QUALIFIED FINANCIAL ADVISER (QFA) REGULATIONS EXAM 2 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. **What is the difference between a fiduciary duty and a duty of care in FAIS compliance?**

    A. They are the same concept.

    B. Fiduciary duty requires loyalty and acting in the client's best interests; duty of care is reasonable care in delivering services.

    C. Duty of care requires loyalty above all else; fiduciary duty is just regular care.

    D. Fiduciary duty only applies to not-for-profit organizations.

2. **Which document is used to record a financial adviser's personal recommendations to a client?**

    A. Only ROA

    B. Only SOA

    C. ROA or SOA

    D. Neither

3. **Which of the following conditions is sufficient for a firm to use the term 'insurance broker'?**

    A. At least 75% of its regulated annual turnover on a fair analysis basis.

    B. At least 75% of its regulated annual turnover on a fair analysis basis and at least 20 agency appointments with different product producers.

    C. Offers the client an option to pay for its services by means of a fee.

    D. All of the above.

4. **In the Deposit Guarantee Scheme example, what is guaranteed at maturity?**

    A. 100% of original investment

    B. 0%

    C. 50%

    D. 1000%

5. **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.

6. Under the General Data Protection Regulation, a bank can process personal data if the processing is:

A. incidental to the service provided by the bank to the customer.

B. not necessary for the performance of a contract between the bank and the consumer.

C. overseen by a senior manager of the bank.

D. necessary in order to protect the vital interests of the data subject or of another natural person.

7. The National Data Base Opt Out Register is used to:

A. allow unsolicited calls.

B. prevent unsolicited calls to listed numbers.

C. register customers for marketing.

D. not have any effect.

8. Which of the following is NOT one of the main GDPR obligations imposed on an investment intermediary?

A. Process personal data fairly.

B. Keep personal data up to date.

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

D. Communicate with customers using plain intelligible language.

9. ACE Investment Advisers Ltd must obtain which combination to provide UCITS advice?

A. Both permission and agency

B. Permission from Central Bank

C. An agency appointment with TOP Investment Managers Ltd

D. Minimum net shareholder funds of €50,000

10. What is the purpose of maintaining comprehensive client records and data retention under FAIS and POPIA?

A. To satisfy marketing teams' needs.

B. To ensure data security, track consent, and meet regulatory retention requirements.

C. To enable rapid selling of products.

D. To allow unlimited sharing with affiliates.

Answers

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

Explanations

1. What is the difference between a fiduciary duty and a duty of care in FAIS compliance?

A. They are the same concept.

B. Fiduciary duty requires loyalty and acting in the client's best interests; duty of care is reasonable care in delivering services.

C. Duty of care requires loyalty above all else; fiduciary duty is just regular care.

D. Fiduciary duty only applies to not-for-profit organizations.

In FAIS compliance, the distinction rests on the level of obligation. A fiduciary duty means loyalty and acting in the client's best interests, placing the client's needs above the adviser's or the licensee's own interests. It encompasses prioritizing the client, avoiding conflicts, and disclosing any that arise so the client can make informed choices. A duty of care, by contrast, is about delivering services with reasonable skill and diligence—the standard of care expected from a competent professional. It focuses on how the advice and service are performed, not necessarily on placing the client's interests above all else. That's why the correct answer fits best: a fiduciary duty requires loyalty and acting in the client's best interests, while the duty of care is about providing services with reasonable care. In practice, fiduciary duties elevate the obligation beyond routine competence to a trust-based standard; duty of care ensures competent, careful execution of advice and processes. Why the other statements don't fit: saying they're the same concept ignores the loyalty element that characterizes fiduciary duty; suggesting duty of care demands loyalty above all else reverses the actual emphasis; and claiming fiduciary duties apply only to not-for-profit organizations misstates the scope, which covers relationships where clients rely on the adviser's guidance.

2. Which document is used to record a financial adviser's personal recommendations to a client?

A. Only ROA

B. Only SOA

C. ROA or SOA

D. Neither

Recording a financial adviser's personal recommendations can be captured in either of two documents, depending on the situation. A Record of Advice (ROA) is a concise, client-specific summary of the advice given, often used for a quick, follow-up note or when the guidance is straightforward. A Statement of Advice (SOA) is the formal, comprehensive document that sets out the advice, the basis for it, the recommended products or strategies, the costs, and any conflicts of interest. Because personal recommendations can range from simple, short-term guidance to detailed, product-specific plans, both documents have a place. If the advice is straightforward or you're providing a brief confirmation, an ROA may suffice. If the advice is more complex or intended to be the formal record to be relied on by the client, an SOA is appropriate. Therefore, the best choice is that either ROA or SOA can be used to record personal recommendations.

3. **Which of the following conditions is sufficient for a firm to use the term 'insurance broker'?**

A. At least 75% of its regulated annual turnover on a fair analysis basis.

B. At least 75% of its regulated annual turnover on a fair analysis basis and at least 20 agency appointments with different product producers.

