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Marks 9.00/50.00

Grade 58.0 out of 100.0

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Question 1

Correct

Mark 1.00 out of 1.00

Select the CORRECT answer:

Customer due diligence in terms of FICA refers to:

- i. What the accountable institution knows about the client.
- ii. What the accountable institution understands about the the business the client is conducting.
- iii. What the accountable institution understands about the type of transactions it can expect in the course of the business relationship.

Select one:

- a. i and ii only.
- b. i and iii only.
- c. ii and iii only.
- d. i, ii, and iii.



Question 2

Incorrect

Mark 0.00 out of 1.00

The office of the Ombudsman for long-term insurance is created by the following legislation:

Select one:

- a. The FAIS Act.
- b. The Long-Term Insurance Act.
- c. The Policyholder Protection Rules.
- d. The FAIS General Code of Conduct.



Question 3

Incorrect

Mark 0.00 out of 1.00

A transaction was started on 30 September 2015 and concluded on 2 October 2015, but on 10 October 2015 a suspicious transaction report was submitted.

Until when should the records of the transaction be kept according to the FIC Act?

Select one:

- a. 2 October 2018.
- b. 30 September 2020.
- c. 2 October 2020.
- d. 10 October 2020.



Question 4

Correct

Mark 1.00 out of 1.00

A waiting period will not be applied:

Select one:

- a. When a child reaches 21 and is then covered under the extended family benefit.
- b. When a grandparent reaches 65 and is covered under the extended family benefit.
- c. When a nephew reaches 21 and is covered under the extended family benefit.
- d. When a brother reaches 65 and is covered under the extended family benefit.



Question 5

Incorrect

Mark 0.00 out of 1.00

The qualifying criteria serve 2 purposes. They are used to:

Select one:

- a. see if people meet the Honesty Integrity and Good Standing Requirements.
- b. set the standards for the Regulatory Examinations.
- c. evaluate the content of the qualifications.
- d. a and b.
- e. b and c.
- f. a and c.



RE 5 Mock Exam 2018

Question 6

Incorrect

Mark 0.00 out of 1.00

Section 21 (1) of FICA requires accountable institutions to identify new clients and verify their particulars before any transaction may be concluded or any business relationship is established with them unless they qualify for Exemption 2.

Exemption 2 stipulates that:

Select one:

- a. An accountable institution may accept a mandate from a prospective client and proceed to establish a business relationship or conclude a single transaction with that client.
- b. Banks are not regarded as accountable institutions in terms of FICA.
- c. Each supervisory body is responsible for enforcing compliance with money laundering legislations by the accountable institutions under its regulation or supervision.
- d. None of the above. Exemption 2 has been repealed.

Your answer is incorrect.



Question 7

Incorrect

Mark 0.00 out of 1.00

Competence requirements relating to Class of Business training do NOT apply to:

Select one:

- a. A Category I FSP, its Key Individuals and Representatives that are authorised, approved or appointed only to render financial services or manage or oversee financial services in respect of Long-Term Insurance subcategory A and/or Friendly Society Benefits.
- b. A Key Individual of a Category I FSP who is only appointed to render financial services in respect of Tier 1 financial products.
- c. A Category I FSP that is authorised to render financial services in respect of Tier 1 financial products.
- d. A Key Individual who also performs intermediary services in respect of Tier 1 financial products.



Question 8

Incorrect

Mark 0.00 out of 1.00

Which one of the following actions does NOT constitute advice under FAIS?

