



BACK TO SCHOOL

– TIPS FOR UPCOMING REGULATORY EXAMS

Because everybody in the financial services industry is talking about regulatory exams, Joe Kotze, national manager of compliance for the Financial Intermediaries Association of Southern Africa (FIA), gives us some facts and tips.

Examination bodies

The FSB has approved and appointed four examination bodies which are in the final stages of putting together all the processes and systems that will ensure the exams run smoothly.

These examination bodies are Moonstone Information Refinery, the Financial Planning Institute, Institute of Bankers (Leselo) and the South African Institute of Financial Markets. They will assume responsibility for the development of the exam questions and will present the exams countrywide on behalf of the FSB. Pilot exams are being conducted and the FSB will embark on an extensive communication campaign once they are ready for implementation. This is expected to be around April 2010.

The exams

The exams on Level 1 will be compulsory for all financial services providers who are sole proprietors and all key individuals and representatives. These exams will test factual knowledge on the FAIS Act and its Codes, FICA and the roles and responsibilities of these functionaries in practice. Key individuals who are also representatives will be writing two exams in respect of these different functions. Certain exemptions are applicable to key individuals and representatives who are authorised for product categories 1.1 (assistance policies) and 1.19 (friendly societies) only.

Exams on Level 2 will be product specific and test technical knowledge and skills required when dealing with the products for which the individual is authorised. Certain qualifications will exempt the individual from having to write exams on Level 2. These qualifications are specific to a product category and those approved thus far are listed in Board Notices 105/2008 and 64/2009. Others may also be added from time to time. These exams will serve as a once-off test of knowledge and will not be based on unit standards which are credit bearing. Once Level 2 has been successfully completed, Continuous Professional Development requirements will ensure that this knowledge is maintained and updated regularly.

There will be a choice of an electronic or paper-based exam, depending on the venue. Groups of 20 or more can arrange for the exams to be delivered at their office or another suitable venue, on a choice of dates throughout the year. Special needs such as visual or hearing impairment, wheelchair-bound individuals and other disabilities will also be catered for.

Registration of the exams may be handled by telephone, fax, SMS, Internet or bulk import. Individuals will have the choice of the examination body, venue, methodology, date and a morning or afternoon session.

The deadlines

Everyone who has been authorised, approved or registered up to 31 December 2009 must have completed the regulatory exams on level 1 before 31 December 2011 and on level 2 before 31 December 2013. Those who first enter the industry from 2010 onwards must complete the exams on Level 1 within 2 years, and on level 2 within 6 years of authorisation, approval or registration.

Preparation

Exam questions will be based on the qualifying criteria set out in Board Notice 105/2008, available on the FSB website. The FIA will be providing guidelines to its members and will be conducting workshops on these topics during early 2010 to assist members in the preparation process.

Considerations

1. It is expected that more than a million exams will be written by the industry over a 42-month period. Do your planning early and don't procrastinate. Deadlines will not be moved.
2. Prepare thoroughly. There will be a cost involved, which makes failing an exam an expensive exercise.
3. Do not underestimate the complexity of exams. Your Fit and Proper status is at stake.
4. Make sure you have the amended and updated legislation of FAIS Act, its Codes and FICA (where applicable). If you are licensed for multiple products and do not market all of these, it is suggested that you ask the FSB to have these removed from your licence.
5. The FSB will exercise its powers to withdraw authorisation of those who fail to comply with the fit and proper requirements.
6. Exam papers will not be for sale or freely available. The strictest measures are taken to guarantee security.
7. These exams are not merely a nuisance but rather another step in the process to professionalise our industry. Embrace them with enthusiasm as your clients will embrace the superior advice and service you render.