

Module # 1 – Component # 1



Execute the Required Actions as a Representative In Terms of the FAIS Act

Part # 1

Objectives

A good knowledge of this Component will ensure competency in the following specific outcomes:

1. Describe the roles, responsibilities and requirements regarding representatives as defined in the FAIS Act.
2. Describe the role and responsibilities of the key individual as defined in the FAIS Act.
3. Explain the requirements for licensing by the FSCA for the role of the representative.
4. Explain when an individual is obliged to be registered as a representative in terms of FAIS.
5. Explain the fit and proper requirements that apply to the representatives.
6. Discuss the purpose of the register of representatives.
7. Distinguish between advice and intermediary services in terms of the Act.
8. Explain when representatives can act under supervision.
9. Describe the implications if a representative does not meet all the requirements in terms of Fit and Proper by the relevant date.
10. Explain the record keeping requirements in terms of Section 18 of the FAIS Act and the General Code of Conduct.

Purpose

Before the introduction of FAIS clients who received poor advice and service from insurance agents/brokers could only try to resolve their issues by going to court and in some instances there may have been relief through an Ombud scheme. Many people never went to court because they did not have the money to do so or just simply because they did not want to go through the ordeal of a court hearing.

This chapter tells you about the measures introduced by FAIS that have changed the financial services scene. Intermediaries and FSPs have to comply with specific requirements and consumers now enjoy protection in their dealings with financial services providers.

The Purpose of the Financial Advisory & Intermediary Services Act, 37 Of 2002

"The era of properly regulated financial services has dawned, which should banish the dark ages of non-disclosure, unreadable fine print, and mis-selling."

Trevor Manuel, Minister of Finance at the launch of the Ombud for Financial Services Providers (FAIS Ombud).

Before the introduction of the Financial Advisory and Intermediary Services Act (FAIS Act), clients who felt that they received inappropriate/poor advice from insurance agents/brokers had to seek recourse through the formal court system. The basis of a claim of this nature was the concept of delictual liability. The client had to prove on a balance of probabilities that the wrongful intentional/negligent act or omission of the adviser caused damage to the client. Very few clients had the financial means, the time and the knowledge to effectively access the court system. A gap existed for a more expeditious and cost-effective way of resolving consumer complaints.

The situation was worsened by the fact that the players in the financial industry were/are all governed and regulated by different Acts:

- ☑ Banks are regulated by the Bank's Act, 94 of 1990.
- ☑ Long-term insurers are regulated by the Long-term Insurance Act, 52 of 1998.
- ☑ Short-term insurers are regulated by the Short-term Insurance Act, 53 of 1998.
- ☑ Collective investment schemes are regulated by the Collective Investment Schemes Control Act, 45 of 2002.
- ☑ Disclosures to clients were regulated by the Policyholder's Protection Rules, issued in terms of the Long-term Insurance Act, 52 of 1998
- ☑ Retirement funds are regulated by the Pension Funds Act, 24 of 1956
- ☑ Medical schemes are regulated by the Medical Schemes Act, 131 of 1998.

These Acts regulate the institutions with regard to certain aspects, but their main purpose was never the protection of the consumer as far as advice is concerned. Where a financial services provider or one of its representatives provided advice relating to a financial product to a client, the field was wide open. Further confusion arose from the fact that many of these Acts created an Ombudsman or Adjudicator to assist clients with complaints. It was not always clear where a client should lodge a complaint against poor advice.

FAIS has addressed these problems with its definition of "financial services provider", which includes (see section below) almost the entire range of financial services providers, such as insurers, agents, brokers, banks, etc. In fact, any person who as a regular feature provides financial advice as covered by the FAIS Act is included. With the introduction of a single Ombud for Financial Services Providers (FAIS Ombud), the confusion is cleared, as the consumer now knows who to complain to regarding financial advice issues.

With the introduction of the FAIS Act, the net was tightened around South Africa's financial service providers, including financial advisers. Until the introduction of the Act, anyone, even a person without any relevant skills, knowledge or qualifications could go into the business of financial advice. The introduction of the Act followed on a long list of financial scandals such as the collapse of Masterbond. Investors lost about R600 million in the Masterbond scam and the collapse of the scheme had a devastating effect on all involved. The Nel Commission of Inquiry which followed the Masterbond saga recommended that tough new legislation be put in place. The FAIS Act was created in response to that call, according to Charles Pillai, the first Ombud for Financial Services Providers.

FAIS became effective on 30 September 2004. The purpose of the Act is to regulate the rendering of all financial advisory and intermediary services to clients. Affected parties had until 15 June 2004 to register in order to be effective as from 1 September 2004 (the so-called Section 7 date).

The FAIS Act was also promulgated with the aim of changing the concept of financial broker to one of professional financial planner. To ensure that the financial planner shows reasonable care and skill when imparting financial advice to a client, the Act created the role of an Ombud to protect and advise the individual client.

The purpose of the Act therefore is:

