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Canadian Investment
Regulatory
Organization

Organisme canadien
de réglementation
des investissements

Trader Exam

Practice Exam – Questions

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ITEM ID: TRAD_E_000349

1. Which of the following best describes the contract specifications for equity options listed on the Montréal Exchange?
 - A. Equity options are American-style, cash-settled contracts with a standard contract size of 10 shares
 - B. Equity options are European-style, cash-settled contracts with a standard contract size of 1,000 shares
 - C. Equity options are American-style, physically settled contracts with a standard contract size of 100 shares
 - D. Equity options are European-style, physically settled contracts with a standard contract size of 500 shares

ITEM ID: TRAD_E_000775

2. If a Trader wants to gather a position in a stock in anticipation of a move higher, what action might be interpreted as contravening the public interest under regulatory rules?
 - A. Selling a long position with an intention to buy back at a lower price
 - B. Selling a long position with another Trader while bidding in the book
 - C. Aggressively buying stock and then bidding in the book
 - D. Submitting passive sell orders with several bids on the other side

ITEM ID: TRAD_E_000723

3. In respect of the Universal Market Integrity Rule governing client order priority, which of the following best describes the concept of trading ahead of a client order?
 - A. Effecting multiple buy and sell trades in the same security between two connected parties
 - B. Knowingly entering a buy order for a client who also has a sell order with substantially the same terms for the same security
 - C. Entering a principal order in advance of a client order that is expected to move the market price
 - D. Adjusting the client order terms so the Trader's principal order can be executed first

ITEM ID: TRAD_E_000720

4. If a Trader has set up a block trade internally, and the order must be executed on the market at a price below the best prevailing bid, how should the order be executed?
 - A. Fill the various bids down to the agreed price and cross the balance
 - B. Wait for the market to move to the desired price before execution
 - C. Put a bid in the special terms market and sell it down and cross
 - D. Add a large offer on the sell side to influence the market to the desired price



ITEM ID: TRAD_E_000336

5. A Trader identifies an unusual pattern of client debt trades executed in low-liquidity bonds at escalating prices within a short period. What is the best response?
- A. Alert the client's Registered Representative (RR) and leave the RR to review and follow up with compliance
 - B. Send a request to the trading venue for confirmation of order validity and await response before proceeding
 - C. Suspend trades for the client, notify compliance and begin internal inquiries to clarify the client's intent
 - D. Contact the client directly, highlight the perceived risk and recommend a switch to higher-volume bonds

ITEM ID: TRAD_E_000572

6. Following a regulatory finding of inadequate supervision related to a Trader's wash trades, what initial response best reflects the firm's obligation to implement mandated supervisory improvements?
- A. Reassign the Trader to a non-trading role until the regulator completes the full investigation
 - B. Implement a firm-wide system shutdown to prevent any further market exposure
 - C. Submit a written remediation plan outlining enhanced supervisory controls and timelines
 - D. Replace all supervisory personnel responsible for overseeing the Trader's activities

ITEM ID: TRAD_E_000070

7. Which order type should a trading Supervisor expect to be used when an investor prioritizes execution certainty over price?
- A. Limit order
 - B. Fill-or-kill order
 - C. Iceberg order
 - D. Market order

ITEM ID: TRAD_E_000637

8. If a Trader receives an order over the phone, what should they do to minimize any errors in execution?
- A. Record the call and keep the recording as a part of the audit trail
 - B. Repeat the instructions back to the client before submitting
 - C. Check the market after submitting the order
 - D. Enter the order while being delivered over the phone



ITEM ID: TRAD_E_000608

9. Which answer best describes how capital markets reduce the search and information costs of trading?
- A. Through client protection regulation
 - B. Through listing requirements
 - C. Through the addition of dark liquidity
 - D. Through market transparency

ITEM ID: TRAD_E_000176

10. Which element contributes to determining a fair price when an Investment Dealer acts as principal in an over-the-counter derivative trade?
- A. The cost of clearing similar exchange-traded instruments
 - B. Fair market value of the underlier and any related derivative
 - C. An Investment Dealer's performance in related cash positions
 - D. Average price of related instruments in the dealer's book

ITEM ID: TRAD_E_000493

11. An Investment Dealer plans to execute a cross at the end of the day based on a volume-weighted average price (VWAP) calculated over the last hour of trading. The trade is designated accordingly and submitted after the market closes. What regulatory treatment applies under Universal Market Integrity Rules (UMIR)?
- A. The VWAP cross must be executed within the National Best Bid and Offer (NBBO) at the time the order was entered
 - B. The trade is compliant if properly designated and reported, but it is excluded from the consolidated market price
 - C. VWAP crosses are only permitted during the first hour and last hour of the trading day
 - D. The trade must be executed during a special trading session



ITEM ID: TRAD_E_000605

- 12.** A compliance officer is alerted to a suspicious surge in trading activity on a security that has recently been placed on the Investment Dealer's watch list. Upon review, it is discovered that an investment banking analyst had shared internal meeting notes with a Trader on the trading desk who acted on the information. What should be the compliance officer's immediate regulatory priority?
- A. They should alert the Trader that the notes contained material non-public price-sensitive information
 - B. They should ensure the analyst is temporarily suspended from access to the firm's research network
 - C. They should escalate the issue through formal reporting protocols for potential misuse of confidential information
 - D. They should confirm that the Trader's trading pattern was consistent with broader market sentiment

ITEM ID: TRAD_E_000134

- 13.** To maintain registration as a market maker, which of the following criteria must be consistently met, regardless of market volatility or direction?
- A. Execute trades at the National Best Bid and Offer (NBBO)
 - B. Meet minimum quote obligations for time and size
 - C. Cross orders of buyers and sellers at an equilibrium price
 - D. Become buyer to every seller and seller to every buyer

