

# PREPARATION GUIDE FOR THE COMPLIANCE OFFICER REGULATORY EXAMINATION (RE 40)



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## **1. DISCLAIMER**

The material in this PREPARATION GUIDE FOR THE COMPLIANCE OFFICER REGULATORY EXAMINATIONS (RE40) and APPENDIX B (the Guide) is made available for the purpose of providing preparation guidelines to FAIS compliance officers. The Guide provides guidelines only for preparation and does not constitute professional or educational advice concerning the contents of examinations.

The Guide is not presented by the FSB as an exhaustive summary of the qualifying criteria and provisions of the Financial Advisory and Intermediary Services Act, 2002 inclusive of its subordinate legislation.

Where sections of the Acts, The General Code of Conduct, Board Notices, etc. are referred to they are given merely as a guideline for candidates preparing for the RE40.

The FSB accepts no responsibility for any loss or prejudice which may be suffered by any user of the Guide.

## **2. BACKGROUND TO THE REGULATORY EXAMS**

The amended fit and proper requirements announced in 2008 have introduced the financial services industry to a new concept – “REGULATORY EXAMINATIONS”. These examinations were introduced together with stricter minimal formal qualifications in order to better serve clients’ needs across the financial services industry in South Africa.

The regulatory exams are being developed and delivered under the direction and management of the FSB. SAIFM (South African Institute for Financial Markets) has been appointed to develop and deliver the Compliance Officer Regulatory Examination (RE40):

## **3. FORMAT OF THE REGULATORY EXAMS**

### **3.1 TYPE OF EXAMINATION**

The regulatory examinations will be multiple choice questions based on specified qualifying criteria. Exams are closed book and no material will be allowed in the examination room.

There will be no limit on the number of attempts made in order to achieve competence. There will be one national version of any regulatory examination for any category or subcategory.

There is only one right answer to each question, so please read the questions and answers carefully. There is no negative marking, an answer is either right, or wrong. You can choose to write exams electronically or paper based.

### **3.2 QUALIFYING CRITERIA**

The qualifying criteria provide the basis of knowledge and skills against which the regulatory examinations are set. The qualifying criteria were developed in a process of consultation between the FSB and industry representatives, spanning from 2006 to 2008.

Only questions based on these criteria will be included in the exams.

The qualifying criteria were published in Board Notice 127 of 2010. The criteria were slightly revised and will be republished shortly. The revised criteria is attached hereto as Annexure B

**HOW DO I READ THE QUALIFYING CRITERIA?**

Each set of qualifying criteria are displayed in a table format with headings. Underneath the headings you will get the detail.



No	TASK	KNOWLEDGE CRITERIA	SKILL CRITERIA
1.	Apply knowledge in terms of the requirements of the Financial Advisory and Intermediary Services Act, 2002 relating to a Financial Services Provider ("FSP")	<p>Explain the requirements a FSP must meet in terms of the Act in order to maintain a license</p> <p>Explain what processes are required to remain updated with regards to other legislation, amendments, updates and requirements published that will affect the FSP</p>	Assist in maintaining an FSP license by executing the required actions as a compliance officer, in terms of the Act

**3.3 QUESTION DEVELOPMENT**

Individual questions are based on one or more knowledge criteria, also taking into account the applicable skill. Every task will be covered at least once in an examination. Therefore do not skip any of the tasks or the underlying knowledge criteria and skills, even if you do not think it is relevant to how your FSP operates.

It is important to ensure that you understand every task, and the knowledge and skill criteria related to it. Each exam will contain questions at 4 different levels of complexity. These four levels deal with:

- Knowledge { • Test the recall of factual knowledge
- Comprehension { • Test understand and interpretation of factual knowledge and concepts
- Application { • Test the ability to apply factual knowledge to real life situations
- Analysis { • Test the ability to analyse factual knowledge presented in a situation and to decide on the best action to take

Each question has four options, and you must select the correct option. Questions can be posed in the following styles:

- A direct closed ended question: question must be answered by choosing the correct option
- An incomplete sentence: must be completed correctly by choosing the correct option
- The negative question: the negative option needs to be chosen. Applicant must be aware that these type of questions will be asked and therefore must read questions carefully
- The most/best/least format: applicant must choose most applicable option to the question
- Roman numeral format: A closed ended question where applicants must choose more than one correct option from a list of options
- Sequencing: the options should be listed in the correct sequence

Question examples:

**EXAMPLE OF A KNOWLEDGE QUESTION**

Within how many days must a financial services provider inform the Registrar of the debarment of its representative?

- A. 14 days
- B. 7 days
- C. 30 days
- D. 15 days

**EXAMPLE OF A COMPREHENSION QUESTION:**

Jane Chetty is a sole proprietor and has no representatives. What are the requirements regarding the compliance function of the FSP?

- A. Jane must appoint an external Compliance Officer
- B. Jane doesn't need to appoint a Compliance Officer
- C. Jane must appoint an internal Compliance Officer
- D. Jane must be appointed as the Compliance Officer

**EXAMPLE OF AN APPLICATION QUESTION:**

Jean Hill, the representative of DCB Investments must advise a client that is retiring on specific investments. Which of the following aspects is Jean NOT obliged to disclose about a recommended financial product unless enquired about by the client?