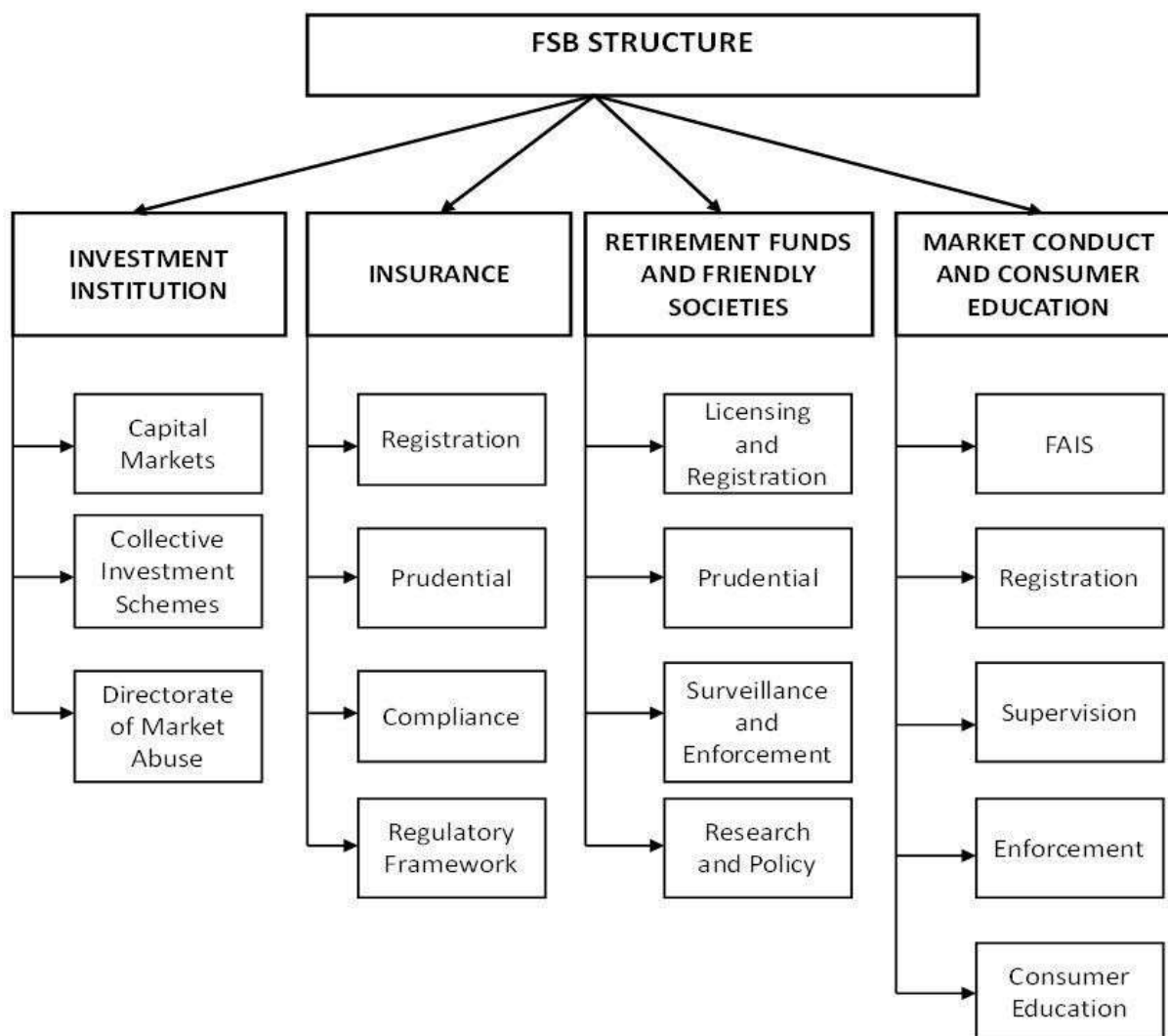
- ☒ To regulate the rendering of certain financial advisory and intermediary services to clients
- ☒ To repeal or amend certain laws
- ☒ To provide for matters incidental thereto

The regulation of advisory and intermediary services protects consumers and ensures that they are able to make informed decisions.

Financial Services Board (Now known as the Financial Sector Conduct Authority)

The Act states that the executive officer of the (Financial Services) Board is the Registrar of Financial Services Providers and the deputy executive officer of the board is the Deputy Registrar of Financial Services Providers. They have the powers and duties provided for, by or under this Act, which includes the duty to administer this Act. (Section 2)

The Financial Services Board is a unique independent institution established by statute to oversee the South African non-banking financial services industry in the public interest. The FSB is committed to promote and maintain a sound financial investment environment in South Africa.



(Source: www.fsb.co.za)

Enforcement Committee and Board of Appeal

The Enforcement Committee (EC) is an administrative body established to adjudicate on all alleged contraventions of legislation, regulations, codes of conduct, etc. administered by the Financial Services Board. The Committee may impose unlimited penalties, compensation orders and cost orders. Such orders are enforceable as if it was a judgment of the Supreme Court of South Africa.

The FSB has stipulated effective enforcement as an important factor in its strategic plan. To aid effective enforcement, the Registrar's Enforcement Committee (EC) was established by statute in the Financial Institutions (Protection of Funds) Act, 2001. The Committee considers cases of alleged contraventions of legislation administered by the Registrar. The Committee is appointed by the Board of the FSB.

Which cases may be referred?

If the Registrar is of the opinion that any provision of any Act administered by the FSB has been contravened, he may refer the case to the EC. However, if the Registrar himself is by law empowered to impose a penalty; such case may not be referred to the EC. In other words, the Registrar and the EC do not have dual jurisdiction.

In simple cases of late submissions and returns, the Registrar retains his authority to impose penalties. Every other case of non-compliance with FSB legislation (and subordinate legislation), may be referred to the EC.

Board of Appeal

The Appeal Board first came into existence by virtue of section 26 of the Financial Services Board Act, No. 97 of 1990 (the FSB Act) and was re-established in expanded form and with amended procedures under the Financial Services Laws General Amendment Act, No 22 of 2008. The latter Act introduced sections 26A and 26B to the FSB Act which now deal with the Appeal Board, its panels and appeal proceedings.

The Appeal Board is an independent tribunal comprising members who are neither employees of the FSB nor active participants in the financial services industry.

(Source: www.fsb.co.za now www.fsca.co.za)

The Roles, Responsibilities & Requirements Regarding Representatives in Terms of FAIS

The role of a representative

The role of a representative is to provide financial services to clients for or on behalf of an FSP. In this role the representative could be an employee of the FSP. He could also provide this service in terms of any other mandatory agreement with the FSP. This means that the representative may also be a consultant, an outsourced person or a temporary employee.

Definition: Representative

A representative is any person who renders a financial service for or on behalf of a financial services provider, in terms of conditions of employment or any other mandatory agreement, but excludes a person rendering clerical, technical, administrative, legal or accounting service, which service does not require judgment on the part of that person, or does not lead a client to any specific transaction in respect of a financial product in response to general enquiries.

The following examples explain the role of a representative in practical terms.

Example 1:

John is employed by Excel Life. This agreement authorises him to provide financial services for Excel Life to clients. John is a representative for Excel Life (the authorised FSP).

Example 2:

Jack is an independent broker. He has a mandate from Excel Life. This agreement authorises him to provide financial services on behalf of Excel Life to clients. Jack is a representative for Excel Life (the authorised FSP).

Persons who do not qualify as representatives in terms of FAIS are those that provide clerical, technical, administrative, legal and accounting services, provided that their service either does not require judgement, or does not lead a client to a specific transaction in respect of a financial product.

Example 1:

Joan is a clerk in the admin department of Excel Life. She processes clients' applications for policies.

Example 2:

Wilfred is a legal consultant with Excel Life. He makes sure that all their policy contracts are legally correct.

Neither Joan nor Wilfred has to use judgment in their jobs with regard to a client's application for a policy. Their services do not lead a client to any transaction in respect of a financial product in response to general enquiries. They are not representatives.

The requirements for representatives

The representative renders an intermediary service and/or gives advice to clients on behalf of an authorised (licensed) FSP.

As such, the representative does not act for him/herself, but for the FSP – even in the case of a sole proprietor FSP – the whole business may consist of only one person, but the person fulfils various roles and in different legal and regulatory 'persona'. Representatives are appointed by FSPs and the FSP takes responsibility for the actions (and omissions) of the representatives.

