**Occupational Certificate: Financial Advisor**

**SAQA ID: 105026**

**Regulatory Framework on Financial Advice**

**Module 2**

**NQF Level 5**

**17 credits**

PROGRAMME STRATEGY

Module Title: Regulatory Framework on Financial Advice

Programme Strategy

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# 1. Programme Description

This programme has been designed to assist with learner in their understanding of the following:

* The principles of ethics in the business environment
* The regulation of financial advice through the Financial Advisory and Intermediary Service Act (FAIS Act).
* Anti-money laundering and counter terrorist financing legislation.
* Other legislation impacting on the work of financial advisors.

### 1.1 Programme Name

Regulatory Framework on Financial Advice

### 1.2 Programme Purpose

The purpose of this learning programme is to enable the learner to have an in-depth knowledge and understanding of the legislative and regulatory framework that governs the provisions of financial advice to clients by financial advisors. It contributes towards preparing a learner to operate as a Financial Advisor.

The learner will be required to:

* Describe and explain the principles of ethics and governance in a business environment
* Outline the requirements of the FAIS Act as far as the role of financial advisors is concerned.
* Describe and explain the law regarding money laundering and terrorist financing
* Identify and explain other legislation that impact on financial service providers.

### 1.3 Occupational / Target Group

People who are already working within the financial services industry as financial advisors and/or new entrants who intend to work as financial advisors and representatives of financial service providers.

Financial Advisors analyse the financial needs of clients and facilitate processes to implement solutions that will contribute towards the protection and growth of wealth for clients.

### 1.4 Entry Requirements

Grade 12 with English Communication (NQF Level 4)

### 1.5 Programme Type

Facilitated learning.

### 1.6 Programme Duration

Total proposed programme duration is as follows:

|  |  |  |
| --- | --- | --- |
| **Description** | **Notional hours** | **\*Days** |
| Total Notional Hours | 170 | 21 |
| Theory / Contact Time(hours) | 36 | 6 |
| Self-study/Research / Assessment preparation time (days / hours) | 134 | 15 |

\*Please note that a day is 8 hours.

### 1.7 Programme Entry and Exit Points

The skills programme is a part qualification to the Occupational Certificate: Financial Advisor

# 2. Alignment

This programme is aligned to the following qualification / part qualification:

|  |  |  |  |
| --- | --- | --- | --- |
| **NLRD** | **Qualification Name** | **NQF Level** | **Total Credits** |
|  | Occupational Certificate: Financial Advisor | 6 | 515 |

# 3. Overview of Provision

### 3.1 Instructional Strategy

The following resources are applicable to this programme:

|  |  |  |
| --- | --- | --- |
| 1 | Method of training or instruction | Facilitation, coaching, mentoring, self-study, on-the-job, simulation or combination thereof |
| 2 | Learning Resources | Learner guide, induction guide |
| 3 | Physical equipment & resources (theory, practical and workplace requirements, where relevant) | Computer projector, note books and pens |

**3.2 Learning Strategy**

The learner has the following duties and responsibilities:

***3.2.1. Theory / Contact***

Participate in all learning activities

Attend relevant learning interventions

Complete formative assessment activities



Practical and workplace components are not relevant to this learning unit as it is only a knowledge based module.

**4. Overview of Programme Learning Map**

The programme has been clustered in a modular structure of the following components:

