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REPUBLIEK VAN SUID-AFRIKA

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**No. 33537**

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## BOARD NOTICES

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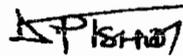
### BOARD NOTICE 126 OF 2010

#### EXEMPTION IN RESPECT OF SERVICES UNDER SUPERVISION RENDERED BY COMPLIANCE OFFICERS, 2010

I, Dube Phineas Tshidi, registrar of financial services providers, hereby under section 44(4) of the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002), exempt any person rendering compliance services under supervision in accordance with the requirements and conditions set out in the Schedule, from-

- (a) any provision of the Notice on Qualifications and Experience of Compliance Officers in respect of Financial Services Business, 2008, or of any measure promulgated thereunder; and
- (b) whenever that Notice is repealed and replaced by a corresponding Notice on the qualifications and experience of compliance officers, from any provision of the latter Notice, or any measure promulgated thereunder,

which is irreconcilable with a provision set out in the Schedule.



**D P TSHIDI,**  
*Registrar of Financial Services Providers*

### SCHEDULE

#### Definitions

1. In this Schedule "the Act" means the Financial Advisory and Intermediary Services Act, 2002 (Act No 37 of 2002), any word or expression to which a meaning has been assigned in the Act, or in any measure promulgated under the Act as referred to in the definition of "this Act" in section 1(1) of the Act, shall, unless the context otherwise indicates, have that meaning, and-

**"approval"** or **"approved"** or **"date of approval"** means the date on which a supervisee was first granted Phase I and Phase II approval;

**"direct supervision"** means the supervision of the compliance services rendered by a supervisee under the guidance, instructions and supervision of a supervisor, and which occurs on a regular (ranging between daily and weekly) basis;

**"ongoing level of supervision"** means the way in which supervision is exercised after the initial period of services under direct supervision has been completed, but the supervisee still requires supervision, and such supervision occurs on at least a fortnightly to monthly basis;

**"services under supervision"** means compliance services rendered in relation to one or more Categories of providers, by a supervisee who does not meet the required experience and regulatory examination requirements and which services are rendered under the guidance, instruction and supervision of a supervisor in terms of the provisions of an exemption by the registrar under section 44 of the Act;

**"supervisee"** means a person who meets the qualification requirements and who renders services under supervision until the required requirements for experience and regulatory examination have been met by that person;

**"supervision agreement"** means the written agreement by the financial services provider and supervisor with a supervisee regarding the rendering of services under supervision by the supervisee;

**"supervisor"** means an approved compliance officer responsible for direct supervision and ongoing level of supervision of a supervisee.

### **Objectives of exemption**

2. Section 17(1)(b) of the Act determines that an approved compliance officer must, *inter alia*, at all times be competent to act with reference to qualifications and experience requirements contemplated in section 17(1)(b) of the Act. The objective of the exemption is to relieve persons (supervisees) rendering services under supervision of the obligation under section 17(1)(b) as regards the experience and regulatory examination requirements. This implies that a supervisee will, with regard to the experience and regulatory examination requirements, not have to comply with the standards set for the compliance officer at date of first appointment. The registrar is satisfied that the exemption meets the requirements of section 44(4) of the Act, read with section 44(1), (2) and (3) of the Act.

### **Extent of exemption**

3. The extent of the exemption is set out in the registrar's enacting clause to the exemption and operates subject to the requirements and conditions set out in this Schedule.

### **Requirements and conditions**

4. (1) A compliance officer or compliance practice that provides a supervisee with the opportunity to render services under supervision, must satisfy the registrar that the compliance officer or compliance practice-
  - (a) has the operational ability to monitor the rendering of services under supervision; and
  - (b) can through or as an approved compliance officer act as supervisor of the supervisee that renders services under supervision.
- (2) A compliance officer or compliance practice that intends to provide a supervisee with the opportunity to render services under supervision must-
  - (a) ensure that the supervisee is co-appointed with the supervisor as compliance officer of the FSP concerned;
  - (b) ensure that the supervisee is monitored under the direct supervision and ongoing level of supervision of the supervisor concerned.
- (3) A supervisee that only meets the required qualification requirements on approval may render services under supervision whilst obtaining the required experience and regulatory examination.
- (4) The following will apply to the period a supervisee renders services under supervision:

- (a) The maximum period any supervisee may render services under supervision is three years from date of approval;
  - (b) the relevant period commences on the date the supervisee is approved to render services under supervision; and
  - (c) any significant interruption (six consecutive weeks or longer) while obtaining the required experience and regulatory examination must be compensated for by arranging for an additional period for monitoring the rendering of services under supervision, equal to the period interrupted.
- (5) Supervision may include one or more of the following activities:
- (a) Sign-off by a supervisor on services rendered under supervision;
  - (b) pre-reporting sign-off by a supervisor where services are rendered under supervision;
  - (c) attending meetings with supervisee where the purpose of the meeting is the rendering of services under supervision;
  - (d) appropriate post-monitoring sampling;
  - (e) follow-up calls to confirm certain aspects of the rendering of services under supervision;
  - (f) any other activity that enables the supervisor to scrutinise the activities of the supervisee in respect of the rendering of services under supervision:
- (6) In the case of Categories II and IIA providers, the supervisor must check and sign-off that the supervisee has monitored mandate compliance controls implemented by the FSP.
- (7) Supervision arrangements must be arranged in accordance with the following specific requirements:
- (a) Selection of the supervisor:

