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CIRO CIRE Exam Syllabus Topics:

Section	Weight	Objectives
Topic 1: Scope of Client Relationship, KYC and Suitability	~15–18%	- Suitability Assessment and Obligations - Know Your Client (KYC) Requirements
Topic 2: Client Complaint Handling and Reporting	~5%	- Complaint Management Framework - Escalation, Recordkeeping and Reporting
Topic 3: Prospective Client Relationships	~10%	- Relationship Discovery and Qualification - Know Your Prospect (KYP) and Disclosures
Topic 4: Market Integrity, Trade Execution and Settlement	~12%	- UMIR and Market Integrity Rules - Order Types, Execution and Settlement Processes
Topic 5: Overview of Regulatory Framework	~10%	- Securities Legislation and Regulators (CSA, CIRO, FINTRAC) - Market Infrastructure and Protection Funds
Topic 6: Market and Company Analysis	~8%	- Investment Performance Benchmarks - Fundamental and Technical Analysis
Topic 7: Derivatives Fundamentals	~5–8%	- Risk and Suitability for Derivatives - Options, Futures and Forwards Basics
Topic 8: Conflicts of Interest and Ethics	~14–15%	- Client-Focused Reforms and Ethical Standards - Conflict Identification, Disclosure and Management
Topic 9: Securities and Managed Products	~19%	- Fund Structures and Product Characteristics - Equities, Fixed-Income and Managed Products

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CIRO Canadian Investment Regulatory Exam Sample Questions (Q56-Q61):

NEW QUESTION # 56
Before purchasing shares in a publicly traded company, it is important to evaluate a key advantage and disadvantage of share ownership. What should be considered?

- A. Share ownership provides limited financial risk but no influence on company direction
- B. Share ownership provides potential capital gains and claim on dividends if distributed
- C. Shareholders are generally repaid before bondholders in the event of insolvency
- D. Share ownership often offers fixed payments and guaranteed principal at maturity

Answer: B

Explanation:
The correct answer is D . Common-share ownership provides investors with the potential to generate returns through capital appreciation and dividends . If the market value of the shares rises above the investor's purchase price, selling them can produce a capital gain. A corporation may also distribute a portion of its profits to shareholders as dividends, although common-share dividends are discretionary and are not guaranteed.
Ontario Securities Commission investor education states that common stock offers potential growth through rising share prices and dividends. It also emphasizes that common shareholders may receive dividends but that neither payment nor amount is guaranteed. Consequently, D properly reflects both the potential economic benefit and the contingent nature of dividends.
A describes characteristics more closely associated with certain fixed-income instruments; common shares have no maturity date, guaranteed principal repayment or fixed contractual payments. B is incorrect because equity investment can involve substantial financial risk, and common shareholders commonly possess voting rights on corporate matters. C reverses insolvency priority: bondholders and other creditors rank ahead of shareholders, and common shareholders generally rank behind preferred shareholders as well.
The CIRE syllabus expressly identifies advantages and disadvantages of share ownership and how dividends are declared and received as required equity knowledge.
Study Guide Reference: CIRE Elements 7.2-7.3 - equities, advantages/disadvantages of share ownership, dividends and shareholder rights.

NEW QUESTION # 57
A client has an account with their Investment Dealer. The dealer acts as principal in a trade for them at a price that is not as good as the prevailing market price. How would this trade be considered?

- A. A case of market manipulation, as the Investment Dealer intentionally influenced the market price
- B. A violation of the margin rules, as the client did not have sufficient funds to cover the trade
- C. An example of best execution, as the principal trade ensures that client has a reliable deal
- D. A violation of the best execution rule, as the trade was not executed on most favorable terms

Answer: D

Explanation:
The correct answer is C . An Investment Dealer's decision to act as principal -trading from its own inventory against the client's order-does not eliminate its obligation to pursue the most advantageous execution terms reasonably available for the client. CIRO's best-execution framework defines best execution by reference to the overall execution terms reasonably available, with relevant factors including price, transaction costs, speed and certainty of execution.
Client-principal trading involves additional conflict considerations. Under UMIR 8.1, specified client- principal transactions require the Dealer to take reasonable steps to ensure the price represents the best available price under prevailing market conditions ; for covered smaller orders, the client must receive price improvement relative to the marketplace. CIRO's policy explains that where the Dealer sells to its client, the client should pay less than the best ask in the circumstances covered by the rule.
Therefore, deliberately giving the client a price inferior to reasonably available market terms is inconsistent with the best-execution obligation. A is unrelated because no margin deficiency is described. B reverses the regulatory principle: principal capacity does not excuse inferior execution. D requires additional elements of manipulative or deceptive market conduct; an unfavourable principal price alone does not establish market manipulation.
Study Guide Reference: CIRE Element 6.1 - Best Execution and client-principal trading; IDPC Rule
3100 Part C and UMIR 8.1.