**1.** **Principles of ethics**

**2. The Financial Advisory and Intermediary Services (FAIS) act 37 of 2002 and financial regulation recommendations**

**3.** **Anti-money laundering and counter terrorism financing legislation**

**4.** **Further legislation impacting on financial services**

# 5. Learning Programme Matrix

|  |  |  |
| --- | --- | --- |
| **Learning Outcome** | **Topic** | **Learning Unit** |
| * Analyse and explain ethics related requirements in different legislation, regulations and codes. * Explain the implications of triple bottom line reporting within the financial services industry. * Describe and explain internationally accepted principles that are the basis of a good code of conduct. * Illustrate the impact of African value systems on codes of ethics in South Africa * Explain the benefits of compliance with codes for an organisation. * Analyse an organisation’s code of conduct * Conduct a gap analysis of a code of conduct against the organisation’s principles and values * Use the findings of the gap analysis to develop a plan to initiate or improve commitment to the code of ethics of an organisation. * Discuss the relationship between reputation and ethics * Monitor the implementation and revision of a code of practice based on the gap analysis. | * Corporate governance and ethics * Professional Codes of Conduct * Organisational code of conduct and value system * Developing and implementing a code of ethics * Conflict of interest. | 1 |
| * Explain the factors that brought the need for the Financial Advisory and Intermediary Services (FAIS) Act 37 OF 2002. * Explain the concepts of financial service provider and financial products using examples * Explain using examples, the protection of consumers afforded by FAIS. * Identify and explain the different work roles affected by FAIS * Explain the relationship between financial service providers and representatives. * Describe the process of licencing for financial service providers * Explain using examples, the conditions under which suspensions, withdrawals and reinstatement of authorisation may be imposed by the FSCA. * Describe the role and functions of the Commissioner of the FSCA * Explain the role of the FAIS Ombud and its implications on the financial services sector * Explain using examples the rights of recourse available to aggrieved clients. * Discuss complaints handling processes by financial service providers and explain the consequences arising from the Ombud’s rulings. | * Background to compliance legislation * Financial Sector Regulation Act, 9 of 2017 * FAIS Licensing requirements * Fit and Proper requirements * Exemption of services under supervision * Enforcing the FAIS Act and the FSR Act * Consumer complaints * FAIS General Code of conduct. | 2 |
| * Explain using examples the concepts of money laundering and unlawful activities * Identify the purpose of the Acts on money laundering and explain how they contribute to prevention of money laundering * Identify the statutory bodies and other stakeholders that support the anti-money laundering legislation * Explain the concept of accountable institution and describe its key duties. * Describe and explain the role and functions of the Money laundering reporting officer, using examples * Name the categories of clients indicated in the money laundering legislation and list the documents required to identify and verify each client * Identify the circumstances or products that are exempt from the “know your clients” requirements. * List the records required to be kept by legislation and explain the retention periods * Explain the red flags for suspicious and unusual transactions and how these must be reported. * Explain penalties for non-compliance with anti-money laundering legislation * Explain the impact of non-compliance with anti-money laundering legislation to the South African economy * Explain whistle blowing and describe its consequences for an individual who whistle blows. | * Background to anti-money laundering legislation * Money laundering and financing of terrorism * The Financial Intelligence Centre Act (FICA) 38 of 2001 * Prevention of Organised Crime Act (POCA) 121 of 1998 * Protection of Constitutional Democracy against Terrorist and Related Activities Act 33 of 2004 * Effects of money-laundering to the economy. | 3 |
| * Identify various legislation that is applicable to the work of a financial advisor. The legislation may include promotion of access to information, electronic transactions, protection of personal information, consumer protection, collective investment, medical schemes, pension funds and insurance among others. * Explain the purpose of each Act * Describe the requirements of each of the legislation as far as rendering financial services is concerned * Explain the consequences of non-compliance with any of the Acts. | * Insurance Act 18 of 2017 * Promotion of Access to Information Act 2 of 2000 * Protection of Personal Information Act 4 of 2013 * National Credit Act 35 of 2005 * Consumer Protection Act 68 of 2008 * Financial Institutions (Protection of Funds) Act 28 of 2001 * Financial Markets Act 19 of 2012 * Pension Funds Act 24 of 1956 * Collective Investment Schemes Control Act 45 of 2002 * Medical Schemes Act 131 of 1998. * Electronic Communications and Transactions Act 25 of 2002 | 4 |

# 6. Resources utilised

**Books**

Botha M et al. (2019), *Fundamentals of Financial Planning*, LexisNexis SA, 1st Edition.

Hendrikse JW & Hendrikse LH (2012), *Corporate Governance Handbook: Principles and Practice*, Juta, 2nd Edition.

Rossow D & van Vuuren L (2007), *Business Ethics*, Oxford, 1st Edition.

Grossley S (2014), *Anti-Money laundering: what you need to know,* Createspace Independent Publishing Platform, 1st Edition.

