

BOARD NOTICE 90 OF 2011**FINANCIAL SERVICES BOARD****FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002****COMPLIANCE REPORT FOR CATEGORY IV FSPs, 2011**

In terms of section 17(4) of the Financial Advisory and Intermediary Services Act, 2002 ("the Act"), I, Dube Phineas Tshidi, the Registrar of Financial Services Providers, determine the manner in which the compliance report for Category IV FSPs must be submitted, and the matters which it must have regard to. This determination was made after consultation with the Advisory Committee on Financial Services Providers.

- (a) A written report for the reporting period, by completing the schedule attached hereto, or by completing electronically, online the schedule on the web site of the Financial Services Board (www.fsb.co.za), must be submitted by 31 October 2011.
- (b) Answers should not be provided in columns that are shaded in grey in the schedule.
- (c) In this Notice and the schedule, unless the context indicates otherwise –
 - (i) any word or expression shall have the meaning that it was assigned in the Act;
 - (ii) "Code of Conduct" means any Code published under section 15 of the Act;
 - (iii) "Determination of Fit and Proper Requirements" means the Determination of Fit and Proper Requirements for Financial Services Providers, 2008;
 - (iv) "developmental area" means any control, process or compliance issue that has been identified during the monitoring of compliance as an area in respect of which the need for improvement of such control, process or compliance issue has been identified by the provider, and plans are in place to effect such improvements within a reasonable time;
 - (v) "FICA" means the Financial Intelligence Centre Act, 2001;
 - (vi) "Forex Investment Business Code of Conduct" means the Code of Conduct for Authorised Financial Service Providers, and their Representatives, involved in Forex Investment Business, 2004;

- (vii) "FSP", "financial services provider" or "provider" means an authorised financial services provider, and includes, where applicable, any representative of the provider;
- (viii) "General Code of Conduct" or "General Code" means the Code of Conduct for Authorised Financial Services Providers and their Representatives, 2003;
- (ix) "Regulations" means the Financial Advisory and Intermediary Services Regulations, 2003;
- (x) "reporting date" means 31 August 2011;
- (xi) "reporting period" means the period from the latter of-
 - (aa) the date of authorisation as financial services provider in terms of section 8 of the Act;
 - (bb) the first day of the month following the reporting period for the 2010 compliance report; or
 - (cc) where a compliance officer is appointed, the date of appointment,until the reporting date.

This Determination is called the Compliance Report for Category IV FSPs, 2011, and comes into operation on the date of publication thereof.



D P TSHIDI,
Registrar of Financial Services Providers

SCHEDULE

**Compliance Report for
Category IV FSPs for reporting period ended 31 August 2011**

Scope

In accordance with section 17(4) of the Act, I/we (the
approved compliance officer(s) of the FSP hereby report as follows as regards compliance with the Act by
..... (the
of the FSP, for the reporting period (full name of the FSP and the FSP Number) and any representatives
date). (date reporting period started) to (reporting

Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Develop - mental area	Note No. Comment/ Annexure
	SECTION 1 – GENERAL				
1	<i>Conditions and restrictions by Registrar Sections 7, 8(4) (a) and (5) (b) of Act</i>				
1.1	Does the FSP have procedures in place to ensure that it can comply with condition 1 of the licensing conditions requiring the FSP to update business information as provided during the application stage within 15 days of any change occurring?				
1.2	Did the FSP change legal status (e.g. from CC to (Pty) Ltd) as an entity since obtaining its licence?				
1.3	<i>If the answer to Question 1.2. is YES -</i> Did the FSP obtain a new licence as contemplated in section 8 of the Act?				
1.4	Does the FSP verify in all instances that any other FSP that it gives an instruction to, or receives an instruction from, is authorised to render the specific financial services without any restrictions in its licence in relation to the specific financial product/s?				

Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Develop - mental area	Note No. Comment/ Annexure
1.5					
1.6					
1.6.1					
1.6.2					
1.6.3					
1.6.4					
1.7					
1.7.1					
1.7.2					

Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Develop - mental area	Note No. Comment/ Annexure
1.7.3					
	<i>If the answer to Question 1.7.2 is YES -</i> Provide details of any such non-compliance as well as steps taken to reasonably ensure that such non-compliance does not occur again in a separate annexure and indicate the annexure number in column 5.				
1.8	Functions performed by FSP				
1.8.1					
	Is the FSP authorised to render financial services in respect of short-term insurance personal lines and Short -term insurance commercial lines?				
1.8.2					
	<i>If the answer to question 1.8.1 is YES –</i> Did the FSP render financial services as an underwriting manager during the reporting period?				
1.8.3					
	Is the FSP also a licensed credit provider in terms of: the National Credit Act, 2005?				
2	Group structure				
2.1					
	Does the FSP form part of a group of companies and/or have service level agreements in place with other financial service providers within the group? If yes, provide full details of the group (including an organogram or diagram as well as such FSP's relation to the group of companies) in a separate annexure and indicate the annexure number in column 5.				
3	Key individuals				
	Section 8(1) and (4)(b) of Act and Determination of <i>Fit and Proper Requirements</i>				
3.1					
	Are all people involved in a managing/overseeing function in respect of the rendering of financial services, appointed as key individuals?				
3.2					
	In a separate annexure, provide information on the structure with regards to key individuals (what is their position in the organisation, where are they situated). Indicate the annexure number in column 5.				
3.3					
	Does the FSP have procedures in place to ensure that compliance with section 8(4)(b) of the Act in the case of replacement of key individuals?				

Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Develop - mental area	Note No. Comment/ Annexure
3.4	Fit and proper requirements for key individuals <i>Determination of Fit and Proper Requirements</i>				
3.4.1	Did any changes occur in the personal circumstances of any key individual during the reporting period that adversely affected the fitness and propriety of the person, as it relates to Part II of the Determination of Fit and Proper Requirements?				
3.4.2	<i>If the answer to Question 3.4.1 is YES -</i> Provide full details thereof in a separate annexure and indicate the annexure number in column 5.				
4	Representatives <i>Sections 13 and 14 of Act</i>				
4.1	Does the FSP have representatives? If YES, the Statistical Information Sheet (Section 4) must be completed.				
4.2	<i>If the answer to question 4.1 is YES, questions 4.3 to 4.9 must be answered</i>				
4.3	Does the FSP have any juristic representatives?				
4.4	<i>If the answer to Question 4.3 is YES- questions 4.4.1 to 4.4.3 must be answered</i>				
4.4.1	Does the FSP have an agreement with each juristic representative? If YES attach a copy of an agreement as a separate annexure and indicate the annexure number in column 5.				
4.4.2	Are all employees of the juristic representative that are rendering financial services on behalf of the provider, appointed as representatives of the provider in terms of section 13 of the Act?				
4.4.3	Does the FSP have procedures in place to ensure that juristic representatives have the necessary operational ability to render financial services to clients?				
4.5	Does the FSP have procedures in place (including documentation) to enable representatives to provide clients with confirmation, as certified by the provider, of their status as representatives as provided in section 13(1)(b)(i) of the Act?				

Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Develop - mental area	Note No. Comment/ Annexure
4.6					
4.7					
4.7.1					
4.7.2					
4.7.3					
4.7.4					
4.7.4.1					
4.7.4.2					
4.7.4.3					
4.7.4.4					
4.7.4.5					

Is the key individual able to maintain the operational ability to fulfill the responsibilities imposed by the Act on FSPs, including oversight of the financial services rendered by the representative of the FSP?

Competency of representatives
Section 13(2)(a) of Act, Parts II, III and VI of Determination of Fit and Proper Requirements and Board Notice 151 of 2008

Does the FSP have procedures in place to ensure that representatives comply with the personal character qualities of honesty and integrity and the competency requirements as set out in Parts II and III of the Determination of Fit and Proper Requirements?

