



**Started on** Tuesday, 2 October 2018, 6:04 PM

**State** Finished

**Completed on** Tuesday, 2 October 2018, 7:00 PM

**Time taken** 55 mins 9 secs

**Marks** 26.00/50.00

**Grade** 52.00 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

Incorrect

Mark 0.00 out of 1.00

The disclosures required from FSPs by the FAIS Act offer the following benefits to customers:

Select one:

- a. The confidence to trust the integrity of the FSP.
- b. The assurance that all legal requirements have been met.
- c. The capacity to make unbiased purchase decisions.
- d. The ability to make well-informed financial decisions.

### Question 2

Incorrect

Mark 0.00 out of 1.00

Representatives working in Category II, IIA and III must have the following to qualify for the exemption:

Select one:

- a. A degree which meets the qualification requirements when appointed by the FSP.
- b. A degree and similar professional qualification which meets the qualification requirements when appointed by the FSP.
- c. A degree or similar professional qualification which meets the qualification requirements when appointed by the FSP.
- d. Those Representatives will have to comply, in respect of the experience requirements set for the Representative at the date of appointment.

### Question 3

Incorrect

Mark 0.00 out of 1.00

CPD activity means an activity that is:

- i. Accredited by a professional body.
- ii. Allocated an hour value or a part thereof by a professional body.
- iii. Verifiable.
- iv. Includes an activity performed towards a qualification.
- v. Includes Product Specific Training.

Select one:

- a. i, ii, and iii only.
- b. i, ii and v only.
- c. i, ii, iii and iv only.
- d. All of the above.

**Question 4**

Incorrect

Mark 0.00 out of 1.00

The Exemption for Representatives appointed for the first time into a FAIS role between 30 September 2004 and 31 December 2009 states that:

Select one:

- a. those Representatives will not have to comply, in respect of the experience requirements set for the Representative at the date of appointment.
- b. those Representatives are obliged to render financial services under supervision while obtaining a qualification, or completing the regulatory exam.
- c. the Exemption is not subject to additional conditions as long as the Representative was appointed during the stated period.
- d. those Representatives will have to comply, in respect of the experience requirements set for the Representative at the date of appointment.



**Question 5**

Correct

Mark 1.00 out of 1.00

In order for an intermediary to collect premiums, he must comply with certain conditions. Which of the following statements are NOT requirements? Choose the incorrect one.

Select one:

- a. Have a separate bank account for premium collection.
- b. Be authorised by the insurer in writing.
- c. Be a member of a professional body.
- d. Have a separate bank account for premium collection and be a member of a professional body.



# RE 5 Mock Exam 2018

## Question 6

Correct

Mark 1.00 out of 1.00

Which of the following statements is TRUE regarding recordkeeping?

Select one:

- a. The documents used as part of the customer due diligence process as well as records of all transactions must be retained for a period of at least 5 years from the date on which the business relationship was terminated.
- b. The documents used as part of the customer due diligence process as well as records of all transactions must be retained for a period of at least two and a half years from the date on which the business relationship was terminated.
- c. The documents used as part of the customer due diligence process as well as records of only transactions, which are regarded important must be retained for a period of at least five years from the date on which the business relationship commenced.
- d. The documents used as part of the customer due diligence process as well as records of all transactions do not have to be retained.



## Question 7

Correct

Mark 1.00 out of 1.00

Money laundering has:

Select one:

- a. little effect on legitimate business and economic development, as it is too small to affect an entire country.
- b. a negative effect on legitimate business and economic development because of its scale and overall impact.
- c. the greatest effect on major economies, because that is where it occurs most often.
- d. little effect on weak economies because they offer the least scope for it.



## Question 8

Correct

Mark 1.00 out of 1.00

The Ombud for Financial Services Providers is responsible for dealing with complaints:

Select one:

- a. submitted by a client against an FSP, relating to the financial service rendered by the FSP.
- b. in a formal and detailed manner.
- c. submitted by a client against an FSP, relating to the administration as well as the financial service rendered.
- d. in a procedurally fair and formal manner.



