

RE5

Mock-up Exam 2 Memorandum

1.	D	51.	B	101.	C
2.	C	52.	D	102.	A
3.	D	53.	C	103.	D
4.	C	54.	D	104.	B
5.	D	55.	B	105.	C
6.	C	56.	A	106.	D
7.	D	57.	C	107.	B
8.	D	58.	A	108.	B
9.	C	59.	D	109.	D
10.	A	60.	B	110.	C
11.	A	61.	A	111.	C
12.	B	62.	D	112.	D
13.	D	63.	C	113.	A
14.	C	64.	A	114.	A
15.	D	65.	C	115.	B
16.	A	66.	C	116.	D
17.	C	67.	C	117.	B
18.	A	68.	A	118.	A
19.	D	69.	B	119.	B
20.	A	70.	C	120.	C
21.	A	71.	A	121.	D
22.	C	72.	C	122.	A
23.	D	73.	B		
24.	A	74.	C		
25.	C	75.	B		
26.	A	76.	D		
27.	D	77.	C		
28.	A	78.	B		
29.	B	79.	E		
30.	C	80.	D		
31.	A	81.	C		
32.	D	82.	C		
33.	B	83.	B		
34.	A	84.	C		
35.	D	85.	C		
36.	B	86.	D		
37.	D	87.	D		
38.	D	88.	D		
39.	B	89.	B		
40.	D	90.	A		
41.	D	91.	B		
42.	A	92.	B		
43.	B	93.	C		
44.	D	94.	A		
45.	B	95.	D		
46.	D	96.	C		
47.	A	97.	B		
48.	C	98.	A		
49.	A	99.	B		
50.	B	100.	B		

Mock-up Exam 2

1. Who of the following people can be a representative of a FSP?

A	An accountant whose job does not lead clients to buying a financial product
B	A clerk who does not have to use judgment in performing his job functions
C	An admin manager who handles general admin queries only
D	A contractor who renders financial services

2. The FAIS General Code does not require representatives to

A	Make adequate disclosures
B	Maintain adequate and appropriate record
C	Keep a log of all car expenses
D	Keep client's funds safe and separate

3. Which of the following activities do not qualify as CPD activities?

A	Courses
B	Conferences, workshops and seminars
C	Self-study programmes
D	Passing a regulatory examination

4. Which of the following items do not have to be contained in the FSP's register for representatives?

A	Representatives' names and business addresses
B	An indication whether the representative is employed by the FSP or works as a mandatory
C	Part experience of the representative in terms of financial services.
D	The categories in which the representatives are competent to render financial services.

5. Advice as defined in terms of FAIS does not include any recommendation with the intention of getting the client to consider:

A	Purchasing or investing in a financial product
B	Finalizing a loan on a financial product
C	Changing or replacing a financial product or investment
D	Drafting a Will

6. Which of the following roles may be fulfilled by a key individual in terms of FAIS?

A	Managing and overseeing the FSP's business
B	Giving advice and rendering intermediary services
C	Being a key individual and a representative
D	Being an accountant and key individual

7. Elsie has been working as a sales consultant for more than eight years. She is well-loved by clients and colleagues due to her professional and friendly attitude. Elsie has just finished Financial Planning on NQF level 6, and would now like to specialise in Call Centre selling. What is Elsie's current status regarding fit and proper requirements?

A	Not applicable, she is not regarded as a representative as defined in the FAIS Act
B	Working under supervision until she has passed the RE exams
C	Not yet fit and proper at this time because, in terms of FAIS, she requires a qualification on a higher level
D	Regarded as fully fit and proper as she meets all the requirement in terms of FAIS

8. Which of the following must be included in the register of representatives and key individuals? A person not employed by the FSP, but who:

A	Has a verbal agreement to submit business to the FSP
B	Has signed an agreement to submit business only to the FSP and one other FSP
C	Operates on his own behalf by virtue of a verbal agreement with the FSP
D	Operates on behalf of the FSP by virtue of a mandate from the FSP

9. "Advice", as defined in the FAS Act, is given with a view to:

A	Making a client aware of the benefits of the intermediary's services	
B	Making a client aware of the benefits of the product supplier's services	
C	Getting a client to consider acquiring or changing a financial product	
D	Getting a client interested in financial planning	

10. Molo, who is a representative for an insurance company, wants to attend some courses and workshops in his personal capacity and as part of his learning plan at work. To establish with the providers which of these would contribute towards his CPD hours, he must establish that the courses and workshops:

A	Are verifiable and related to his work	
B	Result in a number of NQF credits	
C	Are presented by Accredited Learning Providers	
D	Have been formally assessed	

11. Charré (a representative) is faced with a difficult choice: the FAS Code of conduct requires her to act in the interest of the customer and the integrity of the financial services industry. If she tells her customer about a certain feature of product A, she may lose the sale, but her company needs to boost sales of product A in order to achieve their strategic objectives. Which one of the following options presents the most appropriate course of action

A	Charré tells the customer about the feature and, if he does not purchase product A, she must work harder to attract suitable buyers.	
B	She must first conclude the sale and then tell the customer about the feature to make sure that there are no undisclosed relevant facts	
C	She must encourage the customer to purchase the product that suits his needs, even if her sales do not reflect the targets provided.	
D	She must continue to promote the product, together with a service or other innovative solution that overcomes the negative feature.	