Have any representatives of the FSP passed the First Level Regulatory Exam (RE1)? If YES, the Statistical Information Sheet (Section 4) must be completed.

Does the FSP have representatives who, on the reporting date, render financial services under supervision as contemplated in paragraph 3 of the Exemption of Services under Supervision in terms of Requirements and Conditions, 2008?

If the answer to question 4.7.3 is YES – questions 4.7.4.1 to 4.7.4.5 must be answered

Confirm the number of representatives working under supervision as well as the number of supervisors, as at the reporting date, on the Statistical Information Sheet (Section 4).

Does the FSP have procedures in place to monitor the compliance of supervisors with paragraph 4(7) (a)-(f) of the Exemption of Services under Supervision in terms of Requirements and Conditions, 2008?

Does the FSP have procedures in place to ensure that there is a formal documented supervision plan in place for representatives who render financial services under supervision?

Does the FSP have procedures in place to ensure that the fact that a representative renders financial services under supervision is disclosed to clients?

If any non-compliance in terms of representatives under supervision was found, submit

Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Develop - mental area	Note No. Comment/ Annexure
	full details of such non-compliance as well as steps that will be taken to reasonably ensure that such non-compliance does not occur again in a separate annexure. Indicate the annexure number in column 5.				
4.8	Representatives' compliance with Code of Conduct <i>Section 13(2)(b) of Act, Board Notice 58 of 2010 and General Code of Conduct</i>				
4.8.1	Does the FSP have procedures in place to determine whether representatives adhered to the requirements stipulated in the Codes of Conduct applicable to the FSP?				
4.8.2	If the answer to Question 4.8.1 is YES – questions 4.8.2.1 to 4.8.2.4 must be answered				
4.8.2.1	In a separate annexure, describe the procedures that the FSP has in place to determine whether the representatives adhered to the said requirements. Indicate the annexure number in column 5.				
4.8.2.2	During the reporting period did any representative of the FSP receive any financial interest for giving preference to the quantity of business secured for the provider to the exclusion of the quality of financial service rendered to clients?				
4.8.2.3	During the reporting period did any representative of the FSP receive any financial interest for giving preference to a specific product supplier, where the representative may have recommended more than one product supplier to a client?				
4.8.2.4	During the reporting period did any representative of the FSP receive any financial interest for giving preference to a specific product of a product supplier, where the representative was able to recommend more than one product of that product supplier to the client?				
4.9	Debarment of representatives <i>Section 14 of Act</i>				
4.9.1	Does the FSP have procedures in place to debar a representative if the representative does not comply with the personal character qualities of honesty and integrity and the qualifications as set out in Parts II and V of the Determination of Fit and Proper				

Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Develop- mental area	Note No. Comment/ Annexure
Requirements, if necessary?					
4.9.2 Has the FSP taken steps to debar representatives in respect of non-compliance with Column Two of Table E of the Determination of Fit and Proper Requirements?					
4.9.2.1 <i>If the answer to question 4.9.2 is YES –</i> In a separate annexure, provide full details thereof. Indicate the annexure number in column 5.					
5 Insurance cover <i>Sections 5(e) and 13 of General Code of Conduct and Board Notice 123 of 2009</i>					
5.1 Does the FSP have professional indemnity cover? If yes, the Statistical Information Sheet (Section 4) must be completed.					
5.2 Does the FSP have fidelity insurance cover? If yes, the Statistical Information Sheet (Section 4) must be completed.					
5.3 Does the FSP have guarantees in place as contemplated in section 13 of the General Code of Conduct? If yes, the Statistical Information Sheet (Section 4) must be completed.					
5.4 Does the FSP disclose to clients in terms of section 5(e) of the General Code of Conduct whether the FSP holds guarantees or professional indemnity or fidelity insurance cover?					
5.5 If the FSP holds guarantees, professional indemnity cover or fidelity insurance cover, attach the latest copy of the insurance schedule in a separate annexure and indicate the annexure number in column 5.					
5.6 Did the FSP have any claims against their professional indemnity cover, fidelity insurance cover or guarantees during the reporting period that were as a result of financial services rendered?					
6 Compliance function <i>Section 17 of Act, Chapter IV of Regulations and Board Notice 127 of 2010</i>					
6.1 Is the compliance function established as part of the risk management framework of the					

Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Develop - mental area	Note No. Comment/ Annexure
business of the FSP in compliance with section 17(3) of the Act and Regulation 5?					
6.2 Has the FSP appointed a compliance officer in terms of section 17 of the Act?					
6.3 <i>If the answer to question 6.2 is YES – questions 6.3 to 6.9 must be answered</i>					
6.3.1 Are you appointed as an external compliance officer of the FSP?					
6.3.2 Are you appointed as an internal compliance officer of the FSP?					
6.3.2.1 <i>If the answer to question 6.3.2 is YES-</i> Are you also the appointed internal compliance officer for any other FSPs? If YES In a separate annexure, provide details of the FSPs. Indicate the annexure number in column 5.					
6.4. Do you provide written reports on the compliance monitoring and recommendations relating to the FSP on a regular basis? If YES, the Statistical Information Sheet (Section 4) must be completed.					
6.5 Did you conduct regular visits to the business premises, business units and / or branches of the FSP? If YES, the Statistical Information Sheet (Section 4) must be completed.					
6.6 Did you conduct regular visits to the business premises, business units and / or branches of the representatives of the FSP? If YES, the Statistical Information Sheet (Section 4) must be completed.					
6.7 Are you also the compliance officer appointed in terms of section 43(b) of FICA? If the answer is NO, the Statistical Information Sheet (Section 4) must be completed.					
6.8 Do you have any issues that are not covered by this report that you would want to bring to the attention of the Registrar? Attach a written copy of your comments as an annexure and indicate the annexure number in column 5.					
6.9 Did you indicate any aspect in this report as a "Developmental Area" (Column 4) that was also indicated as a developmental area in the compliance report for the previous reporting period?					

Question	Column				
	1 Yes	2 No	3 Not applicable	4 Develop- mental area	5 Note No. Comment/ Annexure
6.9.1					
7					
7.1					
7.2					
7.3					
7.4					
7.5					
7.5.1					
7.5.1.1					
8					
8.1					

Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Develop - mental area	Note No. Comment/ Annexure
8.1.1					
8.1.2					
8.1.3					
8.1.4					
8.1.5					
8.1.6					
8.1.7					
8.1.7.1					
8.1.8					
8.2					
8.2.1					
8.2.2					

Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Develop- mental area	Note No. Comment/ Annexure
	complies with section 7 of the General Code of Conduct?				
8.2.3	Does the FSP disclose the following information in terms of section 7(1)(c) of the General Code of Conduct to the client in writing:				
8.2.3.1	The name, class or type of financial product concerned;				
8.2.3.2	The nature, extent and frequency of any incentive, remuneration, consideration, commission; fee or brokerage which will or may become payable to the provider, directly or indirectly, by any product supplier or any other person as a result of the financial service concerned;				
8.2.3.3	Any material risk and where applicable investment risk associated with the product concerned;				
8.2.3.4	Extent of monetary obligations assumed by the client, the frequency thereof and consequences of non-compliance concerned.				
8.3	Direct marketing Section 15 of General Code of Conduct				
8.3.1	Does the FSP act as a direct marketer as defined in the General Code of Conduct?				
8.3.2	If the answer to Question 8.3.1 is YES, questions 8.3.2.1 to 8.3.2.4 must be answered				
8.3.2.1	Does the FSP have recording systems in place to record all telephonic conversations with clients in the course of direct marketing?				
8.3.2.2	Does the FSP have appropriate procedures and systems in place to store and retrieve recordings?				
8.3.2.3	Does the FSP have procedures in place to ensure that it complies with section 15 (read together with sections 4, 5 and 7) of the General Code of Conduct?				
8.3.2.4	If the answer to Question 8.3.2.3 is NO - In a separate annexure, provide details on how and when (provide specific time frame)				

Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Develop - mental area	Note No. Comment/ Annexure
	such procedures will be put in place. Indicate the annexure number in column 5.				
8.4	Custody of financial products and funds <i>Section 10 of General Code of Conduct</i>				
8.4.1.	Does the FSP receive or hold funds on behalf of clients in accounts other than separate bank accounts in the name of clients, or receive or hold financial products other than financial products held in safe custody by a custodian appointed by the client?				
8.4.2	<i>If the answer to Question 8.4.1 is YES –questions 8.4.2.1 to 8.4.2.5 must be answered</i>				
8.4.2.1	Has the FSP notified the Registrar of the details of the approved auditor or accounting officer in terms of section 19 of the Act?				
8.4.2.2	Has the FSP changed auditors during the reporting period?				
8.4.2.3	<i>If the answer to Question 8.4.2.2 is YES -</i> Did the FSP submit a profile change request to the Registrar in respect of the change of auditors?				
8.4.2.4	Does the FSP issue written confirmation of receipts to clients when funds and/or premiums are received from clients without the mediation of a bank?				
8.4.2.5	Does the FSP have procedures in place to ensure that the client's funds and/or premiums can be readily distinguished from private assets or funds of the FSP?				
8.4.3	Does the FSP have procedures in place to ensure that the client's financial products can be readily distinguished from private assets of the FSP?				
8.5	Risk management <i>Sections 11 and 12 of General Code of Conduct</i>				
8.5.1	Does the FSP have and employ appropriate risk management resources, procedures, systems and controls as described in sections 11 and 12 of the General Code of Conduct?				

Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Develop - mental area	Note No. Comment/ Annexure
8.5.2					
8.5.3					
8.6					
8.6.1					
8.6.2					
8.6.2.1					
8.6.2.2					
8.6.2.3					
8.7					
8.7.1					
8.7.2					
8.8					

Question	Column				
	1 Yes	2 No	3 Not applicable	4 Develop - mental area	5 Note No. Comment/ Annexure
8.8.1					
8.8.2					
8.8.3					
8.9					
8.9.1					
8.9.2					
9					
9.1					
9.2					
9.3					
9.4					

Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Develop - mental area	Note No. Comment/ Annexure
9.5					
9.5.1					
9.6					
9.6.1					
9.7					
9.7.1					
9.8					
9.8.1					
9.9					
9.10					
9.11					
9.12					

Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Develop - mental area	Note No. Comment/ Annexure
9.13					
9.14					
9.15					
9.15.1					
9.15.2					
9.15.3					
9.15.4					
9.15.5					
10					
10.1					
10.2					
10.3					
10.3.1					

Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Develop-mental area	Note No. Comment/Annexure
10.4					
10.4.1					
11					
11.1					
11.1.1					
11.1.2					
11.1.3					
11.1.4					
11.1.5					
11.1.6					
11.1.7					
11.1.8					
11.1.9					
11.1.10					

Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Develop- mental area	Note No. Comment/ Annexure
11.1.11					
11.1.12					
11.2					
SECTION 2 – HEALTH SERVICE BENEFITS					
13					
13.1					
13.2					

Direct marketer's telesales and telesales voice recordings to check compliance with section 15 of the General Code of Conduct.

Other. Please provide details on other monitoring in a separate annexure and indicate the annexure number in column 5.

In a separate annexure, provide an explanation as to how you did the monitoring (methodology). Please also include the extent of monitoring. Indicate the annexure number in column 5.

SECTION 2 – HEALTH SERVICE BENEFITS

13 Accreditation under section 65(3) of Medical Schemes Act, 1998
Section 8(7)(e) of Act

13.1 Is the FSP licensed to render financial services relating to health service benefits?

13.2 If the answer to Question 13.1 is YES –
Was the accreditation of the FSP in terms of section 65(3) of the Medical Schemes Act, 1998, during the reporting period suspended or withdrawn, or did it lapse? Please provide details of any such suspensions, withdrawals or lapses as an annexure to the report and indicate the annexure number in column 5.