- A. The risk of possible capital loss in future due to fluctuations in the financial markets
- B. Information and graphs to illustrate the product's performance at intervals over a period of time
- C. Any income and other relevant tax issues of a material nature that need to be considered
- D. Any material illustrations about the product provided by the product supplier

**EXAMPLE OF ANALYSIS QUESTION**

Consider the following events that occurred on the same day. Each of these events has, in terms of the relevant legislation, varying periods of time during which the FSP must respond to the event, or otherwise adhere to the legislation. Arrange the events in order of shortest to longest applicable period and select the CORRECT option.

- i) The FSP uses a new postal address and must inform the Registrar of the change
  - ii) The FSP received cash funds, exceeding the cash threshold reporting requirement, and must inform the Financial Intelligence Centre
  - iii) The Registrar has requested that the FSP provide certain documents pertaining to a client's advice record
  - iv) A client terminated a financial product and the FSP is now required to maintain records of advice associated with this client's purchase for an additional period
  - v) The FSP received client funds and must pay the funds into the bank account designated for client funds
  - vi) During an office meeting, the FSP provided a client with the details of the product supplier, and must now provide the details to the client in writing
- A. (i) then (iii) then (ii) then (vi) then (v) then (iv)
  - B. (v) then (ii) then (iii) then (i) then (vi) then (iv)
  - C. (ii) then (vi) then (v) then (i) then (iii) then (iv)
  - D. (iii) then (v) then (ii) then (i) then (iv) then (vi)

**3.4 LAYOUT OF THE EXAMINATION (COMPLEXITY)**

As the purpose of the exam is to ensure that compliance officers understand their regulatory role and responsibilities, the emphasis was placed on the understanding and application of the legislation. The layout of the Compliance Officer Regulatory Examination (RE40) is as follows:

Cognitive level	% in exam paper	Number of questions in exam paper
Level 1 questions	40%	20 Questions
Level 2 questions	35%	17 Questions
Level 3 questions	20%	9 Questions
Level 4 questions	5%	4 Questions

It should also be noted that random selection of questions are used. In other words two people may write the same examination, but will not receive the same questions. However, the complexity of their examinations will be the same as the layout of the examinations is exactly the same.

The reason for the random selection of questions is to limit the leakage of questions. The questions bank will therefore have a longer lifespan and as a result the cost of the examinations can be contained as ongoing question development can be limited due to questions being used for a longer period of time before retiring the questions.

## 4. REFERENCE MATERIAL

The following material was used in the development of the questions for the Regulatory level 1 exams, please refer to appendix B for the revised qualifying criteria for the compliance officer regulatory examination:

REFERENCE MATERIAL	TASK RELATED TO
The Financial Advisory and Intermediary Services Act of 2002 and amendment acts	Task 1, Task 2, Task 4, Task 6
Board Notice 80 of 2004: General Code of Conduct for authorized Financial Services Providers and representatives and any amendment hereto	Task 3
Board notice 106 of 2008: Determination of fit and proper requirements for financial services providers and any amendment hereto	Task 4
Board Notice 127 of 2010: Qualifications, Experience and criteria for approval as compliance officer and any amendment hereto	Task 5
Generally accepted compliance practice published by the compliance institute of South Africa	Task 7, Task 8 & Task 9
A new Language of Risk: A foundation for enterprise-wide risk management by Steven Briers published by UNISA	Task 10 & Task 11
Resilience to Risk - Sean Cleary and Therry Malleret published by Human & Rousseau	Task 10 & Task 11

## 5. PREPARATION FOR THE EXAM



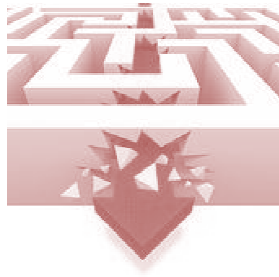
Multiple choice exams cover a lot of detail and facts. The short term memory's capacity is very limited; therefore it is essential to start preparing for the regulatory exams at least 3 month prior to your examination date. The learner will have to be repeatedly subjected to the material in order to store the information effectively in the long term memory.

Although attending workshops and training will certainly be helpful, this is **no** replacement for extensive studying of the required material. And yes, it is necessary and very possible to study successfully for multiple choice exams!

## 5.1 STUDY METHOD

### You will need:

- ✓ A positive attitude
- ✓ Lots of will power
- ✓ Enough rest
- ✓ Quiet place to study
- ✓ Qualifying criteria
- ✓ Recourse material



### Steps to follow:

1. Identify the regulatory examination(s) that apply to your situation.
2. Find the corresponding sets of qualifying criteria, for each of the relevant regulatory examinations that you must prepare for. See appendix B for the qualifying criteria for the regulatory level 1 exams.
3. Work through the qualifying criteria and make sure you understand them against the relevant acts and legislation.
4. Use of additional study material is advisable but optional.
5. Repeat step 3 as many times as necessary to store the factual knowledge in the long term memory.

