

Started on Thursday, 3 October 2019, 10:32 AM

State Finished

Completed on Thursday, 3 October 2019, 10:35 AM

Time taken 2 mins 23 secs

Marks 12.00/50.00

Grade 24.00 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

If an FSP carries on with an undesirable business practice, the Authority may direct it to:

Select one:

- a. make up any loss caused by the practice, to the satisfaction of the Authority.
- b. compensate the Registrar, in an amount to the satisfaction of the Authority.
- c. explain to the client that the practice is undesirable in a manner to the satisfaction of the Authority.
- d. stop the business practice immediately, and provide an undertaking to the satisfaction of the Authority that this will be done.

Your answer is incorrect.

The correct answer is make up any loss caused by the practice, to the satisfaction of the Authority.

## Question 2

Incorrect

Mark 0.00 out of 1.00

Consider the following statements carefully and then choose the statement that is FALSE.

Select one:

- a. The definition of 'advice' includes any recommendation, guidance or proposal of a financial nature given to a client about buying or investing in a financial product.
- b. In order to qualify as advice in terms of the FAIS Act, the advice must be given in writing.
- c. 'Advice' is not an analysis or report on a financial product without an express or implied recommendation, guidance or proposal that a transaction in respect of the product meet the client's needs, investment objectives or financial situation.
- d. Intermediary service is defined in the FAIS Act as any act other than the furnishing of advice, performed by a person for or on behalf of a client or product supplier, which results in a transaction.

Your answer is incorrect.

The correct answer is 'Advice' is not an analysis or report on a financial product without an express or implied recommendation, guidance or proposal that a transaction in respect of the product meet the client's needs, investment objectives or financial situation.

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

Incorrect

Mark 0.00 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 5

Incorrect

Mark 0.00 out of 1.00

Choose the statement that does NOT describe the aspects that need to be considered before proposing a product to the client.

Select one:

- a. The FAIS Act states that a client must be offered a product that matches their specific needs.
- b. Establish the amount of additional income the client has to meet their financial goals.
- c. Establish the client's experience and financial know-how.
- d. None of the options listed.



# RE 5 Mock Exam 2019

## Question 6

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 7

Incorrect

Mark 0.00 out of 1.00

Which of the following constitutes advice in terms of the FAIS Act?

Select one:

- a. Explaining to a client the procedure for entering into a transaction for a financial product.
- b. An analysis of a financial product without a recommendation on its suitability for a client.
- c. Explaining to a client how a particular financial product works.
- d. Drafting a proposal to a client to replace an existing financial product with another financial product.

## Question 8

Incorrect

Mark 0.00 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 9

Incorrect

Mark 0.00 out of 1.00

Which of the following must be disclosed to the client as soon as possible?

- i. Details about the legal relationships between FSP, product supplier and Representative (if any), so that it is clear to the client who accepts responsibility for the actions of the FSP or Representative or the extent to which the client must accept such responsibility.
- ii. Names and contact details of the relevant legal departments or, in the case of a Representative, the contact details of the Representative.
- iii. Details of the financial services which the provider is authorised to provide and of any conditions or restrictions applicable to the licence and whether the FSP has guarantees or professional indemnity or fidelity insurance cover or not.
- iv. Whether a Representative of a provider is rendering services under supervision as defined in the Determination of Fit and Proper Requirements.

Select one:

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

Your answer is incorrect.

The correct answer is i and iv.

Question 10

Incorrect

Mark 0.00 out of 1.00

When Rufus was appointed as the Compliance Officer of Premium Life, he decided to plan his quarterly visit to each of the 39 Premium Life offices throughout the country. On what should he focus during these visits?

Select one:

- a. Building rapport with all the branch managers and staff to foster a good working relationship.
- b. Training of the staff about the FAIS Act and its provisions and requirements for Premium Life.
- c. Checking the FAIS registers, required disclosures and Fit and Proper status of those giving advice.
- d. Comparing how this branch, and other branches in Premium Life and the rest of the industry comply with FAIS.

Your answer is incorrect.

The correct answer is Checking the FAIS registers, required disclosures and Fit and Proper status of those

# RE 5 Mock Exam 2019

## Question 11

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.

Your answer is incorrect.

The correct answer is: Control measures by financial advisors.

## Question 12

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.

Your answer is incorrect.

The correct answer is: b and c.

## Question 13

Incorrect

Mark 0.00 out of 1.00

A provider must keep records for a minimum period of 5 years:

Select one:

- a. after termination of the product concerned or, in any other case, after the rendering of the financial service concerned.
- b. from the date on which the business relationship is terminated or for at least 5 years after a single transaction is concluded.
- c. after the maturity of a product.
- d. after the relationship with the client has ended.

Your answer is incorrect.

