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State Finished

Completed on Tuesday, 2 October 2018, 7:55 PM

Time taken 54 mins 39 secs

Marks 28.00/50.00

Grade 56.00 out of 100.00

Feedback Unfortunately, you have not achieved the pass mark, click here to re-attempt the test in preparation for the official Regulatory Exam.

Question 1

Correct

Mark 1.00 out of 1.00

There is a time period that the FSP has to adhere to regarding the confirmation of information provided to the client. How many days does an FSP have to confirm the information provided to the client verbally regarding product supplied?

Select one:

- a. Within 45 days from date of transaction.
- b. Within 30 days from date of transaction.
- c. Within 12 months from date of transaction.
- d. Immediately.

Question 2

Correct

Mark 1.00 out of 1.00

The FAIS Act requires that the Representative makes certain disclosures during their interaction with the client. The purpose of these disclosures is to:

Select one:

- a. enable the client to make an informed decision.
- b. enable the insurer to evaluate the risk.
- c. be used as an agenda for a discussion with the client.
- d. inform the client of the FSP's complaints resolution process.

Question 3

Incorrect

Mark 0.00 out of 1.00

A record of advice does NOT have to include:

Select one:

- a. a brief summary of the information and material on which the advice was based.
- b. the qualifications of the Representative.
- c. the financial products considered.
- d. the financial products recommended and why these products are suitable for the client.

Question 4

Correct

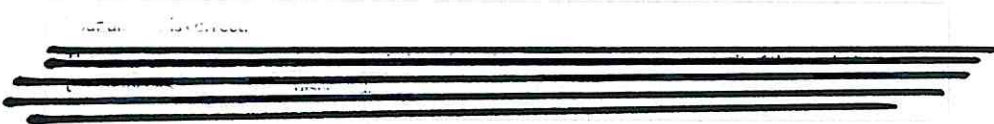
Mark 1.00 out of 1.00

When Representatives provide financial services, it is critical that customers are informed about the commission payable and that the disclosure requirements are adhered to.

What needs to be disclosed to clients?

Select one:

- a. Remuneration, also known as valuable consideration, which is payable to a provider must be disclosed, but not the identity of the product supplier who is paying it.
- b. Any fees or commission which the provider may earn as a result of the rendering of the financial service must be disclosed.
- c. Where the maximum commission amount or rate is prescribed by law, it must state that the amount is not determinable.
- d. The Forex Intermediary must disclose to a client only cash-related incentives offered or other indirect consideration payable to the Forex Intermediary because of the intermediating on the client's investments.



Question 5

Correct

Mark 1.00 out of 1.00

How often should the Representative register be updated?

Select one:

- a. Every month.
- b. Bi-annually.
- c. Within 15 days of any changes to the Representative's Fit and Proper circumstances.
- d. As soon as there are any changes to the Representative's Fit and Proper circumstances.



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Question 6

Incorrect

Mark 0.00 out of 1.00

Broad Bank has been advised that they need to appoint a Compliance Officer. Which of the following would describe the scope of such a person's role?

Select one:

- a. Ensure that all the Broad Bank staff is well informed on all legislation and regulations that apply to FSP's.
- b. Ensure that Broad Bank staff and other Representatives comply with all the requirements, as set out in the FAIS Act.
- c. Submit the required reports and statistics to the FAIS Ombud.
- d. Represent Broad Bank and its Representatives and Key Individuals on the Financial Services Board.

Question 7

Correct

Mark 1.00 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.

Question 8

Correct

Mark 1.00 out of 1.00

Select the CORRECT option:

Select one:

- a. An individual first has to undergo a period of supervision before they can be registered as a Representative.
- b. A 'one-man' brokerage has no Representatives and, therefore, the owner does not have to register as a Representative.
- c. FAIS determines that any individual who wants to render a financial service to clients has to be a registered Representative.
- d. An individual has to be registered within 12 months after having completed their supervision phase.

Question 9

Incorrect

Mark 0.00 out of 1.00

Read the statements carefully and choose the CORRECT statement.

Select one:

- a. Representatives are appointed by the FSP, either through employment or through a mandate-type agreement and act on behalf of the FSP.
- b. Representatives carry the responsibility for their actions, not FSPs.
- c. The Representative register needs to be updated twice a year or when a Representative joins or leaves the FSP's employment.
- d. All of the above.

