

# PREPARATION GUIDE FOR REGULATORY EXAMINATIONS (RE 1 AND RE 5)



## Table of Contents

1. DISCLAIMER.....	2
2. BACKGROUND TO THE REGULATORY EXAMS.....	2
3. FORMAT OF THE REGULATORY EXAMS .....	2
4. REFERENCE MATERIAL .....	6
5. PREPARATION FOR THE EXAM.....	6
6. TAKING THE EXAM .....	10
7. FINDING RESULTS.....	11
8. FREQUENTLY ASKED QUESTIONS.....	11
9. MORE INFORMATION .....	12
Appendix A: Qualifying Criteria / Reference to legislation Map.....	13

## 1. DISCLAIMER

The material in this PREPARATION GUIDE FOR REGULATORY EXAMINATIONS (RE 1 AND RE 5) and APPENDIX A is made available for the purpose of providing preparation guidelines and not as professional or educational advice.

The availability of this material is not an endorsement by the FSCA of the material and not an indication of the FSCA's commitment to any particular course of action.

Where sections of the Acts, The General Code of Conduct, Board Notices, etc. are referred to they are given merely as a guideline for candidates preparing for the RE1 and RE5.

The FSCA accepts no responsibility for material contained in this preparation guideline.

## 2. BACKGROUND TO THE REGULATORY EXAMS

The amended fit and proper requirements announced in 2008 and reviewed in 2017 have introduced the financial services industry to a new concept – “REGULATORY EXAMINATIONS”. These examinations were introduced together with stricter minimum formal qualifications in order to better serve clients' needs across the financial services industry in South Africa.

The regulatory exams are being developed and delivered under the direction and management of the FSCA. Four examination bodies were appointed to assist with the development of the regulatory exam questions and the delivery on a national basis. Currently there is one examination body:

<b>Moonstone</b>	<a href="http://www.moonstone.co.za">www.moonstone.co.za</a>
<b>Moonstone - Registration:</b>	<a href="https://www.faisexam.co.za">https://www.faisexam.co.za</a>

## 3. FORMAT OF THE REGULATORY EXAMS

### 3.1 Type of examination

The regulatory examinations will be multiple choice questions based on specified qualifying criteria. Exams are closed book and no material will be allowed in the examination room.

There will be no limit on the number of attempts made in order to achieve competence. There will be one national version of any regulatory examination for any category or subcategory.

There is only one right answer to each question, so please read the questions and answers carefully. There is no negative marking; an answer is either right, or wrong.

Examinations will be done in paper format as indicated on their registration page.

The regulatory examinations aim to test the application of factual knowledge in relation to the relevant legal provision as contained in the legislation, subordinate legislation and codes of conduct.



### 3.2 Qualifying criteria

The qualifying criteria provide the basis of knowledge and skills against which the regulatory examinations are set. The qualifying criteria were developed in a process of consultation between the FSB (now FSCA) and industry representatives, spanning from 2006 to 2008.

Only questions based on these criteria will be included in the exams.

The qualifying criteria were published in Board Notice 105 of 2008, and amendments were published as below:

BN 151	31755	29 December 2008 w.e.f. 31 December 2008
BN 64	32268	29 May 2009
BN 95	32496	17 August 2009
BN 44	33052	26 March 2010
BN 60	33166	12 May 2010
BN 194	41321	15 December 2017

All these documents are available on the FSCA website – <http://www.fsc.co.za>

- Click on Regulatory Frameworks
- Click on Legislation
- Click on applicable Act e.g. Financial Advisory and Intermediaries Services Act (FAIS Act)(Act 37 of 2002)

#### How do I read the qualifying criteria?

Each set of qualifying criteria are displayed in a table format with headings. Underneath the headings you will get the detail.

No.	Task	Knowledge Criteria	Skill Criteria
3	Manage and oversee the appointment of representatives.	Describe the Fit and Proper requirements that apply to representatives in terms of the legislation.	Verify that the necessary HR processes are developed/ amended to enable the FSP to check, at recruitment stage, whether a potential representative meets at least the entry level Fit and Proper requirements.
		Explain what recruitment and appointment procedures have to be implemented when appointing representatives.	

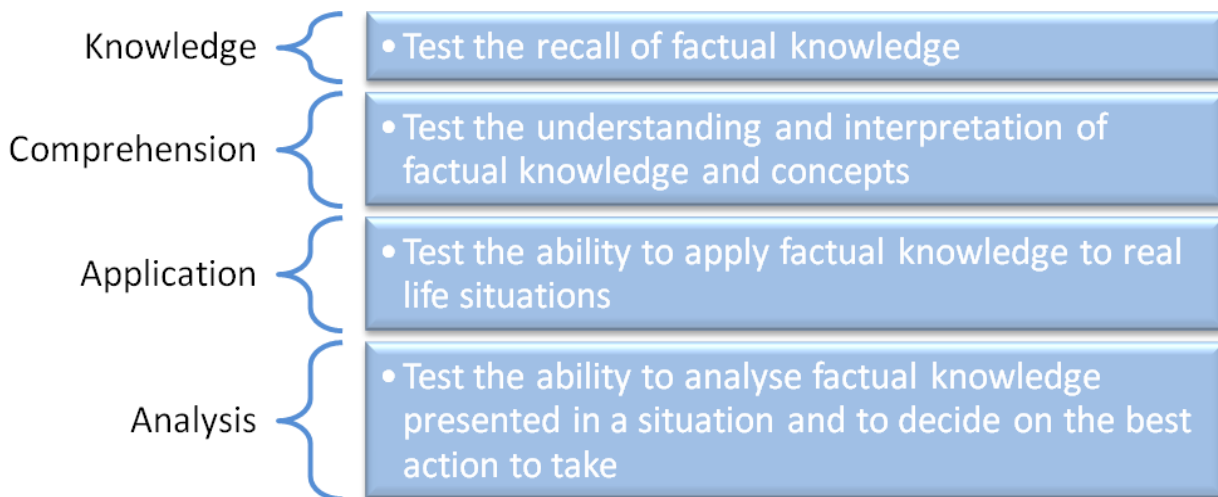
### 3.3 Question development

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

Every task will be covered at least once in an examination. Therefore do not skip any of the tasks or the underlying knowledge criteria and skills, even if you do not think it is relevant to how your FSP operates.

It is important to ensure that you understand every task, and the knowledge and skill criteria related to it.

Each exam will contain questions at 4 different levels of complexity. These four levels deal with:



Each question has four options, and you must select the correct option. Questions can be posed in the following styles:

- A direct closed ended question: the question must be answered by choosing the correct option
- An incomplete sentence: the sentence must be completed correctly by choosing the correct option
- The negative question: the negative option needs to be chosen. Applicant must be aware that these type of questions will be asked and therefore must read questions carefully
- The most/best/least format: applicant must choose most applicable option to the question
- Roman numeral format: A closed ended question where applicants must choose more than one correct option from a list of options
- Sequencing: the options should be listed in the correct sequence

#### **Question examples:**

#### *Example of a knowledge question*

Within how many days must a financial services provider inform the Registrar of the debarment of its representative?

- A. 14 days
- B. 5 days
- C. 30 days
- D. 15 days

**Example of a comprehension question:**

Jane Chetty is a sole proprietor and has no representatives. What are the requirements regarding the compliance function of the FSP?

- A. Jane must appoint an external Compliance Officer
- B. Jane doesn't need to appoint a Compliance Officer
- C. Jane must appoint an internal Compliance Officer
- D. Jane must be appointed as the Compliance Officer

**Example of an application question:**

Jean Hill, the representative of DCB Investments must advise a client that is retiring on specific investments. Which of the following aspects is Jean NOT obliged to disclose about a recommended financial product unless enquired about by the client?

- A. The risk of possible capital loss in future due to fluctuations in the financial markets
- B. Information and graphs to illustrate the product's performance at intervals over a period of time
- C. Any income and other relevant tax issues of a material nature that need to be considered
- D. Any material illustrations about the product provided by the product supplier

### Example of analysis question

Consider the following events that occurred on the same day. Each of these events has, in terms of the relevant legislation, varying periods of time during which the FSP must respond to the event, or otherwise adhere to the legislation. Arrange the events in order of shortest to longest applicable period and select the CORRECT option.

- i) The FSP uses a new postal address and must inform the Registrar of the change
  - ii) The FSP received cash funds, exceeding the cash threshold reporting requirement, and must inform the Financial Intelligence Centre
  - iii) The Registrar has requested that the FSP provide certain documents pertaining to a client's advice record
  - iv) A client terminated a financial product and the FSP is now required to maintain records of advice associated with this client's purchase for an additional period
  - v) The FSP received client funds and must pay the funds into the bank account designated for client funds
  - vi) During an office meeting, the FSP provided a client with the details of the product supplier, and must now provide the details to the client in writing
- A. (i) then (iii) then (ii) then (vi) then (v) then (iv)

### 3.4 Layout of the examination (complexity)

As the purpose of the regulatory examination is to ensure that financial advisors and representatives understand their regulatory role and responsibilities, the emphasis was placed on the “comprehension” or understanding and application of the legislation.

The layout of the RE 1: FSPs and Key Individuals in all Categories of FSPs

Level 1 questions	27%	21 Questions
Level 2 questions	39%	32 Questions
Level 3 questions	22%	18 Questions
Level 4 questions	12%	09 Questions

The layout for the RE 5: Representatives in all Categories of FSPs

Level 1 questions	30%	15 Questions
Level 2 questions	40%	20 Questions
Level 3 questions	20%	10 Questions
Level 4 questions	10%	5 Questions

It should also be noted that random selection of questions are used. In other words two people may write the same examination, but will not receive the same questions. However, the complexity of their examinations will be the same as the layout of the examinations is exactly the same.

