Question #1 of 180

Question ID: 1482760

Which of the following statements about the CFA Institute's Professional Conduct Program (PCP) is *least accurate*?

A) Possible sanctions include condemnation by a member's peers or suspension of a candidate's participation in the CFA Program.

B) If the PCP staff determine that a sanction against a member is warranted, the member must either accept the sanction or lose the right to use the CFA designation.

C) Members who cooperate with a PCP inquiry by providing confidential client information to PCP staff are not in violation of Standard III(E) Preservation of Confidentiality.

Explanation

Members can accept or reject a disciplinary sanction proposed by the Professional Conduct Program staff. If the member rejects the sanction, the matter is referred to a hearing before a disciplinary review panel of CFA Institute members. The other statements are accurate. (Module 70.1, LOS 70.a)

Question #2 of 180

Question ID: 1482776

Robert Miguel, CFA, is a portfolio manager. On Saturday, one of his clients invited Miguel and his wife to be his guests at his luxury suite for a major league baseball playoff game, which they did. Miguel told his supervisor on Monday that they had attended the game with the client and that the suite was luxurious. Miguel has:

A) not violated the Standards.

B) violated the Standards because disclosure must be in writing.

C) violated the Standards because he must disclose the gift prior to accepting.

Explanation

In this case, Miguel has not violated the standards. For a gift from a client in appreciation of past service or performance, informing his supervisor verbally is sufficient. Standard I(B) Independence and Objectivity requires disclosure prior to accepting the gift "when possible," but in cases such as this when there is short notice, notification afterward is permitted.

(Module 73.1, LOS 73.b)

Question #3 of 180

Question ID: 1482777

At his golf club on Saturday morning, Paul Corwin, CFA, sees Frank Roberts, a friend and institutional client of his, who tells him that he is planning to sell his house on the 7th fairway. While golfing that day, Corwin tells Robert Lowe, a realtor, that Roberts is planning to sell his house and may need a realtor. He also tells Lowe that he manages an equities account for Roberts. If Corwin has not received permission from Roberts, he has violated the Standard on preservation of confidentiality:

A) both by disclosing Roberts' plan to sell his home and that he is a client.

B) by disclosing Roberts' plan to sell his home but not by mentioning that he was a client.

C) by disclosing that Roberts is a client of his but not by mentioning Roberts' plan to sell his home.

Explanation

Roberts violated Standard III(E) Preservation of Confidentiality by revealing his business relationship with Roberts without permission. Because the information that Roberts' plans to sell his home is not received as part of his professional relationship with Roberts, it is not covered by the Standard.

(Module 73.1, LOS 73.b)

Question #4 of 180

Question ID: 1482778

Doug Watson, CFA, serves in a sales position at Sommerset Brokerage, a registered investment adviser. Watson frequently drinks excessively. On one occasion, Watson was cited by local police for misdemeanor public intoxication. According to the Standard on knowledge of the law and the Standard on misconduct, Watson is in violation of:

A) both of these Standards.

B) neither of these Standards.

C) only one of these Standards.

Explanation

Watson's excessive drinking is unfortunate, but we have no evidence that it has affected his work, professional integrity, judgment, or reputation. If he commits an act involving fraud or dishonesty, he would violate the Standard on misconduct.

(Module 73.1, LOS 73.b)

Question #5 of 180

Question ID: 1482779

Peter Taylor, a CFA charterholder and a food industry analyst for a large investment firm, has been invited by Sweet Pineapple Co. to visit the firm's processing plants in Hawaii. The Standard concerning independence and objectivity recommends that Taylor:

A) use and pay for commercial transportation, if available. ✔

B) obtain written permission from his employer before he accepts this invitation. ✘

C) decline this invitation if he issues recommendations on the firm's securities. ✘

Explanation

The recommended procedures for compliance with Standard I(B) Independence and Objectivity include the recommendation that analysts on company visits pay their own travel expenses and use commercial transportation if it is available.