The correct answer is: after termination of the product concerned or, in any other case, after the rendering of the financial service concerned.

Question 14

Correct

Mark 1.00 out of 1.00

Why is it important to record changes to a policy?

Select one:

- a. The FAIS stipulates that it is required.
- b. For the Representative to show that they have contacted their client.
- c. For the insurer to have an accurate policy record in the event of a claim.
- d. To check that the client operates in the terms and conditions of the policy.

Your answer is correct.

The correct answer is: For the insurer to have an accurate policy record in the event of a claim.

Question 15

Incorrect

Mark 0.00 out of 1.00

The Ombud for Financial Services Providers is the person appointed to resolve disputes between consumers and financial services providers relating to:

Select one:

- a. the quality or nature of the advice given.
- b. the contract between the insurer and the client.
- c. the performance of an investment.
- d. the experience of the advisor.

Your answer is incorrect.

The correct answer is: the quality or nature of the advice given.

# RE 5 Mock Exam 2019

## Question 16

Correct

Mark 1.00 out of 1.00

Ben took out a funeral policy recently and his adviser told him to make sure that he reads the policy summary as soon as he receives it. Why did the adviser tell Ben to do this?

Select one:

- a. To ensure that Ben knows when the premium of the policy is due.
- b. To ensure that Ben knows who to contact when he has a claim on the policy.
- c. To ensure that Ben knows his rights and obligations on the policy.
- d. To ensure that Ben knows when the policy will pay out.

## Question 17

Incorrect

Mark 0.00 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.

## Question 18

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.

Question 19

Correct

Mark 1.00 out of 1.00

Which of the following requirements are NOT applicable when an FSP receives money from a client without a bank being involved?

Select one:

- a. The FSP must issue a written confirmation when the money is received.
- b. The FSP must pay the money into the bank account within 1 day of receipt.
- c. The FSP must pay the money into the bank account within 1 month of receipt.
- d. The FSP must pay the money into a separate account.

Your answer is correct.

The correct answer is: The FSP must pay the money into the bank account within 1 month of receipt.

Question 20

Incorrect

Mark 0.00 out of 1.00

Which of the following statements is TRUE?

Select one:

- a. The FIC Act requires accountable institutions to provide ongoing training to its employees to enable them to comply with the provisions of FICA and the Risk Management and Compliance Programme.
- b. The FIC Act must be made available to the Compliance Officer, and on request, a copy thereof must be made available to the FIC and relevant supervisory bodies.
- c. The Risk Management and Compliance Programme must include recordkeeping and financial service advice procedures.
- d. The FIC Act prescribes the format of the required training.

Your answer is incorrect.

The correct answer is: The FIC Act requires accountable institutions to provide ongoing training to its employees to enable them to comply with the provisions of FICA and the Risk Management and Compliance Programme.



# RE 5 Mock Exam 2019

## 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

Incorrect

Mark 0.00 out of 1.00

Describing a financial product to a client is not regarded as advice if it is:

Select one:

- a. done in printed marketing material to promote a product.
- b. followed by a recommendation for the purchase of the specific product.
- c. furnished in the course of or incidental to financial planning.
- d. a proposal for the purchase of a financial product.

## Question 23

Incorrect

Mark 0.00 out of 1.00

'Financial services' are defined as the rendering of:

Select one:

- a. Advice only.
- b. Intermediary services only.
- c. Advice and/or intermediary services.
- d. Advice regarding the working of financial products only.

Question 24

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'.

The correct answer is: Not advice, because the FAIS definition of 'client' does not include the general public.

Question 25

Incorrect

Mark 0.00 out of 1.00

Francois is a Representative and is advising his client Tyler regarding a funeral insurance solution for his family. As part of the quotation stage disclosures, Francois is required to disclose information regarding:

Select one:

- a. Names, contact and address details of the FSP.
- b. The existence of any specific exemptions that the Authority may have granted to the provider with regard to any matter provided by the Act.
- c. Name and contact details of the relevant compliance department of the product supplier.
- d. Whether Francois holds guarantees or professional indemnity cover or not.

Francois is incorrect.

The correct answer is: Name and contact details of the relevant compliance department of the product

# RE 5 Mock Exam 2019

Question 26

Correct

Mark 1.00 out of 1.00

The FAIS Code of Conduct requires that FSPs and their Representatives act honestly and fairly. This means that they must:

Select one:

- a. provide a complete list of all the features, benefits, costs, uses and pitfalls of a financial product or service being considered.
- b. disclose all information that may affect the customer's decision to purchase or use a financial product or service.
- c. take care not to overload the customer with information and details about the financial product or service being considered.
- d. provide access to resources and services the customer may require to access his financial product or service without limitations.

Your answer is correct.

The correct answer is: disclose all information that may affect the customer's decision to purchase or use a financial product or service.

