

# Garrun Group



## Compliance Manual

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## 1. Introduction

### A. COMPLIANCE

- Compliance plays an essential role in any organisation that is concerned about risk exposure.
- The compliance function should be an independent function within an entity, which implement and monitor the compliance risk processes in accordance with the FAIS Act.
- The ongoing changes to legislation and the introduction of new legislation, has placed greater emphasis on the formal and structured monitoring of the compliance to legal and regulatory requirements.

### B. OBJECTIVES

- To assist and guide management in discharging their responsibility to comply with applicable:
  - Statutory regulations;
  - Regulatory regulation;
  - Supervisory regulations, and
  - Good business practices.
- To demonstrate to the regulatory bodies that the organisation and its employees are fit and proper and capable of performing their services in line with FAIS;

- To facilitate the management of compliance risks;
- To avoid disciplinary actions from industry bodies;
- To minimise the possibility of civil and criminal action against the organisation.

## **B. COMPLIANCE RISK AND COMPLIANCE OFFICERS**

- Compliance Risk is the risk of legal or regulatory sanctions, financial loss and/or damage to reputation and values of an organisation when it fails to comply with all applicable laws, regulations, and codes of conduct and standards of good practice. It is clear that organisations must have a compliance strategy that is effective, which aims to identify, monitor and control risks facing the organisation.
- The purpose of the compliance officer is to facilitate the effective management of the compliance risk of a company by:
  - Implementing a compliance policy and compliance standards for the whole company;
  - Providing advice on compliance related matters;
  - Compiling a compliance manual;
  - Establish and nurture a compliance culture;
  - Promote the compliance culture through training, programmes and awareness campaigns;

- Regular reporting to the board of directors, management, Risk Committee and regulators;
  - Attend to recommendations, queries and complaints; and
  - Monitoring the level of compliance on an ongoing basis.
- 
- It is important to note:

*“Every person in the company is part of the compliance function of the entity, the compliance officer can only implement, assist, educate and monitor the compliance levels. It is up to all staff to ensure the compliance of the entity.”*

## **2. The Compliance Function**

### **A. ROLE PLAYERS**

- Although the ultimate responsibility of compliance with the legal and regulatory requirements rests with the Key Individuals, the compliance process should be seen as a multi-discipline process in which all key role-players should be involved:
  - CEO;
  - Board of Directors;
  - Risk Committee;
  - Management;
  - Compliance Officers; and

- Employees.

- **CEO**

The executive management is appointed by the board to manage the entity's business within an acceptable risk profile and to achieve sustainable profits.

- **Board of Directors**

The board is appointed by and accountable to the shareholders to lead, control and monitor the business of the entity and to provide effective "compliance" controls.

- **Risk Committee**

This is a new committee within the Garrun group. Each Branches Key Individuals as well as the groups Compliance Officers will form the Risk committee. They will meet on an annual basis to determine the risks of the organisation, ways in which they can be minimised and will arrange for effect controls and measures to be put in place. They will also review current policies and procedures and determine if they are still relevant and effective. One Key Individual of each branch will be responsible for Compliance Administration tasks as allocated by the Compliance Officers and will be obligated to report to the Compliance

Officers on the Compliance standing of their organisation periodically.

- **Management**

Management accepts responsibilities for the risks and decisions taken in their division such as the Underwriting and Claims Departments. Their specific role in the compliance process is to ensure the adherence to the compliance manual as well as other vital Garrun Group Policies.

- **Compliance Officers**

- The Compliance Officers are there to identify risks in a holistic approach, implement risk management processes and to monitor those risks management plans. The responsibilities can be divided into the following areas:
  - Setting Standards;
  - Providing Advice, guidelines and recommendations;
  - Monitoring the compliance culture and function;
  - Maintain External Relations with regulatory and other representative bodies;
  - Resolving issues of non-compliance and where they are not able, to report these instances to the FSB;
  - Training of employees on FAIS and other vital legislation;
  - Assisting in ad-hoc investigations;
  - Handling queries and complaints; and

- Performing quarterly onsite compliance visits at each branch.

- **All Employees**

They are the primary role-players in the compliance function, as their adherence to the compliance function would ensure compliance of the entity.

## **B. MONITORING OF COMPLIANCE**

- **Compliance monitoring within an entity**

- According to Brian Sharpe in "Making Legal Compliance Work" :
  - *“Effective monitoring aims to check that people are doing what they ought to be doing and that the system is operating satisfactorily, As monitoring is what frequently identifies problems, a failure to monitor adequately is likely to be regarded as showing a lack of real commitment.”*
- Normally the monitoring of compliance within an entity is initiated and regulated by statutory requirement:
  - Policyholder Protection Rules Sec 15.5:

*“Insurers and intermediaries shall, within 6 months from the date of coming into operation of these*

*Rules, ensure that they provide-*

➤ *for monitoring systems to measure compliance with these Rules"*

○ Financial Advisory and Intermediary Services Act Sec 17(1)

(a):

▪ *"Any authorised financial services provider with more than one key individual or one or more representatives must, subject to section 35(l) (c), appoint one or more compliance officers to monitor compliance with this Act by the Provider and such representative or representatives, particularly in accordance with the procedures contemplated in subsection (3), and to take responsibility for liaison with the registrar."*

○ Financial Advisory and Intermediary Services Act ('FAIS') — Regulations Sec 6

▪ *"an authorised financial services provider shall ensure that any employee to be utilised as a compliance officer —*

➤ (c) *Will, as regards the relevant business, have adequate resources available to ensure proper compliance monitoring, including as regards the activities of any representative, and have and be permitted direct access to,*

*and demonstrable support from, the senior management of the business and in respect of any representative.”*

- (f) *“Will be required to report immediately any instance of non-compliance to the provider, and be able to make recommendations to the provider as regards any aspect of the required compliance or the monitoring functions”*

- **Compliance monitoring by Regulators**

- Monitoring of compliance by the regulators normally takes place at the highest level and includes all the entities that function within the financial services industry and are subject to the specific regulator's supervision. The nature of the monitoring, as well as the process followed by the regulators, will depend on:
  - The mandate of the regulator and the profile of the specific entity in terms of the nature of its business;
  - The proven consistency of the measures implemented by the entity to enhance a culture of compliance; and
  - The relevant supervisory requirements.

- **Compliance monitoring by Management**

- Compliance monitoring by management is another kind of monitoring that should take place as part of their normal operational duties. They are primarily accountable to the board of directors for compliance and the format and nature of the monitoring and is embedded in the systems of the specific business unit.

- **Compliance monitoring by Compliance Officer**

- One of the compliance officer's responsibilities is compliance monitoring, which is a continuous process that takes place throughout the entity.
- The compliance officer should promote compliance awareness, which includes the training of business unit staff with regard to new legislation, amendments to legislation or adherence to existing requirements and act in a consulting role to management in the monitoring process.
- There are two Compliance Officers at The Garrun Group:
  - Clifford Garrun
  - Benita da Silva

- **Compliance Monitoring by the Key Individuals**

- Key Individuals are responsible for the general management

and oversight of the business and thus have a duty to make the necessary enquiries to ensure that the requisite systems, practices and culture are in place and are effective in managing all compliance risks to which the entity is exposed. It is their responsibility to oversee that the entity complies with applicable laws, regulations and supervisory requirements. They are responsible for the establishment of a Compliance Culture.