The FSP, compliance practice or compliance officer must ensure that the normal working relationship between the supervisee and supervisor allows the supervisor oversight of the activities performed by the supervisee as per supervision agreement, and that there is regular contact that enables the transfer of skills, which may include face-to-face contact or contact via electronic means, between the supervisee and supervisor in the execution of duties.
  - (b) Supervision agreement:

There must be an agreement that details the procedures regarding the rendering of services under supervision.
  - (c) Supervisor responsibilities:
    - (i) The supervisor must supervise at all times the proper execution of duties by the supervisee;
    - (ii) the supervisor must ensure that the supervisee has a good understanding of duties in the rendering of services under supervision which must include but, not be limited to-
      - (aa) conducting a risk assessment of the business;
      - (bb) compilation of an appropriate risk management plan; and
      - (cc) implementation of appropriate processes and procedures;
    - (iii) the supervisor must observe selected meetings by the supervisee in the rendering of services under supervision, the frequency of which may vary according to the complexity of the

- financial service rendered by the financial services provider; the complexity of the financial products offered; the experience of the supervisee; or the qualifications of the supervisee;
- (iv) the supervisor must be able to provide evidence of the supervision actions undertaken and such evidence must be available for scrutiny by the registrar;
  - (v) the supervisor must assess the compliance related advice given by the supervisee for appropriateness; and
  - (vi) the supervisor and supervisee must have documented properly evidence of rendering services under supervision, the method followed and frequency thereof that took place during the period under supervision.
- (d) The supervisee must-
- (i) adhere to the requirements of the supervision agreement;
  - (ii) provide the supervisor with any records and or documents regarding the rendering of services under supervision;
  - (iii) where such supervisee is a compliance officer other than an internal compliance officer, in interaction with FSPs, disclose that the supervisee acts under supervision;
  - (iv) request guidance from the supervisor if in doubt when performing any duties in relation to the rendering of services under supervision.
- (e) Supervision applicable to compliance officers of Categories I and IV providers:
- (i) A supervisee rendering services under supervision is not allowed to conduct any unaccompanied monitoring of financial services rendered to clients during the first year under supervision;
  - (ii) A supervisee rendering services under supervision may conduct unaccompanied monitoring reviews during the second and third year under supervision, but is not allowed to provide the final sign-off on compliance reports submitted to senior management and the registrar in respect of the rendering of financial services to clients;
  - (iii) A supervisee rendering services under supervision is not allowed to complete the annual compliance report on behalf of a financial services provider.
- (f) Supervision applicable to compliance officers of Categories II, IIA and III providers:
- (i) The supervisor must, where the supervisee is rendering services under supervision with respect to Categories II and IIA providers, review and approve in writing the rendering of such services prior to conclusion of any review;
  - (ii) a supervisee rendering services under supervision is not allowed to conduct any unaccompanied monitoring of financial services rendered to clients during the first two years under supervision;
  - (iii) a supervisee rendering services under supervision may conduct unaccompanied monitoring reviews during the third year under supervision, but is not allowed to provide the final sign-off on compliance reports submitted to senior management and the registrar in respect of the rendering of financial services to clients;

- (iv) a supervisee rendering services under supervision is not allowed to complete the annual compliance report on behalf of a financial services provider.

**Amendment or withdrawal**

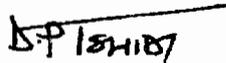
- 5. This Exemption is subject to any amendment thereof published from time to time by the registrar in the *Gazette* (if any), and remains operative until withdrawn in like manner.

**Short title and commencement**

- 6. This Exemption is called the Exemption in respect of Services under Supervision rendered by Compliance Officers, 2010, and comes into operation on the date of publication thereof in the *Gazette*.

**BOARD NOTICE 127 OF 2010****QUALIFICATIONS, EXPERIENCE AND CRITERIA FOR APPROVAL AS COMPLIANCE OFFICER**

I, Dube Phineas Tshidi, Registrar of Financial Services Providers, hereby determine under section 17(1)(b) and (2)(a) of the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002), after consultation with the Advisory Committee on Financial Services Providers, the qualifications, experience and criteria for approval as compliance officer, as set out in the Schedule.



**DP Tshidi,**  
*Registrar of Financial Services Providers*

## SCHEDULE

### QUALIFICATIONS, EXPERIENCE AND CRITERIA FOR APPROVAL AS COMPLIANCE OFFICER

#### PART I

##### Definitions

- 1 In this Schedule “the Act” means the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002), any word or expression to which a meaning has been assigned in the Act, read with the definition of “this Act” in section 1(1) of the Act, shall have that meaning and, unless the context otherwise indicates—

“**applicant**” means the natural person applying to the Registrar for approval as a compliance officer, including the natural person appointed by the compliance practice to render compliance services in respect of a particular provider;

“**application form**” means Forms 6 and 13 of the Application by Financial Services Providers for Authorisation by the Financial Services Board, Board Notice 60 of 2009, in *Gazette* 32227 of 15 May 2009;