12. Which one of the following can be regarded as an undesirable business practice?

A	A client is advised to switch from one bank to another because the new bank charges lower rates	
B	A representative recommends that a client cancels a policy without a valid reason	
C	A representative advises a client to change his will to be in line with the client's wishes at that stage.	
D	A representative informs a client about the improved performance of the product supplier's investments over the past five years.	

13. The FSP licence is granted by:

A	The South African Reserve Bank	
B	The Insurance Institute	
C	The Banking council	
D	The Financial Services Board	

14. Which of the following statements reflects all the actions with regard to complaints that are within the power of the Ombud for Financial Services Providers (FAS Ombud)

A	The Ombud may dismiss a complaint or uphold it	
B	The Ombud may dismiss a complaint, uphold it or refer it to a court.	
C	The Ombud may dismiss a complaint, uphold it, refer it to a court or decline it if it is received three years after the date of the issue of complaint.	
D	The Ombud may uphold a complaint or decline it if it is received three years after the date of the issue of the complaint.	

15. If the Registrar has detected that an FSP who carried on with an undesirable business practice should reinstate any damages or loss caused, the FSP has to rectify the matter within:

A	30 days	
B	90 days	
C	50 days	
D	60 days	

16. When the registrar intends to suspend or withdraw a licence, the licensee is:

A	Entitled to be given a reasonable opportunity to make a submission in this regard.
B	Entitled to appeal against the decision.
C	Not allowed the opportunity to make a submission in this regard.
D	Allowed to continue working for another three months in order to conclude all outstanding business.

17. Under which of the following circumstances may a licence lapse:

A	Only when the licensee has died
B	Only when the licensee voluntarily surrenders his licence
C	When the licensee has died, is sequestered, forgets to pay the annual licence fee or voluntarily surrenders his licence
D	When is the licence is withdrawn

18. The Ombud for Financial Services Providers (OAFS Ombud) is the person appointed to resolve disputes between consumers and financial services providers relating to:

A	The quality or nature of the advice given
B	The contract between the insurer and the client
C	The performance of an investment
D	The experience of the adviser

19. On suspension of a licence, the recourse available to a financial services provider is applying to the Registrar on good cause to:

A	Reinstate the licence
B	Not suspend the licence
C	Make submission on cancelling the suspension
D	Amend the period of the suspension of the licence

20. If an FSP carries on with an undesirable business practice, the Registrar may direct it to:

A	Make up any loss covered by the practice, to the satisfaction of the Registrar
B	Compensate the Registrar, in an amount to the satisfaction of the Registrar
C	Explain to the client that the practice is undesirable in a manner to the satisfaction of the Registrar
D	Stop the business practice immediately, and provide an undertaking to the satisfaction of the Registrar that this will be done

21. One of the requirements of the General Code of Conduct with regards to the handling of client's funds is that:

A	A separate account should be kept to deposit client's funds into
B	Client's funds may be deposited in the provider's own account as long as a receipt has been issued to the client
C	Clients should have ready access to any amount paid into the provider's own account
D	Funds should be paid into the client's account within five business days

22. Disclosures that were supplied verbally, must be confirmed in writing within:

A	60 days
B	10 days
C	30 days
D	5 days

23. Which of the following does not have to be disclosed by FSP's?

A	Name of the business and registration number
B	Information regarding indemnity insurance
C	Details about the compliance department of the FSP
D	Income from product sales in the previous year

24. Which of the following does not have to be disclosed by product suppliers?

A	The types of products available from the product supplier
B	Contact details of the compliance department
C	Information about the complainant's procedure of the product supplier
D	Whether the PSP holds more than 10% share in the product supplier

25. Which of the following does not have to be disclosed about products?

A	Name, class and type of financial product
B	The extent of the benefits
C	The name of the product developer
D	Monetary obligations of the client in relation to the financial product.

26. The purpose of disclosure is:

A	To enable the client to make an informed decision
B	To enable the insurer to evaluate the risk
C	To be used as an agenda for a discussion with the client
D	To inform the representative of the attitude of the client towards the recommended product.

27. Which of the following is not included as a duty of a provider with regard to complainants?

A	Maintain an integral complaint resolution system and procedures
B	The complaint resolution policy must be transparent and visible
C	A policy for the process of internal resolutions should be included in the complaint resolution system
D	Staff have to be trained on the external resolution processes

28. Where a complaint is not resolved to the satisfaction of the client, the provider has to:

A	Inform the client of other alternatives in terms of the FAS Act and law
B	Tell the client that nothing further can be done about it
C	Terminate the relationship with the client
D	Refer the client to another provider.

29. When a provider provides advice, the following steps have to be followed:

A	Conduct an analysis and recommend suitable financial products.
B	Obtain information, conduct an analysis, identify suitable financial product and make the necessary disclosures regarding product replacements.
C	Obtain information, identify suitable financial products and make the necessary disclosures regarding product replacements.
D	Identify suitable financial products and make the necessary recommendations.

