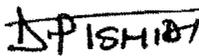

BOARD NOTICE

BOARD NOTICE 60 OF 2010**FINANCIAL SERVICES BOARD****FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002
(ACT NO. 37 OF 2002)****AMENDMENT OF FIT AND PROPER REQUIREMENTS, EXEMPTION OF SERVICES
UNDER SUPERVISION, CONTINUOUS PROFESSIONAL DEVELOPMENT AND
DETERMINATION OF QUALIFICATIONS AND QUALIFYING CRITERIA**

I, DUBE PHINEAS TSHIDI, the Registrar of Financial Services Providers, after consultation with the Advisory Committee on Financial Services Providers, hereby under-

- (a) section 8(1) of the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002), amend the Determination of Fit and Proper Requirements for Financial Services Providers, 2008, the Exemption of Services under Supervision in terms of Requirements and Conditions, 2008, and the Determination of Continuous Professional Development Requirements, 2008, as set out in the Schedule;
- (b) the definition of "qualifying criteria" in paragraph 1(1) and paragraph 5 of the Determination of Fit and Proper Requirements for Financial Services Providers, 2008, amend the Determination of Qualifications and Qualifying Criteria for Financial Services Providers, Number 1 of 2008.



DP TSHIDI
Registrar of Financial Services Providers

SCHEDULE**AMENDMENT OF FIT AND PROPER REQUIREMENTS, EXEMPTION OF SERVICES UNDER SUPERVISION, CONTINUOUS PROFESSIONAL DEVELOPMENT AND DETERMINATION OF QUALIFICATIONS AND QUALIFYING CRITERIA****Definitions**

1. In this Schedule-

'Fit and Proper Requirements' means the Determination of Fit and Proper Requirements for Financial Services Providers, 2008;

'Exemption of Services under Supervision' means the Exemption of Services under Supervision in terms of Requirements and Conditions, 2008;

'Continuous Professional Development' means the Determination of Continuous Professional Development Requirements, 2008;

'Determination of Qualifications and Qualifying Criteria' means the Determination of Qualifications and Qualifying Criteria for Financial Services Providers, Number 1 of 2008.

Amendment of Fit and Proper Requirements

2. (a) Paragraph 1(1) in Part I of the Schedule to the Fit and Proper Requirements is hereby amended-

(i) by the insertion after the definition of "FSP" or "provider" of the following definition:

"fund member policy" means a fund member policy as defined in Part 5A of the Regulations under the Long-term Insurance Act, 1998;"

(ii) by the substitution for the definition of "Long-term Insurance subcategory A" of the following definition:

"Long-term Insurance subcategory A" means assistance policies as defined in section 1(1) of the Long-term Insurance Act, 1998, but excludes policies referred to in the definitions of Long-term Insurance subcategories B1, B2 and C;" and

(iii) by the substitution for the definition of "Long-term Insurance subcategory B" of the following definitions:

"Long-term Insurance subcategory B1" means disability, health and life policies as defined in section 1(1) of the Long-term Insurance Act,

1998, which provide only risk benefits as contemplated in the Regulations under the Long-term Insurance Act, 1998, but excludes fund policies as defined in section 1(1) of the Long-term Insurance Act, 1998, fund member policies, investment policies as defined in Part 5B of the Regulations under the Long-term Insurance Act, 1998, and policies referred to in the definitions of Long-term Insurance subcategories A, B2 and C;

'Long-term Insurance subcategory B2' means long-term policies as defined in section 1 of the Long-term Insurance Act, 1998, which are-

- (a) investment policies as defined in Part 5B of the Regulations under the Long-term Insurance Act, 1998, which guarantee a minimum return of any premium paid at a specified future date or dates, and where such minimum is ascertainable in Rand terms at inception;
- (b) disability, health and life policies that provide risk benefits as contemplated in the Regulations under the Long-term Insurance Act, 1998, and have a guaranteed investment value or a materially equivalent value;
- (c) annuities which guarantee a minimum annuity for the term of the policy which annuity is ascertainable in Rand terms at inception; or
- (d) any policy which combines the policy features included in paragraphs (a) to (c),

but excludes fund policies, fund member policies and policies referred to in the definitions of Long-term Insurance subcategories A, B1 and C;"; and

- (iv) by the substitution for the definition of "Long-term Insurance subcategory C" of the following definition:

"Long-term Insurance subcategory C' means long-term policies as defined in section 1(1) of the Long-term Insurance Act, 1998, excluding fund policies as defined in section 1(1) of the Long-term Insurance Act, 1998, fund member policies and policies referred to in the definitions of Long-term Insurance subcategories A, B1 and B2;".

- (b) Part 1V of the Schedule to the Fit and Proper Requirements is hereby amended-

- (i) by the substitution for Table A in paragraph 4 of the following Table:

| TABLE A CATEGORY I EXPERIENCE REQUIREMENTS FOR AN FSP AND REPRESENTATIVE | | | |
|---|---|--|---|
| | <i>Column one subcategory</i> | <i>Column two advice: minimum experience</i> | <i>Column three intermediary services: minimum experience</i> |
| 1.1 | Long-term Insurance subcategory A | 6 months | 2 months |
| 1.2 | Short-term Insurance Personal Lines | 1 year | 6 months |
| 1.3 | Long-term Insurance: | | |
| 1.3.1 | subcategory B1 | 1 year | 6 months |
| 1.3.2 | subcategory B2 | 1 year | 6 months |
| 1.4 | Long-term Insurance subcategory C | 1 year | 6 months |
| 1.5 | Retail Pension Benefits | 1 year | 6 months |
| 1.6 | Short-term Insurance Commercial Lines | 1 year | 6 months |
| 1.7 | Pension Fund Benefits | 1 year | 6 months |
| 1.8 | Securities and instruments: Shares | 2 years | 1 year |
| 1.9 | Securities and Instruments: Money market instruments | 2 years | 1 year |
| 1.10 | Securities and Instruments: Debentures and securitised debt | 2 years | 1 year |
| 1.11 | Securities and Instruments: Warrants, certificates and other instruments acknowledging debt | 2 years | 1 year |
| 1.12 | Securities and Instruments: Bonds | 2 years | 1 year |
| 1.13 | Securities and Instruments: Derivative instruments excluding warrants | 2 years | 1 year |
| 1.14 | Participatory Interests in one or more collective Investment schemes | 1 years | 1 year |
| 1.15 | Forex Investment Business | 2 years | 1 year |
| 1.16 | Health Service Benefits | 2 years | 2 years |
| 1.17 | Long-term Deposits | 6 months | 3 months |
| 1.18 | Short-term Deposits | 6 months | 3 months |
| 1.19 | Friendly Society Benefits | 6 months | 2 months |

and

(ii) by the substitution for Table B in paragraph 4 of the following Table:

| TABLE B: CATEGORY II EXPERIENCE REQUIREMENTS FOR FSP AND REPRESENTATIVE | | |
|--|---|---|
| | COLUMN ONE SUBCATEGORY | COLUMN TWO: MINIMUM EXPERIENCE |
| 2.1 | Long-term Insurance: | |
| 2.1.1 | subcategory B1 | 2 years |
| 2.1.2 | subcategory B2 | 2 years |
| 2.2 | Long-term Insurance subcategory C | 2 years |
| 2.3 | Retail Pension Benefits | 2 years |
| 2.4 | Pension Fund Benefits | 2 years |
| 2.5 | Securities and instruments: Shares | 3 years |
| 2.6 | Securities and Instruments: Money market instruments | 3 years |
| 2.7 | Securities and Instruments: Debentures and securitised debt | 3 years |
| 2.8 | Securities and Instruments: Warrants, certificates and other instruments acknowledging debt | 3 years |
| 2.9 | Securities and Instruments: Bonds | 3 years |
| 2.10 | Securities and Instruments: Derivative instruments excluding warrants | 3 years |
| 2.11 | Participatory Interests in one or more collective Investment schemes | 2 years |
| 2.12 | Forex Investment Business | 3 years |
| 2.13 | Long-term Deposits | 1 year |
| 2.14 | Short-term Deposits | 1 year |

