

RE 5 Mock Exam 2019

13

Started on Friday, 4 October 2019, 11:26 AM

State Finished

Completed on Friday, 4 October 2019, 11:29 AM

Time taken 2 mins 35 secs

Marks 15.00/50.00

Grade 30.00 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

Laura took out a funeral policy for herself and her family. At the time of taking out the policy, Laura had injured her right hand and was unable to sign the policy application. She asked her husband to sign the application on her behalf. A few years later, Laura dies after a short illness. When Laura's husband claims for the funeral benefits, the insurer claims that the policy is not valid. What could the reason for this be?

Select one:

- a. Laura's husband is not the beneficiary but actually the policyholder and thus declares the policy invalid.
- b. The insurer found that Laura did not sign the original policy application and thus declared the policy invalid.
- c. Laura was not insured for funeral benefits on the policy, only her husband and children.
- d. Laura's husband is not the beneficiary and thus cannot claim the funeral benefits.

Your answer is incorrect.

Correct answer: b. The insurer found that Laura did not sign the original policy application and thus declared the policy invalid.

Question 2

Incorrect

Mark 0.00 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.

Your answer is incorrect.

Correct answer: c. clients of the debarred Representative are not disadvantaged and that any unconcluded business is properly concluded.

Question 3

Correct

Mark 1.00 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 4

Incorrect

Mark 0.00 out of 1.00

Date of first appointment means:

Select one:

- a. The date on which the supervised Representative is appointed for a particular category of financial service.
- b. The date on which a person was first appointed as a Representative.
- c. The date on which the supervised Representative is appointed for a particular financial product.
- d. The date on which the supervised Representative meets all the competence requirements.

Question 5

Incorrect

Mark 0.00 out of 1.00

Layla, a Representative of a bank, made the required disclosures to the customer in a telephonic conversation. What else must she do to ensure compliance with the requirements of FAIS?

Select one:

- a. Confirm the details of the discussion to the customer in writing, within 30 days of the date of the phone call.
- b. Send an email, letter or fax to the customer within 7 days of the phone call to confirm the details of their conversation.
- c. Immediately make an endorsement on her copy of the Record of Advice.
- d. No further action is required.

RE 5 Mock Exam 2019

Question 6

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.

Question 7

Incorrect

Mark 0.00 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 8

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.



Question 9

Correct

Mark 1.00 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 10

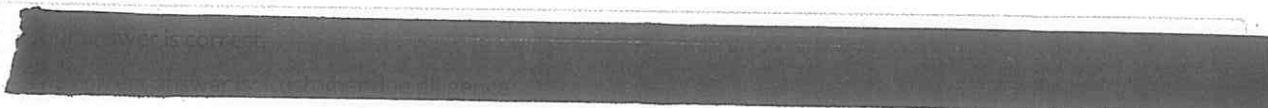
Correct

Mark 1.00 out of 1.00

Which of the following is a reasonable way to mitigate risk according to the FIC Act?

Select one:

- a. Avoiding all risk.
- b. Customer due diligence.
- c. Never accepting clients that pose a slightly higher risk.
- d. Reporting all clients to the FIC.



RE 5 Mock Exam 2019

Question 11

Incorrect

Mark 0.00 out of 1.00

Which one of the following statements is TRUE with regard to the recordkeeping function of records regarding transactions?

Select one:

- a. Records may be kept in electronic form and should be kept for at least 5 years from conclusion of the transaction.
- b. Records may not be kept in electronic form as long as they are kept for at least 5 years from conclusion of the transaction.
- c. Records may not be kept in electronic form as long as they are kept for at least 10 years from conclusion of the transaction.
- d. Records may be kept in electronic form and should be kept for at least 10 years from conclusion of the transaction.

Question 12

Correct

Mark 1.00 out of 1.00

As a Representative for Safe Insurance you need to ensure that the following requirements are met with regard to the confidentiality of client information:

- i. An FSP may not disclose any confidential information acquired or obtained from a client unless the client consented in writing after the disclosure.
- ii. An FSP may not disclose any confidential information acquired or obtained from a client unless the client consented in writing beforehand.
- iii. An FSP may not disclose any confidential information acquired or obtained from a client unless disclosure of the information is required in the Authority's interest.
- iv. An FSP may not disclose any confidential information acquired or obtained from a client unless disclosure is required in terms of any law.