30. If a client has a complaint against the provider, the provider:

A	Has three months before he responds
B	Must maintain a record of such complaints for a period of ten years.
C	Must request the client to lodge such a complaint in writing
D	Must maintain a record of such complaints for a period of three years.

31. Kyle, a representative of a bank, made the required disclosures to the customer in a telephonic conversation. What else must she do to ensure compliance with the requirements of FASIF?

A	Confirm the details of the discussion to the customer in writing, within 30 days of the date of the phone call.
B	Send an email, letter or fax to the customer within seven days of the phone call to confirm the details of their conversation.
C	Immediately make an endorsement on its copy of the Record of Advice
D	No further action is required.

32. Claude did not disclose the name of the product provider to his customer, because the customer just informed him that she had a very bad experience with that particular product provider. He knows that the policy is the best match for the customer's need and trusts the integrity of the product provider. Choose the option that reflects the FAS perspective on this interaction:

A	Claude has acted in the best interest of his customer and the FSP by providing a well-matched financial solution to the client.
B	Claude has acted without integrity by not being completely honest with his client, and he could face disciplinary action or debarment.
C	Claude has breached any FAS requirements, since the client does not need to know the name of the product supplier to make a decision.
D	Claude has breached a FAS requirement in failing to provide his client with the opportunity to make a fully informed decision.

33. Financial services include:

A	Instructions on the development of products
B	The rendering of advice and/or intermediary services
C	The processing of policy applications
D	Overseeing of the compliance processes

34. The different types of advice includes:

A	Comprehensive advice, advice on policy replacements and advice when no analysis is performed.
B	Comprehensive advice and advice on financial products
C	Comprehensive advice and advice when no analysis is performed.
D	Comprehensive advice and advice on second hand policies.

35. Which of the following is not included in the steps that an FSP has to follow when providing advice?

A	Obtain appropriate and available information from the client
B	Conduct an analysis based on the information obtained as a basis for advice
C	Identify the financial products that are suitable to the needs of the client
D	Inform the client who the product supplier is and by whom the recommended product was developed

36. FAS defines a replacement as:

A	The replacement of a financial product with only a long term policy.
B	The replacement of a financial product with another financial product
C	The replacement of a long term policy with only another long term policy
D	The replacement of a financial product with only a funeral policy

37. A record of advice does not have to include:

A	A brief summary of the information and material on which the advice was based
B	The financial products considered
C	The financial products recommended and why these products are suitable for the client
D	The qualifications of the representative

38. Which of the following are not included in the definition of a financial product in terms of FAS?

A	Share and debentures
B	Money market instruments
C	Health service benefits
D	Property

39. If a client purchases a product from someone who is not an authorized FSP, then the agreement between the product supplier and the client will be:

A	Unenforceable
B	Enforceable
C	Cancelled
D	Amended

40. Which of the following persons are not included in the FAS definition of a "client"?

A	Specific person or group of person to whom a financial service is rendered
B	The beneficiary of a financial service
C	The successor in title of a person to whom a financial service is rendered
D	Members of the general public

41. Which of the following does not have to be disclosed in the event of a replacement?

A	Fees and charges in respect of the replacement product
B	Special terms and conditions which may be applicable to the replacement product
C	The impact of age and health changes on the premium payable in the case of insurance products.
D	Who the product supplier of the replacement product is.

42. Which of the following scenarios is not applicable when advice is given but no analysis is performed?

A	The advisor refused to do an analysis
B	The client has elected to conclude a transaction that differs from that recommended by the provider
C	The client has not provided all the information requested
D	There was not sufficient time to conduct the analysis

43. Which of the following statements is correct with reference to the relationship between FAS role-players?

A	A product supplier will always act as a financial services provider.
B	A representative will always be an employee or someone mandated by a financial services provider.
C	The compliance officer of a financial services provider will always be an employee
D	A representative is always part of the administrative staff of a financial services provider

44. Select the statement that correctly describes the involvement of all the relationships between industry players with regard to financial products as defined in FAS.

A	The FSP requests a product supplier to design a product which can be sold to clients, and the compliance officer oversees this process to ensure compliance with FAS.
B	The product supplier designs products, test their suitability with representatives of an FSP and markets the products once they have been approved by the FSP's compliance officer.
C	The FSP designs its own products, asks a product provider to test the product for compliance with the FAS Act and then the FSP's representatives may sell the product to their clients.
D	The FSP/product supplier provides the product, which the representative sells to a client, the admin staff process the application and the compliance officer oversees the process to ensure compliance with FAS.

45. Debarment happens when:

A	An FSP grants the authority to a representative to act on its behalf
B	An FSP withdraws the authority granted to a representative to act on its behalf
C	A representative retires
D	A representative resigns

46. The FSP must inform the Registrar in writing of the removal of a representative's name from its register.

A	Within 5 days of the removal of the representative's name
B	Within 30 days of the removal of the representative's name
C	Within 20 days of the removal of the representative's name
D	Within 15 days of the removal of the representative's name

47. The person responsible for the debarment of a representative is:

A	The FSP
B	The Registrar of Banks
C	The Compliance Officer
D	The Money laundering Officer

48. Which one of the following is a condition for reappointment after debarment as a result of causes other than a lack of competence?