Select one:

- a. Recommending a funeral policy to a client.
 - b. Helping a client to obtain a loan or cession on a policy.
 - c. Helping a client with a re-purchase from a unit trust.
 - d. Processing the claims of a client against a product supplier.
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Question 9

Incorrect

Mark 0.00 out of 1.00

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

Select one:

- a. A cancellation of an endowment policy 1 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.
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Question 10

Incorrect

Mark 0.00 out of 1.00

Jeanne has been licensed as an FSP of ABC Finance for the past 2 years. A colleague, Laura, who worked with her at Safe Insurance many years ago has been appointed at ABC Finance and realised that Jeanne left Safe Insurance under a cloud because her licence was withdrawn at the time due to dishonesty. Choose the CORRECT statement:

Select one:

- a. Laura reports the previous withdrawal of Jeanne's licence to the Authority, her current licence may be withdrawn on the grounds that she did not disclose all relevant information to the Authority.
 - b. If Laura reports the previous withdrawal of Jeanne's licence to the Authority, it will not have any effect on Jeanne's current licence.
 - c. If Laura reports the previous withdrawal of Jeanne's licence to the Authority, she will have to continue working under supervision.
 - d. If Laura reports the previous withdrawal of Jeanne's licence to the Authority, he may determine that she should do additional CPD hours for the next 2 years.
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Question 11

Correct

Mark 1.00 out of 1.00

Which of the following people would automatically need to undergo extensive due diligence according to the FIC Act?

Select one:

- a. A small business owner.
- b. An accountant at a bank.
- c. The son or daughter of the King of Lesotho.
- d. A student.



Question 12

Correct

Mark 1.00 out of 1.00

Financial products are grouped in the various product categories and subcategories. The following are examples of financial products in the FAIS Act:

Select one:

- a. Credit life insurance.
- b. Money market funds managed by a fund manager.
- c. Shares in a company such as Old Mutual.
- d. Savings and 32-day notice deposit accounts.
- e. All of the above.



Question 13

Correct

Mark 1.00 out of 1.00

Before sequestration, winding-up or closure of an FSP, business will become effective and legal under the following condition(s):

Select one:

- a. The FSP must lodge the necessary documentation with the Authority.
- b. The FSP must get the 'approval' of the Authority.
- c. The court must agree to adequate distribution of assets.
- d. a and b.
- e. a and c.



Question 14

Correct

Mark 1.00 out of 1.00

Leroy has advised Kelly on an investment policy. In order for Leroy to carry out the compliance provisions, he has to disclose certain important information under the FAIS General Code of Conduct. Which one of these statements is INCORRECT?

Select one:

- a. All information must be factually correct.
- b. All information must be provided in plain language.
- c. All information must be provided within a period of 3 months so as to afford the client sufficient time to make an informed decision. ✓
- d. All information must avoid uncertainty and confusion and not be misleading.



Question 15

Incorrect

Mark 0.00 out of 1.00

'Advice', as defined in the FAIS Act, is given with a view to:

Select one:

- 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.



RE 5 Mock Exam 2018

Question 16

Correct

Mark 1.00 out of 1.00

The first and second level regulatory examinations must be completed:

Select one:

- a. within 2 years from the date of first appointment.
- b. within 5 years from the date of first appointment.
- c. within 2 years and 6 years, respectively, from the date of first appointment.
- d. within 3 years and 6 years, respectively, from the date of first appointment.

Question 17

Incorrect

Mark 0.00 out of 1.00

The Financial Intelligence Centre Act requires that a Risk Management and Compliance Programme needs to be developed, documented, maintained and implemented. The Risk Management and Compliance Programme would NOT govern which option?

Select one:

- a. The process to monitor the financial application of clients' funds.
- b. A process for the recording of the required information, as well as the manner in which, and place at which the records must be kept.
- c. The steps to be taken to determine when a transaction is reportable.
- d. The training of employees of the FSP to recognise and handle suspected money laundering activities.

Question 18

Incorrect

Mark 0.00 out of 1.00

The different types of financial services and products that an FSP can deal with in terms of FAIS do NOT include:

Select one:

- a. Intermediary services concerning a financial product.
- b. Financial advice concerning a financial product.
- c. Advice on financial products, as defined in the Act.
- d. Advice concerning the viability of a client's budget.

Question 19

Correct

Mark 1.00 out of 1.00

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?

Select one:

- a. Complaints submitted by a specific client against another 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.
- d. Complaints relating to a financial service rendered by a sole proprietor.