“**compliance officer**” means—

- (i) a natural person appointed to render compliance services, including a natural person appointed by a compliance practice; or
  - (ii) a compliance practice appointed to render compliance services,
- and approved, on application, by the Registrar for such purpose;

“**compliance practice**” means a company, close corporation or partnership that appoints one or more natural persons to render compliance services in respect of a particular provider and such natural persons are approved by the Registrar for that purpose as compliance officers;

“**compliance services**” means the performance by a compliance officer of functions contemplated in section 17 of the Act;

**“continuous professional development”** or **“CPD”** means a process of ongoing learning and development, with the aim to enable the compliance officer to maintain the required competencies to render compliance services competently;

**“external compliance officer”** means a compliance officer other than an internal compliance officer and includes a compliance practice;

**“generic recognised compliance qualification”** means a qualification recognised by the Registrar that addresses knowledge, skills and competence that are broadly applicable to the rendering of compliance services;

**“internal compliance officer”** means a compliance officer that is a natural person in the permanent employ of a financial services provider and that renders compliance services in respect of that particular provider or another financial services provider that is a subsidiary, holding company or subsidiary of the holding company, of the first-mentioned provider;

**“list of recognised compliance qualifications”** means the qualifications recognised by the Registrar as either generic recognised compliance qualifications or specific recognised compliance qualifications and published by notice in the *Gazette* as part of Annexure 2;

**“Phase I approval”** means the approval by the Registrar of, *inter alia*, an applicant’s qualifications, experience and personal character qualities of honesty and integrity;

**“Phase II approval”** means the approval granted by the Registrar to an applicant to render compliance services to a specific provider;

**“qualifying criteria”** means the qualifying criteria in Annexure 1;

**“regulatory examination”** means the examination determined by the Registrar subject to the qualifying criteria, after consultation with the Advisory Committee;

**“specific recognised compliance qualification”** means a qualification recognised by the Registrar that addresses specific and/or specialized knowledge, skills, and competence applicable to the compliance function.

**PART II****Application for approval as compliance officer**

- 2** (1) An applicant and compliance practice must apply on the application forms to the Registrar for Phase I and Phase II approvals.
- (2) (a) The entities that may apply for approval as a compliance practice are-
- (i) a partnership of which all the partners are natural persons who are themselves approved compliance officers;
  - (ii) a company or close corporation that is incorporated and registered in terms of applicable legislation, and of which only individuals who have Phase 1 approval are directors and members of the company or close corporation.
- (b) Where a member of a close corporation dies, the estate of the member may continue to hold the relevant interest for a period of six months as from the date of the death or for such longer period as the Registrar may approve.
- (c) Where a member of a close corporation ceases to conform to any requirement of this subparagraph, the member may continue to hold the relevant interest for a period of six months as from the date on which the member ceases so to conform or for such longer period as the Registrar may approve.
- (3) If the Registrar is satisfied that the applicant or compliance practice complies with the criteria for-
- (a) Phase I approval, the Registrar must grant Phase I approval and issue an approval number on payment of the prescribed fee;
  - (b) Phase II approval, the Registrar must grant Phase II approval on payment of the prescribed fee.
- (4) No person may render compliance services without having obtained Phase I and Phase II approvals, except for the persons referred to in paragraph 8(2)(a)(i) and (ii).

**PART III****Criteria for Phase I approval****3 (1) An applicant must-**

- (a) hold a qualification on the list of recognised compliance qualifications;
- (b) have passed the regulatory examination;
- (c) have at least three years' experience in performing a compliance or risk management function;
- (d) comply with the same requirements determined by the Registrar under section 8(1)(a) of the Act in respect of personal character qualities of honesty and integrity;
- (e) have at least one year's experience in performing a compliance or risk management function in respect of the specific category of providers the applicant seeks to obtain approval to render compliance services;
- (f) not be an unrehabilitated insolvent, have entered into a compromise with creditors or have been provisionally sequestrated or liquidated; and
- (g) have adequate access to communication facilities, including at least a telephone or cell phone service and typing and document duplication facilities.

**(2) A person applying for approval as an external compliance officer must-**

- (a) have a fixed business address;
- (b) maintain the operational ability to render compliance services efficiently, including-
  - (i) adequate storage and filing systems for the safe-keeping of records, business communications and correspondence;
  - (ii) control structures, processes and procedures with reference to-
    - (aa) segregation of duties where such segregation is appropriate from an operational risk mitigation perspective;
    - (bb) control of access to the premises;
    - (cc) access rights and data security on electronic data;
    - (dd) physical security of the compliance officer's records;
    - (ee) business policies and controls;
    - (ff) system application testing;
    - (gg) disaster recovery and back-up procedures on electronic data;
    - (hh) a business continuity plan.

- (3) Individuals referred to in paragraph 2(2)(a) must-
- (a) comply with the same requirements determined by the Registrar under section 8(1)(a) of the Act in respect of personal character qualities of honesty and integrity;
  - (b) not be an unrehabilitated insolvent, have entered into a compromise with creditors or have been provisionally sequestrated or liquidated.

