**Question 1**

**Question:** Which ONE of the following constitutes intermediary services as defined in the FAIS Act?

| **Option** | **Answer Text** |
| --- | --- |
| A | Ralph works at product supplier A and processes clients' claims. |
| B | FSP Z keep clients funds in safe custody. |
| C | James informs a client about the advantages a funeral policy will hold for her. |
| D | Premiums are paid into product supplier D's account at Bank GFF. |

**Question 2**

**Question:** On which date did the Financial Sector Conduct Authority become operational?

| **Option** | **Answer Text** |
| --- | --- |
| A | 1 September 2004 |
| B | 20 April 1994 |
| C | 1 April 1991 |
| D | 18 April 2018 |

**Question 3**

**Question:** Which of the following fit and proper requirements are applicable to financial services providers?  
(i) Competence  
(ii) Financial Soundness  
(iii) Operational Ability  
(iv) Continuous Professional Development  
(v) Honesty, Integrity & Good standing

| **Option** | **Answer Text** |
| --- | --- |
| A | ii, iii & v only |
| B | iii & v only |
| C | i & iii only |
| D | ii; iii & iv only |

**Question 4**

**Question:** How many product categories are there in Category I?

| **Option** | **Answer Text** |
| --- | --- |
| A | 10 |
| B | 16 |
| C | 20 |
| D | 26 |

**Question 5**

**Question:** Which ONE of the following statements is correct regarding the role players in the financial services industry?

| **Option** | **Answer Text** |
| --- | --- |
| A | The compliance officer is responsible for oversight and management of financial services. |
| B | A financial services provider must apply for a license with the Department of Finance. |
| C | The Ombud for financial services providers is responsible for regulation of financial services. |
| D | Juristic representatives are appointed and approved by the financial services provider. |

**Question 6**

**Question:** Themba invested 1.3 million in a new venture on advice of a representative of FSP 7 and suffered a loss of R1.1 million. After a negative response from FSP 7 Advisors, he was advised to refer the matter to the FAIS Ombud. What amount must Lucas forego for his complaint to be considered by the FAIS Ombud?

| **Option** | **Answer Text** |
| --- | --- |
| A | R200 000 |
| B | R300 000 |
| C | R400 000 |
| D | R500 000 |

**Question 7**

**Question:** Which of the following are a purpose of the register of representatives?  
(i) Providing a record of representatives associated with the financial services provider.  
(ii) Calculation of levies payable to the Financial Sector Conduct Authority.  
(iii) Maintenance of a central register of representatives.  
(iv) Assisting to make a look-up facility available on the FSCA official website.

| **Option** | **Answer Text** |
| --- | --- |
| A | i & iv only |
| B | iii & iv only |
| C | i; ii & iii only |
| D | i, ii; iii & iv |

**Question 8**

**Question:** Marian invested money on the advice of a representative of L Brokers. She suffered a loss of R950 000 and submitted a complaint through the FAIS Ombud. L Brokers did not agree that the FAIS Ombud limit for complaints may be exceeded in this specific complaint. What is the maximum financial compensation that the FAIS Ombud can award Mandy with regard to the loss suffered?

| **Option** | **Answer Text** |
| --- | --- |
| A | R800 000 plus interest for the period from the date of complaint until date of determination. |
| B | R950 000 plus interest for the period from the date of complaint until date of determination. |
| C | R800 000 plus interest for the period from the date of loss until date of determination. |
| D | R950 000 plus interest for the period from the date of loss until date of determination. |

**Question 9**

**Question:** Which ONE of the following is a minimum qualification requirement for a representative registered for friendly society benefits only?

| **Option** | **Answer Text** |
| --- | --- |
| A | Class of business training only. |
| B | Product specific training only. |
| C | Regulatory examination for representatives and product specific training. |
| D | Class of business training and product specific training. |

**Question 10**

**Question:** Representatives may only work under supervision if the –

| **Option** | **Answer Text** |
| --- | --- |
| A | Financial services provider has appointed a key individual that is only responsible to monitor services provided under supervision. |
| B | Supervisor has been approved in writing by the Commissioner for supervising such services. |
| C | Supervised representative has entered into a detailed supervision agreement with the financial services provider. |
| D | Supervision period does not exceed 3 years, or a longer period agreed to by the Commissioner. |

**Question 11**

**Question:** Ace Insure is registered as a Category I financial services provider in short term personal lines and commercial lines for advice and intermediary services. The table below outlines the programs that their representatives embarked on during the CPD cycle as well as their date of appointment. Which one of the following representatives is deemed to have maintained the fit and proper status in terms of the qualification and continuous professional development requirements as at the end of the CPD cycle on 31 May 2019?

