



**REGULATORY EXAM TRAINING**

**GENERAL INFORMATION- Fit4FAIS handout for Key individuals & Representatives**

Fit4FAIS Contact Details – [info@Fit4FAIS.co.za](mailto:info@Fit4FAIS.co.za)

**Examination Bodies:**

Moonstone Information Refinery (<http://www.moonstoneinfo.com>) OR  
<http://www.faisexam.co.za> – contact Sheila Olckers  
 IOB/Lesolo (<http://www.leseloexams.co.za>)  
 SAIFM (<http://www.regulatoryexams.co.za/>)  
 FPI (<http://re.fpi.co.za/>)

Regulator: [www.fsb.co.za](http://www.fsb.co.za)

**DEADLINES AND KEY INFORMATION**

**TAKE THE EXAMS SERIOUSLY – YOUR AUTHORISATION/APPROVAL DEPENDS ON YOUR SUCCESSFUL COMPLETION OF THE EXAMS**

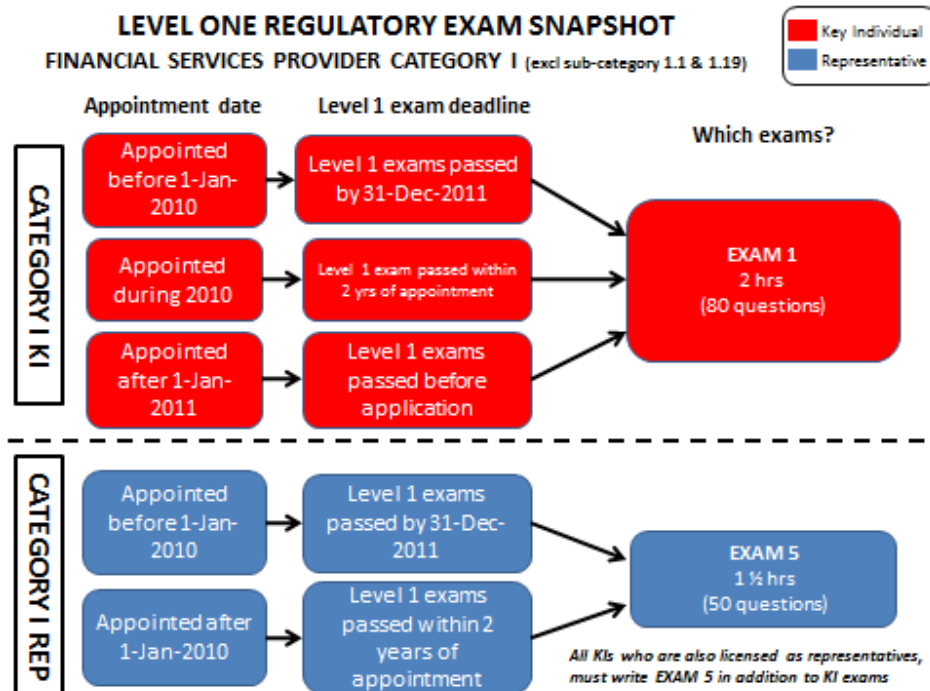


Figure 1 -- Source – ASISA Academy



## Information of the exams



**The deadline for completion of the FIRST Level 1 Regulatory exams remains 31 December 2011, however if you write the exam and have to repeat it you will be given an additional 2 months (up to 28 February 2012) within which to complete the examination successfully.**

- The exams are not at an NQF Level – they are a competency assessment
- Closed Book, set of multiple choice questions – which will test competence against all tasks and qualifying criteria.
- Pass mark is 65%
- Book your test – if NYC then you can re-write
- No sample papers will be available
- Cost of the exam is R900 per exam (Including VAT)
- The examinations became available 1 November 2010
- Levels of questions based on Blooms Taxonomy

