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**PART 1 OF 2**

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## BOARD NOTICES

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### BOARD NOTICE 84 OF 2011

### FINANCIAL SERVICES BOARD

### FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002

### COMPLIANCE REPORT FOR CATEGORY I FSPs WITHOUT A COMPLIANCE OFFICER, 2011

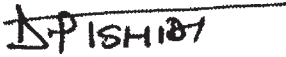
In terms of section 17(4) of the Financial Advisory and Intermediary Services Act, 2002("the Act"), I, Dube Phineas Tshidi, the Registrar of Financial Services Providers, determine the manner in which the compliance report must be submitted by Category I FSPs without a compliance officer, and the matters 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, the schedule on the web site of the Financial Services Board ([www.fsb.co.za](http://www.fsb.co.za)), must be submitted to the Registrar by 28 February 2012.
- (b) Answers should not be provided in columns that are shaded in grey in the schedule.
- (c) In this Notice, 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 December 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; or
  - (bb) the first day of the month following the reporting period for the 2010 compliance report,

until the reporting date.

This Determination is called the Compliance Report for Category I FSPs without a Compliance Officer, 2011, and comes into operation on the date of publication thereof.



**DP TSHIDI,**  
Registrar of Financial Services Providers



Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Develop mental area	Annexure number
1.5.1					
1.5.2					
1.5.3					
1.6					
1.6.1					
1.6.2					
1.6.3					
1.7					
1.7.1					
1.7.2					
1.7.3					
1.7.4					

Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Develop - mental area	Annexure number
1.7.5					
2					
2.1					
2.2					
3					
3.1					
3.2					
4					
4.1					
4.2					
5					
5.1					

Are you also a licensed credit provider in terms of the National Credit Act, 2005?

**Group structure**

Does the FSP form part of a group of companies? If YES, provide full details of the group (including an organogram or diagram as well as your FSP's relation to the group of companies) in a separate annexure and indicate the annexure number in column 5.

*If the answer to question 2.1 is YES –*  
Does the FSP have service level agreements in place with other FSPs within the group?

**Key individuals**  
*Section 8(1) and (4)(b) of Act and Determination of Fit and Proper Requirements*

Did any change occur in the personal circumstances of the 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?

*If the answer to Question 3.1 is YES -*  
Provide details thereof in a separate annexure and indicate the annexure number in column 5.

**Staff complement**

Does the FSP have any employees that are assisting the FSP in the rendering of financial services?

*If the answer to question 4.1 is YES –*  
In a separate annexure provide the number of employees assisting the FSP in the rendering of financial services. Also explain the roles and responsibilities of these employees. Indicate the annexure number in column 5.

**Insurance cover**  
*Sections 5(e) and 13 of General Code of Conduct and Board Notice 123 of 2009*

Does the FSP have professional indemnity cover?  
If yes, the Statistical Information Sheet (Section 5) must be completed.

Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Developmental area	Annexure number
5.2					
5.3					
5.4					
5.5					
5.6					
6					
6.1					
6.2					
6.2.1					
7					
7.1					



Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Develop - mental area	Annexure number
7.2					
7.3					
7.4					
7.5					
7.5.1					
7.5.1.1					
7.5.1.2					
8					
8.1					
8.1.1					
8.1.2					
8.1.3					
8.1.4					

Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Develop - mental area	Annexure number
8.1.5					
8.1.6					
8.1.7					
<b>8.2</b>					
8.2.1					
8.2.2					
8.2.3					
8.2.3.1					
8.2.3.2					
8.2.3.3					
8.2.3.4					
<b>8.3</b>					

Did the FSP or any employees received any immaterial financial interest from product suppliers during the reporting period? If the answer is YES – the Statistical Information Sheet (Section 5) must be completed.

If applicable, did the FSP disclose to clients in writing any conflict of interest in respect of the client?

Does the FSP have procedures and internal controls in place to ensure that it does not disclose any confidential information acquired from clients without obtaining written consent from the clients, unless it is required in terms of any other legislation?