## 5.2 STUDY MATERIAL AND TRAINING

Numerous training materials have been developed by various training providers for the purpose of the regulatory examinations.

It should be noted that the FSB does not endorse any of these training materials.

It is advisable to refer to the relevant legislation as contained in the acts and regulations in order to eliminate difference in terminology use, if you decide to use designed study material and/or training.

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## 5.3 STUDY TIPS FOR MULTIPLE CHOICE EXAMS

It is necessary and very possible to study successfully for multiple choices exam. Follow the following guidelines in order to help you in your preparation for the regulatory exams.

- ✓ Look for similarities and differences that might be used to distinguish between the options in the exam
- ✓ Sart early with preparation
- ✓ Repeat information and detail
- ✓ Cover all knowledge criteria - do not spot, skim or cram the knowledge

#### 5.4 STUDY STYLES FOR MULTIPLE CHOICE TESTS

There are numerous styles of learning and remembering facts. . Please remember that every person learns differently, and there is only the “right way” for you and a “wrong way” for you. Your method may be different from that of your friend.

One of the most effective ways to prepare for multiple choice tests is by study reading, but you are welcome to investigate other methods of studying.

**Study reading** is the reading style used when the purpose is to read difficult material at a high level of comprehension. When using the Study Reading style, you should read at a rate that is slower than your normal reading rate. Further, as you read you must challenge yourself to understand the material. Study Reading will often require you to read material more than once to achieve a high level of understanding. Sometimes, reading the material aloud will also help you improve your understanding.

#### 5.5 IMPROVING CONCENTRATION

Many people have difficulty concentrating while studying. Being able to concentrate while you are studying is essential to doing well in exams.

Here are suggestions for improving your study concentration:

- Study in a quiet place that is free from distractions and interruptions. Try to create a space designated solely for studying.
- Make a study schedule that shows what tasks you need to accomplish and when you plan to accomplish each task. This will provide you with the structure you need for effective studying.
- Try to study at the time of day you work best. Some people work well early in the morning, others late at night. You know what works best for you.
- Try to study at the same time every day, as you will start to adapt to study mode automatically at that time of the day.
- Make sure you are not tired and/or hungry when you study. Otherwise, you won't have the energy you need to concentrate. Also, maintain your physical fitness.
- Don't try to do two tasks at the same time. You won't be able to concentrate on either one very well. Concentration means focusing on one thing to the exclusion of all else.
- Break large tasks into series of smaller tasks that you can complete one at a time. If you try to complete a large task all at once, you may feel overwhelmed and will be unable to maintain your concentration.
- Relax. It's hard to concentrate when you're tense. It's important to relax when working on a task that requires concentration. Meditation is helpful to many students.



- Clear your mind of worrisome thoughts. Mental poise is important for concentration. You can get distracted by your own thoughts. Monitor your thoughts and prevent yourself from following any that take you off track. Don't daydream.
  - Develop an interest in what you are studying. Try to relate what you are studying to your own life to make it as meaningful as possible. This can motivate you to concentrate.
  - Take breaks whenever you feel fatigued. There is no set formula for when to take breaks.
- You ENROLMENT FOR THE EXAM

## 5.6 REGISTERING FOR THE EXAM

The Compliance Officer Regulatory Examination will be offered exclusively by SAIFM. Visit [www.regulatoryexams.co.za](http://www.regulatoryexams.co.za) to register for the examination or contact 011 802 4768 for alternative methods of registration.

SAIFM offers flexible examination services with daily exam sittings at any of the over 30 exam venues countrywide. On-site bookings can be arranged for groups.

## 5.7 SPECIAL NEEDS

Candidates with special needs must contact SAIFM when they are registering in order to make arrangements for any assistance they might require. SAIFM will do everything they can to assist with the requests of the candidates. Candidates may be required to produce a valid medical certificate in order to verify their special need or disability.

# 6. TAKING THE EXAM

## 6.1 WHAT TO EXPECT WHEN WRITING THESE EXAMINATIONS

Strict examination procedures will apply at all times. This will help to ensure that the integrity of the exams is protected. You will have to identify yourself before the exams start, using a photo ID document. The acceptable documents include a SA identity document, a passport or a driver's license.

Refer to the following electronic link for a copy of the examination terms and conditions:

<http://www.regulatoryexams.co.za/trial-exams-terms.htm>

## 6.2 EXAM TAKING TIPS FOR MULTIPLE CHOICE EXAMS

Read the directions carefully. Many people often make the mistake of skipping the directions. Write what is on your mind. Write down your mental stimulus or associations on the scrap paper provided.

Pace yourself. Try to answer all the questions but do not procrastinate around a question – rather return to the question later. The following is a guideline for the allowable time per type of question:

- Knowledge: ½ - 1 minutes per question
- Understanding: 1 - 1½ minutes per question
- Application and analysis: 1½ - 2 minutes per question

Read through the question carefully. Be watchful for negative questions and all or nothing words such as all/any/most ex.