Question 20

Incorrect

Mark 0.00 out of 1.00

Choose the statements that are FALSE with regard to general experience requirements which have to be met by Representatives in all product categories:

- i. The Representative must, on the date of the appointment (by the FSP) meet the minimum experience required in the different subcategories (as described in the relevant table).
- ii. The experience may be intermittent experience gained 6 years prior to application date.
- iii. The experience must have been obtained through active involvement in providing financial services and could not have been gained while working under supervision.
- iv. The experience must have been obtained through active involvement in providing financial services and could have been gained while working under supervision for the minimum experience period.

Select one:

- a. i and iv.
- b. i and iii.
- c. ii and iii.
- d. iii and iv.



RE 5 Mock Exam 2018

Question 21

Incorrect

Mark 0.00 out of 1.00

Lucy acts as a Representative for Safe Insurance. 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. Choose the CORRECT statement:

Select one:

- a. Lucy provided an intermediary service to the client.
- b. Lucy provided advice to the client.
- c. Lucy provided advice and an intermediary service to the client.
- d. Lucy complied with the steps that a Representative has to follow when providing advice.



Question 22

Correct

Mark 1.00 out of 1.00

Which of the following institutions are included in Schedule 1 of the FIC Act?

- i. Banks.
- ii. A member of a stock exchange licensed under the Stock Exchanges Control Act, 1985 (Act 1 of 1985).
- iii. The Ithala Development Finance Corporation Limited.
- iv. A person who has been approved or who falls within a category of persons approved by the Registrar of Financial Markets in terms of section 5 (1) (a) of the Financial Markets Control Act, 1989 (Act 55 of 1989).

Select one:

- a. i and iv.
- b. i and iii.
- c. i, ii, iii and iv.
- d. ii and iv.



Question 23

Incorrect

Mark 0.00 out of 1.00

After the introduction of FAIS, aggrieved clients:

Select one:

- a. still have to prove that inappropriate or poor advice caused them damage or loss.
- b. no longer have to prove that the inappropriate or poor advice caused them damage or loss.
- c. can now obtain redress from the Ombud on a no-fault basis, without having to prove anything against the advisor.
- d. can now obtain redress because the advisor is answerable to the Ombud.

Question 24

Incorrect

Mark 0.00 out of 1.00

Select the INCORRECT statement. A provider, other than a direct marketer, must, prior to providing a client with advice:

Select one:

- a. take reasonable steps to seek appropriate and available information from the client regarding their financial situation, financial product experience and objectives to enable the provider to provide the client with appropriate advice.
- b. conduct a comprehensive financial needs analysis for purposes of the advice based on the information provided.
- c. identify the financial product or products that will be appropriate to the client's risk profile and financial needs, subject to the limitations imposed on the provider under the Act or any contractual arrangement.
- d. take reasonable steps to establish whether the financial product identified is wholly or partially a replacement for an existing financial product of the client and, if it is such a replacement, the provider must comply with sub-paragraph (d).

Question 25

Correct

Mark 1.00 out of 1.00

Lindiwe has been appointed as the Compliance Officer at ABC Finance. Her role will be to:

Select one:

- a. ensure compliance with the FAIS Act.
- b. report to the FSCA on compliance issues.
- c. ensure compliance with the FAIS Act and to report to the FSCA on compliance issues.
- d. to assist the managing director with his duties.

RE 5 Mock Exam 2018

Question 26

Correct

Mark 1.00 out of 1.00

Once an FSP has debarred a Representative, the FSP has to take steps to ensure that:

Select one:

- 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 Representative are not disadvantaged and that any unconcluded business is properly concluded.
- d. all records of the debarred Representative's clients are destroyed.

Question 27

Correct

Mark 1.00 out of 1.00

The role of the underwriter is to:

Select one:

- a. Ensure that the insurer only insures young, healthy clients who will live for a long time.
- b. Not accept the risk of insuring old, unhealthy clients who will only live for a short time.
- c. Ensure that the insurer is not exposed to risks that will result in the insurer's inability to pay out claims.
- d. Ensure that the insurer is exposed to risks that will make them more competitive in the funeral insurance market.