A	6 months must have elapsed since the debarment date
B	Only the fit and proper requirement of competency must have been met
C	12 months must have elapsed since the debarment date
D	Only the fit and proper requirement of honesty and integrity must have been met

49. Reasons for debarment include:

A	Non-compliance with any of the relevant fit and proper requirements or if the representative has contravened or failed to comply with any other provisions of the Act
B	Poor work performance
C	Only if the representative has contravened or failed to comply with any provisions (other than the fit and proper provisions) of the Act
D	Only non-compliance with any of the relevant fit and proper requirements

50. When a FSP removes a representative's name from its register for the purpose of debarment, the FSP has to:

A	Inform the representative in writing of the debarment only
B	Inform the representative in writing of the debarment; inform him of the reasons for the debarment as well as the conditions for lifting it.
C	Inform him of the reasons for the debarment only
D	Inform him of the conditions for lifting it only.

51. When a representative is fined to FSP A, and FSP B and is debarred by FSP B, then FSP A will be informed of the debarment by:

A	FSP B
B	The Registrar
C	The Compliance Officer
D	The Ombud

52. The reason that the Registrar is allowed to publish information on the debarment of representatives is:

A	Because it is an official duty of the Registrar in terms of FICA
B	Because it is newsworthy
C	Because it is an official duty of the Registrar in terms of FAS
D	To ensure that the public is informed of representatives who contravene the Act or who are no longer licensed to operate.

53. Once an FSP has debarred a representative, the FSP has to take steps to ensure that:

A	Unconcluded business of the debarred representative is cancelled.
B	Clients of the debarred representative are informed that no further financial services could be rendered to them.
C	Clients of the debarred representatives are not disadvantaged and that any unconcluded business is properly concluded.
D	All records of the debarred representative's clients are destroyed.

54. An employment contract between an FSP and a representative should at least state non-compliance with the following fit and proper requirements as possible reasons for debarment:

A	Honesty and integrity only
B	Competency only
C	Continuous professional development
D	Honesty and integrity and competency

55. Mia, an employee of Excel Life, did not make the necessary disclosures in a very lucrative deal, and realized that her actions warranted dismissal. She immediately handed in her resignation, which was accepted, and started working for Prudent Bank Ltd. When the client suffered huge losses and complained to Excel Life, they could have responded as follows:

A	They are unable to proceed with debarment, as Mia is no longer in their employ, but they could inform the Registrar.
B	They could have collected and submitted evidence to the FSB, recommending that Mia be debarred.
C	They could have advised the client to lodge their complaint with the Ombud for Financial Services Providers (FAS Ombud) as Mia was no longer in their employment.
D	They could have provided Prudent Bank Ltd with the evidence, recommending that they proceed with her debarment.

56. Jackie was debarred nine months ago due to incompetence, and has applied for reappointment. You advise her that her debarment can be lifted if:

A	Full competence has been achieved and all other requirements have been met
B	Full competence has been achieved and all fit and proper requirements have been met
C	12 months have lapsed since the debarment date and she meets all the fit and proper requirements
D	12 months have lapsed since the debarment date and all unrecalled business has been properly concluded

57. Mary, a representative, was debarred in 2010 when her FSP discovered that she had not disclosed the fact that she was found guilty on two counts of fraudulent behavior in 2008. What was the basis for Mary's debarment in terms of FAIS?

A	She did not meet the fit and proper requirement of competence
B	She did not meet the requirements of reporting money-laundering activities
C	She did not meet the fit and proper requirement of honesty and integrity
D	She was guilty of non-disclosure of information in terms of the FAIS Act

58. An FSP has to appoint a Compliance Officer if:

A	It has a Key Individual or one or more representatives
B	It has a Key Individual
C	It has only representatives
D	It has one or more representatives

59. The appointment of the Compliance Officer has to be approved by:

A	The Ombud
B	The FSP
C	The managing director
D	The Registrar

60. Which of the following is not one of the main functions of a Compliance Officer?

A	Monitoring
B	Administrative services
C	Training
D	Support

61. Which one of the following tasks forms part of the monitoring function of the Compliance Officer?

A	Submission of compliance reports and other compliance related reports to the Registrar
B	Performance evaluations of representatives
C	Liaising with the Registrar
D	Identifying training needs

62. Which of the following tasks forms part of the training function of the Compliance Officer?

A	Supervision of the compliance function
B	Assisting with the creation of a compliance culture
C	Liaising with the Registrar
D	Identification of training needs

63. Which one of the following tasks forms part of the support function of the Compliance Officer?

A	Creating, implementing and monitoring systems and procedures
B	Being accountable for the compliance function of the organization
C	Assisting with the creation of a compliance culture
D	Organizing training

64. The function of the Compliance Officer:

A	May be outsourced to an external Compliance Officer
B	Must be outsourced to an external Compliance Officer
C	Must only be performed by an internal staff member
D	May not be outsourced to an external Compliance Officer

65. On 12 December 2009, Jack accepted an appointment as a compliance officer at Escal Insurers. He is to begin working in this position on 1 January 2010. He applied to the FSB for approval as a compliance officer on 15 January 2010. The Registrar confirmed Jack's approval as a compliance officer from:

A	1 January 2010
B	15 January 2010
C	1 February 2010
D	12 December 2009

66. ABC Prokers, a brokerage with 20 representatives, does not currently have a Compliance Officer. Which of the following tasks will they not be able to perform?