ITEM ID: TRAD_E_000578

- 14.** A Trader who is also a Registered Representative (RR) has a long-standing personal friendship with the CEO of a small-cap company and begins recommending its stock to clients without documenting the relationship or notifying the firm. Which action would best fulfil the RR's regulatory obligations?
- A. Ceasing to recommend the stock to clients unless an internal review approves the relationship
 - B. Issuing a general conflict disclosure to all clients stating personal affiliations may exist
 - C. Requiring the Trader to obtain Supervisor approval of the recommendation before transacting in the stock
 - D. Transferring coverage of the issuer to another Trader without notifying the firm of the reason



ITEM ID: TRAD_E_000154

- 15.** What condition would justify disciplinary review of a market maker's behaviour?
- A. Quoting outside of required hours
 - B. Maintaining wide spreads during low volatility
 - C. Cancelling quotes immediately after submission
 - D. Narrowing quotes to the national best bid and offer (NBBO)

ITEM ID: TRAD_E_000028

- 16.** A client is observed entering orders on an alternative trading system (ATS) to buy securities at a price that is the same as or higher than the National Best Offer (NBO) and orders to sell securities at a price that is the same as or lower than the National Best Bid (NBB). What might this indicate?
- A. Offering access to accredited investors without pre-trade transparency
 - B. Facilitating client trades without ensuring clearing eligibility
 - C. Failing to adequately flag directed orders in the trade reporting feed
 - D. Locking or crossing the market with intent to disrupt displayed liquidity

ITEM ID: TRAD_E_000721

- 17.** A Market Integrity Officer may do which of the following under their authority?
- A. Adjust dealer's bids or offers to ensure fair and reasonable pricing on the market
 - B. Require dealers to execute trades for the improvement of market liquidity
 - C. Instigate company liquidation to ensure equal treatment of shareholders
 - D. Require the marketplace to vary any trade for the benefit of the public interest

ITEM ID: TRAD_E_000329

- 18.** An Investment Dealer delegates supervisory duties to a service provider. What must be ensured?
- A. The delegate must be an affiliate with unrestricted market access status
 - B. The provider must submit monthly reports directly to CISO for compliance
 - C. The delegation be flexible to allow the service provider independence
 - D. The arrangement must outline supervisory responsibilities in writing



ITEM ID: TRAD_E_000728

- 19.** A Trader notices a client is trading large round trips on a daily basis in various small cap stocks with no clear economic benefit. What is a likely reason for the trading activity?
- A. To create the appearance of activity
 - B. To gain a positive cash flow
 - C. To ensure short positions are filled
 - D. To reduce the impact of the trade

ITEM ID: TRAD_E_000314

- 20.** A client requests direct electronic access (DEA) to a marketplace through their Investment Dealer. The dealer evaluates the client's eligibility. What condition must the client meet before DEA is granted?
- A. Demonstrating proficiency in using the order entry system
 - B. Providing a personal guarantee for any resultant trades
 - C. Agreeing to trade exclusively on one marketplace
 - D. Submitting monthly financial statements to the Investment Dealer

ITEM ID: TRAD_E_000511

- 21.** Under Universal Market Integrity Rules (UMIR), what is the primary reason for requiring client orders to include a Legal Entity Identifier (LEI) or equivalent client identifier?
- A. To enable anonymous execution routing while preserving institutional privacy
 - B. To allow dealers to consolidate trade execution statistics across different marketplaces
 - C. To ensure audit trail integrity and facilitate trade reconstruction in regulatory investigations
 - D. To allow Participants to bypass order exposure requirements for institutional clients

ITEM ID: TRAD_E_000790

- 22.** Which of the following describes how a Trader should deal with a possible conflict of interest in a trading situation?
- A. Consider avoiding the activity posing a conflict
 - B. Declare an exemption for the conflict
 - C. Seek advice from a trusted colleague
 - D. Use the ought-reasonably-to-know principle



ITEM ID: TRAD_E_000393

- 23.** Which of the following best defines a clearing give-up under Canadian clearing practices?
- A. A cancelled trade before final delivery obligations arise
 - B. A reassignment of clearing duties to another clearing firm
 - C. A legal dispute concerning a missed assignment process
 - D. A regulatory fine imposed for pre-settlement failures

ITEM ID: TRAD_E_000804

- 24.** What order activities are permitted during the market on close (MOC) imbalance period on the Toronto Stock Exchange (TSX)?
- A. New orders
 - B. Cancel former orders (CFO)
 - C. Special settlement terms
 - D. Cancellation after publishing

ITEM ID: TRAD_E_000146

- 25.** What documentation must be reviewed before processing a control block sale for a reporting issuer?
- A. Dealer's anti-money-laundering attestation
 - B. Most recent financial statement
 - C. Exemption notice
 - D. Broker's trade allocation record

ITEM ID: TRAD_E_000386

- 26.** Which of the following is a key settlement procedure used by the Canadian Depository for Securities Ltd (CDS) for equity transactions?
- A. Settlement through centralized foreign exchange platforms
 - B. Trade-for-trade settlement of each transaction individually
 - C. Settlement through high-frequency automated trade routing
 - D. Batch processing of futures contracts under a margin model



ITEM ID: TRAD_E_000117

- 27.** Immediately following the receipt or origination of an order for equity, fixed income and other securities, an Investment Dealer must record in electronic form specific information relating to that order. If an order has been received and transmitted with all appropriate information recorded, what additional information needs to be recorded after the order is executed?
- A. The type, issuer, class, series and symbol of the security
 - B. The client account number or client identifier
 - C. The identifier of the marketplace where the trade occurred
 - D. Any client instructions respecting the handling of the order

ITEM ID: TRAD_E_000750

- 28.** Each Participant must develop, implement and maintain a supervision system to verify that appropriate trade disclosures are made on client confirmations. Other than sending these out promptly, what other controls must be in place relating to client confirmations under the Universal Market Integrity Rules (UMIR)?
- A. The Participant must make records and keep them for a period no less than five years
 - B. The Trader must reconcile the confirmations with the client settlement accounts
 - C. The Trader must ensure that a clear audit trail is maintained for CIRO inspection
 - D. The Participant must review a sample of confirmations at least on a quarterly basis