It is therefore very important that the FSP ensures that the representatives, who act on its behalf, meet all the regulatory requirements.

Representatives need to be able to provide proof at all times that they are authorised to act as representatives of the FSP. In addition, the FSP has to confirm that it accepts responsibility for the activities of its representatives.

FAIS requires that representatives meet specific requirements:

- ☑ A representative must confirm to clients (as certified by the FSP) that he has an **employment or mandate agreement with the FSP**, to represent the FSP and
- ☑ that the **FSP accepts responsibility for the activities of the representative** performed in terms of the agreement.
- ☑ If a representative was **debarred**, s/he can only operate as a representative again if the **procedures for reappointment of debarred representatives** have been followed
- A representative must be **fit and proper** as required by the FAIS Act. (We discuss this in more detail below.)
- ☑ A representative **may work under supervision** while obtaining the required experience requirements, subject to certain conditions.
- ☑ A representative must **comply with the FAIS Act** and other **relevant laws** which apply to the conduct of business. (We discuss compliance with the General Code in more detail below).

- ☒ If a representative also acts as a Key Individual, it follows that the representative will also have **those responsibilities**, in addition to the representative responsibilities.

The responsibilities of representatives

Section 16 of the FAIS Act requires that the Registrar must draft a Code of Conduct for authorised financial services providers. This has been done and the General Code of Conduct requires that financial service providers and their representatives fulfil the following responsibilities:

- ☒ They have to act honestly and fairly, and with due skill, care and diligence, in the interests of clients and the integrity of the financial services industry.
- ☒ When representations are made or information provided to a client, it must be factually correct; it must be provided in plain language; it should not be misleading; it must be adequate and appropriate given the level of knowledge of the client and it must be provided timeously so as to afford the client reasonably sufficient time to make an informed decision.
- ☒ They must have and effectively employ the resources, procedures and appropriate technological systems for the proper performance of professional activities.
- ☒ They should obtain appropriate and available information regarding clients' financial situation, financial product experience and objectives in connection with the financial service required.
- ☒ They have to act with caution and treat clients fairly in a situation of conflicting interests.

This Code of Conduct also contains particular responsibilities relating to:

- ☒ The making of adequate disclosures of material information, including disclosures of actual or potential own interests in relation to dealings with clients
- ☒ Adequate and appropriate record-keeping
- ☒ Avoidance of fraudulent and misleading advertising, canvassing and marketing
- ☒ Proper safekeeping, separation and protection of funds and transaction documentation of clients
- ☒ Where appropriate, suitable guarantees or professional indemnity or fidelity insurance cover and mechanisms for adjustments of such guarantees or cover by the Registrar in any particular case; and
- ☒ Any other matter that is necessary or expedient to be regulated in the code for the better achievement of the objects of the Act.

When giving advice (section 8 of the General Code), representatives/FSPs must ensure that they:

- ☒ Take reasonable steps to seek from the client appropriate and available information regarding the client's situation
- ☒ Conduct an analysis based on the information obtained
- ☒ Identify the financial product(s) that will be appropriate to the client's risk profile and needs
- ☒ Make adequate disclosures when replacing one product with another (fees, costs, consequences, special terms, etc.)
- ☒ Take reasonable steps to ensure that the client understands the advice and that the client is in a position to make an informed decision
- ☒ Keep a record of advice and provide the client with a copy.

The Requirements for Licensing by the FSB for the Role of the Representative

The FAIS Registrar (FSB) authorises a FSP to act by issuing a licence to act as authorised financial services provider.

Representatives are appointed by the FSP, either through contract of employment or through another mandate agreement. Once appointed, the FSP will authorise the representative to act on the FSP's behalf.

Representatives act on behalf of the FSP and the FSP is responsible for the actions of the Representative insofar as the representative provides a financial service in respect of financial products. As such, the FSP must maintain a register of all the representatives and Key Individuals employed or mandated by the FSP. This register must be regularly updated and be available to the registrar for reference or inspection purposes. The register must contain every representative's or key individual's name and business address, and state whether the representative acts for the provider as employee or as mandatory; and specify the categories in which such representatives are competent to render financial services. The FSP must notify the registrar in writing of the removal of names from the register within a period of 15 days after the removal.

The FAIS Registrar does not issue licences to representatives, nor does the Registrar "approve" Representatives. The FSP appoints Representatives and carries all the responsibilities in relation to ensuring that the Representatives are fit and proper and comply with legislation and the FAIS subordinate legislation in particular (like the General Code).

The FAIS Act currently provides for the following categories of licences:

Category I	FSP This category has 19 sub-categories – each has been categorised based on the types of financial products that financial services providers in that sub-category may handle.
Category II	Discretionary FSP
Category IIA	Hedge fund FSP
Category III	Administrative FSP
Category IV	Assistance business FSP

Note:

With regard to the categories in which a licence can be issued, one has to understand the following:

Long-term Insurance Category A refers to assistance policies.

Long-term Insurance Category B is split into two categories as follows:

Long-term Insurance Category B1 refers to:

- a)** risk policies which provide cover in respect of death, disability and health events, and which are not marked as investment or savings policies
- b)** investment policies (excluding fund member policies) and savings policies which guarantee a minimum return of capital invested at a specified future date or dates, and where such minimum is ascertainable in Rand terms at inception
- c)** annuities which guarantee a minimum annuity for the term policy which is ascertainable in Rand terms at inception, and any policy which combines the policy features included in paragraph a, b or c, but excludes policies mentioned in the Long-term Insurance subcategory A and C.

Long-term Insurance Category B2 refers to:

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 specific 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;

[Definition of 'Long-term Insurance subcategory B2' inserted by BN 60 of 12 May 2010]

Long-term insurance Category C refers to policies as defined in the Long-term Insurance Act, excluding fund member policies and retirement annuity policies, and policies issued to and/or in respect of preservation funds as well as policies specified in Long-term Insurance subcategory A and B. Category C policies do not necessarily offer guarantees

The Fit and Proper Requirements that Apply to Representatives

Fit and Proper requirements were published in the Government Gazette on 15 October 2008. There are four documents that together contain all the requirements and conditions to which authorised FSPs, key individuals and representatives must adhere. These are called Board Notices and they may be amended from time to time.

- ☑ Board Notice 103 of 2008 – Determination of Continuous Professional Development (CPD) Requirements, 2008
- ☑ Board Notice 104 of 2008 – the Exemption in respect of services under supervision in terms of Requirements and Conditions, 2008
- ☑ Board Notice 105 of 2008 – the Determination of Qualifying Criteria and Qualifications for Financial Services Providers, 2008; and
- ☑ Board Notice 106 of 2008 – the Determination of Fit and Proper Requirements for Financial Services Providers, 2008.
- ☑ Board Notice 60 of 2010 - Amendment of Fit and Proper Requirements, exemption of services under supervision, continuous professional development and determination of qualifications and qualifying criteria.

