

**Requirements set out in Board Notice 194 of 2017, specifically in relation to Chapter 3 Part 5: Class of business training and Product specific training and Chapter 4: Continuing Professional Development**

**Introduction**

All Financial Service Providers (“FSPs”) registered with the Financial Sector Conduct Authority (“FSCA”) are required to comply with the new fit and proper requirements as set out in Board Notice 194 of 2017 (“the Board Notice”). This note deals only with the requirements set out in Chapter 3: Part 5 class of business training and product specific training and Chapter 4: continuing professional development (“CPD”), and SAVCA’s view on how this will impact SAVCA members licenced by the FSCA as well as suggestions on how members may go about meeting their regulatory obligations under the Board Notice.

**Chapter 3: Part 5: Class of Business and Product Specific Training**

“An FSP and representative must, prior to the rendering of any financial service in respect of a particular financial product, complete –

- (a) the class of business training; and
- (b) product specific training.

relevant to that financial product and for which they are authorised or appointed or in respect of which authorisation or appointment is sought<sup>1</sup>.

A key individual must, prior to managing or overseeing the rendering of any financial service, complete the class of business training in respect of the classes of business it manages or oversees and for which it is approved to act as key individual or for which approval is sought.<sup>2</sup>”

Both class of business and product specific training are not required for Key Individuals (“KI’s”) and Representatives (“Reps”) who were registered with the FSCA at the date of issue of the Board Notice. This training is only required for new entrants, persons not previously registered with the FSCA or those under supervision. Please consult your compliance officer for the specific requirements in relation to appointment of Reps and KI’s and their relevant training obligations as set out in the Board Notice.

Many SAVCA members are registered as FSPs for class of business 7: Investments with various sub-classes of financial products set out by the FSCA in Table 1 of Annexure 4 to the Board Notice.

Class of business training is available from various providers including a SAVCA associate member, Moonstone Business School of Excellence, with the training available via their on-line portal.

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<sup>1</sup> Section 29(1) of the Board Notice.

<sup>2</sup> Section 29(2) of the Board Notice.

<http://www.mbse.ac.za/qualifications/class-of-business/>

Product Specific Training can be provided by the FSP itself, if certain criteria set out in the Board Notice are met. For an external provider, SAVCA is of the view that the SAVCA/ GIBS foundation programme would meet these criteria. SAVCA will endeavour to investigate a simpler introduction to private equity and venture capital that could be provided more regularly and cost effectively.

#### **Chapter 4 Continuing Professional Development**

There are a number of FSCA registered KI's and Reps employed by SAVCA member firms. The KI's and Reps are required to complete a certain number of hours of CPD activities as defined and set out in the Board Notice. An FSP, KI or Rep is required to complete a minimum number of CPD hours (6, 12 or 18 hours) per year (from 1 June to 31 May the succeeding year) depending on the class and sub-classes of business that the FSP, KI or Rep are registered for.

The Board Notice defines a "CPD activity" as "an activity that is:

- (a) accredited by a Professional Body;
- (b) allocated an hour value or a part thereof by that Professional Body; and
- (c) verifiable,

and excludes –

- (i) an activity performed towards a qualification; and
- (ii) product specific training."

The **CPD requirements are effective from 1 June 2018.**

#### **Accreditation for SAVCA courses / events**

SAVCA is an industry association and not a professional body as contemplated in the Board Notice and is therefore not eligible to accredit CPD activities itself. SAVCA has however engaged with the Institute of Bankers of South Africa ("IOBSA") ([www.iob.co.za](http://www.iob.co.za)), a SAQA registered professional body, regarding the accreditation of SAVCA training courses and events.

**IOBSA has approved SAVCA as an accredited CPD provider.** To date the GIBS Foundation programme in private equity has been accredited for 12 CPD points/hours.

SAVCA will apply for CDP accreditation for all of its courses, events and conferences through IOBSA going forward. SAVCA will indicate, where possible when invitations are sent out to members, if the event will qualify for CPD. There will be some changes to the events, based on the regulatory requirements that SAVCA will be implementing (such as the requirement to show identity documents when signing in for SAVCA courses/events).

Regulatory CPD for SAVCA members can be obtained from a variety of sources.