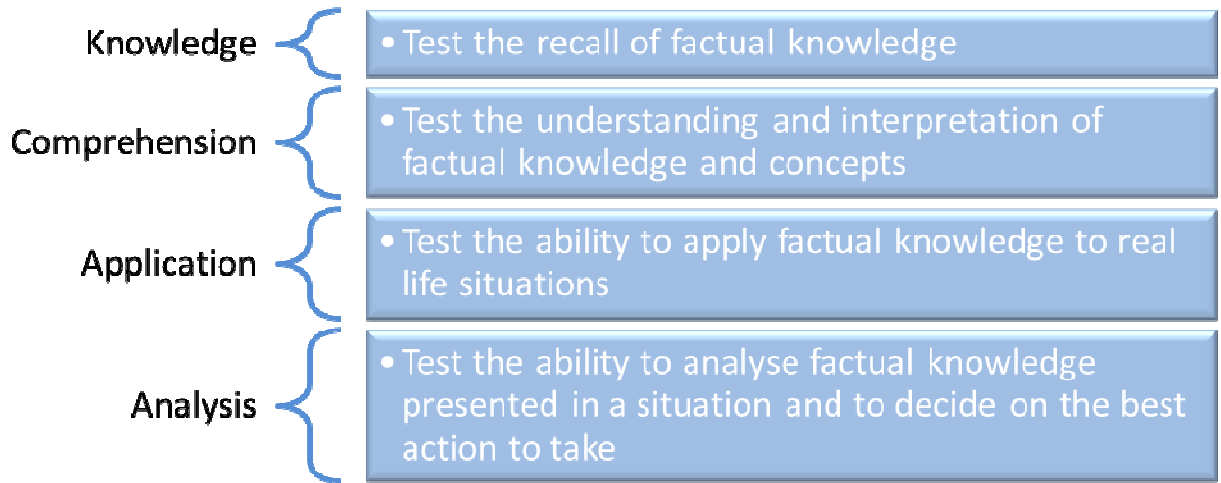
Individual questions are based on one or more knowledge criteria, also taking into account the applicable skill.



**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:**



**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: the question must be answered by choosing the correct option
- An incomplete sentence: the 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 working days
- C. 30 days
- D. 15 working 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**

ABC Financial Services is licensed to render financial services in relation to five different financial products, namely Long-term Insurance B1 & B2, C and Short term insurance: Commercial and Personal lines. ABC has ten key individuals each specialising in specific products with experience in the others. ABC's key individual Anne Lamb will retire in two months and they must appoint a person to replace her. Which of the following candidates who have all passed the first level regulatory examination will be considered?

- I. Tony, who has worked as a key individual in Long Term Insurance Category A and Friendly Society Benefits and has a grade 12
- II. Thabo, who has worked as a key individual in Long Term Insurance Category A and has a B.Com degree
- III. Hillary, who has worked as a key individual for Long Term Insurance Category B and Short Term Insurance: Personal Lines and has a grade 12
- IV. Margaret, who has worked as a key individual for Collective Investment Schemes, Bank deposits and Shares and has a B.Com degree

Who can be appointed as the Key Individual?

- A. (i) & (iii) only
- B. (ii) & (iv) only
- C. (i) & (ii) only
- D. (ii) & (iii) only

### **Examination delivery options – Choice of Methodology**

- Electronic (secure browser environment at various venues)
- Paper based at various venues
- Groups (20+ learners) examination at the employers offices
- Registration process
  - Learner chooses registration method, venue; date; session & type (electronic etc.)
- Registration options
  - Telephone; fax; SMS; Bulk import; on-line registration
- Special needs will be catered for.
- PLEASE ADVISE US OF THE OUTCOME OF YOUR EXAM  
([info@Fit4FAIS.co.za](mailto:info@Fit4FAIS.co.za))



## EXAMINATION GUIDELINES

### **Examination RE 1 for ALL Key Individuals (Cat I; Cat II; Cat IIA; Cat III & Cat IV)**

This is a two & a half hour examination and will consist of 80 multiple choice questions and will cover ALL 16 tasks and qualifying criteria applicable to key individuals in all Categories.

This examination will test, amongst others, the examinees:

- Understanding of their role and responsibilities as a Key Individual as required by the FAIS Act,
- The roles and responsibilities of the Representatives they manage and oversee, including the Fit and Proper requirements and the maintenance of a register of representatives,
- Ability to apply their knowledge in terms of the supervision requirements for Representatives, Representatives' ongoing training and development, their obligations in terms of the Code of Conduct and their debarment,
- Ability to apply their knowledge of compliance, auditing and record keeping, as well as advertising and adherence to FICA,
- Understanding of the complaints process, maintenance of the FSP license and suspension and withdrawal of an FSP license.

### **Examination RE 5 for ALL Representatives AND key Individuals acting as representatives.**

This is a two examination and will consist of 50 multiple choice questions and will cover ALL 8 tasks and qualifying criteria applicable to Representatives in all Categories.

This examination will test, amongst others, the examinees:

- Understanding of the role and responsibilities of the Representative and Key Individual as well as the Representative's contribution towards the maintenance of the FSP's license in accordance with the FAIS Act,
- Understanding of the Fit and Proper requirements and services under supervision,
- Ability to execute the actions required of a Representative in terms of the Code of Conduct. This will include amongst others, the Representative's obligations when receiving client funds or premiums, handling complaints, custody, risk management, insurance, advertising and termination as well as disclosures to clients and ethical conduct,
- Knowledge of the consequences of fraudulent behaviour and the debarment process ,
- Knowledge of the financial products, FICA requirements and requirements relating to proper record keeping activities.