The table below provides a summary of the "fit and proper" requirements and how they apply to the different role-players.

Fit & Proper requirement	FSPs	FSPs (Sole Proprietors)	Key Individuals	Representatives	Compliance Officers
Honesty & Integrity	Y (directors / members)	Y	Y	Y	Y
Competency requirements	N	Y	Y	Y	Y
Experience requirements	N	Y	Y	Y	Y
Qualifications	N	Y	Y	Y	Y
Regulatory Examinations (RE Exams)	N	Y	Y	Y	Y
Continuous Professional Development (CPD)	N	Y	Y	Y	Y
Operational ability	Y	Y	Y	N	Y
Financial soundness	Y	Y	N	N&Y juristic representative required	Y

For the purpose of this module we shall only discuss those fit and proper requirements that are applicable to representatives. These requirements can be summarised as follows:

Fit and Proper Requirements for representatives

Any key individual and/or representative of an FSP must:

- ☒ Be a person who is honest and has integrity
- ☒ Comply with the applicable minimum experience requirements
- ☒ Have the relevant qualification as prescribed
- ☒ Have successfully passed the relevant first and second level Regulatory Examinations
- ☒ Comply with the CPD requirements as set out

Personal character qualities of honesty and integrity

A person who wants to be authorised as an FSP, key individual or representative has to show that he is an honest person who has integrity. In other words, he has to show that his behaviour is always uncorrupted, fair and upright. It is the responsibility of the FSP to confirm a person's honesty and integrity before he is appointed as a representative.

In determining whether an FSP, key individual or representative complies with this requirement, the Registrar may refer to any information in his possession or brought to his attention. The following factors constitute clear (*prima facie*) evidence that an FSP, key individual or representative does not qualify as a person who is honest and has integrity.

Factor 1:

If a person has, within a period of five years preceding the date of the application, been found guilty in any criminal or civil proceedings by a court of law (whether in the republic or elsewhere) of having acted fraudulently, dishonestly (e.g. having stolen money from an employer), unprofessionally, dishonourably or in breach of a fiduciary duty (breach of trust).

Factor 2:

If a person has, within a period of five years preceding the date of application, been found guilty by any professional or financial services industry body (whether in the Republic or elsewhere) recognised by the Board, of an act of negligence, dishonesty, incompetence or mismanagement.

Factor 3:

If a person has, within a period of five years, preceding the date of application, had a licence refused, suspended or withdrawn by any regulatory or supervisory body (e.g. the FSB) on account of an act of dishonesty, negligence, incompetence or mismanagement.

Factor 4:

If a person has, within a period of five years preceding the date of application, been refused admission to a statutory professional or voluntary body on account of dishonesty, negligence, incompetence or mismanagement.

Factor 5:

If a person has, within a period of five years preceding the date of application, been found guilty by any regulatory or supervisory body (inside or outside the country) of an act of dishonesty, negligence, incompetence or mismanagement of sufficient importance.

Factor 6:

If a person has at any time been disqualified or prohibited by any court of law from taking part in the management of any company irrespective of whether this disqualification has since been lifted or not.

What is the importance of being a person who is honest and has integrity? Think of the key role that a representative fulfils in advising clients on their financial matters. In the process the representative will also receive money from clients and has to complete forms on behalf of clients. Clients rely on representatives to guide them honestly in the process of providing important financial services advice.

The following example, taken from the Guide on "Fit and Proper Requirements in Plain Language for Representatives" (downloaded from www.fsb.co.za on 20 October 2009) illustrates the importance of honesty and integrity.

Example:

A large financial services provider (FSP) initiated a disciplinary hearing against one of its representatives, after a forensic investigation revealed that the representative had copied clients' signatures and pasted them on the policy application forms.

The clients concerned confirmed that although the representative had contacted them regarding the insurance policies and that they had agreed to invest in the policies, they did not sign the application forms. One client also indicated that he had signed blank documentation given to him by the representative.

During the disciplinary hearing the representative admitted that he had taken a "short-cut" by reproducing the clients' signatures by copying and pasting the signatures onto the application documents, as he was under severe financial pressure and needed to get business on the books to ensure that he received an income in the immediate future. He further stated that his actions were not malicious as the clients had agreed to invest in the policies and he had merely reproduced the clients' signatures to save time.

The representative was found guilty of fraud and misrepresentation. The FSP dismissed the representative and debarred him under section 14 of the FAIS Act based on the fact that the representative did not comply with the honesty and integrity requirements. A consequence of his debarment is that he will, for at least 12 months from the date of debarment, not be able to be reappointed as a representative of another FSP.

Even after the 12 month period has lapsed, he will have to provide evidence that:

- a)** the defect of character that led to him being debarred no longer exists
- b)** he has, inter alia, undergone a genuine, complete and permanent reform
- c)** if appointed as a representative, he will in future conduct himself honourably and will be someone who can be trusted to carry out the duties of a representative in a satisfactory manner as far as clients and members of the public are concerned.

Evidence of being an honest person and having integrity is not only a requirement on appointment as a representative, but it is an ongoing requirement. Representatives have a duty to report if anything has happened that may change their fit and proper status. FSPs have to conduct checks in this regard and report any changes to the Registrar. The FSP must also indicate to the Registrar what action they have taken in this regard.

Competency requirements

A representative must have the competence to correctly fulfil his responsibilities imposed by the Act. This means that the following requirements must be met:

- ☒ Comply with the minimum experience requirements
- ☒ Have the relevant qualifications
- ☒ Have successfully passed the relevant first and second level Regulatory Examinations as set by the Registrar
- ☒ Ongoing compliance with Continuous Professional Development (CPD) requirements.

GENERAL COMPETENCY REQUIREMENTS FOR REPRESENTATIVES

A representative, must at date of appointment by a FSP comply with the following:

- ☒ **the minimum experience requirements**
- ☒ **all the applicable required qualifications**
- ☒ **completed the relevant Regulatory Examinations**

EXCEPT IF:

The Registrar exempted a representative from any of the above while rendering a financial service under supervision.

Note:

When a person is a sole proprietor FSP he/she cannot work under supervision, and therefore has to meet all the above mentioned requirements before a license will be granted.

A health service representative must be accredited as a broker or apprentice broker if services are performed under supervision. Once all the qualifications, experience and Regulatory Examination requirements are met, the representative must complete CPD as required.

In certain instances, however, a representative may be exempt from these requirements while rendering financial services under supervision.