The reason for the random selection of questions is to limit the leakage of questions. The questions bank will therefore have a longer lifespan and as a result the cost of the examinations can be contained as ongoing question development can be limited due to questions being used for a longer period of time before retiring the questions.

#### 4. REFERENCE MATERIAL

The following material was used in the development of the questions for the Regulatory exams; please refer to Appendix A for a mapping of criteria to relevant material:

- The FAIS Act as amended by the Financial Services Laws General Amendment Act 45 of 2013
- General Code of Conduct
- FIC Act (FICA)
- Board notices

Due to changes in legislation, familiar terms have been replaced. These new terms are included in the regulatory examinations. To assist you in understanding these new terms please familiarise yourself with the following changes.

OLD TERMINOLOGY	NEW TERMINOLOGY
FSB	FSCA
Registrar	Commissioner/Authority
Financial Services Board	Financial Sector Conduct Authority/Authority
Registrar for FSPs	Commissioner of the FSCA
Registrar for Financial Services Providers	Commissioner of the Financial Sector Conduct Authority

#### 5. PREPARATION FOR THE EXAM



Multiple choice exams cover a lot of detail and facts. The short term memory's capacity is very limited; therefore it is essential to start preparing for the regulatory exams at least 3 month prior to your examination date. The learner will have to be repeatedly subjected to the material in order to store the information effectively in the long term memory.

Although attending workshops and training will certainly be helpful, this is **no** replacement for extensive studying of the required material. And yes, it is necessary and very possible to study successfully for multiple choice exams!

## 5.1 Studying instructions

### You will need:

- ✓ A positive attitude
- ✓ Lots of will power
- ✓ Enough rest
- ✓ Quiet place to study
- ✓ Qualifying criteria
- ✓ Recourse material



### Steps to follow:

The process that works most effectively for examination preparation is as follow:

STEP	ACTIVITY	DESCRIPTION
1	Refer to the mapping document for the exam you are planning to write.	This is the map of the tasks/criteria that will be assessed in your exam, and it contains a reference to the relevant legislation that you are required to study in order to understand the task / criteria. <b>Appendix A</b> in the Preparation Guide
2	Look at the number of criteria for each task.	These are the knowledge and skill components you require to be able to perform. <b>RE 1 has 16 tasks that will be tested</b> <b>RE 5 has 8 tasks that will be tested</b> If you have studied all the criteria for every task, then you would be properly prepared to write the RE1 or RE5 – whichever exam applies to you.
3	To prepare for the exam, you must spend time each day and study the <b>legislation</b> and supporting training material. One should systematically select one criteria at a time.	Group the criteria together in groups of 3 or 4 and allocate study hours per day to prepare. The total number of hours will individually differ due to ones circumstances. At least 2 hours per day is the suggested number of hours.
4	To start, read the task, and then the first criteria. Then refer to the legislation for these criteria, and read the legislation referred to.	It is important to first read the legislation so that you can see what terms are used and how the legislation is structured.
5	Now refer to the additional support or training material and study the section in the training material dealing with those particular criteria.	The support material explains the particular concepts in simple language so that it is easier to understand what the legislation is actually saying and what it means.
6	Then go back to the legislation itself, and read it again.	Now that you have gained a better understanding of what the legislation is about, you may find reading the legislation again will make more sense to you if you didn't understand it the first time around.



## 5.2 Study material and training

Numerous training materials have been developed by various training providers for the purpose of the regulatory exams.

It should be noted that the FSCA does not endorse any of these training materials.

It is advisable to still refer back to the relevant legislation as contained in the acts and regulations in order to eliminate difference in terminology use, if you decide to use designed study material and/or training.

**\*Please note:** Examination bodies may not provide training and/or study material for the regulatory exams. Examination bodies will make FSCA approved study guides with reference to suggested material available on their website; however the sourcing of appropriate study material and/or training providers is the responsibility of the candidates.

## 5.3 Study tips for multiple choice exams

It is necessary and very possible to study successfully for multiple choices exam. Follow the following guidelines in order to help you in your preparation for the regulatory exams.

### Multiple choice question tend to focus on detail

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

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

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

## 5.4 Study styles for multiple choice tests

There are numerous styles of learning and remembering facts. Please remember that every person learns differently, and there is only the “right way” for you and a “wrong way” for you. Your method may be different from that of your friend.

One of the most effective ways to prepare for multiple choice tests is by study reading, but you are welcome to investigate other methods of studying. References to relevant websites are included in paragraph 9.

**Study reading** is the reading style used when the purpose is to read difficult material at a high level of comprehension. When using the Study Reading style, you should read at a rate that is slower than your normal

reading rate. Further, as you read you must challenge yourself to understand the material. Study Reading will often require you to read material more than once to achieve a high level of understanding. Sometimes, reading the material aloud will also help you improve your understanding.

## 5.5 Improving concentration

Many people have difficulty concentrating while studying. Being able to concentrate while you are studying is essential to doing well in exams.

Here are suggestions for improving your study concentration:

- Study in a quiet place that is free from distractions and interruptions. Try to create a space designated solely for studying.
- Make a study schedule that shows what tasks you need to accomplish and when you plan to accomplish each task. This will provide you with the structure you need for effective studying.
- Try to study at the time of day you work best. Some people work well early in the morning, others late at night. You know what works best for you.
- Try to study at the same time every day, as you will start to adapt to study mode automatically at that time of the day.
- Make sure you are not tired and/or hungry when you study. Otherwise, you won't have the energy you need to concentrate. Also, maintain your physical fitness.
- Don't try to do two tasks at the same time. You won't be able to concentrate on either one very well. Concentration means focusing on one thing to the exclusion of all else.
- Break large tasks into series of smaller tasks that you can complete one at a time. If you try to complete a large task all at once, you may feel overwhelmed and will be unable to maintain your concentration.
- Relax. It's hard to concentrate when you're tense. It's important to relax when working on a task that requires concentration. Meditation is helpful to many students.
- Clear your mind of worrisome thoughts. Mental poise is important for concentration. You can get distracted by your own thoughts. Monitor your thoughts and prevent yourself from following any that take you off track. Don't daydream.
- Develop an interest in what you are studying. Try to relate what you are studying to your own life to make it as meaningful as possible. This can motivate you to concentrate.
- Take breaks whenever you feel fatigued. There is no set formula for when to take breaks. You ENROLMENT FOR THE EXAM

## 5.7 Special needs

Candidates with special needs must contact the examination body when they are registering in order to make arrangements for any assistance they might require. The examination body will do everything they can to assist with the requests of the candidates. Candidates may be required to produce a valid medical certificate in order to verify their special need or disability.

# 6. TAKING THE EXAM

## 6.1 What to expect when writing these examinations

Strict examination procedures will apply at all times. This will help to ensure that the integrity of the exams is protected. You will have to identify yourself before the exams start, using a photo ID document. The acceptable documents include a SA identity document, a passport or a driver's license.

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

## 6.2 Exam taking tips for multiple choice exams

Read the directions carefully. Many people often make the mistake of skipping the directions.

Write what is on your mind. Write down your mental stimulus or associations on the scrap paper provided.

Pace yourself. Try to answer all the questions but do not procrastinate around a question – rather return to the question later.

The following is a guideline for the allowable time per type of question:

- Knowledge: ½ - 1 minutes per question
- Understanding: 1 - 1½ minutes per question
- Application and analysis: 1½ - 2 minutes per question

Read through the question carefully. Be watchful for negative questions and all or nothing words such as all/any/most ex.

Know if the question has one or more correct options – roman numeral type of questions.

Read through all the options carefully. Do not mark the first option which you think may be correct.

Do not assume facts. The only facts that you have to take note of are the facts given in the question. If the question tells you that unicorns exist, do not argue with the question.

Do not ignore your answer. Many examinees ignore answers because they assume that every multiple choice question is a trick question. Remember that if you are ready, you should know the answer and if you know the answer, there should be nothing stopping you from answering correctly.

Every question is an isolated question. There are no patterns in multiple choice exams. Just because you have answered “C” for ten consecutive times, it doesn’t mean the next answer will be “C”. Many myths have been told that the answer that appears more commonly is the best guess. There is no truth in that belief.

If time allows, review both questions and answer. It is possible you misread questions the first time.

Improve your odds, think critically:

- Cover the options, read the stem, and try to answer.
- Select the option that most closely matches your answer.
- Read the stem with each option.
- Treat each option as a true-false question, and choose the "most true".

Multiple choice exams are not intimidating if you are prepared to face them. If you are prepared, multiple choice exams are not as formidable as they may seem.

## 6.3 Bubble answer sheets

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

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

## 7. FINDING RESULTS

The exam body will make the exam results available.

## 8. FREQUENTLY ASKED QUESTIONS

### 8.1 Why must the exam be completed in pencil?

This is actually to assist candidates to make changes if they so wish, rather than having to redo the entire answer sheet, had they completed it in ink, and wanted to change an answer. This exercise could also be time consuming, and lead to possible mistakes in redoing the entire document. The answer sheet is marked electronically, so you are only allowed one option per question. The system is unable to distinguish between the preferred answer and one scratched out, and will mark the answer as incorrect.

