Hereafter you must answer 38 multiple choice questions. Please check the correct answer in the boxes. **Only one answer is correct per question** and you should check only one box. For each question you have the number of points given for a correct answer first and then the points subtracted for an incorrect answer. If you do not answer a question it will count as zero point. If you change your mind, circle the answer you want to cancel. The circled answer will not count.

1. Role and organisation of financial institutions   (3 points / –1 point)

One of your clients domiciled in Germany plans to open a civil action against your institution which is located in Geneva. The bank's terms and conditions say that the competent authority (i.e. the legal authority to lodge a complaint) is in Geneva. The bank has made no activities targeting German domiciled people at all. At which court can the client assert her rights?

- ❑ At her place of residence in Germany as the client is a consumer.
- ❑ Everywhere in Germany as the client is a consumer.
- ❑ At the Zurich branch of your institution.
- ❑ In Geneva, at the bank's headquarters.

2. Role and organisation of financial institutions   (3 points / –1 point)

Which of the following statements can explain the difference between a broker and a prime broker?

I)   Since a prime broker can provide execution services at a lower cost, a prime broker always offers better quotes for a given security compared to a broker.

II) A prime broker is not allowed to act as the agent in a transaction whilst a broker can choose between acting as the agent or as the principal in a transaction.

III) A prime broker provides a central clearing facility to customers whilst a broker doesn't provide this type of service.

IV) A prime broker is always remunerated by a spread for execution services whilst a broker can be remunerated either by a spread or by a commission in a transaction.

Select the correct answer:

- ❑ Only statement I) is correct.
- ❑ Only statement III) is correct.
- ❑ Only statements I) and III) are correct.
- ❑ All statements are correct.