#### **PART IV**

##### **Criteria for Phase II approval**

- 4 (1) An applicant and compliance practice must have Phase I approval.
- (2) The Registrar must be satisfied that an applicant and compliance practice have-
- (a) adequate resources available to ensure the efficient rendering of compliance services; and
  - (b) direct access to, and demonstrable support from, the senior management of the provider.
- (3) The Registrar must be satisfied that an applicant and compliance practice will be able to-
- (a) render compliance services independently and objectively;
  - (b) avoid conflicts of interest in the rendering of compliance services;
  - (c) keep records and supporting documentation of activities undertaken in the course of compliance reviews, visits or monitoring;
  - (d) assist the provider in the compilation of an appropriate compliance risk management strategy as part of the provider's overall risk management strategy;
  - (e) liaise directly with the Registrar; and
  - (f) conduct regular reviews of financial services rendered by the provider and any representative.
- (4) The Registrar must be satisfied that-
- (a) an applicant and compliance practice who applied for approval as an external compliance officer are able, in respect of-
    - (i) categories I and IV providers, to conduct regular visits to the business premises, business units and/or branches of the provider. The intervals of

- such visits may not be less than once a quarter and in respect of representatives of the provider, twice a year;
- (ii) categories II, IIA and III providers, to conduct regular visits to the business premises, business units and branches of the provider and any representative. The intervals of such visits may not be less than once a month;
- (b) an applicant who applied for approval as an internal compliance officer is able in respect of-
- (i) categories I and IV providers, to conduct regular visits to the business premises, business units and branches of the provider and any representatives, and the intervals of such visits may not be less than once a year;
- (ii) categories II, IIA and III providers, to conduct regular visits to the business premises, business units and branches of the provider and any representative, and the intervals of such visits may not be less than once a quarter;
- (c) an applicant and compliance practice be able to provide the provider with reports at intervals not less than the intervals referred to in subparagraphs (a) and (b) on the rendering of financial services, including the making of a recommendation to the provider regarding the rendering of compliance services.
- (5) An applicant and a compliance practice must ensure that the number of clients allocated to any applicant or compliance officer representing such practice, are at all relevant times sufficient to ensure the rendering of proper and appropriate compliance services to such clients.

## PART V

### Compliance with CPD requirements after approval

- 5 A compliance officer and the individuals referred to in paragraph 2(2)(a) must comply with the CPD requirements as determined by the Registrar by notice in the *Gazette* from time to time.

**PART VI****Recognition and qualifying criteria of compliance qualifications**

- 6 (1) A person may, in the form and manner determined by the Registrar by notice in the *Gazette*, apply to the Registrar for recognition of a generic compliance qualification or a specific compliance qualification.
- (2) A qualification, subject to paragraph 7, will be recognised by the Registrar based on the extent to which the qualification addresses the qualifying criteria.
- (3) The list of recognised compliance qualifications is published in Annexure 2.

**Criteria for recognition of a specific and generic compliance qualification**

- 7 (1) A qualification, to be recognised as a specific qualification, must be-
- (a) a qualification registered by SAQA; or
  - (b) an extracurricular specialist programme offered at a post-graduate level by an Institution of Higher Education.
- (2) A qualification referred to in sub-section (1) must –
- (a) in respect of non-unit standards based qualifications, the qualification must correspond with at least 80% of the qualifying criteria; or
  - (b) in respect of unit standards based qualifications, at least 80% of the relevant qualifying criteria is met by the core and elective unit standards of the qualification.
- (3) A qualification, to be recognised as a generic qualification, must be-
- (a) a qualification registered by SAQA;
  - (b) an extracurricular specialist programme offered at a post-graduate level by an Institution of Higher Education;
  - (c) an industry or professional programme offered through a professional body recognised by the Registrar or an accredited training provider; or
  - (d) a foreign qualification that is similar to a qualification referred to in subparagraphs (a) to (c).

- (4) A qualification referred to in sub-section (3) must –
- (a) in respect of non-unit standards based qualifications, the individual must have successfully completed a minimum of three subjects listed in Table A and at least one of the subjects must be-
- (i) in the field of commerce, corporate governance or law; and
- (ii) a major subject on final year level, where applicable; or
- (b) in respect of unit standards based qualifications, at least 60% of the qualifying criteria is met by the core and elective unit standards of the qualification.

**Table A: Subjects**

<b>SUBJECTS</b>	
Accounting	Financial Planning
Auditing	Financial/ Securities Markets
Business Assurance	Fraud Risk Management
Business Economics	Health Care Benefits
Business Environment	Informatics
Business Finance	Insurance
Business Information Systems	Interpretation of Statutes
Business Integration	Law of Contract or Delict
Business Management	Legal Environment
Commercial Law	Mercantile Law
Companies Law	Money Laundering Control
Compliance Management	Network Administration
Computer Architecture	Process Management (Process Modeling and Control)
Corporate Finance	Retirement Planning
Corporate Governance	Risk Management
Estate and Trust Law	Strategic Communication Management Skills
Estate planning	Strategic Management
Finance	Strategy
Financial Management	Wealth Management

## PART VII

### Delegation of rendering of compliance services

- 8 (1) No compliance officer, other than an internal compliance officer and subject to the conditions referred to in subparagraph (2), may delegate the rendering of compliance services, including compliance monitoring to another person.