(Module 73.1, LOS 73.b)

Question #6 of 180

Question ID: 1482780

Ruth Brett, a Level I CFA candidate, feels nervous and unprepared the night before the exam. Brett writes a few key notes on the bottom of her shoe. At the exam, Brett sees the large number of proctors present and decides not to risk getting caught and does not look at her shoe. According to the CFA Institute Code of Ethics and Standards of Professional Conduct, Brett is:

A) not in violation of any Standard or the Code of Ethics because she did not use the notes. ✘

B) in violation of the Code of Ethics for bringing the notes into the examination room but is not in violation of any Standard because she did not use the notes. ✘

C) in violation of both the Code of Ethics and the Standard governing conduct as participants in CFA Institute programs for taking the notes into the examination room. ✔

Explanation

Brett violated both the Code of Ethics and Standard VII(A) Conduct as Participants in CFA Institute Programs. By writing down information from the Candidate Body of Knowledge and taking it into the exam room, she compromised the integrity of the exam, whether she used the notes or not. Her actions are also in violation of the Code of Ethics by not acting "with integrity, competence, diligence, respect, and in an ethical manner."

(Module 73.1, LOS 73.b)

Question #7 of 180

Question ID: 1482781

Which of the following is *least likely* included in the CFA Institute Code of Ethics? Members of CFA Institute must:

- **A)** place their clients' interests before their employer's interests.
- **B)** strive to maintain and improve the competence of others in the profession.
- **C)** use reasonable care and exercise independent professional judgment.

Explanation

The requirement that members and candidates place their clients' interests before their employer's or their own is in Standard III(A) Loyalty, Prudence, and Care. The other choices are included in the CFA Institute Code of Ethics.

(Module 73.1, LOS 73.b)

Question #8 of 180

Question ID: 1482782

In formulating her report on GammaCorp's common stock, Barb Kramer, CFA, did a complex series of statistical tests on the company's past sales and earnings. Based on this statistical study, Kramer stated in her report that, "GammaCorp's earnings growth for the next five years will average 15% per year." Her conclusion was based in part on a regression analysis with a high level of statistical significance. Has Kramer violated the Standard on communication with clients and prospective clients?

- **A)** Yes, because she didn't give complete details of the statistical model used.
- **B)** Yes, because she failed to indicate that 15% growth is an estimate.
- **C)** No, because her projections are within the generally accepted bounds of statistical accuracy.

Explanation

Kramer violated Standard V(B) Communication with Clients and Prospective Clients. The problem is with the word "will." Kramer should have used "is estimated to be" to separate fact from opinion. Statistical estimates of future events are subject to change and should not be presented as certainties. She need not give complete details of the statistical model but should indicate its general characteristics and the important factors involved in her projections.

(Module 73.1, LOS 73.b)

Question #9 of 180

Question ID: 1482783

Dudley Thompson is a bond salesman for a small broker/dealer in London. His firm is the lead underwriter on a new junk bond issue for Ibex Corporation, and Thompson has sent details of the offering to clients. Thompson calls only his accounts over £1,000,000 for whom he thinks the issue is suitable. Thompson also posts his firm's optimistic projections for Ibex's performance in several Internet chat rooms. According to the Standards concerning market manipulation and fair dealing, Thompson is in violation of:

A) both of these Standards.
B) neither of these Standards.
C) only one of these Standards.

Explanation

Thompson has not violated Standard II(B) Market Manipulation by posting his firm's projections for Ibex. A firm's recommendation of a security may increase its price without any intent to mislead the market. The firm has disseminated the details of the offering to its clients fairly, so Thompson may call individual clients without violating the Standard III(B) Fair Dealing.

(Module 73.1, LOS 73.b)

Question #10 of 180

Question ID: 1482784

Rob Elliott, CFA, is an analyst with a large asset management firm. His personal portfolio includes a large amount of common stock of Tech Inc., a semiconductor company, which his firm does not currently follow. The director of the research department has asked Elliott to analyze Tech and write a report about its investment potential. Based on the CFA Institute Standards of Professional Conduct, the *most appropriate* course of action for Elliot is to:

A) decline to write the report.
B) sell his shares of Tech before completing the report.
C) disclose the ownership of the stock to his employer and in the report, if he writes it.

Explanation

According to Standard VI(A) Disclosure of Conflicts, Elliott should disclose his beneficial ownership of Tech to his employer and to clients and prospects because such ownership could interfere with his ability to make unbiased and objective recommendations. Selling his shares and declining to write the report are not required and are more extreme than simply disclosing the potential conflict.