(c) Part VI of the Schedule to the Fit and Proper Requirements is hereby amended by the substitution for Table C in paragraph 6 of the following Table:

| TABLE C: CATEGORIES I and IV: REGULATORY EXAMINATIONS | | | |
|--|-------------------------------------|-----------------------------------|--|
| | COLUMN ONE SUBCATEGORY | COLUMN TWO FIRST LEVEL | COLUMN THREE SECOND LEVEL |
| | Category I | | |
| 1.1 | Long-term Insurance subcategory A | Applies | Applies (key individual only) |
| 1.2 | Short-term Insurance Personal Lines | Applies | Applies |

| TABLE C: CATEGORIES I and IV: REGULATORY EXAMINATIONS | | | |
|--|---|--|---|
| | <i>COLUMN ONE SUBCATEGORY</i> | <i>COLUMN TWO FIRST LEVEL</i> | <i>COLUMN THREE SECOND LEVEL</i> |
| 1.3 | Long-term Insurance: | | |
| 1.3.1 | subcategory B1 | Applies | Applies |
| 1.3.2 | subcategory B2 | Applies | Applies |
| 1.4 | Long-term Insurance subcategory C | Applies | Applies |
| 1.5 | Retail Pension Benefits | Applies | Applies |
| 1.6 | Short-term Insurance Commercial Lines | Applies | Applies |
| 1.7 | Pension Fund Benefits | Applies | Applies |
| 1.8 | Securities and instruments: Shares | Applies | Applies |
| 1.9 | Securities and Instruments: Money market instruments | Applies | Applies |
| 1.10 | Securities and Instruments: Debentures and securitised debt | Applies | Applies |
| 1.11 | Securities and Instruments: Warrants, certificates and other instruments acknowledging debt | Applies | Applies |
| 1.12 | Securities and Instruments: Bonds | Applies | Applies |
| 1.13 | Securities and Instruments: Derivative instruments excluding warrants | Applies | Applies |
| 1.14 | Participatory Interests in one or more collective investment schemes | Applies | Applies |
| 1.15 | Forex Investment Business | Applies | Applies |
| 1.16 | Health Service Benefits | Applies | Applies |
| 1.17 | Long-term Deposits | Applies | Applies |
| 1.18 | Short-term Deposits | Applies | Applies |
| 1.19 | Friendly Society Benefits | Applies | Applies (key individual only) |
| | Category IV: Assistance Business FSP | Applies | Applies |

(d) Part VII of the Schedule to the Fit and Proper Requirements is hereby amended by the substitution for Table D in paragraph 7 of the following Table:

| TABLE D: CONTINUOUS PROFESSIONAL DEVELOPMENT REQUIREMENTS | | |
|--|---|---|
| | <i>COLUMN ONE CATEGORY</i> | <i>COLUMN TWO NOTIONAL HOURS: THREE YEAR CYCLE</i> |
| | Category I | |
| 1.1 | Long-term Insurance subcategory A (key individual only) | 15 |
| 1.2 | Short-term Insurance Personal Lines | 30 |
| 1.3 | Long-term Insurance: | |
| 1.3.1 | subcategory B1 | 60 |
| 1.3.2 | subcategory B2 | 60 |
| 1.4 | Long-term Insurance subcategory C | 60 |
| 1.5 | Retail Pension Benefits | 60 |
| 1.6 | Short-term Insurance Commercial Lines | 45 |
| 1.7 | Pension Fund Benefits | 60 |
| 1.8 | Securities and Instruments: Shares | 60 |
| 1.9 | Securities and Instruments: Money market instruments | 60 |
| 1.10 | Securities and Instruments: Debentures and securitised debt | 60 |
| 1.11 | Securities and Instruments: Warrants, certificates and other instruments acknowledging debt | 60 |
| 1.12 | Securities and Instruments: Bonds | 60 |
| 1.13 | Securities and Instruments: Derivative instruments, excluding warrants | 60 |
| 1.14 | Participatory Interests in one or more collective Investment schemes | 60 |
| 1.15 | Forex Investment Business | 60 |
| 1.16 | Health Service Benefits | 45 |
| 1.17 | Long-term Deposits | 15 |
| 1.18 | Short-term Deposits | 15 |
| 1.19 | Friendly Society Benefits (key individual only) | 15 |
| | Categories II, IIA and III | 60 |
| | Category IV | 15 |

and

(e)Part X of the Schedule to the Fit and Proper Requirements is hereby amended-

(i) by the substitution for Table E in paragraph 10 of the following Table:

| TABLE E: TRANSITIONAL PROVISIONS FOR CATEGORIES I, II, IIA, III AND IV | | | | |
|---|--|---|--|--|
| | COLUMN ONE CATEGORY | COLUMN TWO QUALIFICATION REQUIREMENTS | COLUMN THREE FIRST LEVEL REGULATORY EXAMINATION | COLUMN FOUR SECOND LEVEL REGULATORY EXAMINATION |
| | Category I | | | |
| 1.1 | Long-term Insurance subcategory A | <u>Representatives:</u> ABET Level 1 or the proven ability to read and write to the satisfaction of the provider. | Not applicable | Not applicable |
| | | <u>FSPs and key individuals:</u> Recognised qualification at NQF level 2; or a recognised skills programme of 30 credits at NQF level 2 by 31 December 2011. | 31/12/2013 | Not applicable |
| 1.2 | Short-term Insurance Personal Lines | An appropriate NQF level 4 skills programme consisting of a minimum of 30 credits; or an appropriate qualification at NQF level 4. | 31/12/2011 | 31/12/2013 |
| 1.3 | Long-term Insurance: | | | |
| 1.3.1 | subcategory B1 | An appropriate NQF level 4 skills programme consisting of a minimum of 30 credits; or an appropriate qualification at NQF level 4. | 31/12/2011 | 31/12/2013 |
| 1.3.2 | | | | |

| TABLE E: TRANSITIONAL PROVISIONS FOR CATEGORIES I, II, IIA, III AND IV | | | | |
|---|--|---|--|--|
| | COLUMN ONE CATEGORY | COLUMN TWO QUALIFICATION REQUIREMENTS | COLUMN THREE FIRST LEVEL REGULATORY EXAMINATION | COLUMN FOUR SECOND LEVEL REGULATORY EXAMINATION |
| | subcategory B2 | An appropriate NQF level 4 skills programme consisting of a minimum of 30 credits; or an appropriate qualification at NQF 4 level. | 31/12/2011 | 31/12/2013 |
| 1.4 | Long-term Insurance subcategory C | An appropriate NQF level 5 skills programme consisting of a minimum of 60 credits; or an appropriate qualification at NQF level 5. | 31/12/2011 | 31/12/2013 |
| 1.5 | Retail pension benefits | An appropriate NQF level 5 skills programme consisting of a minimum of 60 credits; or an appropriate qualification at NQF level 5. | 31/12/2011 | 31/12/2013 |
| 1.6 | Short-term Insurance Commercial Lines | An appropriate NQF level 4 skills programme consisting of a minimum of 60 credits; or an appropriate qualification at NQF level 4. | 31/12/2011 | 31/12/2013 |
| 1.7 | Pension Fund Benefits | An appropriate NQF level 5 skills programme consisting of a minimum 60 credits; or an appropriate qualification at NQF level 5. | 31/12/2011 | 31/12/2013 |
| 1.8 to 1.13 | Securities and Instruments | An appropriate NQF level 6 skills programme consisting of a minimum of 60 credits; or an appropriate qualification at NQF level 6, provided 3 years of experience is obtained; or | 31/12/2011 | 31/12/2013 |
| | | an appropriate qualification at NQF level 5, provided 2 years of experience is obtained; or | 31/12/2011 | 31/12/2013 |

| TABLE E: TRANSITIONAL PROVISIONS FOR CATEGORIES I, II, IIA, III AND IV | | | | |
|---|--|---|---|---|
| | <i>COLUMN ONE CATEGORY</i> | <i>COLUMN TWO QUALIFICATION REQUIREMENTS</i> | <i>COLUMN THREE FIRST LEVEL REGULATORY EXAMINATION</i> | <i>COLUMN FOUR SECOND LEVEL REGULATORY EXAMINATION</i> |
| | | an appropriate qualification at NQF level 6 provided 1 year of experience is obtained. | 31/12/2011 | 31/12/2013 |
| 1.14 | Participatory Interests in one or more collective Investment schemes | An appropriate NQF level 5 skills programme consisting of a minimum of 60 credits; or an appropriate qualification at NQF level 5. | 31/12/2011 | 31/12/2013 |
| 1.15 | Forex Investment Business | An appropriate NQF level 6 skills programme consisting of a minimum of 60 credits; or an appropriate qualification at NQF level 5 or 6. | 31/12/2011 | 31/12/2013 |
| 1.16 | Health Service Benefits | An appropriate NQF level 5 skills programme consisting of a minimum of 60 credits; or an appropriate certificate at NQF level 5. | 31/12/2011 | 31/12/2013 |
| 1.17 | Long-term Deposits | An appropriate NQF level 4 skills programme consisting of a minimum of 30 credits; or an appropriate qualification at NQF level 4. | 31/12/2011 | Not applicable |