Know if the question has one or more correct options – roman numeral type of questions.

Read through all the options carefully. Do not mark the first option which you think may be correct.

Do not assume facts. The only facts that you have to take note of are the facts given in the question. If the question tells you that unicorns exist, do not argue with the question.

Do not ignore your answer. Many examinees ignore answers because they assume that every multiple choice question is a trick question. Remember that if you are ready, you should know the answer and if you know the answer, there should be nothing stopping you from answering correctly.

Every question is an isolated question. There are no patterns in multiple choice exams. Just because you have answered “C” for ten consecutive times, it doesn’t mean the next answer will be “C”. Many myths have been told that the answer that appears more commonly is the best guess. There is no truth in that belief.

If time allows, review both questions and answer. It is possible you misread questions the first time.

Improve your odds, think critically:

- Cover the options, read the stem, and try to answer.
- Select the option that most closely matches your answer.
- Read the stem with each option.
- Treat each option as a true-false question, and choose the "most true".

Multiple choice exams are not intimidating if you are prepared to face them. If you are prepared, multiple choice exams are not as formidable as they may seem.

## **7. FINDING RESULTS**

SAIFM will make the exam results available on the SAIFM’s candidate interface website.

[www.regulatoryexamcentre.co.za](http://www.regulatoryexamcentre.co.za)

Exam results will also be made available on the FSB website. Please check the FSB website 6 weeks after the exams, under the FAIS page. You will use your ID number to access your results

## 8. FREQUENTLY ASKED QUESTIONS

### ***WHEN WILL THE REGULATORY EXAMS BE UPDATED IF THE LEGISLATION IS CHANGED/AMENDED?***

The regulatory examinations will be updated within 6 months of the publication of the amendment to the legislation.

### ***WHAT DO I DO IF I HAVE SPECIAL NEEDS?***

Candidates with special needs must contact the examination body when they are registering, to make arrangements for any assistance they require. The examination bodies will do everything they can to assist with the requests of the candidates.

### ***WHAT ARE THE NAMES OF THE REGULATORY EXAMINATIONS?***

The names of the regulatory examinations are included in Appendix A of this document. Each examination has a number and a name.

## 9. MORE INFORMATION

You can visit the following websites for more information on study styles and test taking skills:

[http://www.ehow.com/way\\_5375891\\_tips-answering-multiple-choice-questions.html](http://www.ehow.com/way_5375891_tips-answering-multiple-choice-questions.html)

<http://www.test-preparation.ca/study-center/answering-multiple-choice-questions/>

<http://studygs.net/tsstak3.htm>

[http://en.wikipedia.org/wiki/Study\\_skills](http://en.wikipedia.org/wiki/Study_skills)

[Best Way - Tips on Answering Multiple Choice Questions | eHow.com](http://www.ehow.com/way_5375891_tips-answering-multiple-choice-questions.html#ixzz0ywPhccy8)

[http://www.ehow.com/way\\_5375891\\_tips-answering-multiple-choice-questions.html#ixzz0ywPhccy8](http://www.ehow.com/way_5375891_tips-answering-multiple-choice-questions.html#ixzz0ywPhccy8)

[Best Way - Tips on Answering Multiple Choice Questions | eHow.com](http://www.ehow.com/way_5375891_tips-answering-multiple-choice-questions.html#ixzz0ywPcR7hr)

[http://www.ehow.com/way\\_5375891\\_tips-answering-multiple-choice-questions.html#ixzz0ywPcR7hr](http://www.ehow.com/way_5375891_tips-answering-multiple-choice-questions.html#ixzz0ywPcR7hr)

<http://www.how-to-study.com/study-skills/en/studying/98/>

**APPENDIX A: LIST OF EXAMINATIONS**

RE No	Description	Section in BN 105	Examination body that will offer			
			Moon stone	FPI	Leselo	SAIFM
<b>LEVEL 1 EXAMS</b>						
1	KI Level 1: Cat I, II, IIA, III and IV (General)	1	X	X	X	X
2	KI Level 1: Cat 1.1 & 1.19	1&5	X	X	X	X
3	KI Level 1: Cat II & IIA	2	X	X	X	X
4	KI Level 1: Cat III	3	X	X	X	X
5	Representatives	4	X	X	X	X
40	Compliance Officer Regulatory Examination					X
<b>LEVEL 2 EXAMS</b>						
6	Category IV level 2 exam	14	X	X		
7	Long-term insurance category B1 (risk)	15	X	X		
8	Long-term insurance category B2 (Investment)	16	X	X		
9	Long-term insurance category C and retail pension benefits	7	X	X		
10	Collective Investment Schemes	8	X	X		
11	Health Care Benefits	12	X	X		
12	Short-term insurance: Personal lines	10	X		X	
13	Short-term insurance: Commercial lines	11	X		X	
14	Pension Fund Benefits	13	X		X	
15	Deposits	6	X		X	
16	S & I: Shares Cat I & III	9	X			X
17	S & I: Money markets Cat I & III	9	X			X
18	S & I: Debentures Cat I & III	9	X			X
19	S & I: Warrants Cat I & III	9	X			X
20	S & I: Bonds I & III	9	X			X
21	S & I: Derivatives I & III	9	X			X
22	Forex Investment business I & III	9				X
23	Long Term Insurance category A	5	X			X
24	S&I - General exam - Cat I & II & III	9	X			X
25	S & I: Shares Cat II	9	X			X
26	S & I: Money markets Cat II	9	X			X
27	S & I: Debentures Cat II	9	X			X
28	S & I: Warrants Cat II	9	X			X
29	S & I: Bonds Cat II	9	X			X
30	S & I: Derivatives Cat II	9	X			X
31	Forex Investment business Cat II	9				X

