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Question 1

Question Type: MultipleChoice

First National Bank is a municipal securities dealer. Its municipal securities department is supervised by Mary Watkins, a municipal securities principal. The department has five other employees, including two municipal securities representatives. Martin Wells, a commercial loan customer of the bank, tells Ms. Watkins he wants to invest in municipal securities and asks for her help. Mr. Wells has never dealt with the municipal securities department of the bank and has never purchased municipal securities. He wants to purchase the securities today. What should Ms. Watkins do?

Options:

- A- Determine what he would like to buy and help him buy it
- B- Help him make the purchase only if she can be assured the transaction meets the MSRB suitability requirements
- C- Help him make the purchase but avoid making any recommendations or comments about the advisability of the transaction
- D- Refer him to a municipal securities representative

Answer:

B

Question 2

Question Type: MultipleChoice

A bank municipal securities dealer has 30 employees in its municipal securities operation. How many municipal securities principals must it have?

Options:

- A- At least one
- B- At least three
- C- No more than five
- D- At least two

Answer:

D

Question 3

Question Type: MultipleChoice

In which of the following activities may a bank engage and NOT be considered a municipal securities dealer?

Options:

- A- Underwriting municipal securities
- B- Buying securities for the bank's own account
- C- Providing advice to customers regarding the purchase of municipal securities
- D- Engaging in research and giving investment advice regarding municipal securities

Answer:

B

Question 4

Question Type: MultipleChoice

A recent audit revealed that the bank's personal trust division was failing to determine whether securities being accepted from new trust customers have been reported as lost or stolen. To address the root cause of this problem, what should the compliance officer do FIRST?

Options:

- A-** Inquire with the SIC about all securities noted in the audit
- B-** Contact the bank's primary regulator to determine the best course of action
- C-** Retrain all personal trust administrators on the lost and stolen securities requirements
- D-** Review the policies and procedures for accepting securities in new personal trust relationships to ensure securities verification

Answer:

D

Question 5

Question Type: MultipleChoice

A compliance officer receives a call from a loan officer who asks for advice on what she should do with a stock certificate (1,437 shares of IBM) from a new loan customer who wants to pledge it in support of a loan that has been approved at your bank. What should the compliance officer tell her FIRST?

Options:

- A- Retain a copy of the certificate in the loan file
- B- Retain the original certificate in the branch vault for the term of the loan
- C- Record the certificate information and give the original back to the customer
- D- Contact the SIC to determine if the certificate was reported as lost, counterfeit, or stolen

Answer:

D

Question 6

Question Type: MultipleChoice

How long after discovery does a bank have to report any lost or missing securities when criminal activity is suspected?

Options:

- A- 90 calendar days
- B- 1 business day
- C- Never. Law enforcement must report

D- 10 business days

Answer:

B

Question 7

Question Type: MultipleChoice

Generally, a financial institution is required to ascertain if securities certificates they have taken by pledge, transfer, or otherwise have been reported as missing, lost, counterfeit, or stolen. When is it NOT required to take such actions?

Options:

- A-** When the securities certificate is received directly from the issuer or issuing agent at issuance.
- B-** When the bank officer personally knows the individual pledging the certificate.
- C-** When the securities certificate received as part of a transaction has a face value of \$20,000 or less.
- D-** When the securities certificate is received directly from an insured delivery service.

Answer:

A

Question 8

Question Type: MultipleChoice

Jayne Logan, a loan officer at State National Bank, has recently recruited Mr. David Roberts as a new loan customer. She has known Mr. Roberts for 10 years and handled his lending transactions at another bank where she previously worked. As his first transaction with State National Bank, Mr. Roberts pledges stock that is traded on the NYSE. The stock is received directly from Mr. Roberts, who has his secretary personally deliver it to the bank. Is the bank required, in this instance, to send a lost or stolen securities inquiry regarding the stock? Why or why not?

Options:

- A-** No. Because Ms. Logan has known Mr. Roberts for more than five years, no inquiry must be sent.
- B-** Yes. Because Mr. Logan is a new customer to the bank, the inquiry must be sent.
- C-** No. Because Mr. Logan's secretary personally delivered the stock certificates, no inquiry must be sent.
- D-** Yes. All stock pledged against a loan that is traded on the NYSE must have an inquiry sent.

Answer:

B

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