(Module 73.1, LOS 73.b)

Question #11 of 180

Question ID: 1482785

Angie Franklin, CFA, who covers technology stocks, joins a conference call for analysts presented by Cynthia Lucas, chief technology officer for LevelTech. Lucas tells the analysts that overseas shipments of the company's important new product are going to be delayed due to manufacturing defects, which is new information to the analysts. After the meeting Franklin changes her rating on LevelTech from "buy" to "hold" and sends a note to accounts recommending the sale of LevelTech. Franklin:

A) did not violate the Standards.

B) violated the Standard on nonpublic information by revising her rating on LevelTech.

C) violated the Standard on fair dealing by rating the stock a “hold” but recommending sale of the shares to her accounts.

Explanation

Telling a selected group of analysts new information does not constitute public disclosure, and therefore acting or causing others to act on this information is a violation of Standard II(A) Material Nonpublic Information. Recommending the sale of a stock rated as a "hold" is not a violation of Standard III(B) Fair Dealing.

(Module 73.1, LOS 73.b)

Question #12 of 180

Question ID: 1482786

According to the recommended procedures for complying with the Standard on suitability, which of the following statements regarding an investment policy statement (IPS) is *least accurate*?

A) An IPS should describe the roles and responsibilities of both the adviser and the client.

B) A member or candidate is not responsible for financial information withheld by the client.

C) A client’s IPS must be updated at least quarterly to reflect any changes in their investment profile.

Explanation

Standard III(C) Suitability requires that members and candidates update client information (the IPS) at least annually. The IPS can be updated more frequently if there are significant changes in the investment strategy or client characteristics.

(Module 73.1, LOS 73.b)

Question #13 of 180

Question ID: 1482787

Sue Johnson, CFA, has an elderly client with a very large asset base. The client intends to start divesting her fortune to various charities. Johnson is on the Board of a local charitable foundation. Johnson *most* appropriately:

A) must not discuss anything regarding her client and her client's intentions with the charitable foundation without permission.

B) can discuss her client's situation with the charitable foundation as long as she informs other local charities of her client's intentions.

C) can make this known to the charitable foundation so that they can solicit the client, since it is the client's wish to divest assets to charities in the future.

Explanation

To comply with Standard III(E) Preservation of Confidentiality, Johnson must not discuss with her charitable foundation anything regarding her client and her client's intentions. It does not matter that her client intends to give money to charities in the near future.

(Module 73.1, LOS 73.b)

Question #14 of 180

Question ID: 1482788

According to the Standard related to loyalty, prudence, and care, which of the following statements regarding the voting of proxies on client holdings is *least accurate*?

A) Proxies have economic value to a client.

B) An investment management firm should vote all proxies on client holdings unless the client reserves that right.

C) Members and candidates should explicitly disclose the firm's proxy voting policies to clients.

Explanation

Standard III(A) Loyalty, Prudence, and Care does not require the voting of all proxies. A cost-benefit analysis may support the conclusion that the voting of all proxies is not beneficial to the client in light of the time and effort required. Voting on nonroutine issues that have a material impact is required.

(Module 73.1, LOS 73.b)

Question #15 of 180

Question ID: 1482789

Alvin Gold, CFA, resides in Country T and does business as an investment advisor primarily in Country U. Country T allows trading on non-public information and does not require disclosure of referral fees. Country U prohibits trading on non-public information only if it is gained by illegal means and requires disclosure of referral fees of over $100 (U.S. equivalent). Gold accepts a referral fee of $75, and in the course of a meeting with two other analysts and the firm's CFO, Gold receives material non-public information. To comply with the Code and Standards, Gold:

- **A)** need not disclose the referral fee but cannot trade on the non-public information.
- **B)** must disclose the referral fee and cannot trade on the non-public information.
- **C)** must disclose the referral fee but may trade on the non-public information.

Explanation

According to Standard I(A) Knowledge of the Law, Gold must comply with the most strict of the laws of Country T, laws of Country U, and the CFA Standards of Practice. In this case, the most strict rules are those in the Standards of Practice. Standard VI(C) Referral Fees requires the disclosure of all referral fees and Standard II(A) Material Nonpublic Information prohibits acting or causing others to act on the basis of material non-public information.

(Module 73.1, LOS 73.b)

Question #16 of 180

Question ID: 1482772

Which of the following statements made in a marketing brochure is a violation of the Standards?