### **3. STATUTORY REQUIREMENTS**

#### **A. FAIS**

- The purpose of FAIS is to regulate the rendering of financial advisory and intermediary services to clients, thereby making the financial services industry more professional;
- In essence, providers of financial services must be licensed and must meet strict obligations if they wish to advise clients on their financial affairs;
- You can visit the Financial Services Board ('FSB') website for further information [www.fsb.co.za](http://www.fsb.co.za)

#### **i. Fit and Proper Requirements Purpose**

- The Fit and Proper Requirements have been designed to provide

the personal requirements for entering and remaining in the financial services industry as an FSP. They focus on the various individuals giving advice and those that are responsible for overseeing the provision of advice (key individuals).

- **Financial Service Providers (“FSP’s)**

- An FSP is responsible for ensuring that all individuals that are placed on its register of representatives meet the minimum requirements as detailed in the Fit and Proper tables.
- Administrative and secretarial staff is excluded, provided that they do not provide any form of advice to clients.
- Note that where administrative staff provides alternatives to transactions such as the surrendering of a product, this could be deemed as advice and the staff member would be considered a representatives.
- **Operational ability**
  - The following minimum operational requirements must be met by all FSPs:
    - A fixed business address;
    - Communication facilities (full-time telephone or mobile phone service, and typing and document duplication facilities);
    - Storage and filing systems for safekeeping of records (advice records, complaints etc.);
    - An account with a registered bank (including, where required by the Act, a separate bank account for client funds);

- Appropriate money laundering (FICA) control systems and provision for training of staff as required by FICA (either internally or using an external training provider).

- **Financial soundness**

- The following are considered to be the key indicators that the licence applicant is of sound financial standing:
  - Must **NOT** be an un-rehabilitated insolvent or under liquidation or provisional liquidation;
  - Assets (excluding goodwill and other intangible assets) should exceed applicants' liabilities (excluding loans validly subordinated in favour of all other creditors). The FSB does not prescribe by how much assets should exceed liabilities therefore as little as R1 could be considered as acceptable.

- **Key individuals**

- Based on the fact that key individuals are accountable for the advice related activities of an FSP, it stands to reason that they must also meet the Fit and Proper Requirements. Based on this requirement, FSPs should carefully consider who they appoint as key individuals- The FSB will verify that the key individual meets the Fit and Proper Requirements, whereas the FSP is responsible for verifying that the representatives are competent prior to placing their names on the register.

- **Representatives**

- All staff that provides advice (as defined) is classified as representatives and must therefore meet the Fit and Proper competence requirements.

- **Honesty and integrity**

- The FSP will consider when determining whether a person is fit and proper (but may still put an individual forward to the FSB for consideration with an appropriate motivation) whether the individual have within the previous five years:
  - been found guilty in any civil or criminal proceedings by a court of law of having acted fraudulently, dishonestly, unprofessionally, dishonourably or in breach of a fiduciary duty;
  - been found guilty of a serious act of dishonesty, negligence, incompetence, mismanagement by any professional or financial services industry body;
  - been denied membership of any professional or financial services industry body on account of a serious act of dishonesty, negligence, incompetence or mismanagement;
  - been found guilty by a supervisory body, or where its authorisation to carry on business was refused, suspended or withdrawn due to a serious act of dishonesty, negligence, incompetence or mismanagement;

- had their licence suspended or withdrawn on account of a serious act of dishonesty, negligence, incompetence or mismanagement;
  - been disqualified or prohibited (at any time in the past) by a court of law from taking part in the management of a company or another regulated body; and/or
  - Any other facts or information that may influence their decision to issue a licence to the FSP, these be disclosed at the time of licensing.
- **Competence**
    - The section on competence focuses on the experience and educational requirements of the applicant, key individuals and representatives of the FSP. The compliance officers will ensure at all times that Representatives' are aware of the competency requirements and adhere to them.
- 
- **Experience**
    - Experience means active and ongoing gaining of knowledge, skills and expertise while providing services similar or corresponding to financial services, and includes practical or on-the-job training, e.g. a representative may have acquired some of his or her experience as a new business clerk with an insurance company prior to becoming a representative. Included is experience gained overseas or over intermittent periods (Different roles in different companies).

- The following key issues apply to experience:

- **Relevance**

- At least 6 months of the experience must be relevant to the product subcategory;
- Experience can also be gained in the capacity as owner, trustee, associate, director, member, partner, employee, and consultant or otherwise of a relevant financial services business and not only in the capacity of Representative or Key Individual.

- **Supervisors**

- An exemption has been published by the FSB concerning representatives that do not meet the required experience and qualification levels detailed in the competency tables. The exemption will allow these individuals to render services under supervision until the statutory due date or until they have obtained the required experience. Another fully competent staff member would then supervise the individual concerned. It follows that whoever provides the supervision should meet the necessary Fit and Proper Requirements themselves.
- Any individual placed under supervision must enter a Supervision Agreement with their Supervisor and abide by it at all times. The Supervision Agreement will include time limits and obligations. No person can be under supervision for more than 6 (six) years.

- Application of this to Role Players:
  - Key individuals must meet these requirements at the time of licensing; and
  - Staff members cannot perform the function of a supervisor unless they meet the competency requirements.
  
- The following individuals can function as supervisors:
  - an authorised FSP;
  - a key individual;
  - a representative of the FSP who already meets the Fit and Proper Requirements.
  
- **Duties of a supervisor**
  
- In addition to meeting the Fit and Proper Requirements, supervisors must perform the following duties for the representatives they supervise:
  - They must review and assess financial services rendered by the representative on an ongoing basis, e.g. reviewing of proposals and needs analyses prior to submission to the relevant product representative;
  
  - They must conduct performance appraisals and progress assessments of financial services rendered by the representative. This may require the formal establishment of a performance

contract with the representative, detailing the performance goals and assessment criteria/ format.

○ **Qualification**

○ In an attempt to establish whether the relevant individuals hold an appropriate qualification as referred to in the Fit and Proper tables, the following must be considered:

✓ Is it an academic qualification obtained in the fields of commerce and/or commercial law, which include (not an exclusive list) modules on:

- financial accounting;
- financial markets;
- commercial law;
- insurance law;
- estate and trust law;
- similar subjects or other fields of study which equip a person to render a financial service in a specialised class of financial product.

○ Qualifications must be registered by SAQA and provided by a registered higher institution, whether local or foreign. In order to check whether a qualification is registered with SAQA, do a search on the NLRD on their website.