My answer is correct.



Question 10

Correct

Mark 1.00 out of 1.00

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

Select one:

- a. Regulatory framework.
- b. FAIS Act and FICA.
- c. regulatory framework, the FAIS Act and FICA.
- d. Regulatory framework, the FAIS Act, FICA and the regulatory role and responsibilities of the Representative.

My answer is correct.



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Question 11

Correct

Mark 1.00 out of 1.00

You are an employee of a reporting institution. During the course of your work, you have just become aware of the fact that one of your clients deposited two cash amounts of R20 000 into your company account. In terms of your duties, a report will have to be made to the FIC regarding these transactions. Identify the correct option in terms of the report to be made.

Select one:

- a. A suspicious transaction report needs to be sent within 5 days.
- b. A suspicious transaction report needs to be sent within 15 days.
- c. A cash threshold report needs to be sent within 15 days.
- d. Both a cash threshold report and a suspicious transaction report need to be sent within the relevant periods for reporting.

Question 12

Incorrect

Mark 0.00 out of 1.00

Which one of the following statements most accurately defines a Representative in terms of FAIS legislation?

Select one:

- a. An employee of the FSP whose primary role it is to provide information to customers.
- b. A person who is rendering a clerical, technical, legal or administrative service for an FSP.
- c. Any person who renders a financial service for an FSP, whether employed full time or as a consultant or a temporary employee.
- d. An employee or agent of an FSP who does not need to exercise judgment in terms of financial advice.

Question 13

Incorrect

Mark 0.00 out of 1.00

When dealing with complaints, the Ombudsman must be independent and impartial. The objective of the Ombud is to consider and dispose of complaints. What is the manner in which the Ombud must deal with a complaint?

Select one:

- a. In a fair manner.
- b. In an informal manner.
- c. In an economical and expeditious manner.
- d. All of the options listed.

Question 14

Incorrect

Mark 0.00 out of 1.00

The Competency requirement relating to Product Specific Training applies to:

Select one:

- a. All Key Individuals of all categories of FSPs.
- b. Category II, Category IIA, Category III FSPs and their Representatives.
- c. All Category I Representatives.
- d. All of the above.

Question 15

Incorrect

Mark 0.00 out of 1.00

Ayiesha is a Representative working for BigTime Brokers. The Key Individual was informed by Ayiesha that while she was a director of her previous company that company was placed under liquidation.

Choose the CORRECT statement.

Select one:

- a. Ayiesha cannot act as a Representative, because she does not meet the Fit and Proper requirements in terms of Good Standing.
- b. Ayiesha's Fit and Proper will be assessed by the Authority, having regard to the seriousness of the conduct, and whether the behaviour could potentially have a negative impact on her Honesty, Integrity and Good Standing in future, and the relevance of the conduct.
- c. Ayiesha's Fit and Proper will be assessed by the FSP, having regard to the seriousness of the conduct, and whether the behaviour could potentially have a negative impact on her Honesty, Integrity and Good Standing in future.
- d. Ayiesha must wait 12 months before she can be appointed as a Representative for BigTime Brokers.

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Question 16

Correct

Mark 1.00 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 17

Incorrect

Mark 0.00 out of 1.00

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

Select one:

- a. The types of products available from the product supplier.
- b. Contact details of the compliance department.
- c. Information about the complaints procedure of the product supplier.
- d. Whether the FSP holds more than a 10% share in the product supplier.

Question 18

Incorrect

Mark 0.00 out of 1.00

There are certain disclosures that a Representative needs to disclose to a client. Choose the INCORRECT statement.

Select one:

- a. Details of the financial services that he is authorised to provide in terms of the mandate or appointment by FSP.
- b. Name and contact details of the product provider.
- c. Whether more than 30% of his total commission from the previous 12 months was from one product supplier.
- d. Details of the financial services that he is authorised to provide and whether more than 30% of his total commission for previous 12 months was from one product supplier.

Question 19

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 20

incorrect

Mark 0.00 out of 1.00

Which of the following activities do NOT qualify as CPD activities?

Select one:

- a. Courses performed towards a qualification.
- b. Conferences, workshops and seminars accredited by a professional body.
- c. Product Specific Training.
- d. Passing a Regulatory Examination.