**Representative Details:**

| **Representative** | **Date of First Appointment** | **Qualifications** | **CPD Programs** |
| --- | --- | --- | --- |
| i | 1 June 2007 | Completed a skills program of 60 credits in 2008; Competency in RE5 | None (exempted from this requirement) |
| ii | 1 December 2018 | Certified Financial Planner + RE5 | 9 CPD hours of learning with the FPI |
| iii | 1 March 2017 | Certified Financial Planner + RE1 | 18 CPD hours of learning with the FPI |
| iv | 1 April 2015 | B. Com Finance + RE1 + RE5 | 12 CPD hours of learning with the FPI |

| **Option** | **Answer Text** |
| --- | --- |
| A | i |
| B | ii |
| C | iii |
| D | iv |

**Question 12**

**Question:** Which of the following conditions must be met before a debarred representative can apply for removal from the list of debarred representatives (for not adhering to the FAIS Act in a material manner)?  
(i) The FAIS Ombud must have determined that the representative was not guilty of an offence.  
(ii) Six months must have lapsed since the debarment was initiated.  
(iii) All unconcluded business of the debarred representative must have been properly concluded.  
(iv) The debarred representative must meet all fit and proper requirements.

| **Option** | **Answer Text** |
| --- | --- |
| A | i & iv only |
| B | iii & iv only |
| C | i; ii & iii only |
| D | ii; iii & iv only |

**Question 13**

**Question:** Jane has been appointed as a representative working under supervision at M&M Financial Services. M&M Financial Services must determine the supervision arrangements and the level of intensity of supervision for Jane, having regard to:  
(i) The assessed level of competency of Jane.  
(ii) Complexity of the products offered.  
(iii) The supervisor's level of expertise and knowledge.  
(iv) The risk inherent to M&M Financial Services.

| **Option** | **Answer Text** |
| --- | --- |
| A | ii & iv only |
| B | iii & iv only |
| C | i, ii & iv only |
| D | i, ii, iii & iv |

**Question 14**

**Question:** A financial services provider is licensed to sell short and long-term deposits, long term insurance Cat B1, and short-term insurance personal lines. Sandy will complete her B. Com in Economics in 1 year's time and is joining as a representative with no previous industry experience. Which of the following must take place if Sandy is appointed as a representative?  
(i) Sandy must complete the product specific training before appointment.  
(ii) Sandy may only sell short-term insurance personal lines since this subcategory has the least onerous requirements.  
(iii) Sandy must complete a supervision agreement and then can be placed on the register under all product categories.  
(iv) Sandy must undergo a lie detector test to ensure she meets the honesty and integrity requirements.

| **Option** | **Answer Text** |
| --- | --- |
| A | i & iii only |
| B | iii & iv only |
| C | i, ii & iv only |
| D | i, ii and iii only |

**Question 15**

**Question:** A client complains about an investment product you sold him two years ago that has not delivered the expected return, and he threatens to lodge a complaint directly with the FAIS Ombud against your FSP. What is the most appropriate action for you to take?

| **Option** | **Answer Text** |
| --- | --- |
| A | Pre-empt the complaint by writing an email to the Ombud explaining the circumstances. |
| B | Wait until you hear from your key individual if the client complains. |
| C | Inform the client of the internal complaints process and how to lodge a complaint with the FSP. |
| D | Advise your key individual of the incident and provide a copy of your record of advice. |

**Question 16**

**Question:** The supervisor became aware that an action by one of its supervised representatives resulted in unfair treatment of a client. According to the exemption provisions for services rendered under supervision, what action is the supervisor required to take?