Experience requirements

A person has to have, or gain, “hands-on” experience in the category(ies) for which he is appointed. This means that he acquires knowledge, skills and expertise in a practical way by actively rendering financial services in the subcategories for which he seeks appointment.

Representatives may gain the experience whilst providing financial services under supervision and may therefore be exempted from compliance with the requirements when appointed (subject to the criteria and requirements for services under supervision). The specific experience requirements in respect of each subcategory is published in the subordinate legislation and shows the number of months/years, in a Table format, required for each subcategory, where applicable. Categories IIA and III do not have Tables because of the nature of the business.

Let's look at the Table applicable to Category I. (Published in Board Notice 106/2010, amended by BN 151/2008 and substituted by BN 60/2010):

TABLE A: CATEGORY I EXPERIENCE REQUIREMENTS FOR AN FSP AND REPRESENTATIVE

	Column One Subcategory	Column Two Advice: Minimum Experience	Column Three Services: Minimum Experience
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 year	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

Let's look at the Table applicable to FSPs and representatives in Category II.

(Published in Board Notice 106/2010, amended by BN 151/2008 and substituted by BN 60/2010)

TABLE B: CATEGORY II EXPERIENCE REQUIREMENTS FOR AN 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 scheme	2 years
2.12	Forex Investment Business	3 years
2.13	Long-term deposits	1 year
2.14	Short-term deposits	1 year

Let's look at the general experience requirements which apply to ALL representatives in ALL the categories.¹

The Representative must, on the date of appointment (by the FSP) meet the minimum experience required in the different subcategories (as described in the relevant Table).

- ☒ It must be practical experience gained in the rendering of financial services in the different Categories and the subcategories concerned, provided that:
- the experience involved the active and ongoing gaining of knowledge, skills and expertise required in terms of the Act
 - the experience was obtained through active involvement in providing financial services and could have been gained whilst working under supervision for the minimum experience period
 - the experience could have been gained within or outside the borders of South Africa
 - the experience could have been gained in intermittent periods, not more than 5 years prior to the application, and includes experience gained prior to the implementation of the FAIS Act. The dates relating to the experience must be clearly stated.

¹ Sections 4(1)(b), 4(2)(b), 4(3)(b), 4(4)(b), 4(5)(b) of BN 106

- the experience could have been gained simultaneously in multiple subcategories, provided that proof of such experience can be submitted

Now we look at the experience requirements that apply specifically for representatives for each Category.

Experience requirements for Category I representatives

All the general experience requirements must be met in relation to Category I and the subcategories concerned, and in addition:

- ☑ If the licence changes to include other financial services or other subcategories, the experience requirements of the other subcategories must be met, provided that:
 - if the change includes additional financial service (advice and intermediary service), the representative must obtain 50% of the experience requirements applicable to the additional financial services (as indicated in the applicable Table); and
 - if the change relates to an additional subcategory, the representative must obtain 100% of the experience requirements applicable to the additional subcategory (as indicated in the applicable Table).

Experience requirements for Category II representatives

All the **general experience requirements** must be met in respect of Category II and the subcategories concerned, and in addition:

- ☑ the experience could have been gained **in a team environment** where the person **participated in the process of making investment decisions while working under supervision**; and
- ☑ if **the licence changes to include the financial services in other subcategories**, the **experience** requirements of the other **subcategories** must be **met**.

Experience requirements for Category IIA representatives

All the general experience requirements must be met in respect of Category IIA, and in addition:

- ☑ the representative must have three year's practical experience in the rendering of financial services in Category IIA.

Experience requirements for Category III representatives

- ☑ All the general experience requirements must be met in respect of Category III, and in addition:
- ☑ the representative must have three years practical experience in the rendering of financial services in Category III;
- ☑ It must be practical experience gained in the rendering of financial services, as referred to in the definition of **"administrative FSP"**.

Experience requirements for Category IV representatives

- ☑ All the general experience requirements must be met in respect of Category IV, and in addition

the Representative must have **one year practical experience** in the rendering of **financial services**, as referred to in the **definition of "administration of assistance policies"** (*"administration of assistance policies" means the range of activities connected with the organising of all activities relating to assistance policies, as defined in the Long-term Insurance Act, 1998, including work in connection with maintaining administrative records and the offsetting of claims or the processing of claims on behalf of the Insurer to the extent agreed to in terms of a written mandate between the insurer and the funeral business administrator.*)

Example:

Long-term Insurance Category A requires six months' minimum experience with regard to intermediary services for the giving of advice and two months' minimum experience with regard to intermediary services.

An individual can gain experience in different categories at the same time. The experience period differs per category or sub-category.

Representatives that have not gained the required experience yet may work under supervision until such time as they meet the requirements.

Look at the following example of how this principle is applied:

Example:

Michelle worked as a representative within the Category I Securities and Instruments: Shares and Money Market Instruments sub-categories for the whole of 2002, thus gaining one year of appropriate experience.

She left work to have a baby at the beginning of 2003 and applied to return to her same company at the beginning of January 2009. Her application was approved subject to the requirement that she work under supervision from 1 January 2009 to 31 December 2010 to gain the required two years of experience for those sub-categories because her original experience took place more than five years prior to her application in 2009.

Qualifications

In the new Fit and Proper requirements, the relevance of qualifications is based on their coverage of qualifying criteria.

The qualifying criteria serve **two purposes**:

- 1)** It is used to **evaluate** the **content of the qualifications**.
- 2)** It is used to **set the standards** for the **Regulatory Examinations**.

The qualifying criteria describe what a person must know (knowledge) and what a person must be able to do (skill) in order to complete a specific task relating to giving advice and/or rendering intermediary services successfully.

A representative must meet the entry-level qualifications for his category or sub-category when appointed. He may then work under supervision until he completes the full qualification requirements.

The FAIS Registrar publishes a list of "recognised qualifications" for each category and subcategory. When a representative is responsible for more than one Category or subcategory he needs to have a qualification that meets the most onerous requirements - there is no need to have a qualification for each category or subcategory.

In order to establish which qualifications are recognised as appropriate for representatives, the qualifications must meet the qualifying criteria, also set by the Registrar and published in the subordinate legislation.

The individual may select the further qualification from the qualification list. The qualification must be completed within 6 years of appointment.

In order to understand the qualification requirements, it is crucial to identify whether one will be classified as part of the "transitional arrangements" (appointed prior to 1 January 2010) or as a "new entrant" (appointed 1 January 2010 onwards).

Types of qualifications

One of the competency requirements for fitness and propriety beyond 2010 is that the representative must have an appropriate qualification.

The FAIS Registrar publishes a list of "recognised qualifications" for each category and subcategory.

It is not possible for all qualifications to meet all the qualification criteria, and you will find that some qualifications' content meets 80% of specific criteria, and others may meet 100% of the applicable criteria.