**8.2**  
*Disclosure requirements*  
*Sections 4, 5 and 7 of General Code of Conduct*

Does the FSP have procedures and internal controls in place to ensure that the disclosure documentation complies with sections 4 and 5 of the General Code of Conduct?

Does the FSP provide clients with financial services in respect of financial products of only one specific product supplier?

Does the FSP disclose the following information in terms of section 7(1) (c) of 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*

Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Develop - mental area	Annexure number
8.3.1					
8.3.2					
8.3.2.1					
8.3.2.2					
8.3.2.3					
8.3.2.4					
8.4					
8.4.1					
8.4.2					
8.4.3					
8.4.3.1					
8.4.3.2					
8.4.3.3					

Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Develop mental area	Annexure number
8.4.3.4					
8.4.3.5					
8.4.3.6					
8.5					
8.5.1					
8.5.2					
8.5.2.1					
8.5.2.2					
8.5.2.3					
8.5.2.4					
8.5.2.5					

Question	Column				
	1 Yes	2 No	3 Not applicable	4 Develop - mental area	5 Annexure number
8.5.2.6					
8.5.3					
8.5.3.1					
8.5.4					
8.5.5					
8.5.6					
8.6					
8.6.1					
8.6.2					
8.6.3					
8.7					
8.7.1					

Question	Column				
	1 Yes	2 No	3 Not applicable	4 Develop - mental area	5 Annexure number
8.7.2	<i>If the answer to Question 8.7.1 is YES – questions 8.7.2.1 to 8.7.2.3 must be answered</i>				
8.7.2.1	Does the FSP have procedures in place to ensure that all advertisements and advertising communications and material comply with section 14 of the General Code of Conduct?				
8.7.2.2	If the FSP advertised any of its financial services by telephone during the reporting period, did the FSP maintain an electronic, voice logged record of all communications?				
8.7.2.3	Was the fact that a licence is held contained in all advertisements that were placed during the reporting period?				
8.8	<b>Complaints</b> <i>Section 16 to 19 of General Code of Conduct</i>				
8.8.1	Does the FSP have a complaints policy and resolution system in place that complies with sections 16 to 19 of the General Code of Conduct?				
8.8.2	Provide the following details on complaints referred to the FAIS Ombud during the reporting period: number of complaints referred to the FAIS Ombud, type of complaint (what the complaint was about) as well as outcome of the complaint. Indicate the annexure number in column 5.				
8.9	<b>Termination of agreement or business</b> <i>Section 20 of General Code of Conduct</i>				
8.9.1	Does the FSP have procedures in place to ensure that it complies with section 20 of the General Code of Conduct?				
8.9.2	Does the FSP have a business continuity plan and procedures in place to ensure that your clients will be serviced if the business is terminated for any reason?				
8.9.3	<i>If the answer to Question 8.9.2 is NO –</i> In a separate annexure, provide an explanation as to what steps will be taken to put a plan in place (include time frame as well). Indicate the annexure number in column 5.				
8.10	<b>Waiver of rights</b> <i>Section 21 of General Code of Conduct</i>				

Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Develop- mental area	Annexure number
8.10.1					
8.10.2					
<b>9</b>					
9.1					
9.2					
9.3					
9.4					
9.5					
9.5.1					
9.6					
9.6.1					
9.7					

Does the FSP have procedures in place to ensure that it does not request or induce a client to waive any right or benefit conferred on the client by, or in terms of, any provision of the General Code of Conduct? Provide full details of any non-compliance found as well as steps taken to reasonably ensure that such non-compliance does not occur again as a separate annexure. Indicate the annexure number in column 5.

Does the FSP have procedures in place to ensure that it complies with section 21 of the General Code of Conduct?

**Money laundering control procedures**

Is the FSP an accountable institution in terms of Schedule 1 of FICA?

*If the answer to Question 9.1 is YES, questions 9.3 to 9.15 must be answered –*

Has the FSP registered with the Financial Intelligence Centre in terms of section 43B of FICA?

Does the FSP have in place all the necessary policies, procedures and systems to ensure full compliance with FICA and other applicable anti-money laundering or terrorist financing legislation as required in terms of paragraph 8(1)(e) of the Determination for Fit and Proper Requirements?