| **Option** | **Answer Text** |
| --- | --- |
| A | Inform the client of the unfair treatment as soon as possible. |
| B | Inform the client of the unfair treatment within 1 day. |
| C | Report the incident to the FSP within a reasonable time. |
| D | Report the incident to the FSP immediately. |

**Question 17**

**Question:** Which one of the following statements regarding supervision arrangements is incorrect?

| **Option** | **Answer Text** |
| --- | --- |
| A | The supervised representative must disclose to clients that he/she is rendering services under supervision. |
| B | The FSP must differentiate on the representative register between those working under supervision and those that are not. |
| C | Representatives who provide financial services in multiple subcategories can gain the experience at the same time. |
| D | The minimum period a supervisee can be placed under supervision is 6 years from the date of first appointment. |

**Question 18**

**Question:** Which of the following documentation is a financial services provider **not** required to keep in terms of the FAIS Act?

| **Option** | **Answer Text** |
| --- | --- |
| A | Known premature cancellation of transactions by clients. |
| B | The identity and proof of address of client. |
| C | Voice logged records of advice rendered. |
| D | Cases of non-compliance with the FAIS Act by the FSP. |

**Question 19**

**Question:** Big Boy Advisors, FSP license number 9119, did not adhere to a directive issued in terms of the FAIS Act. Which action is the Financial Sector Conduct Authority likely to take?

| **Option** | **Answer Text** |
| --- | --- |
| A | Fine Big Boy R100 million. |
| B | Suspend license 9119. |
| C | Withdraw license 9119. |
| D | Debar license 9119. |

**Question 20**

**Question:** Which ONE of the following statements regarding the lapsing of an FSP license is correct?

| **Option** | **Answer Text** |
| --- | --- |
| A | The Commissioner must publish notification of the lapsing on the FSCA website or other media. |
| B | The Commissioner may publish notification of the lapsing on the FSCA website or other media. |
| C | The Commissioner must publish notification of the lapsing in the Government Gazette or other media. |
| D | The Commissioner may publish notification of the lapsing in the Government Gazette or other media. |

**Question 18**

**Question:** Which of the following documentation is a financial services provider *not* required to keep in terms of the FAIS Act?

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| --- | --- |
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| A | Known premature cancellation of transactions by clients. |
| B | The identity and proof of address of client. |
| C | Voice logged records of advice rendered. |
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| C | The Commissioner must publish notification of the lapsing in the Government Gazette or other media. |
| D | The Commissioner may publish notification of the lapsing in the Government Gazette or other media. |

\*\*Question 21\*\*

\*\*Choose the incorrect option.\*\*

In which of the following instances must the commissioner report the incident on the official website of FSCA?

| Option | Answer Text |

|---|---|

| A | Lifting of a suspended FSP license. |

| B | Withdrawal of an FSP license. |

| C | Lapsing of an FSP license. |

| D | Suspension of an FSP license. |

---

\*\*Question 22\*\*

The owner of Platteland Brokers, a sole proprietor FSP, died. His daughter inherits the business. Which procedures need to be followed to adhere to the FAIS Act?

| Option | Answer Text |

|---|---|

| A | i & iii only |

| B | i & iv only |

| C | ii & iii only |

| D | ii & iv only |

---

\*\*Question 23\*\*

Complete the sentence. Representatives is \_\_\_\_\_\_\_\_\_\_ by the Financial Sector Conduct Authority.

| Option | Answer Text |

|---|---|

| A | Authorised |

| B | Appointed |

| C | Approved |

| D | Registered |

---

\*\*Question 24\*\*

\*\*Choose the INCORRECT option.\*\*

The license of Buddy Advisors has been suspended. It must have been for which reason?

| Option | Answer Text |

|---|---|

| A | Not appointing a key individual. |

| B | Failing to pay a client's claim. |

| C | Not adhering to a directive issued. |

| D | No longer meeting financial soundness requirements. |

---

\*\*Question 25\*\*

The FAIS commissioner declared certain fees undesirable. Which grounds justify this decision?

