

1. Transitional arrangements with regard to qualification apply to representative authorised, appointed or approved on or before:

- a. December 31, 2004
- b. December 31, 2007
- c. December 31, 2009
- d. December 31, 2011

2. Which of the following is an example of advice in terms of the FAIS Act?

- a. Recommending termination of a financial product or investment
- b. Providing information about a particular financial product
- c. Recommending that a particular financial product be kept in safe custody
- d. Providing advice in relation to the description of a particular financial product

3. An individual who wants to work as an independent broker is obliged to register and obtain a licence as an FSP in terms of FAIS if he wants to render:

- a. Any service to clients
- b. A financial service to client
- c. An administrative service to clients
- d. A legal service to clients

4. Which of the following is NOT an intermediary service?

- a. Keeping a financial product in safe custody
- b. Telling a client which product supplier to use
- c. Processing a clients claim against a product supplier
- d. Collecting premium payments

5. The function of a Key Individual.

- a. May be outsourced, like the compliance function
- b. Must be performed by an official in the business, who is devoted to it full time
- c. Must be performed by a specially trained manager in the business
- d. May be performed by a director or manager in the business

6. Which one of the following statements correctly distinguishes between advice and intermediary services in terms of FAIS?

- a. John recommended to Sandy a financial product to Sandy, while Tom helped her to process a claim against her short-term insurer.
- b. John drafted a report on a financial product for Sandy, without indicating whether it meets her needs or not, while Tom collected arrear premiums from Sandy.
- c. John advised Sandy to terminate a financial product, while Tom afterwards guided her to purchase a new financial product.
- d. John took Sandy's will and policy contracts to keep in safe custody, while Tom assisted her in reinstating a policy.

7. Which of the following does NOT describe an aspect of the role of a representative acting for or on behalf of a financial service provider?

- a. A person rendering legal, accounting or technical services to a client
- b. A person rendering services to a client by offering advice on dealing with a financial product.
- c. A person leading a client to a specific transaction in respect of a financial product in response to a general enquiry
- d. A person who is required to exercise judgment when dealing with a client in respect of a financial product.

8. Anele has been appointed as a key individual with Excel Life. She does not understand why she has to comply with the “Fit and Proper” requirement of CPD (continuous professional development) because she will no longer give advice. How would you explain to her the objective of the CPD requirement for key individuals in terms of FAIS?

- a. Aneles professional competence as an adviser will be maintained and developed, should she want to go back to being a representative at a later stage
- b. Aneles professional competence as a key individual will be maintained and developed if she keeps up to date with the latest knowledge and skills if financial services.
- c. Aneles professional competence will be developed to prepare her for more senior positions that are linked to FAIS.
- d. Aneles professional competence will be maintained and developed to prepare her for the position of compliance officer.

9. You have to advise a new financial services provider on the FAIS requirements for the maintenance and accessibility of records. The financial services provider had 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 obligated to keep the hard copy records on his premises for five years to ensure that it is available for inspection within seven days of the Registrars request.
- b. The financial services provider may outsource record keeping, but it has to be available for inspection within seven days of the Registrar request. The financial services provider may also keep the records in appropriate electronic or recorded format if it is accessible and readily reducible to written or printed format.
- c. The financial services provider may not outsource record-keeping and he should, therefore, covert the record into appropriate electronic format, so that it 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 it should be readily reducible to written or printed format.

10. Which of the following activities would NOT be included among supervisor responsibilities:

- a. Ensuring that the supervised representative has exposure to the relevant product category
- b. Ensuring that the supervised representative is observed in selected meeting with clients
- c. Ensuring that evidence is kept of supervisory activities
- d. Ensuring that the supervised representative completes all necessary qualifications to be fit and proper.

11. A representative who does not meet the prescribed fit and proper requirements will be given the opportunity of working under supervision:

- a. Until he acquires sufficient knowledge
- b. Until he becomes compliant with the FAIS competence requirements
- c. Until he meets the requirements set by the financial services provider
- d. For a sufficient period to satisfy the Registrar

12. Assume that you work for the Registrar, and you are doing an inspection of the register of representatives at the office of a financial services provider in terms of FAIS. You notice that the only information contained in the register is about representatives, and it shows the persons name and address and the most complicated product category on which the representative is authorised to provide advice. Which of the following recommendations should be contained in your feedback to the financial services provider?