SECTION 4 – STATISTICAL INFORMATION SHEET

4.1 REPRESENTATIVES AT REPORTING DATE		
TYPE OF INFORMATION REQUIRED	RELEVANT QUESTION NUMBER	NUMERIC AMOUNT
Number of representatives	4.1	
Number of representatives who have passed the First Level Regulatory Exam (RE 1)	4.7.2	
Number of representatives rendering services under supervision as contemplated in paragraph 3 of the Exemption of Services under Supervision in terms of Requirements and Conditions, 2008	4.7.4.1	
Number of key individuals that acted as supervisors in respect of services under supervision	4.7.4.1	

4.2 TYPE OF INSURANCE COVER	RELEVANT QUESTION NUMBER	CURRENCY	EXTENT OF COVER (NUMERIC AMOUNT)
Professional Indemnity of Cover as contemplated in sections 5(e) and 13 of the General Code of Conduct	5.1		
Fidelity Insurance Cover as contemplated in sections 5(e) and 13 of the General Code of Conduct	5.2		
Guarantees as contemplated in section 13 of the General Code of Conduct	5.3		

4.3 COMPLIANCE FUNCTION		
TYPE OF INFORMATION REQUIRED	RELEVANT QUESTION NUMBER	DETAILS
Number of reports issued to the FSP on the rendering of financial services	6.4	
Number of visits to the business premises, business units and / or branches of the FSP during the reporting period in order to perform monitoring procedures	6.5	
Number of visits to the business premises, business units and / or branches of the FSP's representatives during the reporting period in order to perform monitoring procedures	6.6	
Name of compliance officer appointed in terms of section 43(b) of FICA	6.7	
Identity number of compliance officer appointed in terms of section 43(b) of FICA	6.7	

4.4 CONFLICT OF INTEREST		
TYPE OF INFORMATION REQUIRED	RELEVANT QUESTION NUMBER	NAME(S) OF PRODUCT SUPPLIER(S)
Name of the product supplier(s) from which an immaterial interest exceeding an aggregate of R1 000 was received	8.1.5	

COMPLIANCE REPORT COMPLETED AND SIGNED BY FSP

Name of FSP

FSP number

Name of key individual

ID number of key individual

Date appointed as key individual

Signature

Date

COMPLIANCE REPORT COMPLETED AND SIGNED BY COMPLIANCE OFFICER(S)

Name(s) of compliance officer(s) of FSP

ID number(s) of the compliance officer(s)

Name(s) of the compliance practice(s) (if applicable)

Reference number(s) of compliance officer(s)/practice(s)

Signature(s) of the compliance officer(s)

Date

Telephone number

Fax number

E-mail address

Please note that all unsigned reports will be regarded as "Not Submitted".

DECLARATION COMPLETED AND SIGNED BY COMPLIANCE OFFICER(S) SUBMITTING COMPLIANCE REPORT

Name(s) of compliance officer(s): _____

Compliance report in terms of section 17(4) of the Act No. 37 of 2002) by compliance officer for the reporting period _____ (insert date) until _____ (insert reporting date).

I/we _____ compliance officer(s)) hereby report as follows as regards compliance by _____ (insert full names of FSP and FSP number) and any representative of the FSP with the Act, for the reporting period _____

Having completed the attached annual compliance report for the FSP, I/we hereby confirm that, to the best of my/our knowledge and ability all the information contained in the attached annual compliance report is true and correct.

I/we are aware that the information contained in the attached annual compliance report may be subject to verification by the Registrar of Financial Services Providers, and should I/we knowingly submit false, incorrect or misleading information to the Registrar, this may impact on my/our compliance with the fit and proper requirements with regard to personal character qualities of honesty and integrity as determined by section 8(1) of the Act.

Signed on _____ (day) _____ (month) _____ (year).

Signature(s): _____