#### **Concerned that the examination body staff may change the answers that you have entered in pencil?**

After your paper is collected at the end of the examination, the invigilators do not have any time to change anything on a paper. If you write at a permanent venue, the answer sheets are scanned immediately and sent to the main office for marking. This also prevents any opportunity for changes to your answers. This protects both you and the invigilator.

### 8.2 Why we don't provide the questions to candidates when communicating their results?

There are several reasons for this, with the main one being to contain costs, as outlined in point 8.4 below. Having to replace questions on a continuous basis to ensure the consistency of the examination will inevitably result in an increase of the costs and ultimately the examination fee. Apart from cost, the structure of the exam is such that there is a limitation to the number of questions than can be drawn up. It would also not be fair to candidates who had already written the exam, and did not have access to the actual questions.

### 8.3 Why is the pass rate for the exams 65/66%?

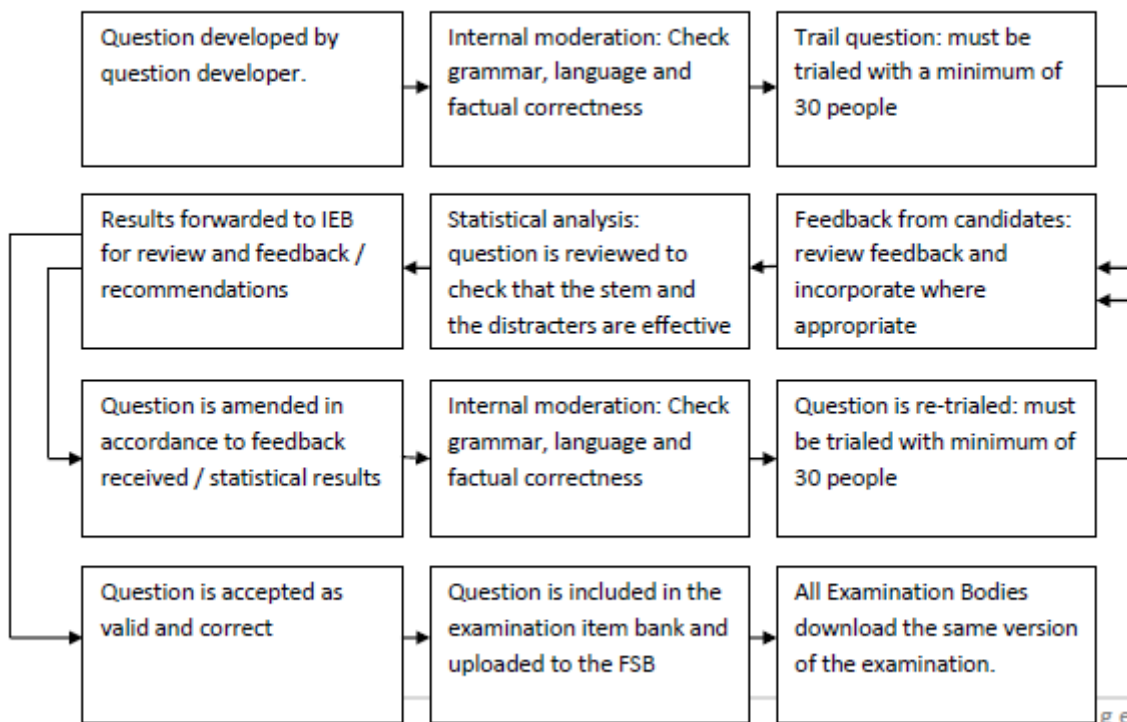
The simple fact of the matter is that this is a professional exam which determines the competency of financial advisers of applying the FAIS Act, which came into being to ensure the protection and fair treatment of clients. In addition, the paper is a multiple choice examination. With four possible options, a candidate who only knows half the material and guesses the balance of the paper should be able to score 62.5%. The pass mark is set slightly higher

than that to confirm your competence. It is also important to mention that negative marking methodology is not applied.

### 8.4 Why is the cost of the examination so high?

The fee is determined by the cost of developing and maintaining the examination questions as well as the operational costs of delivering the exams. Each question that is developed goes through a process of internal and external moderation, a trial process and a review process. All these processes involve subject matter experts to insure that the quality of the questions is maintained. Furthermore, the questions have to be reviewed continuously as legislation changes. Amended questions go through the rigorous process outlined above.

Below is a schematic overview of the quality assurance process that all questions must undergo before being approved and accepted into the examination item bank:



### 8.5 How can using the Preparation Guide help me prepare?

Candidates should not find it difficult to prepare for this exam because in the Prep Guide outlines exactly what the examination will be testing and where to find the information. Studying the Prep Guide is in fact the very first step a candidate should take to ensure that he or she knows what they have to know, and where to find the required information. For Example:

Task No	Task	QC	Qualifying Criteria	Knowledge (K) or Skill (S)	Legislation Reference <i>Where in the legislation is this task and criteria covered that must be studied.</i>
7	<b>Dealing with complaints that have been submitted to the Ombud for FSPs</b>	1	Explain the role and authority of the Ombud for FSPs	K	FAIS Act - Sec 1 Definition of Complaint FAIS Act - Sec 20(3) FAIS Act - Sec 20(4) FAIS Act - Sec 27 & 27(3) & 27(4)

## 8.6 Examination question uniformity.

The regulatory examination is generated from a central question data bank. All examination bodies use the same question bank when generating examination papers according to specified rules and specific outlays prescribed by the Regulator. This is to ensure uniformity and fairness to all candidates, no matter where and through which examination body they write.

## 8.7 What is the difference between a key individual and a representative examination?

The key individual examination addresses the tasks, knowledge and criteria that is relevant to the role and function of a key individual (KI). Remember that the KI is responsible to “manage and oversee” the rendering of financial services within a FSP. The questions will thus be aimed at finding out whether the KI understands the aspects he/she is held accountable for in terms of the legislation.

The regulatory examination for representatives focuses on those tasks, knowledge and skill criteria that describe what they are held responsible for in terms of the legislation. Remember that the representative actually gives advice and/or renders the intermediary service. The questions will thus focus on these activities that are performed by the representative.

## 8.8 When will the regulatory exams be updated if the legislation is changed or amended?

Draft legislation cannot be used as reference material when updating the regulatory examinations and therefore any new or amended legislation must first be published before it can be used for examination update purposes. Once the legislation is published the impact on the existing examination must be established, and the extent of the update required has a significant impact on the timeframe within which an examination(s) can be updated. If the extent of the update required is limited, then the update can be done in a relative short space of time. If the extent of the update is significant, then the update may take much longer. Therefore, when an update is required, the FSCA will communicate the timeframes with the industry as soon as the impact on the examination question bank was established. It is therefore important to ensure that the FAIS Information Circulars are monitored continuously for this type of information.

## 8.9 What do I do if I have special needs?

Candidates with special needs must contact the examination body when they are registering, to make arrangements for any assistance they require. The examination body will do everything they can to assist with the requests of the candidates.

## 8.10 What are the names of the regulatory examinations?

The names of the regulatory examinations are included in Appendix A of this document. Each examination has a number and a name.

It is the responsibility of the candidate to ensure that he/she is registered for the correct examination, date, time and venue.

## 8.5 What is the pass mark of the regulatory examinations?

Examination	Number of Questions	Duration of examination	Pass rate
RE 1	80	2 hours 30 minutes	65%
RE 5	50	2 hours	66%

## 9. MORE INFORMATION

***You can visit the following websites for more information on study styles and test taking skills:***

[http://www.ehow.com/way\\_5375891\\_tips-answering-multiple-choice-questions.html](http://www.ehow.com/way_5375891_tips-answering-multiple-choice-questions.html)

<http://www.test-preparation.ca/study-center/answering-multiple-choice-questions/>

<http://studygs.net/tsstak3.htm>

[http://en.wikipedia.org/wiki/Study\\_skills](http://en.wikipedia.org/wiki/Study_skills)

Best Way - Tips on Answering Multiple Choice Questions | eHow.com [http://www.ehow.com/way\\_5375891\\_tips-answering-multiple-choice-questions.html#ixzz0ywPhccy8](http://www.ehow.com/way_5375891_tips-answering-multiple-choice-questions.html#ixzz0ywPhccy8)

Best Way - Tips on Answering Multiple Choice Questions | eHow.com [http://www.ehow.com/way\\_5375891\\_tips-answering-multiple-choice-questions.html#ixzz0ywPcR7hr](http://www.ehow.com/way_5375891_tips-answering-multiple-choice-questions.html#ixzz0ywPcR7hr)

<http://www.how-to-study.com/study-skills/en/studying/98/>

## Regulatory Exam: 1

Description: RE 1 : Regulatory Examination: FSP's and Key Individuals in all Categories of FSP's