ITEM ID: TRAD_E_000228

- 29.** A compliance officer at an Investment Dealer reports directly to the Director responsible for revenue. What adjustment best addresses regulatory expectations?
- A. Realign the reporting to an independent oversight body within the firm
 - B. Assign a dotted-line relationship to a peer Executive in another region
 - C. Maintain current reporting but enhance performance reviews for balance
 - D. Use external consultants to approve final regulatory communications

ITEM ID: TRAD_E_000356

- 30.** A market participant writes a call option on a listed equity without owning the underlying shares. The stock price increases substantially before expiry. What potential risk is the Participant exposed to in this position?
- A. Premium forfeiture if the stock price rises above strike
 - B. A margin call triggered by time decay and volatility
 - C. Unlimited losses if the call is exercised in-the-money
 - D. Forced liquidation by the clearing broker at expiry



ITEM ID: TRAD_E_000398

- 31.** Which of the following best describes the role of the Canadian Securities Administrators (CSA) in the regulation of securities markets?
- A. The CSA acts as a self-regulatory organization responsible for enforcing conduct rules among Investment Dealers
 - B. The CSA creates and enforces federal legislation governing the operation of all financial institutions in Canada
 - C. The CSA coordinates the development of harmonized securities regulation across provinces and territories
 - D. The CSA oversees the day-to-day trading operations of marketplaces and enforces trading conduct rules directly

ITEM ID: TRAD_E_000584

- 32.** A Trader volunteers as treasurer for a non-profit organization, which includes authority to act as signatory over the organization's bank accounts. The Trader does not receive compensation and believes the role is unrelated to their duties as a registrant, so does not inform their Investment Dealer. If true, which of the following would be the Trader's most significant regulatory oversight?
- A. The Trader failed to register the role with the securities regulator as a financial services activity
 - B. The Trader failed to disclose an outside activity involving financial authority that may create a perceived conflict
 - C. The Trader failed to complete the required continuing education credits related to fiduciary service positions
 - D. The Trader failed to obtain written consent from the non-profit before accepting a role involving financial oversight

ITEM ID: TRAD_E_000248

- 33.** A Participant executes a client's buy order on a marketplace. The price recorded on the marketplace is \$5.84 per share but the net cost to the client gives a price advantage of a tenth cent per share. What is this an example of?
- A. Negotiation skills, where professional intermediaries achieve better pricing for clients
 - B. Embedded fees, where Participants are able to charge marketplaces for executing trades
 - C. Exchange rebate, allowing Participants to reduce the overall cost of a trade to a client
 - D. Payment for order flow, which is prohibited under the Universal Market Integrity Rules



ITEM ID: TRAD_E_000011

- 34.** Which sequence correctly outlines the steps a firm must take to become a registered Investment Dealer in Canada?
- A. Register with provincial securities regulator, then apply for CIIRO membership
 - B. Simultaneously apply for CIIRO membership and provincial registration
 - C. Apply for CIIRO membership, then seek appropriate CSA endorsement
 - D. Apply for CIIRO membership, then register with provincial securities regulator

ITEM ID: TRAD_E_000590

- 35.** A Trader receives a bottle of wine worth several thousand dollars as a gift from a client. Refusing the gift would risk damaging the relationship with the client, so the Trader accepts the gift without disclosing the gift or amount to the Investment Dealer. Which of the following best reflects the actions of the Trader?
- A. This is acceptable practice and there is no requirement to report non-monetary gifts
 - B. This is acceptable practice if the Trader discloses this to their compliance team
 - C. This is a violation and the conflict created could be avoided by refusing the gift
 - D. This is a violation because the gift from the client is non-monetary in nature

ITEM ID: TRAD_E_000757

- 36.** A Trader enters an order to buy all displayed volume on an offer. What action is required first to avoid a wash trade if the Trader is part of the offer?
- A. Cancel any outstanding sell orders
 - B. Ensure the orders are at a volume-weighted average price
 - C. Provide evidence that it is a principal trade
 - D. Execute the trade through a scale order

ITEM ID: TRAD_E_000158

- 37.** A market maker submits and immediately cancels orders in illiquid securities. What is the most probable regulatory concern?
- A. It may constitute quote manipulation or spoofing, with the intention to mislead other market participants
 - B. It may be an attempt to bypass internal order validation thresholds, resulting in post-trade discrepancies
 - C. It may expose the Investment Dealer to delayed trade matching due to order abandonment procedures
 - D. It may interfere with fair client order routing, breaching best execution obligations



ITEM ID: TRAD_E_000441

- 38.** Which of the following best describes a transparency obligation imposed on an alternative trading system (ATS) operating in Canada?
- A. Disclosing internal matching engine algorithms to all marketplace Participants
 - B. Publishing pre-trade order information to an information processor, where applicable
 - C. Providing access to private order books accessible exclusively to institutional investors
 - D. Posting daily statistical summaries of non-client trading activity

ITEM ID: TRAD_E_000371

- 39.** Which of the following must be used when determining a fair price for an over-the-counter derivative?
- A. The internal return targets of the Investment Dealer based on portfolio strategy and market position
 - B. The average trading volume of similar transactions involving the same counterparty
 - C. The observable pricing of similar listed instruments with comparable terms and conditions
 - D. The regional fee and commission schedule issued by the financial institution offering the product

ITEM ID: TRAD_E_000036

- 40.** A designated market participant executes a trade as principal against a client order under marketplace rules. What is one scenario where this trade may be executed off-marketplace?
- A. When the total trade value is below \$100,000 or 50 standard board lots
 - B. When the trade is facilitated on an alternative trading system (ATS)
 - C. When the trade is the result of the exercise of an equity warrant
 - D. When the client has authorized discretionary management