Was this reporting period the FSP's first year of business?

*If the answer to question 9.4 is YES –*  
Provide a copy of the internal rules used by the FSP as a separate annexure. Indicate the annexure number in column 5.

If this reporting period wasn't the FSP's first year of business, did the FSP amend/revise the internal rules during the reporting period?

*If the answer to question 9.6 is YES –*  
Provide a copy of the amended internal rules as a separate annexure. Indicate the annexure number in column 5.

Does the FSP make use of a standard internal rules document supplied by a third party?

Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Develop - mental area	Annexure number
9.7.1					
9.8					
9.8.1					
9.9					
9.9.1					
9.10					
9.11					
9.12					
9.13					
9.14					
9.15					
9.16					



Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Developmental area	Annexure number
9.16.1					
9.16.1.1					
9.16.2					
9.16.3					
9.16.4					
10					
10.1					
10.2					
10.3					
10.3.1					
<b>SECTION 2 – CATEGORY I FOREX FSPs</b> <i>The Forex code covers forex investments which are investments in a financial product referred to in paragraph (e) of the definition of “financial product” in section 1(7) of the Act.</i>					

Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Develop - mental area	Annexure number
<b>11</b>	<b>Particular duties relating to Category I forex FSPs</b>				
11.1	Is the FSP licensed as a Category I forex FSP?				
11.2	If the answer to Question 11.1 is YES - Questions 11.3 to 11.22 must be answered.				
11.3	In a separate annexure, provide details of the clearing firm that the FSP deals with as well as the name and contact details of the Regulator. Indicate the annexure number in column 5.				
11.4	Did the FSP provide clients with the name and contact details of the clearing firm?				
11.5	Did the FSP provide clients with the name and contact details of the Regulator under whose jurisdiction the activity of the clearing firm falls?				
11.6	Does the FSP act as a forex advisor in respect of managed accounts and/or self-directed accounts?				
11.7	If the answer to Question 11.6 is YES – questions 11.7.1 to 11.7.3 must be answered				
11.7.1	In a separate annexure, provide a copy of a written application form utilised for clients' purposes that was approved by the Registrar. Indicate the annexure number in column 5.				
11.7.2	In the case of self-directed accounts provide full details in a separate annexure on how the FSP ensures that clients are sophisticated and have the necessary trading skills to start trading themselves. Indicate the annexure number in column 5.				
11.7.3	Does the FSP provide regular training sessions to educate and assist their trading skills?				
11.8	Did the FSP make any substantial/material changes to this application form without the prior approval of the Registrar?				
11.9	Does the FSP take reasonable steps to ensure that the forex investment to be advised on is suitable for the client?				
11.10	If the answer to Question 11.9 is YES – In a separate annexure, provide full details of the procedures that the FSP has in place to ensure that the client's objectives, risk appetite, financial situation and foreign investment experience are				

Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Develop-mental area	Annexure number
	obtained in order to act in the client's interest at all times. Indicate the annexure number in column 5.				
11.11	In a separate annexure, provide full details of the procedures that the FSP has put in place to ensure that risks associated with forex investment (including currency fluctuations), are disclosed to clients..Indicate the annexure number in column 5. If standard disclosure documents are used, please include a copy thereof as part of the annexure.				
11.12	Does the FSP have procedures in place to ensure that the forex investment intermediary, to whom clients are referred to, is an authorised FSP?				
11.13	Does the FSP have an appropriate written agreement in place to govern the relationship with forex intermediaries to whom clients are referred?				
11.14	Does the FSP ensure that clients comply with exchange control legislation (including tax legislation) when giving advice on forex investment business? If any instances of non-compliance were found, please provide full details thereof as well as steps taken to reasonably ensure that such non-compliance does not occur again as a separate annexure and indicate annexure number in column 5.				
11.15	Does the FSP advise clients to invest by means of margin trading?				
11.16	<i>If the answer to Question 11.15 is YES –</i> In a separate annexure, provide full details of the procedure that the FSP has put in place to ensure that the minimum leverage required does not exceed widely used industry norms. Indicate the annexure number in column 5.				
11.17	In a separate annexure, provide details of the procedure that the FSP has put in place to ensure all fees, charges, costs and commission payable to the different stakeholders involved in the investment process are fully and adequately disclosed. Indicate the annexure number in column 5.				
11.18	Does the FSP directly obtain reports and statements from the clearing firm or foreign forex services provider and make them available to clients in a hard copy format or by electronic means?				
11.19	If the reports and statements referred to in question 11.18 above are generated by the clearing firm or foreign forex service provider, can the contents of the statements be altered by the FSP before being made available to clients or viewed online?				

