



Financial Intermediaries Association
of Southern Africa

FIT AND PROPER REQUIREMENTS: TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT

The new Fit and Proper Requirements were published on 15 December 2017 in Board Notice 194 of 2017 and becomes operational on 1 April 2018. Some sections of the Notice take effect on later dates as will be seen below.

In these notes we focus on certain aspects of –

- Class of business training;
- Product specific training, and
- Continuous Professional Development (CPD)

Class of business training:

This means the generic training in respect of different classes of business, such as short-term insurance, long-term insurance or healthcare, which is provided and assessed by an accredited provider or education institution.

Class of business training becomes operational on 1 August 2018.

Who must do class of business training?

It applies to all FSPs who are natural persons, key individuals and representatives.

Who is deemed to have completed class of business training?

FSP who is a natural person:

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| Authorised before 01/04/2018 | Exempted, but only in respect of products authorized for before 01/04/2018 |
| Authorised between 01/04/2018 and 30/07/2018 | Must complete training within 12 months from 01/08/2018 |

Category 1 Key individual:

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|--|---|
| Approved before 01/04/2018 | Exempted, but only in respect of products the FSP was authorized for or products the KI was approved to manage or oversee before 01/04/2018 |
| Approved between 01/04/2018 and 30/07/2018 | Must complete training within 12 months from 01/08/2018 |

Representative:

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|---|--|
| Appointed before 01/04/2018 | Exempted, but only in respect of products authorized for before 01/04/2018 |
| Appointed between 01/04/2018 and 30/07/2018 | Must complete training within 12 months from 01/08/2018 |

Representative under supervision: not exempted

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|---------------------------------|---|
| Under supervision on 01/04/2018 | Must complete training within 12 months from 01/08/2018 |
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Note:

A key individual of a Category 1 FSP must within 6 months from 1 April 2018 inform the Registrar of the classes of business he/she currently manages or oversees in respect of *all* FSPs approved for.

Product specific training:

This means the training in respect of a particular financial product, including any amendments thereto, and which training must be assessed.

Product specific training becomes operational on 1 May 2018.

Who must do product specific training?

It applies to all FSPs who are natural persons, key individuals and representatives.

Who is deemed to have completed product specific training?

FSP who is a natural person:

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|--|--|
| Authorised before 01/04/2018 | Exempted, but only in respect of products authorized for before 01/04/2018 |
| Authorised between 01/04/2018 and 30/04/2018 | Must complete training within 3 months from 01/05/2018 |

Key individual:

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| Exempted, but on condition the key individual has adequate, appropriate and relevant skills, knowledge and expertise in respect of the financial services, products and functions it performs. The key individual must also comply with requirements such as honesty, integrity and good standing, minimum qualification and regulatory exams, CPD, experience and operational ability. All these competency requirements must be maintained at all times. |
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Representative:

| | |
|---|--|
| Appointed before 01/04/2018 | Exempted, but only in respect of products they were authorized for before 01/04/2018 |
| Appointed between 01/04/2018 and 30/04/2018 | Must complete training within 3 months from 01/05/2018 |

Representative under supervision: not exempted

| | |
|---------------------------------|--|
| Under supervision on 01/04/2018 | Must complete training within 3 months from 01/05/2018 |
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Note:

An FSP must –

- within 15 days after the training has occurred, *record* in the competence register of the FSP the product specific or class of business training of the FSP, its key individuals and representatives;
- *retain* all information and documentation relating to training for a period not less than five years.

Continuous Professional Development (CPD)

This broadly refers to the process of tracking and documenting the skills, knowledge and experience that you gain both formally and informally as you work, beyond any initial training. It's a record of what you experience, learn and then apply. CPD activities mean activities that are accredited by SAQA approved professional bodies such as the FPI and IISA, but *excludes* activities performed towards a qualification or product specific training.

CPD requirements become effective on 1 June 2018.

Who must do CPD?

CPD applies to all FSPs who are natural persons, key individuals and representatives.

Who is exempted?

- Category 1 FSPs, key individuals and representatives that are authorised, approved or appointed only to render financial services or manage or oversee financial services in respect of Long-term Insurance sub-category A and/or Friendly Society Benefits.
- any representative of a Category I FSP that is appointed to render a financial service only in respect of a Tier 2 financial product and/or render an intermediary service in respect of a Tier 1 financial product.

FSP obligations:

An FSP must establish and maintain *policies and procedures on CPD* that include:

- how the FSP, key individual and representative will maintain and update knowledge and skills that are appropriate for their activities and responsibilities;

- development of new knowledge and skills to assist with current and future functions and responsibilities;
- training plans for each CPD cycle to ensure that CPD is relevant and appropriate and continually improves the professional standards and practices of the FSP, its key individuals and representatives.

An FSP must record in the competence register the –

- CPD activities of the FSP, its key individuals and representatives;
- calculate the total number of CPD hours completed;
- obtain and retain relevant supporting evidence of the CPD;
- retain the evidence for a period not less than five years from the end of the CPD cycle concerned

Minimum CPD hours per CPD cycle:

- a single subclass of business within a single class of business: 6 hours
- more than one subclass of business within a single class of business: 12 hours
- more than one class of business: 18 hours

CPD cycle:

A CPD cycle commences on 1 June and ends on 31 May of each year.

Note:

FSPs, key individuals and representatives must ensure that CPD activities –

- are relevant to their respective functions and roles;
- contribute to their skill, knowledge, expertise and professional ethical standards;
- address any identified needs or gaps in their technical knowledge;
- address any identified needs or gaps in their generic knowledge and understanding of the environment in which the financial service is rendered, managed or overseen;
- address their knowledge and understanding of applicable laws.

Role of the FIA

The FIA is in the process of engaging with institutions to arrange class of business training where needed and will facilitate accredited CPD events for our members at branch level, where possible.

We will keep you updated on all developments.

30/01/2018