C. Offers the client an option to pay for its services by means of a fee.

D. All of the above.

The main idea is that calling a firm an insurance broker rests on how its revenue is earned, specifically that the majority comes from providing independent analysis and recommendations to clients. In this framework, earning at least 75% of its regulated annual turnover on a fair analysis basis shows the firm's income is driven by independent advice rather than primarily by product sales, which is enough to use the term insurance broker. The extra requirement of having 20 agency appointments with different product producers is not needed for the label to apply, and simply offering clients a fee for services doesn't by itself establish broker status. Therefore, meeting the 75% turnover criterion on a fair analysis basis alone is sufficient, while the other conditions are not required or sufficient on their own.

4. **In the Deposit Guarantee Scheme example, what is guaranteed at maturity?**

A. 100% of original investment

B. 0%

C. 50%

D. 1000%

The key idea is that the Deposit Guarantee Scheme protects your principal up to a defined limit if the bank fails. At maturity, the guarantee covers getting back the original amount you deposited, not extra or reduced amounts. In this example, that means you're guaranteed 100% of your original investment (within the scheme's cap). The other options don't fit because they imply no protection, partial protection, or an amount far beyond what the scheme provides. Remember, the protection applies only up to the cap, so amounts above the cap wouldn't be guaranteed.

5. **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.

6. Under the General Data Protection Regulation, a bank can process personal data if the processing is:

A. incidental to the service provided by the bank to the customer.

B. not necessary for the performance of a contract between the bank and the consumer.

C. overseen by a senior manager of the bank.

D. necessary in order to protect the vital interests of the data subject or of another natural person.

Under GDPR, you may process personal data only if there is a lawful basis for doing so. One such basis is that processing is necessary to protect the vital interests of the data subject or of another natural person. This is a narrow, emergency-driven exception used when someone's life or health could be at risk and the data subject cannot give consent in time. In a banking context, this might apply in urgent situations where sharing certain information is essential to prevent harm or respond to a medical emergency. This option is the best fit because it directly matches the required basis: a real, essential risk to life or health that justifies processing without consent. The other ideas don't provide a valid lawful basis on their own—processing that's merely incidental to services isn't a standalone basis; processing not necessary for a contract isn't automatically allowed unless another basis applies; and having oversight by a senior manager doesn't create a legal basis for data processing.

7. The National Data Base Opt Out Register is used to:

A. allow unsolicited calls.

B. prevent unsolicited calls to listed numbers.

C. register customers for marketing.

D. not have any effect.

The idea behind the National Data Base Opt Out Register is to give individuals a shield against direct marketing calls. By adding a number to the opt-out list, you instruct marketers that you do not want to receive unsolicited marketing communications, so organisations must not use that number to contact you for marketing purposes and should remove it from their marketing lists. This helps protect privacy and ensures compliance with telemarketing rules. The other options don't fit because this register is not used to allow calls, not about registering people for marketing, and it does have an effect by reducing unsolicited contact.

8. Which of the following is NOT one of the main GDPR obligations imposed on an investment intermediary?

A. Process personal data fairly.

B. Keep personal data up to date.

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

D. Communicate with customers using plain intelligible language.

The crucial concept here is the core processing principles GDPR imposes on how an investment intermediary handles personal data. The essentials are that data must be processed fairly and lawfully, kept accurate and up to date, and collected only for specified, explicit purposes. These reflect the main duties around how data is handled day to day. Communicating with customers in plain, intelligible language relates to transparency—making information about processing clear to individuals. While GDPR requires information to be provided in clear language, this transparency requirement is not one of the primary processing duties like fairness, accuracy, or purpose limitation. It's an important compliance area, but it's not grouped with the main processing obligations in the same way as A, B, and C. That's why this option is the correct choice.

9. ACE Investment Advisers Ltd must obtain which combination to provide UCITS advice?

A. Both permission and agency

B. Permission from Central Bank

C. An agency appointment with TOP Investment Managers Ltd

D. Minimum net shareholder funds of €50,000

To provide UCITS advice, a firm must be both authorized (permission) to give investment advice and have an agency appointment with a UCITS manager to act for that manager in relation to UCITS funds. The permission ensures the adviser is licensed and supervised to give investment advice, while the agency arrangement is the formal link that authorizes them to advise on and market the UCITS products on behalf of a fund manager. Without either piece, the activity wouldn't be compliant: permission alone doesn't tie the adviser to specific UCITS funds, and an agency appointment alone doesn't grant the regulatory authority to provide advice. The €50,000 capital figure isn't the determining factor in this context.

10. What is the purpose of maintaining comprehensive client records and data retention under FAIS and POPIA?

A. To satisfy marketing teams' needs.

B. To ensure data security, track consent, and meet regulatory retention requirements.

C. To enable rapid selling of products.

D. To allow unlimited sharing with affiliates.

Maintaining comprehensive client records and data retention is about proving responsible handling of personal information under FAIS and POPIA. It supports data security by ensuring personal data is stored and protected appropriately, with proper access controls and safeguards. It also ensures you can track consent: you have clear evidence of what consent was given, for what purpose, who provided it, and when, which is crucial if consent changes or if a regulator requests proof of lawful processing. Finally, it aligns with regulatory retention requirements: records are kept for the legally or regulatorily defined periods and then disposed of securely when no longer needed, so you can respond to audits, disputes, or inquiries and stay compliant. Chosen approach isn't about marketing needs, rapid selling, or unlimited sharing with affiliates; those ideas would conflict with privacy rules and consent obligations, and sharing should always be governed by purpose limitation and consent.

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!