

Fit and Proper Training Requirements



Independent Financial Advisers (IFA)

The publication of the new Fit and Proper requirements prescribe that all authorised Financial Services Providers (FSPs), Key Individuals (KIs) and Representatives (Reps) meet specific competency requirements.

Competence is defined in Board Notice 194 as:

"Having the skills, knowledge and expertise needed for the proper discharge of a person's responsibilities in the performance of his or her functions."

How will these requirements benefit you?

They will ensure that you provide expert financial service and advice to your clients, in line with international best practice standards.

The Fit and Proper Requirements that relate to training are:

- **Class of Business (COB) training**
- **Product training**
- **Continuous Professional Development (CPD)**

Class of Business (COB) Training

FSPs must ensure that its KIs and Reps complete the required Class of Business training, which must be done through an accredited training provider.

What is a Class of Business?

The product categories that an FSP can be licensed for have been divided into nine broad classes. Each class is then further divided into subclasses.

Examples:

1. Short-term Insurance: Personal Lines

Subclasses

- 1.1 Personal Lines: Accident and health policy
- 1.2 Personal lines: Liability policy

3. Long-term Insurance

Subclasses

- 3.1 Assistance policy
- 3.2 Life risk policy

[Please click here to view the full COB list.](#)

Who needs to complete COB training?

KIs and Reps who join the industry or start writing a new product will need to be accredited on the COB relating to the product (business) they will provide financial advice on. Competence must be achieved before financial advice can be rendered and commission can be earned.



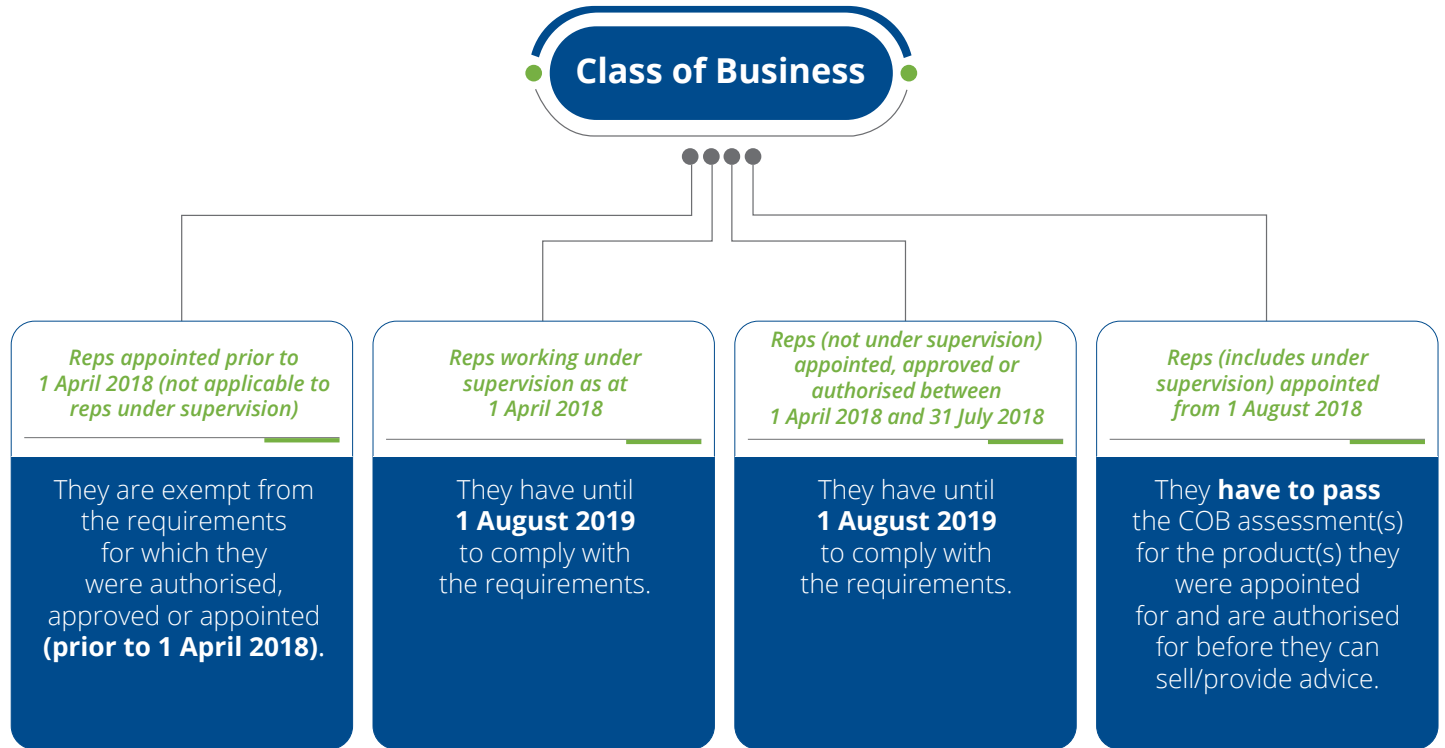
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When does the COB training requirement commence?

