

Mock Exam 1

1. The FAIS General Code of Conduct requires that representatives fulfil the following responsibilities. Which statement is correct?
 - 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 the resources, procedures and appropriate technological systems for the proper performance of professional activities
 - c. They have to ensure that clients can make informed decisions by providing clients with quotations when recommending financial products
 - d. They should obtain appropriate and available information regarding the clients financial situation, financial product experience and objectives in connection with the financial services required

2. Select the correct option. The Key Individual may :
 - a. Fulfil two roles, namely that of being a Key Individual as well as that of a representative
 - b. May only act as a Key Individual
 - c. May not be a representative
 - d. May not be a director

3. Choose the correct option :
 - a. The Commissioner registers representatives provided they meet certain criteria
 - b. The FSCA authorises a representative to represent it, provided the representative meets the “fit and proper” criteria stipulated in the FAIS Act, and then has to maintain a register with certain details as required by the Act.
 - c. The FSP authorises a representative to represent it, provided the representative meets the “fit and proper” criteria stipulated in the FAIS Act, and then has to maintain a register with certain details as required by the Act
 - d. The FSP authorises a representative to represent it, provided the representative meets the “fit and proper” criteria stipulated in the FAIS Act, and then the Commissioner registers the representative

4. Select the correct option :

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

Incidents indicating when persons are not honest and lack integrity:

- a. Has good personal character and qualities
 - b. In good standing with the law
 - c. Competent
 - d. Has been convicted of offences or has accepted civil liability
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6. The register of representatives does not have to :

- a. Contain every representative or key individuals name and business address
 - b. State whether the representatives acts for the provider as employee or as mandatory
 - c. Specify the categories in which such representatives are competent to render financial services
 - d. List the fit and proper details of the representative
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7. An individual who wants to work as an independent broker is obliged to register and obtain a license as an FSP in terms of FAIS if he wants to render:

- a. Any services to clients
 - b. A financial service to client
 - c. An administrative service to clients
 - d. Legal services to clients
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8. Long term insurance subcategory B1 refers to

- a. Policies that require limited underwriting
 - b. Disability, health and life policies
 - c. Investment policy, which guarantees minimum return, at a specified date
 - d. A policy which doesn't give you the option to request change
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9. Which statement is correct?

If a representative does not meet the fit and proper requirements and found to be dishonest:

- a. An FSP must debar the representative by withdrawing the authority granted to the representative to act on its behalf
 - b. The Commissioner must debar the representative
 - c. If the representative was found guilty of dishonesty a period of 24 months must have lapsed after debarment before he/she can be re-write
 - d. If a representative resigns from FSP 1 and joins FSP 2, FSP 1 must debar him/her and FSP 2 must re-appoint the individual
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10. If the financial services are rendered by a person NOT authorised as a financial services provider or representative, the agreement between the product supplier and the client will:

- a. Still be enforceable, although the services was rendered by an unauthorised person
 - b. Not be enforceable, because the service was rendered by an unauthorised person
 - c. Regarded as though it never existed because the service was rendered by an unauthorised person
 - d. Is enforceable only by the client because the service was rendered by an unauthorised person
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11. Select the incorrect statement. In order to remain licensed, the FSP continually needs to comply with several requirements, including :

- a. The payment of annual license fees
 - b. All the provisions of FAIS and other legislation affecting his subsector
 - c. The relevant codes of conduct
 - d. The FSP must have had no debarred Key Individuals or representatives during the previous 12 months
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12. To keep their knowledge up to date the representatives are required to complete:

- a. 8 hours of CPD activities between 1 June – 31 May
 - b. 6 hours of CPD activities between 31 May – 1 June
 - c. 6 hours of CPD activities between 1 June – 31 May
 - d. 8 hours of CPD activities between 31 May – 1 June
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13. Select the incorrect statement.

An undesirable practice must have, or is likely to have, a direct or indirect effect resulting in:

- a. Harming the relations between FSPs
 - b. Unreasonable prejudice to clients
 - c. Deceiving any client and/ or unfairly affecting any client
 - d. If allowed to continue, the practice will defeat one or more objectives of the FAIS act
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14. Long term insurance subcategory B1-4 refers to:

- a. Disability, health and life policies
 - b. Policies that require limited underwriting
 - c. Investment policies that guarantees minimum return
 - d. A policy which doesn't give you the option to request change
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15. Experience gained lapses when :

- a. The FSP, KI, Rep has not rendered financial services for a consecutive period of 2 years
 - b. The FSP, KI, Rep has not rendered financial services for a consecutive period of 3 years
 - c. The FSP, KI, Rep has not rendered financial services for a consecutive period of 5 years
 - d. The FSP, KI, Rep has not rendered financial services for a consecutive period of 4 years
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16. Select the correct statement. A licensee must:

- a. Display a certified copy of the license in a prominent and durable manner in its head office
 - b. Ensure that a reference to the fact that such a license is held and is contained in all the business documentation, advertisements and other promotional material
 - c. Ensure that the licence is at all times available to any person
 - d. Issue each representative with a copy of the license
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17. Select the incorrect option.