Task No	Task	QC	Qualifying Criteria	Knowledge (K) or Skill (S)	Legislation Reference/Motivation
1	Demonstrate understanding of the FAIS Act as a regulatory framework	1	Describe the FAIS Act and subordinate legislation	K	FAIS Act - Preamble FAIS Act - Sec 1 Definitions FAIS Act - Sec 14 FAIS Act - Sec 18 FSR Act - Part 1 Sec(1)
		2	Explain how the FAIS Act is integrated with other Financial Sector legislation	K	
		3	Describe the requirements when interaction between FSPs takes place	K	FAIS Act - Sec 7(3) FAIS Act - Sec 8(3) GCOC - Sec 12
		4	Explain in general which departments of the Financial Sector Conduct Authority deal with which FSP matters	K	FAIS Act - Sec 8 Licensing Conditions
		5	Interact with the Authority when and where required	S	Licensing Conditions FAIS Act - Sec 8
		6	Explain what is the correct format of communication with the Authority	K	FAIS Act - Sec 4(4)
		7	Explain what processes are required to remain updated with regards to published changes to legislation that will affect the FSP.	K	GCOC - Sec 12
2	Define financial products and financial services.	1	Provide an overview of the financial services and different types of financial products a FSP can deal with.	K	FAIS Act - Sec 1 Definition of Financial Product FAIS Act – Sec 1 Definition of Intermediary Services
		2	Apply knowledge of the financial products within the financial services environment.	S	FAIS Act - Sec 1 Definition of Financial Product BN 104 of 2008 – Exemption for service under supervision
		3	Explain the different financial products with examples of products in each category.	K	FAIS Act - Sec 1 Definition of Financial Product BN 194 of 2017 – Sec 1 Definition of Retail Pension Benefits
3	Maintain the licence of the FSP	1	Describe the requirement for licensing of a FSP	K	FAIS Act – Sec 1 Definition of Intermediary Services FAIS Act – Sec 1 Definition of Advice FAIS Act - Sec 7 FAIS Act - Sec 8 FAIS Act - Sec 8(10)
		2	Apply for a FSP licence	S	FAIS Act - Sec 7 FAIS Act - Sec 8
		3	Describe the requirements for changing any aspect of a FSP licence	K	FAIS Act - Sec 7 FAIS Act - Sec 8
		4	Explain the impact of licensing conditions on an FSP.	K	FAIS Act - Sec 7 FAIS Act - Sec 7(3) FAIS Act - Sec 8 FAIS Act - Sec 8(4) FAIS Act – Sec 17 BN 123 of 2009



Task No	Task	QC	Qualifying Criteria	Knowledge (K) or Skill (S)	Legislation Reference/Motivation
		5	Manage the licensing conditions.	S	FAIS Act - Sec 8 BN 194 of 2017 - Sec 36 Licensing Condition 4 Annexure to Licence
		6	Describe what changes to the FSP licensing details must be communicated to the Authority	K	Licensing Conditions Change in FSP1 details BN 193 of 2011 - Sec 3(1)
		7	Confirm that the Authority is informed within the prescribed timeframes of any changes to the FSP licensing details.	S	Licensing Conditions 1 Licensing Conditions 1 explanatory note 1.7 Change in FSP1 details
		8	Describe the implications for the FSP if any of the licensing conditions are not met	K	FAIS Act - Sec 9
		9	Discuss the requirements around the display of licences.	K	FAIS Act - Sec 8 FAIS Act - Sec 8(8)
		10	Verify that the FSP has internal controls and procedures in place to ensure that financial services are rendered within the limitations on categories and subcategories for which the licence is issued.	S	FAIS Act - Sec 7 FAIS Act - Sec 8 FAIS Act - Sec 8(4) BN 127 of 2010 - Sec 4(3)(f)
		11	Explain the implications when a Key Individual leaves the employ of the FSP.	K	FAIS Act - Sec 9 BN 194 of 2017 - Sec 36
		12	Explain the implications for a Key Individual and/or FSP if an accreditation is suspended or withdrawn or lapsed in terms of the Medical Schemes Act, 1998, or any other enabling legislation	K	FAIS Act - Sec 8 FAIS Act - Sec 8(7)
		13	Explain what levies are payable to the Financial Sector Conduct Authority and when they should be paid.	K	The Financial Services Board Act – Sec 15A GN 458 of 2017
		14	Verify that there are processes in place to pay the levies within the prescribed timeframes	S	The Financial Services Board Act – Sec 15A GN 458 of 2017
		15	Explain the reasons why a licence can be suspended or withdrawn.	K	FAIS Act - Sec 9 FAIS Act - Sec 9 (1) FAIS Act - Sec 9 (3)
		16	Describe the conditions under which suspensions, withdrawals and reinstatements of authorisation may be imposed.	K	FAIS Act - Sec 9 FAIS Act - Sec 9(1) & 9(2)
		17	Explain what recourse a FSP has where its licence has been suspended or withdrawn.	K	FAIS Act - Sec 9 FAIS Act - Sec 9(2)
		18	Discuss why a licence would be lapsed	K	FAIS Act - Sec 11
		19	Describe how lapsing a licence differs from suspension or withdrawal of a licence	K	FAIS Act - Sec 9 FAIS Act - Sec 11
		20	Discuss the effect of voluntary sequestration, winding-up or closure of a business on its licensing status	K	FAIS Act - Sec 11 FAIS Act - Sec 38

Task No	Task	QC	Qualifying Criteria	Knowledge (K) or Skill (S)	Legislation Reference/Motivation
		21	Describe the requirements where business rescue or application by Financial Sector Conduct Authority for sequestration or liquidation takes place	K	FAIS Act - Sec 38A FAIS Act - Sec 38A(3) FAIS Act - Sec 38A(4)(b) FAIS Act - Sec 38A(6) FAIS Act - Sec 38B
		22	Explain what is meant by "undesirable practices."	K	FAIS Act – Sec 34
		23	Check that there are processes in place to check whether the Authority has published notices regarding undesirable practices	S	FAIS Act - Sec 34 FAIS Act - Sec 34(1)
		24	Verify that there are processes in place to ensure that the business is aware of declared undesirable practices and that they cease any such practices	S	FAIS Act - Sec 34 FAIS Act – Sec 34(4)
		25	Describe the implications for a FSP if the Authority declares a business practice to be undesirable	K	FAIS Act - Sec 34 FAIS Act - Sec 34(4) FAIS Act - Sec 36 FAIS Act - Sec 36(a)
		26	Explain the reparation measures available to the Authority if a FSP continues with undesirable business practices.	K	FAIS Act - Sec 34 FAIS Act - Sec 36
		27	Explain the implications where the Authority issues a directive	K	FAIS Act - Sec 38C
		28	Describe the process of On-site inspections by the Financial Sector Conduct Authority	K	FAIS Act - Sec 4(5)
		29	Describe the FAIS Act offenses	K	FAIS Act - Sec 36 FAIS Act - Sec 41 FSR Act - Sec 290
		30	Ensure that there are processes in place to avoid actions that can be regarded as offences under the FAIS Act.	S	FAIS Act - Sec 9 FAIS Act - Sec 36
		31	Define the recourse that a FSP has in the event of a decision made by the Authority	K	FAIS Act - Sec 39
		32	Explain the process of enforcement as provided for in legislation	K	
4	Operate as a key individual in terms of the FAIS Act.	1	Describe the roles and responsibilities of key individuals as defined in the FAIS Act.	K	FAIS Act - Sec 1 Definition of Key Individual FAIS Act - Sec 17(3) FAIS Act - Sec 19 BN 194 of 2017 – Sec 39
		2	Explain the requirements for approval of a key individual by the Financial Sector Conduct Authority	K	FAIS Act - Sec 1 Definition of Key Individual FAIS Act - Sec 8 FAIS Act - Sec 8(1) FAIS Act – Sec 19 BN 194 of 2017 BN 194 of 2017 – Definitions BN 194 of 2017 – Sec 9 BN 194 of 2017 – Sec 15 BN 194 of 2017 – Sec 17 BN 194 of 2017 – Sec 18(2) BN 194 of 2017 – Sec 40

Task No	Task	QC	Qualifying Criteria	Knowledge (K) or Skill (S)	Legislation Reference/Motivation
		3	Describe the regulated management and oversight responsibilities of a key individual	K	FAIS Act - Sec 1 Definition of Key Individual FAIS Act - Sec 14 FAIS Act - Sec 17 FAIS Act - Sec 17(5) FAIS Act - Sec 18 FAIS Act - Sec 19 BN 194 of 2017 BN 194 of 2017 – Sec 8 BN 194 of 2017 – Sec 12 BN 194 of 2017 – Sec 30 BN 194 of 2017 – Sec 32 BN 194 of 2017 – Sec 36 BN 194 of 2017 – Sec 37(2)(g) BN 194 of 2017 – Sec 42 BN 194 of 2017 – Sec 45 BN 123 of 2009 Licensing Conditions Condition 1
			Perform the regulated management and oversight responsibilities of a key individual	S	FAIS Act - Sec 1 Definition of Key Individual FAIS Act - Sec 19 FAIS Act - Sec 19(1) BN 194 of 2017 – Sec 42 BN 194 of 2017 – Sec 42(1)
			Explain the controls required to ensure sufficient management and oversight of the financial services that are rendered	K	FAIS Act - Sec 13(2) BN 194 of 2017 – Sec 37 BN 194 of 2017 – Sec 39
		6	Explain when an individual can commence acting as a key individual.	K	FAIS Act - Sec 8 FAIS Act - Sec 8(4) FAIS Act - Sec 8(4)(b) BN 122 of 2003 - Sec 5
		7	Describe the honesty, integrity and good standing requirements for a key individual.	K	BN 194 of 2017 BN 194 of 2017 – Chapter 2 BN 194 of 2017 – Sec 8 BN 194 of 2017 – Sec 8(1) BN 194 of 2017 – Sec 9 BN 194 of 2017 – Sec 9(1) BN 194 of 2017 – Sec 9(3) BN 194 of 2017 – Sec 10 GCOC – Sec 10(1)
		8	Check whether a current/potential key individual meets the honesty, integrity and good standing requirements requirements.	S	BN 194 of 2017 – Chapter 2 BN 194 of 2017 – Sec 9 BN 194 of 2017 – Sec 9(1)
		9	Explain the implications for a key individual should the key individual no longer meet the honesty, integrity and good standing requirements requirements	K	FAIS Act - Sec 8A FAIS Act - Sec 8(4) FAIS Act - Sec 9 BN 194 of 2017 – Chapter 2 BN 194 of 2017 – Sec 9 BN 194 of 2017 – Sec 9(1) & (3) BN 194 of 2017 – Sec 10

