



SUPERVISION PROCESS

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**PROCEDURE TO ENSURE THAT THE RELEVANT REPRESENTATIVES ARE FURNISHING ADVICE OR
RENDERING INTERMEDIARY SERVICES UNDER SUPERVISION**

PURPOSE	<ul style="list-style-type: none"> • In order to ensure that Overberg Wealth and Risk Management implement proper instruction and guidance procedures pertaining to the financial services rendered by a representative who does not yet meet the prescribed FAIS Fit & Proper competence requirements. • In order to ensure that a representative who acts under supervision remain until supervision until he/ she meets the prescribed competence requirements for a particular product category (Board Notice 104 of 2008)
RESPONSIBLE PERSON	Manager: Compliance
PROCESS	<ol style="list-style-type: none"> 1. All representatives who do not yet meet the prescribed FAIS Fit & Proper competence requirements must conclude a Supervision agreement with the Supervisor / FSP / Key Individual. 2. The Supervisor and Supervisee must follow the supervision process. 3. The Supervisee must be provided with a Development Plan. 4. All affected personnel will acknowledge this process by signing an acknowledgement. 5. The Supervisor must use the Supervision Form to monitor the Supervisee according to the period under supervision (Direct / Ongoing) 6. The Supervisor must provide the Supervisee and the Compliance Officer with quarterly progress reports. 7. The Supervisor must keep record of the supervision process and transactions. 8. The Representative Register kept by Overberg Wealth and Risk Management clearly shows whether a representative is rendering services under supervision and the relevant supervisor. 9. The Disclosure Document of the Representative must disclose his supervision status. 10. Overberg Wealth and Risk Management appointed the Manager: Compliance as the responsible person to monitor compliance by the Supervisors. She receives regular progress reports from the Supervisors. 11. The Compliance Officer will monitor the Supervision Reports as well as the agreements on a regular basis. 12. At the end of the Supervision Period, the Supervisee must complete the "Sign-Off" letter. The representative register and contact stage disclosure letter must be updated to remove the supervision status.
TEMPLATES	<ol style="list-style-type: none"> 1. Supervision Agreement 2. Development Plan 3. Supervision Form / Report 4. Progress Reports 5. "Sign-Off" Form 6. Supervision Register

IMPORTANT DEFINITIONS

“Supervisee”

A representative who acts under supervision until he/ she meets the prescribed competence requirements for a particular product category;

“Supervisor”

An authorised FSP that is a natural person, or a representative or Key Individual of a FSP, who meets the competency requirements prescribed in this exemption.

“Services under supervision”

Financial services rendered by a representative who does not yet meet the prescribed FAIS Fit & Proper competence requirements, which services are rendered under the guidance and instruction of a supervisor;

“Appointment date” or “Date of appointment”

Means the date on which a representative was first appointed by **ANY** financial services provider to render financial services in relation to a specific Category or subcategory.

“Direct Supervision”

Means the supervision of the financial services rendered by a representative under the guidance, instructions and supervision of a supervisor, and which occurs on a regular (ranging between daily and weekly) basis.

“Ongoing level of supervision”

Means the way in which supervision is exercised after the initial period of services under direct supervision has been completed, but the supervisee still requires supervision, and such supervision occurs on at least a bi-weekly to monthly basis.

GENERAL PROVISIONS

1. Any FSP (i.e a natural person that is a sole proprietor) or a Key Individual or Representative of a FSP, can act as a Supervisor, provided that such Key Individual or Representative must meet to the satisfaction of the FSP on whose behalf it acts, the relevant requirements in regard to experience, qualification and at least first level regulatory examinations for the specific subcategory/ies or category/ies, as determined in the Fit and Proper Requirements 2008.
2. The FSP of a Representative under supervision has a duty to indicate on the Representative Register that is submitted to the FSB, that such Representative is acting under supervision and differentiate clearly in the register between representatives that meet all the requirements and those who work under supervision.
3. A Representative may not work under supervision for a period longer than 6 years from date of first appointment whilst obtaining the applicable experience, qualification and regulatory examination/s.
4. Representatives providing advisory and/or intermediary services in respect of multiple subcategories or categories, can gain the experience at the same time and will remain under supervision until the most onerous subcategory or category is met.
5. If a Representative is appointed to render services at different times for different subcategories or categories, the relevant minimum or maximum periods commence on the actual dates that the Representative is appointed in relation to the specific subcategories or categories.
6. In the event of a significant interruption of 6 consecutive weeks or more while gathering experience under supervision, the supervision period should be extended with an additional period equal to the interrupted period.
7. A written Supervision Agreement must be concluded between the FSP and the Representative, which may but does not have to form part of the employer’s performance management processes, and such agreement must detail the procedures regarding the rendering of services under supervision.
8. The FSP is obliged to ensure that the normal working relationship between the supervisee (the Representative under supervision) and the supervisor allows the supervisor oversight of the activities performed by the supervisee as per the agreement, and that regular contact between them can occur to enable the transfer of skills in the execution of their respective duties, which may include face-to-face and/or contact via electronic means.