- (2) An internal compliance officer may delegate the rendering of compliance services to another person subject to the following conditions:
- (a) Such other person must-
    - (i) be a natural person in the employ of the provider or a subsidiary, holding company or subsidiary of the holding company of the provider; and
    - (ii) comply with paragraph 3(1) unless the person conducts compliance monitoring in terms of a documented procedure and such person will exercise no judgment in the performance of the procedure; or
    - (iii) be an approved compliance practice.
  - (b) the internal compliance officer must have appropriate oversight of such other person;
  - (c) the internal compliance officer remains accountable for the rendering of compliance services; and
  - (d) the internal compliance officer must maintain a register with the names of the persons to whom the rendering of compliance services has been delegated, a description of the rendering of compliance services delegated and confirmation that the requirements of subparagraph (a)(ii) have been complied with.

#### **Withdrawal and lapsing of approval**

- 9 (1) The Registrar may withdraw-
- (a) a compliance officer's approval if such officer no longer complies with any provision of this Notice; and
  - (b) the Phase I approval granted to an individual referred to in paragraph 2(2)(a) if such individual no longer complies with the criteria for Phase 1 approval and paragraph 5.
- (2) Phase I approval of an applicant or compliance practice lapses if the applicant or compliance practice fails to obtain Phase II approval within twelve months of the date of Phase I approval.
- (3) Phase I approval granted to an individual referred to in paragraph 2(2)(a) lapses after twenty four months of the date of approval unless such individual reapplies for approval before the expiry of the twenty four months.

**Transitional provisions**

- 10 (1) Compliance officers approved by the Registrar before or on the date of commencement of this Notice-
- (a) do not have to comply with paragraph 3(1)(a);
  - (b) who do not meet a requirement of paragraph 3(1)(b) and (e), have three years (ending 31 December of the third year) to comply with the requirement from the date of publication of this Notice in the Gazette.
- (2) A compliance practice approved by the Registrar before or on date of commencement of this Notice who do not comply with paragraph 2(2) have nine months to comply with the requirements from the date of publication of this Notice in the Gazette.
- (3) Compliance officers approved by the Registrar after commencement of this Notice until 31 December 2011 have two years (ending 31 December of the second year) to comply with paragraph 3(1)(b).
- (4) Must within three months from the commencement of this Notice comply with any other provisions thereof.

**Repeals**

- 11 The Determination of Criteria and Guidelines for the Approval of Compliance Officers, 2002, and the Notice on Qualifications and Experience of Compliance Officer in respect of Financial Services Business, 2008, are hereby repealed.

**Updating**

- 12 The Registrar may from time to time, after consultation with the Advisory Committee, publish by notice in the *Gazette* an updated version of this Schedule, including the Annexures.

**Short title and commencement**

- 13 This Notice is called the Notice on Qualifications, Experience and Criteria for Approval of Compliance Officers, 2010, and comes into operation on the date of publication thereof in the *Gazette*.

**ANNEXURE 1: QUALIFYING CRITERIA**

No	Task	Knowledge Criteria	Skill Criteria
1.	Apply knowledge in terms of the requirements of the Act relating to a Financial Services Provider ("FSP")	Explain the requirements an FSP must meet in terms of the Act to maintain a license.	Assist in maintaining an FSP licence 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 an FSP continues with undesirable practices.	Check 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 licences.	
		Explain the reasons why a licence can be suspended or withdrawn.	
		Explain what recourse an FSP has in a case where a licence has been suspended or withdrawn.	
		Discuss the reasons for lapsing a licence.	
		Describe how lapsing a licence differs from suspension or withdrawals.	
		Describe the conditions under which a suspended licence 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.

No	Task	Knowledge Criteria	Skill Criteria
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, the "Act"	<p>Describe the roles, responsibilities and requirements regarding representatives as defined in the Act.</p> <p>Describe the role and responsibilities of the key individual as defined in the Act.</p> <p>Explain the approval requirements of a representative.</p> <p>Explain when an individual is obliged to be registered as a representative in terms of the Act.</p> <p>Explain the fit and proper requirements that apply to the representatives.</p> <p>Discuss the purpose of the register of representatives.</p> <p>Distinguish between advice and intermediary services as defined in the Act.</p> <p>Explain when representatives can act under supervision.</p> <p>Describe the implications if a representative does not meet all the requirements in terms of the Fit and Proper Requirements by the relevant date.</p> <p>Explain the record keeping requirements in terms of section 18 of the Act and the General Code of Conduct.</p>	<p>Apply knowledge of the role of the representative in terms of the Act.</p> <p>Keep records in terms of the requirements of the Act and General Code of Conduct.</p>
3.	Apply knowledge of the specific obligations required of the FSP in terms of the relevant Code of Conduct and other subordinate legislation.	<p>Explain the obligations and requirements when client's funds or premiums are received.</p> <p>Explain the importance of disclosures and discuss the impact and requirements regarding the disclosure requirements on the FSP.</p> <p>Discuss the effect of disclosure requirements on fees and/or commission with reference to different financial products.</p> <p>Describe the disclosure requirements regarding the FSP, product suppliers, product suppliers acting as FSPs and financial services.</p> <p>Discuss how to ensure transparency and manage</p>	<p>Assist a FSP to adhere to the requirements of the Code when depositing client's monies.</p> <p>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.</p> <p>Apply disclosure requirements in terms of financial products.</p>