○ To determine if a qualification is recognised see the link below:

[http://www.fsb.co.za/Magic94Scripts/mgrqispi94.dll?APPNAME=Web&PRGNAME=BN44\\_Lists&ARGUMENTS=0,0,-N1](http://www.fsb.co.za/Magic94Scripts/mgrqispi94.dll?APPNAME=Web&PRGNAME=BN44_Lists&ARGUMENTS=0,0,-N1)

- One may also apply to have their qualification recognised.
- **Continuous Professional Development (“CPD”)**
  - One year after a Representative and/or Key Individual as achieved all the competency requirements they are required to keep their competency by CPD.
  - CPD is the process of keeping yourself informed, updated and efficient in your profession.
  - Presently, in our category, we are required to obtain 45 hours every three years for Personal lines of CPD and 60 hours every three years for commercial lines. Where one performs both these services, they are required to gain the most onerous amount of hours being 60.
  - For more on Fit and Proper requirements see the company’s debarment memorandum in Annexure A.

## ii. **General Code of Conduct**

- **General obligations**
  - Representatives must at all times render financial services honestly, fairly, with due skill, care and diligence, and in the interests of clients and the integrity of the financial services industry;

- All representations made and information provided to a client must be:
  - Factually **correct**;
  - Easily **comprehensible** with no misleading statements;
  - **Adequate and appropriate** in the light of the financial services offered and the client's financial knowledge, allowing the client sufficient time to make an informed decision;
  - **Reflected in specific monetary** terms if they pertain to amounts, sums, values, charges, fees, remuneration or monetary obligations payable to the FSP or the representative. Where the latter is not reasonably pre-determinable, the basis of calculation must be adequately described.
- Written confirmation of representations must be made where information was provided orally within 30 days of the oral representation. Representations made and information provided in writing must be in a clear and readable print size, spacing and format.
- The representative must disclose to the client and conflicts of interest. The Garrun Group has in place a Conflicts of Interest Policy (available on our website) and Registers in place.
- Services must be rendered in accordance with the contractual relationship between the parties and the reasonable requests of the client.

- Client instructions must be executed as soon as reasonably possible, with client interests accorded appropriate priority over the interests of the FSP and/or Representative.
- Client transactions must be accurately accounted for by the FSP and must be kept 5 years after termination of the relationship.

- **Record keeping**

- A FSP must be able to store and retrieve transaction documentation, and record all written communications relating to a financial service rendered to a client. Records of all clients' instructions must be reduced to writing and kept.
- All records must be kept for a period of 5 years after termination, to the knowledge of the FSP, of the product concerned or, in any other case, after the rendering of the financial service concerned.
- All records must be kept safe from destruction. As part of such a requirement, the Garrun Group has an agreement in place with Technology Unlimited to hold all data offsite for protection.
- FSP's are not required to keep the records themselves but must ensure that they are available for inspection within 7 (seven) days of the Registrar's request.

- Records may be kept in an electronic format that is readily reducible to printed form.
- An FSP may not disclose confidential information about a client or product supplier without their prior written consent, unless such disclosure is required in the public interest or under any law.
- Representations made and information provided to a client by the FSP need not be duplicated or repeated to the same client unless material or significant changes affecting that client occur, or the relevant financial service renders it necessary, in which case a disclosure of the changes to the client must be made without delay.
- In all client interactions, a representative must act honourably, professionally and with due regard to the convenience of the client.
- At the commencement of any contact initiated by the Representative, the Representative must explain the purpose of the contact.
- When comparing different financial products, product suppliers and providers a representative must make clear the differing characteristics of each.
- A FSP may not make inaccurate, unfair or unsubstantiated criticisms of any financial product, product supplier, provider or representatives.

- When rendering a financial service, a representative may not request a client to sign any written or printed form or document unless all the details which must be inserted by the client, or on behalf of the client, have already been inserted.
- An FSP must, at the request of a client, provide the client with a written statement of account in connection with any financial service rendered to the client.
- A representative must fully inform a client in regard to the completion or submission of any transaction requirement:
  - That all material facts must be accurately and properly disclosed, and that the accuracy and completeness of all answers, statements or other information provided by or on behalf of the client, are the client's own responsibility;
  - That if the representative completes or submits any transaction requirement on behalf of the client, the client should be satisfied as to the accuracy and completeness of the details;
  - Of the possible consequences of the misrepresentation or non-disclosure of a material fact or the inclusion of incorrect information;
  - That the client must, on request, be supplied with a copy or written or printed record of any transaction requirement within a reasonable time.

### iii. Compulsory Disclosures

- **Information on Provider:**

- A FSP must, at the earliest reasonable opportunity, furnish the client with the following:
  - Full business and trade names, and registration number (if any);
  - Postal and physical addresses;
  - Telephone number and cellphone numbers (if any);
  - Internet and e-mail addresses;
  - Contact details of appropriate contact persons or offices;
  - Confirmation of the legal relationship between the FSP, product suppliers and representative (if any), to make clear which entity accepts responsibility for the FSP's actions;
  - Whether a representative of a the Group is rendering services under supervision as defined in the Determination of Fit and Proper Requirements, Representatives need to confirm their contractual relationship with the licence holder;
  - Names and contact details of the relevant compliance department;
  - Details of the financial services which the FSP is authorised to provide in terms of the relevant licence and of any conditions or restrictions applicable thereto;
  - Whether the FSP holds guarantees or professional indemnity or fidelity insurance cover or not;
- The existence of a specific exemption that the Registrar may have granted to the FSP with regard to any matter covered by the Act;
  - Where information is provided orally, the FSP must confirm such

information in writing within 30 days.

- **Information on product supplier**

- A FSP must, at the earliest reasonable opportunity and only when appropriate, furnish the client with the following:
  - Name, postal and physical address and telephone numbers of product supplier;
  - Contractual relationship between the FSP and product supplier (if any), and whether the FSP has contractual relationships with other product suppliers;
  - Names and contact details of the relevant compliance and complaints department of the product supplier;
  - Existence of any conditions or restrictions imposed by the product supplier with regard to the types of financial products or services that may be provided or rendered by the FSP and representative.
  - Where applicable, the fact that the FSP:
    - directly or indirectly holds more than 10% of the relevant product supplier's shares, or has any equivalent substantial financial interest in the product supplier;
    - during the preceding 12-month period received more than 30% of total remuneration, including commission, from the product supplier.
- Where information is provided orally, the representative must confirm such information in writing within 30 days. The

representative must convey any changes thereafter in regard to such information at the earliest opportunity to the client.