*APPENDIX B: QUALIFYING CRITERIA COMPLIANCE OFFICER REGULATORY EXAMINATIONS*

No	TASK	KNOWLEDGE CRITERIA	SKILL CRITERIA
1.	Apply knowledge in terms of the requirements of the Financial Advisory and Intermediary Services Act, 2002 relating to a Financial Services Provider (“FSP”)	Explain the requirements a FSP must meet in terms of the Act in order to maintain a license	Assist in maintaining an FSP license by executing the required actions as a compliance officer, in terms of the Act
		Explain what processes are required to remain updated with regards to other legislation, amendments, updates and requirements published that will affect the FSP	
		Explain what is meant by “undesirable business practices” and the punitive measures available to the Registrar if a FSP continues with undesirable practices	Ensure that an FSP in its execution of duties and actions do not constitute undesirable business practices
		Describe the implication for an FSP if the Registrar publishes a notice regarding an “undesirable business practice”	
		Explain the reparation measures available to the Registrar if an FSP continues with undesirable business practices	
		Discuss the requirements of the Act around the display of licenses	
		Explain the reasons why a license can be suspended or withdrawn.	
		Describe the rights and obligations of the registrar with regard to suspension and withdrawal of licenses under normal as well as urgent circumstances	
		Discuss the reasons for lapsing of a license	
		Describe how lapsing a license differs from suspension or withdrawals	

No	TASK	KNOWLEDGE CRITERIA	SKILL CRITERIA
		Describe the conditions under which a suspended license can be reinstated	
		Describe the role and powers of the Ombud	Assist an FSP to comply with any requirements the Ombud may have in the event of an investigation
2.	Apply knowledge of the duties of a representative and requirements in terms of their management and maintenance, in terms of the Financial Advisory and Intermediary Services Act, 2002 and the Determination of Fit and Proper Requirements for financial Service Providers 2008	Describe the roles, responsibilities and requirements of a representative of a FSP as defined in the Act.	Apply knowledge of the role of the representative in terms of the Act
		Describe the role and responsibilities of the key individual as defined in the Act	
		Explain the approval requirements of a representative	
		Explain when an individual is obliged to be registered as a representative in terms of the Act	
		Explain the fit and proper requirements that apply to the representatives and key individuals	
		Discuss the purpose of the register of representatives	
		Distinguish between advice and intermediary services as defined in the Act	
		Explain when representatives can act under supervision	
		Describe the implications if a representative does not meet all the requirements in terms of the Fit and Proper Requirements by the relevant date	
3.	Apply knowledge of the specific obligations required of the FSP in terms of the relevant Code of Conduct and other subordinate legislation.	Explain the obligations and requirements when client's funds or premiums are received	Assist a FSP to adhere to the requirements of the Code when depositing client's monies
		Explain the importance of disclosures and discuss the impact and requirements regarding the disclosure requirements on the FSP	Assist a FSP to use disclosures that are adequate to enable client to make an informed decision and apply the requirements of the General Code of Conduct

No	TASK	KNOWLEDGE CRITERIA	SKILL CRITERIA
		Discuss the effect of disclosure requirements on fees and/or commission with reference to different financial products	Apply disclosure requirements in terms of financial products
		Describe the disclosure requirements regarding the FSP, product suppliers, product suppliers acting as FSPs and financial services	
		Discuss how to ensure transparency and manage conflict of interests	
		Distinguish between actions regarded as advice and intermediary services in terms of the Act	
		Describe the concept of ethical conduct in the financial services environment	Behave ethically when providing financial services within the financial services environment.
		Discuss your role in terms of ethical conduct in the financial services environment and be able to identify unethical conduct	
		Explain the manner in which complaints are to be handled by the industry with reference to the General Code of Conduct	Follow the complaints procedures and processes that are in place.
		Explain the steps that must be taken by an FSP representative in terms of the General Code of Conduct when providing advice	