| TABLE E: TRANSITIONAL PROVISIONS FOR CATEGORIES I, II, IIA, III AND IV | | | | |
|---|--------------------------------|--|--|--|
| | COLUMN ONE CATEGORY | COLUMN TWO QUALIFICATION REQUIREMENTS | COLUMN THREE FIRST LEVEL REGULATORY EXAMINATION | COLUMN FOUR SECOND LEVEL REGULATORY EXAMINATION |
| 1.18 | Short-term Deposits | An appropriate NQF level 2 skills programme consisting of a minimum of 30 credits; or an appropriate qualification at NQF level 2. | 31/12/2011 | Not applicable |
| 1.19 | Friendly Society Benefits | <u>Representatives:</u> ABET level 1 or the proven ability to read, write and calculate to the satisfaction of the provider. | Not applicable | Not applicable |
| | | <u>FSPs and key individuals:</u> Recognised qualification at NQF level 2 or a recognised skills programme of 30 credits at level 2 by 31 December 2011. | 31/12/2013 | Not applicable |
| | Category II | An appropriate qualification at NQF level 5 or 6. | 31/12/2011 | 31/12/2013 |
| | Category IIA | An appropriate qualification at NQF Level 6 consisting of a minimum of 360 credits (full business degree/diploma). | 31/12/2012 | 31/12/2013 |
| | Category III | An appropriate NQF level 6 skills programme of 60 credits; or an appropriate qualification at NQF level 5 or 6. | 31/12/2011 | 31/12/2013 |
| | Category IV | A minimum of an appropriate NQF level 2 skills programme consisting of a minimum of 30 credits; or an appropriate qualification at NQF level 2. | 31/12/2011 | Not applicable |

and

- (ii) by the substitution for subparagraphs (10), (11) and (12) of paragraph 10 of the following subparagraphs:

- “(10) All FSPs authorised for Long-term Insurance subcategories B1, B2 and Long-term Insurance subcategory C between 2004 and 31 December 2008, that render financial services in respect of retirement annuity policies and policies issued in respect of preservation funds, have until 31 October 2009 to amend the restrictions on their licences to include Retail Pension Benefits.
- (11) All FSPs that amend the restrictions on their licences to include Retail Pension Benefits in terms of requirements of paragraph 10 (9), are exempt from complying with the qualification requirement for Retail Pension Benefits, but are required to complete the second level regulatory examination in respect of Retail Pension Benefits by 31 December 2013.
- (12) All Category I FSPs authorised for Long-term Insurance subcategory A between 2004 and 2008 that render financial services in respect of the administration of assistance policies, have until 31 October 2009 to amend the restrictions on their licences to include Category IV.
- (13) All FSPs authorised between 2004 and 1 April 2010 for Long-term Insurance subcategory B as defined in paragraph 1(1) before the commencement of the Amendment of Fit and Proper Requirements and Accompanying Measures, 2010, have until 30 November 2010 to-
- (a) amend the restrictions on their licences to indicate whether they render financial services in respect of one or both of Long-term Insurance subcategories B1 and B2;
 - (b) indicate who the key individual is in respect of one or both of Long-term Insurance subcategories B1 and B2;
 - (c) amend the representative register to indicate whether a representative must be recorded for one or both of Long-term Insurance subcategories B1 and B2.”.

Amendment of Exemption of Services under Supervision

3. The Schedule to the Exemption of Services under Supervision is hereby amended by the substitution for Table A in paragraph 4 of the following Table:

| Table A | | | |
|---|---|--|---|
| CATEGORIES I and IV: LEVEL OF SUPERVISION REQUIRED | | | |
| | <i>Column one: subcategory</i> | <i>Column two: direct supervision-</i> | <i>Column three: ongoing level of supervision-</i> |
| Category | Long-term Insurance subcategory A | The first 2 months of the period under supervision | After 2 months for the rest of the period under supervision |
| 1.1 | | | |
| 1.2 | Short-term Insurance Personal Lines | | |
| 1.3 | Long-term Insurance: | | |
| 1.3.1 | subcategory B1 | | |
| 1.3.2 | subcategory B2 | | |
| 1.4 | Long-term Insurance subcategory C | | |
| 1.5 | Retail Pension Benefits | | |
| 1.6 | Short-term Insurance Commercial Lines | The first 4 months of the period under supervision | After 4 months for the rest of the period under supervision |
| 1.7 | Pension Fund Benefits (excluding Retail Pension Benefits) | | |
| 1.8 | Securities and Instruments: Shares | | |
| 1.9 | Securities and Instruments: Money Market Instruments | | |
| 1.10 | Securities and Instruments: Debentures and Securitised Debt | | |
| 1.11 | Securities and Instruments: Warrants, certificates and other instruments acknowledging debt | | |
| 1.12 | Securities and Instruments: Bonds | | |
| 1.13 | Securities and Instruments: Derivative Instruments | | |
| 1.14 | Participatory Interests in one or more Collective Investment Schemes | | |

| Table A | | | |
|---|--------------------------------|--|---|
| CATEGORIES I and IV: LEVEL OF SUPERVISION REQUIRED | | | |
| | <i>Column one: subcategory</i> | <i>Column two: direct supervision-</i> | <i>Column three: ongoing level of supervision-</i> |
| 1.15 | Forex Investment Business | | |
| 1.16 | Health Service Benefits | The first 2 months of the period under supervision | After 2 months for the rest of the period under supervision |
| 1.17 | Long-term Deposits | The first 6 weeks of the period under supervision | After 6 weeks for the rest of the period under supervision |
| 1.18 | Short-term Deposits | | |
| 1.19 | Friendly Society Benefits | The first 2 weeks of the period under supervision | After 2 weeks for the rest of the period under supervision |
| Category IV | Assistance Business FSP | The first 6 weeks of the period under supervision | After 6 weeks for the rest of the period under supervision |

Amendment of Continuous Professional Development

4. The Schedule to the Continuous Professional Development is hereby amended by the substitution for Form CPD 3 of the following Form:

| CPD 3 Programme Applicability | | |
|---|---------------------------------------|--|
| Please indicate (☐) to which subcategory this qualification will be applicable: | | |
| 1.1 | Long-term Insurance subcategory A | |
| 1.2 | Short-term Insurance Personal Lines | |
| 1.3 | Long-term Insurance: | |
| 1.3.1 | subcategory B1 | |
| 1.3.2 | subcategory B2 | |
| 1.4 | Long-term Insurance subcategory C | |
| 1.5 | Retail Pension Benefits | |
| 1.6 | Short-term Insurance Commercial Lines | |

| CPD 3 Programme Applicability | | |
|--|---|--|
| 1.7 | Pension Fund Benefits | |
| 1.8 | Securities and Instruments: Shares | |
| 1.9 | Securities and Instruments: Money market instruments | |
| 1.10 | Securities and Instruments: Debentures and securitised debt | |
| 1.11 | Securities and Instruments: Warrants, certificates and other instruments acknowledging debt | |
| 1.12 | Securities and Instruments: Bonds | |
| 1.13 | Securities and Instruments: Derivative instruments | |
| 1.14 | Participatory Interests in one or more collective Investment schemes | |
| 1.15 | Forex Investment Business | |
| 1.16 | Health Service Benefits | |
| 1.17 | Long-term Deposits | |
| 1.18 | Short-term Deposits | |
| 1.19 | Friendly Society Benefits | |
| | Category II | |
| | Category IIA | |
| | Category III | |
| | Category IV | |
| | Role specific, e.g. Key Individuals | |

Amendment of Qualifications and Qualifying Criteria

5. The Determination of Qualifications and Qualifying Criteria is hereby amended-

(a) by the substitution for Annexure 1 of the following Annexure:

"ANNEXURE 1: QUALIFYING CRITERIA

Section 1: First Level Regulatory Examination: FSPs (sole proprietors) and Key Individuals in Categories I, II, IIA, III and IV

Section 2: First Level Regulatory Examination: FSPs (sole proprietors) and Key Individuals in Categories II and IIA