A	Completing branch audits
B	Resolved customer service-related queries
C	Fulfilling required compliance functions
D	Meeting individual training needs

67. When Rafiq was appointed as the Compliance Officer of ABC Life, he decided to plan his quarterly visit to each of the 37 ABC Life offices throughout the country. On what should he focus during these visits?

A	Building rapport with all the branch managers and staff to foster a good working relationship
B	Training of the staff about the FAS Act and its provisions and requirements for ABC Life
C	Checking the FAS registers, required disclosures and fill and proper status of those giving advice
D	Comparing how this branch, and other branches in ABC Life and the rest of the industry, comply with FAS

68. Which of the following is an example of a document that should be maintained in terms of the FAS Act?

A	A cancellation of an endowment policy one year before it pays out
B	An application for a retirement annuity
C	A record of premium payments towards a policy
D	A copy of a change of address received by a client

69. When Life Insurer A outsources their record-keeping function in terms of FAS they have to ensure that these documents can be accessed by the Registrar for inspection within what number of days?

A	Five
B	Seven
C	Six
D	Three

70. The industry standard for the method of storing and retrieving records is:

A	An appropriate electronic format which can easily be converted into a written or printed format.
B	An appropriate written format
C	An appropriate electronic or recorded format which can easily be converted into a written or printed format
D	An electronic format only

71. If a provider wants to disclose any confidential information obtained from a client:

A	He has to obtain written consent from the client beforehand
B	He does not need to obtain consent from the client
C	He has to obtain verbal consent from the client beforehand
D	He has to obtain verbal consent from the client at the time of disclosure

72. FIC A requires the FSP to keep records of:

A	Proceeds of insurance products or investments that are paid out on maturity
B	The number of representatives working for it
C	Documents used to identify and verify the client
D	Annual reports

73. Where an accountable institution outsources its record-keeping duty to a third party, it has to notify the FIC of:

A	The date on which the outsourcing commences
B	The particulars of the third party
C	The time period of which this function will be outsourced
D	The reasons for the outsourcing of this function

74. If an accountable institution fails to provide assistance to the FIC to access its records, it is guilty of an offence punishable with:

A	Imprisonment for a maximum period of 15 years
B	A fine not exceeding R10 million
C	Imprisonment for a maximum period of 15 years or a fine of a maximum amount of R10 million
D	Imprisonment for a maximum period of 30

75. The Money Laundering Reporting Officer has to report a suspicious transaction to the FIC within:

A	15 working days of learning of it
B	15 working days of learning of it or from when the suspicion arose
C	15 working days from when the suspicion arose
D	30 working days of learning of it

76. Where records of an accountable institution are not available to the public and a representative of the FIC needs access to these records, a warrant issued by a judge or magistrate will only be issued if:

A	It is uncertain whether the records will assist in identifying the proceeds of unlawful activities
B	The records contain factual evidence of the proceeds of unlawful activities
C	The records have been kept for two years only
D	There are reasonable grounds to believe that the records will assist in identifying the proceeds of unlawful activities

77. Which of the following is not a requirement in terms of the FIC General Code of Conduct regarding procedures and systems to keep records?

A	The records of verbal and written communications relating to a financial service rendered to a client
B	The storage and retrieval of such records relating to the client or financial service rendered to the client
C	The dispatch of documents to clients regarding a financial service rendered to the client
D	Keep such client records and documentation safe from destruction and keeping it for a period of five years after the rendering of the financial service.

78. You have to advise a new financial services provider on the FIC requirements for the maintenance and accessibility of records. The financial services provider has limited space in his office and cannot store the hard copy records that have to be kept for five years. What advice would you give him?

A	The financial services provider has to find space in his office as he is obliged to keep the hard copy records on his premises for five years to ensure that they are available for inspection within seven days of the Registrar's request.
B	The financial services provider may outsource record-keeping, but it has to be available for inspection within seven days of the Registrar's request. The financial services provider may also keep the records in appropriate electronic or recorded format if they are accessible and readily reducible to written or printed format.
C	The financial services provider may not outsource record keeping and he should, therefore, convert the records into appropriate electronic format so that they will be available on his premises at all times.
D	The financial services provider may outsource record keeping on condition that the records are stored in appropriate electronic or recorded format, and they should be readily reducible to written or printed format.

79. Charlie conducted a needs analysis for a client, after which the client purchased an endowment policy. Charlie showed the client the quotation as well as his report, which indicated that the client needs a savings plan to provide for his children's studies. What information should Charlie provide to the client in this instance?

A	The only information that Charlie has to give is that information regarding the financial product(s) considered and recommended, within a reason for why the endowment meets his client's needs and objectives.
B	The only information that Charlie has to give is a summary of his report, a copy of the quote and the FIC disclosures.
C	A brief summary of his report and a quote on which his advice was based, the financial product(s) considered and recommended with a reason for why the endowment meets his needs and objectives.
D	The only information that Charlie has to give is a brief summary of his report and a copy of the quote, and the completed application form for the endowment.
E	C and D.