No	TASK	KNOWLEDGE CRITERIA	SKILL CRITERIA
		Explain the provisions of the General Code relating to- <ul style="list-style-type: none"> <li>• custody of clients funds and assets</li> <li>• complaints</li> <li>• risk management</li> <li>• insurance cover</li> <li>• advertising and marketing</li> <li>• termination</li> </ul>	
4.	Awareness of consequences for representatives that have been found to act fraudulently, or committed any other act that gives rise to debarment.	Discuss the purpose of debarment of a representative	Check that the employment/ mandatory agreement with representatives include the reasons for possible debarment
Describe the reasons why debarment would be considered by the FSP			
Describe the reasons why debarment of a Representative would be considered by the Registrar			
Discuss the process that would be followed in the event of a representative being debarred by either the FSP or Registrar			
Explain what recourse a debarred representative may have			
Explain the process and timeframe in which the FSP should notify the Registrar that a representative has been debarred			
5.	Align execution of duties and actions with the compliance requirements as set out by the Qualifications, Experience and criteria for approval as compliance officer	Describe the duties of a FSP with respect to compliance officers and compliance arrangements in terms of the Act	Address and rectify any instances of non-compliance
Explain the approval requirements and procedures for compliance officers			
Describe the fit and proper requirements applicable to compliance officer of FSP's			



No	TASK	KNOWLEDGE CRITERIA	SKILL CRITERIA
		Describe the role and function of a compliance officer as set out by the Act	
		Understand the prohibition imposed by the qualifications, experience and criteria for approval as compliance officer notice with regard to the delegation of rendering of compliance services	
		Understand the withdrawal and lapsing of approval of a compliance officer in terms of the qualifications, experience and criteria for approval as compliance officer notice	
6.	Carry out the proper record keeping activities in terms of the Financial Advisory and Intermediary Services Act, 2002 and the Financial Intelligence Centre Act	Explain the record keeping obligations as imposed by the Act	Follow the processes in place to provide the management information that is required to complete the reports in terms of legislation
		Explain the requirements regarding the maintenance of records in terms of the Act	Keep records in terms of the requirements of the Act and General Code of Conduct
		Explain the requirements regarding records and the maintenance thereof in terms of other applicable legislative requirements	
		Describe the requirements imposed when record keeping is outsourced to a third party	Execute the third party outsourcing agreement correctly where applicable
		Explain in what format the records should be stored and retrieved in accordance to the industry standard	Carry out the record keeping functionality correctly, including retrieval of records
		Explain what the security requirements for these records are in terms of confidentiality and access to records	
		Explain what FICA governs and requires	

No	TASK	KNOWLEDGE CRITERIA	SKILL CRITERIA
		Describe the obligations with regard to identification, verification, record keeping and reporting imposed on a FSP by FICA	Comply with the identification, verification, record-keeping and reporting obligations under FICA
7.	Apply the principles and standards as set by the Generally Accepted Compliance Principles and Standards; issued by the Compliance Institute of South Africa	Describe the principles and standards set by the Generally Accepted compliance Framework with regard to the role of governance in the compliance framework and function	Assist management in the design of a compliance framework
Describe the principles and standards set by the Generally Accepted compliance Framework with regard to an effective Compliance policy			
Understand the importance of an effective Compliance policy in the promotion of a compliance culture		Assist management to implement compliance structures that will encourage a compliance culture	
Describe the principles and standards set by the Generally Accepted compliance Framework with regard to the responsibility of management in terms of the compliance risk management		Assist management in becoming aware of their responsibilities relating to compliance with regulatory requirements and the management of compliance risk	
Describe the principles and standards set by the Generally Accepted compliance Framework with regard to the compliance function and the status of the compliance function		Develop a role and responsibility description for a compliance function and a compliance officer	
Describe the principles and standards set by the Generally Accepted compliance Framework with regard to the independence of the compliance function			
Describe the principles and standards set by the Generally Accepted compliance Framework with regard to the role and responsibilities of the compliance function			

No	TASK	KNOWLEDGE CRITERIA	SKILL CRITERIA
		Describe the principles and standards set by the Generally Accepted compliance Framework with regard to the role, responsibilities, status and independence of the Head of Compliance	
		Describe the principles and standards set by the Generally Accepted compliance Framework with regard to fit and proper requirements applicable to compliance staff	
		Describe the principles and standards set by the Generally Accepted compliance Framework with regard to resources allocated to the compliance function and management thereof	
		Describe the principles and standards set by the Generally Accepted compliance Framework with regard to the appointment and termination of staff with compliance risk management responsibilities	
		Describe the principles and standards set by the Generally Accepted compliance Framework with regard to establishment of an appropriate culture to promote ethical behaviour and a culture of acknowledging the value of compliance risk identification, assessment, management, monitoring and reporting	
		Describe the principles and standards set by the Generally Accepted compliance Framework with regard to outsourcing of the compliance function	
		Describe the principles and standards set by the Generally Accepted compliance Framework with regard to independent review of the compliance function	

