



**QUANTUM WEALTH  
MANAGEMENT**  
YOUR SUCCESS | YOUR FREEDOM | YOUR FUTURE



**QUANTUM FUND  
MANAGERS**  
YOUR SUCCESS | YOUR FREEDOM | YOUR FUTURE

## **Quantum Wealth Management (Pty) Ltd**

**Registration number 2001/020621/07**

**FSP862 Category I and II**

**(“the Company”)**

## **Quantum Fund Managers (Pty) Ltd**

**Registration number 2013/208134/07**

**FSP46340 Category II**

**(“the Company”)**

## **FAIS REPRESENTATIVE SUPERVISION POLICY**

**(“the Policy”)**

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Quantum Wealth Management (Pty) Ltd Reg No 2001/020621/07

Authorised Financial Services Provider License number 862

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## 1. Policy approval and information

Policy owner	Board of directors			
Policy type	Compliance			
Approver's signature				
Approved by (this version)	Stefan Greeff			
Adopted by (this version)	Board of directors			
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<u>Summary of policy history</u>				
<u>Version number</u>	<u>Drafted/adapted/reviewed by</u>	<u>Creation/review date</u>	<u>Approved by</u>	<u>Approval date</u>
V01.01	Gigi Vorlaufer	February 2020	N/A	N/A
V01.02	Dominique Kielblock	March 2023		
V01.03	Stefan Greeff	October 2023		

## 1. Executive summary

Significant changes to the “Fit and Proper” requirements for financial services providers under the Financial Advisory and Intermediary Services Act, 2002 (FAIS) came into effect on 01 April 2018, except for certain sections that took effect on specified later dates. The amending of the “Fit and Proper” requirements has resulted in changes to the exemptions to the competency requirements applicable to representatives. The exemptions provide for supervised representatives to render financial services under supervision for gaining the minimum experience, qualifications, regulatory



examinations, and continuous professional development, until they meet these competency requirements, within a specific time period, and while adhering to specific conditions. All companies within the **Quantum Wealth Management (Pty) Ltd (Quantum)** that hold FAIS licenses, as licensed financial services providers, are obliged to comply with the applicable FAIS regulatory requirements. This policy expresses the main principles envisaged by the FAIS Exemption of Services Under Supervision, as well as the required business response.

## 2. Policy overview

### 2.1. Objective

This policy is not intended to be a detailed description of the FAIS Services Under Supervision requirements, but expresses the main principles envisaged and, more importantly, the way **Quantum** is required to respond. The actual legislation is available on the FSCA website (<https://www.fsca.co.za/Regulatory%20Frameworks/Pages/Notices.aspx> ). For a more detailed interpretation of the requirements applicable to your business environment, please contact your compliance officer, legal advisor or HR consultant.

### 2.2. Scope and application

The Board of directors are ultimately responsible for ensuring compliance with this policy. Queries may be addressed to the compliance officer.

## 3. Definitions

### 3.1. Date of first appointment

means the date on which a person was first appointed as a representative;

### 3.2. Quantum

means **Quantum Wealth Management (Pty) Ltd: Registration number 2001/020621/07; FSP862 Category I and II;**

### 3.3. Competency requirements

means the experience, qualification, regulatory examination, or class of business training, requirements;

### 3.4. CPD requirements

means, insofar as it applies to representatives, the requirements for continuous professional development, as set out in Chapter 4 of the Fit and Proper Requirements;



3.5. Execution of sales

has the meaning assigned to it in section 1(1) of the Fit and Proper Requirements and, for the purposes of this exemption, is limited to where it is performed in compliance with section 22(b)(ii) of the Fit and Proper Requirements;

3.6. Experience requirements

means, insofar as it relates to representatives, the requirements for experience, as set out in Part 2 of Chapter 3 of the Fit and Proper Requirements;

3.7. FAIS

means the Financial Advisory and Intermediary Services Act, No. 37 of 2002 (including any Board Notices and Regulations thereto), as may be amended from time to time;

3.8. Financial product

has the meaning assigned to it in section 1(1) of the Fit and Proper Requirements;

3.9. Fit and proper requirements

Means the Determination of Fit and Proper Requirements for Financial Services Providers, 2017;

3.10. FSP

means an authorised financial services provider, as defined in section 1 of FAIS;

3.11. Minimum experience periods

means, insofar as it applies to representatives, the period of experience stated in sections 17(1), 18(1), 19(1), 20(1), and 21(1), of the Fit and Proper Requirements;

3.12. Product specific training

means the training referred to in section 29(5) of the Fit and Proper Requirements, relating to the specific financial products of the FSP, and which training is assessed, including any amendments to the specific financial products of the FSP.

3.13. Qualification requirements

means, insofar as it applies to representatives, the requirements for qualifications, as set out in Part 3 of Chapter 3 of the Fit and Proper Requirements;

3.14. Regulatory examination requirements

means, insofar as it applies to representatives, the requirements for regulatory examinations, as set out in Part 4 of Chapter 3 of the Fit and Proper Requirements;



### 3.15. 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;

### 3.16. Supervised representative

means a representative who does not meet one or more of the competency requirements, and who renders financial services under supervision;

### 3.17. Tier 1 financial product

means the financial products listed in column A of Table 1 in Annexure Three of the Fit and Proper Requirements;

### 3.18. Tier 2 financial product

means the financial products listed in column B of Table 1 in Annexure Three of the Fit and Proper Requirements.

