

Understanding FAIS: A guide for FSPs and intermediaries



The Financial Advisory and Intermediary Services Act (FAIS), No. 37 of 2002, is a far-reaching piece of legislation that has changed how business is conducted by financial services providers and how client relationships are established and maintained in South Africa.

The Act is possibly best known for imposing the ubiquitous “fit and proper requirements” which demand that financial advisors meet certain minimum levels of experience and education in order to be licensed to give advice.

The FAIS Act, in conjunction with other relevant legislation, has created a formal system for the regulation of financial advisors and intermediaries in South Africa. Consumers, as a result, may now seek appropriate redress if they have been unprofessionally or recklessly treated by a financial advisor or provider.

The publication is aligned to Unit Standard # 242584, "Demonstrate knowledge and understanding of the Financial Advisory and Intermediary Services Act 2002 (FAIS) (Act 37 of 2002) as it impacts on a specific financial services sub-sector". NQF level 4, 2 credits

Target market

Workers in the financial services sector who give financial advice under FAIS.

It will be useful for financial planners, intermediaries and support staff employed by financial service providers.

Publication includes

- Copies of all relevant Acts and Codes
 - Financial Advisory and Intermediary Services Act (FAIS), 2002
 - Financial Intelligence Centre Act, 2001
 - The National Credit Act, 34 of 2005
 - The Competition Act, 1998
 - The Consumer Protection Act, 68 of 2008
 - General Code of Conduct, 2003
 - Amendment to General Code of Conduct, 2010

- Links to relevant websites
- 12 Activities
- Self-marking assessments at the end of each section.
- Fully searchable text

Publication content

Chapter 1: The Financial Advisory and Intermediary Services Act

- Overview
- The purpose of FAIS
 - The need for FAIS
 - International Consumer protection legislation
- FAIS Concepts
 - The concept of financial service provider (FSP)
 - The concept of a financial product
- Consumer protection offered by FAIS
 - Licensing of FSPs
 - Code of Conduct
 - The Ombud and the Registrar

Chapter 2: Licensing Under FAIS

- Overview
- Work roles affected by FAIS
 - Key individuals
 - Natural persons
 - Representatives
 - Compliance officers
- FSPs and representatives
- Licensing and ongoing compliance
- The suspension, withdrawal and reinstatement of FSPs
 - Suspension of a FSP's licence
 - Withdrawal of authorisation
 - Debarment of representatives
 - Reappointment of debarred representatives
 - Termination of agreement or business

Chapter 3: Enforcing FAIS

- Overview

- The Registrar
 - Functions performed by the Registrar
 - Enforcement of the Act by the Registrar
 - Offences and penalties
- The FAIS Ombudsman
- Complaints