From **1 August 2018**, with some **critical transitional provisions** to take note of as it will affect individuals who were under supervision, appointed or authorised (to sell a new product) as of 1 April 2018:



How will COB training benefit you?

The training will provide you with solid foundational knowledge of the classes that you will be providing advice on which will result in appropriate and sound financial advice.

The training includes general and unique characteristics of the range of financial products within the class. You will learn about typical fee structures, charges and other general risks relevant to products you will be selling in that class. It covers appropriateness of different products or features for different types of clients, how economic factors may impact these products or the effect of applicable legislation such as tax.

Which COB training should you complete?

If you are authorised/approved to sell any of the Discovery products below, then you need to complete the relevant Class of Business training:

Class of Business 1	<ul style="list-style-type: none"> • Discovery Insure • Gap Cover
Class of Business 3	<ul style="list-style-type: none"> • Supplementary Gap Cover • *Discovery Invest • Discovery Life • Discovery Life Group Risk • Discovery Life Funeral Plan
Class of Business 7	<ul style="list-style-type: none"> • *Discovery Invest
Class of Business 9	<ul style="list-style-type: none"> • Discovery Health Medical Scheme • LA Health

***COB 3 and 7 must be completed to render advice for Discovery Invest.**

Should you keep record of COB training and have reports?

FSPs must keep record of the COB training completed in their competence register and retain the information for at least five years. Training reports must be compiled by the FSP and made available, if requested to do so. Refer to [Board Notice 194](#) for more information on record keeping and reporting requirements.

Where can you complete your COB training?

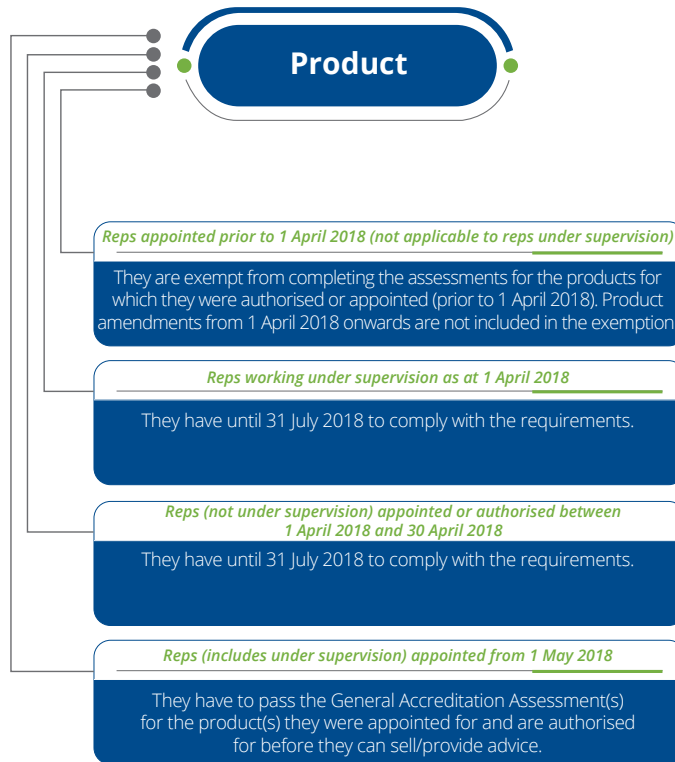
The FSP should source and select a training provider of their choice that is accredited to provide Class of Business training. The cost of the training will be for their own account.

Product training

FSPs must ensure that its KIs and Reps complete and pass assessments for all financial products they are authorised to sell or render advice for.

When does the product-specific training requirement commence and who should complete these assessments?

From **1 May 2018**, with some **critical transitional provisions** to take note of as it will affect individuals who were under supervision, appointed or authorised (to sell a new product) as of 1 April 2018:



How will Discovery assist you with product training on the products you sell?

Discovery has defined our competence standards in terms of General Accreditation Assessments as well as Product Update Assessments as below:

General Accreditation Assessments

There will be a General Accreditation Assessment available for all Discovery Products which will test your knowledge of each Discovery product.

The General Accreditation Assessment will be valid for **five years** from the date that you passed the assessment.

Example: Jane completes her Discovery Life General Accreditation Assessment on 1 August 2018. She will have to complete the Discovery Life General Accreditation Assessment again on 1 August 2023.

Where do I complete the General Accreditation Assessments?