## 4. Conditions of exemption

In terms of FAIS, representatives must meet specific “Fit and Proper” requirements. The exemptions provide for supervised representatives to render financial services under supervision for gaining the minimum experience, qualifications, regulatory examinations, and continuous professional development, until they meet these competency requirements, within a specific time period, and while adhering to specific conditions, as summarised below.

### Condition 1

#### Entry level requirements

- a) Supervised representatives of Category I or IV FSPs, except as specified below, **MUST HAVE** a Grade 12 National Certificate of a qualification equivalent to a Grade 12 National Certificate.
- b) Supervised representatives of Category I FSPs that are only appointed to perform the execution of sales, **MUST HAVE** a Grade 10 or an academic achievement equivalent to Grade 10.
- c) Supervised representatives of Category II, IIA or III FSPs **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.
- d) Condition 1 does not apply to supervised representatives of Category I FSPs that are only appointed to render financial services for the financial products: Long-term Insurance subcategory A and/or Friendly Society Benefits.



## Condition 2

### Specific compliance periods

#### Regulatory examination requirements

- a) Supervised representatives, except as specified below, **MUST COMPLY** with the applicable regulatory examination requirements **within 2 years from the date of first appointment**.
- b) Supervised representatives that only have a date of first appointment to render financial services for a Tier 2 financial product, or to perform the execution of sales, **MUST COMPLY** with the applicable regulatory examination requirements **within 2 years from the date on which they were first appointed as a representative to render financial services, other than the execution of sales, for a Tier 1 financial product**.
- c) **Transitional arrangements:** For supervised representatives who were appointed to work under supervision before the previous FAIS Exemption of Services Under Supervision was withdrawn on 01 February 2019, the period in which they must pass the applicable regulatory examination continues to apply, but only for the financial products and categories of financial services for which they were working under supervision.

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

- d) Supervised representatives **MUST COMPLY** with the **class of business training** requirements applicable to a financial product **within 12 months from the date on which a person was first appointed as a representative for a financial product**.
- e) **Transitional arrangements:** Supervised representatives on **01 April 2018** have until **31 July 2019** to complete the class of business training.
- f) **Transitional arrangements:** Representatives authorised **between 02 April 2018 and 01 August 2018** have until **31 July 2019** to complete the class of business training.
- g) **Transitional arrangements:** Supervised representatives **authorised between 01 August 2018 and 01 February 2019** must complete the class of business training **before 01 February 2020**.
- h) **Transitional arrangements:** Supervised representatives **authorised from 01 February 2019 onwards**, must complete the class of business training **within 12 months of their authorisation date for the financial product**.
- i) Supervised representatives **MUST COMPLY** with the qualification requirements applicable to a financial product **within 6 years from the date on which a person was first appointed as a representative for a financial product**.

#### CPD requirements

- j) Supervised representatives, except as specified below, **MUST COMPLY** with the applicable **CPD requirements from the date on which the supervised representative meets the class**



of business training requirements, regulatory examination requirements, and qualification requirements, **OR after 6 years from the date of first appointment,**

whichever occurs first.

- k) Supervised representatives that only have a date of first appointment to render financial services for a Tier 2 financial product, or to 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, for a Tier 1 financial product, **MUST COMPLY** with the applicable CPD requirements **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 after 6 years from the date on which the supervised representative is appointed as a representative to render financial services, other than the execution of sales, for a Tier 1 financial product,**

**whichever occurs first.**

- h) Where the compliance dates for the CPD requirements do not coincide with the start of a CPD cycle, the CPD hours for that 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 date on which the supervised representative must comply with the CPD requirements unit the end of that CPD cycle

Z = required pro rata CPD hours

### **Experience requirements**

- i) Supervised representatives must work under supervision for **at least the minimum experience periods** applicable to the categories of financial services and financial products for which they are appointed to work under supervision.
- j) Supervised representatives must remain under supervision until being assessed to have the required experience for the category of financial services and financial products for which they are appointed.
- k) The minimum experience periods may run concurrently where the supervised representative is appointed for multiple categories of financial services and/or financial products.
- l) The minimum experience period commences on the date the supervised representative was first appointed as a representative for the category of financial service or financial product.

### **Product specific training**

- a) A representative is **NOT ALLOWED** to be supervised for product specific training. **BEFORE** a representative provides any financial service, they **MUST FIRST** complete the product specific



training for all the specific financial products of the FSP, for which they are authorised to provide financial services. The training must be assessed and there must be a record of the training.

- b) **Transitional arrangements:** Supervised representatives **on 01 April 2018 have until 31 July 2018** to complete the product specific training.
- c) **Transitional arrangements:** Representatives authorised **after 01 April 2018, but before 01 May 2018, have until 31 July 2018** to complete the product specific training.