No	Task	Knowledge Criteria	Skill Criteria
		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. Identify ethical vs. 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 when providing advice.	
		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 and</li> <li>• termination.</li> </ul>	
		Provide an overview of the different types of financial services and financial products an FSP can deal with.	
4.	Apply knowledge of financial products and role players within the financial services environment..	Explain the relationship between different industry players.	
		Discuss the purpose of debarment.	Check that the employment/ mandatory agreement with representatives include the reasons for possible debarment.
5.	Awareness of consequences for representatives that have been found to act fraudulently, or committed any other act that	Describe the reasons why debarment would be considered.	
		Discuss the process that would be followed in such instances.	

No	Task	Knowledge Criteria	Skill Criteria
	gives rise to debarment.	<p>Explain what recourse a representative may have.</p> <p>Explain the process and timeframe in which the FSP should notify the Registrar that a representative has been debarred.</p> <p>Describe the role and function of a compliance officer.</p>	Address and rectify any instances of non-compliance.
6.	Align execution of duties and actions with the compliance requirements.	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.
7.	Carry out the proper record keeping activities.	<p>Explain the requirements regarding the maintenance of records in terms of the Act.</p> <p>Explain the requirements regarding records and the maintenance thereof in terms of other applicable legislative requirements, including the Financial Intelligence Centre Act "FICA".</p> <p>Describe the requirements imposed when record keeping is outsourced to a third party.</p> <p>Explain in what format the records should be stored and retrieved in accordance to the industry standard.</p> <p>Explain what the security requirements for these records are in terms of confidentiality and access to records.</p> <p>Explain what FICA governs and requires.</p>	<p>Execute the third party outsourcing agreement correctly where applicable.</p> <p>Carry out the record keeping functionality correctly, including retrieval of records.</p>
8.	Apply knowledge of the requirements of FICA and other relevant anti-money laundering legislation, as it applies to the FSP.	<p>Describe how the FSP is impacted by FICA.</p> <ul style="list-style-type: none"> <li>▪ Describe the key components of a compliance framework including the compliance governance structure, compliance policy, people, systems and processes</li> <li>▪ Explain how Generally Accepted Compliance Principles and Standards (issued by the Compliance Institute of South Africa) are used in</li> </ul>	<p>Comply with the identification, verification, record-keeping and reporting obligations under FICA.</p> <ul style="list-style-type: none"> <li>▪ Assist management in the design of a compliance framework.</li> <li>▪ Assist management to implement compliance structures that will encourage a compliance culture.</li> </ul>

No	Task	Knowledge Criteria	Skill Criteria
		<p>the development of a compliance risk management framework</p> <ul style="list-style-type: none"> <li>▪ Explain the role played by a compliance framework in establishing and maintaining a compliance culture based on the organisation's values and ethical standards</li> </ul>	
9	Design a compliance risk management framework with reference to the organisation's risk profile and core values, facilitate approval thereof and assist in its implementation	<ul style="list-style-type: none"> <li>▪ Define management's responsibility for: <ul style="list-style-type: none"> <li>• Compliance with regulatory requirements</li> <li>• The ongoing management of compliance risk in the organisation</li> </ul> </li> <li>▪ Define the role and responsibilities for: <ul style="list-style-type: none"> <li>• A compliance function</li> <li>• A compliance officer</li> </ul> </li> <li>▪ Explain the role and responsibilities of other compliance stakeholders</li> </ul> <ul style="list-style-type: none"> <li>▪ Explain the structure / contents of a compliance manual</li> <li>▪ Explain how to develop a compliance manual</li> <li>▪ Explain how to implement a compliance manual</li> </ul> <ul style="list-style-type: none"> <li>▪ Describe the key components of a compliance policy and / or charter</li> <li>▪ Define and explain the key compliance policies typically required</li> </ul>	<ul style="list-style-type: none"> <li>▪ Assist management in becoming aware of their responsibilities relating to- <ul style="list-style-type: none"> <li>• compliance with regulatory requirements</li> <li>• the management of compliance risk</li> </ul> </li> <li>▪ Develop a role and responsibility description for: <ul style="list-style-type: none"> <li>• A compliance function</li> <li>• A compliance officer</li> </ul> </li> <li>▪ Provide input / advice to other compliance stakeholders in respect of their compliance related roles and responsibilities</li> </ul> <ul style="list-style-type: none"> <li>▪ Draft a compliance manual</li> <li>▪ Obtain approval for a compliance manual from executive management</li> <li>▪ Communicate key aspects of the compliance manual</li> <li>▪ Implement a compliance manual</li> </ul> <ul style="list-style-type: none"> <li>▪ Draft a compliance policy and / or charter</li> <li>▪ Facilitate approval of a compliance policy by senior management and governance committees (for example board or audit committee)</li> <li>▪ Facilitate periodic review of a compliance policy and / or charter by senior management and governance committees</li> </ul>

