

Part 5: Class of business Training and Product Specific Training**Application of Part**

28. (1) Subject to subsection (2) and (3), the competence requirements relating to class of business and product specific training contained in this Part apply to all FSPs, key individuals and representatives.
- (2) The competence requirements relating to class of business training contained in this Part do not apply to-
- (a) a Category I FSP, its key individuals and representatives that are authorised, approved or appointed only to render financial services or manage or oversee financial services in respect of the financial products: Long-term Insurance subcategory A and/or Friendly Society Benefits; and
 - (b) a representative of a Category I FSP that is appointed to only –
 - (i) perform the execution of sales in respect of a Tier 1 financial product provided that the requirements in section 22(b)(ii) are complied with; and/or
 - (ii) render financial services in respect of a Tier 2 financial product.
- (3) The competency requirements relating to product specific training contained in this Part do not apply to –
- (a) a Category II, Category IIA or a Category III FSP or its representatives; and
 - (b) key individuals of all categories of FSPs, provided they comply with section 12.
- (4) The competency requirements relating to class of business training apply to key individuals only in respect of the classes of business for which they are approved to act as key individuals or in respect of which approval is sought.

Class of business training and product specific training

29. (1) An FSP and representative must, prior to the rendering of any financial service in respect of a particular financial product, complete –
- (a) the class of business training; and
 - (b) product specific training,
- relevant to that financial product and for which they are authorised or appointed or in respect of which authorisation or appointment is sought.
- (2) A key individual must, prior to managing or overseeing the rendering of any financial service, complete the class of business training in respect of the classes of business it manages or oversees and for which it is approved to act as key individual or for which approval is sought.
- (3) An FSP must ensure that it, its key individuals and representatives are proficient in respect of, understand, and have completed adequate and appropriate class of business training and product specific training relevant to, the particular financial products in respect of which they render financial services or manages or oversees the rendering of financial services.
- (4) Class of business training, where appropriate, must include training on --
- (a) the range of financial products within the class of business;
 - (b) the general characteristics, terms and features of financial products in the class of business and any specialist characteristics, terms and features in respect of financial products in the class of business;
 - (c) the typical fee structures, charges and other costs associated with products in the class of business;
 - (d) general risks associated with investing, purchasing or transacting in the products in the class of business;

- (e) investment and risk principles, options and strategies in respect of products in the class of business;
 - (f) the appropriateness of different products or product features in the class of business for different types of clients or groups of clients;
 - (g) the typical role players or market participants in respect of products in the class of business, including their legal structure;
 - (h) the impact of applicable legislation, including taxation laws, on products in the class of business;
 - (i) the impact of applicable economic and environmental factors such as -
 - (i) the economic and business environment and cycles;
 - (ii) inflation;
 - (iii) government monetary and fiscal policies; and
 - (iv) interest rates and exchange rates,on the products in the class of business and the performance of those products;
 - (j) any inter-relationship within and between particular classes of business; and
 - (k) industry standards and codes of conduct relevant to the class of business.
- (5) Product specific training, where appropriate, must include training on –
- (a) the specific characteristics, terms and features of the product, including any specific complexities or material differentiation from the general characteristics, terms and features of products in the class of business concerned;
 - (b) the nature and complexity of the financial product and any underlying components of that product;
 - (c) how the financial product and any underlying components of the product are structured and priced;
 - (d) the fee structure, charges and other costs associated with the product and their impact on the real return or benefits of the product;
 - (e) the nature and features of any guarantees and the costs associated with them;
 - (f) the risks associated with investing, purchasing or transacting in the product and any underlying components of the product;
 - (g) the risks associated with particular investment concepts and strategies in respect of the product;
 - (h) the impact of tax on the benefits or real return of the product;
 - (i) the potential impact of abnormal or extreme market, economic or other relevant conditions on the performance of the product;
 - (j) any investment options or strategies within the product;
 - (k) any flexible benefit or service options available within the product;
 - (l) the accessibility of benefits or funds under the product and any restrictions or limitations on such accessibility;
 - (m) the level of liquidity of the product or its underlying components;
 - (n) the intended target market of the product and the outcomes it is intended to deliver for customers, including identifying customers or groups of customers for whom the product is not expected to be suitable;
 - (o) the identity of the product supplier and the providers of any underlying components of the product, including their good standing and regulatory status;
 - (p) particular disclosures, whether or not prescribed by legislation, applicable or relevant to the product, its underlying components and the product supplier;
 - (q) the lock-in periods and relevant termination conditions, exit options and associated costs;
 - (r) the accessibility of benefits or funds under the financial product and any associated restrictions or limitations; and
 - (s) the expected outcomes that will be achieved for clients.
- (6) The class of business training may be undertaken separately from or in combination with –

- (i) product specific training; or
 - (ii) a recognised qualification provided a person is able to demonstrate that the content of the qualification meets the criteria referred to in subsection (3).
- (7) Where a financial product incorporates one or more other underlying financial products, the training referred to in subsections (1) and (2) must include class of business training in respect of the underlying products.

Record keeping and reporting requirements

30. An FSP must -

- (a) within 15 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 representatives;
- (b) retain all information and documentation relating to the training referred to in (a) for a period not less than five years after -
 - (i) the FSP or the representative on behalf of that FSP, has ceased to render financial services in respect of a particular financial product or a particular class of business; and
 - (ii) the key individual has ceased to manage or oversee the rendering of financial services by the FSP in respect of a particular financial product or a particular class of business;
- (c) within a reasonable time after being requested to do so -
 - (i) by a product supplier, provide confirmation to that product supplier that it, or its representatives have obtained the requisite class of business and product specific training, where the product supplier requires the confirmation in order to ensure compliance with its own legal obligations; and
 - (ii) by a key individual or representative of, or a former key individual or representative of the FSP, provide confirmation to the key individual or representative of the product specific and class of business training completed by that key individual or representative.