No	TASK	KNOWLEDGE CRITERIA	SKILL CRITERIA
		Describe the principles and standards set by the Generally Accepted compliance Framework with regard to materiality	
8.	Apply the guidelines provided by the Generally Accepted Compliance Principles and Standards issued by the Compliance Institute of South Africa	Describe the guidelines with regard to a governance structure that will ensure an effective compliance function	
		Describe the guidelines with regard to the information to be included in the compliance policy statement and understand the functionality thereof	
		Understand the guidelines with regard to the approval and review of a compliance policy statement	
		Understand the guidelines with regard to including whistle-blowing policies and remedial action in the compliance policy statement	
		Describe and understand the guidelines with regard to structure and organisation of the compliance function	
		Describe and understand the guidelines with regard to maintaining independence of the compliance function and avoiding conflicts of interest	
		Describe and understand the guidelines with regard to complaints handling	
		Describe and understand the guidelines with regard to the content of a compliance manual and the implementation thereof	Draft a compliance manual
			Obtain approval for a compliance manual from executive management
		Describe and understand the guidelines with regard to a compliance programme	

No	TASK	KNOWLEDGE CRITERIA	SKILL CRITERIA
		Describe and understand the guidelines with regard to the compliance risk profile	
		Describe and understand the guidelines with regard to the compliance risk management plans	<p>Develop a compliance risk management plan in accordance with Generally Accepted Compliance Principles and Standards (issued by the Compliance Institute of South Africa) that addresses the following as a minimum:</p> <ul style="list-style-type: none"> <li>• Pre- control risk assessment (inherent risk before taking into account controls)</li> <li>• Identification of existing controls and the facilitation of assessment of the adequacy and effectiveness thereof in mitigating compliance risk</li> <li>• Facilitate the determination of additional or required controls to mitigate compliance risk</li> <li>• Post control risk assessment (residual risk after taking into account controls)</li> <li>• Where controls are not adequate or effective or where additional controls are required, advise / consult with management on the action required and responsibility for the implementation of controls and agree on target dates</li> <li>• Facilitate and / or effect the implementation and communication of risk management plans</li> <li>• Facilitate and / or effect the periodic review and update of risk management plans</li> </ul>
		Describe and understand the guidelines with regard to the development of compliance policies and compliance charters	Draft a compliance policy and / or charter
		Describe and understand the guidelines with regard to compliance marketing and compliance awareness creation	Assist management in creating compliance awareness

No	TASK	KNOWLEDGE CRITERIA	SKILL CRITERIA
		Describe and understand the guidelines with regard to compliance monitoring methodologies and plans	<p>Develop a monitoring plan which addresses:</p> <ul style="list-style-type: none"> <li>• The scope and objectives of the monitoring plan with stakeholders</li> <li>• Implementation of a monitoring methodology in conjunction with stakeholders to assess the adequacy and effectiveness of controls identified as well as substantive testing</li> <li>• Monitoring coverage</li> <li>• Monitoring frequency</li> <li>• Task allocation</li> <li>• Monitor compliance with applicable regulatory requirements relevant to the organisation and its products and / or services (formal and informal)</li> </ul> <p>Prepare working papers and monitoring reports by:</p> <ul style="list-style-type: none"> <li>• Following the Generally Accepted Compliance Standards and Principles (issued by the Compliance Institute of South Africa) relating to monitoring</li> <li>• Application of monitoring methods and tools</li> <li>• Testing the adequacy and effectiveness of controls</li> <li>• Conducting substantive testing</li> <li>• Maintaining monitoring working papers</li> <li>• Recording and evaluating the monitoring findings</li> <li>• Preparing a compliance report that is appropriate for the type of monitoring undertaken and the target audience thereof</li> </ul> <p>Provide recommendations based on the findings as documented in working papers</p>
		Describe and understand the guidelines with regard to record keeping	Design compliance record keeping mechanisms relating to the roles and responsibilities of a compliance function

No	TASK	KNOWLEDGE CRITERIA	SKILL CRITERIA
			<p>Implement compliance record keeping mechanisms for a compliance function</p> <p>Advise management on implementing and maintaining record keeping processes to meet regulatory requirements</p>
		Describe and understand the guidelines with regard to compliance reporting to management and other stakeholders	<p>Prepare different types of compliance reports, including:</p> <ul style="list-style-type: none"> <li>• Executive level</li> <li>• Critical issues</li> <li>• Detailed</li> <li>• Compliance breaches and exposures</li> <li>• Regulatory developments</li> </ul> <p>Produce a report that addresses at least the following in respect of formal compliance monitoring reporting:</p> <ul style="list-style-type: none"> <li>• Title</li> <li>• Executive summary</li> <li>• Objectives</li> <li>• Scope</li> <li>• Describe monitoring methodology</li> <li>• Size or extent of sample</li> <li>• Findings and non-compliance issues</li> <li>• Recommendations</li> <li>• Remedial action required</li> <li>• Responsibility for addressing remedial action</li> <li>• Follow-up including due date</li> <li>• Escalation</li> </ul>
		Describe and understand the guidelines with regard to compliance training	<p>Report in the appropriate format for informal compliance reporting</p> <p>Assist management in developing compliance training plans / strategy</p>