No	Task	Knowledge Criteria	Skill Criteria
		<ul style="list-style-type: none"> <li>▪ Describe key aspects of a compliance function with particular reference to the need for:               <ul style="list-style-type: none"> <li>• Independence</li> <li>• Status</li> <li>• Adequate resources</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Advise management and other compliance stakeholders on the minimum standards to be adopted for purposes of establishing a compliance function</li> <li>▪ Design and assist with the implementation of a compliance function for the organisation</li> </ul>
		<ul style="list-style-type: none"> <li>▪ Describe how to implement and maintain a compliance framework in:               <ul style="list-style-type: none"> <li>• Different types of businesses</li> <li>• Large and small organisations</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Implement and maintain a compliance framework in:               <ul style="list-style-type: none"> <li>• Different types of businesses</li> <li>• Large and small organizations</li> </ul> </li> </ul>
		<ul style="list-style-type: none"> <li>▪ Describe the main compliance function related record keeping requirements</li> </ul>	<ul style="list-style-type: none"> <li>▪ Design compliance record keeping mechanisms relating to the roles / responsibilities of a compliance function</li> <li>▪ Implement compliance record keeping mechanisms for a compliance function</li> <li>▪ Advise management on implementing / maintaining record keeping processes to meet regulatory requirements</li> </ul>
		<ul style="list-style-type: none"> <li>▪ Explain the minimum requirements for a complaints handling system from a compliance perspective</li> </ul>	<ul style="list-style-type: none"> <li>▪ Advise management on implementing / maintaining a complaints process to meet regulatory requirements</li> </ul>
		<ul style="list-style-type: none"> <li>▪ Explain the methodology required to implement the compliance risk management process</li> <li>▪ Explain Generally Accepted Compliance Principles and Standards (issued by the Compliance Institute of South Africa) relating to compliance risk:               <ul style="list-style-type: none"> <li>• Identification</li> <li>• Assessment</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Research the regulatory requirements</li> <li>▪ Identify, assess and prioritise the applicable regulatory requirements that the organisation is required to comply with, i.e. define the organisation's regulatory risk universe in accordance with the organisation-approved methodology – The output thereof will be a clarified regulatory universe / risk profile</li> <li>▪ Communicate the regulatory universe and risk profile to relevant stakeholders</li> <li>▪ Apply Generally Accepted Compliance</li> </ul>

No	Task	Knowledge Criteria	Skill Criteria
			Principles and Standards (issued by the Compliance Institute of South Africa) in embedding the compliance process in the organisation
10	Identify, interpret, assess and clarify the applicable regulatory requirements	<ul style="list-style-type: none"> <li>▪ Explain methodologies for interpreting regulatory requirements</li> <li>▪ Explain the applicable regulatory requirements in plain language</li> </ul> <ul style="list-style-type: none"> <li>▪ Describe the organisation's products and services to facilitate business relevant compliance solutions</li> </ul> <ul style="list-style-type: none"> <li>▪ Explain Generally Accepted Compliance Principles and Standards (issued by the Compliance Institute of South Africa) relating to compliance risk management , i.e. the third phase of the compliance process</li> </ul>	<ul style="list-style-type: none"> <li>▪ Interpret (basic level) applicable regulatory requirements</li> <li>▪ Communicate the implications of the regulatory requirements in a business relevant format and manner to- <ul style="list-style-type: none"> <li>• management</li> <li>• other stakeholders</li> </ul> </li> <li>▪ Provide input for the development of compliance risk management plans</li> </ul> <ul style="list-style-type: none"> <li>▪ Participate in the decision making processes or forums from a compliance process perspective, e.g. in respect of new product / business in order to provide compliance sign-off in respect of new products / business</li> <li>▪ Provide compliance related advice to management in respect of existing and new business</li> </ul> <ul style="list-style-type: none"> <li>▪ Apply compliance risk management methodologies in assisting management to manage compliance risks and exposures, specifically in respect of management's implementation of preventative and detective controls</li> </ul>
11	Facilitate the development and approval of compliance risk management plans for the organisation	<ul style="list-style-type: none"> <li>▪ Define the basic requirements of a risk management plan</li> </ul>	<ul style="list-style-type: none"> <li>▪ 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</li> </ul>

No	Task	Knowledge Criteria	Skill Criteria
			<p>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>
		<ul style="list-style-type: none"> <li>▪ Explain the compliance monitoring methodology (substantive and control adequacy &amp; effectiveness monitoring), i.e. the fourth phase of the compliance process</li> <li>▪ Describe the aims of a monitoring programme or plan</li> </ul>	<ul style="list-style-type: none"> <li>▪ Develop a monitoring plan which addresses: <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</li> </ul> </li> </ul>

No	Task	Knowledge Criteria	Skill Criteria
			<p>and effectiveness of controls identified as well as substantive testing</p> <ul style="list-style-type: none"> <li>• Monitoring coverage</li> <li>• Monitoring frequency</li> <li>• Task allocation</li> </ul> <ul style="list-style-type: none"> <li>▪ Monitor compliance with applicable regulatory requirements relevant to the organisation and its products and / or services (formal and informal),</li> <li>▪ Prepare working papers and monitoring reports by: <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> <li>• Provide recommendations based on the findings as documented in working papers</li> </ul> </li> </ul>
	Conduct compliance monitoring	<ul style="list-style-type: none"> <li>▪ Explain juristic person governance structures regarding compliance reports</li> </ul>	<ul style="list-style-type: none"> <li>▪ Determine the governance requirements relating to compliance reporting to</li> </ul>