| Option | Answer Text |

|---|---|

| A | i & ii only |

| B | iii & iv only |

| C | i, ii & iv only |

| D | i, ii, iii & iv |

---

\*\*Question 26\*\*

Which actions in a business rescue process require the Commissioner’s approval?

| Option | Answer Text |

|---|---|

| A | ii & iv only |

| B | iii & iv only |

| C | i, iii & iv only |

| D | i, ii, iii & iv |

---

\*\*Question 27\*\*

Which FSP adheres to FAIS Act requirements for displaying licenses?

| Option | Answer Text |

|---|---|

| A | FSP A keeps the original in a safe and produces it on request. |

| B | FSP B displays a certified copy at every premises. |

| C | FSP C displays the original at the head office. |

| D | FSP D gives a certified copy to every client post-transaction. |

---

\*\*Question 28\*\*

Which events can lead to a R10m fine and/or 10 years imprisonment?

| Option | Answer Text |

|---|---|

| A | i & iv only |

| B | iii & iv only |

| C | i, ii & iii only |

| D | ii, iii & iv only |

---

\*\*Question 29\*\*

The General Code of Conduct prescribes keeping transaction records for:

| Option | Answer Text |

|---|---|

| A | Five years after the transaction date. |

| B | Five years after product termination. |

| C | Seven years after the transaction date. |

| D | Seven years after product termination. |

---

\*\*Question 30\*\*

\*\*Choose the FALSE option.\*\*

Which is a general duty under the General Code of Conduct?

| Option | Answer Text |

|---|---|

| A | Render services honestly. |

| B | Render services in the best interest of the FSP. |

| C | Act with due skill, care, and diligence. |

| D | Render services in the interest of industry integrity. |

---

\*\*Question 31\*\*

Thandeka provides intermediary services for all long/short-term products. What CPD requirements apply?

| Option | Answer Text |

|---|---|

| A | 6 notional hours under supervision. |

| B | Exempt from CPD. |

| C | 12 hours post-qualification. |

| D | 18 hours post-competency. |

---

\*\*Question 32\*\*

A client suffers loss due to insurer negligence. The insurer blames the bank. Which institution handles this?

| Option | Answer Text |

|---|---|

| A | FAIS Ombud. |

| B | Ombud for short-term insurance. |

| C | South African Reserve Bank. |

| D | FSCA. |

---

\*\*Question 33\*\*

Which actions comply with conflict of interest stipulations?

| Option | Answer Text |

|---|---|

| A | ii & iii only |

| B | i & ii only |

| C | i, ii & iii only |

| D | ii, iii & iv only |

---

\*\*Question 34\*\*

\*\*Choose the CORRECT statement.\*\*

FSP A sells long-term insurance products exclusively for one supplier.

| Option | Answer Text |

|---|---|

| A | FSP A must disclose the supplier restriction. |

| B | The agreement creates a conflict of interest. |

| C | The supplier must disclose in policy documents. |

| D | Report as a material financial interest. |

---

\*\*Question 35\*\*

\*\*Choose the INCORRECT option.\*\*

Frank is a key individual. Which is NOT his responsibility?

| Option | Answer Text |

|---|---|

| A | Review recruitment processes. |

| B | Debar representatives for misconduct. |

| C | Gain experience across product categories. |

| D | Verify compliance frameworks. |

---

\*\*Question 36\*\*

Which statements about conflict of interest policies are correct?

| Option | Answer Text |

|---|---|

| A | i & ii only |

| B | ii & iii only |

| C | i, ii & iii only |

| D | ii, iii & iv only |

---

\*\*Question 37\*\*

\*\*Choose the incorrect answer.\*\*

Under FAIS, a client is defined as:

| Option | Answer Text |

|---|---|

| A | A specific person/group receiving intentional service. |

| B | A member of the general public. |

| C | Successor in title to a client. |

| D | Beneficiary of a financial product. |

---

\*\*Question 38\*\*

Which products are regulated under Category II?

| Option | Answer Text |

|---|---|

| A | Short-term bank deposits |

| B | Funeral Policies |

| C | Business Insurance |

| D | Hospital Plan Benefits |

\*\*Question 39\*\*

Which of the following information must be disclosed to a client regarding the product supplier as stipulated in the General Code of Conduct?