The main reason for the differentiation and classification of qualifications is to indicate whether a person has to complete a Regulatory Examination, in addition to the qualification.

To differentiate between the qualifications, the Regulator introduced a "rating" system.

IF YOU	THEN
Have a qualification and the content meets the qualifying criteria only partially, it is recognised as a Generic (G) qualification.	You have to complete a product-specific Regulatory Examination.
Have a qualification and the content meets the qualifying criteria 80%, it is recognised as a Specific (S) qualification. This status only relates to representatives and FSPs appointed under the transitional requirements, i.e. prior to 1 January 2010.	You will be exempted from the applicable product-specific Regulatory Examination, provided that the transitional arrangements are applicable to you.
Have a qualification and the content meets the qualifying criteria 100%, it is recognised as a Specific (SP) qualification. SP status refers to post-transitional requirements, i.e. representatives, key individuals and FSP's authorised from 1 January 2010.	You will be exempted from the product-specific Regulatory Examination.

Qualifications list

The Registrar will, from time to time, after consultation with the Advisory Committee, publish an updated version of the qualification list in the Government Gazette. If a particular qualification is not on the list, application can be made to the FSB (FSCA) for recognition. (Download the form from the FSCA website.)

Examples of qualification lists:

In the example below, we are looking at a qualification that is both recognised as generic (G) and specific (S), depending on the subcategory/product category.

Remember that it is the content of the qualification that must match the qualifying criteria for the specific subcategory/product category and, based on this, the type of recognition is awarded.

The name of the qualification				The credits awarded to each qualification by SAQA are indicated here.				There are qualifications recognised for category I, II, IIA, III and IV. Always ensure that you are looking at the correct list when searching for recognised qualifications.																
Qualification title	ID/No.	Level	Credits	Category 1																				
				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	K1	
Qualifications registered on the NQF will always have a SAQA ID.				The various levels of the qualifications are indicated here.				These are five subcategories for example: 1 = Long-term Insurance subcategory A 2= Short-term Insurance Personal Lines 3= Long-term Insurance subcategory B 4=Long-term Insurance sub category C 5 = Retail pension Benefits, etc. Please note that a separate column has been added to cater specifically for key individuals.																

Below is an example of a qualification that is both recognised as generic and specific, depending on the subcategory/product category.

Remember that it is the content of the qualification that must match the qualifying criteria for the specific subcategory/product category and, based on this, the type of recognition is awarded.

The FSB will confirm the qualification as being appropriate after they have concluded that the qualifying criteria are adequately covered.

Qualification title	ID No.	Level	Credits	Category I																			
				1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	KI
National Diploma: Financial Markets	23653	6	240	G	G	G	G	G	G	G	S	S	S	S	S	S	G	G	G	G	G	G	G

The National Diploma: Financial Markets is recognised as a **generic** qualification for Long-term Insurance subcategory C.

This means that the content of the qualification does not match the qualifying criteria for Long-term Insurance subcategory C with at least 80 %, but it is still recognised as appropriate for this subcategory provided that the individual that has obtained this qualification must also complete the product specific regulatory examination for Long-term Insurance subcategory C.

The National Diploma: Financial Markets is however, recognised as **specific** to Securities and Instruments: Shares.

This means that the content of the qualification matches the qualifying criteria for Securities and Instruments: Shares with at least 80 %, and is therefore recognised as appropriate for this subcategory and will exempt a person approved / appointed during the transitional period that has obtained this qualification from completing the specific regulatory examination for Securities and Instruments: Shares.

Also note that a separate column caters specifically for key individuals to provide key individuals with clarity as to which qualifications are deemed to be appropriate for their role.

Appointment dates

There are different qualification requirements for different appointment dates. Representatives appointed between 2004 and 2009 are subject to the transitional arrangements published in the subordinate legislation. These rules determine the type of qualification which is required, as well as arrangements regarding the requirements in terms of experience, Regulatory Examinations and CPD.

Transitional arrangements:

The transitional arrangements apply to those that have been authorised, appointed or approved before 31 December 2009. Different qualifications (or skills programmes) must be achieved for the different categories, based on the list of recognised qualifications published by the Registrar (the latest list of recognised qualifications was published in Board Notice 44 on 26 March 2010). Refer to Board Notice 106 of 2008 as amended by Board notice 151 of 2008 for detailed information. Remember – we are referring to date of first appointment.

Individuals appointed or approved during 2009 should meet a specific entry level requirement:

Qualification requirement	By when
Representatives appointed up until 31 December 2007: Meet the “old” fit and proper requirements as per BN 91 of 2006. (Also referred to generally as the “credit” requirements).	31 December 2009
Representatives appointed between 1 January 2008 and 31 December 2009: This group has a choice between the following options: Option 1: Meet the “old” fit and proper requirements as per BN 91 of 2006 (Column 2 of Table E) by 30 December 2011. Option 2: Meet the “new” fit and proper requirements, i.e. select a full qualification from the list of recognised qualifications (Board Notice 105 of 2008, Annexure 2) by 31 December 2013.	

Entry level requirement	By when
Category I and IV entry level requirement: Matric, Grade 12 or an equivalent Refer to Board Notice 106 of 2008 as amended Board Notice 151 of 2008 for detailed information.	At the date of appointment / approval
Category II, IIA and III entry level requirement: Relevant Bachelor’s Degree or equivalent.	At the date of appointment / approval

Note:

Representatives who only work with sub-category 1.1 (Long-term insurance Category A) and/or subcategory 1.19 (Friendly society benefits) should only prove that they can read, write and calculate. The FSP that is their employer should be satisfied that they can perform their duties.

Beyond 2010:

Only the new fit and proper requirements apply. This would mean that:

Category I and IV

- Entry level requirement: Matric, Grade 12 or an equivalent qualification
- Obtain a full qualification from the list of recognised qualifications as per Board Notice 105 of 2008, within 6 years of appointment/approval. The 6-year period expires on 31 December of the sixth year after appointment. (Refer Part 4(6)(e) of BN 106 as amended)

Category II, IIA and III

- Entry level requirement: Relevant Bachelor's degree or equivalent from the list of recognised qualifications (as per Board Notice 105 of 2008, Annexure 2).

(Source: FSB newsletter 7 of 2009)

Regulatory Examinations

To meet the fit and proper requirements in terms of competence, representatives have to complete the relevant first and second levels Regulatory Examinations (within the prescribed dates).

These exams include a set of core examinations (known as first level Regulatory Examinations) which focus on the role and responsibilities of the representative, and what you need to know about the FAIS and FICA Act in order that you remain compliant.

In addition, there will be product specific training relating to the product category or sub-category in respect of which the FSP is authorised to render financial services. This training will be product specific and will focus on the testing of technical knowledge and skill an individual should have when dealing with these financial products.