Question 9

Incorrect

Mark 0.00 out of 1.00

Franco is a Representative of ABC Finance and he needs to disclose the following with regard to the product supplier:

- i. Name, physical location, postal and telephone contact details of the product supplier.
- ii. The contractual relationship between the FSP and the product supplier (if any), and whether the FSP has contractual relationships with other product suppliers.
- iii. Names and contact details of the relevant legal and complaints department of the product supplier.
- iv. If applicable, that the FSP holds more than 30% shares or has the equivalent financial interest in the product supplier and that the FSP received more than 30% of total remuneration, including commission in the last 12 months, from the product supplier.

Select one:

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



Question 10

Correct

Mark 1.00 out of 1.00

Types of advice that may be rendered by a Representative include comprehensive:

Select one:

- a. Advice only.
- b. Advice where no analysis is performed.
- c. Advice when a policy is replaced.
- d. Advice on policy replacements and advice when no analysis is performed.





# RE 5 Mock Exam 2018

## Question 11

Incorrect

Mark 0.00 out of 1.00

Zandile is not able to return to her previous position as an insurance broker after maternity leave. She decides to start up her own business, offering a service to collect and manage broker's commissions. She will provide extensive monthly reports about their earnings, best-selling products, most profitable clients, etc. Which of the following statements is true?

Select one:

- a. Her business is subject to the provisions of the FAIS Act because it provides a service of a financial nature.
- b. Her business is not regarded as that of a Financial Services Provider because she does not work directly with clients.
- c. Her business is regarded as an intermediary service because she provides a collection service to brokers.
- d. Her business is not an intermediary service, because she is not collecting managing financial products purchased by clients.

## Question 12

Correct

Mark 1.00 out of 1.00

Cyril was debarred as a Representative by ABC Finance 2 years ago. He now meets all the Fit and Proper Requirements. Choose the CORRECT statement.

Select one:

- a. Cyril may now be reappointed.
- b. Cyril may now be reappointed if all his previous uncompleted business has been properly concluded.
- c. Cyril 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 or court order.
- d. Cyril 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 or court order.

## Question 13

Correct

Mark 1.00 out of 1.00

The FIC Act imposes certain duties on accountable institutions. Apply your knowledge of these duties and choose the CORRECT statements.

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

Select one:

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

**Question 14**

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. uncompleted 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 uncompleted business is properly concluded.
- d. all records of the debarred Representative's clients are destroyed.



**Question 15**

Correct

Mark 1.00 out of 1.00

If the beneficiary of a funeral policy wishes to submit a claim, the following documentation need NOT be supplied:

Select one:

- a. Originally certified copy of the deceased's ID.
- b. A certified original ID copy of the beneficiary.
- c. Proof of the beneficiary's bank details.
- d. Proof of the deceased's bank details.



# RE 5 Mock Exam 2018

## Question 16

Incorrect

Mark 0.00 out of 1.00

The FAIS Act provides for 5 different categories of licences. Select the licence category that is NOT correctly named:

Select one:

- a. Category II Financial Services Provider.
- b. Category III Administrative Financial Services Provider.
- c. Category IIA Hedge Fund Financial Services Provider.
- d. Category IV Assistance Business Financial Services Provider.

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## Question 17

Incorrect

Mark 0.00 out of 1.00

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:

Select one:

- 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 2 years only.
- d. there are reasonable grounds to believe that the records will assist in identifying the proceeds of unlawful activities.

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## Question 18

Correct

Mark 1.00 out of 1.00

To provide a financial service means to:

Select one:

- a. only give advice.
- b. only provide an intermediary service.
- c. give advice and/or provide an intermediary service.
- d. adhere to the General Code.