- **Information about financial services**
  - A representative must give the client a reasonable and appropriate general explanation of the nature and material terms of the relevant contract or transaction, and generally make full and frank disclosure of any information that would reasonably be expected to enable the client to make an informed decision.
  - Any material illustrations, projections or forecasts in the possession of the representative must be given to the client whenever reasonable and appropriate.
  - A representative must, at the earliest reasonable opportunity, furnish the client with the following:
    - Name/class/type of financial product;
    - Nature and extent of benefits to be provided, including details of the manner in which such benefits are calculated and the manner in which they will accrue;
    - Nature and extent of monetary obligations assumed by the client, directly or indirectly, in favour of the product supplier, FSP and representative, including the manner of payment or discharge thereof, the frequency thereof, the consequences of non-compliance and any anticipated or contractual escalations, increases

or additions;

- Nature, extent and frequency of any incentive, remuneration, consideration, commission, fee or brokerages ("valuable consideration") which will or may become payable to the representative, directly or indirectly, by any product supplier or any person other than the client, or for which the representative or FSP may become eligible, as a result of rendering of the financial service, as well as the identity of the product supplier or other person providing or offering the valuable consideration. Where the maximum amount or rate of such valuable consideration is prescribed by any law, the FSP may elect to disclose either the actual amount applicable or such prescribed maximum amount or rate;
- Concise details of any special terms or conditions, exclusions of liability, waiting periods, loadings, penalties, excesses, restrictions or circumstances in which benefits will not be provided;
- Any guaranteed minimum benefits or other guarantees;
- To what extent the product is readily realisable or the funds concerned are accessible;
- Any restrictions on or penalties for early termination of or withdrawal from the product, or other effects, if any, of such termination or withdrawal;
- Material tax considerations;

- Whether cooling-off rights are offered and, if so, procedures for the exercise of such rights;
- Any material investment or other risks associated with the product;
- In the case of an insurance product in respect of which provision is made for an increase of premiums, the amount of the increased premium for the first 5 years and thereafter on a 5-year basis, but not exceeding 20 years.

#### iv. Furnishing of Advice

- Advice means:
  - any **recommendation, guidance or proposal** of a **financial nature** furnished, by **any means or medium** to any client or **group of clients** In respect of dealings with financial products, and whether or not:
    - the advice is given while doing financial planning for the client; or
    - a financial product is sold as a result of such advice.
- However, **advice does not include** giving **factual advice** on:
  - the **procedure** for entering into a transaction in respect of a **financial product**;
  - In relation to the **description** of a **product**;

- In **response to routine administrative queries** regarding a product;
  - In the form of **objective information** about a **financial product**; or
  - By **displaying or distributing promotional material**.
- **Before furnishing a client with advice**
    - To provide the client with appropriate and suitable advice, the representative must take reasonable steps to seek from the client appropriate and available information regarding the client's:
      - financial situation;
      - financial product experience; and
      - objectives.
    - The representative must conduct an analysis based on the information obtained.
    - The representative must identify the financial products (subject to any conditions imposed on their licence) that will be appropriate to the client's:
      - risk profile; and

➤ financial needs (Needs analysis).

- **When giving advice**

- The representative must:

- ensure that the client understands the advice; and

- ensure that the client is in a position to make an informed decision.

- **Where client elects not to follow representative's advice**

- Where a client elects not to follow the representative's advice or elects to receive more limited information or advice than the representative is able to provide:

- The representative must alert the client as soon as reasonably possible of the clear existence of any risks; and

- The representative must advise the client to take particular care to consider whether any product selected is appropriate to the client's needs, objectives and circumstances.

- **Client advice record**

- A representative must keep a record of the advice furnished to a client. Such record must reflect the basis on which the advice was given and in particular, must include:

- A brief summary of the information and material on which the advice was based;
  - The financial products which were considered; and
  - The financial product(s) recommended, with an explanation of why the products selected is/are likely to satisfy the client's identified needs and objectives.
- A representative must provide a client with a copy of this client advice record and a signed copy must be kept for the client file.

#### **v. Custody of Clients Funds**

- The Garrun Group has an IGF guarantee and collects premiums under this IGF guarantee and in line with Section 45 of the Short-term Insurance Act (“STIA”).

#### **vi. Risk Management**

- An FSP must employ resources, procedures and appropriate technology that can reasonably be expected to eliminate — as far as reasonably possible the risk that clients, product suppliers and other FSP’s will suffer financial loss through:
  - Theft;
  - Fraud;
  - Other dishonest acts;
  - Poor administration;
  - Negligence;
  - Professional misconduct, and

- Culpable omissions.

The Garrun Group has a Risk Management Plan which will be updated annually.

### **Insurance**

An FSP must if and to the extent required by the Registrar, keep in force suitable guarantees or professional indemnity or fidelity insurance cover.

Such guarantees are in place at The Garrun Group with Intermediaries Guarantee Facility (“IGF”).

### **viii. Prohibition against waiver of rights**

No representative may request or induce a client to waive any right or benefit conferred on the client by or in terms of the General Code of Conduct and no representative may recognise, accept or act on any such waiver by the client, and any such waiver is null and void.

### **B. FICA**

- *"The Financial Intelligence Centre Act, 2001 ("the Act"), cuts across a wide range of institutions within government and the private sector. It places a series of obligations on both sectors — but the key to its success is that they work together and share information."*

*We are determined that this be the case because we want to protect our people from criminal activity and prevent our financial institutions and sector from being abused by criminals and crime syndicates.*

*The Act also provides an important tool to assist law enforcement agencies and facilitates their investigations." - Trevor Manual*

#### **i. Definition of Accountable Institution**

- Schedule 1 of FICA lists 19 institutions which are accountable to fulfil various obligations imposed by FICA. The Minister of Finance has the prerogative to remove or add other accountable institutions at any stage by publishing such facts in the Government Gazette.
- FICA imposes duties and obligations on accountable institutions in order to minimize the extent to which these institutions can be exploited to launder money. The accountable institutions have been identified as being vulnerable to exploitation by criminals to launder ill-gotten gains. They are therefore obliged to identify and verify the identities of clients with whom they transact and to report any suspicious and unusual transactions to the Financial Intelligence Centre.
- Currently the Short Term industry is not listed as an accountable institution, and are thus exempted from the majority of the provisions of FICA.

#### **ii. Reporting Of Suspicious Transactions**

- Section 29 of FICA is the relevant section dealing with the reporting obligation.
- The Act read as follows:
  - A person who **carries on a business** or is in charge of or manages a business or who is employed by a business and **who knows or**

**suspects that—**

- the **business has received** or **is about to receive** the **proceeds of unlawful activities**;
  - a **transaction or series of transactions** to which the **business is a party**, (or even when only enquiries are made about a transaction), and you knows or suspects that if that transaction is concluded would-
  - facilitated or is likely to facilitate the transfer of the proceeds of unlawful activities;
  - has no apparent business or lawful purpose;
  - is conducted for the purpose of avoiding giving rise to a reporting duty under this Act; or
  - may be relevant to the investigation of an evasion or attempted evasion of a duty to pay any tax, duty or levy imposed by legislation administered by the Commissioner for the South African Revenue Service; or
  - the business has been used or is about to be used in any way for money laundering purposes.
- Regulation 22 deals with the manner of reporting:
    - Internet;
    - Facsimile; or
    - Hand delivery.
  - Regulation 23 deals with the information to be reported.
  - Regulation 24 deals with the period of reporting:

- As soon as possible no longer than 15 days (working days) after a person has become aware of the fact.

