



**FIT AND PROPER COMPETENCE PROCEDURE FOR KEY INDIVIDUALS AND
REPRESENTATIVES**

TABLE OF CONTENTS

1. Compliance Risk Area	3
2. Regulatory Framework	3
3. Corresponding Document(s)	3
4. Responsible Person(s)	3
5. Standards	3
5.1 General.....	3
5.2 Specific Standards.....	4
5.2.1 Knowledge and Skills	4
5.2.2 CPD Cycles and Training Plans	4
5.2.3 Competence Register.....	5
6. Procedures	5
6.1 Implementation of the Competence Register.....	6
6.2 Implementation of the Competence Evaluation & Review Form.....	5
6.3 Implementation of the CPD Training Plan.....	5
7. Timelines For Completion & Review	6
7.1 Competence Register.....	7
7.2 Competence Evaluation & Review Form	5
7.3 CPD Training Plan.....	6
8. Best Practice Principles	7

STANDARDS, PROCEDURES & BEST PRACTICE PRINCIPLES

2018.04 COMPETENCE REQUIREMENTS (v.1)

1 COMPLIANCE RISK AREA

Human Resources & Development

2 REGULATORY FRAMEWORK

- Financial Advisory & Intermediary Services Act 37 of 2002 (“FAIS”);
- Board Notice 194 of 2017 – Determination of Fit & Proper Requirements for Financial Service Providers; and
- Financial Sector Regulation Act, 9 of 2017 (“FSRA”).

3 CORRESPONDING DOCUMENT(S)

2018.03 Competence Register (v.1)

2018.03 Competence Evaluation & Review Form (v.1)

2018.03 CPD Training Plan (v.1)

4 RESPONSIBLE PERSON(S)

- All Key Individuals and Representatives of the FSP must read and ensure that they understand the SPB document, in order to ensure that the procedures relating to Competence requirements are complied with at all times.
- The Compliance Officer must ensure that all relevant Staff Members are familiar with the relevant Standards, Procedures and Best Practice Principles.

5 STANDARDS

5.1 GENERAL

- The evaluation and review of competence requirements must be documented in accordance with the SPB guidelines.
- In terms of the Competence Requirements and Section 12 of Board Notice 194 of 2017, an FSP, Key Individual and Representative must –
 - have adequate, appropriate and relevant skills, knowledge and expertise in respect of the financial services, financial products and functions that it performs;
 - must comply with the minimum requirements set out in Parts 2, 3, 4 and 5 of Chapter 3 of Board Notice 194 of 2017; and
 - maintain their competence.
- In terms of Section 13(3) of Board Notice 194 of 2017, an FSP must be able to demonstrate and record that it has evaluated and reviewed at regular and appropriate intervals –

- its Representatives' and Key Individuals' competence and has taken appropriate action to ensure that they remain competent for the activities they perform; and
 - the appropriateness of the training and Continuous Professional Development ("CPD").
- In terms of Section 13(1) of Board Notice 194 of 2017, the FSP must also establish, maintain and apply adequate policies, internal systems, control and monitoring mechanisms to ensure that it, its Representatives and Key Individuals –
 - are properly trained regarding the requirements of FAIS and the financial services and financial products in respect of which they are appointed; and
 - undertake CPD to maintain and update the knowledge and skills that are appropriate for their activities.
 - The competence requirements are mandatory and must be complied with, in order to ensure the effective implementation of the procedures relating to competence requirements.

5.2 SPECIFIC STANDARDS

5.2.1 Knowledge and Skills

- The FSP, Key Individual and Representative will –
 - *maintain* its knowledge and skills that are appropriate for their activities and responsibilities;
 - *update* their knowledge and skills; and
 - *develop* new knowledge and skills to assist with their current functions and responsibilities or functions contemplated in the future.

5.2.2 CPD Cycles and Training Plans

- The FSP, Key Individual and Representative will establish and maintain training plans for each CPD cycle to ensure that CPD:
 - is relevant and appropriate for the authorisation, approval and appointment of the FSP, Key Individual and Representative;
 - addresses any identified needs, knowledge and skills gaps; and
 - continually improves the professional standards and practices of the FSP, its Key Individuals and Representatives.

5.2.3 Competence Register

- An FSP must, **within 30 (thirty) days** after the expiry of each CPD cycle, record in the competence register the –
 - CPD activities of the FSP, its Key Individuals and Representatives; and
 - reduction of CPD hours of a Representative as contemplated in Section 34 of Board Notice 194 of 2017.
- An FSP must **within 15 (fifteen) days** after the training has occurred –
 - record in the competence register of the FSP the product specific or class of business training of the FSP, its Key Individuals and Representative.
 - calculate the total number of CPD hours completed by each person as at the end of each CPD cycle;
 - obtain and retain relevant supporting evidence of the CPD activities recorded in the competence register;
 - record the dates of, reasons for and retain supporting evidence for, any decision of the FSP to reduce CPD requirements in accordance with section 34 of Board Notice 194 of 2017; and
 - retain evidence of the information contained in the compliance register for a period of **not less than five years** from the end of the CPD cycle concerned.

