CFP Code of Ethics Exam
Exam Study Guide

This document contains the questions that will be on the exam. When you have studied the course materials, reviewed the questions in this document, and feel that you are ready to take the exam, return to the login page to take the online exam.

A Center for Continuing Education
1465 Northside Drive, Suite 213
Atlanta, Georgia 30318
(404) 355-1921 – (800) 344-1921
Fax: (404) 355-1292
CFP Code of Ethics Exam

1. The Fairness Principle requires impartiality, intellectual honesty, and disclosure of conflict(s) of interest(s).
   a. True
   b. False

2. A private censure is an unpublished, written reproach
   a. True
   b. False

3. As defined under Principle 7, Diligence is considered to be “the attention and care legally expected or required of a person.”
   a. True
   b. False

4. Certificants must complete continuing education requirements as set by the CFP Board.
   a. True
   b. False

5. CFP Board defines the financial planning process, in part, as “The process of determining whether and how an individual can meet life financial goals via the proper management of financial resources”
   a. True
   b. False

6. CFP Board has defined how many areas in the financial planning process?
   a. 4
   b. 7
   c. 6
   d. It depends on the scope of the relationship

7. The seven Principles of the Code of Ethics and Professional Responsibility are Integrity, Objectivity, Competence, Justice, Fairness, Efficiency and Diligence.
   a. True
   b. False

8. Establishing and defining the client/financial planner relationship consists of each of following except:
   a. Disclosing material conflicts of interest
   b. Establishing the duration of the engagement
   c. Identifying the services to be provided
   d. An explanation of administrative and other investment fees
9. Analyzing and Evaluating Client Information is the second step in the financial planning process
   a. True
   b. False

10. CFP Board defines certificant and registrant as:
    a. The same; the terms can be used interchangeably
    b. A certificant is an existing CFP® professional and a registrant never was
    c. A registrant is a current CFP® certificate holder, a certificant is getting ready to take his or her final exam
    d. A certificant holds the CFP® designation, a registrant did at some point in the past.

11. What is the subject of Principle 1 of the Code?
    a. Competence
    b. Fairness
    c. Objectivity
    d. Integrity

12. If a certificant determines there may be a possible conflict of interest, he or she must:
    a. Inform the client he or she can not work with them because of the conflict
    b. Inform the client and continue the financial planning relationship
    c. In a financial planning relationship, the certificant must inform the client and put the possible conflict in writing
    d. Do nothing until he or she is certain of the conflict of interest

13. Under what circumstances should a certificant breach Category 3 of the Rules of Conduct; Client Confidentiality
    a. As the result of a legal inquiry
    b. When defending charges of wrongdoing
    c. In connection with a civil dispute
    d. All of the above

14. Disclosing conflicts of interest fall under which Principle of Ethics?
    a. Fairness
    b. Objectivity
    c. Professionalism
    d. None of the above

15. CFP Board’s definition of Fiduciary was amended in 2008.
    a. True
    b. False

16. The *Code of Ethics and Professional Responsibility* consists of what two parts?
    a. Guidelines and Rules
    b. Principles and Rules
    c. Principles and Standards
    d. Standards and Guidelines
17. The Fiduciary Standard elements include all of the following except:
   a. Placing the client’s interest first
   b. Acting in utmost good faith
   c. Acting in the best interest of the client
   d. Full and fair disclosure

18. CFP Board of Standards was established in what year.
   a. 1987
   b. 1995
   c. 1985
   d. 1992

19. A certificant can borrow funds from a client if:
   a. The client is a member of the certificant’s immediate family
   b. The client is a lending institution and the funds are not related to services provided by the certificant
   c. A certificant may not borrow client funds regardless of the nature of the relationship
   d. Both A and B

20. In handling a client’s funds, a certificant may always commingle client funds with the certificant’s own investment funds.
   a. True
   b. False

21. The Principle of Professionalism states that a certificant must always act in a manner that demonstrates exemplary professional conduct.
   a. True
   b. False

22. A commission is compensation received by an agent or broker calculated as a percentage of a sale or a purchase.
   a. True
   b. False

23. A financial planning practitioner is a person engaged in financial planning who uses the financial planning process when working with clients.
   a. True
   b. False

24. The Principles stated in the Code of Ethics apply:
   a. To select activities of a certificant
   b. In a more limited way than do the Rules
   c. To all certificants
   d. Primarily to fee-only certificants

25. __________________________ exists when certificant’s financial, business, property, and/or personal interests, relationships or circumstances reasonably may impair his/her ability to offer objective advice, recommendations or services.
   a. A conflict of Interest
   b. Financial Planning
26. Integrity is a principle that addresses:
   a. Dishonesty, fraud, deceit and misrepresentation
   b. Only misrepresentation
   c. Only oral communications between client and certificant

27. Competence means that a certificant:
   a. Keeps informed on all CFP Board activities
   b. Keeps current on new regulations and requirements

28. If a certificant is to uphold the Fairness principle, the certificant:
   a. Shall disclose any conflicts of interest
   b. Shall not disclose confidential client information in any situation
   c. Shall share information only if the client requests it

29. A certificant who has a conflict of interest in representing a client shall:
   a. Fully disclose the conflict of interest
   b. Keep conflict confidential
   c. Reduce the fees to the client

30. A certificant may disclose confidential information to comply with a legal process.
   a. True
   b. False

31. For purposes of the Code, Principles describe responsible conduct in particular situations.
   a. True
   b. False

32. All Rules apply to every certificant.
   a. True
   b. False

33. For purposes of the Code, the term “personal financial planning subject areas” include, but are not limited to, financial statement preparation and analysis, investment planning, income tax planning, education planning, risk management, retirement planning and estate planning.
   a. True
   b. False

34. Though borrowing money from a client or prospective client is not acceptable except in rare instances of a family member or a lending institution client, lending money to a client as long as the terms are clearly written out and agreed to is allowed.
   a. True
   b. False
35. Certificants are required to adhere to CFP Board continuing education (CE) requirements. The current CE requirements are:
   a. 26 hours
   b. 30 hours
   c. 32 hours
   d. 40 hours

36. A certificant does not ever have to provide compensation information to a client.
   a. True
   b. False

37. CFP Board Ethics include all of the following categories, except:
   a. Defining the Relationship With the Prospective Client or Client
   b. Prospective Client and Client Information and Property
   c. Obligations to Business Partners
   d. Obligations to CFP Board

38. Rule 1.4 requires that when a certificant provides financial planning or material elements of the financial planning process, the certificant owes to the client the duty of care of a(n)_______, as defined by CFP Board.
   a. Relative
   b. Fiduciary
   c. Business Partner
   d. Employer

39. If a certificant is not able to obtain the information necessary to fulfill his or her obligations. The certificant must:
   a. Inform the prospective client or client of any and all material deficiencies
   b. Clandestinely use another certificant to fulfill his or her obligations
   c. Stop working with the prospective client or client immediately

40. If a certificant has a change of contact information, he or she must notify CFP Board of the change within how many days?
   a. 21 days
   b. 30 days
   c. 45 days
   d. 60 days