The Commissioner may at any time withdraw (remove) a license for any of the following reasons:

- a. If the FSP, in his application for a license did not disclose all relevant information to the Registrar, for example that his license was previously withdrawn
 - b. If the FSP provided false or misleading information when applying for the license, for example the fact that he had been found guilty of fraud or dishonesty within the past five years was omitted
 - c. If the FSP provided false contravened or failed to comply with FAIS in any way, for example if the FSP no longer operates in a financially sound manner
 - d. If any other case, where the licensee voluntarily and finally surrenders the license to the Commissioner
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18. What recourse does a FSP have if it has received notice from the Commissioner of the intention to suspend or withdraw its license?
- a. None, as the Registrar's decision is final
 - b. The FSP will have 30 days to make a submission in response to the above information. The Registrar will then decide whether to suspend the license or not
 - c. The Registrar must give the licensee a reasonable opportunity to make a submission in response to the above information. The Registrar will then decide whether to suspend the license or not
 - d. The FSP can approach the Ombudsman and appeal against the decision in writing within 15 days of the Registrar's ruling
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19. A license would lapse when:

- a. The licensee's liabilities exceed its assets
 - b. Where the business of the licensee has become dormant
 - c. The Registrar decides to terminate it
 - d. The legal entity with which the FSP trades, changes
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20. When a license lapses the Commissioner:

- a. Must make known the terms and reasons for the lapse in the Government Gazette and, if necessary, in any other appropriate public media
 - b. Can't take any further action in terms of FAIS because the license has not been withdrawn or suspended
 - c. May make known any such lapsing by a notice in the Government Gazette and, if necessary by means of any other appropriate public media announcement
 - d. Must publish a notice in the Government Gazette within 30 days of the date of having received notification of the lapse
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21. Select the correct option:

- a. A withdrawn license cannot be reinstated. The entity will have to apply for a new license. The Registrar can reinstate a suspended license once all conditions have been met
- b. A suspended license cannot be reinstated. The entity will have to apply for a new license
- c. Withdrawn and suspended licenses have to meet the criteria set by the Registrar in order to be reinstated
- d. A period of 5 years must have lapsed before an application can be made for a license to be reinstated

22. Select the incorrect statement:

- a. Reinstatement of the authorisation may be imposed by the Commissioner if the licensee has provided reasons why the provisional suspension or withdrawal should be lifted or why the period and terms should be changed
 - b. The Commissioner must make known the term of the reasons for the lifting of the provisional suspension or withdrawal by notice in the public Gazette and, if necessary, in any other public media
 - c. After having received a response from the licensee the Commissioner must consider it within a reasonable time and may then render a provisional suspension or withdrawal final
 - d. During the provisional suspension the licensee concerned may not continue to act as a financial services provider until the suspension is final
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23. Select the correct option:

The Key Individual is responsible for :

- a. Advising and recording
 - b. Keeping records
 - c. Regulations and legislation
 - d. Managing and overseeing
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24. A client pays funds to a provider. According to FAIS the provider must

- a. Open a separate bank account for the client
 - b. Open a separate bank account designated for client funds and within reasonable time after receipt, pay the client's funds into the account
 - c. Open a separate account designated for client funds and within one business day after receipt, pay the client's funds into the account
 - d. Refuse to accept the funds as providers may not hold client funds in terms of FAIS.
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25. The disclosures required from FSP's by the FAIS ACT offer the following benefits to customers :

- a. The assurance that all legal requirements have been met
 - b. The ability to make well informed decisions
 - c. The capacity to make unbiased purchase decision
 - d. The confidence to trust the integrity of the FSP
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26. John Daniels is a broker. He is licensed as an FSP. He uses a disclosure letter when meeting with clients for the first time. Which one of the following items on his disclosure letter with regards to the FSP is not required in terms of FAIS?