- **A)** “Roger Langley, Chartered Financial Analyst, has been a portfolio manager for ten years and passed all three levels of the CFA examinations on his first attempts.”
- **B)** “Jennifer York has passed the Level II exam and will earn the right to use the CFA designation after completing the Level III exam this June.”
- **C)** “Paul Yeng, CFA, has retired from the firm after 25 years of service. Much of the firm’s past success can be attributed to Yeng’s efforts as an analyst and portfolio manager.”

Explanation

According to Standard VII(B) Reference to the CFA Institute, the CFA Designation, and CFA Program, citing an expected date for completing a level of the CFA Program is a misuse of the CFA designation. (Module 71.9, LOS 71.b)

Question #17 of 180

Question ID: 1482773

Hedge Funds Unlimited, a global hedge fund, has publicly acknowledged in writing that it has adopted the CFA Institute Code and Standards as its policies. Which of the following is *least likely* a violation of the firm's policies?

A) An analyst at the firm working overseas uses material nonpublic information as allowed by local law to make investment decisions for discretionary client accounts.

B) A junior analyst at the firm uses a subscription to his local newspaper and the opinions of his friends and colleagues to make investment recommendations for discretionary client accounts.

C) A CFA candidate at the firm, who is registered for the Level III exam, includes reference to participation in the CFA program and her status as a Level III candidate in her biographical background.

Explanation

All investment personnel in this example are subject to the CFA Institute Code and Standards as part of the firm's established policies. The candidate's reference to her Level III status and the inclusion of such information in her biographical information is not in violation of the CFA Institute Code and Standards. Candidates may clearly reference their participation in the CFA program, provided such reference does not imply the achievement of any type of partial designation. The analyst is considered a candidate since she is registered to take the next scheduled examination. The Code and Standards prohibit using material nonpublic information. Since the Code and Standards are *stricter* than the local law, they must be followed by the analyst. The junior analyst failed to exercise diligence and thoroughness in making investment recommendations and failed to have a reasonable and adequate basis for such recommendations. (Module 71.9, LOS 71.b)

Question #18 of 180

Question ID: 1482769

According to the Code and Standards, members and candidates who are involved in distributing an initial public offering (IPO) of equity shares and wish to participate in the IPO:

A) may participate unless the IPO is oversubscribed.

B) may not participate because this creates a conflict of interest.

C) must obtain pre-clearance from a supervisor before participating.

Explanation

Standard VI(B) Priority of Transactions recommends, but does not require, that a member or candidate obtain pre-clearance from his or her supervisor before participating in an equity IPO. Guidance for Standard III(B) Fair Dealing states that members and candidates distributing IPO shares must distribute shares in an oversubscribed IPO to clients and may not withhold shares for themselves. (Module 71.8, LOS 71.b)

Question #19 of 180

Question ID: 1482765

Linda Bryant, CFA, is an employee of Roomkin Investment House, which underwrites equity and debt offerings. She has been approached by SimthCo to consult on a private debt placement. According to CFA Institute Standards of Professional Conduct, before Bryant agrees to accept this job, she is required to:

A) obtain written consent from Roomkin after submitting details of the arrangement.

B) talk to her immediate supervisor and get her approval to take this consulting job.

C) inform SimthCo in writing that she will accept the job and provide details of the arrangement to Roomkin in writing.

Explanation

To comply with Standard IV(B) Additional Compensation Arrangements, Bryant must obtain written consent from her employer before undertaking the independent consulting project. Bryant must also provide a description of the types of services being provided, the length of time the arrangement will last, and the compensation she expects to receive for her services. (Module 71.6, LOS 71.b)

Question #20 of 180

Question ID: 1482767

To comply with the Code and Standards, analysts who send research recommendations to clients must:

A) keep records of all the data and analysis that went into creating the report.

B) send recommendations only to those clients for whom the investments are suitable.

C) not send recommendations without including the underlying analysis and basic investment characteristics.

