario describes a senior management role with direct influence over the advisory business rather than a standalone compliance oversight function. Therefore, the best fit is a controlled function.

4. Which European authority is the regulatory body for insurance and pensions across the EU?

A. European Securities and Markets Authority.

B. European Central Bank.

C. European Insurance and Occupational Pensions Authority.

D. European Commission.

The main idea is that there is a dedicated EU regulator for insurance and occupational pensions: the European Insurance and Occupational Pensions Authority, or EIOPA. It coordinates cross border supervision, develops common rules and technical standards, and issues guidelines to ensure consistent application of EU insurance and pension rules across member states. This helps protect policyholders and beneficiaries and strengthens the stability of the sector, working with national regulators under the umbrella of the European System of Financial Supervision. The other bodies have different scopes. The European Securities and Markets Authority focuses on securities and markets. The European Central Bank is the monetary authority that also oversees significant banks. The European Commission sets EU policy and proposes legislation, but it's not the direct regulatory body for insurance and pensions across the EU.

5. 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.

6. A bank has cancelled the agency appointment of TOP Investment Advisers Ltd. The bank must: (i) inform the Central Bank immediately of the cancellation. (ii) place a notice of discontinuance in a national newspaper within seven working days. (iii) write to all customers affected by the cancellation informing them of the cancellation within 28 working days.

A. (i) only.

B. (ii) only.

C. (ii) and (iii) only.

D. (i), (ii) and (iii).

When a bank changes its regulatory arrangements, the immediate duty is to notify the regulator. Informing the Central Bank promptly about the cancellation of an agency appointment ensures the regulator can update its records, monitor for any risk to customers, and maintain proper oversight of the bank's regulated activities. Public notices or customer communications aren't required in this scenario. Publishing in a national newspaper or writing to all customers within set days would be additional steps not mandated by the regulation governing a cancellation of an agency appointment, so they aren't the expected obligation here.

7. Under the Consumer Protection Code, a life assurance company may charge a fee for an optional extra benefit under a new policy only if the consumer has:

A. Has confirmed that he or she wishes to purchase that optional benefit.

B. Does not positively object to paying for that benefit.

C. Is an existing client of the life assurance company.

D. Is a company or an individual acting in the course of their business.

The tested idea is that the Consumer Protection Code allows a life assurance company to charge a fee for an optional extra only when the consumer is participating in the transaction in a business capacity. In other words, fees for add-ons are permitted for buyers who are a company or an individual acting in the course of their business, not for private consumers buying personally. This distinction protects private consumers from surprise extra charges on optional features, while recognizing that business buyers are in a different, more sophisticated commercial context where such charges can be negotiated and disclosed clearly. So the correct condition is that the consumer is a company or an individual acting in the course of their business. The other scenarios—consent to purchase the extra, not objecting to paying, or being an existing client—do not by themselves establish the required business status. They don't meet the regulatory trigger that justifies charging for the optional benefit.

8. OAK Advisers Ltd, an investment intermediary, is advising Catherine on the investment of a large lump sum. Under the Consumer Protection Code OAK is required, when dealing with Catherine, to:

A. Provide assistance to Catherine to facilitate her dealings with them.

B. Recommend only risk-free investment products to her.

C. Provide only generic investment advice to her, and not recommend any particular product to her.

D. Not arrange a financial product for her until at least 14 working days after providing a written investment recommendation to her.

Under the Consumer Protection Code, advisers must distinguish between generic information and personal, product-specific recommendations. When a consumer comes to discuss a large lump-sum investment, the adviser should first provide generic information about investments—their features, risks, and costs—without recommending any particular product. This avoids steering the consumer toward a specific product before understanding their financial situation, goals, and risk tolerance. Only after assessing those factors and ensuring the recommendation is suitable can a product-specific recommendation be made or a product arranged. So the correct approach is to give generic investment information and refrain from endorsing any particular product at that stage.

9. Which ongoing confirmations may be required to maintain fit and proper status?

A. Daily performance reviews and weekly client updates.

B. No confirmations are needed after initial certification.

C. Annual renewal confirmations of fit and proper status, ongoing disclosures of material changes, and training/certification updates.

D. Only client feedback forms.

Maintaining fit and proper status is an ongoing process that regulators expect to be actively monitored. The best answer covers the three common ongoing elements: annual renewal confirmations of fit and proper status, ongoing disclosures of material changes, and training or certification updates. This combination ensures you remain compliant as circumstances evolve and you stay up to date with professional standards. Daily performance reviews and weekly client updates relate to performance management or client relations, not the formal ongoing confirmations of fit and proper status. Saying no confirmations are needed after initial certification is incorrect because ongoing oversight is a core part of staying qualified. Relying only on client feedback forms misses the broader regulatory requirements for disclosures and ongoing training.

10. When a MiFID investment firm is providing advice to a client on investing in a deposit, it must comply with the:

A. MiFID Regulations.

B. Code of Conduct for Deposit Intermediaries.

C. Consumer Protection Code.

D. Insurance Mediation Regulations.

When advising a retail client on a deposit, the priority is protecting the consumer in financial services. The Consumer Protection Code sets out the rules for how firms must treat customers, including clear disclosures, suitability assessments, fair treatment, and proper handling of complaints. These protections apply to consumer-facing financial products, such as deposits, regardless of the product type being discussed. MiFID Regulations govern investment services and instruments, so they're not the primary framework for a deposit discussion. The Code of Conduct for Deposit Intermediaries would be relevant only if the activity is specifically acting as a deposit intermediary, which isn't the general situation for a MiFID investment firm giving deposit advice. Insurance Mediation Regulations cover insurance products, not deposits. So the consumer protection code provides the appropriate, overarching requirements for advising on deposits.

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://qfaregulations1.examzify.com

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