Select one:

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

Question 13

Incorrect

Mark 0.00 out of 1.00

Section 42 of FICA requires accountable institutions to develop, document, maintain and implement a Risk Management and Compliance Programme.

Which of the following does it NOT concern?

Select one:

- a. Recordkeeping.
- b. Customer due diligence.
- c. Steps taken to determine and report suspicious transactions.
- d. Control measures by financial advisors.

Question 14

Incorrect

Mark 0.00 out of 1.00

Reasons for debarment include the following:

Select one:

- a. Non-compliance with any of the relevant Fit and Proper Requirements or if the Representative has contravened or failed to comply with any other provisions of the FAIS Act.
- b. Poor work performance.
- c. Only if the Representative has contravened or failed to comply with any provisions (other than the Fit and Proper provisions) of the FAIS Act.
- d. Only non-compliance with any of the relevant Fit and Proper Requirements.

Question 15

Incorrect

Mark 0.00 out of 1.00

The following penalties may be imposed as an administrative sanction on an individual failing to submit a cash threshold or suspicious transaction report to the FIC:

Select one:

- a. Imprisonment of up to 15 years and a fine of R100 million.
- b. Imprisonment of up to 15 years and a fine of R5 million.
- c. Imprisonment of up to 15 years and a fine of R10 million.
- d. Imprisonment of up to 10 years and a fine of R15 million.

RE 5 Mock Exam 2019

Question 16

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 17

Correct

Mark 1.00 out of 1.00

The policyholder may lodge the complaint to the Ombud for long-term insurance in:

Select one:

- a. English only.
- b. The language specified in the contract only.
- c. The language of choice of the policyholder.
- d. The language as instructed by the Ombud.



Question 18

Correct

Mark 1.00 out of 1.00

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

Select one:

- a. 60 days.
- b. 10 days.
- c. 30 days.
- d. 5 days.



Question 19

Correct

Mark 1.00 out of 1.00

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

Select one:

- a. Appropriate electronic format which can easily be converted into a written or printed format.
- b. Appropriate written format.
- c. Appropriate electronic or recorded format which can easily be converted into a written or printed format.
- d. Electronic format only.



Question 20

Incorrect

Mark 0.00 out of 1.00

In terms of Section 24 (1) of the FIC Act, the recordkeeping obligation may not be outsourced to a third party.

Select one:

- True
- False



RE 5 Mock Exam 2019

Question 21

Incorrect

Mark 0.00 out of 1.00

Once a policy has been issued, which one of the following is required for quality assuring a policy?

Select one:

- a. The agreement between the proposal, quotation and the policy itself.
- b. That the administrator issuing the policy has a relevant qualification.
- c. That the policy schedule has similar amounts to those quoted.
- d. All of the options listed.

Question 22

Correct

Mark 1.00 out of 1.00

Which of the following can be seen as unlawful activities?

Select one:

- a. Selling fruit on the street.
- b. Driving a car with a learner's licence.
- c. Fraudulently acquiring land.
- d. Decreasing your taxable income in line with the relevant laws.

Question 23

Incorrect

Mark 0.00 out of 1.00

The Ombudsman for long-term insurance may deal with any complaints relating to:

Select one:

- a. Long-term and short-term insurance policies.
- b. Long-term insurance policies only.
- c. Unit trust investments.
- d. Poor advice provided by Representatives of long-term insurers.

Question 24

Correct

Mark 1.00 out of 1.00

When a provider provides advice, which of the following steps have to be followed?

Select one:

- a. Conduct an analysis and recommend suitable financial products.
- b. Obtain information, conduct an analysis, identify suitable financial products and make the necessary disclosures regarding product replacements.
- c. Obtain information, identify suitable financial products and make the necessary disclosures regarding product replacements (if applicable).
- d. Identify suitable financial products and make the necessary recommendations.

