

Qualified Financial Adviser (QFA) Regulations Exam 2 Practice Test (Sample)

Study Guide



Everything you need from our exam experts!

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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. Which combination of Customer Due Diligence tasks can be carried out by Top Insurance Brokers Ltd on behalf of the life company?**
 - A. Identifying a customer only**
 - B. Verifying the identity of the beneficial owner only**
 - C. Obtaining information on the purpose of the relationship only**
 - D. Identifying the customer, Verifying the identity of the beneficial owner, and Obtaining information on the purpose of the relationship**

- 2. A trustee complaint about the conduct of an occupational pension scheme's trustees has been upheld. To which body can the trustees appeal the decision?**
 - A. can appeal to the High Court.**
 - B. cannot appeal this decision.**
 - C. can appeal to the Pensions Authority.**
 - D. can appeal to the Central Bank.**

- 3. Which statement correctly describes the time window to send an unsolicited marketing email after a customer opts in?**
 - A. Within 6 months.**
 - B. No limit.**
 - C. Within 12 months.**
 - D. Within 24 months.**

- 4. The European Communities (Unfair Terms in Consumer Contracts) Regulations apply to standard contracts taken out by which party?**
 - A. Small companies**
 - B. Large companies**
 - C. An individual acting in the course of his or her business**
 - D. An individual acting outside his or her business**

- 5. ABC Bank plc can apply Simplified Customer Due Diligence to which customer?**
- A. ACE Enterprises Ltd, which is listed on the main market of the Irish Stock Exchange.**
 - B. Mary, who has less than €100,000 to invest.**
 - C. Brown & Co, a small two-person legal practice.**
 - D. New Oil Co. Ltd, a small unlisted oil exploration company.**
- 6. A consumer can refer an unresolved complaint about which of the following to the FSPO?**
- A. Home reversion firm only.**
 - B. Credit intermediary only.**
 - C. Mortgage intermediary only.**
 - D. Home reversion firm, credit intermediary, or mortgage intermediary.**
- 7. 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).**
- 8. The Central Bank's Consumer Protection Code requires product producers launching a new investment product to provide details of which one of the following to any intermediary who will promote and sell that product to consumers?**
- A. Projected return over five years.**
 - B. Nature and extent of any 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 responsible for the design of the product.**

- 9. The MAXIMUM fine which the Central Bank can impose personally on Mary, the CEO of a bank, for non-compliance by the bank with financial services regulations is:**
- A. €0.5 million.**
 - B. €2 million.**
 - C. €1 million.**
 - D. €5 million.**
- 10. Which of the following deposits are covered by the Deposit Guarantee Scheme?**
- A. Bank current accounts only**
 - B. Credit union deposit accounts only**
 - C. Bank current accounts, notice deposit accounts and credit union deposit accounts**
 - D. Notice deposit accounts only**

Answers

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

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Explanations

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1. Which combination of Customer Due Diligence tasks can be carried out by Top Insurance Brokers Ltd on behalf of the life company?

- A. Identifying a customer only**
- B. Verifying the identity of the beneficial owner only**
- C. Obtaining information on the purpose of the relationship only**
- D. Identifying the customer, Verifying the identity of the beneficial owner, and Obtaining information on the purpose of the relationship**

Complete Customer Due Diligence includes identifying the customer, verifying the identity of the beneficial owner (where applicable), and obtaining information on the purpose and intended nature of the relationship. A life company may delegate these tasks to its intermediary under a written agreement with proper controls, allowing Top Insurance Brokers Ltd to carry out all three tasks on the life company's behalf. This ensures the insurer has a full CDD—identifying who is involved, confirming who ultimately owns or controls the customer, and understanding why the relationship is being established—while the insurer retains ultimate responsibility for compliance and ongoing monitoring. Doing only one or two of the tasks would leave gaps in the CDD, whereas executing all three provides a complete and compliant risk assessment.

2. A trustee complaint about the conduct of an occupational pension scheme's trustees has been upheld. To which body can the trustees appeal the decision?

- A. can appeal to the High Court.**
- B. cannot appeal this decision.**
- C. can appeal to the Pensions Authority.**
- D. can appeal to the Central Bank.**

When a complaint about trustees' conduct is upheld by the pensions ombudsman, the next step is to challenge the decision in the High Court. The High Court handles appeals from ombudsman decisions, but typically only on a point of law (not a fresh re-hearing of facts). This court reviews whether the decision was legally sound, procedurally fair, or within the regulator's powers. Regulatory bodies like the Pensions Authority or Central Bank aren't appellate tribunals for ombudsman decisions, and there is a mechanism to appeal, so saying there is no appeal isn't correct.

- 3. Which statement correctly describes the time window to send an unsolicited marketing email after a customer opts in?**
- A. Within 6 months.**
 - B. No limit.**
 - C. Within 12 months.**
 - D. Within 24 months.**

The time window for sending marketing emails after someone opts in is limited to a finite period to keep consent current and communications relevant. The standard period is twelve months. Within that year from the moment the person opted in, you may send marketing emails based on that opt-in. After twelve months, you should obtain fresh consent or otherwise ensure you have a valid basis to continue sending, rather than assuming the original opt-in remains unlimited. This approach balances business communication with respect for the recipient's preferences and helps prevent outdated or unwanted messages. Why the other options don't fit: six months would be too short and risk cutting off legitimate ongoing communications too early; twenty-four months would push the boundary too far, increasing the chance that the recipient's circumstances or preferences have changed; no limit would allow indefinite marketing without refreshing consent, which conflicts with consent practices and privacy expectations.

