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Question 1

Question Type: MultipleChoice

In which of the following situations is the bank NOT required to report lost or stolen securities?

Options:

- A- When bonds were expected to be delivered in person from the local Federal Reserve Bank and were not received
- B- When stock traded on the over-the-counter exchange (OTC) was expected to be received through the mail from a customer's broker
- C- When securities with no CUSIP numbers were expected from another financial institution
- D- When stock traded on the New York Stock Exchange (NYSE) was expected to be delivered by the issuer's agent

Answer:

C

Question 2

Question Type: MultipleChoice

Transactions with which of the following government securities would NOT subject a bank to the registration requirements of the Government Securities Act?

Options:

- A- Obligations of the Farm Credit System
- B- GNMA securities
- C- U.S. Savings Bonds
- D- FNMA obligations

Answer:

C

Question 3

Question Type: MultipleChoice

What is the maximum number of government securities transactions a bank may have and still remain exempt from the Government Securities Act?

Options:

A- 100 per year

B- 250 per year

C- 400 per year

D- 499 per year

Answer:

D

Question 4

Question Type: MultipleChoice

Which of the following elements is NOT required to be in a repurchase agreement between a bank that is a government securities dealer and a counterparty?

Options:

A- A statement that the funds are not insured by the FDIC

- B-** A list of the specific securities that are the subject of the agreement
- C-** A provision for substitution of securities if they can be substituted
- D-** A statement that the bank is a regulated government securities dealer

Answer:

D

Question 5

Question Type: MultipleChoice

A bank that is a government securities broker accepts money from a customer for the purchase of securities on Monday and does not purchase the securities by the end of the day on Tuesday. Does the bank have any responsibilities under the Government Securities Act?

Options:

- A-** No. The bank has fulfilled its responsibilities under the Act.
- B-** Yes. The bank must purchase the securities before the close of business on Wednesday.

C- Yes. The bank must deposit the money in an account of the customer at the close of business on Tuesday.

D- No. The bank has until the close of business on Wednesday to purchase the securities before being liable to the customer for failure to effect a purchase.

Answer:

C

Question 6

Question Type: MultipleChoice

Which of the following actions is NOT a custodial requirement of the Government Securities Act?

Options:

A- Keeping possessory government securities in a vault with dual control access

B- Segregating government securities from bank assets

C- Keeping government securities free of liens, claims, and charges.

D- Issuing safekeeping receipts for securities

Answer:

A

Question 7

Question Type: MultipleChoice

Under what circumstances will a G-FINW (a withdrawal as a government securities dealer) become effective in less than 60 days?

Options:

- A-** If the bank requests a shorter time period
- B-** If the regulatory agency determines that a shorter time period would be appropriate
- C-** If the bank ceases doing business as a securities dealer
- D-** If the bank has no employees that qualify as associated persons

Answer:

B

Question 8

Question Type: MultipleChoice

When is it possible for a bank to be exempted from compliance with some of the Government Securities Act custodial regulations?

Options:

- A- When the bank maintains its securities in the ordinary course of business
- B- When the bank has procedures in place to make sure it complies with the custodial regulations of its federal regulatory agency
- C- When the bank does not hold itself out as a government securities broker or dealer
- D- When the bank uses more than the normal standard of care when maintaining possession and control of securities

Answer:

B

Question 9

Question Type: MultipleChoice

When is it permissible for a bank that is a government securities broker or dealer to refrain from filing a Form G-FIN-5 or a Form MSD-5 when an employee terminates the associated person status?

Options:

- A- When the employee files the form
- B- When the bank does not have all the necessary information and notifies its regulatory agency
- C- When the employee's status is reinstated within six months
- D- When the employee remains employed by the bank and the bank notifies its regulatory agency

Answer:

D

Question 10

Question Type: MultipleChoice

If a bank is a government securities broker or dealer, what are its responsibilities when it obtains a Form G-FIN-4 or an MSD-4 from an employee?

Options:

- A- Retain the form for 10 years
- B- Verify the accuracy of all information on the form
- C- Verify the accuracy of the information by inquiring of all employers of the employee for the previous three years
- D- Verify the accuracy of the information by inquiring of all employers of the employee for the previous five years

Answer:

C

Question 11

Question Type: MultipleChoice

Which of the following entities is exempt from the requirements of the Government Securities Act?

Options:

- A- A bank that operates a securities underwriting department to provide underwriting services to issuers of government securities

- B-** A national bank that purchases and sells government securities only in its fiduciary capacity on behalf of clients in its trust department
- C-** A bank that operates a financial advisory service that provides advice to clients on the purchase and sale of government securities
- D-** A bank that operates an investment department to provide investment advice and purchase and sell all types of securities (including government securities) for clients

Answer:

B

Question 12

Question Type: MultipleChoice

A recent compliance review revealed that several branch officers are using obsolete loan application forms, which do not include disclosures related to credit insurance sales. Which of the following steps should be taken FIRST?

Options:

- A-** Determine which customers were affected and take corrective action.
- B-** Contact the bank's primary regulator to determine the best course of action.

- C-** Instruct the branch to destroy all obsolete forms and immediately begin using the current versions.
- D-** Determine whether the branches use a separate document for required credit insurance sales disclosure.

Answer:

D

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