As with qualifications, there are specific timeframes in which individuals must complete the regulatory exams successfully. All representatives must complete the relevant first level Regulatory Examinations within two years from date of first appointment. All representatives must complete the relevant second level Regulatory Examinations within six years from date of first appointment.

All representatives will be **required to complete the Regulatory Examination level 1 applicable to representatives.**

- ☑ All representatives performing financial services in relation to Category I, II, IIA, III and/or IV are required to complete the first level Regulatory Examination based on the qualifying criteria.
- ☑ Representatives appointed to provide financial services in Categories II, IIA, III and subcategories of Categories I and IV must also complete the applicable second level Regulatory Examination, except if the Registrar provided an exemption for second level Regulatory Examination in a specific subcategory.
- ☑ There is provision in the legislation that representatives may be appointed without having completed the relevant Regulatory Examination as long as the representatives work under supervision in the particular category or subcategory. The Regulatory Examination must then be completed in terms of the requirements which apply to services under supervision.
- ☑ The Registrar appointed examination bodies which are responsible for compiling the examination questions and for administering the examinations. In some instances the second level Regulatory Examination may be offered in conjunction with the first level Regulatory Examination.

Continuous Professional Development (CPD)

New Training Requirements and CPD Development for FSP's, KI's and Reps

Authorised Financial Services Providers (FSPs Key Individuals (KIs) and Representatives (Reps) must meet certain competence requirements which are set out in the Fit and Proper Requirements. The new Fit and Proper Requirements introduce a formal definition of "competence" which means "having the skills, knowledge and expertise needed for the proper discharge of a person's responsibilities in the performance of his or her functions."

The competence requirements prescribed in the new Fit and Proper Requirements have been broadened to ensure that FSPs, KIs and Reps provide a professional financial service. In this summary we look at the newly introduced class of business and product specific training requirements, as well as what FSPs must do to ensure continuous professional development (CPD).

There are some exemptions for certain FSPs, KIs and Reps and transitional arrangements for FSPs, KIs and Reps who are already authorised when the new Fit and Proper Requirements commence on 1 April 2018. Any FSP or person authorised after this date, and who does not qualify for an exemption, will have to meet the full requirements.

Class of Business Training:

What is a class of business?

The product categories that an FSP can be licensed for, have been divided into 9 broad classes, each with its own subclasses. For example, Short-term Insurance Personal Lines is a class of business with subclasses such as 'Personal Lines: Motor policy, Personal Lines: Accident and health policy', etc. Investments are another class with shares, retirement annuities and derivatives being some of the subclasses.

Class of business training must include training on the general and special characteristics of the range of financial products within the class, the typical fee structures, charges and other general risks relevant to the products in that class, appropriateness of different products or features for different types of clients, how economic factors may impact these products or the effect of applicable legislation such as tax.

Class of business training can only be provided by an accredited provider (as defined) or an education institution. Training providers will be accredited by Skills Education Training Authorities (SETA) and according to Quality Council for Trades and Occupations (QCTO) criteria.

When does the class of business training requirement commence?

The provisions which relate to class of business training commence on 1 August 2018. However, there are a number of transitional arrangements which apply – details have been provided below.

Who does class of business training apply to?

As a rule, class of business training generally applies to all FSPs, KIs and Reps. But; there are some entities that are exempted (see Figure 1).

FSPs and Reps must complete class of business training before rendering a financial service in relation to a product and KIs must, prior to managing or overseeing any financial service, complete class of business training for those classes that they are approved for.

Figure 1 – Exempt from Class of Business

Category I FSPs and KIs and Reps authorised, approved or appointed only for Long-term Insurance subcategory A and/or Friendly Society Benefits .
Category I Reps only appointed for execution of sales of Tier 1 financial products (subject to conditions)
Category I Reps only appointed for Tier 2 financial products

Transitional arrangements for FSPs, KIs and 'full' Reps

There is some relief, however, for FSPs, KIs and 'full' Reps (i.e. not under supervision), authorised prior to 1 April 2018 as their experience is recognised and they are considered to have completed the class of business training. It goes without saying, that any changes made after 1 April 2018, will require compliance with the new requirements. One of the conditions of these transitional arrangements is that Category I KIs will have to inform the Registrar of the different classes of business they currently manage and oversee across all FSPs where the KI is appointed.

Transitional arrangements for Reps under supervision

A Rep who is working under supervision on 1 April 2018 or who is appointed under supervision between 1 April and 31 July 2018, has 1 year (i.e. until 31 July 2019) to meet the class of business training requirements.

Product Specific Training:

What is product specific training?

Product specific training is training about a particular financial product, including any amendments or changes to that particular financial product. In terms of the definition, this training must include an assessment.

A lot of detail is provided about what must be included in product specific training, such as:

- ☒ the specific characteristics, terms and features of the product,
- ☒ how the product and any underlying features are structured,
- ☒ the fee structure, charges and other costs associated with the product and how these will impact on real return or benefits of the product,
- ☒ details of guarantees and risks,

- ☒ the impact of tax on benefits or real return,
- ☒ how abnormal market conditions may impact how the product performs,
- ☒ any lock-in periods,
- ☒ identity of the product supplier and providers of any underlying component as well as their good standing and regulatory status, etc.

The Registrar does not prescribe who is able to offer product specific training, but we anticipate that many product suppliers who are the experts on their products, will make this type of training available to FSPs. The regulations put the onus on the FSP to ensure that KIs and Reps have gone through product specific training, but we would strongly advise FSPs, KIs and Reps to ask the product suppliers with whom they do business whether they will be providing such training.

When does the product specific training requirement commence?

The commencement date for the product specific training requirements is 1 May 2018. However, there are again certain exemptions and transitional arrangements which FSPs must be cognisant of.

Who does product specific training apply to?

Product specific training applies to all FSPs, KIs and Reps, except:

- ☒ Category II, Category IIA or Category III – FSPs and Reps, provided they comply with all other competency requirements.
- ☒ KIs of all Categories of FSPs not giving advice; and
- ☒ Those FSPs, KIs and Reps illustrated in Figure 1 (above).

Similar to class of business training, FSPs and Reps must complete product specific training before giving advice and/or providing an intermediary service relevant to the financial product for which they are approved or appointed.

Transitional arrangements for FSPs and 'full' Reps:

FSPs and Reps (excluding Reps under supervision) who are authorised and appointed before the commencement date of the Board Notice (i.e. 1 April 2018) are deemed to have completed the product specific training only for those particular financial products that they were appointed for at that date and they must have given advice or rendered intermediary services in respect of those particular financial products. However, if there are any changes or amendments to these products, then they must complete product specific training on the amendments or changes. While this gives some relief to those who are already active in the industry, FSPs taking on new entrants as Reps will have to carefully plan for their training needs as this will require provision for additional time and costs.