80. An FSP must have appropriate procedures and systems in place to fulfil its record keeping obligations in terms of FAS. Which one of the following is NOT part of these record keeping obligations?

A	Recording of verbal and written communications related to a financial service rendered to a client
B	Storing and retrieving of such records and any other material documentation relating to the client or the financial service rendered to the client
C	Safe keeping of such client documentation and records, to prevent its destruction, for a period of five years after the rendering of the financial service
D	Safe keeping of the compliance reports relating to client contact compiled by the compliance officer and provided to the FSP every quarter.

81. Which of the following activities can be seen as a money laundering activity?

A	Buying a house with funds generated by the sales of shares
B	Investing the proceeds of life insurance policy in unit trusts
C	Buying unit trusts with cash that was generated by peer-to-peer smuggling
D	Buying a business with funds generated from the split up of a partnership

82. Which of the following can be seen, as unlawful activities:

A	Selling fruit on the street
B	Driving a car with a learner's licence
C	Fraudulently acquiring land
D	Decreasing your taxable income in line with the relevant laws.

83. The focus of money laundering legislation is:

A	On the crime that generated illegal money
B	On the proceeds of the crime that generated illegal money
C	On drug trafficking
D	On foreign exchange

84. The main laws dealing with money laundering in South Africa are:

A	FICA & POCA
B	FICA & POCDATARA
C	POCDATA & POCA & FICA
D	POCDATARA & POCA

85. Penalties for the contravention of POCA can be:

A	A maximum fine of R100 million or imprisonment for 15 years
B	Imprisonment for 30 years
C	A maximum fine of R100 million or imprisonment for 30 years
D	A maximum fine of R100 million

86. Which one of the following is not an accountable institution?

A	An attorney
B	A long term insurance company
C	A representative of a long term insurance company
D	A training organization in the insurance industry

87. The main purpose of the FIC is to:

A	Identify the proceeds of unlawful activities only
B	To combat money laundering activities only
C	Report information to all accountable institutions
D	Identify the proceeds of unlawful activities and to combat money laundering activities

88. The aim of POCDATARA is to:

A	Introduce an obligation to report certain offences linked to terrorist activities only.
B	Introduce an obligation to report certain offences linked to terrorist activities, including terrorist financing
C	Combat money laundering
D	Introduce the concept of unlawful activities for the first time

89. Which of the following documents may be used to verify a client's residential address?

A	ID document
B	Bank statement
C	Passport
D	Air ticket

90. Which of the following statements is true with regard to the record keeping function of records regarding transactions?

A	Records may be kept in electronic form and should be kept for at least five years from conclusion of the transaction.
B	Records may not be kept in electronic form as long as they are kept for at least five years from conclusion of the transaction.
C	Records may not be kept in electronic form as long as they are kept for at least ten years from conclusion of the transaction.
D	Records may be kept in electronic form and should be kept for at least ten years from conclusion of the transaction.

91. Mr. Brandt has numerous accounts with your bank, to which he makes deposits almost every day. Lately you have noticed that the deposits were getting bigger and bigger. On the day that he deposit R250 000 in cash, an unusually large amount for Mr. Brandt, you feel compelled to ask him to confirm the source of the funds, which he claims is none of your business. How do you respond?

A	As Mr. Brandt is a regular and valued customer, you do not report the transaction to the Money Laundering Control Officer.
B	You advise Mr. Brandt that you have a legal obligation to enquire about the source of the funds and report the matter to the Money Laundering Control Officer.
C	You apologize to Mr. Brandt for asking, advising him that you have an obligation to confirm the source of funds and that, if he does not provide the information, you cannot accept the deposit.
D	You advise Mr. Brandt that, if he does not tell you where the funds came from, you could be fine and/or imprisoned if you accept the deposit.

92. Unlawful activity in the context of money laundering means conduct that constitutes a crime or contravenes a law:

A	Provided it took place after the introduction of POCA and FICA
B	Irrespective of whether it occurred before or after the introduction of POCA and FICA
C	Provided the activity occurred within the borders of South Africa
D	Provided it is regarded as an offence recognized by the Financial Action Task Force.

93. Jane has responded to an advertisement for the position of representative with Excel Life. They are quite keen to appoint her because of her legal background and forward an application for her licence to the FSB. The person who considers her application worked with her previously and remembers that she had been found guilty of using a client's funds for personal purposes three years ago.

A	Jane will be authorized to act as a representative Excel Life because the offence occurred more than five years ago.
B	Jane will be authorized to act as a representative of Excel Life on condition that she is never found guilty of a similar offence.
C	Jane will not be authorized to act as a representative of Excel Life because she is in breach of the fit and proper requirement of personal character qualities.
D	Jane will be authorized to act as a representative of Excel Life on condition that she works under supervision.

94. Nikosi has been licensed to act as a representative for Excel Life despite the fact that he does not meet the fit and proper requirement of "qualification".

