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FPI RECOGNISED CPD PROVIDER

REGULATORY EXAMINATION RE1 & RE5

MOCK EXAM 3

September 2019

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Question 1

Which one of the following constitutes a financial product as defined by the FAIS Act? Choose the incorrect option.

- A) Money Market Instrument denominated in dollars.
- B) A foreign currency deposit issued by a foreign product supplier.
- C) A mortgage bond made available by a local bank.
- D) A short-term deposit combined with a credit facility.

Question 2

On which date was the FAIS Act promulgated?

- A) November 2002
- B) September 2004
- C) April 1994
- D) August 1999

Question 3

Bright Flag Brokers appointed a new representative on 1 April 2018. The key individual amended the register of representatives on 17 April 2018. What is the maximum penalty that the Authority can issue because of the late amendment of the register of representatives?

- A) R400 plus interest
- B) R800 plus interest
- C) R1 000 plus interest
- D) R2 000 plus interest

Question 4

How many product categories are there in Category II?

- A) 16
- B) 18
- C) 20
- D) 26

Question 5

A financial services provider that renders intermediary services in respect of financial products on instruction of a client or another provider through the method of bulking must be authorised for which of the following categories?

- A) Category I
- B) Category II
- C) Category IIA
- D) Category III

Question 6

A representative has been debarred by the FSP. Which ONE of the following activities must take place as prescribed under the FAIS Act?

- A) The clients of the debarred representative must be informed by the representative of the debarment.
- B) The clients of the debarred representatives must be transferred to another financial services provider.
- C) Any unconcluded business of the representative must be transferred to another representative.
- D) The debarred representative must conclude any unconcluded business within 30 days.

Question 7

Which of the following are a duty of the key individual under the FAIS Act?

- i. Overseeing the compliance function and reporting to the Financial Sector Conduct Authority.
 - ii. Debarment of representatives not meeting the fit and proper requirements.
 - iii. Ensuring that complaints are handled in an effective and fair manner.
 - iv. Maintaining the register of representatives.
- A) i & iv only
 - B) ii & iv only
 - C) i ; ii & iii only
 - D) ii; iii & iv only

Question 8

JJ's Advisors uses Tony Intermediary Services to assist with administration of policies on behalf of product supplier A. Before using the services of Tony Intermediary Services what must JJ's Advisors do in terms of the FAIS Act?

- A) Obtain approval from the Authority to contract Tony Intermediary Services for the services.
- B) Register Tony Intermediary Services as a juristical representative.
- C) Obtain permission from product supplier A to use Tony Intermediary Services.
- D) Request a copy of the FSP license of Tony Intermediary Services.

Question 9

A direct marketer provides financial services by way of which of the following?

- A) Telephone
- B) Internet
- C) Media Insert
- D) All of the above

Question 10

Kevin Goodyear took out a funeral policy through a union group. Upon his death the funeral policy did not want to pay out as Kevin did not apply for the paid-up benefits as he was unaware of this stipulation. All his children were nominated as beneficiaries on the policy. His son, John, is not happy with this and want to take the matter further after he already approached the financial services provider. What are the rights of John?

- A) John is powerless as only Kevin can pursue the matter.
- B) John can pursue the complaint with the Ombud for Short-term insurance.
- C) John can pursue the complaint with the FAIS Ombud.
- D) Johan must inform the Authority of the behaviour of the product supplier.

Question 11

Jane Seno invested R1,4 million with Big Bank. She suffered a loss of R1 million on her investment due to misinformation from the representative. Big Bank did not resolve her complaint. Which of the following recourse measures does Jane have?

- A) Jane can refer the matter the FAIS ombud if Big Bank agrees that the loss of complaint against them can exceed the prescribed loss limit.
- B) Jane can refer the matter the Banking Adjudicator if Big Bank agrees that the loss of complaint against them can exceed the prescribed loss limit.
- C) Jane can refer the matter the FAIS ombud if she abandons at least R600 000 of the amount she requests to be compensated for.
- D) Jane can refer the matter the Banking Adjudicator if she abandons at least R600 000 of the amount she requests to be compensated for.

Question 12

FSP A provides advice in life policies and wants to appoint John as representative. Which of the following experience John has can be considered in terms of the FAIS Act?

- A) Providing advice for a local FSP that sells short-term insurance products.
- B) Providing intermediary services 2 years ago at FSP B in relation to long term-insurance products.
- C) Providing advice in long-term insurance for a company situated in London while working under supervision.
- D) Providing advice and intermediary services in relation to long-term insurance 6 years ago.