The full list of SAQA accredited professional bodies is available on the below link:

<http://pbdesig.saga.org.za/search.php>

SAVCA has also compiled a list of potential activities/courses which SAVCA believes will qualify for CPD for private equity and venture capital fund practitioners. We suggest that as this is a new requirement, any course/event should be checked with your compliance officer prior to attendance to ensure the CPD meets the requirements as set out in the Board Notice. SAVCA will include a CPD section on its website, where we will provide details of courses that may be eligible for members to earn CPD points. Where members become aware of events that SAVCA does not yet have on its website, please inform SAVCA by e-mailing the course details to Admin@SAVCA.co.za.

### **Potential sources of CPD for private equity and venture capital practitioners**

#### **General IFRS Accounting Updates**

The South African Institute of Chartered Accountants (“SAICA”). Please consult their website for course dates and costs.

#### **Taxation Updates**

The South African Institute of Taxation Practitioners ([www.theSAIT.org.za](http://www.theSAIT.org.za)), the professional body for tax practitioners has accredited the following SAVCA associate members to provide CPD courses in relation to taxation:

Bowmans, CDH, E&Y, ENS, Deloitte, Grant Thornton, PWC and Webber Wentzel

A link to the subscription form to attend the Webber Wentzel taxation seminars is included here: [link](#). Other firms may have similar tax seminar offerings at no cost. Please note, it is only the tax seminars that qualify for CPD and not the legal seminars.

The Deloitte school of tax has an e-learning platform that provides CPD accredited activities.

#### **Economic Updates**

The Financial Planning Institute is a SAQA accredited professional body and provides CPD to non-members of the FPI. Courses/webinars of interest include the economic updates provided quarterly by well-known economists.

<https://www.fpi.co.za/Search?SearchTerms=economic%20update>

#### **Retirement Fund industry and regulation**

The FPI also includes a number of retirement fund regulation updates including Regulation 28.

[https://www.fpicpd.co.za/CPD/eventa/Online\\_courses.aspx](https://www.fpicpd.co.za/CPD/eventa/Online_courses.aspx)

#### **Board of Directors Programmes**

<https://www.gibs.co.za/programmes/Open-Programmes/Pages/Board%20Leadership%20Programme.aspx>

<https://www.gibs.co.za/programmes/open-programmes/pages/board-development-series.aspx>

These GIBS courses are recognised by the Institute of Directors of South Africa.

For other Institute of Directors CPD events, please see Institute of Directors website (the events calendar is shown on the top right). The number of CPD points/ hours are shown in a green circle at the bottom of the specific course detail/ agenda.

<https://www.iodsa.co.za/>

### **Regulation and legislation**

FICA awareness training (4.5hrs CPD)

<http://www.mbse.ac.za/qualifications/fica-awareness-training/>

POPI (2.5hrs CPD) / Cybersecurity (1 hr CPD) / Ethics & Corporate Governance (2hrs CPD) / FICA (3hrs CPD)

<https://portal.masthead.co.za/event/onlineLearning>

Compli-serve/Juta CompliNEWS publication

[http://www.compliserve.co.za/docs/topdownloads/CompliNEWS%20leaflet\\_July2018.pdf](http://www.compliserve.co.za/docs/topdownloads/CompliNEWS%20leaflet_July2018.pdf)

### **Private equity and venture capital specific courses**

SAVCA will aim to have all its courses and relevant events accredited for CPD and will endeavour to advise members in advance of the allocation of CPD points per event. The number of CPD credits for each course is determined by the IOBSA based on the programme. Where possible, we will also try to provide CPD credits for presenters and panellists.

The upcoming SAVCA CPD events are as follows:

SAVCA GIBS advanced programme:	18 October 2018
SAVCA regulatory briefing:	Date to be confirmed
SAVCA Private Equity Conference:	27-28 February 2019
SAVCA Venture Capital Conference:	1 March 2019

### **Future SAVCA CPD initiatives**

Currently SAVCA's training courses and events are focused on the Johannesburg area, with selected offerings in Cape Town. SAVCA will investigate expanding its geographic reach in a cost-effective manner in an effort to better serve its members in other locations. This may involve e-learning solutions.

SAVCA views the accreditation of its courses and events as an initial step in its attempts to provide CPD support and services to its members. SAVCA has engaged with various service providers and partners in relation to the CPD requirements as set out in the Board Notice. The following is being considered and investigated:

- On-line training platforms and solutions;
- CPD allocation for verifiable and relevant private equity and venture capital articles;
- CPD activity recording and tracking systems; and
- Sourcing relevant CPD topics for senior private equity and venture capital executives.

SAVCA will continue to communicate with its members as we seek to expand our training and CPD support offering for members.