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**Question 19**

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 20**

Correct

Mark 1.00 out of 1.00

Lea has a funeral policy and has not been able to pay the premium of the policy within the stipulated period. This policy will:

Select one:

- a. Continue for a further 6 months and then lapse.
- b. Provide cover that will pay out if Susan dies in an accident.
- c. Provide cover that will pay out no matter how Lea dies.
- d. Lapse or be cancelled.





# RE 5 Mock Exam 2018

## Question 21

Correct

Mark 1.00 out of 1.00

The following are examples of subcategories in Category I:

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 22

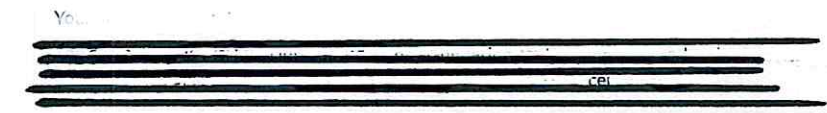
Correct

Mark 1.00 out of 1.00

Choose the most CORRECT statement. What is the main purpose of FICA?

Select one:

- a. FICA criminalises money laundering and imposes certain duties on accountable institutions.
- b. FICA introduced money laundering control measures.
- c. FICA places certain duties on accountable institutions, such as the duty to keep records, report suspicious transactions, and so forth.
- d. FICA introduced money laundering control measures and makes provision for the establishment of a Financial Intelligence Centre and amendment of certain acts. ✓



## Question 23

Incorrect

Mark 0.00 out of 1.00

In terms of Section 34 of the FAIS Act, who may declare a particular business practice to be undesirable?

Select one:

- a. The Authority.
- b. The FAIS Ombud.
- c. The FAIS Compliance Officer.
- d. The Financial Sector Conduct Authority.



## Question 24

Incorrect

Mark 0.00 out of 1.00

The purpose of 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 Representative of the attitude of the client towards the recommended product.



Question 25

Incorrect

Mark 0.00 out of 1.00

When Mr Daniel's uncle dies intestate, he decides to approach an FSP to have a will drawn up. He anticipates having to disclose some sensitive personal information, which must be accessible to his family. What kind of assurance should the Representative give to ease his concerns about disclosing the information?

Select one:

- a. Willingness of the FSP and the Representative to guarantee that the information will remain secret.
- b. The FSP's ability to deal with any difficult family members who may make enquiries about the will.
- c. The right to obtain the knowledge and skill needed for dealing with difficult family members.
- d. Assurance of confidentiality and non-disclosure through effective systems and procedures.



# RE 5 Mock Exam 2018

## Question 26

Correct

Mark 1.00 out of 1.00

There are additional steps taken by the FSP when debaring a Representative. They include:

- i. Ensuring that concluded business of the Representative is properly recorded by the Authority.
- ii. Taking immediate steps to ensure that the debarment does not prejudice the interests of the clients of the Representative.
- iii. Ensuring that all unconcluded business of the Representative is properly concluded.
- iv. Ensuring that all clients get a warning not to do business with the debarred Representative.

Select one:

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

## Question 27

Incorrect

Mark 0.00 out of 1.00

Oliver is the policyholder of a funeral policy on his own life. The insurer, Safe Insurance, has suspended Oliver's benefits without any reason. Oliver must follow the following process, if he wants to lodge a complaint:

Select one:

- a. Lodge his complaint with Safe Insurance.
- b. Lodge his complaint with the FAIS Ombud.
- c. Lodge his complaint with the Ombud for Long-term Insurance.
- d. Lodge his complaint with the Financial Services Board.

## Question 28

Incorrect

Mark 0.00 out of 1.00

The aim of the Section 19 (3) Report is to ensure that clients' assets and or monies held by a provider are:

Select one:

- a. protected from unauthorised use.
- b. kept included in the provider's business funds.
- c. invested according to the provider's instructions.
- d. All of the above.