Question 13

Which of the following are duties of the FAIS Ombud after a determination has been made?

- i. Sending a copy of the determination to the Authority.
- ii. Providing each party with a copy of determination.
- iii. Sending a copy of the determination to the applicable court in no party applies for leave to appeal.
- iv. Publication of determination in the Government Gazette.

- A) i & iv only
- B) iii & iv only
- C) i ; ii & iii only
- D) i, ii; iii & iv

Question 14

Which ONE of the following disclosures should be made regarding the product supplier?

- A) The registration number and FSP licence number of the product supplier.
- B) The name and contact details of the complaints or compliance department.
- C) Whether the FSP directly or indirectly holds more than 30% of the product supplier's shares.
- D) Whether the FSP during the last year received more than 10% of total remuneration from the product supplier.

Question 15

Limited underwriting means where the only requirement a prospective policyholder or life insured must comply with for a product supplier to accept risk or pay a claim include which of the following?

- A) The requirement that the main policy holder must be under the age of 65 on the date of inception of the policy.
- B) The requirement that the policy of a life assured must undergo an examination by a general practitioner to declare that the holder is in good health.
- C) The requirements as imposed by the policy protection rules under the long- and short-term insurance acts.
- D) The furnishing of a health declaration structured as answers to no more than eight questions relating to specific medical conditions.

Question 16

Which ONE of the following statements regarding the requirements pertaining to regulated officers as stipulated in the FAIS act is correct?

- A) The function of a key individual can be performed by one or more natural persons or by an entity.
- B) Representative must enter into a service contract or mandate with an authorised FSP.
- C) An FSP must inform the Authority of debarment of a representative within 10 days from date of debarment.
- D) The compliance officer is responsible to establish the compliance function within the FSP.

Question 17

On the 1 of March 20XX Lucky Brokers came to know that one of their representatives, Sonja have defrauded a client whilst being authorised by Lucky Brokers. However, the representative already resigned on the 1 February 20XX and is now a representative of Ace Brokers. What must Lucky Brokers do in this regard?

- A) Start debarment proceedings against the representative immediately as the transgression happened while Sonja was still a representative of Lucky Brokers
- B) Inform Ace Brokers of the misconduct, in order for Ace Brokers to initiate debarment as Sonja is now a representative of Ace Brokers.
- C) Lucky Brokers have no obligation as Sonja is no longer a representative of Lucky Brokers.
- D) Refer the matter to the FSCA as the matter was only known to Lucky Brokers after Sonja ceased to be a representative of Lucky Brokers.

Question 18

Which of the following are duties of the Authority if the Authority intends to debar a representative?

- i. Ensuring that the unconcluded business of representative is concluded.
 - ii. Ensuring that the interest of clients is not prejudiced.
 - iii. Considering any representation made by the representative.
 - iv. Publishing the intent on the official FSCA website.
- A) i & iv only
 - B) iii & iv only
 - C) i ; ii & iii only
 - D) i, ii; iii & iv

Question 19

Good Guys Financial Services wants to reappoint one of their representatives that did not make the necessary disclosures which led to debarment in January 2011. What course of action should be taken?

- A) Good Guys will have to wait until January 2014 until they can submit an application on behalf of the representative for re-appointment.
- B) Good Guys must ensure that the representative meets all the fit and proper requirements before submitting an application for re-appointment
- C) The representative must submit prove to the Authority that he possesses qualities of honesty. Integrity and good standing.
- D) The representative should submit a re-appointment application to the FAIS Ombud for the debarment to be lifted.

Question 20

Which ONE of the following is a characteristic of an insurance policy that will be deemed to be regulated under the subcategory short term insurance A?

- A) Contract term of less than 12 months.
- B) Account for loss on the principal of average.
- C) Includes risks referred to in the Conversion of the SASRIA Act.
- D) Define policy benefits as a sum insured.

Question 21

Clients can see which products representatives are authorised to provide a financial service in from various sources. Which of the following is NOT such a source?

- A) Viewing of the register of representatives at the FSP.
- B) The letter of introduction or mandate of the representative.
- C) The official website of the Financial Sector Conduct Authority.
- D) At the back of the financial services provider's FAIS license certificate.

Question 22

In which one of the following classes of business doe the product subcategory retail pension benefits fall under?

- A) Investments
- B) Forex investments
- C) Pension fund benefits
- D) Long-term insurance

Question 23

Which of the following statements regarding the fit and proper requirements for representatives are incorrect?

