

## **FINANCIAL SERVICES BOARD**



### **FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002**

**(“FAIS ACT”)**

#### **FAIS CIRCULAR 3/2012**

**DATE: 3 April 2012**

#### **Information Circular: Regulatory Examinations**

##### **A. INTRODUCTION**

The FSB would like to express its appreciation to the FSPs, sole proprietors, key individuals and representatives that have shown commitment and dedication in writing and completing the regulatory examinations. The FSB encourages employers to continue to support and motivate their staff in the preparation for the examinations.

The enrolments for the examinations have increased since January 2012 as the deadline of the level 1 regulatory examination(s) draws closer. It is, however, a concern that there is a significantly low enrolment rate for smaller FSPs, independent brokers / financial advisors and sole proprietors. The main reason for this low enrolment rate seems to be a perception that the deadline for the level 1 examination will be extended.

In order to clarify any confusion that there may be regarding the deadlines, more specific information regarding the level 1 deadlines is provided in the section below. We trust that this information will assist in addressing any misconceptions or confusion that there may be regarding the deadlines.

## B. LEVEL 1 REGULATORY EXAMINATION DEADLINES

The information circular 7 of 2011 on regulatory examinations explained the extension for the level 1 regulatory examinations where the previous deadline was 31 December 2011. These deadlines have not been amended, and to ensure that the deadlines are clear, the table provided in the previous information circular is again included below, with additional notes for further clarification:

**TABLE A**

<b>Level 1 Regulatory Examination</b>	<b>New deadline</b>	<b>Deadline for rewrite</b>	<b>Exemption notice</b>
RE1 (Key individual for category I, II, IIA, III and IV)	30 June 2012	30 September 2012	This extension to the deadline was published on 6 December 2011, Board Notice 199 of 2011.
RE3 (Key Individual for Category II and IIA)	30 September 2012	31 December 2012	This extension to the deadline was published on 6 December 2011, Board Notice 199 of 2011. However, the exemption did not distinguish between the different Level 1 examinations which resulted in the deadline to be the same for all the level 1 examinations. This will be corrected in an amendment notice early in April 2012.
RE4 (Key individual for Category III)	30 September 2012	31 December 2012	
RE5 (Representatives of Categories I, II, IIA, III and IV excluding representatives for subcategories 1.1 and 1.19)	30 June 2012	30 September 2012	This extension to the deadline was published on 6 December 2011, Board Notice 199 of 2011.

*\* The deadline for the RE2 level 1 regulatory examination for sole proprietors and key individuals for Sub-categories 1.1 and 1.19 is 31 December 2013. Representatives for sub-categories 1.1 and 1.19 are not required to write the level 1 regulatory examination.*

*\*\* The deadline for Category IIA is 31 December 2012 as indicated in Table E: Transitional Provisions for Categories I, II, IIA, III and IV in the Determination of Fit and Proper Requirements for Financial Services Providers, 2008.*

As communicated in July 2012, the deadlines in the table above remain unchanged. For the RE 1 and RE 5 examinations there are 13 weeks remaining to the deadline of 30 June 2012. Those candidates that have not yet written the examination therefore need to enroll as a matter of urgency to ensure that they are able to secure a seat on the date and time that they prefer.

### **C. COST OF RE-WRITE**

The investigation that the FSB undertook to establish whether or not the re-write fee could be lowered was completed towards the end of 2011. The outcome of this investigation is that the re-write fee cannot be lowered, and will remain at R900. The investigation has shown that the cost of delivering the examination, and the examination for a re-write, remains exactly the same as the same resources, processes and procedures apply to all examinations, regardless of whether it is a re-write examination or not.

### **D. AFRIKAANS EXAMINATIONS**

The rollout of the Afrikaans level 1 examinations was communicated in Circular 1 of 2012. All the details of the venues and dates for the Afrikaans examinations were communicated to allow candidates to plan their registration and writing of the examinations in Afrikaans.

The Afrikaans version of the RE1 (key individual for category I, II, IIA, III and IV) and RE5 (representatives of Categories I, II, IIA, III and IV excluding representatives for subcategories 1.1 and 1.19) was piloted on 6 March 2012, and the first examination took place on 28 March 2012.

More specific information regarding the Afrikaans examinations will be communicated in a separate information circular that will be distributed shortly.

### **E. FOREIGN FSPs**

The deadline for foreign financial services providers will be extended to 31 December 2012. This exemption will be included in the exemption notice that will be published early in April

2012 referred to in Table A above. The extension will allow foreign financial services providers to write the examinations overseas on a date and time that is convenient without impacting on the capacity of examination bodies to deliver the examinations locally during the deadline period.

#### **F. AVAILABILITY AND DEADLINE OF THE LEVEL 2 REGULATORY EXAMINATIONS**

The question of the development process for the level 2 examinations is ongoing. The details regarding the level 2 regulatory examinations will be communicated in due course.

#### **G. DVD AVAILABLE TO ASSIST CANDIDATES WITH PREPARATION**

In an attempt to assist candidates with the preparation for the level 1 examination(s), the FSB has recorded a DVD that can be used as part of the preparation process. The contents of the DVD focus on the structure and content of the level 1 examinations, and provides guidance on what to expect and how to approach a multiple-choice examination.

The DVD is available in English and Afrikaans, and a copy of both DVDs is being distributed to all professional and representative bodies, for copying and distribution to their members.

Alternatively, candidates are welcome to order a copy of the DVD by using the following link that will be made available shortly on the FSB website:

<http://www.moonstone.co.za/download/RE%20Study%20Resources/DVD%20Orders%20of%20FSB%20Presentations.doc>

You will find the link under the FAIS tab, Regulatory Examinations, Order Preparation DVD.

Copies of the DVD are made and distributed by Moonstone on behalf of the FSB, and the only cost involved will be the cost of copying, packaging and couriering of the DVD. This cost is R114 (Vat inclusive).

Positive feedback has been received from the candidates who have already made use of this DVD. We trust therefore that the DVD will assist candidates to understand how to better approach the examination which in turn may result in candidates being more prepared for the examination.

## **H. CONCLUSION**

The FSB would like to thank those FSPs and candidates that have provided extensive positive and constructive feedback in relation to their experience of the regulatory examinations.

In an attempt to obtain more information from industry representatives that can be used to enhance the examination processes and procedures, an electronic feedback system is available on the FSB website. Candidates that would like to provide feedback and make suggestions regarding the regulatory examinations are welcome to use this system and submit their feedback electronically.