

More about the Financial Advisory and Intermediary Services (FAIS) Act

What is the purpose of the Financial Advisory and Intermediary Services (FAIS) Act?

The **FAIS Act** was designed to protect consumers of financial products and services. It applies to any provider of financial services and its representatives, as well as to any person who gives financial advice or who provides an intermediary service (e.g. the collection of premiums). The main purpose of the FAIS Act is to:

- **protect** consumers of financial products and services;
- **regulate** the selling and advice-giving activities of financial service providers (FSPs);
- **ensure** that the consumers are given adequate information about financial products and services and about the people and institutions who sell these financial products. This must be done in a competent and open manner; and
- **establish** a properly regulated financial services profession.

Which other bodies help the FSB to enforce the Financial Advisory and Intermediary Services Act (FAIS) in order to protect you?

The FAIS Act alone cannot guarantee consumer protection, so the **Ombud for Financial Services Providers** (“**FAIS Ombud**”) plays an integral role in providing consumer protection by acting as a “defender of the people”. The FAIS Ombud deals with consumer complaints against FSPs and provides an efficient and affordable dispute resolution mechanism.

How to make a complaint against an FSP or its representative:

- Firstly, raise your complaint with the authorised FSP who rendered the service to you.
- If the dispute is not resolved satisfactorily, refer your complaint to the FAIS Ombud.

Where to contact the office of the FAIS Ombud:

Physical address:

Baobab House
Eastwood Office Park
Lynnwood Road
Pretoria

Postal Address

P O Box 74571
Lynnwood Ridge
0040

Financial Services Board

Riverwalk Office Park
Block B
41 Matroosberg Road
Ashlea Gardens Ext 6
0081

Call Centre: 0800 20 20 87/ 0800 110 443
consumer@fsb.co.za
www.fsb.co.za



Financial Services Board

FAIS Regulatory Examinations



Background

It is accepted international practice and standard to set professional examinations for professions. Therefore, the FAIS regulatory examinations are in no way unique to South Africa. In addition, the regulatory examinations also test the financial advisors' knowledge and understanding of the Financial Advisory and Intermediary Services Act (FAIS Act) under which they carry out their business. The FAIS Act came into effect on 30 September 2004. The objective of the FAIS Act is to:

- protect consumers of financial products and services, and
- make the financial services industry professional.

This Act calls for all financial advisors and intermediaries (brokers) to have specific requirements.

Introduction of the FAIS regulatory examinations

After wide consultation with stakeholders, financial services providers, individuals, industry associations and professional bodies, the FAIS Regulatory examinations were included as a new concept to the financial services industry as part of the new fit and proper requirements in 2008. These examinations and stricter minimum formal qualifications were introduced to serve the needs of the consumer better. The FAIS regulatory examinations are developed and delivered under the management and supervision of the Financial Services Board (FSB).

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What are FAIS Regulatory Examinations?

These are multiple-choice questions that test the knowledge and understanding of financial advisors and intermediaries (brokers) about:

- the specific laws in the Financial Advisory and Intermediary Services Act that oversees their conduct; and the general Code of Conduct.
- the giving of financial advice and services that apply to specific financial products.

The two levels of regulatory examinations:

Level 1 examinations - deals with the laws that financial advisors and intermediaries (brokers) should know when giving advice and offer financial services to consumers. The purpose, therefore, is to ensure that financial advisors and representatives understand and apply their regulatory role and responsibilities when selling financial products and services to consumers.

Level 2 examinations - test specific financial products. It means that the financial advisor or intermediary (broker) would only write examination about the products he/she is allowed to sell.

Why are regulatory examinations needed?

Financial advisors and intermediaries must know what information to make known to the consumer when selling financial products and services to them. They must also be aware of their responsibilities and duty when giving financial advice. The regulatory examinations will test if financial advisors and intermediaries understand what is needed from them in terms of their responsibility to consumers of financial products and services.

Is there a need for my financial advisor with many years of experience to write these regulatory exams?

Yes, indeed. There are many people in the financial services industry with a significant number of years of experience. The importance of experience is not being questioned or discounted in any way.

However, from experience we have learned that persons who have been in the industry for a very long time, do not necessarily know what the FAIS Act requires of them.

How will I know that my financial advisor has written the regulatory examinations?

Financial advisors who have completed the exams successfully should have a certificate to show that they have done so.

You can also visit the FSB website, www.fsb.co.za, and check for yourself, if you have your financial advisor's ID number.