A	Nkosi has to work under supervision until he has completed the qualification requirement within five years of his appointment.
B	Nkosi's licence has been granted on condition that he complete the qualification requirement within five years of his appointment.
C	Nkosi has to work under supervision until he has completed the qualification requirement within six years of his appointment.
D	Nkosi's licence has been granted on condition that he gains five years' experience instead of having to complete the qualification.

95. The regulatory examinations include a set of core examinations that focus on:

A	The regulatory framework
B	The FAS Act and FICA
C	The regulatory framework, the FAS Act and FICA
D	The regulatory framework, the FAS Act, FICA and the regulatory role and responsibilities of the representative

96. Once Nikosi has met the competency requirements, he then has to meet the CPD fit and proper requirement.

A	The CPD fit and proper requirement will require 5 to 30 national hours of development over a 3-year cycle.
B	The CPD fit and proper requirement will require 15 to 40 national hours of development over a 3-year cycle.
C	The CPD fit and proper requirement will require 15 to 40 hours of development over a 3-year cycle.
D	The CPD fit and proper requirement will require 15 to 50 national hours over a 2-year cycle.

97. Kaitin acts as a representative for Excel Life. She has done an analysis for a client. When she presents the results of the analysis, she recommends that the client takes out a retirement annuity. She leaves a report on the performance of the specific retirement annuity with the client to support her recommendation.

A	Kaitin provided an intermediary service to the client
B	Kaitin provided advice to the client
C	Kaitin provided advice and an intermediary service to the client
D	Kaitin complied with the steps that a representative has to follow when providing advice

98. Sarah has been working as an authorised representative of Excel Life for the past two years. A colleague, Anni, who worked with her at Afro Life many years ago has been appointed at Excel Life and realised that Sarah left Afro Life under a cloud because her licence was withdrawn at the time due to dishonesty.

A	If Anni reports the previous withdrawal of Sarah's licence to the Registrar, her current licence may be withdrawn on the grounds that she did not disclose all relevant information to the Registrar.
B	If Anni reports the previous withdrawal of Sarah's licence to the Registrar, it will not have any effect on Sarah's current licence.
C	If Anni reports the previous withdrawal of Sarah's licence to the Registrar, she will have to continue working under supervision.
D	If Anni reports the previous withdrawal of Sarah's licence to the Registrar, he may determine that she should do additional CPD hours for the next two years.

99. If you had to explain the difference between the suspension of a licence and the lapsing of a licence, you could say that:

A	Suspension or withdrawal of a licence is the result of factors other than non-compliance with the requirements of the FAS Act. Lapsing of a licence may be the result of a person's death
B	Suspension or withdrawal of a licence is the result of non-compliance with the requirements of the FAS Act. Lapsing of a licence is the result of factors other than non-compliance
C	Suspension or withdrawal of a licence is the result of non-compliance with the requirements of the FAS Act. Lapsing of a licence is the result of a person not meeting the competency fit and proper requirement.
D	Suspension or withdrawal of a licence is the result of one's resignation from the services of an FSP. Lapsing of a licence is the result of factors other than non-compliance.

100. Your colleague wants to know which type of complaints the Ombud deals with. Which of the following examples does not correctly explain this type of complaints:

A	Complaints submitted by a specific client against other client.
B	Complaints relating to a financial service rendered by the representative of an FSP
C	Complaints relating to an admin service rendered by an admin manager of an FSP

101. Disclosures that must be made regarding an endowment policy do not have to include:

A	The premiums to be paid
B	How often premiums have to be paid
C	The requirements that premiums may only be paid in cash
D	Information on what will happen if premiums are not paid

102. Jackson, who acts as a representative for Afro Life, has a shareholding of R500 000 in a product supplier that supplies products to Afro Life. Their total shareholding has been valued at R4 500 000.

A	Jackson has to disclose his shareholding in the product supplier.
B	Jackson does not have to disclose his shareholding in the product supplier
C	Jackson has to sell his shareholding if he wants to continue working for Afro Life
D	Even if Jackson's shareholding is R3 000 000, he still has to disclose it.

103. An example of unethical behavior in terms of FAS is:

A	Depositing a client's funds in a separate account
B	Driving at a speed higher than the speed limit to be in time for an appointment with a client
C	Signing an application form for a financial product on behalf of the client without the client knowing about it.
D	Not keeping an appointment with a client

104. In order to be able to provide the client with appropriate advice, the representative should first of all:

A	Obtain appropriate and available information from the client regarding his financial situation
B	Obtain appropriate and available information from the client regarding his financial situation, financial product experience and objectives
C	Obtain appropriate and available information from the client regarding his financial product experience and objectives
D	Obtain appropriate and available information from the client regarding his financial situation and objectives

105. Financial services are defined as:

A	The rendering of advice only
B	The rendering of intermediary services only
C	The rendering of advice and/or intermediary services
D	The rendering of advice regarding the working of financial products only

106. Types of advice that may be rendered by a representative include:

A	Comprehensive advice only
B	Comprehensive advice and advice where no analysis is performed
C	Comprehensive advice and advice when a policy is replaced
D	Comprehensive advice, advice on policy replacement and advice when no analysis is performed

107. Representatives are debarred:

A	To give them an opportunity to complete their regulatory examinations
B	To protect consumers from dealing with persons who are unfit to render financial services
C	When they work under supervision
D	To enable them to gain experience

108. The responsibility for debarment of representatives is:

A	That of the Registrar when he updates the central register after having been informed by the FSP of a debarment.
B	That of the FSP when he removes the name of the representatives from his register
C	That of the compliance officer when he recommends the debarment of a representative
D	That of the legal department of an FSP

109. Ethan was debarred as a representative by Afro Life two years ago. He now meets all the fit and proper requirements.