No	Task	Knowledge Criteria	Skill Criteria
			stakeholders, for example executive committee, audit committee and board <ul style="list-style-type: none"> <li>▪ Determine the compliance reporting needs of governance stakeholders</li> <li>▪ Determine the compliance reporting needs of regulators / supervisors</li> </ul>
12	Compile and submit internal and external compliance reports	<ul style="list-style-type: none"> <li>▪ Explain the reporting requirements relating to the compliance risk management process</li> <li>▪ Describe compliance reporting mechanisms including how to obtain input from organisation stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>▪ Implement a compliance reporting process</li> <li>▪ Allocate responsibility for the submission of reports to designated persons</li> <li>▪ Obtain input from management / stakeholders within submission deadlines</li> <li>▪ Keep records of the reporting received</li> <li>▪ Analyse input obtained</li> </ul>
		<ul style="list-style-type: none"> <li>▪ Explain the purpose of compliance reports</li> </ul>	<ul style="list-style-type: none"> <li>▪ Prepare compliance reports that are fit for purpose</li> </ul>
		<ul style="list-style-type: none"> <li>▪ Describe the types of compliance reports</li> <li>▪ Describe the format / contents of compliance reports</li> </ul>	<ul style="list-style-type: none"> <li>▪ 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> </li> <li>▪ 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> </ul> </li> </ul>

No	Task	Knowledge Criteria	Skill Criteria
		<ul style="list-style-type: none"> <li>▪ Describe the target audience of the types of compliance reports</li> <li>▪ Explain the consequences of not submitting compliance reports</li> <li>▪ Describe applicable regulatory reporting requirements</li> <li>▪ Explain how to integrate compliance reporting with other reporting that is undertaken</li> <li>▪ Explain how to follow-up / track matters reported</li> <li>▪ Describe who the relevant regulators / supervisors are</li> </ul>	<ul style="list-style-type: none"> <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> <li>▪ Submit compliance reports to the target recipients thereof</li> <li>▪ Create awareness of the need to submit compliance reports</li> <li>▪ Manage the submission of compliance reporting to the recipients thereof</li> <li>▪ Report within specified deadlines</li> <li>▪ Assist management in reporting to regulators / supervisors in terms of specifications contained in regulatory reporting requirements</li> <li>▪ Submit compliance officer reports to regulators as required by regulatory requirements</li> <li>▪ Work with other functions / stakeholders in preparing and submitting compliance reporting</li> <li>▪ Manage / track matters reported where follow-up is required</li> <li>▪ Develop and implement a register of regulators / supervisors</li> <li>▪ Coordinate communication channels / liaison with the regulators / supervisors</li> </ul>
13	Coordinate, communicate and liaise with the industry regulators / supervisors	<ul style="list-style-type: none"> <li>▪ Describe the relevant regulatory framework</li> <li>▪ Describe the scope of the regulator's / supervisor's mandate</li> <li>▪ Describe the legislative process</li> </ul>	<ul style="list-style-type: none"> <li>▪ Assist the organisation to establish and maintain a compliance function that provides a platform to manage relationships with regulators / supervisors</li> </ul>

No	Task	Knowledge Criteria	Skill Criteria
		<ul style="list-style-type: none"> <li>▪ Describe how to manage the relationship with regulators / supervisors where more than one regulator / supervisor has jurisdiction</li> <li>▪ Explain how to assist management in the development and maintenance of a compliance culture</li> <li>▪ Describe regulatory requirements relevant to the organisation and its products and services</li> <li>▪ Explain how to facilitate compliance related communication to management</li> <li>▪ Describe the organisation's products and services to facilitate the compliance risk management process</li> </ul>	<ul style="list-style-type: none"> <li>▪ Draft a policy to address the management of the relationship with regulators / supervisors</li> <li>▪ Implement a process to manage the relationship with regulators / supervisors across jurisdictions</li> <li>▪ Analyse and interpret (basic level) applicable regulatory requirements</li> <li>▪ Communicate the implications of the regulatory requirements in a business relevant format and manner to- <ul style="list-style-type: none"> <li>• management</li> <li>• other stakeholders</li> </ul> </li> <li>▪ Provide compliance advice to management in respect of compliance with regulatory requirements</li> <li>▪ Assist management in creating awareness of: <ul style="list-style-type: none"> <li>• Compliance framework</li> <li>• Compliance policy</li> <li>• Compliance function</li> </ul> </li> </ul>
14	Assist, guide and advise management on the application of relevant regulatory requirements and facilitate support for a compliance culture through awareness and training	<ul style="list-style-type: none"> <li>▪ Explain the compliance officer's role and responsibilities relating to the design, development and delivery of compliance awareness and training</li> </ul>	<ul style="list-style-type: none"> <li>▪ Assist management in creating compliance awareness</li> <li>▪ Assist management in developing compliance training plans / strategy</li> <li>▪ 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)</li> </ul>