- a. The additional information that must be included has to show all the categories for which each representative is authorised, and whether the representative is working under supervision. The same information must be added for all key individuals.
- b. The additional information that must be included has to show all the categories for which each representative is authorised, whether the representative acts for the FSP as an employee or as mandatory and whether the representative is working under supervision. The same information must be added for all key individuals.
- c. The additional information that must be included has to show whether the representative acts for the financial services provider as an employee or as mandatory, the representatives annual income and qualifications
- d. The additional information that must be included has to show whether the representative acts for the financial services provider as an employee or as mandatory, the number of years employed by the financial services provider and the persons qualifications.

13. Mary, an investment adviser at a bank for several years, has established ties with several wealthy bank clients- she recommends that her clients invest in a particular product to improve her chances of winning a major sales competition, without telling them why. Which of the following best describes her conduct?

- a. She acted dishonestly and unprofessionally in giving the clients advice that might not have been the best for them.
- b. She acted dishonestly and unprofessionally in putting her interests above those of her clients.
- c. She acted dishonestly and unprofessionally in giving the clients advice that might not have been the best for them and putting her interests above theirs
- d. She acted dishonestly and unprofessionally in changing clients' investments in a way that could have cost them money.

14. How the Ombud will deal with a complaint, is determined by:

- a. The nature of the complaint
- b. The complexity of the complaint
- c. The time lapsed between the incident and receiving the complaint
- d. The amount of money involved in the complaint

15. Which of the following does not amount to an undesirable business practice?

- a. Prejudicing clients
- b. Not informing clients of a change in contact details
- c. Deceiving clients
- d. Unfairly affecting clients

16. When an FSP's licence is suspended in terms of FAIS, the Registrar may determine conditions for lifting the suspension of the licence. These conditions may include

- a. Arrangements to ensure that the FSP's interests are protected
- b. That the FSP may not start or finalise any new business from two weeks after the suspension date
- c. Arrangements for the finalisation of business not completed by the suspension date
- d. That existing and unfinished business should be cancelled before the client is referred to someone else.

17. One of the duties of the Registrar of Financial Services Provider is to:

- a. Deal with complaints about poor or inappropriate advice
- b. Deal with complaints relating to contractual issues between a client and a financial services provider
- c. Issue licences to financial services providers and representatives
- d. Examine periodic actuarial and financial reports from insurers

18. Maria approached the Ombud for Financial Services Providers to lodge a complaint against an FSP, who gave her poor advice two years ago, as a results of which she suffered a financial loss. She instituted court proceedings before she lodged the complaint. The Ombud would probably respond as follows:

- a. Each party will have the opportunity to be heard
- b. He will decline to investigate a complaint based on something that happened more than two years ago
- c. He will decline to investigate a compliant if the complainant instituted court proceedings before lodging the complaint with the Ombud
- d. He will determine that the complaint be upheld unbiased judgment in adjudicating disputes

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. Which of the following is NOT among the disclosures to be made by a financial product provider about the monetary obligations of that product provider to the financial services provider?

- a. Any incentive payable
- b. Any commission payable
- c. Any fees payable
- d. Any maintenance payable

21. Which of the following is NOT among the disclosures to be made by a financial product provider about the monetary obligations of the client:

- a. The frequency of the payment
- b. The ability of the client to make the payment
- c. The nature of the payment
- d. The consequences of client non-payment

22. Ethical conduct in the financial services environment is conduct which is:

- a. Consistent in its approach to clients and product providers according to the FAIS Act
- b. Aligned with the FAIS General Code of Conduct and other relevant legislation
- c. Appropriate having regard to the circumstances of each case according to the FAIS Act
- d. Beneficial to the largest possible number of parties concerned according to the FAIS General Code of Conduct

23. If a financial services provider does not resolve a complaint to the satisfaction of the client, the FSP must inform the client of other alternatives in terms of the law. Which of the following is included in those possibilities:

- a. Reporting the matter to the Financial Services Board
- b. Advising that the complaint may be pursued with the applicable Ombud within six months
- c. Submitting the complaint to the relevant court of law
- d. Appealing the decision of the FSP to the Banking Ombudsman or Long-term Insurance Ombudsman

24. The impact of disclosure requirements of FSP's is that they have to:

- a. Print the disclosure on all their official correspondence and voice-recorded communications to clients
- b. Ensure that disclosures are displayed in such a way that they are clearly visible to any person, whether a client or not
- c. Draw up the required disclosure documents and ensure that representatives use them during client interactions
- d. Design interactive business processes support by technology to ensure that disclosures are made consistently