- a. Name of the business and FSP Registration number
 - b. Information regarding the service he is authorised to provide
 - c. Addresses and contact numbers including email addresses etc
 - d. Details of his qualifications and experience
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27. Which of the following statements is correct as stipulated in the FAIS act in terms of disclosures for a product which is marketed or positioned as an investment product or a product which has an investment component?

- a. The nature, extent and frequency of any fee, commission or brokerage which will or may become payable to the provider, directly or indirectly by any product supplier or any person other than the client.
 - b. The nature extent and frequency of any incentive, remuneration, consideration, commission, fee or brokerage which will or may become payable to the provider, directly or indirectly, by any product supplier or any person other than the client
 - c. The nature extent and frequency of any fee, commission, fee or brokerage or any benefits (such as overseas trips) which will or may become payable to the provider, directly or indirectly, by any product supplier or any person other than the client
 - d. Any initial rebate arrangement. This can be expressed in percentage or rand terms.
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28. Long term insurance subcategory B2-A refers to :

- a. Policies with no option to request changes
 - b. investment policies that require limited underwriting
 - c. policies that guarantee minimum return
 - d. disability, health and life policies
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29. In terms of FAIS, as far as disclosure on product suppliers is concerned, which statement is correct:

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

30. Which of the following actions does not constitute advice under FAIS?

- a. Recommending a funeral policy to a client
 - b. Processing the claims of a client against a product supplier
 - c. Helping a client with a re-purchase from a unit trust
 - d. Helping a client to obtain a loan or a cession on a policy
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31. Ethical conduct in the financial services environment means:

- a. Conduct which is morally acceptable
 - b. Conduct which is aligned with the General Code of Conduct of the FAIS act and which complies with all other relevant pieces of legislation
 - c. Acting in the interest of the client
 - d. Conduct which is aligned with the General Code of Conduct of the FAIS act
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32. The best way to summarise the role of the representative in terms of ethical conduct in the financial services environment in terms of FAIS is:

- a. To enable the client to make an informed decision
 - b. The representative must at all times render financial services, honestly, fairly, with due skill, care and diligence, and in the interests of clients and the integrity of the financial services industry
 - c. The representative must follow the six step financial planning process when advising clients
 - d. The provider must meet the fit and proper requirements of FAIS
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33. Which of the following statements is correct as far as handling of complaints by a provider are concerned:

- a. Any client must be allowed to lodge a complaint verbally or in writing
 - b. Where a complaint is not resolved to the client's satisfaction, the provider must refer the client to the Ombudsman
 - c. The provider must ensure that a resolution of a complaint can during and by means of the resolution process be effected which is fair for both clients and the provider and its staff
 - d. The provider must ensure the existence of easy access for clients to postal, fax, telephone or electronic helpdesk support
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34. Select the incorrect statement. A provider, other than a direct marketer, must, prior to providing a client with advice:

- a. Take reasonable steps to seek from the client appropriate and available information regarding the client's financial situation.
 - b. Conduct a comprehensive financial needs analysis for purposes of the advice based on the information provided
 - c. Identify the financial product or products that will be appropriate to the client's risk profile and financial needs, subject to the limitations imposed on the provider under the Act or any contractual agreement
 - d. Take reasonable steps to establish whether the financial product identified is wholly or partially replacement for an existing financial product of the client and if it is, such a replacement, the provider must comply with subparagraph (d)
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35. Long term insurance subcategory B2 refers to :

- a. Policies that require limited underwriting
 - b. Policy with no option to request change
 - c. Disabilities, life and health policies
 - d. Policy which guarantees minimum return
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36. Accountable institutions in the FIC Act:

- a. Banks, estate agents, attorneys, trust companies, collective investment schemes and long term insurance companies (including an insurance broker and representative of an insurer)
 - b. Banks
 - c. Banks, estate agents, collective investment schemes and long term insurance companies (Including an insurance broker and a representative of an insurer)
 - d. Banks, estate agents, attorneys, trust companies and a long term insurance company
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37. Clever John 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:

- a. Advice because John is a representative of a FSP
 - b. Not advice because John 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 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 clients in respect of"
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38. The purpose of debarment is:

- a. To protect FSP's against unscrupulous representatives
 - b. To protect the financial services industry
 - c. To ensure that consumers are protected against dealings with FSP's who are unfit to render financial services
 - d. To ensure that consumers are protected against dealings with representatives who are unfit to render financial services
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39. No person may become / remain an FSP if

- a. Found competent
 - b. They are financially sound
 - c. In good standing
 - d. Declared insolvent, placed under liquidation and subject to pending proceedings
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40. When debarment takes place:

- a. The FSP must remove the representative's name and the names of the key individuals of the representative from the register referred to in section 13 (3) of the FAIS act and must within a period of 15 days after the removal inform the Commissioner in writing thereof and the reason for debarment in such format as the Commissioner may require
 - b. The FSP must remove the representative's name from the register referred to in section 13 (3) of the FAIS act and must within a period of 15 days after the removal inform the Commissioner in writing thereof and the reasons for debarment in such format as the Commissioner may require
 - c. The FSP must remove the representative's name, and the names of the key individuals of the representatives from the register referred to in Section 13 (3) of the FAIS act and must within a period of 30 days after the removal inform the Commissioner in writing thereof and the reasons for debarment in such format as the Commissioner may require
 - d. The FSP must remove the representative's name from the register referred to in Section 13 (3) of the FAIS act and must within a period of 30 days after the removal inform the Commissioner in writing thereof and the reasons for debarment in such format as the Commissioner may require
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41. If the Commissioner debars a representative, the debarred person must be given:

- a. 15 days to make a submission to the Commissioner in response to the debarment
 - b. 30 days to make a submission to the Commissioner in response to the debarment
 - c. A reasonable opportunity to make a submission to the Commissioner in response to the debarment
 - d. A reasonable opportunity to make a submission to the FSP who will then liaise with the Commissioner
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42. The process and timeframe when a FSP debars a representative is:

- a. The name of the representative and the representative's key individuals must be removed from the register. The authorised FSP must inform the Commissioner
 - b. The FSP must inform the Commissioner of the debarment within 15 days
 - c. The name of the representative and the representative's key individuals must be removed from the register. The authorised FSP must inform the Commissioner within 30 days of such removal
 - d. The name of the representative and the representative's key individuals must be removed from the register. The authorised FSP must inform the Commissioner within 15 days of such removal
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43. Which of the following is not one of the main functions of a Compliance Officer?

- a. Supervise compliance in the FSP as part of the risk management framework of the business
 - b. Compiling written reports on compliance for the FSP and the FSCA as required and making recommendations to the FSP on compliance where necessary
 - c. Providing training on compliance related matters to personnel of the FSP
 - d. Oversee the actions of the FSP's representatives
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44. FAIS allows for record keeping in the following format:

- a. Electronic format only
 - b. Written format only
 - c. An appropriate electronic or recorded format, readily reducible to written or printed form
 - d. An appropriate electronic or recorded format, which are easily accessible and readily reducible to written or printed form
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45. A provider must keep records for a minimum period of 5 years

- a. After termination of the product concerned
 - b. Five years after a single transaction is concluded
 - c. After the maturity of a product
 - d. At inception
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46. FICA requires accountable institutions to keep records of:

- a. Suspicious transactions
 - b. Cash transactions above a prescribed limit
 - c. Documents used to identify and verify the client
 - d. Annual reports
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47. An accountable institution appoints a third party to keep records in terms of FICA, on its behalf.

Select the incorrect statement. The accountable institution must provide FIC with:

- a. The address where the records are kept
 - b. The name under which the third party conducts business
 - c. The risk measures that the third party has in place in order to safeguard retrieval of records
 - d. The address from where third party exercises control over the records
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48. In terms of FAIS & FICA the industry standard is to keep records in the following format:

- a. Paper files
 - b. Electronic format that should be easily retrievable and are readily reducible to written or printed form
 - c. Paper and electronic format
 - d. Electronic format that should be easily retrievable, kept safe from destruction and are readily reducible to written or printed form
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49. The first and second regulatory level examinations must be completed :

- a. Within two years from the date of first appointment
 - b. Within five years from the date of first appointment
 - c. Within three years and six years respectively, from the date of first appointment
 - d. Within two to six years respectively, from the date of first appointment
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50. Choose the most correct statement.

The main purpose of FICA is:

- 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 suspiciously transactions etc
 - d. FICA introduced money laundering control measures and makes provision for the establishment of a Financial Intelligence Centre, Money Laundering Advisory Council and amendment of certain acts
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51. FICA places certain duties on accountable institutions. These are:

- a. The duty to identify clients, the duty to keep records, reporting duties and access to information, measures to promote compliance by accountable institutions and referral and supervision
- b. The duty to identify and verify clients and to report suspicious transactions
- c. The duty to “know your client” reporting duties and to train internal personnel
- d. The duty to identify clients, the duty to keep records, reporting duties, and referral and supervision