Task No	Task	QC	Qualifying Criteria	Knowledge (K) or Skill (S)	Legislation Reference/Motivation
		10	Take appropriate action where a current key individual no longer meets the honesty, integrity and good standing requirements requirements.	S	FAIS Act - Sec 8 FAIS Act - Sec 8(1) FAIS Act - Sec 8(2) FAIS Act - Sec 13(2) FAIS Act - Sec 14 BN 194 of 2017 – Chapter 2 BN 194 of 2017 – Sec 9 BN 194 of 2017 – Sec 9(1)
		11	Explain the implications for a FSP should a key individual no longer meet the honesty, integrity and good standing requirements requirements	K	FAIS Act - Sec 8 FAIS Act - Sec 8(4) FAIS Act - Sec 9 FAIS Act - Sec 9(1) FAIS Act - Sec 13 FAIS Act - Sec 14 FAIS Act - Sec 19 FAIS Act - Sec 19(1) FAIS Act - Sec 19(2) FAIS Act - Sec 19(4) Licence conditions BN 194 of 2017 – Chapter 2 BN 194 of 2017 – Sec 9 BN 194 of 2017 – Sec 10
		12	Describe the competence requirements for a key individual	K	FAIS Act – Sec 6A BN 194 of 2017 BN 194 of 2017 – Definitions BN 194 of 2017 – Chapter 3 BN 194 of 2017 – Sec 23 BN 194 of 2017 – Sec 26 BN 194 of 2017 – Sec 26(1) BN 194 of 2017 – Sec 41 BN 194 of 2017 – Sec 41(2) BN 194 of 2017 – Annexure One BN 104 of 2008 – Sec 6(2)
		13	Check whether a current/potential key individual meets the competence requirements.	S	FAIS Act - Sec 8 FAIS Act - Sec 14 FAIS Act - Sec 44 FSCA Website - DOFA report FSCA Website - Qualifications BN 194 of 2017 – Definitions BN 194 of 2017 - Sec 12 BN 194 of 2017 - Sec 15 BN 194 of 2017 - Sec 17 BN 194 of 2017 - Sec 52 BN 194 of 2017 - Annexure One
		14	Describe the on-going training and development requirements for key individuals.	K	FAIS Act - Sec 6(A) FAIS Act - Sec 8(A) BN 194 of 2017 - Sec 1 BN 194 of 2017 - Sec 33 BN 194 of 2017 - Sec 34
		15	Verify that the record keeping required for the on-going meeting of fit and proper requirements for key individuals is in place	S	FAIS Act - Sec 6(A) FAIS Act - Sec 8(A) BN 194 of 2017 - Sec 13 BN 194 of 2017 - Sec 13(3) BN 194 of 2017 - Sec 13(4) BN 194 of 2017 - Sec 13(5)

Task No	Task	QC	Qualifying Criteria	Knowledge (K) or Skill (S)	Legislation Reference/Motivation
					BN 194 of 2017 - Sec 28 BN 194 of 2017 - Sec 28(3) BN 194 of 2017 - Sec 43(b)
5	Manage and oversee the operational ability of the FSP.	1	Describe the operational ability requirements prescribed in the FAIS Act.	K	GCOC - Sec 3(2) FAIS Act - Sec 8(4) BN 194 of 2017 – Chapter 5 BN 194 of 2017 – Sec 36 BN 194 of 2017 – Sec 37 BN 194 of 2017 – Sec 37(2)
		2	Confirm that there is adequate storage and filing systems for the safe keeping of records, business communications and correspondence.	S	GCOC – Sec 3(2) BN 194 of 2017 – Sec 36(1)
		3	Verify that the FSP has the required bank accounts	S	GCOC - 10(1)
		4	Implement and maintain the prescribed guarantees, professional indemnity or fidelity insurance cover	S	BN 123 of 2009 - Sec 3 & 4
		5	Ensure that disaster recovery and business continuity plans are in place	S	BN 194 of 2017 - Sec 37
		6	Describe the financial soundness requirements for a FSP	K	BN 194 of 2017 - Table B BN 194 of 2017 - Sec 44
		7	Confirm that the financial soundness requirements are met	S	BN 194 of 2017 - Chapter 6
		8	Describe the requirements when outsourcing an administration or system function relating to financial services	K	BN 194 of 2017 – Sec 39 BN 194 of 2017 – Sec 39(2)
		9	Ensure, where activities are outsourced, that written service level agreements are in place	S	BN 194 of 2017 - Sec 39
		10	Check that there are processes in place to ensure that suitable providers are selected for any outsourced functions	S	BN 194 of 2017 - Sec 39
		11	Confirm that where outsourced entities provide financial services, that they are authorised FSP's.	S	BN 194 of 2017 - Sec 39
6	Adhere to the specific Codes of Conduct	1	Describe the general and specific duties of a provider	K	GCOC –Sec 2 GCOC –Sec 3 GCOC –Sec 3(3)
		2	Describe the processes that need to be in place to manage conflict of interest	K	GCOC – Sec 3A
		3	Describe what could possibly be a conflict of interest	K	GCOC – Sec 3A
		4	Define what needs to be in a conflict of interest policy	K	GCOC – Sec 3A GCOC – Sec 3A(2)(b) GCOC – Sec 3A(2)(b)(i)
		5	Ensure that the FSP is managing potential conflicts of interest.	S	GCOC - Sec 1 Definition of Conflict of Interest GCOC - Sec 3A BN 127 of 2010 – Sec 3(2)

Task No	Task	QC	Qualifying Criteria	Knowledge (K) or Skill (S)	Legislation Reference/Motivation
		6	Apply the requirements of the General Code of Conduct for FSPs and Representatives.	S	GCOC - Sec 8 GCOC - Sec 8(4) GCOC - Sec 21
		7	Explain the disclosures that need to be made before rendering a financial service	K	GCOC - Sec 4
		8	Explain disclosures that must be made when rendering a financial service	K	GCOC - Sec 2 GCOC - Sec 4 GCOC - Sec 4(1) GCOC - Sec 5 GCOC - Sec 5(e) GCOC - Sec 7 GCOC - Sec 7(1) GCOC - Sec 7(1)(c)(bb) GCOC - Sec 15(3)
		9	Check that disclosures are adequate to enable client's to make an informed decision.	S	GCOC - Sec 4 GCOC - Sec 5 GCOC - Sec 7 GCOC - Sec 8 GCOC - Sec 8(4)
		10	Explain the requirements for a FSP when custody of financial products and funds occurs.	K	GCOC - Sec 10 GCOC - Sec 10(1) GCOC - Sec & 10(1)(d) GOOC - Sec 10(3) BN 194 of 2017 – Sec 36 BN 123 of 2009 - Sec 3(b) FAIS Act - Sec 19(3)
		11	Confirm that there is a separate bank account with a registered bank into which client monies are deposited.	S	GCOC - Sec 10 GCOC - Sec 10(1)
		12	Explain the requirements of the General Code of Conduct for FSPs and Representatives relating to risk management and insurance	K	GCOC - Sec 12
		13	Explain the requirements of the General Code of Conduct for FSPs and Representatives relating to marketing and advertising	K	GCOC – Definition of Direct Marketer GCOC - Sec 14 GCOC - Sec 14(1) GCOC - Sec 14(2)
		14	Explain the manner in which complaints are to be handled by the FSP as required by General Code of Conduct for FSPs and Representatives.	K	FAIS Act - Sec 20 GCOC - Sec 8(4) GCOC - Sec 16 GCOC - Sec 16(2) GCOC - Sec 17 GCOC - Sec 18 GCOC - Sec 19
		15	Verify that complaints procedures and processes are in place.	S	GCOC - Sec 16 GCOC - Sec 17 GCOC - Sec 19 GCOC - Sec 19(1)
		16	Follow the complaints procedures and processes that are in place for the FSP.	S	GCOC - Sec 16 GCOC - Sec 17 GCOC - Sec 19

