

CMFAS Markets – Rules, Ethics and Skills for Fund Management (CMFAS RES 3)

Summary of Updates (January 2025 – Version 1.3)

The updates made to the CMFAS RES 3 (December 2024 – Version 1.2) are summarized as follows:

**Additions / updates / corrections are indicated in blue italics.
Deletions are indicated in strikethrough.*

Section and page references relate to the updated study guide.

Chapter	Page No.	Update / Amendment
Appendix D: Review Questions		
Question 6	404	<p>Which of the following practices complies with the IMAS Standards of Professional Conduct?</p> <p>a. The fund manager hears a rumour of a potential takeover of a major public company from one of the employees of the public company and proceeds to invest in that company for his/her clients.</p> <p>b. <i>The fund manager hears a rumour of a potential takeover of a major public company. The fund manager believes that the stock is a good investment despite the rumour based on his/her own research of the company and invest in that company for his/her clients in accordance with the investment mandate granted by the clients.</i></p> <p>c. The fund manager buys securities from the clients' account.</p> <p>d. The fund manager trades excessively for the clients' account.</p>
Question 7	404	<p>All of the following practices are discouraged under the IMAS Standards of Professional Conduct EXCEPT:</p> <p>a. The fund manager allows the client to undertake late trading in funds.</p> <p>b. The fund manager allows the client to trade in their funds to take advantage of discrepancies.</p> <p>c. The fund manager makes an untrue statement with regard to the funds' performances.</p> <p>d. <i>The fund manager includes risk warnings in the presentations on fund performances to clients.</i></p>
Question 9	405	<p>Assume you are a fund manager marketing a balanced unit trust to an investor for his CPF Investment Scheme (CPFIS) account. Which of the following statements would comply with the IMAS Standards of Professional Conduct?</p> <p>a. "I am certain that this fund will appreciate at the same rate of return as it has in the past five years."</p>

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		<ul style="list-style-type: none"> b. "I am so certain of this investment for your CPF Ordinary Account that I will guarantee any downside." c. <i>"While the fund has shown gains in the past ten years, I cannot guarantee that it will continue to perform as in the past."</i> d. "This is a suitable investment for your CPFIS account as its price can only continue to increase."
Question 11	405	<p>The IMAS Standards of Professional Conduct recommends which of the following methods should be used by a fund manager to avoid an appearance of conflict of interest by its employees?</p> <ul style="list-style-type: none"> a. A policy which states that clients' interests receive priority over the interests of the employees. b. A procedure that requires employees to disclose their directorships in companies. c. A procedure that requires employees to disclose of substantial shareholdings in companies. d. A procedure that requires the fund manager to disclose portfolio risk to its clients. <ul style="list-style-type: none"> ▪ (a) and (b). ▪ <i>(a), (b) and (c).</i> ▪ (c) and (d). ▪ (a) and (d).
Question 12	405	<p>A fund manager must take reasonable steps to ensure that a client is given adequate information about the firm. Which of the following are NOT required by the IMAS Standards of Professional Conduct?</p> <ul style="list-style-type: none"> a. Details of awards worn by the firm. b. Its business addresses. c. The identity and status of employees with whom he has contact. d. The relevant conditions or restrictions under which the fund manager's business is conducted. <ul style="list-style-type: none"> ▪ <i>(a).</i> ▪ (a), (b) and (c). ▪ (b) and (c). ▪ (c) and (d).

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Question 13	405	<p>Which of the following principles captures the principles of the IMAS' Code of Ethics? The fund manager should:</p> <ul style="list-style-type: none">a. Achieve long term risk-adjusted investment performance record.b. Provide friendly service.c. Act with competence.d. Conduct himself with integrity and professionalism. <ul style="list-style-type: none">• (a).• (a), (b) and (c).• (b) and (c).• <i>(c) and (d).</i>