A	Ethan may not be reappointed
B	Ethan may now be reappointed if all his previous uncompleted business has been properly concluded
C	Ethan may now be reappointed if any client complaints, legal or administrative proceedings in any court, before the Ombud, or in terms of any legislation, relating to his actions before debarment have been concluded and he has fully complied with any decision of court order
D	Ethan may now be reappointed if all his previous uncompleted business has been properly concluded and if any client complaints, legal or administrative proceedings in any court, before the Ombud, or in terms of any legislation, relating to his actions before debarment have been concluded and he has fully complied with any decision of court order

110. Excel Life is in the process of debaring Alison. Before they may remove her name from their register they have to:

A	Inform Alison of the conditions for lifting the debarment only
B	Inform Alison in writing of the debarment only
C	Inform Alison in writing of the debarment, inform her of the reasons for the debarment as well as the conditions for lifting it
D	Inform Alison of the reasons for the debarment only

111. Wilfred has been appointed as the compliance officer of Excel Life. His role will be to:

A	Ensure compliance with the FAS Act
B	Report to the FSB on compliance issues
C	Ensure compliance with the FAS Act and to report to the FSB on compliance issues
D	To assist the managing director with his duties

112. Wilfred's job description should describe the following duties with regard to his role as compliance officer:

A	Monitoring and training
B	Monitoring and providing support
C	Providing support and training
D	Monitoring, training and providing support

113. An FSP has to appoint a Compliance Officer if:

A	If it has a Key Individual or one or more representatives	
B	If it has Key Individual	
C	If it has only representatives	
D	If it has one or more representatives	

114. You have been asked under which circumstances Alfa Life should appoint a compliance officer. Which of the following would be a correct answer:

A	If they do not have a Key Individual	
B	If they have a Key Individual or one or more representatives	
C	If they have a management team consisting of at least ten members	
D	If they have a total of a 100 employees	

115. A provider is obliged to have appropriate procedures and systems in place to keep client records and documentation safe:

A	For a period of three years after the rendering of the financial service	
B	For a period of five years after the first contact with the client	
C	For a period of five years after the rendering of the financial service	
D	For a period of five years after having conducted the first analysis for the client.	

116. Excel Life has outsourced their record-keeping function to ABC Records. The Registrar requested access to some of their records for inspection. In which of the following scenarios have they complied with the requirements regarding record-keeping?

A	The records were available for inspection within fifteen days of the Registrar's request.	
B	The records were available for inspection within fourteen days of the Registrar's request.	
C	The records were available for inspection within ten days of the Registrar's request.	
D	The records were available for inspection within seven days of the Registrar's request.	

117. Alfa Life wants to disclose confidential information concerning a client.

A	They may do so irrespective of whether consent of the client has been obtained beforehand	
B	They may do so if written consent of the client has been obtained beforehand	
C	They may do so if the Registrar has given them permission	
D	They may do so if the Compliance Officer has given them permission	

118. Which of the following is an example of a document that should be maintained in terms of the FAIS Act?

A	A record of non-compliance with the Act, and the reasons for the non-compliance, and	
B	A copy of a change of address received by a client	
C	An application for a retirement annuity	
D	A record of premium payments towards a policy	

119. The laws dealing with money laundering in South Africa are:

A	POCA, FICA, POCDATARA and FAIS	
B	POCA, FICA and POCDATARA	
C	FICA and FAIS	
D	POCA and POCDATARA	

120. The purpose of POCA is to:

A	Introduce measures to combat organized crime and money laundering	
B	Introduce measures to combat money laundering and criminal gang activities	
C	Introduce measures to combat organized crime, money laundering and criminal gang activities	
D	Introduce measures to combat organized crime and criminal gang activities	

121. Which one of the following statements reflect the description of offences in terms of POCA:

A	If a person knowingly launders the proceeds of unlawful activities and uses or possesses property that he knows are the proceeds of unlawful activities
B	If a person knowingly assists another person to benefit from the proceeds of unlawful activities or acquire, use or possess property that he knows are the proceeds of unlawful activities
C	If a person knowingly launders the proceeds of unlawful activities and assists another person to benefit from the proceeds of unlawful activities
D	If a person knowingly launders the proceeds of unlawful activities, assist another person to benefit from the proceeds of unlawful activities or acquires, use or possesses property that he knows are the proceeds of unlawful activities.

122. FICA is aimed at identifying suspicious transactions so that the people who engage in money laundering activities:

A	Can be charged under POCA
B	Can be charged under FICA
C	Can be charged under POCA and FICA
D	Can be charged under FICA and POCDATARA