## 4. Business Processes

The business processes of the Group can be summarized under the following six categories:

### a. New business: Personal Lines

1. Proposal form to be completed by client and accompanied by supporting documentation including a signed letter of Introduction and client Advice record (must be kept on file);
2. Prepare Quotation in accordance with the approval of the insurance company and capture clients details on system;
3. Load Policy – reflecting inception, effective and renewal dates;
4. Check Underwriting requirements are met such as:
  - 4.1 Construction of residence;
  - 4.2 Check security details;
  - 4.3 Check Vehicle Details;
  - 4.4 Itemise all risk items.
  - 4.5 Check registered owner of vehicle and main driver;

- 4.6 Capture vehicle details;
5. Edit policy to collect Pro-rata premium (if applicable);
6. Print schedule with Statutory Notice;
7. Send schedule and notice to client with policy wording and covering letter;
8. Keep proof of receipt on file and electronic copies.

**b. New Business: commercial**

1. Broker notes/spread sheet to be completed and accompanied by supporting documentation including a signed letter of Introduction and client advice record (must be kept on file); Prepare Quotation in accordance with the approval of the insurance company and capture clients details on system;
2. When the quote is accepted the policy is issued (Check Debit Order details if monthly premium) a signed debit order form, client information and a Letter of Appointment must be kept on file;
3. Policy is signed off by an Insurance representative and the Garrun Group;

4. Once the policy document have been signed, copies are made (1 for file copy, and 1 to the insurance company);
5. A Cover letter together with the policy and wording is sent out to the client either by e-mail, post or hand delivery by an account executive;
6. Keep proof of receipt on file and electronic copies.

#### **7. Endorsements: Commercial**

1. Client phones /sends a fax or e-mail requesting the addition or to deletion of an item from his policy;
2. The item gets added from the date of his request (check pro-rata premium);
3. The signed amendment and statutory notice is sent to client together with a letter confirming the amendment;
4. Keep proof of receipt on file and electronic copies.

## **8. Endorsements: Personal Lines**

1. Client phones/sends a fax or e-mail on his requirement to add or to delete an item from his policy;
2. Update schedule to reflect the additional items (Check Pro-rata premium);
3. Keep proof of receipt on file and electronic copies.
4. Print and send client amended schedule, with covering letter and Statutory Notice;
5. Keep proof of receipt on file and electronic copies.

## **9. Claims Motor Accident**

1. Obtain completed claim form from client including proof of valid driver's license and one quotation for repairs;
2. If damage under R5000-00, we may authorize unless there is a third party involved then vehicle to be assessed (dependant on fault factor). If applicable arrange assessment of the vehicle at the approved Panel beater;
3. Arrange car hire for insured (if applicable);

4. Follow up and confirm that vehicle was assessed and authorized to proceed;
5. Keep proof of receipt on file and electronic copies.

### **10.Claims Motor Theft**

1. Obtain completed claim form from client;
2. Arrange assessor to contact client;
3. Obtain all necessary documentation from insured:
  - Original deregistration certificate;
  - 2 x Signed change of ownership;
  - SAP letter of non-recovery;
  - Settlement from finance company (if applicable);
  - Keys.
4. Once all documentation received including assessor report, forward to Insurance Company;

5. Follow up on settlement within three working days of doc's being sent to Insurance Company;
6. Keep proof of receipt on file and electronic copies.

## **11.Claims Property loss**

### **Normal Claims Processing**

1. Obtain completed claim form from client;
2. Client to obtain and supply supporting invoices or quotations;
3. Once assessors report received process settlement, Claims over R20 000 assessor to be arranged (insurers discretion);
4. Possible agreement of loss to be drawn up and signed;

## **12.Premium Collection**

1. Undernoted files are e-mailed to head office at Manny Garrun & Sons to proceed the monthly collections.(The undernoted branches do their own month end close)
  - a. Smit Garrun – Tzaneen, Groblersdal, Ooskaap

- b. EGIB Garrun – Kokstad
- c. Curnow Garrun - Port Shepstone and Matatiele
- d. Status Garrun - Port Shepstone

2. Once the above files have been transferred, a month-end close is done for the following companies:

- a. Garrun JHB
- b. Garrun Pretoria
- c. Versma Pretoria
- d. Hulley Garrun
- e. EGIB Garrun
- f. Marcus Garrun
- g. Garrun Southern Cape
- h. SW Garrun

3. Once the month-end close has been completed and debit notes are raised we export the debit orders into the collections bureau file format in order to process the monthly collections.
4. The collection file together with the amounts are e-mailed to IOM/EPIC and we attach all files onto the main frame of Cypher with our collection date which is normally on or about the 3<sup>rd</sup> of every month.
5. When the above has been completed the Flexi System is then unblocked so users can continue.

#### **i. Unpaid/Returned Debit Orders**

1. Collection Bureau sends us rejection letter;
2. Identify branch it belongs to;
3. Compile excel spread sheet and e-mail it to relevant branches;
4. Contact is then made between branches and client;

5. Send e-mail or registered mail confirming the 15 day grace period/'Double Debit'/deposit or cancellation in order to rectify outstanding premium;
6. Update spread sheet return to head office with summary of steps that have to be taken;
7. If premium returned for two consecutive months must send letter of cancellation to client (with effect from date of first unpaid) via registered mail.

\*note, where we wish to cancel for any other reason beside unpaid, we are required to give client 30 days' notice.

## 5. Risk Management Plans

### A. FAIS

#### i. Complaints Policy And Register

The register must contain the following fields:

- **Received From:** The name and designation of the person that submitted the complaint must be entered here. It may be a client or a client's representative
- **Complaint Reference Number:** This field contains the client's reference number linked to the Policy No.
- **Client Surname and Initials:** Enter the surname of the client making the complaint.
- **Complaint Description/Type:** Short summary of the complaint.
- **Captured by:** The name of the person who captured the complaint

- **Responsible person:** Who will deal with the complaint and ensure that it is resolved.
  
- **Activity Update:** Log all developments and movements
  
- **Outcome of Complaint:** Summary of what decision was taken.
  
- **Date of Final Communication to Client:** Date of letter to the client.

## ii. Declaration By Representatives

### FAIS Declaration for Representative (Advice Giver)

I, ..... hereby confirm that I understand the requirements and implications of the Financial Advisory and Intermediary Services Act 37 of 2002 and related subordinate legislation (hereinafter referred to as “FAIS”), which came into operation on the 30<sup>th</sup> September 2004, and

#### I hereby confirm the following:

1. I have been identified as someone who provides “financial advice” and therefore I am considered a “Representative” as defined in terms of FAIS.

#### Fit & Proper: Competency (Qualifications):

2. I have been informed by Clifford Hayman Garrun that I must at least have met or will meet the minimum qualification requirements in order to continue acting as Representative for Manny Garrun & Sons (Pty) Ltd.
3. I fully understand that failure to meet further qualification requirements (as per column 4 of the Fit and Proper subordinate legislation) may follow due process lead to my possible future incapacity to give advice and disqualification.