25. The definition of a complaint in terms of the FAIS Act means a complaint concerning the rendering of a financial service to the complainant which results in:

- a. The complainant having suffered losses due to market volatility
- b. An unpleasant interaction between the complainant and the representative
- c. The complainant suffering financial damage or damage caused to the complainant
- d. The representative failed to comply with the provisions of the FICA Act

26. Peter Piper has been issued with business cards by his FSP that reflect his contracted title, the name and registration number of the FSP and his business contact details. Which further information regarding Peter Piper should be reflected on the disclosure letter?

- a. In which category he is authorised to provide a financial service
- b. In which categories he is authorised to provide services and whether he is fit and proper or working under supervision
- c. The financial services category in which he is licensed to operate and on what conditions he may do so
- d. Personal Indemnity insurance and any licence restrictions held by Peter Piper

27. Which of the following is NOT included in the definition of a product supplier in terms of the FAIS act? any person:

- a. Authorised to issue a financial product
- b. Approved to issue a financial product
- c. Granted the right to issue a financial product
- d. With the ability to issue a financial product

28. If financial services are rendered by a person NOT authorised as a financial services provider or representative, the agreement between the product supplier and the client will:

- a. Still be enforceable, although the service was rendered by an unauthorised person
- b. Not be enforceable, because the service was rendered by an unauthorised person
- c. Be regarded as though it never existed because the service was rendered by an unauthorised person
- d. In enforceable only by the client because the service was rendered by an unauthorised person

29. Assume that you are involved in the training of new advisers. You have to discuss the steps to be followed when providing advice to them. which one on the following statements includes all the steps that you have to discuss?

- a. Conduct an analysis and recommend suitable financial products
- b. Obtain information, conduct an analysis, indentify suitable financial products and make the necessary product disclosures
- c. Obtain information, identify suitable financial products and make the necessary disclosures regarding product replacement
- d. Identify suitable financial products and make the necessary recommendations

30. What should you do if you have employed a representative who does not meet all the “Fit and Proper” requirements by the relevant date?

- a. Suspend the representatives licence
- b. Extend the supervision period
- c. Debar the representative
- d. Report the situation to the Registrar for further action

31. Debarment of a representative means:

- a. An FSP grants a representative the authority 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

32. A representative should be debarred if:

- a. He failed to meet any of the fit and proper requirements before applying for a licence to the Registrar
- b. He failed to comply with the fit and proper requirements for being a representative
- c. He was convicted of a criminal offence within five years prior to applying for a licence
- d. He lacked the required operational ability before applying for a licence to the Registrar

33. The purpose of debarment is to ensure that:

- a. The Registrar is able to maintain proper records of representatives who do not meet “Fit and Proper” requirements
- b. Representatives who do not meet “Fit and Proper” requirements are punished
- c. Financial service providers are protected against the consequences of employing people who do not meet “Fit and Proper” requirements
- d. In certain circumstances, representatives are removed from rendering financial services to clients

34. The term natural person is used in the Financial Advisory and Intermediary Services Act to:

- a. Include incorporated or unincorporated bodies, State organs or trusts
- b. Distinguished a human being from a legal person, such as a company
- c. Distinguish a human being from a State organ or partnership
- d. Exclude unincorporated bodies, such as certain State organs or partnerships

35. Key individuals are:

- a. Financial intermediaries who oversee the activities of FSP's and their representatives
- b. Legal persons who regulate the compliance of FSP's with the requirements of FAIS
- c. Natural persons responsible for overseeing and managing the activities of FSP's and representatives
- d. Legal persons appointed to resolve disputes between consumers' and FSP's

36. The individual appointed by a FSP to report to the FSB on compliance issues is:

- a. A key individual
- b. A representative
- c. A compliance officer
- d. An internal auditor

37. Which of the following is NOT part of the role of a compliance officer?

- a. Monitoring compliance with the Act
- b. Identifying weak areas in the business and making the necessary changes within the business to strengthen them
- c. Supervising the compliance function
- d. Submitting reports to the Registrar, as required by the Act

38. A financial services provider may appoint the following persons as a compliance officer:

- a. Any internal member of staff, whether administrative staff or salesperson
- b. Any external person prepared to undertake the role for a fee
- c. Any internal or external person with a legal or accounting degree and three years financial services experience
- d. Any internal or external person who has been accredited by the Financial Services Board as a compliance officer

