FIRMA FORUM Quiz

This print version of the quiz is provided for your reference. Please submit the quiz online at www.thefirma.org -- from the “For Members” tab, choose FORUM Continuing Education Quizzes. Members who prepaid for all 2011 quizzes with Issue #1 will be taken directly to the current quiz upon signing in. Members who did not prepay will be asked to generate an invoice prior to accessing the current quiz.

You may refer to the Regulatory Update and industry articles in the 2011 FIRMA FORUM Issue #3 as you take the quiz. Choose the one best answer from the alternatives provided. Questions are worth ten points each. A score of 80% or higher is required to earn five (5) FIRMA-specific continuing education credits. All pass/fail notifications will be emailed after the submission deadline has passed and payment has been received.

**Quiz #3 must be completed and paid by October 26, 2011**

1. On August 23, 2011, the Pension Benefit Guaranty Corporation (PBGC) announced efforts to streamline regulations that affect pension plans. The announcement outlines the PBGC’s plan for regulatory review. This plan sets forth the PBGC’s plan for the review of its existing regulations, pursuant to Executive Order 13563 on Improving Regulation and Regulatory Review. The announcement also outlined the current rules under review; these include which of the following:

   I. ERISA Section 4062(e).
   II. ERISA Section 4010.
   III. Premiums.
   IV. Reportable Events.

   A. I and II
   B. II, III, and IV
   C. I, II, and III
   D. I, II, III and IV

2. On August 18, 2011, FINRA issued Regulatory Notice 11-39 – Social Media Websites and the Use of Personal Devices for Business Communication. This Notice responds to the questions raised from the January 2010 FINRA issued Regulatory Notice 10-06, and provides guidance on the application of FINRA rules governing communications with the public to social media sites on which of the following areas:

   I. Recordkeeping.
   II. Investment Performance.
   III. Suitability.
   IV. Supervision.

   A. I, II and III
   B. II and IV
   C. I, III, and IV
   D. I, II, III, and IV

3. This final rule delays specified applicability and effective dates of the Employee Benefits Security Administration’s (EBSA) interim final rule concerning fiduciary-level fee disclosure and final rule concerning participant-level fee disclosure. The effective date concerning this matter has been moved from __________ to __________.

   A. July 1, 2011 to April 1, 2012
   B. July 16, 2011 to April 1, 2012
   C. July 16, 2011 to April 15, 2012
   D. July 31, 2011 to April 30, 2012
4. Beginning August 15, 2011, the trading pause pilot rule – currently applicable only to securities included in the S&P 500® Index, the Russell 1000® Index and a list of selected exchange-traded products (ETPs) – will be expanded to include all National Market System (NMS) stocks.

   A. True
   B. False

5. On July 14, 2011, the Treasury Department and the Internal Revenue Service issued a notice announcing plans to phase in the requirements of the Foreign Account Tax Compliance Act (FATCA). The new law targets noncompliance by U.S. taxpayers through foreign accounts. Notice 2011-53, issued by Treasury and the IRS, provides a workable timeline for FFIs (foreign financial institutions) and U.S. withholding agents to implement the various requirements of FATCA. Specifically, the notice phases in the implementation of FATCA in the following manner:

   I. An FFI must enter an agreement with the IRS by June 30, 2013, to ensure that it will be identified as a participating FFI in sufficient time to allow withholding agents to refrain from withholding beginning on January 1, 2014.
   II. Withholding on U.S. source dividends and interest paid to non-participating FFIs will begin on January 1, 2014, and withholding on all withholdable payments (including on gross proceeds) will be fully phased in on January 1, 2015.
   III. Due diligence requirements for identifying new and pre-existing U.S. accounts (including certain high-risk accounts) will begin in 2013. Reporting requirements will begin in 2014.
   IV. For purposes of the Notice, high risk accounts include private banking accounts with a balance that is equal to or greater than $500,000.

   A. I and II
   B. I, II, and III
   C. I and III
   D. I, II, III, and IV

6. The Internal Revenue Service issued guidance on August 5, 2011, regarding the treatment of basis for certain estates of decedents who died in 2010. Under the guidance issued, an executor must file Form 8939, Allocation of Increase in Basis for Property Acquired from a Decedent, to opt out of the estate tax and have the new carryover basis rules apply.

   A. True
   B. False

7. There is no difference between the fiduciary standard and the suitability standard.

   A. True
   B. False

8. Existing DOL electronic disclosure rules do not address the use of electronic media for disclosure and communication between service providers and employees, plan sponsors and administrators.

   A. True
   B. False

9. One of the DOL Safe Harbor provisions for electronic disclosure is that upon request, the recipient is furnished a paper copy version.

   A. True
   B. False

10. Determining the reasonableness of expected rates of return on life insurance policy holdings is done the same way as for other investments.

      A. True
      B. False