ITEM ID: TRAD_E_000645

- 41.** When a Trader completes a trade on behalf of a client, what should they do next?
- A. Publish the client and trade details for post-trade transparency
 - B. Promptly notify the client of the filled order
 - C. Provide written confirmation of the trade once settled
 - D. Reconcile the trade with clearing or settlement accounts



ITEM ID: TRAD_E_000670

- 42.** If an Investment Dealer is deciding whether or not to use co-location, what key advantages should they be seeking before incurring the expense?
- A. Speed, access and better risk management
 - B. Access, speed and increased profitability
 - C. Liquidity, access and increased profitability
 - D. Increased profitability, speed and risk management

ITEM ID: TRAD_E_000679

- 43.** Under National Instrument 21-101: Marketplace Operation, “discriminatory terms” refers to which one of the following?
- A. Interference with fair and orderly markets
 - B. Limiting marketplace participants from access to any marketplace
 - C. Selecting a preferred clearing agency
 - D. Applying preferential treatment based on order origination

ITEM ID: TRAD_E_000286

- 44.** During a post-trade review, a trade desk assistant notices that a Registered Representative (RR) has submitted multiple buy and sell orders for the same security in the same account of the same client. What should the assistant do to fulfil their gatekeeper responsibilities?
- A. Verify if the trades meet suitability determination requirements before deciding whether to escalate to the Supervisor or the RR
 - B. Contact the RR to clarify the intent of the orders, document the activity and escalate it to the designated Supervisor for investigation
 - C. Apply to compliance for formal permission to inquire about the nature of the trades and report back to compliance with the findings
 - D. Contact the RR directly, and escalate the issue to them because only the RR has a gatekeeper responsibility in this situation



ITEM ID: TRAD_E_000531

- 45.** The compliance department conducted a review into a reported violation of the Universal Market Integrity Rules (UMIR). They conclude that the activity is determined to be spoofing involving directed action orders in a protected marketplace. Which of the following best meets the Participant's gatekeeper reporting duties?
- A. Withhold the submission of the report until the Investment Dealer verifies the client's trading intent through interviews
 - B. Submit a report to the Market Regulator including the order details, detection method and investigation steps
 - C. Forward the issue to the Investment Dealer's legal team for assessment before determining if a report is necessary
 - D. Notify the marketplace operator of the issue and advise them to contact the regulator if required

ITEM ID: TRAD_E_000491

- 46.** A Portfolio Manager submits a cross between two discretionary accounts under their control at the prevailing market price. The Investment Dealer designates the order as an internal cross and routes it for execution. What condition must be satisfied for this internal cross to comply with regulatory requirements?
- A. The order must be exposed to the marketplace for at least 10 seconds prior to execution
 - B. The order must be designated as "Principal" to reflect internal portfolio management discretion
 - C. The trade must not be used in calculating the consolidated last sale price or quote
 - D. Both accounts involved must be under common discretionary authority at the time of order entry

ITEM ID: TRAD_E_000142

- 47.** What must be disclosed to a client when confirming a trade execution?
- A. The total price, client designation and number of shares executed
 - B. Trade settlement timing, counterparty to the trade and yield
 - C. Tax reporting codes, dealer providing execution and place of execution
 - D. Execution price, executed quantity, fees and dealer commissions



ITEM ID: TRAD_E_000139

- 48.** An internal audit identifies that the trades of some employees of the Investment Dealer are being executed through an equities specialist account (ST). What is the most likely regulatory concern?
- A. Misclassification of proprietary trading activity
 - B. Failure to disclose client affiliation
 - C. Improper use of a specialist account
 - D. Breach of short-marking exempt order entry rules

ITEM ID: TRAD_E_000660

- 49.** Which of the following statements most accurately describes liquidity?
- A. The ability to transact any order with minimal price disturbance
 - B. The ability to transact with transparent and non-transparent order forms
 - C. The ability to transact in multiple markets for the same security
 - D. The ability to transact in multiple products related to the security

ITEM ID: TRAD_E_000740

- 50.** If it is announced that a Trader is denied access to a marketplace, what does this suggest?
- A. That the Trader did not pay their regulatory fines
 - B. The Trader's firm missed the deadline for registration renewal
 - C. The Trader is out of compliance at their firm
 - D. The Trader has been found to have breached the public interest

ITEM ID: TRAD_E_000091

- 51.** An Investment Dealer enters a large client order into a marketplace without routing it through a visible order book. What condition must this order meet according to Universal Market Integrity Rules (UMIR)?
- A. Meet minimum size requirements
 - B. Qualify for an exempt trade report
 - C. Be marked as a post-only order
 - D. Include a marker to indicate internalization



ITEM ID: TRAD_E_000267

- 52.** A client places a limit order to sell, and the Investment Dealer fills the order from its principal inventory at a price worse than the best available quote on another marketplace. What is the regulatory concern about the order?
- A. It may have bypassed intermarket routing rules
 - B. It may have violated the client-principal price obligation
 - C. It may have breached consolidated audit trail standards
 - D. It may be void if it occurred during a special terms session

ITEM ID: TRAD_E_000523

- 53.** What action best reflects a Participant's gatekeeper responsibility when a client's trading activity deviates significantly from their usual behaviour?
- A. Suspend the account immediately to prevent further risk
 - B. Require the client to confirm the intent of their trading in writing
 - C. Conduct an internal review and escalate concerns to compliance
 - D. Monitor the account passively until evidence of a regulatory breach appears

ITEM ID: TRAD_E_000594

- 54.** A Trader at an Investment Dealer maintains a close working relationship with a Portfolio Manager who oversees several discretionary accounts. The Trader regularly prioritizes the Portfolio Manager's trades for execution ahead of similar client orders during periods of high demand. Which of the following failures is the most critical regulatory concern raised by this conduct?
- A. Failure to document the rationale for time-stamping the Portfolio Manager's orders ahead of others
 - B. Failure to disclose a personal relationship that may impair the equitable treatment of client orders
 - C. Failure to obtain approval from the trading Supervisor to give priority to the Portfolio Manager
 - D. Failure to obtain discretionary order approval prior to the other client orders