No	TASK	KNOWLEDGE CRITERIA	SKILL CRITERIA
			Assist in the design, development and delivery of compliance awareness and training interventions (this is a management responsibility in which the compliance function can play a valuable role, taking into account the limited resources available)
		Describe and understand the guidelines with regard to the outsourcing of the compliance function	
		Describe and understand the guidelines with regard to the calculation and consideration of the impact of materiality on the compliance function	
9.	Compile and submit internal and external compliance reports	Explain the reporting requirements imposed by the regulators and supervisors of FSP's relating to the compliance function and the compliance risk management process in South Africa	Implement a compliance reporting process
			Allocate responsibility for the submission of reports to designated persons
			Obtain input from management / stakeholders within submission deadlines
		Describe compliance reporting mechanisms including how to obtain input from organisation stakeholders	Keep records of the reporting received
			Analyse input obtained
		Explain the purpose of internal and external compliance reports	Prepare compliance reports that are fit for purpose
		Describe the different types of compliance reports including but not limited to: <ul style="list-style-type: none"> <li>• Executive level</li> <li>• Critical issues</li> <li>• Detailed</li> <li>• Compliance breaches and exposures</li> <li>• Regulatory developments</li> </ul>	Prepare different types of compliance reports, including: <ul style="list-style-type: none"> <li>• Executive level</li> <li>• Critical issues</li> <li>• Detailed</li> <li>• Compliance breaches and exposures</li> <li>• Regulatory developments</li> </ul>



No	TASK	KNOWLEDGE CRITERIA	SKILL CRITERIA
		Describe the format and contents of internal and external compliance reports	Produce a report that addresses at least the following in respect of formal compliance monitoring reporting: <ul style="list-style-type: none"> <li>• Title</li> <li>• Executive summary</li> <li>• Objectives</li> <li>• Scope</li> <li>• Describe monitoring methodology</li> <li>• Size or extent of sample</li> <li>• Findings and non-compliance issues</li> <li>• Recommendations</li> <li>• Remedial action required</li> <li>• Responsibility for addressing remedial action</li> <li>• Follow-up including due date</li> <li>• Escalation</li> <li>• Report in the appropriate format for informal compliance reporting</li> </ul>
		Describe the target audience of the different types of compliance reports	Submit compliance reports to the target recipients thereof
		Explain the consequences of not submitting compliance reports to the regulators and supervisors of a FSP	Create awareness of the need to submit compliance reports Manage the submission of compliance reporting to the recipients thereof Report within specified deadlines
		Explain how to integrate compliance reporting with other reporting functions within the	Work with other functions and stakeholders in preparing and submitting compliance reporting
		Explain how to follow-up and track matters reported to regulators, supervisors and other stakeholders	Manage and track matters reported where follow-up is required

No	TASK	KNOWLEDGE CRITERIA	SKILL CRITERIA
		Describe who the relevant regulators and supervisors of FSPs and the compliance officers of FSP's in South Africa are	<p>Develop and implement a register of regulators and supervisors</p> <p>Coordinate communication channels / liaison with the regulators / supervisors</p>
10.	Coordinate, communicate and liaise with the industry regulators, supervisors and other role players within the Financial Services Provider industry	Describe the regulatory framework applicable to FSP's and their compliance function in South Africa	Assist the organisation to establish and maintain a compliance function that provides a platform to manage relationships with regulators / supervisors
		Describe the scope of the regulator's and supervisor's mandate with regard to FSP's and their compliance function in South Africa	
		Explain the relationship between different industry players and stakeholders within the financial services environment	
		Describe how to manage the relationship with regulators and supervisors where more than one regulator and supervisor has jurisdiction over the FSP and the compliance function	<p>Draft a policy to address the management of the relationship with regulators and supervisors</p> <p>Implement a process to manage the relationship with regulators and supervisors across jurisdictions</p>
		Explain how to assist management in the development and maintenance of a compliance culture within a FSP	<p>Analyse and interpret (basic level) applicable regulatory requirements</p> <p>Assist management in creating awareness of:</p> <ul style="list-style-type: none"> <li>• Compliance framework</li> <li>• Compliance policy</li> <li>• Compliance function</li> </ul>
		Describe regulatory requirements relevant to the organisation and its products and services	Communicate the implications of the regulatory requirements in a business relevant format and manner to management and other stakeholders

No	TASK	KNOWLEDGE CRITERIA	SKILL CRITERIA
		Explain how to facilitate compliance related communication to management	Provide compliance advice to management in respect of compliance with regulatory requirements
		Provide an overview of the different types of financial services and financial products an FSP can deal with	
11.	Identify, interpret, assess and clarify the applicable regulatory requirements	Explain methodologies for interpreting regulatory requirements as set out by the regulators and supervisors of a FSP	Interpret (basic level) applicable regulatory requirements  Communicate the implications of the regulatory requirements in a business relevant format and manner to management and other stakeholders
		Explain the applicable regulatory requirements in plain language to management and relevant staff members of the FSP	Provide input for the development of compliance risk management plans
		Understand the function of the compliance officer with regard to existing products and services offered by the FSP	Provide compliance related advice to management in respect of existing products and services offered by the FSP
		Understand the function of the compliance officer with regard to new products and services introduced by the FSP	Provide compliance related advice to management in respect of new products and services to be introduced by the FSP