



**STATEMENT SUPPORTING THE PROPOSED
AMENDMENT OF THE NOTICE ON QUALIFICATIONS,
EXPERIENCE AND CRITERIA FOR THE APPROVAL AS
A COMPLIANCE OFFICER, 2010**

NOVEMBER 2021

1 BACKGROUND AND PURPOSE OF THE STATEMENT

- 1.1. In terms of section 98 of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (Financial Sector Regulation Act), a financial sector regulator may not make a regulatory instrument unless it has published, amongst other things, a statement of the expected impact of the regulatory instrument.
- 1.2 The FSR Act defines a regulatory instrument as amongst others:
*“(f) an instrument identified as a regulatory instrument in a financial sector law; and
(g) an instrument amending or revoking an instrument referred to in paragraphs (a) to (f)”.*
- 1.3 Section 1B of the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002) (FAIS Act) determines that for the purposes of the definition of “regulatory instrument” in section 1 of the Financial Sector Regulation Act, criteria and guidelines for the approval of compliance officers determined under section 17(2) is a regulatory instrument. Therefore, the Notice on Qualifications, Experience and Criteria for the Approval as a Compliance Officer, 2010 (the Notice) and any amendment made thereto constitutes a regulatory instrument for purposes of the Financial Sector Regulation Act.
- 1.4 In fulfilment of the abovementioned requirements, the Financial Sector Conduct Authority (Authority) has prepared a statement of the need for, intended operation and expected impact of the proposed amendments to the Notice (proposed amendments).

2 STATEMENT OF NEED

- 2.1. The Notice on Qualifications, Experience and Criteria for the Approval as a Compliance Officer, 2010 (the Notice), came into effect on 9 September 2010. It set out the criteria and guidelines for the approval of compliance officers, determined under section 17(2) of the Financial Advisory and Intermediary Services Act 37 of 2002 (FAIS). In 2016 the Notice was amended, by Board Notice 148 of 2016, in order to give practical effect to the requirement that compliance officers are to take and pass the prescribed regulatory examinations.
- 2.2. On 13 April 2017, the Notice was further amended by Board Notice 51 of 2017, by amending Annexure 2, in order to update the list of recognised qualifications for compliance officers.
- 2.3. Over the years the list of appropriate subjects in Table A in paragraph 7(4) of the Notice has become outdated and as such needs to be expanded significantly. A new Annexure 3 is

proposed to be included in the Amendment Notice in order to update the list of appropriate subjects.

- 2.4 The list of Qualifications Recognised for Compliance Officers in Annexure 2 has also become outdated and must be amended to reflect more recent qualifications.
- 2.5 The main purpose of the proposed amendments is therefore to update the list of appropriate subjects as well as the list of recognised qualification for Compliance Officers as Compliance Officers approval by the Authority is based on these criteria.

3 STATEMENT OF IMPACT OF THE PROPOSED AMENDMENTS

- 3.1. The amendments as explained in paragraphs 2.1 to 2.5 above is expected to have very little to no impact on compliance officers, as no new requirements are created but outdated requirements are updated.
- 3.2. On the contrary, the amendments are envisaged to have a positive impact for compliance officers as more flexibility is provided through the expanded subjects and qualifications.

4. STATEMENT OF INTENDED OPERATION OF THE PROPOSED AMENDMENTS

- 4.1. The draft amendments are consistent with the objective of the FSCA, specifically the mandate of the FSCA to protect financial customers by ensuring that customers and providers are dealing with Compliance Officers that are competent to act.
- 4.2 Once the final amendments have been published, all Compliance Officers will be able to rely on the amended requirements immediately when an application is made to the Authority for approval as a Compliance Officer. Due to the nature of the amendments the Authority is of the view that a transitional period is not required.
- 4.3 The proposed amendments are intended to take effect early 2022.

5. WAY FORWARD

- 5.1. The proposed amendment has been published in terms of section 98(2) of the FSRA for a period of 6 weeks for public comment. After careful consideration of all submissions received on the draft Amendment Notice, the Authority has made any necessary changes to the draft Amendment Notice and will now submit the updated Amendment Notice in accordance with section 103(1) of the Financial Sector Regulation Act to Parliament for a period of at least 30 days while Parliament is in session.

5.2. As soon as the 30-day period referred to in section 103(1) of the Financial Sector Regulation Act has elapsed, the Authority will proceed to publish the final amendment.