

**FINANCIAL SERVICES BOARD****FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002****(“FAIS ACT”)****FAIS CIRCULAR 2/2013****DATE: 6 February 2013****Information Circular: Level 1 Regulatory Examinations Update****1. INTRODUCTION**

The purpose of this circular is to communicate updated information regarding the level 1 regulatory examinations. The following aspects will be addressed in the circular:

- 1.1. A summary of all the dates (deadlines) applicable to the level 1 regulatory examinations;
- 1.2. The relevant information required to book for one of the FSB/INSETA Assistance Workshops taking place up to the end of February 2013. These workshops are specifically aimed at providing additional assistance to those candidates who attempted to write the examination, but were unsuccessful (the deadline being 31 March 2013).
- 1.3. An update on the regulatory action to be taken against affected individuals who did not comply with the level 1 regulatory examination deadline of 30 June 2012, and the importance of updating one’s profile on the FSB system.

## 2. SUMMARY OF ALL THE DATES APPLICABLE TO THE LEVEL 1 REGULATORY EXAMINATIONS

RE	MUST HAVE WRITTEN AT LEAST ONCE BY:	RE-WRITE DEADLINE	BOARD NOTICE
<b>RE1</b> (Key individual for Category I, II, IIA, III and IV)	30/06/2012	31/03/ 2013	<ul style="list-style-type: none"> <li>• Board Notice 162 of 2012</li> <li>• Board Notice 61 of 2012</li> <li>• Board Notice 209 of 2012</li> <li>• Board Notice 210 of 2012</li> </ul>
<sup>1</sup> <b>RE2</b> (Key Individual: Cat 1.1 & 1.19 only)	*31/12/2013	*Not applicable	* <i>Please refer to information below regarding this examination.</i>
<b>RE3</b> (Key Individual for Category II and IIA)	30/09/2012	31/03/2013	.
<b>RE4</b> (Key individual for Category III)	30/09/2012	31/03/2013	<ul style="list-style-type: none"> <li>• Board Notice 209 of 2012</li> </ul>
<b>RE5</b> (Representatives of Categories I, II, IIA, III and IV excluding representatives for subcategories 1.1 and 1.19)	30/06/2012	31/03/2013	<ul style="list-style-type: none"> <li>• Board Notice 162 of 2012</li> <li>• Board Notice 61 of 2012</li> <li>• Board Notice 209 of 2012</li> <li>• Board Notice 210 of 2012</li> </ul>
Sole proprietors, key individuals and representatives authorised, approved or appointed from 1 January 2010 to 31 December 2010	31/12/2012	31/03/2013	<ul style="list-style-type: none"> <li>• Board Notice 209 of 2012</li> </ul>

<sup>1</sup> The RE2 (Key individual: Cat 1.1 and 1.19 only) applies only to sole proprietors and key individuals who are responsible for managing and overseeing the business relating to the rendering of financial services for FSPs in Category I that deals exclusively with Assistance Business Policies and Friendly Society Benefits. This examination has been developed and finalized. However, the RE2 cannot be rolled out due to developments in relation to micro-insurance currently underway. More information in this regard will be communicated when more clarity has been obtained in terms of the impact of these micro-insurance developments on the RE2.

### 3. FSB/ INSETA ASSISTANCE WORKSHOPS FOR CANDIDATES REQUIRED TO RE-WRITE THE LEVEL 1 REGULATORY EXAMINATION BY 31 MARCH 2013

#### 3.1. FSB/INSETA Assistance Workshop background:

In the previous FAIS Information Circulars 10/2012 of 24 October 2012; 12/2012 of 7 December 2012 and 13/2012 of 14 December 2012 the rationale for hosting FSB/INSETA Assistance Workshops were discussed and details regarding the roll-out processes were communicated.

The findings of research conducted with candidates that have written the examination more than once, indicated that the main problem was not that candidates did not know or understand the content that they had to study. But rather that they had difficulty in interpreting, analyzing and responding to multiple choice questions.

The majority of candidates that received coaching regarding how to approach multiple choice questions showed a marked improvement in their overall examination results. Therefore the FSB wanted to assist all those candidates that are required to re-write and pass the level 1 regulatory examination by 31 March 2013.

The details of the FSB/INSETA workshops are included below:

<b><u>FAIS RE LEVEL 1</u></b>					
<b><u>INSETA ASSISTANCE WORKSHOPS: RE-WRITE CANDIDATES</u></b>					
<b>FEBRUARY 2013</b>					
<b><u>PROVINCE</u></b>	<b><u>CITY</u></b>	<b><u>SESSIONS</u></b>	<b><u>DATE</u></b>	<b><u>CAPACITY</u></b>	<b><u>VENUE</u></b>
<b><i>Free State</i></b>	Bloemfontein	1	05/02/2013	75	Protea Hotel Bloemfontein Central. Bloem Plaza, East Burger Street. Bloemfontein. 051 403 8000
<b><i>KZN</i></b>	Port Shepstone	1	05/02/2013	50	The Margate Hotel. Marine Drive Margate.
<b><i>Limpopo</i></b>	Polokwane	1	07/02/2013	50	Fusion Boutique Hotel, 4 Schoeman Str, Polokwane.