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Question 21

Correct

Mark 1.00 out of 1.00

If a Representative is found guilty of misconduct regarding the Code of Conduct and is no longer Fit and Proper, what restrictions will be imposed?

Select one:

- a. The Representative will be placed under supervision and left on the register.
- b. The Representative will be left on the register but with a note that they are not Fit and Proper.
- c. The Representative will be removed from the Representative register and, therefore, debarred.
- d. All of the options listed.

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Question 22

Correct

Mark 1.00 out of 1.00

Liam is a newly appointed Compliance Officer. He knows that his monitoring function includes communication with the FSP. He wants to know how to perform this communication duty in terms of FAIS.

Select one:

- a. He has to meet with the FSP monthly to report on the strengths and weaknesses of the compliance system.
- b. He has to provide the FSP with written reports (at least quarterly), including his achievements with regard to compliance-monitoring duties and to make recommendations.
- c. He has to provide the FSP with an annual written report on the achievements of the compliance function.
- d. He has to provide the FSP with regular memos in which he indicates the number of activities that did not comply with FAIS.

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~~_____~~
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Question 23

Incorrect

Mark 0.00 out of 1.00

The FSP must have a separate bank account at a bank, designated to receive funds and premiums from clients, which is separate from any other funds.

Which statement below is TRUE in respect of bank charges?

Select one:

- a. The FSP is responsible for bank charges including the charges which relate to deposit or withdrawals.
- b. The FSP is responsible for bank charges except the charges which relate to deposit or withdrawals, which the client must pay. ✓
- c. The client is responsible for all bank charges, but the FSP must pay all interest accumulating in the account to the client or owner of the funds.
- d. The FSP is responsible for all bank charges, but may retain all interest accumulating in the account.

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Question 24

Correct

Mark 1.00 out of 1.00

Jackson works for an FSP with a single subclass of business within a single class of business.

Once Jackson has met the competency requirements, he then has to meet the CPD Fit and Proper Requirement. Choose the CORRECT statement

Select one:

- a. The CPD Fit and Proper Requirement will require him to complete 5 to 30 notional hours of development over a 3-year cycle.
- b. The CPD Fit and Proper Requirements will require 15 to 60 notional hours of development over a 5-year cycle.
- c. The CPD Fit and Proper Requirement requires him to complete a minimum of 6 hours of CPD activities per CPD cycle.
- d. The CPD Fit and Proper Requirement will require 15 to 50 notional hours of development over a 2-year cycle.

Question 25

Correct

Mark 1.00 out of 1.00

ABC Finance is in the process of debarring Samantha. Before they may remove her name from their register they have to inform Samantha:

Select one:

- a. of the conditions for lifting the debarment only.
- b. in writing of the debarment only.
- c. in writing of the debarment, informing her of the reasons for the debarment as well as the conditions for lifting it.
- d. of the reasons for the debarment only.

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Question 26

Incorrect

Mark 0.00 out of 1.00

Under Section 22A of FICA, which record is NOT kept?

Select one:

- a. The amount involved and the currency in which it was denominated.
- b. The date on which the transaction was concluded.
- c. Business correspondence.
- d. Register of Representatives.

Question 27

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.

Question 28

Incorrect

Mark 0.00 out of 1.00

What is the requirement instituted under the FIC Amendment Act, 1 of 2017 which the accountable institutions need to adhere to?

Choose the INCORRECT statement.

Select one:

- a. Accountable institutions have a duty to perform customer due diligence using a risk-based approach.
- b. Accountable institutions need to report cash transactions over R100 000.00.
- c. Accountable institutions need to keep records of all transactions and customer due diligence processes.

Question 29

Correct

Mark 1.00 out of 1.00

The FAIS Act requires that the FSP or Key Individual must ensure the Representatives are Fit and Proper at recruitment and appointment stage and secondly that the Representatives remain Fit and Proper throughout their employment.

Choose the statement that is FALSE.

Select one:

- a. To ensure Honesty Integrity and Good Standing, you can check the data bureau.
- b. To ensure Honesty Integrity and Good Standing, you should only rely on the applicant's disclosure of information as the FAIS Act prohibits any checking of information submitted by prospective Representatives.
- c. To ensure Honesty Integrity and Good Standing, you can check the validity of membership of professional bodies or other institutions.
- d. To ensure Honesty Integrity and Good Standing, you can check the FSCA website to see if a Representative has been debarred.