Section 3: First Level Regulatory Examination: FSPs (sole proprietors) and Key Individuals in Category III

- Section 4: First Level Regulatory Examination: Representatives
- Section 5: Second Level Regulatory Examination: Long-term Insurance subcategory A, Friendly Society Benefits and Category IV
- Section 6: Second Level Regulatory Examination: Short- and Long-term Deposits
- Section 7: Second Level Regulatory Examination: Long-term Insurance subcategory C and Retail Pension Funds
- Section 8: Second Level Regulatory Examination: Participatory Interests in Collective Investment Schemes
- Section 9: Second Level Regulatory Examination: Securities And Instruments
- Section 10: Second Level Regulatory Examination: Short-term Insurance: Personal Lines
- Section 11: Second Level Regulatory Examination: Short-term Insurance: Commercial Lines
- Section 12: Second Level Regulatory Examination: Health Care Benefits
- Section 13: Second Level Regulatory Examination: Pension Benefit Funds
- Section 14: Second Level Regulatory Examination: Category IV
- Section 15: Second Level Regulatory Examination: Long-term Insurance subcategory B1
- Section 16: Second Level Regulatory Examination: Long-term Insurance subcategory B2";

- (b) by the substitution in Annexure 1 for the heading and preamble to the Table to Section 1 of the following heading and preamble:

"Section 1: First Level Regulatory Examination: FSPs (sole proprietors) and Key Individuals in Categories I, II, IIA, III and IV

All FSPs (sole proprietors) and key individuals in relation to Categories I, II, IIA, III and IV are required to complete the first level regulatory examination, based on the qualifying criteria:";

- (c) by the substitution in Annexure 1 for Task Number 8 of the Table to Section 1 of the following Task Number:

| | | | |
|----|---|---|--|
| 8. | Awareness of the specific obligations in terms of the relevant Code of Conduct and other subordinate legislation. | Explain the obligations and requirements when client funds or premiums are received. | Confirm that there is a separate bank account with a registered bank into which client monies are deposited. |
| | | Explain the importance of disclosures. | Check that disclosures are adequate to enable client's ability to make an informed decision. |
| | | Discuss how to ensure transparency and manage 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. | |
| | | Discuss the impact and requirements regarding the disclosure rules on the FSP. | Apply the requirements of the General Code of Conduct. |
| | | Discuss the effect of disclosure requirements on commission is explained with reference to line of business and specific product/policy. | |
| | | Describe the disclosure requirements regarding the FSP, product suppliers, product suppliers acting as FSPs and financial services. | Apply disclosure requirements in terms of financial products. |
| | | Explain the manner in which complaints are to be handled by the industry with reference to the FAIS General Code of Conduct. | Verify that complaints procedures and processes are in place. |
| | | Explain the steps that must be taken by a FSP/ representatives when providing advice. | |
| | | Explain the provisions of the General Code relating to- <ul style="list-style-type: none"> • custody, • complaints, • risk management, • insurance, | |

| | | | |
|--|--|---|--|
| | | <ul style="list-style-type: none"> • advertising and • termination. | |
|--|--|---|--|

- (d) by the substitution in Annexure 1 for the heading and preamble to the Table to Section 2 of the following heading and preamble:

“Section 2: First Level Regulatory Examination: FSPs (sole proprietors) and Key Individuals in Categories II and IIA

All FSPs (sole proprietors) and key individuals in relation to Categories II and IIA are required to complete the first level regulatory examination based on the qualifying criteria.”;

- (e) by the substitution in Annexure 1 for Task Numbers 2 and 3 of the Table to Section 2 of the following Task Numbers:

| | | | |
|---|--|---|---|
| 2 | Manage the role of the independent nominee | Describe the duties the nominee company is responsible for. | Verify that there are processes in place to check that the nominee company executes its responsibilities towards the Category II and/or IIA FSP. |
| | | Describe the obligations and requirements regarding the use of nominee companies. | Check that any nominee companies used have been approved by the FSB in terms of the nominee policy. Confirm that the reports concerning the nominee company are provided timeously to the FSB. |
| | | Explain the purpose of the nominee company. | Confirm the nominee company complies with its duties. |
| 3 | Manage oversee and client mandates | Explain why the Category II and/or IIA FSP must use mandates that have been approved by the FSB. | Manage client mandates in accordance to mandatory requirements. |
| | | Describe the requirements regarding the development, amendments, approval and use of specimen mandates. | Verify that all specimen mandates are approved by the FSB before it is utilised. |
| | | Explain why a mandate cannot be used if it is not approved by the FSB. | |
| | | Explain why a mandate cannot be | |

| | | | |
|--|--|--|--|
| | | used if it is not signed by the client or his duly authorised representative. | |
| | | Explain why such a mandate must adhere to the requirements in the Discretionary Code of Conduct. | |

(f) by the substitution in Annexure 1 for the heading and preamble to the Table to Section 3 of the following heading and preamble:

“Section 3: First Level Regulatory Examination: FSPs (sole proprietors) and Key Individuals in Category III

All FSPs (sole proprietors) and key individuals in relation to Category III are required to complete the first level regulatory examination, based on the qualifying criteria:”;

(g) by the substitution in Annexure 1 for Task Numbers 2 and 3 of the Table to Section 3 of the following Task Numbers:

| | | | |
|---------------------------|--|--|---|
| 2 | Understand the role of independent nominee the | Explain the duties the nominee company is responsible for. | Verify that there are processes in place to check that the nominee company executes its responsibilities towards the Category III FSP – reporting independence. |
| | | Describe the obligations and requirements regarding the use of nominee companies. | Check that any nominee companies used have been approved by the FSB in terms of the nominee policy. Confirm that the reports concerning the nominee company are provided timeously to the FSB. |
| | | Explain the purpose of the nominee company. | Check the nominee company complies with its duties. |
| Manage and oversee client | | Explain why the Category III FSP must use mandates that have been approved by the FSB. | Manage client mandates in accordance to mandatory requirements. |
| | | Explain why a mandate cannot | |

| | | | |
|---|----------|---|--|
| 3 | mandates | be used if it is not approved by the FSB. | |
| | | Explain why a mandate cannot be used if it is not signed by the client or his duly authorised representative. | |
| | | Explain why such a mandate must adhere to the requirements in the Discretionary Code of Conduct. | |
| | | Explain what the requirements are for mandates. | |

- (h) by the substitution in Annexure 1 for the heading and preamble to the Table to Section 4 of the following heading and preamble:

“Section 4: First Level Regulatory Examination: Representatives

All representatives in relation to Categories I, II, IIA, III and IV are required to complete the first level regulatory examination, based on the qualifying criteria.”;

- (i) by the substitution in Annexure 1 for the heading and preamble to the Table to Section 5 of the following heading and preamble:

“Section 5: Second Level Regulatory Examination: Long-term Insurance subcategory A, Friendly Society Benefits and Category IV

- (1) All FSPs (sole proprietors), representatives and key individuals (contemplated in paragraph 3(5) of the Fit and Proper Requirements or who render financial services) in relation to-
- (a) Categories I and II: Long-term Insurance subcategory A or subcategory Friendly Society Benefits; and
 - (b) Category IV,
- are required to complete the second level regulatory examination Categories I and II: Long-term Insurance subcategory A or subcategory Friendly Society Benefits and Category IV, as the case may be, based on the qualifying criteria in Section 5.
- (2) Examination bodies may in respect of Categories I and II: Long-term Insurance subcategory A and subcategory Friendly Society Benefits offer one examination that addresses the qualifying criteria in Sections 1 and 5.
- (3) The qualifying criteria in Section 5 are the criteria against which qualifications will be evaluated for inclusion on the list of recognised qualifications in respect of Categories I and II: Long-term Insurance subcategory A or subcategory Friendly Society Benefits.”;
- (j) by the substitution in Annexure 1 for the heading and preamble to the Table to Section 6 of the following heading and preamble:

“Section 6: Second Level Regulatory Examination: Short- and Long-term Deposits

- (1) All FSPs (sole proprietors), representatives and key individuals (contemplated in paragraph 3(5) of the Fit and Proper Requirements or who render financial services) in relation to Categories I and II: subcategories Short- and Long-term Deposits are required to complete the second level regulatory examination based on the qualifying criteria in Section 6.
- (2) The qualifying criteria in Section 6 are the criteria against which qualifications will be evaluated for inclusion on the list of recognised qualifications in respect of Categories I and II: Short- and Long-term Deposits.”;
- (k) by the substitution in Annexure 1 for Section 7 of the following Section:

“Section 7: Regulatory Examination: Long-term Insurance subcategory C and Retail Pension Funds

- (1) (a) All FSPs (sole proprietors), representatives and key individuals in relation to Categories I and II: Long-term Insurance subcategory C or subcategory Retail Pension Benefits are required to complete a first level regulatory examination, based on the qualifying criteria in Section 6.
(b) All FSPs (sole proprietors), representatives and key individuals (contemplated in paragraph 3(5) of the Fit and Proper Requirements or who render financial services) in relation to Categories I and II: Long-term Insurance subcategory C or subcategory Retail Pension Benefits are required to complete a second level regulatory examination based on the qualifying criteria in Section 7.
- (2) The qualifying criteria in Section 7 are the criteria against which qualifications will be evaluated for inclusion on the list of recognised qualifications in respect of Categories I and II: Long-term Insurance subcategory C and subcategory Retail Pension Benefits.

| No. | Task | Knowledge Criteria | Skill Criteria |
|-----|--|--|--|
| 1. | Establish and define a professional relationship with your client. | Describe how the FAIS General Code of Conduct is applied when providing financial advice to a client. Discuss the disclosures that should be made to clients, both upfront and ongoing. | Provide disclosures to clients. |
| 2. | Explain to a client the elements of personal financial planning | Understand investment planning, death and disability planning, retirement planning, severe illness provision, short-term insurance needs and health care needs | Discuss the importance and purpose of Personal Financial Planning Discuss the importance and purpose of Investment Planning Discuss the importance and purpose of Risk Management Discuss the importance and purpose of Retirement Planning Discuss the importance and purpose of Estate Planning. |

| No. | Task | Knowledge Criteria | Skill Criteria |
|-----|---|---|---|
| 3 | Gather information in order to conduct a basic needs analysis for a client. | Discuss the different types of client risk profiles. | <p>Gather relevant information by completing a questionnaire/asking relevant questions where applicable.</p> <p>Determine the client's risk profile (including age and affordability).</p> |
| 4 | Discuss planning strategies with the client | Discuss the importance of cash management strategies, including but not limited to an emergency fund, debt management, etc. | <p>Gather data in terms of capital and income requirements (excluding the resultant rate) in order to define personal and financial goals of the client by determining-</p> <ul style="list-style-type: none"> • the client's ability to save; • the client's attitude towards debt; • the client's assets and liabilities, cash flow, income, net worth and budget; • the client's tax position. |
| 5 | Interpret the financial situation | Discuss how the client's financial statements/ means statements are interpreted. | <p>Gather data in terms of investing for growth and/or income (including existing portfolios) by-</p> <ul style="list-style-type: none"> • determining the client's current assets; • identifying cash flows available for investments; • determining the client's experience and attitude towards investments; • determining the client's investment objectives; • determining the client's tolerance for investment risk; • identifying the client's expectations in terms of return; • identifying the client's time horizon. <p>Gather data in terms of risk management including death and/or disability and short-term insurance, by-</p> <ul style="list-style-type: none"> • collecting details of the client's existing insurance coverage; • determining the client's risk management objectives; • determining the client's tolerance for risk; • determining the client's lifestyle and health issues. |

| No. | Task | Knowledge Criteria | Skill Criteria |
|-----|---|---|--|
| 6 | Understand the financial life cycle of a client | Describe the impact of the life cycle of an individual on the financial needs analysis process. | <p>Gather data in terms of retirement planning by collecting information-</p> <ul style="list-style-type: none"> • on potential sources of retirement income; • details of estimated retirement expenses; • on the client's retirement objectives; • regarding the client's attitude towards retirement. <hr/> <p>Gather data in terms of estate planning by collecting information on-</p> <ul style="list-style-type: none"> • legal agreements and documents impacting on estate planning; • the client's estate planning objectives; • business relationships and family dynamics that impact on estate planning. <hr/> <p>Conduct a basic needs analysis for a client in terms of-</p> <ul style="list-style-type: none"> • personal financial planning • investment planning • Risk management • retirement planning • estate planning • business assurance (where applicable); • health care. |
| 7 | Analyse and evaluate the client's financial status as part of a basic needs analysis. | Explain what is meant by "time value of money". | <p>Perform time value of money calculations when analysing a client's capital and income requirements (excluding the resultant rate formula).</p> <p>Perform basic cash flow calculations.</p> |

| No. | Task | Knowledge Criteria | Skill Criteria |
|-----|---|--|---|
| 8 | Determine a client's income and capital needs in the event of death, disability and dread disease | <p>Describe the tax implications for the client when analysing and evaluating the client's capital and income requirements (in accordance with the Income Tax Act, 1962) including but not limited to-</p> <ul style="list-style-type: none"> • fringe benefits • accruals from annuities • lump sums from termination of employment • dividends and interest • contributions • donations • deductions • exemptions and exclusions • SITE and PAYE • Capital Gains Tax | Analyse income tax implications and calculate tax efficient solutions (by performing basic tax calculations). |
| 9 | Discuss the impact of the investment planning environment on the client's existing investments | <p>Discuss the capital needs and income requirements in the event of death, disability and dread disease including but not limited to-</p> <ul style="list-style-type: none"> • repayment of capital amounts • replacement of income • provision for last expenses • medical expenses | Determine the client's capital need in the event of death, disability, retrenchment and/or retirement in order to provide for capital requirements and income requirements (excluding Capital Gains Tax). |
| | | <p>Discuss the implications of the ASISA Codes of Good Practice in Disability Insurance when determining the client's capital and income requirements.</p> | Calculate the tax on lump sums when determining the client's capital and income requirements in the event of death, disability, retrenchment and retirement. |
| | | <p>Discuss the implications of the Estate Duty Act, 1955 when determining the client's capital and income requirements in the event of death.</p> | Calculate the tax deductibility on premiums when determining the client's capital and income requirements in the event of death, disability, retrenchment and retirement. |
| 10 | List and describe investment vehicle options and implications. | <p>Briefly describe financial markets and instruments in terms of investments including-</p> <ul style="list-style-type: none"> • capital market • money market • equity market • property market. • hard assets • derivatives | Calculate the required rate of return to reach the client's investment objectives. |

| No. | Task | Knowledge Criteria | Skill Criteria |
|-----|------|--|--|
| 11 | | <p>Explain the basic investment principles including but not limited to-</p> <ul style="list-style-type: none"> • income versus capital growth • risk versus return • tax efficiency • time value of money • economic indicators including but not limited to inflation rates, CPI, interest rates, GDP, currency, exchange rates and their affect on investments • benchmarks and indices • economic principles (buy and sell, economic cycles, supply and demand, etc.) • foreign / international investments • market expectations and investment risk • active versus passive management • Rand cost averaging • compound interest and reinvestment of income • diversification | <p>Interpret and communicate economic indicators and their effect on a client's investment portfolio.</p> |
| 12 | | <p>Describe the main asset classes in terms of structure (including risk vs. return, volatility attached to each asset class) as it relates to-</p> <ul style="list-style-type: none"> • bonds, • equities, • property / alternative investments and cash investments. | |
| 13 | | <p>Analyse a client's current portfolio of assets in terms of-</p> <ul style="list-style-type: none"> • tax effectiveness • risk • conditions • liquidity • impact of inflation • maturity dates • Diversification • cost • rate of return | <p>Determine a client's investment needs in terms of investing for income and /or growth, based on the client's risk profile, including advice on existing investment portfolio's and implications of portfolio restructuring.</p> |