Task No	Task	QC	Qualifying Criteria	Knowledge (K) or Skill (S)	Legislation Reference/Motivation
		17	Explain the requirements of the General Code of Conduct for FSPs and Representatives relating to the termination of agreement or business	K	GCOC - Sec 20 GCOC - Sec 20(a) GCOC - Sec 20(c)
7	Manage and oversee the compliance functions as required by the FAIS Act.	1	Describe the compliance arrangements required by the FSP	K	FAIS Act - Sec 14 FAIS Act - Sec 17
2		Explain the requirements of the compliance function within the FSP.	K	FAIS Act - Sec 14 FAIS Act - Sec 17 FAIS Act - Sec 17(2) FAIS Act - Sec 17(3) FAIS Act - Sec 17(4) BN 127 of 2010 - Sec 4(2) FAIS Regulations - Reg 5 FAIS Regulations - Reg 5(3)	
3		Establish the compliance function within the FSP.	S	FAIS Act - Sec 17 FAIS Act - Sec 17(1)	
4		Establish and maintain compliance and reporting arrangements for the FSP	S	FAIS Act - Sec 19 FAIS Act - Sec 19(2) FAIS Act - Sec 19(3) Compliance Report BN 194 of 2017- Sec 37	
5		Check that the compliance arrangements specify frequency of monitoring and reporting	S	FAIS Act - Sec 17 BN 127 of 2010 - Sec 4(a) BN 127 of 2010 - Sec 4(4)(a)	
6		Implement and maintain a documented process to ensure the adequacy of the FSP's compliance and monitoring arrangements.	S	FAIS Act - Sec 18	
7		Describe when a Compliance Officer should be appointed	K	FAIS Act - Sec 17 FAIS Act - Sec 17(1)(a) FAIS Act - Sec 17(1)(c)	
8		Explain the criteria for approval of a Compliance Officer by the Financial Sector Conduct Authority.	K	BN 127 of 2010 - Sec 3 BN 127 of 2010 - Sec 4 FAIS Act - Sec 17	
9		Ensure that the Compliance Officer is approved by the Financial Sector Conduct Authority	S	FAIS Act - Sec 17 FAIS Act - Sec 17(2)	
10		Describe the role and function of a Compliance Officer.	K	FAIS Act - Sec 17 FAIS Act - Sec 17(1)(c) FAIS Act - Sec 18 FAIS Act - Sec 18(d) GCOC - Sec 3(1) GCOC - Sec 8(1) FAIS Regulations - Reg 5 & 5(1) & 5(3) BN 127 of 2010 - Sec 4(3)	
11		Confirm that the compliance function / compliance practice has sufficient resources to provide an efficient compliance service	S	BN 127 of 2010 - Sec 4 BN 127 of 2010 - Sec 4(2)	

Task No	Task	QC	Qualifying Criteria	Knowledge (K) or Skill (S)	Legislation Reference/Motivation
		12	Explain why it is important for the Compliance Officer to act independently from the management of the FSP.	K	BN 127 of 2010 - Sec 4 BN 127 of 2010 - Sec 4(3)
		13	Confirm that the Compliance Officer / compliance practice can function objectively and sufficiently independently of the FSP and avoids conflicts of interest	S	BN 127 of 2010 - Sec 4 BN 127 of 2010 - Sec 4(2) BN 127 of 2010 - Sec 4(3)
		14	Explain why it is important for the Compliance Officer to be able to avoid conflicts of interest during the execution of their duties	K	BN 127 of 2010 - Sec 4 BN 127 of 2010 - Sec 4(3)
		15	Manage potential conflict of interest where there is not a specifically appointed Compliance Officer / compliance practice	S	GCOC - Sec 3(1) GCOC - Sec 3A(2) BN 127 of 2010 - Sec 4(3)
		16	Understand the content of the compliance report(s) in order to be able to sign it off.	K	FAIS Act - Sec 17 FAIS Act - Sec 17(4)
		17	Confirm that where the Compliance Officer found any instances of non-compliance that this is addressed and rectified.	S	BN 104 of 2008 - Sec 4(9) FAIS Act - Sec 18 FAIS Act - Sec 18(d)
		18	Replace the Compliance Officer if he/she does not have the required approval of the Financial Sector Conduct Authority.	S	FAIS Act - Sec 17 FAIS Act - Sec 17(2)
8	Comply with regulated record keeping requirements	1	Explain the record keeping obligations as prescribed by the FAIS and FIC Acts.	K	FAIS Act - Sec 13 FAIS Act - Sec 13(3) FAIS Act - Sec 13(4) FAIS Act - Sec 18 FAIS Act - Sec 18(d) FICA - Sec 23 GCOC - Sec 3 GCOC - Sec 3(2) Representative Register
		2	Verify that record keeping and retrieval of records is carried out in terms of the obligations prescribed by the FAIS and FIC Acts	S	FAIS Act - Sec 18 BN 194 of 2017 - Sec 37
		3	Describe the requirements imposed when record keeping is outsourced to a third party.	K	GCOC - Sec 3(2) FICA - Sec 24(1)
		4	Confirm that third party outsourcing agreements are executed correctly.	S	GCOC - Sec 3(2) FICA - Sec 24(2)
		5	Explain the security requirements for record keeping in terms of confidentiality and access to records, taking into account the requirements of the Protection of Personal Information Act.	K	BN 194 of 2017 - Sec 37
9	Manage and oversee the accounting and auditing requirements	1	Describe the accounting and auditing requirements prescribed by the FAIS Act	K	FAIS Act - Sec 19 FAIS Act - Sec 19(1) FAIS Act - Sec 19(2) FAIS Act - Sec 19(3)
		2	Check that the required accounting and auditing requirements are in place and carried out accurately and timeously.	S	FAIS Act - Sec 19 FAIS Act - Sec 19(1)



Task No	Task	QC	Qualifying Criteria	Knowledge (K) or Skill (S)	Legislation Reference/Motivation
		3	Describe the requirements for appointing an auditor or accounting officer	K	FAIS Act - Sec 19 FAIS Act - Sec 19(2)(a) BN193 of 2011 BN193 of 2011 – Sec 3(1) BN193 of 2011 – Sec 3(2) BN193 of 2011 – Sec 3(2)(a)
		4	Ensure that the audit report submitted to the Financial Sector Conduct Authority where funds are received meets the regulatory requirements	S	FAIS Act - Sec 19 FAIS Act - Sec 19(1) FAIS Act - Sec 19(3) GCOC - Sec 10
10	Manage and oversee the requirements of the FIC Act and Money Laundering and Terrorist Financing control regulations, as it applies to the FSP.	1	Explain the requirements specific to a FSP prescribed by the FIC Act	K	FICA Schedule 1 & 3 FICA - Sec 22 FICA - Sec 23 FICA - Sec 23(a) FICA - Sec 29 FICA - Sec 43 FICA - Sec 43(a) FICA - Sec 43(b) FICA - Sec 45C & 45(3) FICA - Sec 62 FICA - Sec 68 FICA - Sec 68(2) FAIS Act - Sec 18 Money Laundering & Terrorist Financing Control Regulations - Sec (4)
		2	Verify that all requirements for the Compliance Risk Management Programme as required by the FIC Act are in place	S	FICA - Sec 42 Money Laundering & Terrorist Financing Control Regulations - Reg 25 Money Laundering & Terrorist Financing Control Regulations - Reg 27
		3	Verify that the FSP has processes in place to ensure compliance with the identification, verification, record-keeping and reporting obligations under the FIC Act.	S	FICA - Sec 22 FICA - Sec 23(a) FICA - Sec 43 FICA - Sec 43(a) & (b) FICA - Sec 28A Money Laundering & Terrorist Financing Control Regulations - Sec (4)
		4	Check that there are processes in place to ensure that employees receive training in respect of, and are aware of, their obligation to report suspicious transactions.	S	FIC Act - Sec 43(a)
11	Deal with complaints that have been submitted to the Ombud for FSPs	1	Explain the role and authority of the Ombud for FSPs	K	FAIS Act - Sec 1 Definition of Complaint FAIS Act - Sec 27 FAIS Act - Sec 27(a) FAIS Act - Sec 27(b) FAIS Act - Sec 27(3) FAIS Act - Sec 27(4) FAIS Act - Sec 28 FAIS Act - Sec 28(1) FAIS Act - Sec 28(4)(a) BN 81 of 2003 - Sec 3 & 5 & 6 BN 81 of 2003 - Sec 4(c)
		2	Discuss the obligations of the FSP in respect of an investigation conducted by the Ombud for FSPs	K	FAIS Act - Sec 1 Definition of Complaint FAIS Act - Sec 3(a)(ii) FAIS Act - Sec 13(1) FAIS Act - Sec 20(3) FAIS Act - Sec 27 & 28 FAIS Act - Sec 31 BN 81 of 2003 - Sec 5 & 6

Task No	Task	QC	Qualifying Criteria	Knowledge (K) or Skill (S)	Legislation Reference/Motivation
		3	Check that there are processes in place to ensure that the FSP cooperates in the case of an investigation by the Ombud.	S	FAIS Act - Sec 27(5) FAIS Act - Sec 27(6) FAIS Act - Sec 31 BN 81 of 2003 - Sec 6
12	Define the role of the representative in terms of the FAIS Act.	1	Describe the roles and responsibilities of representatives as defined in the FAIS Act.	K	FAIS Act - Sec 1 Definition of Advice FAIS Act - Sec 1 Definition of Representative FAIS Act - Sec 1 Definition of Intermediary Services FAIS Act - Sec 13 FAIS Act - Sec 13(1) FAIS Act - Sec 16 FAIS Act - Sec 16(1) BN 194 of 2017 – Sec 9 GCOC - Sec 2 FICA - Sec 29
		2	Explain when an individual must be appointed as a representative in terms of the FAIS Act	K	FAIS Act - Sec 1 Definition of Representative FAIS Act - Sec 1 Definition of Intermediary Services FAIS Act - Sec 1 Definition of Advice FAIS Act - Sec 1 FAIS Act - Sec 13 FSP5 Form
		3	Describe the purpose and requirements of the register of representatives	K	FAIS Act - Sec 13 FAIS Act - Sec 13(3) FAIS Act - Sec 13(4) FAIS Act - Sec 13(5) BN 104 of 2008 - Sec 4(2)(a) FSP 5 Form Representative Import Spread sheet
		4	Verify that the FSP maintains a register of representatives that meets the requirements of the FAIS Act	S	FAIS Act - Sec 13 FAIS Act - Sec 13(3) FAIS Act - Sec 13(4) FAIS Act - Sec 13(5) Representative Import Spread sheet
13	Manage and oversee the appointment of representatives.	1	Explain what needs to be in place when appointing a representative	K	FAIS Act – Sec 13 FAIS Act – Sec 13(1) BN 104 of 2008 - Definitions BN 104 of 2008 - Sec 3 BN 104 of 2008 - Sec 3(b) BN 194 of 2017 BN 194 of 2017 – Annexure One Table 1 and 2 BN 194 of 2017 - Sec 12 BN 194 of 2017 - Sec 16 BN 194 of 2017 - Sec 41 BN 194 of 2017 - Chanter 2 BN 194 of 2017 - Chapter 3
		2	Verify that there are processes that enable the FSP to check that a representative meets the fit and proper requirements and can be appointed	S	BN 194 of 2017 BN 194 of 2017 - Sec 9 FAIS Act - Sec 1 Definition of Representative and Person
14	Manage the rendering of services under supervision.	1	Explain when representatives can act under supervision.	K	BN 104 of 2008 - Sec 1 Definition of Services under Supervision BN 104 of 2008 - Sec 1 Definition of Direct Supervision BN 104 of 2008 - Sec 1 Definition of ongoing level of supervision BN 104 of 2008 - Sec 3(b) BN 104 of 2008 - Sec 3(b)(i) BN 104 of 2008 - Sec 4(4) BN 104 of 2008 - Sec 4(5) BN 104 of 2008 - Sec 4(6)(e) BN 104 of 2008 - Sec 6(2) BN 194 of 2017 - Sec 12

