



Preparation Guide for Representatives Regulatory Exams - RE 5

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This *Preparation Guide* and the corresponding *Legislation Handbook* for the Level 1 regulatory examinations incorporate all legislative amendments as at 1 May 2018.

Together they provide a single source of reference for everything you need to know to study for your regulatory exams.

This *Preparation Guide* contains the qualifying criteria for representatives published by the FSCA. The criteria are cross-referenced to the relevant section of the *Legislation Handbook*. Each section has a shaded tab so that you can find the information easily, as follows:

		TAB A	TAB B	TAB C	TAB D	TAB E
Qualifying criteria	Knowledge OR Skill	FAIS	Code of Conduct	Fit and Proper	General	FIC

- TAB A: FAIS (Act & Regulations);
- TAB B: Code of Conduct;
- TAB C: Fit and Proper;
- TAB D: General (Acts, Board Notices & Guidance Notes); and
- TAB E: FIC (FIC Act, Regulations & Guidance Notes).

To purchase the Legislation Handbook go to www.store.lexisnexis.co.za (exact location below), Email: orders@lexisnexis.co.za or Call: 0860 765 432

(<https://store.lexisnexis.co.za/categories/financial-services/financial-services-regulation-279/legislation-handbook-for-level-1-regulatory-exams-re15-skuZASKUPG3350>)

Good luck with your studies.

Task 1: Demonstrate understanding of FAIS Act as a regulatory framework

		TAB A	TAB B	TAB C	TAB D
Qualifying criteria	Knowledge OR Skill	FAIS	Code of Conduct	Fit and Proper	General
1. Describe the FAIS Act and subordinate legislation.	K	FAIS Act: Preamble s 1 Definitions s 6A s 7 s 14 s 15 s 16 s 17(1) s 18 s 46	Definition: <i>Direct Marketing</i>		
2. Provide an overview of the financial services and different types of financial products a representative can deal with.	K	FAIS Act: s 1 Definitions: <i>Advice</i> <i>Financial Product</i> <i>Intermediary Services</i>		BN 194 of 2017 s 1 Definitions: <i>Categories of FSPs</i>	Financial products: LTI Act: s 1 Definition: <i>Assistance Policy</i> GN: Foreign currency denominated instruments GN: Deposit in the FAIS Act
3. Apply knowledge of the financial products within the financial services environment.	S	FAIS Act: s 1 Definition: <i>Financial Product</i> s 7(3) s 13(2)			Financial products: LTI Act: s 1 Definition: <i>Long Term Policy</i>
4. Describe the role and function of a Compliance Officer.	K	FAIS Act: s 17 s 17 s 17(1), 17(1)(c), s 17(4) s 18, 18(d) FAIS Regs: reg 5	s 3(1)		

Task 2: Contribute towards maintaining an FSP licence

		TAB A	TAB B	TAB C	TAB D
Qualifying criteria	Knowledge OR Skill	FAIS	Code of Conduct	Fit and Proper	General
1. Explain the requirements an FSP must meet to maintain an FSP licence.	K	FAIS Act: s 8 s 9(1) s 11 s 13 s 19 s 41(2)		BN 104/2008: s 3(b),	Licensing requirements Licensing Conditions - <i>Refer to your licence</i> Professional Indemnity BN 123 of 2009 - Sec 3
2. Assist in maintaining an FSP licence by executing the required actions as a Representative, in terms of the Act.	S	FAIS Act: s 1 Definitions: <i>Advice</i> <i>Intermediary Services</i> <i>Representative</i> s 8, 8(8) s 13(1), 13(2) s 17(4)	s 2 s 3 s 21		
3. Discuss the requirements around the display of licences.	K	FAIS Act: s 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: s 8(7) s 9, 9(1)(b), 9(2) s 11			
5. Explain what is meant by “undesirable practices”	K	FAIS Act: s 34			
6. Check that the execution of duties and actions as a Representative does not constitute undesirable business practices.	S	FAIS Act: s 34			
7. Describe the implications for a Representative if the Registrar declares a business practice to be undesirable.	K	FAIS Act: s 34 s 36(a)			
8. Explain the reparation measures available to the Registrar if a Representative continues with undesirable business practices.	K	FAIS Act: s 34, 34(5) & (6) s 36			

Task 2 continued: Contribute towards maintaining an FSP licence

		TAB A	TAB B	TAB C	TAB D
Qualifying criteria	Knowledge OR Skill	FAIS	Code of Conduct	Fit and Proper	General
9. Describe the offences prescribed by the FAIS Act	K	FAIS Act: s 31 s 36 FAIS Regs: reg 3			

Task 3: Define the role of the key individual in terms of the FAIS Act.