Transitional arrangements for Reps under supervision:

A Rep working under supervision as at 1 April 2018, or a person appointed under supervision during April 2018, has until 31 July 2018 (i.e. three months from 1 May 2018) to comply with the product specific training requirements. Three months is not a long time, and again, we would strongly advise FSPs to contact the product suppliers with whom they do business about such training.

Record Keeping and Reporting Requirements for Class of Business and Product Specific Training:

One of the responsibilities of an FSP is to make sure that it can show that it is monitoring and tracking the competence of its KIs and Reps and that they are receiving appropriate and relevant training. FSPs must also demonstrate that the technical knowledge, skill and expertise they obtain is evaluated and reviewed as the market changes to ensure that they remain competent for the activities they perform. FSPs need to ensure that its KIs and Reps are proficient in respect of the product and understand the class of business and product specific training relevant to the products they are authorised for.

FSPs must be able to report to the Registrar if asked to do so, and therefore they must implement a Competence Register by 1 May 2018 where they must keep a record of all qualifications, regulatory exams, class of business and product specific training (provided both internally and obtained externally) and CPD.

FSPs must update the Competence Register with all class of business and product specific training completed by it, its KIs and Reps within 15 days after the training occurred and retain all information and documentation relating to the training for at least 5 years.

Continuous Professional Development:

CPD is now a reality and this means that FSPs must maintain and update the knowledge and skills that are appropriate for the activities of its Key Individuals and Reps by complying with minimum CPD requirements.

What will count for CPD?

Various requirements must be met in order to meet CPD standards. For example, the CPD activities must:

1. be relevant to the function and roles of the key individuals and Reps,
2. contribute to the skill and professional standards of the FSP,
3. address needs or gaps in the technical and generic knowledge of the KI,
4. ensure that KIs and Reps understand the environment in which they are rendering services, and
5. Take into consideration changing conditions relevant to the products for which they are authorised.

A CPD activity, in terms of the definition, must be accredited by a Professional Body who must also allocate an hourly value to the activity (or part thereof), and it must be verifiable.

It is interesting to note that product specific training (mentioned above) does not count for CPD purposes.

Who is affected by CPD?

As a general rule, the CPD requirements apply to all FSPs, KIs and Reps. But; they do not apply to Category I FSPs (including their KIs and Reps) that are authorised only to render financial services in respect of Long-term Insurance Subcategory A and/or Friendly Society Benefits.

How many CPD hours are required?

The minimum number of CPD hours per 12-month cycle that FSPs, KIs and Reps need to go through depends on how and for what they are authorised. In summary, where FSPs, KIs and/or Reps are authorised to render or oversee the rendering of financial services in:

- ☑ more than one class of business (e.g. Investments and Long-Term Insurance) they must complete a minimum of 18 hours of CPD activities (this should be the case for most Masthead members),
- ☑ more than one subclass of business within a single class of business (e.g. Motor policy and Property policy under ST Insurance: personal lines) – 12 hours of CPD activities,
- ☑ single subclass of business within one class of business must complete 6 hours of CPD activities.

There is a concession for FSPs, KIs and Reps that are authorised, approved or appointed for less than 12 months in a particular CPD cycle. In their case, they need only complete a pro-rated minimum number of CPD hours. Also, similar pro-rating will apply where a Rep is continuously absent from work if that absence is due to maternity leave; long-term illness or disability; or the representative's caring responsibilities to care for a family member who has a long-term illness or disability.

Planning and recording CPD:

Each CPD cycle will run for 12 months, from 1 June every year to 31 May of the following year and FSPs must, within 30 days after each cycle, update their CPD in their competence register. Our advice is rather to do this as and when the training takes place.

In addition to keeping these records, all FSPs must have policies and procedures that set out how they will maintain, update and develop the knowledge and skills that are appropriate for the activities of their KIs and Reps. It should also include training plans for each CPD cycle that address needs and gaps and should demonstrate that the CPD will continually improve the professional standards and practices of the FSP.

Class of Business

1.	Short-term Insurance
Subclasses	
1.1	Personal lines: Accident and health policy
1.2	Personal lines: Liability policy
1.4	Personal lines: Miscellaneous policy
1.5	Personal lines: Motor policy
1.6	Personal lines: Property policy
1.7	Personal lines: Transportation policy
1.8	Personal lines: Short-term reinsurance policy
1.9	Commercial lines: Accident and health policy
1.10	Commercial lines: Engineering policy
1.11	Commercial lines: Guarantee policy
1.12	Commercial lines: Liability policy
1.13	Commercial lines: Miscellaneous policy
1.14	Commercial lines: Motor policy
1.15	Commercial lines: Property policy
1.16	Commercial lines: Transportation policy
1.17	Commercial lines: Short-term reinsurance policy
2.	Long-term Insurance
Subclasses	
2.1	Assistance policy
2.2	Life risk policy
2.3	Life investment, policy
2.4	Fund policy
2.5	Sinking fund policy
2.6	Long-term reinsurance policy
3.	Retirement
Subclasses	
3.1	Retail Pension Benefits
3.2	Pension Fund Benefits
4.	Deposits
Subclasses	
4.1	Long-term Deposits
4.2	Short-term Deposits
4.3	Structured Deposits
5.	Securities & Investments
Subclasses	
5.1	Shares
5.2	Money market instruments
5.3	Debentures and securitised debt
5.4	Bonds
5.5	Derivative instruments, warrants, certificates or other instruments
5.6	Securities and Instruments
5.7	Participatory interests in one or more collective Investment Scheme
5.8	Participatory interest in a hedge fund
6.	Forex Investments
7.	Health Services Benefits

Tier 1 & 2

Tier 1 Financial Products	Tier 2 Financial Products
Structured Deposits	Short- term Insurance Personal Lines A1
Short- term Insurance Personal Lines	Long- term Insurance subcategory A
Short- term Insurance Commercial Lines	Long- term Insurance subcategory B1 -A
Long- term Insurance subcategory B1	Long- term Insurance subcategory B2 -A
Long- term Insurance subcategory B2	Friendly Society Benefits
Long- term Insurance subcategory C	Short-term Deposits
Retail Pension Funds Benefits	Long -term Deposits
Pension Fund Benefits	
Participatory interest in a collective investment scheme	
Participatory interest in a CIS hedge fund	
Forex Investment	
Health Service Benefits	
Shares	
Money market instruments	
Debentures and securitised debt	
Warrants, certificates and other instruments	
Bonds	
Derivative Instruments	
Securities and Instruments	