1. **PURPOSE**

Section 17(1)(c) of the FAIS Act read together with section 19(4) provides that the compliance officer of an authorised financial services provider ("FSP") must report to and inform the Registrar in writing of Financial Services Providers of any irregularity or suspected irregularity in the conduct or the affairs of the authorised FSP concerned of which the compliance officer became aware in performing functions as compliance officer, and which, in the opinion of the compliance officer, is material.

An event of non-compliance with or a breach of, the FAIS Act and any event that has or has a potential to have an adverse effect on the regulatory authorisation of the FSP or the clients of such provider will be referred to as an “irregularity” and any reference to “irregularity” will include a reference to “suspected irregularity”. This means that this type of reporting should not be delayed to form part of the periodic compliance reports to the Financial Services Board ("FSB"). Reporting of material irregularities assists the FSB in its supervisory duties and contributes valuable information in identifying trends of non-compliance.

The compliance officers may consider other sources of information for guidance on determining Irregularities. A Guide on reporting of material irregularities was published by the Compliance Institute of Southern Africa for additional information.
2. METHODS OF REPORTING

There are currently two methods of reporting available to compliance officers:

- Hard copy submission; or
- Electronic submission by way of the FAIS online reporting system (preferred method)

It is important to note that:

- Irregularity reports submitted by approved compliance officers in respect of an FSP, for which they are the approved compliance officer, will be dealt with as a Section 17(1) (c) irregularity report and will be handled by the FAIS Supervision Department.

- Irregularity reports submitted by approved compliance officers in respect of an FSP for which they are not the approved compliance officer, will be dealt with as a complaint and will be handled by the FAIS Compliance Department.

When making a report and having given due regard to the facts of his report the compliance officer should proceed to complete the Material Irregularity Report which can be accessed on the FSB’s website under the FAIS tab and sign the declaration accordingly. The online user process below will assist with the online submission of an irregularity report.
3. SUBMITTING AN IRREGULARITY REPORT VIA THE FAIS ONLINE SYSTEM

a. Registering to use the online system

- Go to www.fsb.co.za.
- Click on “FAIS” on the top right hand corner
- Scroll down to the heading “Supervision Department” and click on “Online submissions of compliance reports and financial statements”
- Click on “Online program” and you will be directed to screen A below
- Click on “Register” and you will be directed to screen B where you will be asked to enter your ID number
- After entering your ID number click on “register” and the password will be e-mailed to the e-mail address on record for the approved compliance officer.

- If your e-mail address has changed and the Registrar has not been notified you may send an e-mail to Faiscomp1@fsb.co.za or Faiscomp2@fsb.co.za requesting that the e-mail address of the compliance officer be updated.

SCREEN A:

Please Logon

Please note that the logon procedure has changed and you should now logon using your ID number (and not your email address)
b. Logging onto the system

- Go to www.fsb.co.za.
- Click on “FAIS” on the top right hand corner
- Scroll down to the heading “Supervision Department” and click on “Online submissions of compliance reports and financial statements”
- Click on “Online program” and you will be directed to screen A above
- Enter your ID number and password and click on the “login” button
c. **Submitting the report**

- Select the correct FSP from the drop down list of FSPs for the compliance officer
- Select that you want to submit an "Irregularity Report"
- Type in the date field will automatically be populated with the date on which the user is submitting the report.
- Click on the “submit” button

![Image of a webpage with a list of menu options]

- Complete Sections A, B and C and upload the signature page as well as any other supporting documentation applicable to the report.
Section A:
- The compliance officer name, ID number, practice number, FSP number and FSP name fields will all automatically be completed by the system.
- The user should confirm their work telephone number, call phone number and e-mail address.
- The signature page that must be completed and signed must be downloaded here.

<table>
<thead>
<tr>
<th>Compliance Officer name</th>
<th>TEST TEST</th>
</tr>
</thead>
<tbody>
<tr>
<td>ID Number</td>
<td>3</td>
</tr>
<tr>
<td>Practice number</td>
<td>12</td>
</tr>
<tr>
<td>FSP number</td>
<td>2</td>
</tr>
<tr>
<td>FSP name</td>
<td>TEST 2 WITHOUT</td>
</tr>
<tr>
<td>Work phone no</td>
<td></td>
</tr>
<tr>
<td>Call phone no</td>
<td></td>
</tr>
<tr>
<td>Email address</td>
<td></td>
</tr>
</tbody>
</table>

Section B:
- Select whether the report is an “immediate” or “delayed” report (select one option only).
- Indicate what the irregularity is in respect of e.g. The FSP has rendered financial services in respect of financial product that they are not licensed for then the user would select “Product”.

<table>
<thead>
<tr>
<th>Please select the type of report :</th>
<th>IMMEDIATE</th>
<th>DELAYED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licence</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Product</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance / Capital</td>
<td></td>
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<tr>
<td>Litigation / Disciplinary</td>
<td></td>
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<tr>
<td>Custody of funds</td>
<td></td>
<td></td>
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<tr>
<td>Other</td>
<td></td>
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</tbody>
</table>
Section C:
- Enter the date of the discovery of the irregularity
- Enter the date that the event occurred
- Provide a brief explanation regarding the irregularity
- Indicate whether the matter has been resolved by the FSP or not
- Indicate whether the Key Individual has been notified of the irregularity or not

<table>
<thead>
<tr>
<th>SECTION C - DETAILS AND NATURE OF IRREGULARITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of Discovery</td>
</tr>
<tr>
<td>Date of Occurrence</td>
</tr>
<tr>
<td>Details of Irregularity</td>
</tr>
<tr>
<td>1000 characters remaining</td>
</tr>
<tr>
<td>Has the matter referred to above been resolved by the FSP?</td>
</tr>
<tr>
<td>Have the KIs been advised of this irregularity report?</td>
</tr>
</tbody>
</table>

Attaching the signed declaration and any other supporting documentation:
- Save a copy of the signed declaration page any other supporting documents to your computer
- Click on the “upload documents” button

If you have any enquiries please contact the FSB call centre - 0800 110 443
- Click on the “browse” button
- Select the document for upload from the folder on your computer
- Click on “open”
- Click on “submit”

The user will receive a message stating that the report was submitted
- Click on “ok”
Once the report is submitted, an automated receipt will be received by the FSB. Compliance officers are required to check that the report reflects on the client profile correctly and keep the receipt for future reference.