Question 28

Correct

Mark 1.00 out of 1.00

The policyholder is the owner of the policy and is:

Select one:

- a. Entitled to the benefits of the policy.
- b. Responsible for the payment of the premiums of the policy.
- c. Entitled to the benefits of the policy and is also responsible for the payment of the premiums on the policy.
- d. Entitled to the benefits of the policy and is responsible for accepting the risk of the lives assured on the policy.

Question 29

Correct

Mark 1.00 out of 1.00

ABC Finance wants to disclose confidential information concerning a client. Choose the CORRECT statement.

Select one:

- 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 Authority has given them permission.
- d. They may do so if the Compliance Officer has given them permission.

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Question 30

Correct

Mark 1.00 out of 1.00

The Register kept by the FSP relating to Representatives must indicate the capacity in which the Representative acts for the FSP, because the Representative may:

Select one:

- a. not be an employee, but may be an independent contractor.
- b. not be an employee, but may be a mandatary.
- c. not be an employee, but an independent broker.
- d. be either a mandatary or an employee.

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RE 5 Mock Exam 2018

Question 31

Correct

Mark 1.00 out of 1.00

In terms of Section 18 of the FAIS Act, the following records relating to the claim should be kept:

Select one:

- a. All documentation submitted by the policyholder or beneficiary.
- b. All documentation relating to the payment of the claim by the insurer.
- c. All documentation submitted by the policyholder or beneficiary and all documentation relating to the payment of the claim by the insurer.
- d. All documentation relating to the sale of the policy and the premium notifications sent to the policyholder.

Question 32

Correct

Mark 1.00 out of 1.00

The compliance report requires the following information:

- i. Information about how the FSP managed conflicts of interests.
- ii. Information about the FSP's adherence to the risk management requirements in the General Code.
- iii. Information about the advertising practices of the FSP.

Select one:

- a. i and ii.
- b. ii and iii.
- c. i and iii.
- d. i, ii, and iii.

Question 33

Correct

Mark 1.00 out of 1.00

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

Select one:

- a. Ombud.
- b. FSP.
- c. Managing Director.
- d. Registrar.

Question 34

Incorrect

Mark 0.00 out of 1.00

FICA does not provide for:

Select one:

- a. Regulation of access to information.
 - b. The establishment and operation of the Financial Intelligence Centre.
 - c. Accepting a complaint for investigation.
 - d. Creation of money laundering control obligations for specific persons and institutions.
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Question 35

Incorrect

Mark 0.00 out of 1.00

Several Codes of Conduct have been published to date. Which of the following is NOT a Code of Conduct?

Select one:

- a. Code of Conduct for FSPs and Representatives who are involved in Forex Investment business.
 - b. The General Code of Conduct for Authorised Financial Service Providers.
 - c. The Specific Code of Conduct, which relates to long-term deposit business.
 - d. None of the options listed.
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Question 36

Correct

Mark 1.00 out of 1.00

Of what does the FIC Act require the FSP to keep records?

Select one:

- a. Proceeds of insurance products or investments that are paid out on maturity.
- b. The number of Representatives working for it.
- c. All records relating to customer due diligence as well as the transactions carried out with clients.
- d. Annual reports.



Question 37

Incorrect

Mark 0.00 out of 1.00

The general experience requirements which apply to all Representatives in all the product categories:

Select one:

- a. must be experience gained in unbroken periods, not more than 10 years prior to the application.
- b. may be experience gained within or outside the borders of South Africa.
- c. may not be experience gained simultaneously in multiple subcategories.
- d. All of the above.



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RE 5 Mock Exam 2018

Question 41

Correct

Mark 1.00 out of 1.00

William has a funeral policy and the premium of this policy is payable by debit order on the first of every month. Should the premium of the policy not be paid, then there is a period in which William is required to pay the premium. This period is known as:

Select one:

- a. Premium-paying period.
- b. Premium-extension period.
- c. Days of grace.
- d. Grace period.