- 4. The European Communities (Unfair Terms in Consumer Contracts) Regulations apply to standard contracts taken out by which party?**
- A. Small companies**
 - B. Large companies**
 - C. An individual acting in the course of his or her business**
 - D. An individual acting outside his or her business**

These Regulations protect consumers in standard form contracts. A consumer here means a natural person who signs or accepts a contract for purposes outside their trade, business, or profession. The party taking out the contract under these rules is the consumer—an individual acting outside their business. The other party is the seller or supplier offering the standard form contract. Large companies or individuals acting within their business aren't covered as consumers, so they're not the focus of these protections. The underlying idea is to prevent terms that create a significant imbalance to the detriment of the consumer in standard consumer contracts.

5. ABC Bank plc can apply Simplified Customer Due Diligence to which customer?

A. ACE Enterprises Ltd, which is listed on the main market of the Irish Stock Exchange.

B. Mary, who has less than €100,000 to invest.

C. Brown & Co, a small two-person legal practice.

D. New Oil Co. Ltd, a small unlisted oil exploration company.

Simplified CDD is used when the customer and the intended activity present a low risk of money laundering or financing of terrorism, so lighter verification can be justified. A private individual with a small amount to invest offers a straightforward, low-risk profile: one person, a modest sum, and no complex ownership structures to untangle. In this scenario, the bank can rely on basic identity checks and declarations of funds without stepping up to standard or enhanced due diligence. The other cases carry higher risk: an unlisted oil exploration company involves a sector with greater money-laundering risk and more complex ownership, a small two-person legal practice could pose professional-service-related risk, and even a listed company, while regulated, generally still warrants standard due diligence to confirm ownership and ongoing monitoring. Thus, the low-risk, small-investment personal scenario is the one suited to Simplified CDD.

6. A consumer can refer an unresolved complaint about which of the following to the FSPO?

A. Home reversion firm only.

B. Credit intermediary only.

C. Mortgage intermediary only.

D. Home reversion firm, credit intermediary, or mortgage intermediary.

The FSPO handles unresolved complaints about regulated financial service providers, including those that arrange mortgages, credit facilities, and home reversion arrangements. If you've gone through the firm's internal process and remain dissatisfied, you can bring the matter to FSPO for review. Since home reversion firms, credit intermediaries, and mortgage intermediaries all fall under FSPO's remit, complaints about any of these can be referred there.

7. 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).

The key point is regulatory reporting when a bank's agency appointment ends. The rule requires the bank to inform the Central Bank immediately so the regulator has current information for supervision and record-keeping. That immediate notification helps maintain oversight and prevents gaps in who is authorized to provide advisory services. Publishing a notice in a national newspaper and sending notices to all affected customers aren't mandated by this specific requirement. Those actions aren't triggered by the act of cancelling an agency appointment in this context, and they could be governed by separate disclosure or consumer-protection rules, but not by this particular obligation. So the only mandatory action is informing the Central Bank immediately.

8. The Central Bank's Consumer Protection Code requires product producers launching a new investment product to provide details of which one of the following to any intermediary who will promote and sell that product to consumers?

A. Projected return over five years.

B. Nature and extent of any 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 responsible for the design of the product.

The main point is that risk disclosure to the person who will promote and sell the product is essential for consumer protection. The Central Bank's code requires the product producer to provide the intermediary with clear information about the nature and extent of any risks inherent in the investment. This lets the intermediary understand the risk profile, assess whether the product is suitable for a given client, and explain these risks accurately to consumers. The focus on risk details helps prevent mis-selling and ensures clients receive an honest view of potential downsides. Projections of returns or net-of-charges figures don't address the core need to understand risk, and naming a senior executive doesn't inform the intermediary about the product's risk characteristics.

9. The MAXIMUM fine which the Central Bank can impose personally on Mary, the CEO of a bank, for non-compliance by the bank with financial services regulations is:

- A. €0.5 million.
- B. €2 million.
- C. €1 million.**
- D. €5 million.

Senior executives can be personally fined by the Central Bank for breaches by their bank, but there is a strict cap on such penalties. For an individual like the CEO, the maximum personal fine you'd face is €1 million. This limit keeps penalties proportionate to the wrongdoing while still holding top leaders accountable for their institution's compliance failures. Fines against the bank itself can be much higher, and other sanctions (like fitness and probity actions) may apply as well. The €1 million figure is the personal cap, so the other amounts don't fit the rule for personal penalties.

10. Which of the following deposits are covered by the Deposit Guarantee Scheme?

- A. Bank current accounts only
- B. Credit union deposit accounts only
- C. Bank current accounts, notice deposit accounts and credit union deposit accounts**
- D. Notice deposit accounts only

The Deposit Guarantee Scheme protects ordinary retail deposits held with eligible authorized deposit-taking institutions, up to the applicable cap. It covers a range of deposit types, including money in bank current (everyday transactional) accounts, deposits in notice accounts, and funds held in credit union accounts. Because the scheme applies to these different account types when they are with eligible institutions, the option that includes all three categories best matches what the scheme covers. The other choices are incomplete because they omit one or more eligible deposit types. Note that the protection is limited to deposits with authorised institutions and does not cover non-deposit investments.

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://qfaregulations2.examzify.com>

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

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