Explanation

Standard V(C) Record Retention requires members to maintain records of the data and analysis they use to develop their research recommendations. Recommendations may be brief, in capsule form, or simply a list of buy/sell recommendations. A list of recommendations may be sent without regard to suitability, including both safe income stocks and aggressive growth stocks, for example. (Module 71.7, LOS 71.b)

Question #21 of 180

Question ID: 1482766

Amy Brooks, a Level III CFA candidate, has been given supervisory responsibilities. In carrying out her responsibilities, Brooks has discovered that the firm's compliance system is inadequate. She informed her supervisor, who is not supportive of Brooks's efforts to correct the situation. According to CFA Institute Standards of Professional Conduct, Brooks:

A) has satisfied her obligation under the Code and Standards by informing her manager of the situation. ✗

B) must dissociate herself from the firm if the firm is not in compliance with the CFA Institute Standards. ✗

C) should decline in writing to accept supervisory responsibilities until an adequate compliance system is adopted. ✓

Explanation

Standard IV(C) Responsibilities of Supervisors indicates that a member should decline supervisory responsibility in writing until the firm adopts reasonable compliance procedures. Otherwise, Brooks cannot adequately exercise her responsibility. (Module 71.6, LOS 71.b)

Question #22 of 180

Question ID: 1482774

Excluding the results of terminated accounts when calculating historical performance is recommended by:

A) both GIPS and the Standard concerning performance presentation. ✗

B) GIPS, but not by the Standard concerning performance presentation. ✗

C) neither GIPS nor the Standard concerning performance presentation. ✓

Explanation

Standard III(D) Performance Presentation recommends that terminated accounts be included in historical performance calculations. (Module 72.1, LOS 72.c)

Question #23 of 180

Question ID: 1482768

Ken Toma, CFA, has just completed an extensive analysis and concluded that the demand for vacation rentals in Hawaii will far exceed the supply for the foreseeable future. Toma writes a research report stating, "Based on the fact that the demand for Hawaiian beach vacations will exceed the supply of rooms for the foreseeable future, I recommend the purchase of shares of The Hawaiian REIT, a diversified portfolio of Hawaiian beachfront resorts." If Toma presents this report to his clients, he will *most likely* violate the CFA Institute Standards by:

A) not distinguishing between fact and opinion. ✓

B) not considering the suitability of the investment for his clients. ✗

C) failing to have a reasonable and adequate basis for his recommendation. ✗

Explanation

Standard V(B) Communication with Clients and Prospective Clients requires that Toma separate opinion from fact. Toma's statement that excess demand will persist into the foreseeable future is an opinion, not a fact. Toma has established a reasonable basis for his recommendation through his analysis. Suitability does not become an issue until a client chooses to act on Toma's recommendation. (Module 71.7, LOS 71.b)

Question #24 of 180

Question ID: 1482762

Derek Stevens, CFA, manages the pension plan assets of Colors, Inc. When voting proxies for plan equities, Stevens owes a fiduciary duty to:

A) the plan trustees who hired him.

B) the plan participants and beneficiaries.

C) the managers, stockholders, and bondholders of Colors, Inc., equally.

Explanation

Under Standard III(A) Loyalty, Prudence, and Care, the fiduciary duty in this case is to plan participants and beneficiaries, not shareholders or plan trustees. (Module 71.4, LOS 71.b)

Question #25 of 180

Question ID: 1482763

An analyst at Romer changes her rating on TelSky from "buy" to "hold" and sends an email explaining the change to all clients and firm brokers. Subsequently, Paul Stevens, CFA, a broker at Romer, receives a call from a client who wants to buy 15,000 shares of TelSky. Stevens must:

A) advise his client of the change in recommendation before accepting the order.

B) not accept the order until the customer has had time to receive and read the new report.

C) accept the order without mentioning the ratings change because the order is unsolicited.

Explanation

According to Standard III(B) Fair Dealing, if a client places an order that goes against the firm's recommendation for that security, members and candidates should inform the client of the discrepancy between the order and the firm's recommendation before accepting the order. (Module 71.4, LOS 71.b)

Question #26 of 180

Question ID: 1482775

Which of the following is one of the eight major sections of the GIPS standards for firms?

A) Independent Third-Party Verification.
B) Input Data and Calculation Methodology.
C) Guidelines for Attributing Performance to Sub-Advisers.

Explanation

Input Data and Calculation Methodology is one of the eight major sections of the GIPS standards for firms; the others are not. (Module 72.1, LOS 72.b)

Question #27 of 180

Question ID: 1482764

Edie Pschorr, CFA, notices that a bond is priced at 98.0 in one market and 98.4 in another market. Pschorr places an order to buy a large number of these bonds in the first market and simultaneously places an order to sell the same number of bonds in the second market. The bond's price increases to 98.2 in the first market and decreases to 98.2 in the second market. Are Pschorr's trades a violation of the Code and Standards?