Question 30

Correct

Mark 1.00 out of 1.00

FICA places certain duties on accountable institutions. These are:

Select one:

- a. The duty to perform customer due diligence, the duty to keep records, reporting duties and access to information, measures to promote compliance by accountable institutions, and referral and supervision.
- b. The duty to perform customer due diligence and to report suspicious transactions.
- c. The duty to 'know your client', reporting duties and to train internal personnel.
- d. The duty to perform customer due diligence, the duty to keep records, reporting duties, and referral and supervision.



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Question 31

Correct

Mark 1.00 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 32

Incorrect

Mark 0.00 out of 1.00

Which of the following statements is FALSE?

Select one:

- a. The Authority may allow reinstatement of a suspended or withdrawn licence under certain conditions.
- b. There are no implications in terms of other legislation when a FAIS licence lapses.
- c. The Authority must be advised in writing by the licensee, of the lapsing of a licence and the reasons, therefore, and the Authority may not publish any detail about the lapsing.
- d. The Authority must be advised in writing by the licensee, of the lapsing of a licence and the reasons therefore, and the Authority may publish the lapsing of a licence by notice in the Gazette.

Question 33

Correct

Mark 1.00 out of 1.00

The FAIS General Code does NOT require Representatives to:

Select one:

- a. make adequate disclosures.
- b. maintain adequate and appropriate recordkeeping.
- c. keep a log of all car expenses.
- d. keep clients' funds safe and separate.

Question 34

Incorrect

Mark 0.00 out of 1.00

Which one of the following is NOT a financial product as defined by FAIS?

Select one:

- a. Deposits.
- b. Investments.
- c. Insurance.
- d. Loans.

Question 35

Correct

Mark 1.00 out of 1.00

Joni is married to Tom and they have two children, Katherine (3) and David (7). Joni would like to take out a funeral policy for the members of her family. She can take out a funeral policy for:

Select one:

- a. Herself only.
- b. Herself and her spouse only.
- c. Herself, her spouse and children over 5 years of age.
- d. Herself, her spouse and both children.



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Question 36

Correct

Mark 1.00 out of 1.00

Where would you find the prescribed steps and the action to be taken when Representatives give advice to clients?

Select one:

- a. Financial Advisory Intermediary Services Act.
- b. General Code.
- c. Financial Intelligence Centre Act.
- d. National Credit Act.



Question 37

Correct

Mark 1.00 out of 1.00

Once a suspicious transaction has been reported and the authorities have investigated, The FIC must obtain information on the unlawful activities. How would they go about obtaining such information? Choose the INCORRECT statement.

Select one:

- a. They can only apply for a warrant to access records of a bank.
- b. They can apply for a warrant to access records.
- c. They can apply for a warrant to access records provided that there are reasonable grounds to believe that the records will assist in identifying the proceeds of unlawful activities.
- d. a and c.



Question 38

Incorrect

Mark 0.00 out of 1.00

Sam works as a Representative for an FSP. He also writes a column on financial planning for a well-known magazine. In terms of FAIS this is:

Select one:

- a. Advice, because Sam is a Representative of an FSP.
- b. Not advice, because Sam is not making specific recommendations or providing guidance or making a proposal in respect of a financial product.
- c. Not advice, because the FAIS definition of 'client' does not include the general public.
- d. Advice because FAIS defined advice as 'any recommendation, guidance or proposal of a financial nature furnished by any means or medium, to any client or group of client'.



Question 39

Incorrect

Mark 0.00 out of 1.00

According to BN194 of 2017, 'Cash' means:

Select one:

- a. Physical currency consisting of Reserve Bank notes and coins; any balance in an account with a bank, branch of a bank or a bank established in a country other than the Republic and which lawfully conducts in such other country a business similar to the business of a bank, excluding a facility that extends credit.
- b. Any currency consisting of Reserve Bank notes and coins; gold coins and cryptocurrency; any balance in an account with a bank, branch of a bank or a bank established in a country other than the Republic and which lawfully conducts in such other country a business similar to the business of a bank, excluding a facility that extends credit.
- c. Any currency consisting of Reserve Bank notes and coins; any balance in an account with a bank, branch of a bank or a friendly society or stokvel conducts business similar to the business of a bank, excluding a facility that extends credit.
- d. Physical currency consisting of Reserve Bank notes and coins; any balance in an account with a bank, branch of a bank or a bank established in a country other than the Republic and which lawfully conducts in such other country a business similar to the business of a bank, including a facility that extends credit.