ITEM ID: TRAD_E_000259

- 55.** Which of the following best describes the authority of a Market Integrity Official during trading hours?
- A. They may halt trading in a security to ensure a fair and orderly market
 - B. They may authorize alternative settlement arrangements for late-day trades
 - C. They may override marketplace surveillance systems to adjust trading thresholds
 - D. They may approve pre-market access for non-registered institutional participants



ITEM ID: TRAD_E_000576

- 56.** A Trader who is also a Registered Representative (RR) is offered a sales incentive to promote a proprietary structured product over similar third-party alternatives. The RR discloses the incentive in a general disclosure document but frequently recommends the product without evaluating its suitability for each individual client. What regulatory obligation has most clearly been breached?
- A. The Trader failed to update the client's risk profile to reflect interest in proprietary investments
 - B. The Trader failed to disclose the name of the issuer of the proprietary product in advance
 - C. The Trader failed to address the conflict of interest in a manner consistent with the client's best interest
 - D. The Trader failed to file a conflict disclosure statement with the applicable self-regulatory organization

ITEM ID: TRAD_E_000487

- 57.** A Trader submits a passive sell order at \$11.05 using a non-displayed (dark) order type. The intent is to provide passive liquidity without taking execution priority. Which of the following best describes the outcome and regulatory implications?
- A. The order may be posted if it follows the rules for non-displayed orders, including price improvement and minimum size
 - B. The order will be rejected because non-displayed orders must be fully matched at the time of entry
 - C. The order may be rejected if it does not meet the price improvement or size rules for non-displayed orders
 - D. The order must be sent to a visible marketplace if entered by a client and no exemption applies

ITEM ID: TRAD_E_000373

- 58.** Which of the following cost components may be included in a fair price calculation for a client?
- A. Proportional fees related to annual compliance monitoring by the audit team
 - B. Direct transaction-related charges such as clearing, settlement and execution
 - C. Incentive-based compensation tied to the Investment Dealer's profitability for the quarter
 - D. Internal capital allocation charges based on treasury cost of funds methodology



ITEM ID: TRAD_E_000588

- 59.** A Trader agrees to provide a long-time client with a personal loan to cover a short-term liquidity issue. The Trader charges no interest and does not involve the Investment Dealer, believing it to be a private arrangement. If true, which of the following failures is the most significant regulatory issue with this conduct?
- A. Failure to ensure that the loan was documented using a formal promissory note signed by both parties
 - B. Failure to assess whether the loan would materially affect the client's investment suitability profile
 - C. Failure to avoid a prohibited personal financial dealing with a client, regardless of intent or terms
 - D. Failure to inform the client that the Investment Dealer discourages non-arm's length transactions

ITEM ID: TRAD_E_000586

- 60.** A Trader launches a financial blog where they publish investment commentary and personal market outlooks. The blog is monetized through advertising revenue but is not disclosed to the Investment Dealer because it does not mention any client-specific advice. Which of the following actions would be the most relevant regulatory concern?
- A. Failure to pre-clear blog content with the provincial securities regulator to assess potential conflicts of interest
 - B. Failure to register the blog as an investment newsletter with the relevant regulator's Market Surveillance
 - C. Failure to obtain Investment Dealer approval for an activity that may affect public perception of impartiality
 - D. Failure to ensure that advertising revenue was declared as additional income to the Investment Dealer

ITEM ID: TRAD_E_000544

- 61.** When a Participant updates its best execution policy to address marketplace fragmentation, how should it interpret its obligation when handling client orders?
- A. Automatically route all trades through the firm's smart order router to ensure consistency
 - B. Evaluate each venue's liquidity, fees and speed before executing client orders
 - C. Direct client orders to the venue with the lowest overall trading cost to the dealer
 - D. Place client orders on the venue with the highest firm trading volume to minimize risk



ITEM ID: TRAD_E_000305

- 62.** Which of the following is a characteristic of direct electronic access (DEA)?
- A. Clients transmit orders through a participating organization using their own client identifier
 - B. Clients transmit their own orders onto a marketplace using an Investment Dealer's identifier
 - C. Clients transmit orders through a participating organization using that organization's identifier
 - D. Clients transmit their own orders onto a marketplace using their own client identifier

ITEM ID: TRAD_E_000695

- 63.** Under what condition can a market maker participate passively in all bid-ask transactions on their stocks of assignment using the Minimum Guaranteed Fill (MGF)?
- A. If the orders are less than or equal to the MGF
 - B. If the orders are marked MGF eligible
 - C. If the bid-ask MGF is yes
 - D. If the bid-ask MGF is no

ITEM ID: TRAD_E_000309

- 64.** A Trader at an Investment Dealer executes inventory trades. The dealer wants to classify this activity correctly under CIRO rules. What classification best describes this trading activity?
- A. Agency trading on behalf of clients
 - B. Proprietary trading using firm's own capital
 - C. Registered trading with marketplace obligations
 - D. A jitney order executed for another dealer

ITEM ID: TRAD_E_000716

- 65.** When a Trader receives a block order, what is their best course of action under CIRO rules?
- A. Use the information to gain a price advantage
 - B. Shop the order to other dealers to find the other side
 - C. Withhold the order from the market while locating a match
 - D. Advertise the block internally



ITEM ID: TRAD_E_000056

- 66.** How are odd-lot orders typically handled in an electronic order book system?
- A. They are pooled with other odd lots and filled proportionally
 - B. They are held until the post-market session for execution
 - C. They are routed to a designated odd-lot dealer or facility
 - D. They are executed only during auction phases