- i. Representatives appointed between 2011 and 2012 can opt to either meet the 30/60 requirement or have a recognised qualification.
- ii. Possessing a recognised qualification with an S status exempts the representative from writing the RE5 examination.
- iii. Representatives providing financial services in respect of tier 2 products are exempted from the product specific training requirement.
- iv. The qualification requirements of representatives are not applicable to representative appointed to perform scripted execution of sales if certain requirements are met.

- A) i & iv only
- B) iii & iv only
- C) i ; ii & iii only
- D) i, ii; iii & iv

Question 24

Choose the incorrect option. An FSP may pro-rata reduce the CPD hours in respect of a representative for a period of time which that representative is continuously absent from work if that absence is due to which one of the following?

- A) Study leave
- B) Paternity leave
- C) Maternity leave
- D) Pro-longed sick leave

Question 25

Class of business training is training in respect of a class of business and which the training is provided and assessed by -

- A) The FSCA
- B) A professional body.
- C) An education institution.
- D) A RE examination body.

Question 26

A representative is permitted work under supervision if the representative does not meet which of the following requirements.

- i. Experience
- ii. Recognised qualification
- iii. Product specific training
- iv. Regulatory Examination

- A) ii & iv only
- B) iii & iv only
- C) i, ii & iv only
- D) i, ii, iii & iv

Question 27

Complete the sentence. A representative must submit evidence of CPD activities within -

- A) 15 days of completion of each CPD activity.
- B) 15 days of the completion of the CPD cycle.
- C) 30 days of completion of each CPD activity.
- D) 30 days of the completion of the CPD cycle.

Question 28

Which of the following statements regarding supervision arrangements are incorrect?

- i. Any period of interruption for six aggregate weeks should be compensated for by adding a period equal to the absence.
- ii. A supervisor can be a representative that meets the requirements pertaining to experience, recognised qualification and the regulatory examinations.
- iii. The FSP must ensure that the supervised representative and supervisor is in regular face-to-face contact with each other.
- iv. The FSP must differentiate on the representative register between representatives that are acting under supervision and those that meet all the requirements.

- A) i & iii only
- B) iii & iv only
- C) i, ii & iv only
- D) i, ii, iii & iv

Question 29

Pamela is a representative for a financial services provider. Which of the following changes to her circumstances must be amended on the register of representatives?

- i. Completion of her first module of the Certificate in Financial Products.
- ii. Completion of each direct and on-going supervision event.
- iii. Competency in the regulatory exams.
- iv. Addition of product subcategories and start date thereof.

- A) i & iii only
- B) iii & iv only
- C) i, ii & iv only
- D) i, ii, iii & iv

Question 30

Debbie is a Representative with ABC Bank. Which of the following activities which she carries out every day are classified as giving advice and providing a financial service in terms of the FAIS Act?

- i. Urging a customer to make an investment in a financial product.
- ii. Describing to the client which product is most suitable to the needs of that client.
- iii. Assisting a customer in completing the required documents.
- iv. Handing a product brochure and fees pamphlet to a customer.

- A) i & ii only
- B) iii & iv only
- C) i, ii & iv only
- D) i, ii, iii & iv

Question 31

T&T Funerals is a Category I FSP authorised to provide advice for Long Term Insurance A only. They do not receive premiums on behalf of product suppliers. The financial year end for T&T Funerals is February. Which one of the following statements with regard to accounting and auditing process of T & T is correct?

- A) T&T must submit their financial statements to the compliance officer on or before the 1 April each year.
- B) T&T is not required to submit financial statements as they do not hold clients' funds.
- C) T&T must submit their financial statements to the Financial Sector Conduct Authority on or before 30 June each year.
- D) The financial statements must be audited by an internal auditor before submission to the Financial Sector Conduct Authority.

Question 32

Linda has been placed under supervision in multiple categories. However, she is currently not providing any financial service in two of the categories. What should be done in accordance with the FAIS Act?

- A) The register or representatives should be amended to remove Linda from the two categories.
- B) Linda should be placed in a position where she can gain experience in the specific subcategory.
- C) Linda's term under supervision should be extended to 8 years so she can gain the necessary experience.
- D) The contract with Linda should be ended and a new representative with appropriate experience should be appointed.

Question 33

The General Code of Conduct lays down certain steps to be followed when giving advice to a client in respect of financial products. If Jenny, a representative, takes the following steps in the order given, which sets of steps will be correct?