| No. | Task | Knowledge Criteria | Skill Criteria |
|-----|---|---|---|
| | | <p>Discuss the different types of investments including but not limited to</p> <ul style="list-style-type: none"> • collective investment schemes • equities • interest-bearing investments • linked investments • tank containers • hedge Funds • foreign / international investments <p>Describe the different types of investments (as listed above) in terms of-</p> <ul style="list-style-type: none"> • purpose • Structure and classification • characteristics (term, underlying portfolio, risk and return, tax , liquidity, etc.) • benefits • limitations • policy provisions | <p>Describe the different types of investments and explain the differences to the client in plain language and in accordance with the client's existing knowledge in order to assist the client make an appropriate investment decision</p> <p>Match the appropriate investment products with the client's risk profile and investment needs.</p> |
| 14 | | <p>Describe the estate duty implications for the client when analysing and evaluating proposed investment options (in accordance with the Estate Duty Act, 1955).</p> <p>Describe the transfer duty implications for the client when analysing and evaluating proposed investment options (in accordance with the Transfer Duty Act, 1949).</p> <p>Describe the implications of marriage and divorce when analysing and evaluating proposed investment options (in accordance with the Matrimonial Property Act, 1988).</p> | <p>Describe the impact of legislation on business assurance in terms of-</p> <ul style="list-style-type: none"> • law of contract • Matrimonial Property Act, 1988 • Income Tax Act, 1962 • Estate Duty Act, 1955 <p>deferred compensation, preferred compensation, key person insurance and buy and sell agreements.</p> |
| 15 | <p>Explain to a client the impact of his/her current employee benefits on his/her retirement plan</p> | <p>Describe the implications of the Pension Funds Act, 1956 when analysing and evaluating proposed investment options.</p> | <p>Interpret and explain the pension funds statement</p> <p>Explain what is meant by a retirement annuity.</p> <p>Explain what is meant by a preservation fund.</p> <p>Explain what is meant by a living annuity.</p> <p>Explain the difference between a retirement annuity and a savings policy.</p> |

| No. | Task | Knowledge Criteria | Skill Criteria |
|-----|--|--|---|
| | | | <p>Discuss the different types of retirement options (at retirement) in terms of -</p> <ul style="list-style-type: none"> • living annuity • joint life annuity • conventional annuity (level and escalating) • with profit annuity <p>Determine the tax deductible contribution to the various retirement funds.</p> |
| | | | <p>Explain existing employee benefits in terms of the impact of the-</p> <ul style="list-style-type: none"> • Pension Funds Act, 1956 • retirement fund rules • Maintenance of Surviving Spouses, 1990 • Divorce Act, 1979 • Income Tax Act, 1962 • Long-term Insurance Act, 1998 • group risk benefits <p>Explain the impact of the following Acts on an estate, where residue may be bequeathed to spouse and where a client may be married (with or without accrual), and with or without community of property:</p> <ul style="list-style-type: none"> • Estate Duty Act, 1955 • Matrimonial Property Act, 1988 • Intestate Succession Act, 1987 • Wills Act, 1953 <p>CGT / Income Tax Act, 1962</p> <p>Describe the impact of the following on investments:</p> <ul style="list-style-type: none"> • Regulation 5 of the Pension Fund Regulations • Surrender/termination/ transfers • Regulation 4 of the Pension Fund Regulations - 20% Rule relating to increase of premiums; <p>Insolvency of the product supplier and implications for the clients.</p> |
| 16 | Discuss and identify business assurance need with a business client | Discuss the various business entities, and their business assurance requirements. | Identify the areas of risk to which the client is exposed, and determine the client's need for business assurance. |
| 17 | Recommend appropriate business assurance solutions and discuss the impact of the | Discuss the need for business contingency plans in determining the client's need for business assurance. | Discuss the role of business valuation and loan account cover in determining a client's need for business assurance |

| No. | Task | Knowledge Criteria | Skill Criteria |
|-----|---|--|---|
| | proposed solutions with the client. | <p>Discuss how the buying and selling of stock/products affects the need for business insurance.</p> <p>Explain the principles of insurance including the concepts of insurable interest, insurable risk, duty of disclosure, compensation, approximate cause, contribution, law of contract.</p> | Identify the areas of risk to which the client is exposed, and determine the clients need for short-term insurance and health care insurance, long-term insurance cover |
| 18 | Recommend appropriate investment vehicles at retirement | <p>Describe the different types of life assurance and disability insurance, in terms of-</p> <ul style="list-style-type: none"> • purpose • structure • characteristics (rates, costs, term, underlying portfolio, tax, etc.) • benefits • limitations, • restrictions, exclusions & waiting periods • premiums & Contributions • policy provisions & scheme rules | Match the appropriate insurance products with the client's risk profile and investment needs. |
| | | Describe the implications of marriage and divorce when analysing and evaluating proposed retirement options (in accordance with the Matrimonial Property Act, 1988, Divorce Act 1979, Maintenance of Surviving Spouses 1990, and Pension Funds Act, 1956). | Explain the need to save for retirement and the implications of not having saved for retirement. |
| 19 | Determine a client's income and capital needs at retirement | | <p>Assess financial requirements at retirement date.</p> <p>Determine whether the client's retirement objectives are realistic.</p> <p>Develop financial projections based on current position, and assess the impact of changes to assumptions on financial projections.</p> <p>Consider potential retirement planning strategies for a particular client.</p> |

| No. | Task | Knowledge Criteria | Skill Criteria |
|-----|---|--|---|
| 20 | Explain the aspects that impact the liquidity of an estate | Explain the impact of the following Acts on the liquidity of an estate: <ul style="list-style-type: none"> • Estate Duty Act, 1955 • Matrimonial Property Act, 1988 • Intestate Succession Act, 1987 • Wills Act, 1953 • CGT / Income Tax Act, 1962 • Divorce Act, 1979 • Pension Funds Act, 1956 • Maintenance of Surviving Spouses, 1990 | |
| 21 | Analyse the client's current retirement provision/ plan | Discuss the concept of a trust and its benefits in estate planning | |
| | | Discuss the basic components of an investment plan including- <ul style="list-style-type: none"> • wealth creation • income generation • wealth protection. | Perform a basic estate liquidity calculation (not taking CGT into account). |
| | | Describe an active vs. a passive approach to fund management. | Analyse an estate in order to propose an appropriate financial solution, (excluding resultant rate), including- <ul style="list-style-type: none"> • net worth at death • potential expenses and taxes owing at death • specific needs of beneficiaries • liquidity of the estate at death potential estate planning strategies |
| | | Explain the different types of cover (including self-insurance) available and the implications and benefits thereof. | Perform a basic estate duty calculation (including executor's fees), where residue may be bequeathed to spouse and where client may be married (with or without accrual), and with or without community of property (not taking CGT into account). |
| 22 | Develop and present a financial plan with recommendations and alternatives. | | Identify the suitability of a product to meet the client's needs. Select the most appropriate products in order to meet the client's needs. Recommend structures and products to address a client's financial, retirement, risk, investments, estate planning needs and business assurance needs |

| No. | Task | Knowledge Criteria | Skill Criteria |
|-----|--|---|---|
| | | | <p>Communicate product features and benefits to a client in simple and easy to understand language in order to enable the client to make an informed decision. (Including economic concepts, events, indicators, CPIX, etc.)</p> <p>Advise the client on the income tax implications (including Capital Gains Tax), transfer duty and estate duty of existing and proposed investments.</p> <p>Advise the client on the benefits of offshore diversification as part of an investment plan (including currency risk)</p> <p>Advise clients on existing investment portfolios.</p> <p>Advise a client on the implications of a beneficiary nomination on a policy</p> <p>Structure policies to maximize tax benefits.</p> <p>Advise clients on the implications of restructuring existing investment portfolios.</p> <p>Produce a comprehensive and understandable financial planning report for a client.</p> |
| | | | <p>Explain the policy wording/s including the concept of excess, underwriting criteria and types of perils.</p> <p>Describe client specific contractual obligations of the various products.</p> <p>Discuss the implications of a beneficiary nomination on a policy</p> |
| 23 | Implement the client's financial plan and recommendations. | Discuss the relevance of disclosures, record of advice and the FAIS General Code of Conduct when developing a financial planning report. | Prioritise action steps to assist a client in implementing a financial plan and recommendations. |
| 24 | Monitor the client's financial plan and recommendations. | <p>Discuss the reasons for reviewing and monitoring a financial plan including but not limited to-</p> <ul style="list-style-type: none"> • changes in personal circumstances of the client • changes in client goals and objectives • changes in legislation • introduction of new products and services | <p>Adjust recommendations in accordance changes in the client's life cycle and personal circumstances.</p> <p>Rebalance portfolios as required in order to meet the client's changing needs.</p> |

| No. | Task | Knowledge Criteria | Skill Criteria |
|-----|--|--|--|
| 25 | Advise a client on the need, implications and basic content of a Will. | Explain the implications if a client do not have a valid Will | Explain to the client the implications of his/her will and how it will may be updated/improved |
| | | Discuss the implications of the clauses of a standard will, taking into account the- <ul style="list-style-type: none"> • Trust Company Control Act, 1988 • Administration of Estates Act, 1965 • Companies Act, 1973 • Close Corporations Act, 1984 | . Explain to the client the implications of the clauses of a standard will. |