ITEM ID: TRAD_E_000319

- 67.** A regulatory compliance review reveals that an Investment Dealer's surveillance system does not detect spoofing. What action must the Investment Dealer take?
- A. Update the system immediately to meet surveillance requirements
 - B. Schedule upgrades for the next fiscal year and notify compliance staff
 - C. Log the issue and include it in the annual policy assessment process
 - D. Document the gap and wait for regulatory guidance on surveillance changes

ITEM ID: TRAD_E_000707

- 68.** Under which situation would a non-client order take precedence over a client order?
- A. If the client order is a direct electronic access order
 - B. If the client order is part of a bundled order
 - C. If the client order was withheld
 - D. If the client order had the wrong identifier

ITEM ID: TRAD_E_000086

- 69.** Which of the following best describes the behaviour of an iceberg order?
- A. It shows only a portion of the full order size to the market
 - B. It continuously adjusts the price to stay at the midpoint
 - C. It executes only during the opening call
 - D. It bypasses visible books to access dark liquidity



ITEM ID: TRAD_E_000564

- 70.** A compliance officer receives a client complaint alleging manipulation of derivatives pricing by a Trader. The officer forwards the matter for internal investigation but does not log the complaint in the Investment Dealer's centralized tracking system. What regulatory obligation has the Investment Dealer most likely failed to meet?
- A. Failure to notify the trading Supervisor of a derivatives-related escalation within the mandated timeline
 - B. Failure to submit a timely report to the CIRO
 - C. Failure to send a written acknowledgement to the complainant within five business days
 - D. Failure to offer the client access to the Ombudsman for Banking Services and Investments

ITEM ID: TRAD_E_000273

- 71.** A Participant executes a client market order as principal without exposing the order to the marketplace. Which is one of the conditions that would make this permissible?
- A. The Investment Dealer receives and notes the client's consent before execution
 - B. The Investment Dealer trades within a spread that reflects recent consolidated prices
 - C. The Investment Dealer reports the trade within the standard reporting window
 - D. The Investment Dealer routes the order through a dark pool with adequate liquidity

ITEM ID: TRAD_E_000615

- 72.** Which statement about an investor participating in private placements is true?
- A. Investors can only be qualified for an allotment at a specific dollar value exemption
 - B. Investors can access startup shares if there is a prospectus and financial statements
 - C. Investors under an offering memorandum must acknowledge the risks
 - D. Investors introduced by an unregistered advisor can receive suitability advice

ITEM ID: TRAD_E_000397

- 73.** What must an Investment Dealer do when an Extended Failed Trade Report (EFTR) condition is met?
- A. Disclose it to clients within one trading day of the identified processing error
 - B. Close out the position immediately, even if investor instructions are still pending
 - C. Initiate a manual correction request through the firm's back-office trade team
 - D. Report the incident to CIRO within a fixed regulatory time period



ITEM ID: TRAD_E_000076

- 74.** Why would a Trader use a post-only order when entering a limit order near the current bid-ask spread?
- A. To ensure the order removes visible liquidity and executes aggressively
 - B. To ensure the order adds visible liquidity without risk of immediate execution
 - C. To enable midpoint matching with no order book exposure
 - D. To prioritize execution speed while minimizing slippage risk

ITEM ID: TRAD_E_000522

- 75.** An Investment Dealer terminates a client's direct electronic access (DEA) after observing a pattern of unusually aggressive intraday trading that deviates from the client's historical behaviour and triggers internal surveillance alerts. What gatekeeper obligation does the Investment Dealer have under these circumstances?
- A. Wait for a formal client complaint before reporting the conduct issue to CIRO
 - B. Document the incident and include the issue with the monthly suspicious activity report
 - C. Report the termination of DEA and suspicious activity to the Market Regulator without delay
 - D. Reassign the account to a new Registered Representative (RR) to monitor trading

ITEM ID: TRAD_E_000629

- 76.** A buy-side hedge fund decides to engage a prime desk. In which of the following ways can a prime desk at a Participant assist the hedge fund?
- A. Operation management services
 - B. Clearing services
 - C. Proprietary trading services
 - D. Human resources

ITEM ID: TRAD_E_000558

- 77.** A Participant routes an order bypassing a protected marketplace with a better posted quote that results in execution at an inferior price. Which corrective measure best demonstrates proper adherence to the Order Protection Rule (OPR)?
- A. Submit a post-trade report to the regulator explaining the rationale behind the order routing
 - B. Modify routing logic to ensure future orders default to the venue with the lowest latency
 - C. Implement a control to prevent execution when a superior protected quote is displayed
 - D. Adjust the client's account to reflect the price difference from the protected market offer



ITEM ID: TRAD_E_000241

- 78.** A new direct electronic access client has joined the marketplace. What measure can the sponsoring Investment Dealer take to support rule adherence without assuming Participant responsibility?
- A. Offer detailed onboarding and share rule documentation in advance
 - B. Assign an industry mentor to supervise the client's activity
 - C. Require written acknowledgement of the platform's operating manual
 - D. Monitor their activity to approve each trade conducted in the account

ITEM ID: TRAD_E_000438

- 79.** An Investment Dealer conducts post-trade analysis and finds that several of its internal self-matches were publicly disseminated, potentially misleading the market on volume. The buy and sell orders identified were entered for two different trading desks and both needed to be filled. Which self-trade management type should be used to prevent this?
- A. Cancel newest
 - B. Cancel oldest
 - C. Decrement and cancel
 - D. Trade and suppress

ITEM ID: TRAD_E_000185

- 80.** What factors determine the margin required for a naked option position written by a retail account?
- A. The premium paid and the time until the expiry date
 - B. The strike price on the option and market value of the underlier
 - C. The average spread of listed alternatives on the same underlier
 - D. The amount of leverage used and liquidity in the market