FEBRUARY 2013					
<b><u>PROVINCE</u></b>	<b><u>CITY</u></b>	<b><u>SESSIONS</u></b>	<b><u>DATE</u></b>	<b><u>CAPACITY</u></b>	<b><u>VENUE</u></b>
<b>North West</b>	Rustenburg	1	07/02/2013	50	Kedar Country Lodge. R565 Boekenhoutfotein Phokeng. Rustenburg.
<b>Mpumalanga</b>	Nelspruit	1	12/02/2013	50	Sabi River Sun Resort, Hazy View, Main Sabie Rd, R536, Nelspruit.
<b>Northern Cape</b>	Kimberley	1	12/02/2013	50	Garden Court Southern Sun, 120 Du Toitspan Rd, Kimberly.
<b>Gauteng</b>	Johannesburg	1	13/02/2013	85	Parktonian Protea Hotel. 120 De Korte Str, Braamfontein, Jhb.
	Johannesburg	1	14/02/2013	85	Parktonian Protea Hotel. 120 De Korte Str, Braamfontein, Jhb.
<b>Western Cape</b>	Cape Town	1	19/02/2013	80	Southern Sun Cape Sun. Strand Street. Cape Town.

### 3.2. Bookings for FSB/INSETA Assistance Workshop:

The venues for these workshops were booked based on the information obtained during the preliminary registration process conducted from October to December 2012, which indicated limited interest by candidates who have to rewrite.

In addition, the type of activities conducted during these workshops means that candidates would be required to participate in group work. If the total number of candidates per venue becomes too big, then the facilitation of these group activities becomes unmanageable. Therefore the size of these workshops had to be limited for practical reasons.

The INSETA contacted all the candidates that participated in the preliminary registration process individually, and offered them an opportunity to attend one of the workshops, and booked those candidates that were interested. However, there are still seats available for candidates that have not participated during the preliminary registration process, and therefore candidates may book to attend one of these workshops by contacting the INSETA directly. Bookings will be done on a first-come first-served basis.

### 3.3. Contact details to make a booking:

- Telephone bookings: Call Centre 086 113 0013
- E-mail bookings: [insetacallcentre@inseta.org.za](mailto:insetacallcentre@inseta.org.za)

***IMPORTANT: Please note that booking is essential for these workshops because there are limited seats and workshops handouts / packs available.***

### 3.4. Additional workshops hosted by the FSB:

The FSB decided to supplement the Assistance Workshops listed in item 3.1 above, by running a very limited number of additional workshops to accommodate those candidates they may not be able to obtain a booking for the Assistance Workshops in item 3.1 above.

The additional Assistance Workshops will be co-ordinated by the FSB directly, and therefore the booking for these workshops will be directly via the FSB website.

**Important to note:**

**A. The additional workshops offered by the FSB are meant specifically for those candidates that were unable to secure a seat at the INSETA workshops listed in the table above.**

**Therefore you should only book for the FSB Assistance Workshops if you were unable to secure a booking for the INSETA Assistance Workshops.**

**B. The additional Assistance Workshops co-ordinated by the FSB are exactly the same as the workshops co-ordinated by the INSETA. There are no differences in terms of the facilitation, content, workshop materials, or effectiveness of these workshops.**

**C. Candidates that book themselves for both the INSETA and FSB workshops will prevent other candidates that were not able to secure a booking at the INSETA workshops from attending any workshops because they would be filling up the seats. Please only book for one workshop to allow all candidates a fair opportunity to attend one of the workshops on offer.**

### 3.5. Details: Additional Assistance Workshops hosted by the FSB

The details regarding the dates and venues of the additional workshops are included in the table below:

<b><u>FAIS RE LEVEL 1</u></b>					
<b><u>FSB ASSISTANCE WORKSHOPS: RE-WRITE CANDIDATES</u></b>					
<b>FEBRUARY 2013</b>					
<b><u>PROVINCE</u></b>	<b><u>CITY</u></b>	<b><u>SESSIONS</u></b>	<b><u>DATE &amp; TIME</u></b>	<b><u>CAPACITY</u></b>	<b><u>VENUE</u></b>
<b>Eastern Cape</b>	Port Elizabeth	1	20/02/2013 09:00 – 13:00	200	Pine Lodge Resort and Conference Centre  1 Marine Drive, Port Elizabeth, 6013
<b>Western Cape</b>	Cape Town	1	21/02/2013 09:00 – 13:00	200	Sanlam – CR Louw Auditorium  Sanlam Head Office 2 Strand Road, Bellville Cape Town
<b>All Provinces</b>	Satellite Broadcast	1	22/02/2013 09:00 – 14:00	Per venue	Telematics centers across all provinces.  Note: Directions to find each one of the venues are available on the FSB website.
<b>KZN</b>	Durban	1	25/02/2013 09:00 – 13:00	200	Suncoast Conference Centre, Suncoast Boulevard, North Beach, Durban
<b>Gauteng</b>	Pretoria	1	26/02/2013 09:00 – 13:00	200	Monument Function Centre  Voortrekker Monument, Eufees Road, Pretoria, 0027