Question 40

Correct

Mark 1.00 out of 1.00

Disclosures that must be made regarding an endowment policy do NOT have to include:

Select one:

- 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.



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Question 41

Correct

Mark 1.00 out of 1.00

In terms of FAIS, as far as disclosure on product suppliers is concerned, which statement is CORRECT?

Select one:

- a. The FSP must disclose whether it, during the preceding 12-month period, received more than 30% of total remuneration, including commission, from the product supplier.
- b. The Representative must disclose whether they, during the preceding 12-month period, received more than 30% of total remuneration, including commission, from the product supplier.
- c. The FSP and the Representative must disclose whether they, during the preceding 12-month period, received more than 30% of total remuneration, including commission, from the product supplier.
- d. This requirement does not apply to FSPs and Representatives.

Question 42

Correct

Mark 1.00 out of 1.00

Select the CORRECT answer:

What is the prescribed limit of cash transactions according to the FIC Act?

Select one:

- a. R24 999.99.
- b. R25 000.99.
- c. R25 001.00.
- d. R25 010.00.

Question 43

Correct

Mark 1.00 out of 1.00

In terms of the FAIS Act, a provider is obliged to have appropriate procedures and systems in place to keep client records and documentation safe for a period of:

Select one:

- a. 3 years after the rendering of the financial service.
- b. 5 years after the first contact with the client.
- c. 5 years after the rendering of the financial service.
- d. 5 years after having conducted the first analysis for the client.

Question 44

Incorrect

Mark 0.00 out of 1.00

Joseph has just been appointed as a Representative to sell health-care benefits (he will sell no other products). Which Regulatory Examinations will he be required to take?

Select one:

- a. Level 5 for Representatives and Product Specific Training on the Medical Schemes Act.
- b. Level 1 on the Medical Schemes Act and Level 2 for Representatives.
- c. Level 1 for Representatives and Product Specific Training.
- d. Product Specific Training and Level 2 for Representatives.

Question 45

Incorrect

Mark 0.00 out of 1.00

Blake, a financial advisor for Finitec, recommends that his long-standing client replace his existing motor vehicle insurance policy held with Keen Insurance (originally sold by Blake to the client), with a similar policy offered by Finitec Life. Blake is required to provide certain information to the client when recommending the replacement of a product. Which of the following options are correct?

- i. Blake must provide a comparison of fees and charges between the terminated product and the replacement product.
- ii. Blake must provide a comparison of special terms and conditions, exclusions of liability, waiting periods, loadings, penalties, excesses between the terminated product and the replacement product.
- iii. Blake must provide reasons why the replacement product is considered to be more suitable to the client's needs than keeping or modifying the terminated product.
- iv. Blake is not required to provide any of the information listed in these options as he sold the original product to the client with a full product and fee explanation.

Select one:

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

Question 49

Incorrect

Mark 0.00 out of 1.00

There are certain measures available for consumer protection purposes within the FAIS legislature, when consumers receive inappropriate advice.

Which one of the following is INCORRECT?

Select one:

- a. The consumer can approach the Ombud.
- b. The consumer can institute civil proceedings based on delictual liability.
- c. The consumer can institute civil proceedings based on breach of contract.
- d. None of the above.



Question 50

Incorrect

Mark 0.00 out of 1.00

Which of the following statements is TRUE with regard to the recordkeeping requirements in Section 24 of the FIC Act?

- i. Outsourcing of the recordkeeping duty to a third party releases the accountable institution from the recordkeeping responsibility.
- ii. In terms of Section 24 (1), the recordkeeping duty may be outsourced to a third party, if the accountable institution is given free and easy access to these records.
- iii. Section 24 (3) stipulates that if the accountable institution appoints a third party to keep records on its behalf, the details of the third party must be provided to the FSCA (previously known as the FSB).
- iv. Section 24 (3) stipulates that if the accountable institution appoints a third party to keep records on its behalf, then details of the third party must be provided to the FIC and supervisory body.

Select one:

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

