

He said the FIA addressed concerns raised by its members with the relevant authorities. "Review panels have led to the FSB and the examination body rewording certain questions from the key individual's and representative's exams in order to make them fair and understandable. Time available to complete these exams has also been lengthened by 30 minutes and the pass mark lowered to 65 per cent."

Kotze added that there is no reason for intermediaries and/or representatives to fear the exams. "If candidates are prepared sufficiently, the correct answer should jump right out because there will be no ambiguous answers, or more than one correct answer to a question. The idea behind the exams was never for candidates to memorise legislation by heart but merely to comprehend what affects them in their daily rendering of financial services."

Warren Ingram, director at Galileo Capital, has also welcomed the regulatory exams saying they are long overdue for the industry. However, he is concerned that the more experienced members of the industry are not being treated fairly as they should be exempt from the first examination.

"Making the CFP's write the first regulatory exam is like making a medical doctor write the same exam as fitness trainer. It does not give recognition to the proper qualifications and experience that CFP's have. CFP's who spend more than R20 000 and many hours on their studies in order to reach an international standard of qualification should be exempt from these exams."

Similarly, Patrick Bracher, director at commercial law firm Deneys Reitz, also questioned why someone who has been considered a competent key individual for a number of years can now be considered incompetent without the exam. "Prior

experience and prior learning needs to be recognised. The roles of these individuals should not be confused with that of the compliance officer."

Despite such views, the FSB remains firm that everyone will be required to take the RE level 1 exam. Wendy Hattingh, head of FAIS Supervision at the FSB said it is vital that all intermediaries have this basic minimum industry knowledge. She noted some exemptions, including for CFPs, are permissible for the RE level 2 exams if the person concerned has already taken an equivalent examination that has tested their knowledge of a particular product.

While the exams are increasingly being seen as a positive step forward – even if unnecessary in some quarters – there remains a degree of concern with regard to whether the industry will be able to cope with the sheer volume of applications and examinations that are required.

Bracher said the cost and logistics are enormous as it will involve thousands of people. He added that the exams will have to be available at multiple venues on a permanent basis so as not to delay the examination process.

Currently there are four examination bodies – Moonstone, Leselo, SAIFM and FPI – offering the regulatory examinations in centres across South Africa. Wendy Hattingh noted that an individual can write the examinations as many times as they want to.

Likewise, Ingram doubted whether all representatives will be able to complete the exams on time. "I am concerned about the implementation of this idea. The number of people that need to write this course is astronomical, which means it is highly unlikely that everyone will get to write them before the deadline."

However, the FSB is confident that the time issue should not be a problem if individuals manage their preparation and planning of their exam schedule well. "The FSB ... believes it is important that the exams are completed within the set timeframe. Provision has been made for people that might write in the last month of the time table allowed and then need to repeat exam," said Hattingh.

Hattingh puts the ball firmly in the court of those who need to take the exams, stating that it is up to people themselves to ensure that they register timeously. "We do not have any concerns there is enough time if people do enroll and write the exams. If they wait until the last minute, they might have a problem in getting a booking and allow for ample time to rewrite should they fail. We urge all FSPs to ensure that key individual and representatives start preparing for the exams."

The best scenario is clearly getting it right first time, however. While the FSB states that individuals can pass these exams through self study, training courses are being set up by various industry bodies to assist those who need to take these exams. Kotze said the FIA has already negotiated special packages with training providers to ensure people are successful from the start with discounted rates for members.

"We have to be realistic and acknowledge the fact that the FAIS Act and other relevant legislation have been around for six years. Members should take heart – in a few months we will all be chuckling about the fuss we (unnecessarily) made about the exams," said Kotze.

To assist candidates with their preparation to write the RE 1 exam, the FSB has developed a study guide which can be accessed on the FSB website.

TIMETABLE FOR REGULATORY EXAMINATIONS:

Date the person was first appointed in the role of a key individual or representative at any FSP	Regulatory exam Level 1	Regulatory exam Level 2
30 September 2004 – 31 December 2007	31/12/2011	31/12/2013
1 January 2008 – 31 December 2009	31/12/2011	31/12/2013
1 January 2010 to 31 December 2010	31/12/2012	Within six years of appointment date of the representatives
1 January 2011	Within two years of appointment date of the representatives Prior to approval of the key individuals or the authorization of an FSP licensed as a sole proprietor	Within six years of appointment date of the representatives