## Question 29

Incorrect

Mark 0.00 out of 1.00

When Life Insurer A outsources their recordkeeping function in terms of FAIS, they have to ensure that these documents can be accessed by the Registrar for inspection within how many days?

Select one:

- a. 5.
- b. 7.
- c. 6.
- d. 3.

Question 30

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.



# RE 5 Mock Exam 2018

## Question 31

Incorrect

Mark 0.00 out of 1.00

Which of the following is NOT a control measure introduced by FICA?

Select one:

- a. Institutions have a duty to perform customer due diligence using a risk-based approach.
- b. Institutions are not allowed to keep any records whatsoever.
- c. Institutions must report certain information.
- d. Institutions must implement measures that will assist them in complying with the FIC Act.



## Question 32

Correct

Mark 1.00 out of 1.00

Requirements for recordkeeping in terms of the FAIS General Code include the following:

- i. Adequate systems and procedures to record verbal and written communications relating to the provision of financial services to clients.
- ii. Safekeeping of records from destruction.
- iii. Retrieval of the records and other material documentation relating to client or financial services.
- iv. Clients must be able to get copies of the telephonic advertisement records within 10 days of request.

Select one:

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



## Question 33

Correct

Mark 1.00 out of 1.00

Which of the following is a Representative?

Select one:

- a. A person who renders clerical, administrative or technical services on behalf of a financial services provider.
- b. A person who renders services on behalf of a financial services provider which requires judgment on the part of that person.
- c. A person who renders financial services for or on behalf of a financial services provider. ✓
- d. A person who renders services on behalf of a financial services provider in response to general enquiries on the part of a client.



## Question 34

Incorrect

Mark 0.00 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 35

Correct

Mark 1.00 out of 1.00

Una recently took out a funeral policy with Goldberg Funeral Insurers. The Representative who sold Una the policy delivered the policy contract to Una shortly after the policy was issued. The Representative discussed the details of the policy contract with Una. The Representative did this to ensure that Una knows:

Select one:

- a. When the premiums of the policy are due and how they will be paid.
- b. Her rights and obligations with respect to the policy contract.
- c. Knows who to contact when she wants to claim for funeral benefits on the policy.
- d. When the policy will cease.



# AE 5 Mock Exam 2018

## Question 36

Incorrect

Mark 0.00 out of 1.00

To give the client a fair advantage in making an informed decision, how should FSPs format and work their terms and conditions within a contract?

Select one:

- a. All terms and conditions have to be clearly set out in the form of marketing material.
- b. All terms and conditions have to contain legal language applicable to the specific code.
- c. All terms and conditions have to be set out in plain language and avoid technical terminology.
- d. All terms and conditions have to be set out clearly; however, they must never include the rights of the client.

## Question 37

Correct

Mark 1.00 out of 1.00

The FAIS General Code of Conduct requires that Representatives fulfil the following responsibilities. Which statement is INCORRECT?

Select one:

- a. They have to act honestly and fairly, and with due skill, care and diligence, in the interests of clients and the integrity of the financial services industry.
- b. They must have and effectively employ the resources, procedures and appropriate technological systems for the proper performance of professional activities.
- c. They have to ensure that clients can make an informed decision by providing a client with at least 3 quotations when recommending financial products.
- d. They should obtain appropriate and available information regarding clients' financial situation, financial product experience and objectives in connection with the financial services required.

## Question 38

Incorrect

Mark 0.00 out of 1.00

A Representative must, at the date of appointment by an FSP, have:

Select one:

- a. the minimum experience requirements, unless working under supervision.
- b. all the required qualifications, unless working under supervision.
- c. completed all regulatory examinations, unless working under supervision.
- d. All of the above.

## Question 39

Correct

Mark 1.00 out of 1.00

Which of the following persons are NOT included in the FAIS definition of a 'client'?

Select one:

- a. A specific person or group of persons 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.