- i. Firstly, she ensures that the client is comfortable, then she asks for records of all existing financial products and investments.
 - ii. Firstly, she gathers information about the customer's financial situation and objectives then she does an analysis of the information.
 - iii. Her third step is to analyse the information and then explain the possible limitation of advice.
 - iv. Her third step is to identify the products that may be suitable and then disclose any replacement options and all costs.
- A) i & iii only
 - B) ii & iv only
 - C) i & iv only
 - D) ii & iii only

Question 34

Louis, a representative of Fly High Brokers has been debarred. Which of the following actions must take place?

- A) Louis must inform his clients of the debarment after he has completed any outstanding business.
- B) Louis must inform his clients of the debarment after he has transferred all his outstanding business to another representative on date of debarment.
- C) Fly High Brokers must inform Louis' clients of the debarment and must on date of debarment transfer outstanding business to another representative.
- D) Fly High Brokers must inform Louis' clients of the debarment after he has completed any outstanding business.

Question 35

Which of the following requirements regarding maintenance of voice logged records are incorrect?

- i. Where no financial service is rendered because of advertising by phone, voice logged records does not need to be kept for more than 60 days.
- ii. Where a financial services provider advertises a financial service by telephone a copy of all such records must be provided on request by the client or the Authority within 7 working days.
- iii. Records of advice furnished to a client telephonically need not be reduced to writing but a copy of the relevant voice logged records must be provided on request.
- iv. Where a financial service is rendered because of advertising by phone, voice logged records must be kept for 5 years after termination of product.

- A) i & ii only
- B) iii & iv only
- C) i, ii & iv only
- D) i, ii, iii & iv

Question 36

Which ONE of the following statements regarding the compliance function is not incorrect?

- A) The compliance officer must establish the compliance function and is responsible for compliance.
- B) The compliance officer must establish and oversee the compliance function.
- C) The compliance officer must oversee the compliance function and monitor compliance.
- D) The compliance officer must maintain the compliance function and monitor compliance.

Question 37

Which of the following statements regarding the suspension, withdrawal and lapsing of a license is correct?

- A) Suspension is initiated by the FSP whereas lapsing is initiated by the Authority.
- B) A lapsed license may be reinstated on approval of the Authority.
- C) Accreditation in terms of the Medical Schemes Act will also lapse if an FSP license lapsed.
- D) If a license is lapsed, the entity will not be able to apply for a new license for a minimum period of 5 years.

Question 38

Which of the following can be imposed on the FSP license on approval if the Authority deems it necessary?

- A) Conditions only
- B) Provisions and conditions
- C) Restrictions and conditions
- D) Restrictions only

Question 39

Which ONE of the following statements regarding the manner in which complaints must be handled by the financial services provider is correct?

- A) The complaints policy of the financial services providers must be available at each branch or electronically.
- B) A complaint received must be forwarded to the correct department within 3 weeks after receipt of complaint.
- C) A copy of all complaints received by the financial services providers must be forwarded to the FAIS Ombud.
- D) If the complaint is resolved in favour of client, redress should be offered within 6 months.

Question 40

Choose the incorrect statement. It is June 2011 and Brett Brokers, who operate under a Category I licence, wish to appoint Manny as a Representative to sell long-term insurance products. What are the minimum general experience requirements that Brett Brokers could consider as acceptable experience that Manny has already gained for these subcategories?

- A) Experience gained two years ago whilst working in London selling endowment policies.
- B) Experience obtained in 2009 selling unit trusts.
- C) Experience during 2010 managing a team of tele-sales staff who sold credit insurance.
- D) Experience selling household cover at his current financial services provider under supervision.

Question 41

Choose the incorrect option. When a Representative is debarred by the Authority for misconduct, it implies that-

- A) Any business that the Representative concluded falls away and is null and void.
- B) The Representative is unfit and improper for a period of at least 12 months.
- C) The Representatives name is removed from the central Register of Representatives.
- D) A financial services provider must apply for reappointment of representative before reinstatement.

Question 42

The FAIS Ombud plays an important role in resolving disputes regarding the rendering of financial services. Which ONE of the following statements is correct?

- A) The FAIS Ombud takes direct instructions from the Authority.
- B) The amount of alleged loss or damage arising from any dispute may not exceed R1 000 000.
- C) The FAIS Ombud must dismiss a complain if the matter has already been brought to a Court.
- D) The Ombud's role is to ensure systemic stability within the financial services industry.

Question 43

Which ONE of the following statements regarding undesirable practice declaration is correct?