6 PROCEDURES

The implementation of the SPB relating to the competence requirements is mainly dependent on the effective implementation of the control documents (as referred to in section 3 above), which insures that the FSP, its Key Individuals and Representatives comply with the competence requirements at all times.

6.1 Implementation of the Competence Register

- 6.1.1 In order to give effect to the competence requirements, the FSP has implemented a “Competence Register”.
- 6.1.2 The Competence Register integrates all aspects of the FSP’s Key Individuals’ and Representatives’ competence relating to class of business training; product specific training, continuous professional development, as well as regulatory examinations.

6.2 Implementation of the Competence Evaluation & Review Form

- 6.2.1 In order to comply with Section 13(3) of Board Notice 194 of 2017, the FSP has implemented a “Competence Evaluation & Review Form”.
- 6.2.2 The Evaluation & Review form is an extension of the CPD Training Plan as referred to in section 6.3 below and incorporates the Section 32(2)(b)(ii) and (iii) requirements which specify that the FSP must identify any needs, knowledge and skills gaps, as well as establishing a mechanism to continually improve the professional standards and practices of the FSP, its Key Individuals and Representatives.

6.3 Implementation of the CPD Training Plan

- 6.3.1 In order to give effect to the specific standards relating to CPD cycles and Training Plans the FSP has implemented a “CPD Training Plan”.
- 6.3.2 The implementation of the CPD Training Plan will also ensure that the CPD continually improves the standards and practices of the FSP, its Key Individuals and its Representatives, and to develop new knowledge and skills as it becomes necessary.
- 6.3.3 The CPD Training Plan must be utilized in conjunction with the “Competence Evaluation & Review Form” as specified in section 6.2 above, in the following manner:
- 6.1.3.1 The Evaluation & Review Form is a tool in order to identify appropriate CPD activities for the relevant Representative and / or Key Individual.
- 6.1.3.2 The Evaluation & Review Form links with the final column in the CPD Training Plan, namely “Date of Attendance for the next CPD Activity”. This date is determined by completing the last Table on page 2 of the Evaluation & Review Form, which table recommends future CPD Activities based on any identified gaps.

7 TIMELINES FOR COMPLETION & REVIEW

7.1 Competence Register

- The Competence Register must be updated on a **continuous basis**, with specific reference to the obtaining and retaining of relevant supporting evidence of the CPD activities which must be recorded in the Competence Register, and in order to ensure that the FSP, its Key Individuals and Representatives maintain, update and develop their knowledge and skills in conjunction with the CPD requirements.
- After the expiration of each CPD cycle and therefore on **an annual basis**, the total number of CPD hours completed by the FSP, its Key Individuals and Representatives must be recorded in the Competence Register **(but within 30 days after the expiry of each CPD cycle)**.
- Evidence that must be retained with reference to reducing CPD requirements in terms of Section 43 of Board Notice 194 of 2017 as well as supporting CPD activities must be retained for **a period not less than 5 years** from the end of the CPD cycle concerned.

7.2 Competence Evaluation & Review Form

- The Competence Evaluation & Review Form must be completed on a quarterly basis, in order to ensure that the FSP, its Representatives and Key Individuals will meet the required CPD training hours within the current CPD cycle for that particular FSP.
 - In order to ensure the effectiveness of both the CPD Training Plan and the Competence Evaluation & Review Form, the FSP must ensure that the latter is always updated prior to the 4 month checks as set out in the CPD Training Plan.
 - Failure by the FSP to update the Competence Evaluation & Review Form timeously, will result in the Representatives’ and Key Individuals’ attendance of CPD activities that are not necessarily relevant.

This failure may also expose the FSP to the risk that its Representatives and Key Individuals will not meet their CPD requirements within the CPD cycle.

7.3 CPD Training Plan

- The CPD Training Plan must be reviewed on an **annual basis**.
- The CPD Training Plan must be **updated** on a **continuous basis**, in order to assess what the needs and skill gaps with regard to the CPD training of the FSP, its Representatives and Key Individuals are.
- CPD training must be seen to be done by each Key Individual and Representative according to their specific CPD cycle.

8 BEST PRACTICE PRINCIPLES

- The control documents as specified above must preferably be populated by the designated responsible person on a continuous basis, irrespective of the timeframes which may be applicable to that control document.
- The timelines for completion and review are to be viewed as a guideline only, and the FSP must ensure that it at all times complies with the timeframe requirements as provided for in Chapter 3 and 4 of Board Notice 194 of 2017.