Condition 3

### **Supervision agreement**

- a) **BEFORE** rendering services under supervision, the FSP and the supervised representative must enter into a written supervision agreement, which may form part of any other relevant agreement, or the FSPs performance management process.
- b) The supervision agreement must:
  - a. Identify the supervisor;
  - b. Set out the tasks and functions the supervised representative performs on behalf of the FSP, including the categories of financial services and financial products to which the supervision agreement applies;
  - c. Set out the appropriate and relevant knowledge, skills, and expertise required to competently perform the specified tasks and functions;
  - d. Set out the training needs of the supervised representative, and the training programme that will be implemented, to address these needs;
  - e. Set out the supervision arrangements, including the:
    - i. Duties and responsibilities of the supervisor and supervised representative;
    - ii. Supervision methodology, tools, processes and procedures, including the oversight, monitoring and assessment methodologies, processes and procedures;
    - iii. Criteria and procedures to assess whether it is appropriate for the supervised representative to work under a reduced level of intensity of supervision;
    - iv. Criteria against which the supervised representative will be assessed, and the intervals of the assessments;
    - v. Sign-off criteria by the supervisor.

Condition 4

### **Duties of FSPs**





- a) FSPs that appoint supervised representatives must:
- a. Have the operational ability, including adequate and appropriate human, technical and technological resources, controls and procedures, and an adequate and effective governance framework, to:
    - i. Appoint supervised representatives;
    - ii. Monitor and supervise supervised representatives, including monitoring and supervising compliance with the conditions of the exemption and the supervision agreement;
  - b. Ensure that the appointment of supervised representatives does not:
    - i. Materially increase any risk to the FSP, or the fair treatment of clients;
    - ii. Materially impair the quality of the governance framework of the FSP, including the FSP's ability to manage its risks, and meet its legal and regulatory obligations;
    - iii. Compromise the fair treatment and protection of, or continuous and satisfactory service to, clients;
    - iv. Prevent the FSP from acting in the best interests of its clients;
  - c. Assign a supervisor to the supervised representative, who:
    - i. Has adequate, appropriate and relevant skills, knowledge and expertise, for the financial services, financial products, and functions that the supervised representative performs;
    - ii. Meets the prescribed minimum competency requirements, including CPD requirements, applicable to a:
      - 1. Representative appointed for the financial services and financial products for which the supervised representative will be working under supervision;
      - 2. Key individual approved to manage the financial services and class of business for which the supervised representative will be working under supervision;
    - iii. Has the required coaching and assessment skills;
    - iv. Has the operational ability to adequately and effectively monitor and supervise the supervised representative;
  - d. Ensure that:
    - i. A working relationship exists between the supervisor and supervised representative that enables the supervisor to have oversight of the activities



- performed by the supervised representative, and that enables the transfer of skills;
  - ii. The supervisor complies with the conditions of the exemption;
  - iii. The supervised representative is supervised when performing their functions;
  - e. Review the appropriateness, effectiveness, and adequacy of the supervision arrangements;
  - f. Ensure that the supervised representatives actively pursue the completion of the class of business training, regulatory examination, and recognized qualification, within the prescribed time limits.
- b) An FSP must reflect whether a representative is rendering financial services under supervision, on its representative register, the central register, and the competency register.
- c) An FSP must update the representative register, the central register, and the competency register, **within 15 days after a representative stops rendering financial services under supervision.**

#### Condition 5

##### **Duties of supervisors**

- a) Supervisors must:
- a. implement and ensure compliance with the supervision agreement;
  - b. mentor and coach the supervised representatives for the financial services and financial products for which the supervised representatives are appointed, so the supervised representatives can acquire the required skills, knowledge, and competencies, to perform their functions;
  - c. review and assess the learning activities and progress of supervised representatives, including recording observations and aspects of further development, at regular intervals;
  - d. immediately report any unfair treatment of a client, due to supervised representatives' actions, or where supervised representatives' actions may not have been in the best interest of clients;
  - e. Record and document the method, frequency, and level of intensity, of supervision, and any changes thereto;
  - f. Keep all records of the supervision, including information and documents for development and training, supervision activities, assessments, and decisions to implement a reduced level of supervision.

#### Condition 6



### **Duties of supervised representatives**

- a) Supervised representatives must:
  - a. actively pursue completing the class of business training, regulatory examination, and recognized qualification, within the prescribed time limits;
  - b. always adhere to the provisions of the supervision agreement;
  - c. disclose to clients that they are rendering financial services under supervision.

### Condition 7

#### **Intensity of supervision**

- a) FSPs must:
  - a. Determine the supervision arrangements, and the level of intensity of supervision, which must apply to the supervised representatives, considering:
    - i. The nature, scale, and complexity of the financial services and financial products, to be rendered by the supervised representatives;
    - ii. The supervised representatives' assessed level of competency;
    - iii. The risk to clients and the FSPs;
  - b. review the appropriateness, effectiveness, and adequacy, of the supervision arrangements, and the level of intensity of the supervision;
  - c. Determine the criteria and procedures to assess whether it is appropriate for supervised representatives to work under a reduced level of intensity of supervision.