All assessments will be available online. More information on where to access the assessments and training material will be communicated soon.

Which General Accreditation Assessments will be available?

You are required to complete each assessment for the product/s that you are authorised/approved to sell.

The assessments include:

Discovery Health Medical Scheme	Discovery Invest
LA Health	Discovery Life
Discovery Insure	Discovery Life Group Risk
Gap Cover	Discovery Life Funeral Plan
Supplementary Gap Cover	

What happens if I do not pass an assessment for a product I am authorised/ approved to sell?

It is the responsibility of your FSP to ensure that you do not render advice until you pass the relevant product assessment. While Discovery will provide you with the tools in which to accredit yourself, you will need to ensure that you take the steps to remain compliant at all times.

Product Update Assessments

Product Update Assessments will be available after a product launch or amendment to the product. You will be required to complete each product assessment that you are authorised/approved to sell.

Product Update Assessments will be available for **40 days** from the day they are launched.

Where do I complete the Product Update Assessments?

All assessments will be available online and communication will be sent when these assessments are available. More information on where you can complete them will be communicated soon.

What happens if I do not complete all my relevant Product Update Assessments within 40 days?

If you do not complete your Product Update Assessment/s within the **40 days**, you should not render advice, sell new or service any policies.

What can be done if I did not complete my Product Update Assessment/s within the 40 days?

Once the Product Update Assessment is discontinued, a new version of the General Accreditation Assessment will be made available which will include the amendments or enhancements to the product. You will need to complete the relevant General Accreditation Assessment to ensure compliance with Fit and Proper. Your validity period of five years for the General Accreditation Assessment will reset to a new five year period from the date of completion.

Example: Following the Discovery product launch in September, Product Update Assessments are made available on 1 October for all products. All assessments are available until 9 November (40 days) for completion. On 10 November, Jane realises that she forgot to complete her Discovery Insure Product Update Assessment. She now has to complete the latest version of the Discovery Insure General Accreditation Assessment which she completes on 11 November. Her five year validity period for this assessment subsequently resets to five years from 11 November.

Who do I contact if I would like to arrange face-to-face training?

You can contact the Franchise Director at the DCS franchise that you are linked to. The Franchise Director will make the necessary arrangements with the Discovery Institute of Training.

Who can you contact at Discovery if you have any questions related to product training requirements?

You can email DIT_FitandProper_Training_queries@discovery.co.za

Should you keep record of product training and compilereports?

FSPs must keep record of the product training completed in their competence register and retain the information for at least five years. Training reports must be compiled by the FSP and made available if requested to do so. Refer to [Board Notice 194](#) for more information on record keeping and reporting requirements. Discovery will provide a reporting tool for you to use for the product assessment and training history. Communication will be sent regarding this.

Continuous Professional Development (CPD)

FSPs must establish and maintain policies and procedures on CPD and ensure that its KIs and Reps comply with the minimum CPD requirements.

How will CPD benefit you?

CPD allows you to maintain, update and develop your knowledge and skills related to the financial services industry on an annual basis.

When does the CPD specific requirement commence?

The start date is **1 June 2018**. All KIs and Reps will be required to gather CPD hours from 1 June 2018 until 31 May 2019 to be deemed Fit and Proper. From 1 June 2019, the cycle will start again.

Can you earn CPD hours for product-specific training or for studying towards a qualification?

No, product-specific training and qualifications do not count for CPD purposes.

How many CPD hours are required?

The minimum number of CPD hours per 12-month cycle depends on how and what you are authorised to sell:

- More than one Class of Business (e.g. Investments and Long-Term Insurance): You must complete a **minimum of 18 hours of CPD activities**.
- More than one subclass of business within a single Class of Business (e.g. Motor policy and Property policy under Short-term Insurance: Personal lines): **12 hours of CPD activities**.
- Single subclass of business within one Class of Business must complete **6 hours of CPD activities** (Assistance policy only under Long-term Insurance).

How does the CPD cycle work?

Each CPD cycle will run for 12 months, from 1 June every year to 31 May of the following year.

What record keeping is required by the FSP?

FSPs must, within 30 days after each cycle, update their CPD activities in their competence register.

Policies and procedures must be compiled on how the FSP will maintain, update and develop the knowledge and skills that are appropriate for the activities of their KIs and Reps. Training plans that address needs and gaps must be set out for each CPD cycle. The plan should demonstrate that the CPD will recurrently improve the professional standards and practices of the FSP.

How and where can CPD activities be completed?

A number of institutions will provide opportunities to earn CPD hours at a cost that will be communicated by the relevant institution and for your own account. Discovery registered CPD events will be communicated throughout the year. You need to find a suitable solution that will best address your CPD needs.