- (l) by the substitution in Annexure 1 for the heading and preamble to the Table to Section 8 of the following heading and preamble:

“Section 8: Second Level Regulatory Examination: Participatory Interests In Collective Investment Schemes

- 1) All FSPs (sole proprietors), representatives and key individuals (contemplated in paragraph 3(5) of the Fit and Proper Requirements or who render financial services) in relation to Categories I and II: subcategory Participatory Interests In Collective Investment Schemes are required to complete the second level regulatory examination based on the qualifying criteria in Section 8.
- 2) The qualifying criteria in Section 8 are the criteria against which qualifications will be evaluated for inclusion on the list of recognised qualifications in respect of Categories I and II: subcategory Participatory Interests in Collective Investment Schemes.”;

- (m) by the substitution in Annexure 1 for the heading and preamble to the Table to Section 9 of the following heading and preamble:

“Section 9: Second Level Regulatory Examination: Securities and Instruments

- (1) All FSPs (sole proprietors), representatives and key individuals (contemplated in paragraph 3(5) of the Fit and Proper Requirements or who render financial services) in relation to Categories I, II and IIA: subcategory Securities and Instruments are required to complete a second level regulatory examination based on the qualifying criteria in Section 9.
- (2) Examination bodies may offer a series of examinations in respect of Categories I, II and IIA: subcategory Securities and Instruments specifying the relevant qualifying criteria as they appear in Section 9.
- (3) The qualifying criteria in Section 9 are the criteria against which qualifications will be evaluated for inclusion on the list of recognised qualifications in respect of Categories I, II and IIA: subcategory Securities and Instruments.”;

- (n) by the substitution in Annexure 1 for the heading and preamble to the Table to Section 10 of the following heading and preamble:

“Section 10: Second Level Regulatory Examination: Short-term Insurance: Personal Lines

- (1) All FSPs (sole proprietors), representatives and key individuals (contemplated in paragraph 3(5) of the Fit and Proper Requirements or who render financial services) in relation to Category I: subcategory Short-term Insurance: Personal Lines are required to complete a second level regulatory examination based on the qualifying criteria in Section 10.
- (2) The qualifying criteria in Section 10 are the criteria against which qualifications will be evaluated for inclusion on the list of recognised qualifications in respect of Category I: subcategory Short-term Insurance: Personal Lines.”;

- (o) by the substitution in Annexure 1 for the heading and preamble to the Table to Section 11 of the following heading and preamble:

“Section 11: Second Level Regulatory Examination: Short-term Insurance: Commercial Lines

- (1) All FSPs (sole proprietors), representatives and key individuals (contemplated in paragraph 3(5) of the Fit and Proper Requirements or who render financial services) in relation to Category I: subcategory Short-term Insurance: Commercial Lines are required to complete a second level regulatory examination based on the qualifying criteria in Section 11.
- (2) The qualifying criteria in Section 11 are the criteria against which qualifications will be evaluated for inclusion on the list of recognised qualifications in respect of Category: subcategory Short-term Insurance: Commercial Lines.”;

- (p) by the substitution in Annexure 1 for the heading and preamble to the Table to Section 12 of the following heading and preamble:

“Section 12: Second Level Regulatory Examination: Health Care Benefits

- (1) All FSPs (sole proprietors), representatives and key individuals (contemplated in paragraph 3(5) of the Fit and Proper Requirements or who render financial services) in relation to Category I: subcategory Health Care Benefits are required to complete a second level regulatory examination based on the qualifying criteria in Section 12.
- (2) The qualifying criteria in Section 12 are the criteria against which qualifications will be evaluated for inclusion on the list of recognised qualifications in respect of Category I: subcategory Health Care Benefits.”;

- (q) by the substitution in Annexure 1 for the heading and preamble to the Table to Section 13 of the following heading and preamble:

“Section 13: Second Level Regulatory Examination: Pension Benefit Funds

- (1) All FSPs (sole proprietors), representatives and key individuals (contemplated in paragraph 3(5) of the Fit and Proper Requirements or who render financial services) in relation to Categories I and II: subcategory Pension Benefit Funds are required to complete a second level regulatory examination based on the qualifying criteria in Section 13.
 - (2) The qualifying criteria in Section 13 are the criteria against which qualifications will be evaluated for inclusion on the list of recognised qualifications in respect of Categories I and II: subcategory Pension Benefit Funds.”;
- (r) by the substitution in Annexure 1 for the heading and preamble to the Table to Section 14 of the following heading and preamble:

“Section 14: Second Level Regulatory Examination: Category IV

- (1) All FSPs (sole proprietors), representatives and key individuals (contemplated in paragraph 3(5) of the Fit and Proper Requirements or who render financial services) in relation to Category IV are required to complete a second level regulatory examination based on the qualifying criteria in Section 14.
 - (2) The qualifying criteria in Section 14 are the criteria against which qualifications will be evaluated for inclusion on the list of recognised qualifications in respect of Category IV.”; and
- (s) by the addition after Section 14 of the following Sections:

“Section 15: Regulatory Examination: Long-term Insurance subcategory B1

- (1) (a) All FSPs (sole proprietors), representatives and key individuals in relation to Long-term Insurance subcategory B1, are required to complete a first level regulatory examination based on the qualifying criteria in Section 4.
(b) All FSPs (sole proprietors), representatives and key individuals (contemplated in paragraph 3(5) of the Fit and Proper Requirements or who render financial services) in relation to Long-term Insurance subcategory B1, are required to complete a second level regulatory examination based on the qualifying criteria in Section 15.
- (2) Examination bodies may in respect of Long-term Insurance subcategory B1 offer one examination that addresses the qualifying criteria in Sections 4 and 15.
- (3) Examination bodies may in respect of Long-term Insurance subcategory B1 and Long-term Insurance subcategory B2 offer one examination that addresses the qualifying criteria in Sections 15 and 16.
- (4) The qualifying criteria in Sections 4 and 15 are the criteria against which qualifications will be evaluated for inclusion on the list of recognised qualifications in respect of Long-term Insurance subcategory B1.

| No. | Task | Knowledge Criteria | Skill Criteria |
|-----|--|---|---|
| 1 | Understand the principles of insurance | Understand the impact of the Long-term Insurance Act, 1998 on risks, including insolvency and policies and premium escalation | Explain the provisions of the Act in terms that clients can understand |
| | | Understand the principles of insurance, including the concepts of insurable interest; insurable risk; contribution; contracting principles; and basic difference between short-term and long-term | Explain the principles of insurance, including the concepts of insurable interest; insurable risk; contribution; and contracting principles. |
| | | Understand the different types of risk insurance available in terms of- <ul style="list-style-type: none"> • purpose • structure • characteristics (rates, costs, term, tax, etc.) • benefits • limitations, restrictions, exclusions & waiting periods • ASISA code on disability benefits • premium patterns and escalations • premium contributions • policy provisions • scheme rules, Include tax deductibility – income versus capital disability • what is regarded as life events. | Describe the different types of risk insurance available in terms of- <ul style="list-style-type: none"> • purpose • structure • characteristics (rates, costs, term, tax, etc.) • benefits • limitations, restrictions, exclusions & waiting periods • ASISA code on disability benefits • premium patterns and escalations • premium contributions • policy provisions • scheme rules, Include tax deductibility – income versus capital disability • what is regarded as life events. |
| 2 | Establish and define a professional relationship with your client in terms of Part II (section 3), Part IV (section 5) and Part V (section 6) of the General Code of Conduct | Understand the importance of creating a professional impression on the client, as required by the General Code of Conduct | Explain why it is important to create a professional relationship with a client |
| 3 | Provide the client with the necessary disclosures in terms of the requirements of the General Code of Conduct | Understand the disclosures that should be made to clients, both upfront and ongoing, where applicable | Provide disclosures to clients. |
| 4 | Establish the client's need for a risk-based insurance product | Understand why the client would be interested in/ need to enter into a risk-based insurance agreement | Explain how risk-based insurance products work, and what the purpose is for buying such a product |