| Option | Answer Text |

|---|---|

| A | i & ii only |

| B | i & iii only |

| C | iii & iv only |

| D | i, iii & iv only |

---

\*\*Question 40\*\*

In which of the following incidents will the FSP license of a financial services provider lapse?

| Option | Answer Text |

|---|---|

| A | The owner of FSP A, a sole proprietor, becomes temporarily incapable of carrying on with the business. |

| B | FSP B is a close corporation and is provisionally sequestrated. |

| C | The business operations of FSP C, a private company, is dormant. |

| D | FSP D, a partnership, does not have an approved key individual. |

---

\*\*Question 41\*\*

Which of the following additional disclosures should be made regarding a financial product marketed as an investment as stipulated in the General Code of Conduct?

| Option | Answer Text |

|---|---|

| A | i & ii only |

| B | i & iii only |

| C | iii & iv only |

| D | i, iii & iv only |

\*\*Question 42\*\*

Which ONE of the following is a definition of immaterial financial interest?

| Option | Answer Text |

|---|---|

| A | Any financial interest paid by different third-party providers, the aggregate of which does not exceed a thousand Rand in any calendar year. |

| B | Any financial interest paid by the same third-party provider, the aggregate of which does not exceed a thousand Rand in any calendar year. |

| C | Any financial interest paid by different third-party providers, the aggregate of which does not exceed a thousand Rand in any financial year. |

| D | Any financial interest paid by the same third-party provider, the aggregate of which does not exceed a thousand Rand in any financial year. |

---

\*\*Question 43\*\*

Choose the incorrect statement. Giant Insurance opens a new call centre and employs 200 new Representatives. Only 30% have prior experience. When the register of representatives is sent to the FSCA, it must contain:

| Option | Answer Text |

|---|---|

| A | Whether the representative acts as an employee or mandated representative. |

| B | The licence conditions applicable to each representative. |

| C | The names, IDs, and home addresses of all 200 representatives. |

| D | The supervision commencement dates for 140 of the representatives. |

---

\*\*Question 44\*\*

When a representative compares products from different suppliers, which actions may they do?

| Option | Answer Text |

|---|---|

| A | i & ii only |

| B | i & iii only |

| C | ii & iv only |

| D | i, iii & iv only |

---

\*\*Question 45\*\*

Which statements regarding advice requirements under the General Code of Conduct are correct?

| Option | Answer Text |

|---|---|

| A | i & ii only |

| B | i & iii only |

| C | iii & iv only |

| D | i, iii & iv only |

---

\*\*Question 46\*\*

A direct marketer must furnish a client with which particulars when rendering a financial service?

| Option | Answer Text |

|---|---|

| A | The telephone number of the compliance department. |

| B | The registration number of the direct marketer. |

| C | The business address of the direct marketer. |

| D | The contact details of the complaints department. |

---

\*\*Question 47\*\*

John’s client refuses to provide all requested information. What should he do?

| Option | Answer Text |

|---|---|

| A | Reschedule the session. |

| B | Advise in writing that the FSP cannot take responsibility. |

| C | Inform the client that advice may be limited. |

| D | Inform the key individual via an incident form. |

---

\*\*Question 48\*\*

A penalty of R100 million was likely imposed for:

| Option | Answer Text |

|---|---|

| A | Failure to register with the FIC. |

| B | Providing only training material. |

| C | Splitting a cash transaction to avoid reporting. |

| D | Failure to verify client representative identity. |

---

\*\*Question 49\*\*

Which statement about record-keeping under the Financial Intelligence Center Act is correct?

| Option | Answer Text |

|---|---|

| A | Records may be kept electronically if printable. |

| B | Records are admissible as evidence. |

| C | Records must be retrievable within 7 working days. |

| D | Records may not be kept by a third party. |

---

\*\*Question 50\*\*

How many money laundering acts are there?

| Option | Answer Text |

|---|---|

| A | 1 |

| B | 2 |

| C | 4 |

| D | 5 |