Answer is correct

Question 25

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.

RE 5 Mock Exam 2019

Question 26

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 27

Correct

Mark 1.00 out of 1.00

Which of the following is NOT an acceptable reason when an advisor provides advice, yet does not provide an analysis?

Select one:

- a. There was not sufficient time to conduct the analysis.
- b. The client has elected to conclude a transaction that differs from that recommended by the provider.
- c. The client has not provided all the information requested.
- d. All of the above.

Question 28

Incorrect

Mark 0.00 out of 1.00

Which of the following lives assured are regarded as extended family?

Select one:

- a. Spouse and children.
- b. Children and step children.
- c. Spouse, parents and parents-in-law.
- d. Parents and parents-in-law.



Question 29

Incorrect

Mark 0.00 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 30

Incorrect

Mark 0.00 out of 1.00

The Financial Intelligence Centre Amendment Act of 2017, (Act 1 of 2017) requires an accountable institution to maintain customer due diligence and transaction records for a period of five years after the date of the institution or termination of the business relationship or last transaction, whichever occurs last in time.

Listed below are examples of records that need to be maintained, choose the CORRECT one.

Select one:

- a. Information and documentation gathered to perform customer due diligence.
- b. The parties to the transaction.
- c. Business correspondence.
- d. All of the above.



RE 5 Mock Exam 2019

Question 31

Correct

Mark 1.00 out of 1.00

Tracy is taking out a funeral policy for herself. When taking out a funeral policy:

Select one:

- a. There will be no medical health checks or medical testing done, however, Terry will have to answer a few questions relating to her state of health.
- b. Terry will have to complete a health questionnaire.
- c. Terry will be required to undergo a short medical examination.
- d. Terry will be required to do a HIV/AIDS test.

Question 32

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 33

Incorrect

Mark 0.00 out of 1.00

Lesley has been found to be unfit in terms of FAIS and has to be debarred. The first step in the debarment process that her FSP has to take, is to:

Select one:

- a. Terminate the service agreement with Lesley.
- b. Request the Authority to remove Lesley's name from the central register of Representatives.
- c. Inform Lesley of the reasons for the debarment.
- d. Remove Lesley's name from the FSP's register of Representatives.

Question 34

Incorrect

Mark 0.00 out of 1.00

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

Select one:

- a. they have to obtain written consent from the client beforehand.
- b. they do not need to obtain consent from the client.
- c. they have to obtain verbal consent from the client beforehand.
- d. they have to obtain verbal consent from the client at the time of the disclosure.

Your answer is incorrect.

Question 35

Incorrect

Mark 0.00 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.



RE 5 Mock Exam 2019

Question 36

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 appointment (by the FSP) meet the minimum experience required in the different product categories (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.

Answer is incorrect.

Question 37

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.

Answer is correct.

Question 38

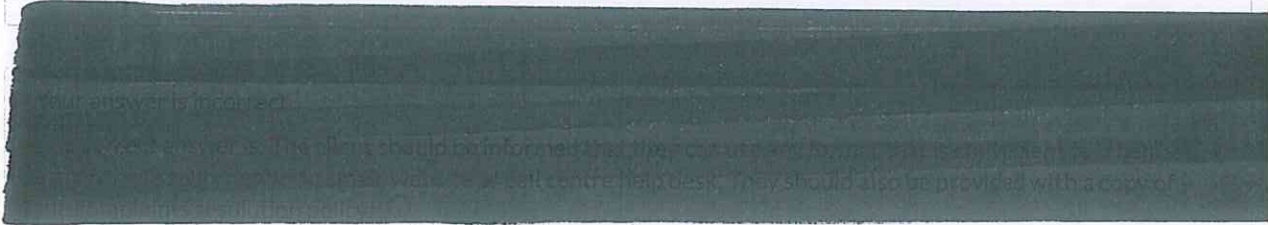
Incorrect

Mark 0.00 out of 1.00

If a client wants to lodge a complaint, what is the procedure that can be followed?