A) No.
B) Yes, because they violate the Standard concerning fair dealing.
C) Yes, because they violate the Standard concerning market manipulation.

Explanation

The trader has carried out an arbitrage transaction. Because she did not exhibit any intent to distort prices or trading volume, the member did not violate Standard II(B) Market Manipulation. Standard III(B) Fair Dealing is concerned with fair treatment of clients and is not relevant to this transaction. (Module 71.4, LOS 71.b)

Question #28 of 180

Question ID: 1482770

Greg Hoffman, CFA, has been offered a cash payment by Hill Manufacturing, Inc. to write a research report on their company. According to the Code and Standards, Hoffman:

A) must disclose the nature of the compensation from Hill in his research report.
B) may not accept compensation from Hill to produce research on the company.
C) may produce the research report but may not make a recommendation on Hill's securities.

Explanation

Standard I(B) Independence and Objectivity requires disclosure of the nature of any compensation from the subject company. Standard VI(A) Disclosure of Conflicts more generally requires disclosure of any potential conflict of interest in research reports and investment recommendations. (Module 71.8, LOS 71.b)

Question #29 of 180

Question ID: 1482771

Shan Ang, CFA, is a portfolio manager at Huang Investments. Lian Jan, an old friend of Ang's, is an executive recruiter in the same city. Jan proposes that she will refer any high-level executives that she places locally to Ang, in exchange for one round of golf at Ang's country club for each new client. According to the Standard concerning referral fees, Ang would be required to disclose this referral arrangement:

- **A)** only to all prospective clients referred by Jan. ✗
- **B)** to his employer and all prospective clients referred by Jan. ✓
- **C)** to all prospective clients, current clients, and his employer. ✗

Explanation

Standard VI(C) Referral Fees states that members and candidates must disclose to employers and to affected prospects and clients, before entering into any formal agreement for services, any benefits received for the recommendation of services provided by the member. (Module 71.8, LOS 71.b)

Question #30 of 180

Question ID: 1482761

Yvette Michaels, CFA, an analyst for Torborg Investments, inadvertently overhears a conversation between two executives of Collective Healthcare in which they mention an upcoming tender offer for Network, a stock she covers. Michaels has followed both companies extensively and feels their consolidation would be very beneficial for both companies. She tells her supervisor, a senior analyst, about the proposed tender offer. Michaels' actions are:

- **A)** in violation of the Standards. ✓
- **B)** not in violation of the Standards because she told only her supervisor. ✗
- **C)** not in violation of the Standards because she has not traded shares of Network or changed her report on the company. ✗

Explanation

Michaels has violated Standard II(A) Material Nonpublic Information. Members who possess material nonpublic information are prohibited from acting or causing others to act on that information. She may not share the information with anyone except designated supervisory or compliance employees within her firm. Disclosing to her supervisor, who is not identified as a designated supervisor of compliance issues, is not permitted. (Module 71.3, LOS 71.b)

Question #31 of 180

Question ID: 1480284

Kimberwick Technologies reported the following information for the year ending December 31.

Data	
Net sales	50,000
Cash expenses	3,250
Cash inputs	17,000
Cash taxes	7,000
Increase in receivables	500
Depreciation expense	1,000
Cash flow from investing	-5,000
Cash flow from financing	-4,250

If the cash balance increased $13,000 over the year, cash flow from operations (CFO) is *closest* to:

A) $21,250.
B) $21,750.
C) $22,250.

Explanation

The easiest way to calculate CFO here is total cash flow – cash flow from investing – cash flow from financing = $13,000 + 5,000 + 4,250 = $22,250. Alternatively, CFO = $50,000 − 3,250 − 17,000 − 7,000 − 500 = $22,250. (Module 20.2, LOS 20.f)

Question #32 of 180

Question ID: 1482656

A business cycle theory developed by applying utility theory and budget constraints to macroeconomic models is *most closely* associated with which school of economic thought?

A) Austrian.
B) New Classical.
C) New Keynesian.

Explanation

Real business cycle theory, which derives from applying utility theory and budget constraints to macroeconomic models, is associated with the New Classical school. (Module 11.1, LOS 11.d)