| No. | Task | Knowledge Criteria | Skill Criteria |
|-----|--|---|---|
| | | Understand the use of risk products for estate planning needs and unforeseen life events | |
| | | Understand what information is required to understand the client's current situation regarding insurance cover, knowledge of the product and personal financial situation, to establish the risk cover needs. | Gather relevant information by completing a questionnaire/asking relevant questions where applicable in order to establish the client's risk cover needs: Insurable interest; previous insurance coverage – understand if they have knowledge about it; current (existing) insurance coverage; the implications of changes to the current insurance; replacement products and implications thereof; personal financial status - affordability |
| | | Understand when another legal requirement obligates the purchase of risk cover (e.g. credit life) | Explain why risk cover is required under certain legal requirements not directly related to long-term insurance |
| | | Understand the client's capital and income needs in the event of death, disability or retrenchment in order to provide for capital requirements and income requirements. | Determine and discuss the capital needs and income requirements in the event of death, disability and dread disease including but not limited to- repayment of debt; replacement of income (family can continue); provision for last expenses; medical expenses; taxes |
| 5 | Establish the extent of risk cover required | Understand how certain types of risks need different types of risk insurance coverage, the payment terms, the period and the extent of cover, including the terms and conditions of the cover. | Explain how the cover will work, and provide a breakdown of the cover, the payment terms, the period, the extent of coverage including the terms and conditions of the cover, and any exclusions to the client. |
| 6 | Present recommendations and options to the client in accordance with Part VII (section 8) of the General Code of Conduct | Understand what are the typical features and benefits of the various product options available to the client | Communicate product features and benefits to a client in simple and easy to understand language in order to enable the client to make an informed decision. |

| No. | Task | Knowledge Criteria | Skill Criteria |
|-----|-----------------------|--|--|
| | | | Provide the client with recommendations and options in plain and simple language |
| | | Understand the contractual obligations of the various products. | Explain the policy wording/s including the concept of-monthly premium; effect of non-payment of a premium; effect on credit agreement if insurance cover is lapsed; effect if cover is lapsed; fees and commissions and who receives it; conflict of interest; exclusions; waiting periods |
| 7 | Finalise the proposal | Ensure that all relevant documentation is obtained from the client | <p>Finalise the proposal, including required signatures</p> <p>Ensure that the client has a copy of the proposal and advice record</p> <p>Explain the difference between a signed proposal/ quotation and the finalised agreement</p> <p>Ensure the client understand the cooling-off period and how it works</p> <p>Gather the documentation required to finalise the process and submit to the product supplier</p> <p>Explain: When the cover is in force; policy wording and schedules; first payment and payment process; when the policy and schedules will be available</p> |
| | | | Keep a copy of the record of advice in accordance with Part VII (section 9) of the General Code of Conduct |

Section 16: Regulatory Examination: Long-term Insurance subcategory B2

- (1) (a) All FSPs (sole proprietors), representatives and key individuals in relation to Long-term Insurance subcategory B2, are required to complete a first level regulatory examination based on the qualifying criteria in Section 4.
- (b) All FSPs (sole proprietors), representatives and key individuals (contemplated in paragraph 3(5) of the Fit and Proper Requirements or who render financial services) in relation to Long-term Insurance subcategory B2, are required to

complete a second level regulatory examination based on the qualifying criteria in Section 16.

- (2) Examination bodies may in respect of Long-term Insurance subcategory B2 offer one examination that addresses the qualifying criteria in Sections 4 and 16.
- (3) Examination bodies may in respect of Long-term Insurance subcategory B1 and Long-term Insurance subcategory B2 offer one examination that addresses the qualifying criteria in Sections 15 and 16.
- (4) The qualifying criteria in Sections 4 and 16 are the criteria against which qualifications will be evaluated for inclusion on the list of recognised qualifications in respect of Long-term Insurance subcategory B2.

| No. | Task | Knowledge Criteria | Skill Criteria |
|-----|---|--|---|
| | Understand the principles of insurance | Understand the impact of the Long-term Insurance Act, 1998 on investments and savings, including- insolvency and policies; premium escalation; policy term; understand growth on product (investment returns); impact of penalties as a result of causal events; guaranteed values; section 54 of the Long-term Insurance Act, 1998; the basic difference between risk and investment/saving products | Explain the impact and terminology in language that clients can understand |
| | | Understand the principles of insurance, including the concepts of insurable interest, contribution and contracting principles. | Explain the principles of insurance including the concepts of insurable interest, contribution and contracting principles |
| 2 | Establish and define a professional relationship with your client in terms of Part II (section 3), Part IV (section 5) and Part V (section 6) of the General Code of Conduct. | Understand the importance of creating a professional relationship on the client | Explain what actions will enable you to create a professional relationship with a client |
| 3 | Provide disclosures to clients in terms of the General Code of Conduct. | Discuss the disclosures that should be made to clients, both upfront and ongoing if applicable | Provide disclosures to clients. |

| No. | Task | Knowledge Criteria | Skill Criteria |
|-----|---|--|---|
| 4 | Gather information in order to conduct a basic needs analysis for a client. | <p>Understand the: importance and purpose of investment & savings planning use of investment and savings policies for retirement, education and other general savings needs; information required when gathering information for a risk profile and needs analysis; difference between lump sum investments and recurring premium investments; different types of client risk profiles; product relevance; importance of affordability</p> | <p>Discuss the- importance and purpose of investment & savings planning use of investment and savings policies for retirement, education and other general savings needs; information required when gathering information for a risk profile and needs analysis; difference between lump sum investments and recurring premium investments; different types of client risk profiles; product relevance; importance of affordability</p> |
| | | <p>Understand endowments in terms of- purpose; structure and classification characteristics (premium, fees, (including upfront costs and termination penalties); term; underlying portfolio; risk and return; tax; volatility; liquidity; benefits; limitations; policy provisions</p> | <p>Discuss Endowments in terms of- purpose; structure and classification characteristics (premium, fees, (including upfront costs and termination penalties); term; underlying portfolio; risk and return; tax; volatility; liquidity; benefits; limitations; policy provisions</p> |
| | | <p>To establish the investment and savings needs, understand what information is required to understand the client's current situation regarding insurance cover, knowledge of the product and personal financial situation,</p> | <p>Gather relevant information by completing a questionnaire/asking relevant questions where applicable in order to establish the client's investment and savings needs: previous savings and investments – understand if they have knowledge about it; current (existing) savings and investments coverage; the implications of changes to the current savings and investment products; replacement products and implications thereof; personal financial status - affordability</p> |

| No. | Task | Knowledge Criteria | Skill Criteria |
|--|---|---|---|
| 5 | Analyse and evaluate the client's financial status as part of a basic needs analysis. | Understand the basic tax implications and the tax rates of these products | Explain to the client how the Saving and Investment product is taxed if applicable |
| Understand how to establish the capital needs and income requirements of the client and how the product can satisfy these needs | | Determine the client's capital need and income requirements in terms of various life stages | |
| Understand the basic investment principles including but not limited to- income versus capital growth; risk versus return; tax efficiency; inflation and interest rates, and their effect on investments; compound interest and reinvestment of income | | Explain the basic investment principles including but not limited to- income versus capital growth; risk versus return; tax efficiency; inflation and interest rates, and their effect on investments; compound interest and reinvestment of income | |
| 6 | Present recommendations and options to the client in terms of Part VI a(section 7) and Part VII (section 8) of the General Code of Conduct. | Understand the features and benefits of the various options and how to make recommendations available to the client | Communicate product features and benefits to a client in simple and easy to understand language in order to enable the client to make an informed decision. |
| Understand the contractual obligations of the various products. | | Provide the client with recommendations and options in plain and simple language Explain concept of- monthly premium; effect of non-payment of a premium; effect if policy is lapsed fees and commissions and who receives it; conflict of interest; underwriting criteria (endowment); exclusions (endowments); waiting periods (endowments); section 54 of the Long-term Insurance Act, 1998 – access to funds; effect of causal events that will have an impact on the values; what the guarantee entails | |
| 7. | Finalise the proposal | Understand the finalisation process: Documentation to provide to client; documentation to obtain from client | Finalise the proposal, including required signatures Ensure that the client has access to a copy of the proposal and advice record Gather the documentation required to finalise the process and submit to the product supplier |

| No. | Task | Knowledge Criteria | Skill Criteria |
|-----|------|--------------------|---|
| | | | Explain: When the policy is in force; policy wording and schedules; first payment and payment process; when the policy and schedules will be available Keep a copy of the record of advice in accordance with Part VII (section 9) of the General Code of Conduct |

Short title and commencement

6. This Notice is called the Amendment of Fit and Proper Requirements and Accompanying Measures, 2010, and comes into operation on the date of publication.