		TAB A	TAB B	TAB C	TAB D
Qualifying criteria	Knowledge OR Skill	FAIS	Code of Conduct	Fit and Proper	General
1. Describe the roles and responsibilities of key individuals as defined in the FAIS Act.	K	FAIS Act: s 1 Definition: <i>Key Individual</i>	s 11		Key Individuals: GN: Key Individuals
2. Describe the regulated management and oversight responsibilities of a key individual.	K	FAIS Act: s 1 Definition: <i>Key Individual</i> s 17(5) s 18		BN 194 of 2017: s 8 s 12	
3. Explain the implications for a Representative should a key individual no longer meet the good standing, honesty and integrity requirements.	K	FAIS Act: s 8(4) s 9(1) s 13 s 14 s 19(1), (2) & (4)			Licensing requirements Licensing Conditions - <i>Refer to your licence</i>

Task 4: Adhere to the specific Codes of Conduct

		TAB A	TAB B	TAB C	TAB D
Qualifying criteria	Knowledge OR Skill	FAIS	Code of Conduct	Fit and Proper	General
1. Describe the general and specific duties of a provider.	K	FAIS Act: s 17(4)	s 2 s 3 s 3(1) & (3) s 7 s 8(1) s 10 s 12		
2. Describe what could possibly be a conflict of interest.	K		s 3(1) s 3A		
3. Define the requirements and impact of the disclosure rules on the FSP.	K		s 4(4) s 5, 5(e) s 7 s 14		
4. Apply the requirements of the General Code of Conduct for FSPs and Representatives.	S		s 3 s 4 s 5 s 7 s 8 s 14		
5. Explain the disclosures that need to be made by a Representative before rendering a financial service.	K	FAIS Act: s 13(1)	s 4, 4(1)(d)(ii) s 5 s 7		
6. Explain disclosures that must be made by a Representative when rendering a financial service.	K		s 2 s 4, 4(1) s 5 s 7, s 7(1)(a) & (c)(iii)(bb)		
7. Describe the required disclosures regarding the provider, product supplier and financial service.			s 4, s 4(1) s 5 s 7, 7(1) s 15(3)		

Task 4 continued: Adhere to the specific Codes of Conduct		TAB A	TAB B	TAB C	TAB D
Qualifying criteria	Knowledge OR Skill	FAIS	Code of Conduct	Fit and Proper	General
8. Explain the specific disclosure requirements regarding fees and commission.			s 7, 7(1), 7(1)(c)(iii)(bb)		
9. Apply disclosure requirements in terms of financial services.			s 7, 7(1), 7(1)(c), 7(4) s 8(4) s 21		
10. Explain the process of advice that should be followed by a Representative.			s 7(1) s 8, 8(1) & (4)		
11. Explain the requirements when a Representative receives custody of financial products and funds.	K	FAIS Act: s 19(1) & (3)	s 10 s 10(1), 10(1)(b) & (d), 10(3)		Professional Indemnity: BN 123 of 2009: s 3(b)
12. Explain the manner in which complaints are to be handled by the industry as required by General Code of Conduct for FSPs and Representatives.	K	FAIS Act: s 20 s 27	s 8(4) s 16, 16(2) s 19		Fais Ombud: BN 81 of 2003: s 6(b)
13. Follow the complaints procedures and processes that are in place for Representatives.	S	FAIS Act: s 27(3)	s 16, 16(1) s 19		
14. Explain the requirements of the General Code of Conduct for FSPs and Representatives relating to termination of an agreement.	K		s 20, 20(a) & (c)		

Task 5: Comply with regulated record keeping requirements.		TAB A	TAB B	TAB C	TAB D	TAB E
Qualifying criteria	Knowledge OR Skill	FAIS	Code of Conduct	Fit and Proper	General	FIC
1. Explain the record keeping obligations by a Representative as imposed by the FAIS and FIC Acts.	K	FAIS Act: s 13(2), (3) & (4) s 18, 18(b) & (d)	s 3, 3(2) & (3) s 9, 9(1) s 14(2) s 15(5) s 16(2)(b)	BN 194 of 2017: s 37	Licensing: Representative register	FIC Act: s 23 s 24
2. Carry out the record keeping and retrieval of records functionality correctly.	S		s 10(1)			FIC Reg: Chapter 4

Task 6: Comply with the requirements of the FIC Act and Money Laundering and Terrorist Financing control regulations, as it applies to the FSP.