ITEM ID: TRAD_E_000675

- 81.** A Trader receives a client order to sell 50 standard trading units of a stock with a total value of \$90k. They agree to trade as Principal against the client. The market is \$10.00 bid and \$10.05 offer. At which of the following stated prices can they cross?
- A. \$10.02 only
 - B. \$10.00 and \$10.02
 - C. \$9.98 and \$10.00
 - D. \$9.98 only



ITEM ID: TRAD_E_000044

- 82.** A Participant wishes to trade for a client in an inter-listed security on an overseas marketplace because the effective price will be an improvement compared with the Canadian exchange. Which of the following is true?
- A. This is not permitted because it is an agency trade classified as an off-market transaction
 - B. This is permitted if the marketplace meets the requirements of a foreign organized regulated market
 - C. This is not permitted because the price improvement may not account for currency exchange
 - D. This is permitted if the Participant has completed the relevant disclosures to the issuer

ITEM ID: TRAD_E_000501

- 83.** An Investment Dealer enters a limit buy order for 300 shares of a security trading at \$0.44. What minimum price increment and board lot consideration apply to this order under Canadian regulatory rules?
- A. The order must be entered in \$0.01 increments and must meet a 100-share board lot
 - B. The order is valid only if it meets the board lot size of 500 shares for securities trading below \$1.00
 - C. The order must observe \$0.005 minimum tick increments and is valid despite being less than one board lot
 - D. The order must be rounded to 500 shares and priced at a minimum increment of \$0.01

ITEM ID: TRAD_E_000389

- 84.** Which of the following must be included in a trade confirmation to a client?
- A. Contact information for recognized external regulatory authorities
 - B. Settlement terms, pricing data and security identifiers relevant to the transaction
 - C. Past performance disclosures for comparable issuers and market benchmarks
 - D. Corporate responsibility ratings and sustainability metrics of the issuer



ITEM ID: TRAD_E_000094

- 85.** Which of the following are factors that determine whether an Investment Dealer has fulfilled best execution requirements under the Investment Dealer and Partially Consolidated Rules (IDPC)?
- A. A requirement that the client purchases a product as a condition of supplying the product requested by the client
 - B. Compliance with the best price obligation and the client priority obligation, including accommodation of anonymous orders
 - C. The price of the security, the speed of execution, the certainty of execution and the overall cost of the transaction
 - D. Collection of client information, confirmation of the accuracy and establishment of a trusted contact person

ITEM ID: TRAD_E_000288

- 86.** An Investment Dealer experiences a sudden drop in a single stock's price by 12% over a five-minute interval. Which control would most likely trigger a pause in continuous trading?
- A. A regulatory intervention that halts trading due to a rapid and abnormal price decline
 - B. A volatility-based risk model that flags the position for capital reallocation at end of day
 - C. A marketplace process that allows orders to be placed without automatic execution
 - D. A liquidity management tool that suspends trade execution across correlated assets

ITEM ID: TRAD_E_000539

- 87.** Why are Approved Persons of the CRO considered essential to maintaining the integrity of Canada's capital markets?
- A. They ensure accurate post-trade reporting and resolve client disputes about execution quality
 - B. They provide access to capital markets for retail investors who rely on their services
 - C. They review firm disclosures and ensure accuracy in financial communication to stakeholders
 - D. They monitor trading activity, escalate suspicious conduct and prevent regulatory breaches

ITEM ID: TRAD_E_000520

- 88.** How can a Trader reduce market impact when managing a large institutional sell order?
- A. Use an iceberg order
 - B. Enter bids at lower price levels
 - C. Obtain client authorization
 - D. Route the order using a jitney arrangement



ITEM ID: TRAD_E_000345

- 89.** An institutional investor is reviewing two similar derivatives contracts. One is traded on a regulated exchange, and the other is negotiated privately. Which of the following differences is most relevant from a risk-management standpoint?
- A. The listed contract includes broader disclosure and reporting terms
 - B. The exchange-traded contract ensures centralized counterparty backing
 - C. The over-the-counter transaction allows for more efficient customization terms
 - D. The bilateral agreement offers enhanced privacy and negotiation control

ITEM ID: TRAD_E_000199

- 90.** How do capital markets primarily function as a mechanism for buying and selling securities?
- A. By facilitating transactions through regulated marketplaces that connect investors
 - B. By allowing securities to be distributed through public and private placement processes
 - C. By supporting real-time matching of trades on centralized trading platforms
 - D. By providing access to intermediaries that manage order flow and liquidity provision

ITEM ID: TRAD_E_000005

- 91.** Which scenario describes CIRO acting within its jurisdiction as a regulation services provider?
- A. Investigating insider trading of a TSX-listed stock
 - B. Reviewing an issuer's continuous disclosure record
 - C. Auditing a mutual fund dealer's insurance practices
 - D. Sanctioning a bank for failing to meet liquidity guidelines

ITEM ID: TRAD_E_000362

- 92.** A proprietary desk is long futures on energy commodities. Prices spike due to a geopolitical event. How does this position affect the desk's profit and loss?
- A. The desk receives margin offsets for settlement deferral
 - B. The desk is required to cover losses beyond the initial margin
 - C. The desk gains from the price increase with no upside limit
 - D. The desk gains from the price increase with limited upside



ITEM ID: TRAD_E_000409

93. What authority does CIRO exercise over Investment Dealers?
- A. CIRO may revoke an Investment Dealer's registration for breaches of conduct and trading rules
 - B. CIRO can impose sanctions for breaches of conduct and trading rules
 - C. CIRO regulates all publicly listed companies trading on Canadian exchanges
 - D. CIRO may approve the issuance of new securities to the investing public

ITEM ID: TRAD_E_000574

94. How should a firm begin the appeal process if it wishes to challenge a regulatory finding related to inadequate high-frequency trading controls?
- A. Request an independent technical audit from the regulator's enforcement division
 - B. Submit a written appeal outlining grounds for reconsideration within the prescribed deadline
 - C. File a motion with the securities tribunal to pause enforcement while the appeal is reviewed
 - D. Present a compliance improvement report demonstrating efforts to resolve the cited issues