NEW QUESTION # 58

A company's financial analyst is reviewing the company's financial status as of the end of the fiscal year. Which financial statement will provide the necessary details about the company's assets and liabilities at that specific point in time?

- A. Statement of Comprehensive Income
- B. Statement of Financial Position
- C. Income Statement
- D. Statement of Cash Flows

Answer: B

Explanation:
The correct answer is C . The Statement of Financial Position , traditionally called the balance sheet, presents an entity's financial position at a specific reporting date . Its principal components are assets, liabilities and shareholders' equity. This makes it the appropriate financial statement for determining what the company owns, what it owes and the residual equity attributable to shareholders at fiscal year-end.
IAS 1 identifies a complete set of financial statements as including a "statement of financial position as at the end of the period." CPA Canada similarly explains that a balance sheet shows assets, liabilities and equity as at year-end , distinguishing it from statements reporting activity over a period.
A and B measure financial performance over a period , principally through revenues, expenses, profit or loss and other comprehensive income. D reports cash inflows and outflows during the period and classifies them into operating, investing and financing activities. None of those provides the same point-in-time representation of assets and liabilities.
For investment analysis, the Statement of Financial Position is essential for examining liquidity, leverage, working capital, capital structure, asset composition and financial solvency. The CIRE syllabus specifically identifies financial position, comprehensive income, changes in equity and cash flow as the principal financial statements used for company analysis.
Study Guide Reference: CIRE Element 5.6 - Financial Statements and Company Performance Analysis.

NEW QUESTION # 59

How do iceberg orders help reduce market impact and promote liquidity?

- A. It executes within private dark pool trading venues
- B. It displays full size of the order to improve execution
- C. It hides the order from the trading market participants
- D. It displays a small portion while hiding the rest

Answer: D

Explanation:
The correct answer is A . An iceberg order is a large order in which only a limited portion of the total quantity is displayed to the market at any given time, while the remaining quantity is held in reserve. CIRO materials describe iceberg orders as large orders "where only a small portion of the order shows on the quote screen." This structure can reduce market impact because other market participants do not immediately see the full size of the buyer's or seller's interest. Revealing a very large order could influence prices adversely-for example, a large visible buy order may encourage sellers to increase asking prices. By displaying a smaller quantity, the trader can expose liquidity progressively while still contributing visible volume to the order book.
A is therefore the best answer. B is incorrect because an iceberg order is partially displayed , not completely hidden. CIRO specifically distinguishes an iceberg order from a fully dark order; the displayed portion contributes to price discovery and market liquidity. C is the opposite of an iceberg structure because the entire quantity is not displayed. D is also incorrect because iceberg orders can operate on transparent marketplaces and are not defined by execution in a dark pool.
The CIRE syllabus expressly includes iceberg orders among the order types candidates must understand.
Study Guide Reference: CIRE Element 6.6 - Features of different order types; UMIR order-entry and exposure framework.

NEW QUESTION # 60

Which of the following is an expected impact of high portfolio turnover on investment returns?

- A. It guarantees higher investment returns for the client
- B. It decreases the tax burden, which increases returns
- C. It increases transaction costs, which reduce returns

- D. It decreases the overall total risk of the portfolio

Answer: C

Explanation:
The correct answer is D . Portfolio turnover measures the extent to which securities within a portfolio are bought and sold. A high turnover rate generally means more transactions, and more transactions can generate additional commissions, bid-ask spread costs, market-impact costs and other trading expenses. Because those costs are deducted from portfolio assets or otherwise borne by investors, they create a drag on net investment returns .
The CIRE syllabus explicitly requires candidates to understand the "potential impact of fees, turnover and taxes on the client's investment returns." This principle is especially important when comparing active and passive investment approaches: an active portfolio may generate value through successful security selection, but the gross excess return must be sufficient to overcome any additional costs created by increased trading.
A is incorrect because higher turnover can actually accelerate taxable realizations in non-registered accounts rather than automatically reducing tax. B is incorrect because trading more frequently provides no guarantee of superior performance. C is also incorrect because turnover by itself does not systematically reduce portfolio risk; the effect on risk depends on what securities are purchased and sold and the resulting portfolio exposures.
CIRO enforcement materials have also emphasized that excessive transaction costs can materially reduce the investment benefits received by clients.
Study Guide Reference: CIRE Element 2.9 - impact of fees, portfolio turnover and taxes on client investment returns.

NEW QUESTION # 61
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