



FINANCIAL SERVICES BOARD

FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, NO. 37 OF 2002

FAIS INFORMATION CIRCULAR 1/2014

DATE: 31 JANUARY 2014

UPDATE ON DEVELOPMENTS IN RESPECT OF THE REGULATORY EXAMINATIONS FOR FOREIGN FINANCIAL SERVICES PROVIDERS

1. INTRODUCTION

- 1.1. FAIS Information Circular Nr. 9 of 10 December 2013 provided an update on the regulatory examinations for foreign Financial Services Providers (FSPs). The update indicated that the examinations for foreign FSPs are now available, and that more information regarding the registration processes will be communicated in January 2014.
- 1.2. The purpose of this circular is to provide all the relevant information regarding the foreign regulatory examinations.

2. DEADLINE APPLICABLE TO FOREIGN FINANCIAL SERVICES PROVIDERS (FSPs)

- 2.1. Board Notice 119 of 2013 (General Exemption: Level 1 Regulatory Examinations, 2013) as published in the *Government Gazette* 36530 on 5 June 2013 made provision in paragraph 2.4 for the exemption of foreign FSPs, and allowed for time up to and including 30 June 2014 to successfully complete the regulatory examination(s).
- 2.2. This means that the deadline of 30 June 2014 is applicable to all key individuals and representatives of foreign FSPs which have a date of first appointment up to and including 31 December 2010.
- 2.3. The deadline of 30 June 2014 will not be amended as there is sufficient time for foreign FSPs to complete the relevant Level 1 regulatory examination.

- 2.4. FSPs can be assured that sufficient examination sessions will be made available to the foreign FSPs to ensure that FSPs are able to meet the 30 June 2014 deadline.
- 2.5. However, to ensure that the deadline is met, FSPs and affected persons are urged to plan in advance to ensure that the examination is written in good time, and to allow for a second / third attempt, should the first attempt(s) not be successful.

3. END-TO-END EXAMINATION PROCESS APPLICABLE TO FOREIGN FSPs

- 3.1. Registration for the regulatory examinations can be done via one of the following mediums:

- a) On-line via the website of the examination body;
- b) Fax – the application form is faxed to the examination body;
- c) E-mail – the application form is submitted via e-mail to the examination body;
- d) Phone – the registration is done via phone with a Call Centre agent of the examination body.

- 3.2. The contact details of both examination bodies are provided below:

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| <p>a) Moonstone Information Refinery</p> <ul style="list-style-type: none">• Tel (021) 883 8000• Fax: (021) 883 8005• E-mail: faisexams@moonstoneinfo.co.za• Website: www.moonstone.co.za or www.faisexams.co.za | <p>b) Financial Planning Institute (FPI)</p> <ul style="list-style-type: none">• Tel: (011) 470 6100• Fax: 086-632-4948• E-mail: re@fpimail.co.za• Website: www.fpi.co.za or www.re.fpi.co.za |
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- 3.3. Please note that there is a difference between corporate/bulk and individual registrations.

Registration:

- Individual registrations

The individual candidate completes his/her registration information and submits this information to the examination body (via one of the mediums referred to in item 3.1. above), where after the examination body will confirm the details of the registration and will ensure that the individual receives the examination terms and

conditions, time, venue and any other relevant information regarding the examination session.

All communication distributed by the examination body to the individual will take place based on the contact details provided by the individual at the time of registration. If these contact details change at any time after registration, then the individual must notify the examination body immediately, otherwise the individual runs the risk of not receiving relevant important communications and notifications from the examination body.

- Corporate / bulk registration

These registrations take place where an employer wants to register its employees for the regulatory examination. A Service Level Agreement (SLA) is signed between the examination body and the employer that sets out the terms and conditions of the registration process.

A specific contact person at the employer is then appointed to as the contact person for the examination body and the registrations are then submitted by this contact person in an excel spread sheet format. The examination body communicates with the contact person and the contact person is responsible for distributing this communication to all affected employees.

4. FEE FOR REGULATORY EXAMINATIONS FOR FOREIGN FSPs

- 4.1. On 20 November 2013, the Determination of Fees Payable to the Registrar of Financial Services Providers (Government Notice R892) was published in *Government Gazette* 37052.
- 4.2. This Notice indicated that the fee for foreign regulatory examinations will be £200 per examination.
- 4.3. The cost structure for foreign regulatory examinations differ and therefore a different fee was required in order to conduct these examinations.
- 4.4. Payment is made directly to the examination body. The payment details will be provided by the examination body concerned.

