

**IN THE PROCEEDINGS BEFORE THE ENFORCEMENT COMMITTEE
ESTABLISHED IN TERMS OF SECTION 10 (3) OF THE FINANCIAL SERVICES
BOARD ACT, NO. 97 OF 1990**

CASE NUMBER: 1/2018

In the matter of:

**REGISTRAR OF FINANCIAL SERVICES PROVIDERS
FINANCIAL SERVICES BOARD**

First Applicant
Second Applicant

AEGIS OUTSOURCING (PTY) LIMITED

Respondent


ORDER

In terms of section 6B(7)(b) of the Financial Institutions (Protection of Funds) Act, No. 28 of 2001 and with due consideration to the settlement agreement attached marked annexure "A", I hereby determine that the Respondent contravened section 7(1) of the Financial Advisory and Intermediary Services Act, 37 of 2002.

I hereby impose on the Respondent a penalty of R250 000 (Two hundred and fifty thousand rand) inclusive of costs.

The terms and conditions of the settlement agreement are incorporated and made an order of the Enforcement Committee.

Signed at **DURBAN** on the 16TH day of **February 2018**.


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E A MOOLLA

Deputy Chairperson of the Enforcement Committee

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**SETTLEMENT AGREEMENT IN TERMS OF SECTION 6B (7)(a) OF THE
FINANCIAL INSTITUTIONS (PROTECTION OF FUNDS) ACT, No.28 OF 2001**

1. PARTIES TO THE AGREEMENT

1.1 The First Applicant is the Registrar of Financial Services Providers (the Registrar) herein represented by Mrs Caroline da Silva in her capacity as the Deputy Executive Officer of Financial Services Providers.

1.2 The Second Applicant is the Financial Services Board (FSB), a juristic person established in terms of section 2 of the Financial Services Board Act, No. 97 of 1990. The functions of the FSB are *inter alia* to supervise and enforce compliance with the laws relating to financial institutions.

and



1.3. The Respondent is EAGIS Outsourcing (Pty) Limited a company duly registered in terms of the laws of South Africa with company registration number 2000/005866/07 and whose principal place of business is situated at Block D, Belvedere Place, 5 Eglin Road, Sunninghill, Johannesburg.

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- 1.4. The Respondent is an authorised financial services provider issued with FSP licence 25012 and authorised to render financial services in Long-term Insurance: Category A, Short-term Insurance: Personal Lines, Long-term Insurance: Category B1 and Short-term Insurance: Commercial Lines.
- 1.5. The Respondent is herein represented by Ms Candice Naidoo who warrants that she is duly authorised by the Respondent to enter into this agreement.

2. **THE CONTRAVENTION OF SECTION 7(1) OF THE ACT**

- 2.1. The First Applicant is of the opinion that the Respondent contravened section 7(1) of the Financial Advisory and Intermediary Services Act No.37 of 2002 (the FAIS Act).
- 2.2. The Respondent wishes to enter into a settlement agreement with the First Applicant as contemplated in section 6B(7)(a) of the Financial Institutions (Protection of Funds) Act, No 28 of 2001 ("the FI Act").
- 2.3. It is agreed between the parties that the following facts are relevant to the contravention:
 - 2.3.1. On 15 February 2012 the Respondent applied to remove Long-term Insurance products from its license. On 13 March 2012, the Registrar confirmed the removal of the long-term Insurance profile from the Respondent's scope of authorization;
 - 2.3.2. On 19 June 2013, the Respondent and AIG Life South Africa Limited (AIG) entered into a binder agreement in terms of which AIG authorized the Respondent to sell long-term insurance products including hospital accidental plan, accidental death policy, family protection plan and cancer care plan.

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2.3.3. Despite the change in the Respondent's license profile, during March 2013 to October 2014 the Respondent rendered financial services in respect of long-term insurance products in contravention of section 7 (1) of FAIS.

3. THE MITIGATING FACTORS

3.1. It is agreed that *inter alia* the following mitigating factors are relevant to the matter:

3.1.1. The Respondent accepted responsibility for the contravention.

3.1.2. The Respondent co-operated with the Applicants with regard to the enforcement action.

3.1.3. The Respondent has rectified the contravention by obtaining the relevant authorization.

4. THE AGGRAVATING FACTORS



4.1. It is also agreed that the following aggravating factors are relevant to the matter:

4.1.1. The contravention took place over a period of a year and a considerable amount of policies were sold whilst the Respondent was not authorised.

4.1.2. The Respondent's conduct showed that there was a lack of oversight in its operations which led to the contravention.

4.1.3. The Respondent unduly benefitted from the contraventions in that it earned commissions in the amount of R994 184 88.

5. THE AGREED PENALTY

 
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5.1. In light of the above, the parties have agreed that the Respondent will pay a penalty of R250 000 (Two hundred and Fifty Thousand Rand).

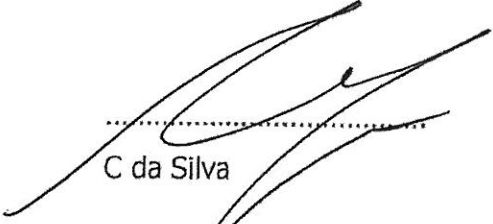
6. OTHER CONDITIONS

- 6.1. This agreement is subject to approval by the Enforcement Committee and the parties specifically record that they are aware of the possibility that the Enforcement Committee may not accept the terms of this agreement. If the Enforcement Committee declines to make this agreement an order, then in such event this agreement will be null and void.
- 6.2. Should the Respondent not comply with the terms of this agreement and it becomes necessary for the Registrar and/or the FSB to proceed with legal proceedings, the Respondent herewith consents to pay all legal costs to the Registrar and/or the FSB on the Attorney and Client scale in terms of the High Court Rules inclusive of collection commission, interest and Value Added Tax.
- 6.3. No leniency or postponement given by the Registrar to the Respondents or any amendment to the terms and conditions of this agreement will be binding unless such postponement, leniency or amendment is reduced to writing and signed by the parties. Any leniency or postponement granted by the Registrar or any amendment to this Agreement shall not be a novation of the cause of action in terms whereof the Respondent was found to have contravened the Act.
- 6.4. Any receipt of a payment by the Registrar and/or the FSB after the due date, which date shall be outlined in an invoice for payment of the penalty shall be without prejudice to any of the rights of the Registrar and/or the FSB.

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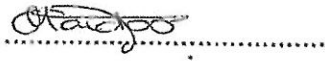
6.8. The parties humbly request that the Honorable Chairperson makes the settlement an order, as envisaged in section 6B (7)(b) of the F I Act.

Signed at PRETORIA on 15 FEBRUARY '18 on behalf of the Applicants.




.....
C da Silva

Signed at Sunninghill (Jhb) on 14 Feb 2018 on behalf of the Respondent.



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C Naidoo


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