Rabenowitz P (2019), *Legislation Handbook Level 1 Regulatory Exams RE1 & RE5*, LexisNexis RSA, 6TH Edition.

Downie J (2019), *Essentials of Retirement Fund Management*, LexisNexis SA, 1st Edition

Basson M et al. (2019), *Money Laundering and Terror Financing: Law and Compliance in SA 2019*, LexisNexis SA, 1st Edition.

Botha M et al. (2019), *South African Financial Planning Handbook*, LexisNexis SA.

Boatright J (2018), *The SAGE Encyclopedia of Business Ethics and Society*, SAGE Publications, Inc. USA, 1st Edition.

de Koker L (2013), Money Laundering in South Africa, Centre for the Study of Economic Crime; University of Johannesburg.

OECD (2015), *G20/OECD Principles of Corporate Governance*, OECD Publishing, Paris.

Anderson, R. (2013), *Risk Management & Corporate Governance,* OECD Publishing, Paris.

*Codes of conduct, topic guide*, Transparency International 2015.

**Websites**

<https://www.banking.org.za/consumer-information/consumer-information-legislation/national-credit-act/>

<https://www.ethics.org/resources/free-toolkit/code-of-conduct/>

<https://www.musacapital.com/investment-advisory-new/>

<https://www.robertwalters.co.za/career-advice/the-role-of-an-investment-adviser.html>

<https://www.prudential.co.za/insights/articlesreleases/5-mistakes-people-make-when-choosing-a-financial-adviser/>

[www.asisa.org.za](http://www.asisa.org.za)

[www.treasury.gov.za](http://www.treasury.gov.za)

[www.fsca.co.za](http://www.fsca.co.za)

**Legislation**

Financial Advisory and Intermediary Services Act, 37 of 2002

Financial Sector Regulation Act, 9 of 2017

FAIS General Code of Conduct, 2003

FSCA) Board Notice 194 of 15 December 2017: Determination of Fit and Proper Requirements

Financial Intelligence Centre Act, 38 of 2001 as amended.

# 7. Overview of the Assessment Strategy

**7.1 Types of assessment**

This programme will be assessed in the following manner:

**i) Formative Assessment**

Formative assessments and activities will take place during contact sessions, as well as during the practical and workplace component of the programme. This will include individual and group activities.

**ii) Summative Assessment**

The following assessment strategy will provide for sufficient evidence of candidate competence for summative assessment purposes.

**a) Internal Assessment**

An internal assessment will be done by the Skills Development Provider (SDP) and will be conducted through formative assessment and an internal summative assessment.

This specific module has neither a practical component nor a workplace experience component so there will be no assessments for such.

**b) External Assessment**

This is done by the Assessment Quality Partner (AQP), INSETA through an external integrated summative assessment and an occupational competency assessment, both assessed by the AQP.

Part 1: Knowledge-based assessment which will take the form of a controlled (supervised conditions – closed book with reference documents supplied by AQP), three (3) hour knowledge based assessment.

Part 2: A Portfolio of evidence comprising of naturally occurring evidence collected from the workplace against specified criteria

**7.2 Assessment Requirements**

The assessment requirements are in line with the assessment criteria of the relevant module.

Assessment Practice:

* The learner will be required to answer the internal summative test which covers all the essential areas of the module.
* Evidence collection collected on assignments must be signed off and may be facilitated by an experienced subject matter expert.
* The internal summative test and assignments must be assessed and judged by a qualified and registered assessor.
* 10% of all learner evidence on internal summative tests and assignments for each programme intake will be moderated, and will be selected according to specific criteria as per the organisational moderation policy and plan.