39. Once a financial services provider has appointed a compliance officer:

- a. The compliance officer becomes accountable for compliance in the organisation
- b. The financial services provider remains accountable for compliance in the organisation
- c. The financial services provider and the compliance officer are jointly accountable for compliance in the organisation
- d. The financial services provider is accountable for compliance in the organisation only when issues are referred by the compliance officer

40. FICA allows for third parties to keep records on behalf of an accountable institution. The condition(s) attached to this allowance is/are that:

- a. The third party is responsible for the destruction of documents after the prescribed period of five years
- b. No one expect the staff of the accountable institution has access to the records
- c. The accountable institution has free and easy access to the records and that the FIC has been informed of the particulars of the third party
- d. The compliance officer of the FSP has to approve the third party's storage facilities in terms of FICS's requirements

41. The FAIS Act requires that every FSP must maintain records for a period of five years after termination of the product concerned or after:

- a. The rendering of the financial service concerned
- b. The inception date of the product concerned
- c. The last contact with the client
- d. The date on which the proposal form for the product was signed

42. Maximum penalties under the Prevention of Organised Crime Act can be as high as a fine of:

- a. R100 million or imprisonment for 30 years
- b. R50 million or imprisonment for 30 years
- c. R100 million or imprisonment for 15 years
- d. R10 million or imprisonment for 10 years

43. The object of the Financial Intelligence Centre include exchanging information with:

- a. Interpol regarding money laundering activities
- b. The United Nations Special Committee on Money Laundering and Terrorism
- c. The South African Revenue Services (SARS) to ensure the prosecution of offenders
- d. Similar bodies in other countries regarding money laundering activities

44. Which of the following is NOT part of the second stage of the money laundering process:

- a. Disguising the nature, effect and source of crime
- b. Disguising the ownership of the proceeds of a crime
- c. Disguising the origin of the proceeds of a crime..
- d. Disguising the audit trail of proceeds of a crime

45. The purpose of the FICA Act is to combat money laundering activities. Which one of Mr X's transactions constitutes a money laundering activity?

- a. Mr X buys a house with the proceeds of a second-hand policy that he purchased from his brother, who is in jail for fraud. One year later he sells the house to fund an overseas trip.
- b. Mr X buys a brand new Volvo car with undeclared profits from his taxi business. Six months later he sells the car to fund and overseas trip
- c. Mr X buys unit trusts with the proceeds from the sale of his adult entertainment club. Eight months later he sells his unit trust interest and uses it as a deposit for a house he is purchasing
- d. Mr X buys a second-hand policy with money he won in the local casino. Nine months later he surrenders the policy to buy a car.

46. In simple terms, FICA requires the creation of a paper trail, which means:

- a. Sufficient paperwork to show all the details of a transaction concluded with an accountable institution
- b. Sufficient paperwork to prove the accountable institution was entitled to conduct the specific transaction
- c. Detailed records of the origin of money placed with an accountable institution and people involved
- d. Detailed records of any investments made through an accountable institution

47. Which of the following is NOT indicator of money laundering?

- a. Constant movement of money among different business entities
- b. Transactions involving large cash amounts
- c. Transferring a large amount electronically into an account and refusing to disclose its source
- d. The client has numerous bank accounts

48. If an accountable institution established a business relationship with a client before the commencement of FICA:

- a. The provision of FICA will not apply to the relationship
- b. The identity of the client must still be verified
- c. The identity of the client need only be verified in the event of a suspicious transaction
- d. The identity of the client need only be verified in the event of an exceptionally large transaction

49. All accountable institutions are required to report information regarding possible money laundering activities to the Financial Intelligence Centre, which:

- a. Investigate and prosecutes the matter in court
- b. Hands it over to the appropriate authorities for further recourse
- c. Requests the money laundering reporting officer in the accountable institution to investigate the matter
- d. Requests the South African Police Service to investigate the matter and report back to it

50. The duties FICA imposes on a financial services provider relating to its employees are the training of staff and:

- a. Formulating a code of conduct binding on all staff members
- b. Ensuring that all staff meet the fit and proper requirements
- c. Formulating and implementing internal rules
- d. Formulating and implementing internal rules and reporting all breaches by staff to the Financial Intelligence Centre