- A) Providers have 21 days to stop the practice after a practice has been deemed undesirable.
- B) If a provider continued with a practice after being declared undesirable, the license may be suspended.
- C) The Authority can immediately deem a practice undesirable after review of the practice.
- D) Financial services providers may not after the date of the publication of the notice of declaration of an undesirable business practice carry on the business practice concerned.

Question 44

The General Code of Conduct lays down specific requirements regarding the disclosures that must be made to clients. Which of the following statements are correct?

- i. Financial advice given to a client verbally must be confirmed in writing within 15 days.
 - ii. The representative must disclose whether financial services is provided under supervision.
 - iii. Disclosures are one of the elements of an ethical approach to financial services.
 - iv. All of the above
-
- A) i & iii only
 - B) ii & iii only
 - C) i & iii only
 - D) iv only

Question 45

Which ONE of the following statements regarding representation of information as stipulated in the General Code of Conduct is correct?

- A) Information must be reflected in specific monetary terms with regard to all amounts, sums and values.
- B) Disclosures must be sent to a client on a monthly basis together with the statement of account.
- C) All information provided to a client must contain the registration number of the FSP.
- D) The board of directors must approve and sign off standard documentation given to clients.

Question 46

Client A pays R10 000 in cash into the separate bank account of FSP B. Which ONE of the following statements regarding the liability and rights of the client in respect of this transaction is correct?

- A) The client is responsible for paying the cash deposit fee relating to this transaction and has the right to any interest that accrues on money paid.
- B) The client is responsible for paying the cash deposit fee relating to this transaction, but the FSP has the right to any interest that accrues on money paid.
- C) The FSP is responsible for paying the cash deposit fee relating to this transaction, but the client has the right to any interest that accrues on money paid.
- D) The FSP is responsible for paying the cash deposit fee relating to this transaction and has the right to any interest that accrues on money paid.

Question 47

Which of the following statements regarding the requirements pertaining to advertising as stipulated the General Code of conduct are correct?

- i. Where a financial services provider advertises by telephone a copy of records must be provided on request within 14 days of request.
 - ii. Radio advertisements need only provide the business name of the financial services provider.
 - iii. If a transaction is concluded as result of telephone advertising, the full details about the financial services provider and supplier must be provided in writing within 30 days.
 - iv. A financial services provider is not permitted to advertise instruments of which the return is not guaranteed.
- A) i & ii only
 - B) i, & iii only
 - C) ii & iii only
 - D) i, iii & iv only

Question 48

In order for a financial services provider to satisfactorily resolve a client complaint, various requirements must be in place. In this regard, which of the following statements are correct?

- i. The financial services provider must reduce the client complaint to writing if given by the client verbally.
- ii. The client must be told what further steps can be taken should they not be satisfied with the outcome of their complaint.
- iii. If the financial services provider disputes the complaint, the client must submit the complaint to the Ombud within six months.
- iv. The Ombud can decline a complaint if the affected client has already attempted to resolve it with the responsible financial services provider.

- A) i & ii only
- B) i & iii only
- C) ii & iii only
- D) i, iii & iv only

Question 49

What is the purpose of the Financial Intelligence Centre Act?

- A) Criminalising money laundering and terrorist funding activities.
- B) Establishing the Financial Intelligence Centre.
- C) Allowing for civil forfeiture in respect of property involved in illegal conduct.
- D) All of the above

Question 50

Which of the following statements regarding the reporting of suspicious transactions are correct?

- i. A report must be made to the Financial Intelligence Center as soon as possible but no later than 2 days after it became aware of such transactions.
- ii. A report must be made to the Financial Intelligence Center as soon as possible but no later than 5 days after it became aware of such transactions.
- iii. The Financial intelligence Centre can request the institution to not proceed with the transaction for at least 10 working days.
- iv. The Financial intelligence Centre can request the institution to not proceed with the transaction for not more than 10 working days.

- A) i & iii only
- B) i & iv only
- C) ii & iii only
- D) ii & iv only

RE MOCK EXAM 3

MEMO

1	C
2	A
3	C
4	C
5	D
6	C
7	D
8	D
9	D
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11	A
12	C
13	C
14	B
15	C
16	B
17	D

18	C
19	B
20	D
21	D
22	A
23	C
24	A
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27	B
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30	A
31	C
32	B
33	B
34	C

35	A
36	C
37	C
38	C
39	A
40	A
41	A
42	C
43	D
44	B
45	A
46	A
47	C
48	C
49	B
50	B