**For a complete list of the qualifying criteria against which the examinee will be tested, please see Section 1 of Board Notice 105 of 2008.**

These qualifying criteria have been amended in one or other way several times since the original BN 105 publication in 2008 – these amendments can be found in BN 151 published 29 December 2008; BN 64 published 29 May 2009; BN 95 published 17 August 2009; BN 44 published 26 March 2010 and BN 60 published 12 May 2010. **The Fit4FAIS study guides have been updated w.r.t. these amendments.**



**The Key Individual Exam covers 16 tasks which included 179 Qualifying Criteria AND the Representatives Exam covers 8 tasks including 70 Qualifying Criteria**

### Support Material

**Fit4FAIS Study Guide 2010 for Key Individuals (Cat I to IV) PLUS**

The Examination Body has provided a list of legislation upon which the examinations have been based. The documents can be downloaded from the **Fit4FAIS** website

**PLEASE NOTE:** This list is not exhaustive and is meant to provide a guideline only. It is intended to assist examinees in preparation for the examination but must be viewed in conjunction with all other applicable legislation.

### ***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
3	<i>Manage and oversee the appointment of representatives.</i>	<i>Describe the Fit and Proper requirements that apply to representatives in terms of the legislation.</i>	<i>Verify that the necessary HR processes are developed/ amended to enable the FSP to check, at recruitment stage, whether a potential representative meets at least the entry level Fit and Proper requirements.</i>
		<i>Explain what recruitment and appointment procedures have to be implemented when appointing representatives.</i>	

## 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.

### 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.

Multiple choice question tend to focus on detail

- Look for similarities and differences that might be used to distinguish between the options in the exam for e.g. internal vs external

Multiple choice exams cover a broader range of material than essay exams

- Start early with the preparation
- Repeat information and detail
- Cover all knowledge criteria - do not spot, skim or cram the knowledge

### 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.**



Please ask your examining body for a copy of the terms and conditions of the examination.



## **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.



### **Bubble answer sheets**

Taking a multiple choice exam using an answer sheet in which you trace in a bubble presents its own unique difficulty. Always make sure you are paying attention to what you are doing and always go back over the answer sheet before you turn it in. All those bubbles and numbers can wreak havoc on your perception, and if you accidentally miss just one row it throws every answer following that one off. The quickest way to get a terrifying grade on this kind of exam is to unwittingly fill in the wrong answer on nearly every question because you missed one row of bubbles or filled that row in twice for two different questions.

It is useful to take a ruler with you to the exam room, and to place the ruler under each row of questions and bubbles for the options. Move the ruler down line by line. This should help you to answer the right answer next to the right bubble option.



### **FINDING RESULTS**

The exam bodies will make the exam results available. 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

### **Some further suggestions when preparing for multiple choice exams<sup>1</sup>**

1. master the study material
2. make notes while you study
3. be confident, have a positive attitude
4. manage your time

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<sup>1</sup> Mastering Multiple Choice \_Stephen Merrit

5. practice
6. read the instructions carefully
7. answer all the questions
8. leave time to check your answers
9. scan through the test BUT don't answer any questions at this stage – skim through 1 to 3 minutes
10. answer the questions that you know the answer to almost immediately
11. now work your way through the 'harder' questions – don't be afraid to skip a question and return to it later
12. when all else fails guess 'wisely'
13. expect the unexpected
14. your ability to answer multiple choice questions improves over the course of the exam
15. ask questions from the invigilator if you don't understand the instructions
16. use the "process of elimination" – instead of trying to find the right answer, try and eliminate the wrong ones
17. circle key words in the questions
18. don't linger, do what you know – remember time management is important
19. let your brain warm up – do an easy question first
20. look for negatives ; i.e. impossible means not possible; or double negatives i.e. not unnecessary means necessary
21. look for limiter i.e. dates, names or places
22. look for superlatives; such as every, all, none, always and only – a superlative in a phrase makes it more difficult for a statement to be true
23. "all of the aboves" – from a negative perspective look for a wrong answer, if you find one then all of the above does not work
24. "all of the aboves" – from a positive perspective look for two correct answers, this is more difficult -- if you find two correct answers and there are no qualifying answers then the answer must be "all of the above"
25. don't look for patterns – they are not likely to be there

**Sources used when compiling this Regulatory Examination General Information handout:**

1. ASISA Academy
2. Moonstone Examination Body – Regulatory Exam Guideline
3. FAIS Circular 8/2010 and 9/2010 published by the FSB
4. Preparation Guide for Level 1 Regulatory examinations (RE1 and RE5)
5. Quick Tip! (9 of 2010) published by Compli-Serve 1 November 2010
6. Mastering Multiple Choice – Stephen Merrit