#### Fit & Proper: Honesty & Integrity in terms of FAIS:

4. I have never been found guilty in a criminal or civil court of having acted fraudulently, dishonestly, unprofessionally, dishonourably or in breach of a fiduciary duty;
5. I have never been found guilty by any professional or financial services industry body (or denied membership of such bodies) because of an act of dishonesty, negligence, incompetence or mismanagement
6. I have never been found guilty by any regulatory or supervisory body or had my authorisation/licence to carry on business refused/suspended/withdrawn by such body because of any act of dishonesty, negligence, incompetence or mismanagement; and
7. I have never been specifically disqualified or prohibited by any court from taking part in the management of a company, entity or regulatory/supervisory body

*Other duties, obligations, requirements and/or restrictions:*

8. I understand that FAIS imposes certain duties, obligations, requirements and/or restrictions on me to act as a Representative in terms of FAIS.
9. I also understand after the implementation of FAIS, and immediately upon no longer meeting any of the Fit & Proper requirements contemplated in paragraphs 4 to 7 above, I will notify Clifford Hayman Garrun thereof in writing. Failure to notify him will be regarded as misconduct.
10. I acknowledge that Clifford Hayman Garrun may, at any time during my

employment, make enquiries to establish whether I meet the Fit & Proper requirements. In this regard, I hereby authorise Clifford Hayman Garrun and its authorised agents to make enquiries and to verify my personal background information.

11. Should I at any stage be transferred or promoted within the brokerage and the new position requires of me to provide “financial advice” as defined in FAIS, my continued employment within the brokerage will be subject to compliance with, amongst others, the “Fit & Proper” requirements. Should such new position not require of me to provide “financial advice”, I undertake to refrain from giving “financial advice” as defined in FAIS.

Failure to comply with the FAIS requirements (including the Fit and Proper sub-ordinate legislation) could after due process, lead to amongst other things, the termination of my employment; and/or my debarment.

Signed at ..... On ..... 2007

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**SIGNATURE**

### iii. Register Of Representatives

The register must contain the following fields:

- **FSP Name:** This field will reflect the name of the Financial Services Provider on whose behalf the Representative act.
- **FSP Licensing No:** This field reflects the licensing number allocated to the FSP in the FAIS licensing process
- **Name of Key Individual:** This field reflects the name or names of they Key Individual(s) who will be responsible for managing the Representatives
- **Type of Person:** This field will indicate whether the Representative is a natural or juristic person:

\***Natural Person**

To distinguish natural persons from juristic persons, humans are referred to as being natural persons.

\***Juristic Person**

A juristic person is recognised as a separate legal entity apart from its members and natural persons, which form part of it. The juristic

person can act through its members only, the result of such action being that only the juristic person acquires rights and incurs duties and not its members in their personal capacity e.g. company, close corporation, trust, etc.

- **Fields required for Natural Persons:**

\*Title: This field reflects the title of the Representative

\*Initials: This field reflects the initial of the Representative

\*First Name: This field reflects the first name of the Representative

\*Surname: This field reflects the surname of the Representative

\*ID/Passport Number: This field reflects the ID Number of the Representative

- **Fields required from a juristic person:**

\*Name: This field reflects the name of the juristic person

\*Country of Registration: This field reflects the country of registration of the juristic person

\*Registration Number: This field reflects the registration number of the **juristic person**

\*Information required from both natural and juristic persons

\*Physical Address: This field reflects the physical address of the business premises where the Representative conducts business

\*Date of appointment: This field reflects the date the Representative was appointed to be a Representative at the FSP

\*License Categories: This field reflects the categories in which the Representative is rendering advice and/or intermediary services.

#### **iv. Representative Education Tracking**

All records of representatives education is kept with the Human Resource Department. A Fit and Proper register is also kept by both the Compliance and Human Resource division.

**ANNEXURE A**

**TO:** REPRESENTATIVES AND KEY INDIVIDUALS OF THE  
GARRUN GROUP

**FROM:** COMPLIANCE DEPARTMENT

**RE:** DEBARMENT MEMO

**1. INTRODUCTION**

Section 14 of the Financial Advisory and Intermediary Services Act No. 37 of 2002 (“FAIS”), places an obligation on Financial Service Providers (“FSPS”) to ensure that their representatives (“Reps”) are fit and proper when they render financial services on behalf of the FSP.

Should a Rep not comply with the fit and proper requirements referred to in section 8 (1) (a) & (b) read with the Determination of Fit and Proper Requirements for FSPS and Reps the FSP must debar such a person from rendering any further financial services and remove such debarred rep from the register of reps and inform the registrar of the debarment which may prevent the Rep from rendering financial services for a lengthy period of time or even indefinitely depending on the discrepancy.

The company has in place a Debarment Code which will be given to all Reps – it is their responsibility to read and become familiar with this code. This Memo intends to describe the fit and proper requirements and the importance and implications thereof.

## **2. FIT AND PROPER REQUIREMENTS**

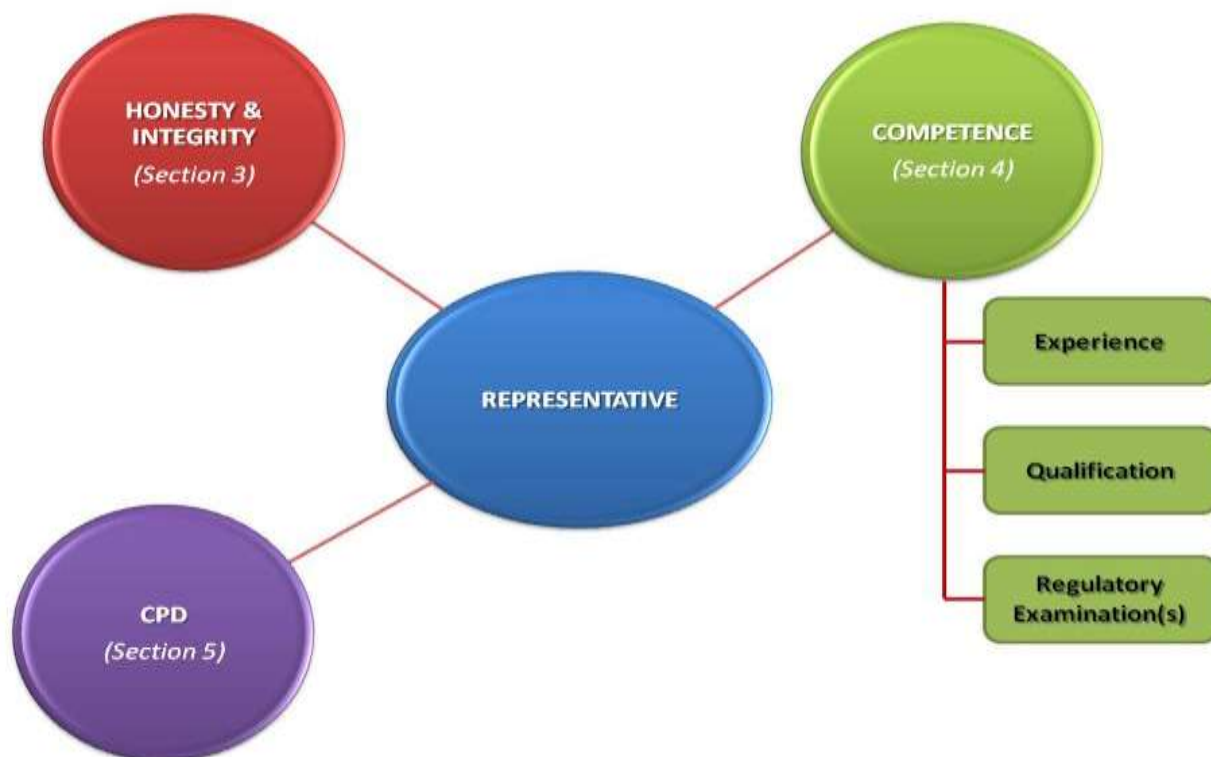
2.1 There are three pillars to being Fit and Proper (see the diagram below):

