

Section 4: RE 4: First Level Regulatory Examination: Representatives

- (1) All representatives performing financial services in relation to category I, II, IIIA and/or III are required to complete the first level regulatory examination, based on the qualifying criteria:

No	Task	Knowledge Criteria	Skill Criteria
1.	Execute the required actions as a representative, in terms of the FAIS Act.	<p>Describe the roles, responsibilities and requirements regarding representatives as defined in the FAIS Act.</p> <p>Describe the role and responsibilities of the key individual as defined in the FAIS Act.</p> <p>Explain the requirements for licensing by the FSB for the role of the representative.</p> <p>Explain when an individual is obliged to be registered as a representative in terms of FAIS.</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 in terms of 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 Fit and Proper by the relevant date.</p> <p>Explain the record keeping requirements in terms of Section 18 of the FAIS Act and the General Code of Conduct.</p>	<p>Apply knowledge of the role of the representative in terms of the FAIS Act.</p>
2.	Contribute towards maintaining a FSP license.	<p>Explain the requirements a FSP must meet to maintain a FSP license.</p> <p>Explain what processes are required to remain updated with regards to other legislation, amendments, updates and requirements published that will affect the FSP.</p>	<p>Keep records in terms of the requirements of the Act and General Code of Conduct.</p> <p>Assist in maintaining a FSP license by executing the required actions as a representative, in terms of the Act.</p>

No	Task	Knowledge Criteria	Skill Criteria
3.	Adhere to the specific obligations in terms of the relevant Code of Conduct and other subordinate legislation.	<p>Explain what is meant by "undesirable practices".</p> <p>Describe the implication for a FSP if the Registrar publishes a notice regarding an "undesirable business practice".</p> <p>Explain the reparation measures available to the Registrar if a FSP continues with undesirable business practices.</p> <p>Discuss the requirements of the Act around the display of licences.</p> <p>Explain the reasons why a license can be suspended or withdrawn.</p> <p>Explain what recourse a FSP has in a case where its license has been suspended or withdrawn.</p> <p>Discuss the reasons why a FSP would lapse a license.</p> <p>Describe how lapsing a license differs from suspension or withdrawals.</p> <p>Describe the conditions under which a license can be reinstated.</p> <p>Describe the conditions under which reinstatements of authorisation may be imposed.</p> <p>Describe the role and powers of the Ombud.</p> <p>Explain the obligations and requirements when client funds or premiums are received.</p> <p>Explain the importance of disclosures.</p> <p>Discuss the impact and requirements regarding the disclosure rules on the FSP.</p> <p>Discuss the effect of disclosure requirements on commission is explained with reference to line of business and specific product/policy.</p> <p>Describe the disclosure requirements regarding the FSP, product suppliers, product suppliers acting as FSPs and financial services.</p>	<p>Check that executives of duties and actions do not constitute undesirable business practices.</p> <p>Comply with any requirements the Ombud may have in the event of an investigation.</p> <p>Adhere to the requirements of the Code when depositing client's monies.</p> <p>Use disclosures that are adequate to enable client's ability to make an informed decision.</p> <p>Apply the requirements of the General Code of Conduct.</p> <p>Apply disclosure requirements in terms of financial products.</p>

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		<p>Discuss how to ensure transparency and manage conflict of interests.</p> <p>Distinguish between actions regarded as advice and intermediary services in terms of the Act.</p> <p>Describe the concept of ethical conduct in the financial services environment.</p> <p>Discuss your role in terms of ethical conduct in the financial services environment.</p> <p>Explain the manner in which complaints are to be handled by the industry with reference to the FAIS General Code of Conduct.</p> <p>Explain the steps that must be taken by a FSP/ representatives when providing advice.</p> <p>Explain the provisions of the General Code relating to:</p> <ul style="list-style-type: none"> • custody, • complaints, • risk management, • insurance, • advertising and • termination. 	<p>Behave ethically when providing financial services within the financial services environment.</p> <p>Provide an example of ethical vs. unethical conduct in the financial services environment.</p> <p>Follow the complaints procedures and processes that are in place.</p>
4.	<p>Apply knowledge of financial products.</p>	<p>Provide an overview of the different types of financial services and financial products a FSP can deal with.</p> <p>Explain the relationship between different industry players.</p> <p>Discuss the purpose of debarment.</p>	<p>Apply knowledge of the financial products and role players within the financial services environment.</p> <p>Check that the employment/ mandatory agreement with representatives include the reasons for possible debarment.</p>
5.	<p>Awareness of consequences for representatives that have been found to act fraudulently, or committed any other act that gives rise to debarment.</p>	<p>Describe the reasons why debarment would be considered.</p> <p>Discuss the process that would be followed in such instances.</p>	

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		<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>	
6.	<p>Align execution of duties and actions with the compliance requirements.</p> <p>Carry out the proper record keeping activities.</p>	<p>Describe the role and function of a Compliance Officer.</p> <p>Explain the record keeping obligations as imposed by the FAIS Act.</p> <p>Explain the requirements regarding the maintenance of records in terms of the FAIS Act.</p> <p>Explain the requirements regarding records and the maintenance thereof in terms of other applicable legislative requirements, including 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>Describe how the FSP is impacted by FICA.</p>	<p>Confirm that where the compliance officer found any instances of non-compliance that this is addressed and rectified.</p> <p>Follow the processes in place to provide the management information that is required to complete the reports in terms of legislation.</p>
8.	<p>Adhere to the requirements of FICA and other relevant anti-money laundering legislation, as it applies to the FSP.</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> <p>Comply with the identification, verification, record-keeping and reporting obligations under Act no. 38 of 2001.</p>