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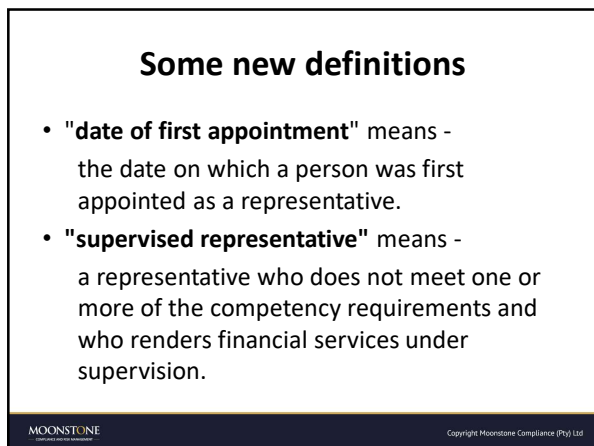
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### Some new definitions

- **"supervision"** means -  
the guidance, instruction and oversight, by any means or medium, by a supervisor using a variety of assessment, observation and oversight methods or tools that are appropriate for the assessed level of competence of the supervised representative.

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### Extent of exemption

- General Competence (Section 12 of Fit and Proper requirements)
- COB Minimum Experience
- Minimum Qualification
- Regulatory Exams
- CPD

**SO THERE IS NO EXEMPTION FROM PST!!!!**

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### Supervision only valid if...

- The supervised representative rendering financial services under supervision; and
- Compliance with the conditions set out in Annexure A - "The conditions of exemption"

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## Annexure A: Condition 1

### Condition 1: Entry level requirements

- (1) A supervised representative of a -
  - (a) Category I or IV FSP, other than a supervised representative referred to in subparagraph (b) and paragraph (2), must have -
    - (i) a Grade 12 National Certificate; or
    - (ii) a qualification equivalent to a Grade 12 National Certificate;
  - (b) Category I FSP that is appointed only to perform the execution of sales must have -
    - (i) a Grade 10; or
    - (ii) an academic achievement equivalent to Grade 10; and
  - (c) Category II, IIA or III FSP must have a qualification recognised in terms of section 24 of the Fit and Proper Requirements for a representative of a Category II, IIA or III FSP respectively.
- (2) Condition 1 does not apply to a supervised representative of a Category I FSP that is appointed only to render financial services in respect of the financial products: Long-term Insurance subcategory A and/or Friendly Society Benefits.

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## Annexure A: Condition 2

### Condition 2: Specific Compliance Periods

#### Regulatory examination requirements

- (1) A supervised representative, other than a supervised representative referred to in paragraph(2), must within 2 years from date of first appointment comply with the applicable regulatory examination requirements.
- (2) A supervised representative that only has a date of first appointment to -
  - (a) render financial services in respect of a Tier 2 financial product; or
  - (b) perform the execution of sales,must within 2 years from the date on which it was first appointed as a representative to render financial services, other than the execution of sales, in respect of a Tier 1 financial product, comply with the applicable regulatory examination requirements.

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## Annexure A: Condition 2

### Condition 2: Specific Compliance Periods

#### Class of business training requirements and qualification requirements

- (3) A supervised representative must within -
  - (a) 12 months from the date on which a person was first appointed as a representative in respect of a particular financial product comply with the class of business training requirements applicable to that financial product; and
  - (b) six years from the date on which a person was first appointed as a representative in respect of a particular financial product comply with the qualification requirements applicable to that financial product.

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## Annexure A: Condition 2

**Condition 2: Specific Compliance Periods**  
**CPD requirements**

(4) A supervised representative, other than a supervised representative referred to in paragraph (5), must comply with the applicable CPD requirements -

- (a) from the date on which the supervised representative meets the class of business training requirements, regulatory examination requirements and qualification requirements; or
- (b) after six years from date of first appointment,

whichever occurs first.

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## Annexure A: Condition 2

**CPD requirements continues...**

(5) A supervised representative that only has a date of first appointment to -

- (a) render financial services in respect of a Tier 2 financial product; or
- (b) perform the execution of sales, and

who after that date is appointed as a representative to render financial services, other than the execution of sales, in respect of a Tier 1 financial product, must comply with the applicable CPD requirements -

- (i) from the date on which the supervised representative meets the class of business training requirements, regulatory examination requirements and qualification requirements applicable to that Tier 1 financial product; or
- (ii) after six years from the date on which the supervised representative was first appointed as a representative to render financial services, other than the execution of sales, in respect of a Tier 1 financial product,

whichever occurs first.

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## Annexure A: Condition 2

**CPD requirements continues...**

(6) Where a compliance date contemplated in paragraph (4) and (5) does not coincide with the start of the CPD cycle, the CPD Hours for that particular CPD cycle must be calculated as follows:

$$(X + 12) \times Y = Z$$

**X** = Number of annual required CPD hours  
**Y** = Number of months from the first date in paragraph (4) and (5) until the end of the CPD cycle  
**Z** = Required pro rata CPD training

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## Annexure A: Condition 2

### Condition 2: Specific Compliance Periods Experience requirements

- (7) A supervised representative insofar it relates to the experience requirements must-
- (a) work under supervision for at least the minimum experience periods applicable to the categories of financial services and financial products for which it is appointed to work under supervision; and
  - (b) remain under supervision until being assessed as having the required experience in respect of the particular category financial services and financial products for which it is appointed.
- (8) The minimum experience periods referred to in paragraph (7) -
- (a) may run concurrently where a supervised representative is appointed for multiple categories of financial services and/or financial products; and
  - (b) commence on the date the supervised representative was first appointed as a representative in respect of the particular category of financial service or financial product.

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## Annexure A: Condition 3

### Condition 3: Supervision Agreement

- (1) The FSP and supervised Reps **MUST** enter into a written supervision agreement;
- identifying the supervisor;
  - tasks and functions of supervised Rep;
  - knowledge, skills and expertise required;
  - training needs and programs; and
  - other aspects pertaining to the supervision agreement.

- On or after 1/12/2018 agreement by 1/3/2019
- Before 1/12/2018 agreement by 1/6/2019

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## Annexure A: Further Conditions

- Condition 4: Duties of FSP
- Condition 5: Duties of Supervisor
- Condition 6: Duties of Representative
- Condition 7: Intensity of Supervision

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### Transitional Arrangements

- Reps under supervision before 1 February 2019
  - complete RE's as per BN 104/2008 but only the product categories they were under supervision for as at 1 February 2019
- Any Rep appointed to work under supervision before 1 February
  - must complete COB by 31 Jan 2020.

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Questions?

Thank you!

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