Question 42

Correct

Mark 1.00 out of 1.00

There should be documented processes in place to record:

Select one:

- a. the CPD hours and related activities of Representatives.
- b. compliance by Representatives and Key Individuals with the applicable Fit and Proper Requirements.
- c. the categories and products for which Representatives and Key Individuals are authorised to provide intermediary services.
- d. initial and ongoing checks on the fitness and propriety of Representatives and Key Individuals.
- e. All of the above.

Question 43

Correct

Mark 1.00 out of 1.00

'Advice' as defined in terms of FAIS does NOT include any recommendation with the intention of getting the client to consider:

Select one:

- a. purchasing or investing in a financial product.
- b. finalising a loan on a financial product.
- c. changing or replacing a financial product or investment.
- d. drafting a will.

Question 44

Correct

Mark 1.00 out of 1.00

A Representative receives a large sum of money to invest for a customer. The customer wants to split the money between unit trusts, investment policies, bank investments and fixed property shares, all with the shortest term possible. He does not want to comment on the reason for this choice of production combination. The Representative suspects money laundering and he is, therefore, required to:

Select one:

- a. Inform the customer that he has to report the transaction.
- b. Advise the customer that he is not able to assist him without further information.
- c. Report the transaction without informing the customer.
- d. Process the request and flag the newly created accounts as suspects.

Question 45

Correct

Mark 1.00 out of 1.00

The FIC Act imposes certain duties on accountable institutions. Which of the following statements are FALSE with regard to these duties?

- i. Accountable institutions may keep certain records.
- ii. Accountable institutions may report certain information.
- iii. Accountable institutions must perform customer due diligence using a risk-based approach.
- iv. Accountable institutions must implement measures that will assist them in complying with the FICA.

Select one:

- a. i and iv only.
- b. i and iii only.
- c. i and ii only.
- d. ii and iv only.

Question 46

Incorrect

Mark 0.00 out of 1.00

Which of the following is NOT required in terms of FAIS? Representations made and information provided to a client by the provider:

Select one:

- a. must be factually correct.
- b. may, subject to the provisions of the General Code of Conduct, be provided orally and must be confirmed in writing within 30 days.
- c. must, where provided in writing or by means of standard forms or format, be in a clear and readable print size, spacing and format.
- d. must be provided in plain language, avoid uncertainty or confusion and not be misleading.

~~your answer is~~

Question 47

Correct

Mark 1.00 out of 1.00

Which of the following must be included in the register of Representatives and Key Individuals?

Select one:

- a. A person not employed by the FSP, but who has a verbal agreement to submit business to the FSP.
- b. A person not employed by the FSP, but who has signed an agreement to submit business only to the FSP and one other FSP.
- c. A person not employed by the FSP, but who operates on his own behalf by virtue of a verbal agreement with the FSP.
- d. A person not employed by the FSP, but who operates on behalf of the FSP by virtue of a mandate from the FSP.

~~your answer is~~

Question 48

Correct

Mark 1.00 out of 1.00

The role of the FAIS Ombud is to settle disagreements between clients and financial services providers:

Select one:

- a. That relate to services provided by the FSP in which they did not comply with the FAIS Act.
- b. Where the amount of money involved exceeds R800 000.
- c. Regarding long-term insurance contracts.
- d. Regarding the cancelling of long-term insurance contracts.

Question 49

Incorrect

Mark 0.00 out of 1.00

Which one of the following tasks forms part of the oversight function of the Compliance Officer?

Select one:

- a. Monitoring Representatives' behaviour.
- b. Implementing advice processes.
- c. Liaising with the Registrar.
- d. Identification of training needs.

Question 50

Incorrect

Mark 0.00 out of 1.00

In order to be licensed, providers have to prove that they are Fit and Proper in terms of the Fit and Proper Requirements. Operational Ability is one of the requirements that need to be met.

Which one of the minimum requirements listed is NOT required?

Select one:

- a. Must have a fixed business address from which business is conducted.
- b. Must have adequate communication facilities, including a Telkom landline service and internet access, typing, copying and faxing facilities.
- c. Adequate storage and filing systems for the safekeeping of records.
- d. An account with a registered bank including, where necessary, a specific trust account for client money.