Task No	Task	QC	Qualifying Criteria	Knowledge (K) or Skill (S)	Legislation Reference/Motivation
		2	Confirm that there are sufficient qualified individuals to act in the role of supervisor	S	BN 104 of 2008 - Sec 1 Definition of Supervisor BN 104 of 2008 - Sec 4(3) BN 104 of 2008 - Sec 6(2)
		3	Describe the requirements that must be in place when representatives act under supervision.	K	BN 104 of 2008 - Sec 4 BN 104 of 2008 - Sec 4(2) BN 104 of 2008 - Sec 4(7) BN 104 of 2008 - Sec 4(9)
		4	Ensure that the supervisors understand their role and have the capacity for the number of supervisees	S	BN 104 of 2008 - 4(9)
		5	Verify that there is supervision in place to oversee representatives	S	BN 104 of 2008 - Sec 1 Definition of Ongoing Level of Supervision BN 104 of 2008 - Sec 1 Definition of Direct Supervision BN 104 of 2008 - Sec 4(9) BN 104 of 2008 - Sec 4 Table A
		6	Perform the necessary supervision functions on representatives	S	BN 104 of 2008 - Sec 2 BN 104 of 2008 - Sec 4(4) BN 104 of 2008 - Sec 4(9)
		7	Explain the disclosure requirements for a representative under supervision	K	FAIS Act – Sec 13(1)(b) BN 104 of 2008 - Sec 4(9) BN 104 of 2008 - Sec 9(d) GCOC - Sec 5(f)
15	<b>Manage and oversee the representatives appointed by a FSP.</b>	1	Describe the on-going Fit and Proper requirements for representatives.	K	BN 194 of 2017 - Chapter 2 BN 194 of 2017 - Chapter 3
		2	Verify that the record keeping required for the on-going meeting of Fit and Proper requirements for representatives is in place	S	FAIS Act - Sec 13(2) BN 194 of 2017- Sec 13(3)
		3	Implement and maintain a documented process to ensure that all representatives are competent and will provide financial services on behalf of the FSP in accordance with the FAIS Act	S	FAIS Act - Sec 13(2)
		4	Check that there are processes to ensure that representatives are making progress towards the Fit and Proper requirements.	S	FAIS Act - Sec 13(2)
		5	Describe the implications if a representative no longer meets the Fit and Proper requirements	K	FAIS Act - Sec 13(2) FAIS Act - Sec 14 BN 194 of 2017 - Sec 52
16	<b>Debar representatives that have failed to comply with any provision of the FAIS Act in a material manner</b>	1	Define the purpose of debarment	K	FAIS Act - Sec 14
		2	Describe when debarment should be considered.	K	FAIS Act - Sec 13(2) FAIS Act - Sec 14

Task No	Task	QC	Qualifying Criteria	Knowledge (K) or Skill (S)	Legislation Reference/Motivation
					BN 194 of 2017 - Sec 7 BN 194 of 2017 - Sec 12 Guidance Note on Debarment
		3	Check that the employment/mandatory agreement with representatives include scope of activities as a representative and reasons for possible debarment	S	FAIS Act - Sec 14
		4	Explain the debarment process that should be followed in the event of a possible contravention of the FAIS Act	K	FAIS Act - Sec 14 BN 82 of 2003 - Sec 2 GCOC – Sec 20(c) BN 194 of 2017 - Sec 8 Guidance Note on Debarment
		5	Confirm that all role players in the FSP are informed about the reasons why debarment would be considered, the process that would be followed and any recourse that a representative may have	S	FAIS Act - Sec 14 BN 82 of 2003 - Sec 2
		6	Verify that there are internal processes and procedures in place for the debarment of representatives	S	FAIS Act - Sec 14 FAIS Act - Sec 14 GCOC – Sec 20
		7	Explain the timeframe and process to notify the Financial Sector Conduct Authority of a debarment	K	FAIS Act - Sec 14 FAIS Act - Sec 14(4)(d) FAIS Act - Sec 13(2) Guidance Note on Debarment

**Regulatory Exam: 5**

**Description: RE 5: Regulatory Examination: Representatives in all Categories of FSP's**

Task No	Task	Qualifying Criteria	Knowledge (K) or Skill (S)	Motivations
1.	<b>Demonstrate understanding of the FAIS Act as a regulatory framework</b>	1. Describe the FAIS Act and subordinate legislation.	K	GCOC – Definition of Direct Marketing FAIS Act - Sec 1 Definitions FAIS Act - Sec 14 FAIS Act - Preamble
		2. Provide an overview of the financial services and different types of financial products a Representative can deal with.	K	FAIS Act - Sec 1 Definition of Financial Product FAIS Act - Sec 1 Definition of Intermediary Services FAIS Act - Sec 1 Definition of Advice
		3. Apply knowledge of the financial products within the financial services environment.	S	FAIS Act - Sec 1 Definition of Financial Product FAIS Act - Sec 7(3) Long-term Insurance Act - Sec 1 Definition of Long Term Policy
		4. Describe the role and function of a Compliance Officer.	K	FAIS Act - Sec 17 FAIS Act - Sec 17(1) FAIS Act - Sec 17(1)(c) FAIS Act - Sec 17(4) FAIS Act - Sec 18 FAIS Act - Sec 18(d) FAIS Regulations - Reg 5 FAIS Regulations - Reg 5(1) FAIS Regulations - Reg 5(3) GCOC - Sec 3(1)
2.	<b>Contribute towards maintaining a FSP license.</b>	1. Explain the requirements a FSP must meet to maintain a FSP licence.	K	FAIS Act - Sec 8 FAIS Act - Sec 8(2) & (4) FAIS Act - Sec 9 FAIS Act - Sec 9(1) FAIS Act - Sec 9(2) FAIS Act - Sec 9(3) FAIS Act - Sec 9(4) FAIS Act - Sec 11 FAIS Act - Sec 13 FAIS Act - Sec 19 FAIS Act - Sec 41(2) BN 123 of 2009 - Sec 3 Licensing Conditions
		2. Assist in maintaining a FSP licence by executing the required actions as a Representative, in terms of the Act.	S	FAIS Act - Sec 1 Definition of Representative FAIS Act - Sec 1 Definition of Intermediary Services FAIS Act - Sec 8 & 8(1) & 8(8) FAIS Act - Sec 13(1) & 13(2) FAIS Act - Sec 17(4) GCOC - Sec 2 GCOC - Sec 21
		3. Discuss the requirements around the display of licences.	K	FAIS Act - Sec 8(8)
		4. Explain the implications for a Representative if an accreditation is suspended or withdrawn or lapsed in terms of the Medical Schemes Act, 1998, or any other enabling legislation	K	FAIS Act - Sec 8(7) FAIS Act - Sec 9 FAIS Act - Sec 9(1)(b) FAIS Act - Sec 9(2) FAIS Act - Sec 11

Regulatory Exam: 5

Description: RE 5: Regulatory Examination: Representatives

Task No	Task	Qualifying Criteria	Knowledge (K) or Skill (S)	Motivations
		5. Explain what is meant by "undesirable practices."	K	FAIS Act - Sec 34 FAIS Act - Sec 34(2) FAIS Act - Sec 34(6)
		6. Check that the execution of duties and actions as a Representative does not constitute undesirable business practices.	S	FAIS Act - Sec 34
		7. Describe the implications for a Representative if the Authority declares a business practice to be undesirable.	K	FAIS Act - Sec 34 FAIS Act - Sec 34(2) FAIS Act - Sec 34(4)
		8. Explain the reparation measures available to the Authority if a Representative continues with undesirable business practices.	K	FAIS Act - Sec 34 FAIS Act - Sec 34(5) & (6) FAIS Act - Sec 36
		9. Describe the offenses prescribed by the FAIS Act	K	FAIS Act - Sec 36
3.	Define the role of the key individual in terms of the FAIS Act.	1. Describe the roles and responsibilities of key individuals as defined in the FAIS Act.	K	FAIS Act - Sec 1 Definition of Key Individual FAIS Act - Sec 18 FSB Guidance Note on Key Individual GCOC - Sec 11
		2. Describe the regulated management and oversight responsibilities of a key individual	K	FAIS Act - Sec 1 Definition of Key Individual FAIS Act - Sec 7(3) FAIS Act - Sec 18 BN 194 of 2017 – Sec 8 BN 194 of 2017 – Sec 12
		3. Explain the implications for a Representative should a key individual no longer meet the honesty, integrity and good standing requirements	K	FAIS Act - Sec 8(4) FAIS Act - Sec 9(1) FAIS Act - Sec 13 FAIS Act - Sec 14 Licence conditions
4.	Adhere to the specific Codes of Conduct.	1. Describe the general and specific duties of a provider.	K	GCOC - Sec 2 GCOC - Sec 3 GCOC - Sec 3(1) GCOC - Sec 3(3) GCOC - Sec 7 GCOC - Sec 8(1) GCOC - Sec 10 GCOC - Sec 12 FAIS Act - Sec 17(4)