Question 40

Incorrect

Mark 0.00 out of 1.00

The term 'advice' in the context of the FAIS Act, does NOT refer to:

Select one:

- a. a suggestion or recommendation of a financial nature made to a client by an employee of a financial institution.
- b. a general proposal furnished to a client or group of clients by an FSP via any medium.
- c. a proposal that contains guidance with regard to purchasing a financial product or varying the terms thereof.
- d. a proposed change to the selection of financial products a client has during the course of financial planning activities.

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# RE 5 Mock Exam 2018

## Question 41

Incorrect

Mark 0.00 out of 1.00

Which one of the following is NOT included in the steps that an FSP has to follow when providing advice?

Select one:

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

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## Question 42

Incorrect

Mark 0.00 out of 1.00

A waiting period is a period in which no benefits will be payable:

Select one:

- a. Regardless of the cause of death.
- b. Unless cause of death is due to natural causes.
- c. Unless cause of death is due to an accident.
- d. Unless cause of death is suicide.

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## Question 43

Correct

Mark 1.00 out of 1.00

The maximum amount of cover that the Minister prescribes under Assistance Business policies is:

Select one:

- a. R10 000.
- b. R18 000.
- c. R20 000.
- d. R30 000.

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## Question 44

Incorrect

Mark 0.00 out of 1.00

Any person who benefits from illegal activities under FICA is guilty of an offence. The penalties are harsh and include one of the following:

Select one:

- a. A maximum fine of R15 million.
- b. Imprisonment of up to 30 years.
- c. A maximum fine of R10 million and imprisonment of up to 30 years.
- d. None of the above.

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Question 45

Correct

Mark 1.00 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.





# 5 Mock Exam 2018

## Question 46

Correct

Mark 1.00 out of 1.00

Yaseen applied for a position as Representative with Excel Life. An investigation of his background revealed that he had been found to act in breach of a fiduciary duty 6 years ago. Yaseen was also found guilty by an English court of law of having acted fraudulently 3 years ago. Yaseen meets all the competency Fit and Proper Requirements. Which one of the following statements indicates how Yaseen's application should be handled?

Select one:

- a. He may not be appointed because he does not meet the Fit and Proper Requirements of Honesty, Integrity and Good Standing.
- b. He may be licensed because he meets all the competency Fit and Proper Requirements.
- c. He may not be appointed because he was found guilty of acting in breach of a fiduciary duty.
- d. He may be appointed because he can work under supervision in order to become compliant.

## Question 47

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 48

Correct

Mark 1.00 out of 1.00

As a Representative, you must disclose the product information. Which of the following disclosures must you make?

- i. Written statement to the client, at least once a month, which identify the products and state the ongoing monetary obligations of the client, among other things.
- ii. Details of any special terms or conditions, exclusions of liability, waiting periods, loadings, penalties, excesses, restrictions or circumstances in which benefits will not be provided and details of guaranteed minimum benefits or other guarantees.
- iii. Material tax considerations and whether cooling off rights are offered and, if so, procedures for the exercise of such rights.
- iv. Amounts of insurance premium increases of an insurance product, for the first 5 years and, thereafter, on a 5-year basis, but not exceeding 20 years.

Select one:

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

Question 49

Incorrect

Mark 0.00 out of 1.00

Mr Du Toit lodged a complaint with the office of the FAIS Ombud in which he complains that he lost R1 500 000 in an investment because of poor advice. The FAIS Ombud will:

Select one:

- a. Inform the client that he only deals with complaints up to an amount of R800 000 and that if the client is willing to disregard the amount over R800 000, the office will investigate the complaint further.
- b. Inform the client that he only deals with complaints up to an amount of R700 000 and that if the client is willing to disregard the amount over R700 000, the office will investigate the complaint.
- c. Take steps to settle the disagreement by coming up with a settlement offer, as he regards appropriate.
- d. Take steps to settle the disagreement by each party having a lawyer present, when he considers the complaint, as he regards appropriate.

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Question 50

Incorrect

Mark 0.00 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.

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