2.1.1 **honesty and integrity** as per section 3 of FAIS<sup>i</sup> - simply put, this means a Rep must possess qualities of honesty and integrity;

2.1.2 A Rep must be **competent** in that they have the relevant *experience, qualification* and have completed the *Regulatory examinations* by the deadline which at present is 30 June 2012<sup>ii</sup>;

2.1.3 The rep must maintain professional competence by way of ***Continuous Professional Development*** (“CPD”)

this may be in the form of workshops, studies, conferences and courses.



competency and CPD. Should you require further information on honesty and integrity refer to the FAIS Act and/or the compliance officer (alternatively, visit the FSB website at: [www.fsb.co.za](http://www.fsb.co.za)). Honesty and Integrity will also be discussed in detail during the Internal Seminar conducted at your offices.

### **3. COMPETENCY**

#### **3.1 EXPERIENCE**<sup>iii</sup>

- 3.1.1 Only recognised if gained within the last 5 years;
- 3.1.2 Can be gained under supervision;
- 3.1.3 Must be practical or 'hands-on';
- 3.1.4 With or within South Africa;
- 3.1.5 for short-term personal lines a rep needs 1 (one) year experience to give advice and 6 (six) months for intermediary services;
- 3.1.6 For short-term commercial lines a Rep needs 1 (one) year experience to give advice and 6 (six) months for intermediary services.

## **3.2 QUALIFICATIONS<sup>iv</sup>**

- 3.2.1 a list of recognised qualifications are published in the Gazette and can be found on this link [http://www.fsb.co.za/Magic94Scripts/mgrqispi94.dll?APPNAME=Web&PRGNAME=BN44\\_Lists&ARGUMENTS=0,0,-N1](http://www.fsb.co.za/Magic94Scripts/mgrqispi94.dll?APPNAME=Web&PRGNAME=BN44_Lists&ARGUMENTS=0,0,-N1)
- 3.2.2 the qualification may be obtained while working under supervision – however on an entry level a rep needs at least a matric, Grade 12 or an equivalent school leaving

certificate at an NQF level 4<sup>v</sup> - this applies to Reps appointed on or during 1 January 2008 – 31 December 2009 and onward;

3.2.3 qualifications are listed as 'G' generic or 'S' and 'SP' specific – should it be listed as G a Rep will be required to complete the product specific LECEL 2 regulatory exams. Should it be listed as S, where the content of your qualification is considered 80% relevant to your industry (this sort of qualification is required for all reps appointed from 1 January 2008 – 31 December 2009 where they have elected to completed a full qualification as opposed to gaining the 30/60 credits) or SP, where the content of your qualification is considered 100% relevant to your industry (this sort of qualification is required for all Reps appointed after December 31 2009) then a Rep **may** be exempted from writing these second level RE's – will need to still gain confirmation of exemption from the FSB;

3.2.4 if your qualification is not on the list you may apply to have it recognised;

3.2.5 If you were appointed as a Rep before 31 December 2009 then you are governed by 'Transitional Requirements' discussed later in this note. If you are appointed after 31 December 2009 you must have (or be completing under supervision) a qualification recognised as S or SP on the abovementioned list.

### **3.3 REGULATORY EXAMINATIONS**

**3.3.1 Regulatory examination Level 1** - this regulatory examination deals with the regulatory framework and is compulsory for all individuals in the financial services sector. The content of this examination focus on the regulatory framework, i.e. FAIS, Code of Conduct, Etc. This exam must be completed by 30 June 2012 if you were appointed before 2009 and within two years of your appointment if you were appointed after 2009;

**3.3.2 Regulatory examination Level 2** - the Level 2 regulatory examination only applies to representatives. The level 2 regulatory examinations are the "product specific" examinations and therefore cover the knowledge and skill required for a representative giving advice and/or rendering intermediary services on a specific financial

product. This exam must be completed within two years of completion of the first level RE for Reps appointed after December 2009 and by December 2013 for reps appointed prior to December 2009 – this date is expected to be extended as the Level 2 RE's have not been rolled out yet.

### **3.4 TRANSITIONAL REQUIREMENTS**

3.4.1 The transitional arrangements apply to all representatives who were appointed by the Registrar during the period September 2004 to 31 December 2009;

3.4.2 Your date of first appointment is the date on which you were appointed as a Rep of *any FSP*;

3.4.3 All **representatives** appointed between September 2004 and 31 December 2009 will be grouped into the following groupings:

3.4.3.1 **Group 1:** Appointed between September 2004 and 31 December 2007;

3.4.3.2 **Group 2:** Appointed between 1 January 2008 and 31 December 2009;

3.4.4 if you fall in group 1 you must have the relevant product experience (as described above) Complete a relevant registered skills programme of 30 / 60 credits (on the NQF level related to the financial product) by 31 December 2009, complete your first level RE by 30 June 2012 and your second level RE by December 2013;

3.4.5 if you fall into group 2 you must have the relevant product experience (as described above) Complete a relevant registered skills programme of 30 / 60 credits (on the NQF level related to the financial product) by 31 December 2011 *OR* Complete a full qualification from the list of recognised qualifications (or such can be acquired while working under supervision) complete your first level RE by 30 June 2012 and your second level RE by December 2013.