<u>PROVINCE</u>	<u>CITY</u>	<u>SESSIONS</u>	<u>DATE &amp; TIME</u>	<u>CAPACITY</u>	<u>VENUE</u>
Western Cape	Cape Town	1	27/02/2013  09:00 – 13:00	80	Sanlam – CR Louw Auditorium  Sanlam Head Office 2 Strand Road, Bellville Cape Town

### 3.6. Bookings for additional FSB Assistance Workshops:

Bookings can be done via the FSB website or the FSB Call Centre:

- FSB website: [www.fsb.co.za](http://www.fsb.co.za) . Go to the following information from the Home Screen:

#### **FAIS DIVISION**

- About the FAIS Division
- Service Level Commitment
- **FAIS events 2013 (Conference and workshop bookings)**  **Select this option**
- FAIS Web programme - online submissions

- FSB Call Centre: 0800 110 443 / 0800 20 20 87

Bookings will be done on a first-come, first-served basis.

## **4. UPDATE ON REGULATORY ACTION AS A RESULT OF NON-COMPLIANCE WITH THE LEVEL 1 REGULATORY EXAMINATION REQUIREMENTS**

### 4.1. Regulatory action taken:

Regulatory action commenced during December 2012. Letters of intention to suspend were issued to sole proprietors that, according to the FSB records, are in breach of the level 1 regulatory examination requirements.

This process is now continuing for the remainder of FSPs that are in breach of these requirements.

#### 4.2. Updating of FSB records:

The FSB has distributed several communications and requests to FSPs to update their records, and more specifically the ID numbers of all their key individuals and representatives, to ensure that the FSB records are up to date and correct. FSPs are also requested to check the records regularly to ensure that they remain up to date.

The correct identification details of FSPs, key individuals and representatives are critical especially the correct ID numbers and / or passport numbers, because all the examination records are linked to the ID number / passport number of the individuals that have written the regulatory examinations.

Therefore, if the ID number / passport number is not updated and correct on the FSB system, then the examination results that are uploaded by all the examination bodies, will not link up correctly with the profiles of the individuals that have written the examinations.

Regulatory action is therefore taken based on the FSB records, and if FSPs did not maintain proper records then regulatory action can be taken against FSPs that may not be in breach of the regulatory examination requirements.

**Please note: It is the responsibility of the FSP to ensure that all its FSB records are updated and maintained and that regular checking of such information takes place to avoid any information from becoming outdated.**

Where FSPs have not maintained proper records with the FSB, the following problems were encountered:

- a. An individual would have a particular ID number recorded on the FSB system (this number may be “old” or outdated). This individual would then write the examination with his/her **new** ID number.

When the examination record (containing the **new** ID number) is uploaded by the examination body to the FSB database, then the two different ID numbers for the same individual do not link up, resulting in two separate records on the FSB database that cannot be reconciled.

The outcome of this problem is that in accordance to the existing FSB record for this individual, he/she did not write the level 1 regulatory examination because the examination result and the existing profile did not match. Regulatory action is then instituted against the FSP / individual for non-compliance, and only when the FSP / individual provides the relevant information for the FSB to reconcile its records, can the examination record and the profile of the individual be linked.



- b. An individual is a South African citizen and has an ID number recorded on the FSB system. When the individual writes the examination, he/she writes the examination using his/her passport number. The same scenario as in (a) above applies.
  
- c. A persons' ID number has become outdated and the person is required to obtain a new ID book from the Department of Home Affairs. The ID number on the FSB system is the "old" ID number, because at the time that this ID was recorded on the FSB system, the number was in fact valid, and became outdated after it was captured on the FSB system.

Now that the person uses this same ID number to write the examination, and the examination is uploaded to the FSB, the FSB system validates the ID number again, and this time it rejects the number as being invalid, because this number has become outdated.

As a result, the examination body is unable to upload the examination result successfully to the FSB, until such time that the person has supplied the examination body and the FSB with a new and updated ID number. Only if the FSB has updated its records, and the examination body has successfully uploaded the examination result to the FSB system, will the two records link up and will the examination record for the individual be updated and correct.

Regulatory action may be taken (in error) against FSPs that did not update and maintain their basic information records with the FSB (such as ID numbers and passport numbers) because, based on this outdated information, it may appear that the FSPs do not meet the regulatory examination requirements. This creates unnecessary frustration for all parties concerned. As a result, unnecessary time and resources are used to investigate and eventually correct the FSP's basic information in order for the examination records to link up correctly to the FSP profile.

Therefore, all FSPs are urged to take immediate action to ensure that all their FSB records are updated and correct. This would prevent further frustration and confusion caused by inaccurate records.

## **REGISTRAR OF FINANCIAL SERVICES PROVIDERS**