Continuous Professional Development (CPD)

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The Essentials of CPD

by Paul Kruger on 22 February 2018

What is CPD?

Advisers will be obliged to perform CPD activities during a “CPD cycle”. This is a period of 12 months commencing on 1 June of every year and ending 31 May of the following year, starting on 1 June 2018.

A “CPD activity” is a verifiable activity that is accredited by a professional body who also allocates an hour value or a part thereof to the activity. Activities performed towards a qualification and “product specific training” does not qualify for CPD points, but “class of business” training does.

Who is liable?

Under the old dispensation, CPD would logically have followed after completion of the level 1 and 2 regulatory exams. The latter has now been replaced by “Class of Business” and “Product Specific” training. Anyone not working under supervision as at 1 April 2018 is exempt from the last two, except where they add a new class of business, or where there are changes to a specific product they advise on. This means that they will become liable to perform the required number of hours’ CPD activities towards their first CPD cycle, starting on 1 June 2018, and ending 31 May 2019.

The expectation is that those appointed after 1 April 2018, as well as those working under supervision on this date, will become liable for CPD activities only after completing their other competency obligations under the Fit and Proper Determination.

The following people are specifically excluded from CPD training:

- a category I FSP, its key individuals and representatives authorised who only render financial services in respect of the financial products: Long-term Insurance subcategory A and/or Friendly Society Benefits; and
- a representative of a Category I FSP that is appointed to only render a financial service in respect of a Tier 2 financial product; and/or render an intermediary service in respect of a Tier 1 financial product.

General requirements

A FSP, key individual and representative must maintain the required competence to render the financial services for which it is authorised. In order to do this, it must comply with the minimum CPD requirements set out below.

In addition you have to ensure that the type and combination of CPD activities undertaken are relevant to the functions and roles you perform, contribute to the skill, knowledge, expertise and professional and ethical standards required and address any identified needs or gaps in:

- the technical knowledge of the FSP, key individual and representative;
- the generic knowledge and understanding of the environment in which the financial service is rendered or managed or overseen;
- the knowledge and understanding of applicable laws; and
- adequately takes into account changing internal and external conditions relevant to and the financial products for which the FSP and its members are authorised.

Specific CPD requirements

A FSP must establish and maintain policies and procedures on CPD that indicates how the FSP, key individual and representative will –

- maintain knowledge and skills that are appropriate for their activities and responsibilities;
- update their knowledge and skills; and
- develop new knowledge and skills to assist with their current functions and responsibilities or functions contemplated in the future;

In addition training plans must be drawn up for each CPD cycle to ensure that CPD –

- is relevant and appropriate for the services rendered by the FSP, key individual and representative;

- addresses any identified needs, knowledge and skills gaps; and
- continually improves the professional standards and practices of the FSP, its key individuals and representatives.

Minimum CPD hours

This is determined by the make-up of your business. Where you render:

- a single subclass of business within a single class of business, you must complete a minimum of 6 hours of CPD activities per CPD cycle;
- more than one subclass of business within a single class of business, you must complete a minimum of 12 hours of CPD activities per CPD cycle; and
- more than one class of business you must complete a minimum of 18 hours of CPD activities per CPD cycle.

We strongly advise you to study the **actual details on CPD** contained in the Determination, which we have extracted for your ease of reference.

NB Please note that there are still a number of areas where the FSB will provide more practical guidelines on CPD. As always, we will keep you updated when it becomes available, so please be patient.

Class of Business (COB) & Product Training

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