Question 27

Incorrect

Mark 0.00 out of 1.00

Providers, such as FSPs and their Representatives, have specific duties when giving financial advice and representations to their clients. Which statement is FALSE?

Select one:

- a. Representations have to be factually correct.
- b. Representations have to be in plain language, readable and in a clear format.
- c. Representations have to be provided in specific monetary terms relating to amounts, sums and fees unless not reasonably determined.
- d. None of the options listed.

Your answer was: None of the options listed.

Question 28

Correct

Mark 1.00 out of 1.00

Choose the statement that does NOT apply to an SA citizen. Certain documentation can be used for customer due diligence procedures for South African citizens in line with FICA.

Select one:

- a. A copy of a green, barcoded ID book.
- b. A utility bill for proof of residential address.
- c. A letter of confirmation from a colleague stating that you are who you say you are.
- d. A bank statement from another bank reflecting your name and address.

Your answer is correct.

The correct answer is: a letter of confirmation from a colleague stating that you are who you say you are.

Question 29

Incorrect

Mark 0.00 out of 1.00

The Financial Intelligence Centre Act (FICA) introduced control measures to ensure that money laundering can be detected and investigated.

Choose one of the measures that are TRUE.

Select one:

- a. The institution has an obligation to perform customer due diligence using a risk-based approach.
- b. The institution must keep records.
- c. The institution must implement measures that will assist them in complying with FICA, such as training of staff.
- d. All of the above.

Question 30

Incorrect

Mark 0.00 out of 1.00

Lisa has been working as a long-term insurance broker for more than 8 years. She is well-loved by clients and colleagues due to her professional and friendly attitude. Lisa has just finished Financial Planning on NQF Level 6; she has passed the Level 1 Regulatory Examination and would now like to specialise in call-centre selling.

What is Lisa's current status regarding Fit and Proper Requirements?

Select one:

- a. Not applicable; she is not regarded as a Representative, as defined in the FAIS Act.
- b. She is working under supervision until she has passed the Regulatory Examination.
- c. Not yet Fit and Proper at this time because, in terms of FAIS, she requires a qualification on a higher level.
- d. Regarded as fully Fit and Proper as she meets all the current requirement in terms of FAIS.

Your answer is incorrect.

The correct answer is:

Regarded as fully Fit and Proper as she meets all the current

requirement in terms of FAIS.

# RE 5 Mock Exam 2019

Question 31

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:

A True

B False

Question 32

Incorrect

Mark 0.00 out of 1.00

In order to be able to provide the client with appropriate advice, the Representative should first of all obtain appropriate and available information from the client regarding their:

Select one:

a. financial situation.

b. financial situation, financial product experience and objectives.

c. financial product experience and objectives.

d. financial situation and objectives.

Question 33

Incorrect

Mark 0.00 out of 1.00

If an employee of an accountable institution accepts money from a client which is suspicious, what does the employee have to do according to FICA?

Choose the statement that does NOT apply.

Select one:

a. The employee must report the suspicious transaction following his company's procedure as outlined in its Risk Management and Compliance Programme.

b. The employee may not inform the client he has reported the transaction.

c. The employee has to report the suspicious transaction via the Ombud.

d. a and b.

Your answer is incorrect.

The correct answer is: The employee has to report the suspicious transaction via the Ombud.

Question 34

Incorrect

Mark 0.00 out of 1.00

Which of the following applies to the Representative register?

Select one:

- a. Profile changes must be done and the updated register must be sent to the FSCA every 15 days.
- b. The Representative register contains personal information of Representatives as well as their status with regard to meeting the Fit and Proper Requirements.
- c. The Representative register only applies to newly-appointed Representatives.
- d. a and c.
- e. a and b.

The correct answer is a and b.

Question 35

Incorrect

Mark 0.00 out of 1.00

Select the CORRECT description of the period for which a financial services provider must maintain records in terms of the FAIS Act:

Select one:

- a. A minimum of 5 years, beginning after termination of the product or the rendering of the financial service.
- b. A minimum of 10 years, beginning after termination of the product.
- c. A minimum of 3 years, beginning after termination of the product or after the rendering of the financial service.
- d. A minimum of 5 years after the rendering of the financial service.

The correct answer is 10 years after the rendering of the financial service.

# RE 5 Mock Exam 2019

Question 36

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 record of non-compliance with this Act, and the reasons for the non-compliance.
- b. A copy of a change of address received by a client.
- c. An application for a retirement annuity.
- d. A record of premium payments towards a policy.

Question 37

Incorrect

Mark 0.00 out of 1.00

In terms of FICA, certain policies are exempt from verification and identification requirements. Based on your knowledge of specific exemption criteria, select the investment or policy that is specifically exempt from FICA requirements.