ITEM ID: TRAD_E_000653

95. What answer best identifies the origin of the CIRO self-regulatory mandate?
- A. The combination of the Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA)
 - B. The combination of provincial securities legislation through the Canadian Securities Administrators
 - C. The Federal Government of Canada through banking legislation
 - D. The Office of the Superintendent of Financial Institutions (OSFI) and the Financial Consumer Agency of Canada (FCAC) through delegation of authority

ITEM ID: TRAD_E_000069

96. Which order duration type is most appropriate for a Trader who wants to remove liquidity from the market but minimize the exposure to future orders?
- A. Good 'til cancelled
 - B. Immediate or cancel
 - C. Day order
 - D. Good 'til date



ITEM ID: TRAD_E_000472

- 97.** A proprietary trading desk enters a principal order to buy a security moments after receiving a large client order to purchase the same security at the same price. What must the Investment Dealer's policies and procedures ensure in handling this situation?
- A. Delay the client's order to allow time to fill the principal order to avoid slippage
 - B. Block the client's order from routing until the principal order is filled
 - C. Cancel the principal order unless the client specifically consented to the principal order
 - D. Route the client order to an alternative trading system (ATS)

ITEM ID: TRAD_E_000625

- 98.** Which of the following identifies a provision for minority shareholders?
- A. Derivative actions
 - B. Oppression remedy
 - C. Wind-up petitions
 - D. Deadlock dissolution

ITEM ID: TRAD_E_000172

- 99.** What risk is most directly mitigated by establishing a signed trading agreement with a derivative counterparty?
- A. Pricing risk from related listed products
 - B. Regulatory capital reclassification
 - C. Default risk and credit risk
 - D. Liquidity risk of closing contracts

ITEM ID: TRAD_E_000062

- 100.** Which mechanism is used to control excessive price volatility during the closing session?
- A. Volume-weighted average pricing
 - B. Price movement extension parameters
 - C. Guaranteed minimum volume orders
 - D. No-cancellation constraints



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1.

ITEM ID: TRAD_E_000349

KEY: C

2.

ITEM ID: TRAD_E_000775

KEY: D

3.

ITEM ID: TRAD_E_000723

KEY: D

4.

ITEM ID: TRAD_E_000720

KEY: A

5.

ITEM ID: TRAD_E_000336

KEY: C

6.

ITEM ID: TRAD_E_000572

KEY: C



7.

ITEM ID: TRAD_E_000070

KEY: D

8.

ITEM ID: TRAD_E_000637

KEY: B

9.

ITEM ID: TRAD_E_000608

KEY: D

10.

ITEM ID: TRAD_E_000176

KEY: B

11.

ITEM ID: TRAD_E_000493

KEY: B

12.

ITEM ID: TRAD_E_000605

KEY: C



13.

ITEM ID: TRAD_E_000134

KEY: B

14.

ITEM ID: TRAD_E_000578

KEY: A

15.

ITEM ID: TRAD_E_000154

KEY: C

16.

ITEM ID: TRAD_E_000028

KEY: D

17.

ITEM ID: TRAD_E_000721

KEY: D

18.

ITEM ID: TRAD_E_000329

KEY: D



19.

ITEM ID: TRAD_E_000728

KEY: A

20.

ITEM ID: TRAD_E_000314

KEY: A

21.

ITEM ID: TRAD_E_000511

KEY: C

22.

ITEM ID: TRAD_E_000790

KEY: A

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ITEM ID: TRAD_E_000393

KEY: B

24.

ITEM ID: TRAD_E_000804

KEY: A



25.

ITEM ID: TRAD_E_000146

KEY: C

26.

ITEM ID: TRAD_E_000386

KEY: B

27.

ITEM ID: TRAD_E_000117

KEY: C

28.

ITEM ID: TRAD_E_000750

KEY: D

29.

ITEM ID: TRAD_E_000228

KEY: A

30.

ITEM ID: TRAD_E_000356

KEY: C



31.

ITEM ID: TRAD_E_000398

KEY: C

32.

ITEM ID: TRAD_E_000584

KEY: B

33.

ITEM ID: TRAD_E_000248

KEY: C

34.

ITEM ID: TRAD_E_000011

KEY: D

35.

ITEM ID: TRAD_E_000590

KEY: C

36.

ITEM ID: TRAD_E_000757

KEY: A



37.

ITEM ID: TRAD_E_000158

KEY: A

38.

ITEM ID: TRAD_E_000441

KEY: B

39.

ITEM ID: TRAD_E_000371

KEY: C

40.

ITEM ID: TRAD_E_000036

KEY: C

41.

ITEM ID: TRAD_E_000645

KEY: B

42.

ITEM ID: TRAD_E_000670

KEY: D



43.

ITEM ID: TRAD_E_000679

KEY: D

44.

ITEM ID: TRAD_E_000286

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45.

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46.

ITEM ID: TRAD_E_000491

KEY: D

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KEY: D

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49.

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KEY: B

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ITEM ID: TRAD_E_000523

KEY: C

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KEY: B



55.

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KEY: A

56.

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61.

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66.

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KEY: C



67.

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KEY: A

69.

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KEY: A

70.

ITEM ID: TRAD_E_000564

KEY: C

71.

ITEM ID: TRAD_E_000273

KEY: A

72.

ITEM ID: TRAD_E_000615

KEY: C



73.

ITEM ID: TRAD_E_000397

KEY: D

74.

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KEY: B

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KEY: C

76.

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KEY: B

77.

ITEM ID: TRAD_E_000558

KEY: C

78.

ITEM ID: TRAD_E_000241

KEY: A



79.

ITEM ID: TRAD_E_000438

KEY: D

80.

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KEY: B

81.

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KEY: A

82.

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KEY: B

83.

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KEY: B



85.

ITEM ID: TRAD_E_000094

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91.

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100.

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