Select one:

- a. The client must go into the FSP's office to lodge a complaint and needs to request a meeting with the manager prior to doing this.
- b. The client must be given the complaints resolution process and has the option to inform the FSCA or the Ombud.
- c. The client should be informed that they can use any format that is convenient for them, either the branch, network, email, website or call centre help desk. They should also be provided with a copy of the complaints resolution policy.
- d. The client will not be able to lodge a complaint until a reference number has been generated for them.



Question 39

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.



Question 40

Incorrect

Mark 0.00 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 Requirement requires him to complete a minimum of 12 hours of CPD activities per CPD 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.

Why is it incorrect?

The correct answer is: The CPD Fit and Proper Requirement requires him to complete a minimum of 6 hours of CPD activities per CPD cycle.

RE 5 Mock Exam 2019

Question 41

Incorrect

Mark 0.00 out of 1.00

Henry has recently taken out a funeral policy for himself. When he completed the application form, he did not mention that he takes part in sky-diving. Henry dies in a sky-diving accident 8 months after taking out the policy. Henry's funeral policy will:

Select one:

- a. Pay out because death was due to an accident.
- b. Pay out because death occurred after the 6 months' waiting period.
- c. Will not pay out due to non-disclosure of information.
- d. Will not pay out because sky-diving is generally excluded on funeral policies.

Question 42

Incorrect

Mark 0.00 out of 1.00

FSPs and Representatives have certain responsibilities with regard to qualifications of Representatives and duties of FSPs towards the maintenance of the FAIS licence as contained in Section 13 of the FAIS Act. Which statement best describes this responsibility?

Select one:

- a. Nobody may act as a Key Individual for an FSP unless the person can confirm to clients (certified by the FSP) that they have an employment or mandate agreement with the FSP, to represent the FSP and that the FSP accepts responsibility for the activities of the Key Individual performed in terms of the agreement.
- b. The Board of Directors must at all times take reasonable steps to ensure that Representatives comply with applicable codes of conduct and with other applicable laws on conduct of business.
- c. Nobody may act as a Representative for an FSP unless the person can confirm to clients (certified by the FSP) that they have an employment or mandate agreement with the FSP to represent the FSP and that the FSP accepts responsibility for the activities of the Representative performed in terms of the agreement.
- d. If a Representative was debarred, they can never operate as a Representative again.

Question 43

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.

Question 44

Incorrect

Mark 0.00 out of 1.00

The FAIS Act regulates the business of all financial service providers and intermediaries who:

Select one:

- a. Give advice or provide intermediary services to clients.
- b. Give advice and grant credit.
- c. Are registered as credit providers.
- d. Only give advice to clients.

Question 45

Incorrect

Mark 0.00 out of 1.00

An FSP must have appropriate procedures and systems in place to fulfil its recordkeeping obligations in terms of FAIS.

Which one of the following is not part of these recordkeeping obligations?

Select one:

- a. Recording of verbal and written communications related to a financial service rendered to a client.
- b. Storing and retrieving of such records and any other material documentation relating to the client or the financial service rendered to the client.
- c. Safekeeping of such client documentation and records, to prevent its destruction, for a period of 5 years after the rendering of the financial service.
- d. Safekeeping of the compliance reports relating to client contact compiled by the Compliance Officer and provided to the FSP every quarter.

RE 5 Mock Exam 2019

Question 46

Incorrect

Mark 0.00 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 47

Incorrect

Mark 0.00 out of 1.00

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

Select one:

- a. 30 days.
- b. 90 days.
- c. 50 days.
- d. 60 days.

Question 48

Incorrect

Mark 0.00 out of 1.00

To give advice means to:

Select one:

- a. give factual information about products.
- b. make a recommendation of a financial nature to a client.
- c. provide guidance of a financial nature to a client.
- d. b and c.

Question 49

Incorrect

Mark 0.00 out of 1.00

Funeral insurance policies are available as:

Select one:

- a. Whole life policies.
- b. Term policies.
- c. Whole life and term policies.
- d. Whole life and term policy combination.

Your answer is incorrect.

Question 50

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 product 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.

Your answer is correct.