Question	Column				
	1	2	3	4	5
	Yes	No	Not applicable	Develop - mental area	Annexure number
11.20					
11.21					
11.22					
<b>SECTION 3 – HEALTH SERVICE BENEFITS</b>					
12					
12.1					
12.2					
12.2.1					
12.2.1.1					
12.2.2					
12.2.3					

In a separate annexure, provide a full explanation setting out how client's funds which are held offshore will be treated if the FSP is wound up, liquidated or ceases to conduct business for any reason. Indicate the annexure in column 5.

Does the FSP ensure that a foreign forex service provider which holds investments on behalf of clients maintains insurance cover to guard against risk of loss due to fraud, dishonesty and negligence?

Is the FSP a forex spot trader as defined in the Forex Investment Business Code of Conduct? Provide full details of the clearing firm as well as the Regulator in a separate annexure and indicate the annexure number in column 5.

### SECTION 3 – HEALTH SERVICE BENEFITS

12 Accreditation under section 55(3) of Medical Schemes Act, 1998  
Section 8(7)(e) of Act

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

12.2 If the answer to question 12.1 is YES – questions 12.2.1 to 12.2.4 must be answered

12.2.1 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.

12.2.1.1 If the answer to Question 12.2.1 is YES – Was a profile change request submitted to the Registrar in order for the health services subcategory to be removed from the FSP's licence?

12.2.2 The details of the accreditation with the Council for Medical Schemes (ORG numbers for entities and BR numbers for key individuals) must be completed on the Statistical Information Sheet (Section 5).

12.2.3 Does the FSP have any corporate clients? If the answer is YES, the Statistical Information Sheet (Section 5) must be completed.

Question	Column					Annexure number
	1	2	3	4	5	
	Yes	No	Not applicable	Develop - mental area		
12.2.4	In a separate annexure, provide a list of product suppliers that the FSP utilises. Indicate the annexure number in column 5.					



**SECTION 5 – STATISTICAL INFORMATION SHEET**

<b>5.1 TYPE OF INSURANCE COVER</b>	<b>RELEVANT QUESTION NUMBER</b>	<b>CURRENCY</b>	<b>EXTENT OF COVER (NUMERICAL AMOUNT)</b>
Professional Indemnity 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 in terms as contemplated in section 13 of the General Code of Conduct	5.3		

**5.2 CONFLICT OF INTEREST**

<b>TYPE OF INFORMATION REQUIRED</b>	<b>RELEVANT QUESTION NUMBER</b>	<b>NAME(S) OF PRODUCT SUPPLIER(S)</b>
Name of the product supplier from which an immaterial interest exceeding an aggregate of R1 000 was received	8.1.5	

**5.3 FURNISHING OF ADVICE AND RECORD OF ADVICE**

<b>TYPE OF INFORMATION REQUIRED</b>	<b>RELEVANT QUESTION NUMBER</b>	<b>PERCENTAGE</b>
Provide the percentage (%) of new financial transactions done as a single needs analysis.	8.4.3.5	

**5.4 HEALTH SERVICE BENEFITS**

<b>TYPE OF INFORMATION REQUIRED</b>	<b>RELEVANT QUESTION NUMBER</b>	<b>DETAILS</b>
Key individual accreditation number with the Council for Medical Schemes [BR number]	12.2.2	
FSP accreditation number with the Council for Medical Schemes (ORG number)	12.2.2	
Percentage of client base that are corporate clients	12.2.3	

**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

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