		TAB A	TAB B	TAB C	TAB D	TAB E
Qualifying criteria	Knowledge OR Skill	FAIS	Code of Conduct	Fit and Proper	General	FIC
1. Explain the requirements specific to an FSP prescribed by the FIC Act.	K					FIC Act: Preamble s 21, 21(1) s 22 s 43, 43A s 45(3) s 62 s 68(2) Schedule 1 Schedule 3 FIC regs: Reg 22A Reg 24
2. Describe how the FIC Act impacts a Representatives' interaction with a client.	K					FIC Act: s 22 s 29, 29(1)

Task 7: Dealing with complaints that have been submitted to the Ombud for FSPs

		TAB A	TAB B	TAB C	TAB D
Qualifying criteria	Knowledge OR Skill	FAIS	Code of Conduct	Fit and Proper	General
1. Explain the role and authority of the Ombud for FSPs.	K	FAIS Act: s 1 Definition: <i>Complaint</i> s 27, s 27(3), 27(3)(a) & (b), 27(4) s 28, 28(1) & (4)(a) s 31			

Task 8: Operate as a representative in terms of the FAIS Act.

		TAB A	TAB B	TAB C	TAB D
Qualifying criteria	Knowledge OR Skill	FAIS	Code of Conduct	Fit and Proper	General
1. Describe the roles and responsibilities of Representatives as defined in the FAIS Act.	K	FAIS Act: s 1 Definition: <i>Intermediary services Representative</i> s 13, 13(1), 13(1)(b), 13(2)	s 2		Representatives: GN: Intermediary Services & Representatives Licensing requirements: Licence Conditions - <i>Refer to your licence</i>
2. Apply knowledge of the role of the Representative in terms of the FAIS Act.		FAIS Act: s 1 Definitions: <i>Advice</i> <i>Intermediary services</i> <i>Person</i> <i>Representative</i>			Representatives: GN: Intermediary Services & Representatives
3. Explain the fit and proper requirements that apply to a Representative (good standing, honesty, integrity, qualifications, experience, knowledge tested through regulated examinations and continuous professional development)		FAIS Act: s 1 Definitions: <i>Person</i> <i>Representative</i>		Fit and Proper: BN 104 of 2008: s 3(b) BN 194 of 2017: s 1 Definition: <i>Qualification</i> s 9 s 12 s 16 s 25 Annexure 3	
4. Distinguish between advice and intermediary services in terms of the FAIS Act.		FAIS Act: s 1 Definitions: <i>Advice</i> <i>Intermediary Services</i> s 1(3)(b) s 13(4)		BN 104 of 2008: s 4(2)(a)	Representatives: GN: Intermediary Services & Representatives
5. Describe the purpose and requirements of the register of Representatives.	K	FAIS Act: s 1 Definition: <i>Representative</i> s 13, 13(3), (4) & (5)			

Task 8 continued: Operate as a representative in terms of the FAIS Act.

		TAB A	TAB B	TAB C	TAB D
Qualifying criteria	Knowledge OR Skill	FAIS	Code of Conduct	Fit and Proper	General
6. Explain when a representative should be under supervision.	K	FAIS Act: s 8		BN 104 of 2008: s 1 Definitions: <i>Direct Supervision</i> <i>Ongoing level of supervision</i> <i>Services under Supervision</i> s 3(b)(i) s 4(6)(e) s 6(e) BN 194 of 2017: s 12	
7. Explain the disclosure requirements for a representative under supervision	K	FAIS Act: s 13(1)	s 3 -5 s 7 - 9	BN 104 of 2008: s 4(9)	
8. Describe the implications if a representative no longer meets the Fit and Proper requirements.	K	FAIS Act: s 14		BN 194 of 2017: s 52	
9. Define the purpose of debarment.	K	FAIS Act: s 14			
10. Describe when debarment should be considered.	K	FAIS Act: s 13, 13(2) s 14			
11. Explain the debarment process that should be followed in the event of a possible contravention of the FAIS Act.	K	FAIS Act: s 14, 14(1)	s 20(c)		FSR Act: s 153 - 155 FAIS Ombud: BN 81 of 2003: s 10 Debarment: GN: s 14(1) Debarment process
12. Explain what recourse a debarred Representative may have.	K	Act: s 39			FSR Act: s 218 - 235 Debarment: BN 82 of 2003: s 2 GN: Reappointment of debarred reps Labour Relations Act: s 1(9)