# 8. Assessment Strategy

| **Learning outcomes** | **Assessment Type** | **Assessment Method** | **Assessment Activities** | **Assessment instruments** | **Timing and Timeframe** |
| --- | --- | --- | --- | --- | --- |
| * Analyse and explain ethics related requirements in different legislation, regulations and codes. * Explain the implications of triple bottom line reporting within the financial services industry. * Describe and explain internationally accepted principles that are the basis of a good code of conduct. * Illustrate the impact of African value systems on codes of ethics in South Africa * Explain the benefits of compliance with codes for an organisation. * Analyse an organisation’s code of conduct * Conduct a gap analysis of a code of conduct against the organisation’s principles and values * Use the findings of the gap analysis to develop a plan to initiate or improve commitment to the code of ethics of an organisation. * Discuss the relationship between reputation and ethics * Monitor the implementation and revision of a code of practice based on the gap analysis. * Explain the factors that brought the need for the Financial Advisory and Intermediary Services (FAIS) Act 37 OF 2002. * Explain the concepts of financial service provider and financial products using examples * Explain using examples, the protection of consumers afforded by FAIS. * Identify and explain the different work roles affected by FAIS * Explain the relationship between financial service providers and representatives. * Describe the process of licencing for financial service providers * Explain using examples, the conditions under which suspensions, withdrawals and reinstatement of authorisation may be imposed by the FSCA. * Describe the role and functions of the Commissioner of the FSCA * Explain the role of the FAIS Ombud and its implications on the financial services sector * Explain using examples the rights of recourse available to aggrieved clients. * Discuss complaints handling processes by financial service providers and explain the consequences arising from the Ombud’s rulings. * Explain using examples the concepts of money laundering and unlawful activities * Identify the purpose of the Acts on money laundering and explain how they contribute to prevention of money laundering * Identify the statutory bodies and other stakeholders that support the anti-money laundering legislation * Explain the concept of accountable institution and describe its key duties. * Describe and explain the role and functions of the Money laundering reporting officer, using examples * Name the categories of clients indicated in the money laundering legislation and list the documents required to identify and verify each client * Identify the circumstances or products that are exempt from the “know your clients” requirements. * List the records required to be kept by legislation and explain the retention periods * Explain the red flags for suspicious and unusual transactions and how these must be reported. * Explain penalties for non-compliance with anti-money laundering legislation * Explain the impact of non-compliance with anti-money laundering legislation to the South African economy * Explain whistle blowing and describe its consequences for an individual who whistle blows. * Identify various legislation that is applicable to the work of a financial advisor. The legislation may include promotion of access to information, electronic transactions, protection of personal information, consumer protection, collective investment, medical schemes, pension funds and insurance among others. * Explain the purpose of each Act * Describe the requirements of each of the legislation as far as rendering financial services is concerned * Explain the consequences of non-compliance with any of the Acts. | Formative | * Structured Activities * Questioning | * Group Activities | * completed answers to activities * formative assessment record | * during instructional learning |
| Summative | **Internal**   * Structured internal summative test * Assignments   **External**   * External summative exam by AQP. | * Individual closed-book assessment | * completed answers to knowledge test * Evidence gathered for assignments | * after instructional learning |

**9. Overview of RPL Assessment Strategy**

Should a learner apply for Recognition of Prior Learning against the programme, an RPL Advisor will be appointed to facilitate the development of an Evidence Plan for the candidate, based on the following guidelines:

* based on current workplace experience, with the successful completion of all assessment activities
* an assessment of the knowledge component will take place

**10. Evaluation Strategy**

This must be based on the current workplace experience.

**10.1 Evaluation Strategy – across all programmes**

Evaluation of the programme takes place on 3 levels:

1. **Reaction**

* Learner feedback form completed
* Facilitator feedback forms completed

1. **Learning**

Learning is measured through a structured assessment of knowledge and skills through the assessments strategy outlined under section 7 above.

1. **Behaviour**

A reflective essay from the learner with regards to his/her experiences in the workplace.

**10.2 Evaluation Methods**

All evaluation is done in a documented manner, and results are captured on spreadsheet and analysed for future continuous improvement.

A total of 25% of assessments is moderated to ensure quality of assessment practice.

**10.3 Learner Records**

Detailed records of learners will be captured and maintained using the relevant database.

**10.4 Programme Review**

The learning programme will be formally reviewed to ensure content relevance, accuracy, and completeness. Facilitators complete a Facilitation report (see Facilitators Guide) where suggestions on material changes are recorded, for review and continuous improvement of material.

Periodically during the year, as constructive feedback is received, a learning programme will be updated to address the feedback; inaccuracy errors, spelling / grammar errors, revised exercises / handouts, revised assessment tools, etc.