Select one:

- a. A unit trust investment with a recurring premium of R300 per month that is liquidated 30 months after commencement.
- b. A long-term insurance policy with an initial monthly premium of R2 000, increasing to R2 200 per month after 24 months.
- c. A pure life cover policy with a total contribution of R30 000 after 18 months and a surrender value of R5 000.
- d. None of the above. The changes brought about by the FIC Amendment Act required the withdrawal of many exemptions made under the principal Act, because the introduction of the risk-based approach makes these exemptions redundant.

Question 38

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.



Question 39

Incorrect

Mark 0.00 out of 1.00

A Representative who has been debarred may:

Select one:

- a. Appeal to the Authority.
- b. Appeal to the Ombud.
- c. Request a formal hearing of their case.
- d. Request an opportunity to state their case.



Question 40

Incorrect

Mark 0.00 out of 1.00

FICA is aimed at identifying suspicious transactions so that the people who engage in money laundering activities can be charged under:

Select one:

- a. POCA.
- b. FICA.
- c. POCA and FICA.
- d. FICA and POCDATARA.





# RE 5 Mock Exam 2019

Question 41

Correct

Mark 1.00 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 42

Incorrect

Mark 0.00 out of 1.00

Which one of the following is not an accountable institution?

Select one:

- a. An attorney.
- b. A long-term insurance company.
- c. A Representative of a long-term insurance company.
- d. A training organisation in the insurance industry.

Question 43

Incorrect

Mark 0.00 out of 1.00

In which year did the FIC Amendment Act come into effect?

Select one:

- a. 2001
- b. 2007
- c. 2017
- d. 2018

Question 44

Incorrect

Mark 0.00 out of 1.00

James is a Representative and is advising his client Paul regarding a funeral insurance solution for his family. As part of the contact stage disclosures, James is required to disclose information regarding:

Select one:

- a. Whether James directly or indirectly holds 10% or more of the product supplier's shares.
- b. Whether more than 30% of his total remuneration for the previous 12 months was from one product supplier.
- c. Name, contact and address details of the product supplier.
- d. Name and contact details of the relevant compliance department of the FSP to which he is contracted.



Question 45

Correct

Mark 1.00 out of 1.00

Derrick is a Representative and at the first meeting with a client, he should make contact stage disclosures which involve the disclosure of information regarding:

Select one:

- a. The product suppliers.
- b. The financial services provider.
- c. The insurer's details.
- d. The Representative's details.



# RE 5 Mock Exam 2019

Question 46

Correct

Mark 1.00 out of 1.00

Some of the benefits for groups purchasing funeral policies on behalf of their staff or members is that they can negotiate \_\_\_\_\_ to meet the needs of members.

Select one:

- a. Levels of cover
- b. Premiums
- c. Cover in addition to R10 000 for children under 6 years
- d. Policy benefits

Question 47

Correct

Mark 1.00 out of 1.00

When a person does not submit a return, information or document to the Registrar as required by the FAIS Act, that person is liable to additional legal action. Which FICA penalties will apply to an FSP if they do not comply with the FAIS requirements in respect of the FICA?

Select one:

- a. To pay a fine of up to R1 000 (or as determined by the Registrar) per day for every day that the return, information or document is late.
- b. To pay a fine of up to R1 000 (or as determined by the Registrar) per day for every day that the return, information or document is late, plus interest.
- c. To pay a fine of R1 000 (or as determined by the Registrar) per day for every day that the return, information or document is late, plus interest.
- d. None of the options listed.

Question 48

Correct

Mark 1.00 out of 1.00

Which one of the following statements is CORRECT with reference to the relationship between FAIS role-players?

Select one:

- a. A product supplier will always act as a financial services provider.
- b. A Representative will always be an employee or someone mandated by a financial services provider.
- c. The Compliance Officer of a financial services provider will always be an employee.
- d. A Representative is always part of the administrative staff of a financial services provider.



Question 49

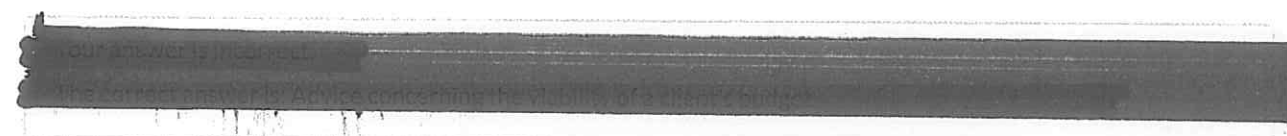
Incorrect

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 50

Correct

Mark 1.00 out of 1.00

Class of Business training may be undertaken separately from or in combination with:

- i. Product Specific Training.
- ii. A recognised qualification.
- iii. Any qualification and Regulatory Examination.

Select one:

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