#### **4. CONTINUOUS PROFESSIONAL DEVELOPMENT ("CPD")**

4.1 Within the context of Fit and Proper the purpose of CPD is to ensure that representatives and Key Individuals:

- 4.1.1 Develop and maintain professional competence in order to provide financial services of a high quality in the public interest that will support the professionalisation of the financial services industry;
  - 4.1.2 Understand that the primary responsibility of competence vests in the individual, and that they have an obligation to develop and maintain their professional competence;
  - 4.1.3 Render financial services with due care, competence and diligence with an ongoing duty to maintain knowledge and skill at a level required to ensure that the client receives competent professional service based on up-to-date developments in legislation and the financial services industry.
- 4.2 The activities one could do included (but not limited to):
- 4.2.1 Courses, conferences or seminars;
  - 4.2.2 Studies leading to formal assessments such as additional qualifications;
  - 4.2.3 Workshops; and

- 4.2.4 Structured self-study programmes including web-based, computer-based or paper-based delivery that assess knowledge.
- 4.3 One must obtain confirmation from the institution providing the activity that it is an approved CPD activity;
- 4.4 CPD begins ***the year after*** completion of the RE exams and no later than 6 years from appointment as a Representative;
- 4.5 A Representative needs 10 hours of CPD for Personal lines and 15 for Commercial if you perform both these services you need the highest amount of hours being 15 per a year one year after completion of all competence requirements (to be confirmed – still in draft. Presently CPD runs over a 3 year cycle and is 45 and 60 hours);
- 4.6 See the revised Board Notice of 2011 on CPD requirements for further information which you can access under the FAIS heading on [www.fsb.co.za](http://www.fsb.co.za).

## **5. IMPLICATIONS OF NON-COMPLIANCE WITH THE ABOVE REQUIREMENTS**

5.1 The Key Individuals and Compliance Department of The Garrun Group will provide a reasonable amount of assistance and resources to ensure its Reps meet the above requirements however, where there is apathy and a blatant lack of interest we will have no option but to debar the infringing reps. Reps are exactly what their name suggests, representatives of their FSP, thus where a Rep is non-compliant it reflects poorly on the FSP. Going forward, in 2012, it is our goal to have all our reps having successfully completed their regulatory exams and FAIS credits;

## **6. DEBARMENT**

6.1 For more detailed information pertaining to debarment please refer to the company's debarment codification;<sup>vi</sup>

6.2 Debarment is the withdrawal of a Rep from rendering financial or intermediary services on behalf of a FSP as a result of a material breach of the FAIS act;

- 6.3 A material breach can be;<sup>vii</sup>
- i. blatant apathy or refusal to complete RE exams;
  - ii. Blatant apathy or refusal to complete FAIS credits and/or qualifications;
  - iii. Blatant apathy or refusal to partake in CPD;
  - iv. continuous unreasonable failure of RE's;
  - v. dishonesty and lack of integrity;
  - vi. Intentional or gross negligent advice giving or performance of intermediary services.
- 6.4 Debarment may even result in no longer being able to perform financial services indefinitely – depending on the breach;
- 6.5 Of course, it goes without saying, that debarment on your profile will be disadvantageous when applying for a new job or progressing in your existing job. It may prove to be impossible to work for another FSP once listed as debarred.

## **7 CONCLUSION**

In conclusion, The Key Individuals and Compliance Department Garrun Group guarantees that it will reasonably provide support, training, resources and assistance to all reps attempting to complete the above requirements. Having that said, we expect all Reps to take these requirements seriously, and to study hard and prepare well in advance in order to ensure success. It must be noted that it is essentially the Key Individuals who must ensure compliance with the abovementioned requirements.

- 
- <sup>i</sup> 3) Without prejudice to the generality of subparagraphs (1), (2) and (4), any of the following factors constitutes prima facie evidence that an FSP, key individual or representative does not qualify in terms of subparagraph (1), namely that the FSP, key individual or representative-
- a) has within a period of five years preceding the date of [application](#) or the proposed date of appointment or approval, as the case may be, been found guilty in any criminal proceedings or liable in any civil proceedings by a court of law (whether in the Republic or elsewhere) of having acted fraudulently, dishonestly, unprofessionally, dishonorably or in breach of a fiduciary duty;
  - b) has within a period of five years preceding the date of application or the proposed date of appointment or approval, as the case may be, been found guilty by any [statutory professional body](#) or [voluntary professional body](#) (whether in the Republic or elsewhere) recognized by the Board, of an act of dishonesty, negligence, incompetence or mismanagement, sufficiently serious to impugn the honesty and integrity of the FSP, key individual or representative;
  - c) has within a period of five years preceding the date of application or the proposed date of appointment or approval, as the case may be, been denied membership of anybody referred to in subparagraph (b) on account of an act of dishonesty, negligence, incompetence or mismanagement, sufficiently serious to impugn the honesty and integrity of the FSP, key individual or representative;
  - d) has within a period of five years preceding the date of application, or the proposed date of appointment or approval, as the case may be -
    - i) been found guilty by any regulatory or supervisory body (whether in the Republic or elsewhere), recognized by the Board; or
    - ii) had its [authorisation](#) to carry on business refused, suspended or withdrawn by any such body,
 on account of an act of dishonesty, negligence, incompetence or mismanagement sufficiently serious to impugn the honesty and integrity of the [FSP](#), key individual or representative;

- 
- e) has within a period of five years preceding the date of application, appointment or approval, as the case may be, had any licence granted to the financial services provider by any regulatory or supervisory body referred to in subparagraph (d) suspended or withdrawn by such body on account of an act of dishonesty, negligence, incompetence or mismanagement, sufficiently serious to impugn the honesty and integrity of the FSP, key individual or representative; or
  - f) has at any time prior to the date of application, appointment or approval, as the case may be, been disqualified or prohibited by any court of law (whether in the Republic or elsewhere) from taking part in the management of any company or other statutorily created, recognized or regulated body, irrespective whether such disqualification has since been lifted or not.
- 4) An FSP and key individual must in the application to the Registrar, and a representative must at appointment by the FSP, be candid and accurate and must of own accord disclose all facts or information at the disposal of, or which may be accessible to, the FSP, key individual or representative, and which may be relevant for purposes of a decision by the Registrar, or in the case of a representative, by the FSP, that the FSP, key individual or representative complies or does not comply with subparagraph (1).
- ii) Should however the rep not have successfully completed the RE exam by 30 June, they have a further 2 (two) months within which to complete it that being by 30 September 2012.
  - iii) Board Notice 106 of 2008
  - iv) Determination of Qualifying Criteria and qualifications of 2008 and Board notice 44 of 2010
    - v) A representative of a Category I provider must, on appointment, have a recognized qualification as determined by the Registrar by notice in the Gazette, as it applies to the applicable Categories or subcategories he or she is appointed for: Provided that the Registrar may, by notice in the Gazette, exempt representatives that on appointment only meet the following entry level qualifications while working under supervision until the recognized qualification is obtained:
      - i) Matric;
      - ii) Grade 12; or
      - iii) an equivalent school leaving certificate at NQF Level 4,
 with the proviso that in respect of representatives in [subcategory 1.1 Long Term Insurance Category A](#) and/or [1.19 Friendly Society Benefits](#), the entry level qualification requirement is either [ABET level 1](#), or the proven ability to read, write and calculate to the satisfaction of the provider.
  - vi) Available from the compliance officer and human resource manager.
  - vii) This is not an exhaustive list.