SUPERVISION ACTIVITIES

A. Supervision may include one/ more/ all of the following activities:

1. The Supervisor signs off on the advice provided to a client by the Representative
2. In the case of intermediary services being rendered, the Supervisor signs off the transaction before it is finalised.
3. The Supervisor accompanies the Supervisee to meetings with clients where the purpose of such meetings is the rendering of financial services.
4. The Supervisor randomly samples transactions that have been concluded by the Representative.
5. The Supervisor makes random follow-up calls to clients after the rendering of financial services by the representative with a view to obtain confirmation of certain aspects of the interaction with the client.
6. Any other appropriate activity that enables the Supervisor to objectively scrutinise the activities of the Supervisee in respect of the rendering of financial services.
7. The level of supervision that is required in respect of Representatives acting under supervision of Categories I and IV FSP's are as set out in Table A below:

TABLE A

	SUBCATEGORY/CATEGORY	DIRECT SUPERVISION PERIOD	ONGOING LEVEL OF SUPERVISION	ADVICE: MINIMUM EXPERIENCE	IS: MINIMUM EXPERIENCE
1.1	Long-Term Insurance: Category A	First 2 months of the supervision period	After 2 months the remainder of the supervision period	6 months	2 months
1.2	Short-Term Insurance: Personal Lines	Same as above	Same as above	1 year	6 months
1.3; 1.20	Long-term Insurance Category B1 & 2	Same as above	Same as above	1 year	6 months
1.4	Long-term Insurance Category C	Same as above	Same as above	1 year	6 months
1.5	Retail Pension Benefits	Same as above	Same as above	1 year	6 months
1.6	Short-Term Insurance: Commercial Lines	First 2 months of the supervision period	After 2 months the remainder of the supervision period	1 year	6 months
1.7	Pension Fund Benefits (excluding Retail Pension Benefits)	Same as above	Same as above	1 year	6 months
1.14	Participatory Interests in one or more Collective Investment Schemes	First 4 months of the supervision period	After 4 months the remainder of the supervision period	1 year	1 year
1.16	Health Service Benefits	First 2 months of the supervision period	After 2 months the remainder of the supervision period	2 years	2 years
1.19	Friendly Society Benefits	First 2 months of the supervision period	After 2 months the remainder of the supervision period	6 months	2 months

RESPONSIBILITIES OF FSP's AND SUPERVISORS

1. The FSP has a duty to ensure that a Supervisor is able to provide evidence of all supervision actions undertaken in such a way that the Registrar would be able to scrutinise it if required at any stage.
2. The FSP must ensure that Supervisees are supervised at all times when executing their duties.
3. It is the duty of the dedicated Supervisor to ensure that the Supervisee has a good understanding of and exposure to the Categories and/or Subcategories that financial services are rendered in.
4. The Supervisor must regularly observe meetings between the Supervisee and Clients, the frequency and duration of such meetings to be determined in the discretion of the Supervisor with reference to factors such as the complexity of the service or financial products involved, the relevant experience and /or qualifications of the Supervisee.
5. It is required from the Supervisor to assess the advice provided by the Supervisee for appropriateness based on a review of the analysis that was conducted and the record of advice produced, and if it is found that the Supervisee's actions may not have been in the best interest of a Client, to ensure that the FSP takes the necessary steps to protect such Client.
6. Both the Supervisor and Supervisee must have properly documented evidence of the supervision process, the method/s followed and the frequency thereof during the entire period of supervision.

RESPONSIBILITIES OF SUPERVISEES

1. Strict adherence to the supervision contract
2. Provide the Supervisor if requested, where applicable, with any supporting documents and/or records regarding the advisory and/or intermediary services rendered.
3. Disclose to all Clients that he/she is acting under supervision.
4. Actively pursue the completion of the required qualifying criteria within the prescribed limits.
5. Undertake relevant product training
6. Request guidance from the Supervisor if in any doubt when performing duties in accordance with the supervision contract.

SUPERVISION PROCEDURE
(Cat I sub-categories except 1.8 – 1.13 and 1.15)

1st Month – the supervisee is to 'shadow' the supervisor with regards to advice and / or intermediary services pertaining to the licence category/ies for which he / she is under supervision, i.e. the supervisor is to attend and host all meetings the supervisee has with his / her clients where the supervisee intends on providing advice and / or intermediary services with respect to the licence category/ies for which he / she is under supervision. The supervisor is also to sign off all application forms on behalf of the supervisee with respect to the licence category/ies for which he / she is under supervision.

2nd Month – If the supervisor is confident that the supervisee is knowledgeable enough to handle the client meeting on his / her own, the supervisor no longer needs to attend all meetings the supervisee has with his / her clients where the supervisee intends on providing advice and / or intermediary services with respect to the licence category/ies for which he / she is under supervision; however the supervisor must still sign off all application forms on behalf of the supervisee with respect to the licence category/ies for which he / she is under supervision.

3rd Month – If the supervisor is satisfied with the supervisee's performance and knowledge levels for the previous two months he / she can reduce the number of applications forms to sign on behalf of the supervisee to 50%.

At the end of the 3rd month, the supervisor is to provide a quarterly report to the supervisee and the FSP's compliance officer detailing the supervisee's performance, abilities, knowledge levels, strengths and weaknesses with respect to the licence category/ies for which he / she is under supervision.

4th Month – If the supervisor is satisfied with the supervisee's performance thus far, as detailed in the quarterly report, above, then he / she can allow the supervisee to start signing off all application forms on his / her own, and the supervisor can merely continue to provide quarterly reports to the supervisee and the FSP's compliance officer, on the supervisee's continuous progress.

If the supervisor isn't satisfied with the supervisee's performance thus far, he / she can repeat the supervision procedure as would be the case from month 1.