5. IDENTIFICATION USED FOR EXAMINATION PURPOSES

- 5.1. The FSB has experienced numerous problems with the identification numbers used by individuals / FSPs, and would therefore like to appeal to individuals / FSPs to assist in addressing this problem.
- 5.2. The problem is mainly created when registration for the examination takes place. A candidate identity number is required for registration, and special care should be taken in terms of the number that is provided at this point.
- 5.3. The examination result is linked to this identification number of the candidate that wrote the exam. When the results are uploaded to the FSB database, then the identity number uploaded must match the identity number that already exists in the FSB database exactly, before the examination record will “link” up with the existing record of the individual / FSP.
- 5.4. The following example illustrates the problem:

Candidate A is a representative and was uploaded on the representative register by the FSP with a South African ID number. Therefore the record created on the FSB database shows a South African ID number for candidate A.

Candidate A then registers for the examination with his passport number. He writes the examination, and the examination body records his exam result against his passport number, and uploads this information to the FSB database.

Now there are two records on the FSB database for Candidate A – a South African ID number and a passport number. If an enquiry is done on the South African ID number, then it will show that candidate A did NOT write the regulatory examination.

Only when the passport number is changed to the South African ID number (or vice versa), will the examination record reflect correctly for candidate A.

There are various different scenarios that can be used, but essentially, if two different identification numbers are used for one person, then it affects the records that are created on the FSB database.

It is therefore critically important that FSPs update the identification numbers of their employees regularly, and especially prior to writing the examinations, to ensure that the identification numbers used are consistent.

6. EXAMINATION SESSIONS OPEN FOR REGISTRATION

- 6.1. Please note that examination sessions are scheduled based on demand. It is therefore important to contact the examination body of your choice to indicate when and where examinations will be required.
- 6.2. Moonstone has scheduled and confirmed that they will be conducting examination sessions in London, and the registration for these sessions is now open. The details of these sessions are set out below:

DATE	EXAMINATION SESSION
7 March 2014	Morning session: RE 1 and RE 5
	Afternoon session: RE 1 and RE 5
15 April 2014	Morning session: RE 1 and RE 5
	Afternoon session: RE 1 and RE 5
27 June 2014	Morning session: RE 1 and RE 5
	Afternoon session: RE 1 and RE 5

- 6.3. The FPI will establish examination sessions on receipt of individual and/or corporate registrations.

7. PREPARATION FOR THE EXAMS

- 7.1. The content (what will be assessed in the examinations) are available in Board Notice 105 of 2008 (Determination of Qualifying Criteria and Qualifications for Financial Services Providers, 2008), Part VI.
- 7.2. Alternatively the content of the examinations are also included in the Preparation Guide for RE1 (key individual) and RE 5 (representative) available on the FSB website. To download the Preparation Guide, please go to:
- www.fsb.co.za
 - Select the FAIS tab (just above “Latest News” on the Home Page)
 - Select “Regulatory Examinations” from the index on the left
 - Select “Preparation Guide for Level 1 Regulatory Examination (RE 1 and RE 5)”

- The PDF document can then be saved.

7.3. A training manual is also available for those that would prefer to make use of a manual. This manual can be downloaded at no cost from the Insurance Sector Education and Training Authority's (INSETA) website. To download the training manual, please go to:

- www.inseta.org.za
- On the Home page, select "FAIS and regulatory examination" from the menu on the left.
- Select "RE Learning Material".
- Select "Click here" to access the learning material
- You will be requested to complete your details. These details are required for statistical purposes only to see how much the material was used.
- Complete and submit your details.
- The page containing the list of training manuals available for download will appear.
- Select the training manual for the examination you will be writing (RE1 and/or RE 5) and save the PDF document that will open.

7.4. Many FSPs, key individuals and representatives have already commenced with preparation initiatives for the regulatory examinations. Where training providers are used for this purpose special caution should be used to ensure that the content of the training is aligned with the content of the examinations, and that the content is covered sufficiently.

7.5. It must also be noted that even if preparation workshops have been conducted, additional self-study will still be required for most individuals, and therefore planning the preparation process and times is important.

8. CONCLUSION

8.1. Should any additional information regarding the examinations be required, please contact the examination bodies for information.

8.2. May the examinations be a positive and value adding experience for all individuals that will be writing the exams within the next 5 months.