Regulatory Exam: 5

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Task No	Task	Qualifying Criteria	Knowledge (K) or Skill (S)	Motivations
		2. Describe what could possibly be a conflict of interest.	K	GCOC - Sec 3A GCOC - Sec 3(1)
		3. Define the requirements and impact of the disclosure rules on the FSP.	K	GCOC - Sec 5 GCOC - Sec 5(e) GCOC - Sec 14
		4. Apply the requirements of the General Code of Conduct for FSPs and Representatives.	S	GCOC - Sec 8(1) GCOC - Sec 14
		5. Explain the disclosures that need to be made by a Representative before rendering a financial service.	K	FAIS Act - Sec 13(1) GCOC - Sec 4 GCOC - Sec 4(1)(d)(ii)
		6. Explain disclosures that must be made by a Representative when rendering a financial service.	K	GCOC - Sec 2 GCOC - Sec 4 GCOC - Sec 4(1) GCOC - Sec 5 GCOC - Sec 7 GCOC - Sec 7(1)(a)
		7. Describe the required disclosures regarding the provider, product supplier and financial service.	K	GCOC - Sec 4 GCOC - Sec 5 GCOC - Sec 4(1) GCOC - Sec 7 GCOC - Sec 7(1)
		8. Explain the specific disclosure requirements regarding fees and commission.	K	GCOC - Sec 7 GCOC - Sec 7(1) GCOC - Sec 7(1)(c)
		9. Apply disclosure requirements in terms of financial services.	S	GCOC - Sec 7 GCOC - Sec 7(1)(c) GCOC - Sec 7(4) GCOC - Sec 8(4) GCOC - Sec 15(3) GCOC - Sec 21
		10. Explain the process of advice that should be followed by a Representative.	K	GCOC - Sec 8 GCOC - Sec 8(1) GCOC - Sec 8(4)
		11. Explain the requirements when a Representative receives custody of financial products and funds.	K	GCOC - Sec 10 GCOC - Sec 10(1) GCOC - Sec 10(1)(b) GCOC - Sec 10(1)(d)
		12. Explain the manner in which complaints are to be handled by a Representative as required by the General Code of Conduct for FSPs and Representatives.	K	FAIS Act - Sec 20 GCOC - Sec 16 GCOC - Sec 19 BN 81 of 2003 - Rule 6(b)
		13. Follow the complaints procedures and processes that are in place for Representatives.	S	GCOC - Sec 16 GCOC - Sec 16(1) GCOC - Sec 19 FAIS Act - Sec 27(3)

Regulatory Exam: 5

Description: RE 5: Regulatory Examination: Representatives

Task No	Task	Qualifying Criteria	Knowledge (K) or Skill (S)	Motivations
		14. Explain the requirements of the General Code of Conduct for FSPs and Representatives relating to the termination of an agreement	S	GCOC - Sec 20 GCOC - Sec 20(a) GCOC - Sec 20(c)
5.	Comply with regulated record keeping requirements.	1. Explain the record keeping obligations by a Representative as prescribed by the FAIS and FIC Acts.	K	FAIS Act - Sec 13(2) FAIS Act - Sec 13(3) FAIS Act - Sec 13(4) FAIS Act - Sec 18 FAIS Act - Sec 18(b) FAIS Act - Sec 18(d) FICA - Sec 22 & 23 & 24 FICA - Sec 29(1) GCOC - Sec 3 GCOC - Sec 3(2) GCOC - Sec 3(2)(a) & (c) GCOC - Sec 3(2)(b) & (d) GCOC - Sec 3(3) GCOC - Sec 8(4) GCOC - Sec 9 & 9(1) Representative Register BN 194 of 2017 - Sec 37(2)(b)
		2. Carry out the record keeping and retrieval of records functionality correctly.	S	GCOC - Sec 10(1) BN 194 of 2017 - Sec 39(2)
6.	Comply with the requirements of the FIC Act and Money Laundering and Terrorist Financing control regulations, as it applies to the FSP.	1. Explain the requirements specific to an FSP prescribed by the FIC Act	K	FIC Act Preamble FIC Act Schedule 1 FIC Act Schedule 3 FIC Act - Sec 3 FIC Act - Sec 21 FIC Act - Sec 21(1) FIC Act - Sec 22 FIC Act - Sec 43 FIC Act - Sec 43(a) FIC Act - Sec 45(3) FIC Act - Sec 62 FIC Act - Sec 68(2) Money Laundering and Terrorist Financing control regulations - Sec 4 Money Laundering and Terrorist Financing control regulations - Sec 22A
		2. Describe how the FIC Act impacts a Representatives' interaction with a client	K	FIC Act - Sec 21(1)(a) FIC Act - Sec 22 FIC Act - Sec 29 FIC Act - Sec 29(1) Money Laundering and Terrorist Financing control regulations - Chapter 1
7.	Dealing with complaints that have been submitted to the Ombud for FSPs	1. Explain the role and authority of the Ombud for FSPs.	K	FAIS Act - Sec 1 Definition of Complaint FAIS Act - Sec 20 FAIS Act - Sec 27 FAIS Act - Sec 27(3) FAIS Act - Sec 27(3)(a) & (b) FAIS Act - Sec 27(4) FAIS Act - Sec 28 FAIS Act - Sec 28(1) FAIS Act - Sec 28(4)(a) FAIS Act - Sec 31
8.	Operate as a Representative in terms of the FAIS Act.	1. Describe the roles and responsibilities of Representatives as defined in the FAIS Act.	K	FAIS Act - Sec 1 Definition of Representative FAIS Act - Sec 1 Definition of Intermediary Services



				FAIS Act - Sec 1(3) FAIS Act - Sec 13 & 13(1) & 1(b) FAIS Act - Sec 13(2) Licensing conditions 1 Guidance note on Intermediary Services and Representatives
		2.	Apply knowledge of the role of the Representative in terms of the FAIS Act.	S FAIS Act - Sec 1 Definition of Representative and person FAIS Act - Sec 1 Definition of Advice FAIS Act - Sec 1 Definition of Intermediary Services
		3.	Explain the fit and proper requirements that apply to a Representative (honesty, integrity, good standing, qualifications, experience, knowledge tested through regulated examinations and continuous professional development)	K FAIS Act - Sec 1 Definition of Representative and person BN 104 of 2008 - Sec 3(b) BN 194 of 2017 BN 194 of 2017 - Sec 1 Definitions BN 194 of 2017 - Sec 1 Definition of Qualification BN 194 of 2017 - Sec 9 BN 194 of 2017 - Sec 12 BN 194 of 2017 - Sec 16 BN 194 of 2017 - Sec 25 BN 194 OF 2017 - Annexure 3
		4.	Distinguish between advice and intermediary services in terms of the FAIS Act.	K FAIS Act - Sec 1 Definition of Advice FAIS Act - Sec 1 Definition of Intermediary Services FAIS Act - Sec 1 Definition of Representative FAIS Act - Sec 13(4) BN 104 of 2008 - Sec 4(2)(a)
		5.	Describe the purpose and requirements of the register of Representatives.	K FAIS Act - Sec 1 Definition of Representative FAIS Act - Sec 13 FAIS Act - Sec 13(3) FAIS Act - Sec 13(4) FAIS Act - Sec 13(5) BN 163 of 2010 - Form FSP 5
		6.	Explain when a Representative should be under supervision.	K BN 104 of 2008 BN 104 of 2008 - Sec 1 Definition of Services under Supervision BN 104 of 2008 - Sec 1 Definition of Direct Supervision BN 104 of 2008 - Sec 1 Definition of ongoing level of supervision BN 104 of 2008 - Sec 3(b)(i) BN 104 of 2008 - Sec 4(2) BN 104 of 2008 - Sec 4(6)(e) BN 104 of 2008 - Sec 6(e) FAIS Act - Sec 8 BN 194 of 2017 - Sec 12 BN 194 of 2017 - Annexure One
		7.	Explain the disclosure requirements for a Representative under supervision.	K BN 104 of 2008 - Sec 4(9)
		8.	Describe the implications if a Representative no longer meets the Fit and Proper requirements	K FAIS Act - Sec 14 BN 194 of 2017 - Sec 52
		9.	Define the purpose of debarment.	K FAIS Act - Sec 14
		10.	Describe when debarment should be considered.	K FAIS Act - Sec 13 FAIS Act - Sec 13(2) FAIS Act - Sec 14 BN 82 of 2003 - Sec 2
		11.	Explain the debarment process that should be followed in the event of a possible contravention of the FAIS Act.	K FAIS Act - Sec 14 FAIS Act - Sec 14(1) & (3) BN 81 of 2003 - Sec 10 Guidance notes on Debarment
		12.	Explain what recourse a debarred Representative may have.	K BN 82 of 2003 - Sec 2(a) & 2(b) & 2(c)

