

Mandatory Supervision Agreement

1. The Parties

The parties to this agreement are:

ABC (PTY) LTD

An authorised financial services provider,

Represented by:

_____ ID No _____

(Referred to hereinafter as “**The Supervisor**”)

and

_____ ID No _____

(Referred to hereinafter as “**The Supervisee**”)

2. Definitions

“appointment date” or **“date of appointment”** or **“appointment as a representative”**

means the date on which a representative was first appointed by any financial services provider to render financial services in relation to a specific Category or subcategory;

“direct supervision”

means the supervision of the financial services rendered by a representative under the guidance, instructions and supervision of a supervisor, and which occurs on a regular (ranging between daily and weekly) basis;

“investment team meetings”

means morning meetings and/or similarly structured meetings that refer to the practice of discretionary financial service providers where the investment team discusses and decides on the investment policy, strategy or the implementation of a specific investment decision;

“ongoing level of supervision”

means the way in which supervision is exercised after the initial period of services under direct supervision has been completed, but the supervisee still requires supervision, and such supervision occurs on at least a bi-weekly to monthly basis;

“product training”

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means the way in which a specific product supplier provides training regarding the features, benefits, cost structures, risk profiles and other information required for advice or the rendering of intermediary services for a specific financial product provided;

“representative register” or “register of representatives”

means the register of representatives that must be maintained by the financial services provider and submitted to the Registrar in terms of [section 13](#) of the Act;

“services under supervision”

means financial services rendered by a representative who does not meet the prescribed experience, qualification and/or regulatory examination requirements and which services are rendered under the guidance, instruction and supervision of a supervisor in terms of the provisions of an exemption by the Registrar under [section 44](#) of the Act;

“supervisee”

means the representative who acts under supervision until the requirements for experience and qualifications have been met;

“supervision agreement”

means the written agreement regarding the execution of the services under supervision on behalf of the financial services provider, or the arrangement between employer and employee which requires the employee to submit to supervision under certain circumstances;

“supervisor” means -

- (a) an authorised financial services provider being a **natural person**; or
- (b) a **representative** of the provider who meets, to the satisfaction of the provider, the relevant requirements of this Exemption; or
- (c) a **key individual** of the financial services provider who meets, to the satisfaction of the provider, the relevant requirements of this Exemption;

“the General Code of Conduct”

means the General Code of Conduct for Authorised Financial Services Providers and Representatives, 2003, as amended.

3. Preamble

- (i) Whereas The Determination of Fit & Proper Requirements for financial services providers and representatives (BN 106 of 2008) makes it mandatory for all persons rendering advice and intermediary services to comply with the competency requirements regarding qualifications, experience and regulatory examinations;
- (ii) Whereas Board Notice 104 of 2008 exempts certain representatives appointed after 31 December 2009 from having to comply with the above requirements provided such representatives are properly supervised in terms of the said notice;

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- (iii) Whereas Board Notice 104 of 2008 requires that a written agreement between The Supervisor and the Supervisee be effected;
- (iv) Whereas Board Notice 104 of 2008 requires that a Supervision Plan be implemented according to which both the Supervisor and Supervisee are required to adhere to at the highest standard.

4. Appointment of the Supervisor

The following conditions have been met and are recorded herein:

- (i) The normal working relationship between the Supervisee and Supervisor allows the Supervisor oversight of the activities performed by the supervisee as per this agreement, and that there is regular contact that enables the transfer of skills, which may include face-to-face and/or contact via electronic means, between the Supervisee and Supervisor in the execution of their duties;
- (ii) The Supervisor meets the requirements regarding experience; qualification and the first level regulatory examination in relation to the specific Category and subcategories for which the supervised service is required;

5. Conditions of this agreement

- (a) The supervision period is linked to the Category or subcategory;
- (b) the maximum period any representative can act under supervision in any Category or subcategory, is six (6) years from date of appointment;
- (c) representatives who give advice and/or render intermediary services in respect of multiple Categories or subcategories can gain the experience at the same time, and will remain under supervision until the experience requirements for the most onerous Category or subcategory is met;
- (d) the relevant minimum and maximum periods commence on the date the representative is appointed to render services in relation to the specific Category or subcategory; and
- (e) any significant interruption during six (6) consecutive weeks (or longer) while gaining experience must be compensated for by arranging for an additional period under supervision, equal to the period interrupted;
- (f) any deliberate agreement between the Supervisor and Supervisee to be dishonest; to fabricate records or to create an impression of compliance which is found to be untrue will result in disciplinary action by the Provider which could result in the debarment of one or both Supervisor and/or Supervisee.

6. Responsibilities of the Provider

- (i) The financial services provider will indicate on the representative register that the Supervisee is acting under supervision;

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- (ii) The financial services provider will issue a disclosure document in terms of Section 5 of the General Code of Conduct to the Supervisee, indicating to clients that the Supervisee is acting under supervision, and include the contact details of the Supervisor;
- (iii) The financial services provider together with the Supervisor and Supervisee is responsible to draft a comprehensive Supervision Plan between the parties detailing the supervision activities and the frequency thereof as outlined in Board Notice 104 of 2008;
- (iv) The financial services provider is responsible to draft a comprehensive Supervision Plan detailing the supervision records and templates to be used for keeping records;
- (v) The financial services provider is responsible to ensure that the intensity of supervision is aligned to the phase of supervision (direct or ongoing supervision), referred to in Table A of the Board Notice.

7. Responsibilities of the Supervisor

- (i) The financial services provider is required to ensure that supervisees are supervised at all times when executing their duties in terms of the supervisory arrangement;
- (ii) the supervisor must ensure that the supervisee has a good understanding of and exposure to the Category(ies) and/or subcategories he or she is providing financial service in;
- (iii) the supervisor must observe selected meetings between the supervisee and customers, the frequency of which may vary according to the complexity of the service that is provided; and/or the complexity of the products offered; and/or the experience of the supervisee; and/or the qualifications of the supervisee;
- (iv) the financial services provider must ensure that the supervisor is able to provide evidence of the supervision actions undertaken and such evidence must be available for scrutiny by the Registrar;
- (v) the supervisor must assess the advice given by the supervisee for appropriateness based on a review of the analysis conducted and the record of the advice as provided for in terms of the General Code of Conduct, and ensure that the FSP takes the necessary action to protect the client where it is found that the supervisee's actions *may not have been in the interest of the client*; and
- (vi) the supervisor and supervisee must have properly documented evidence of the supervision, the method followed and frequency thereof that took place during the period under supervision.

8. Responsibilities of the Supervisee

- (i) adhere to the requirements of the supervision contract;
- (ii) provide the supervisor upon request, where applicable, with any records and or documents regarding the advice given and/or intermediary services rendered;
- (iii) disclose to clients that he or she is acting under supervision;

- (iv) Record all activities of supervision on the Supervision Activities Register on the Kotive system;
- (v) actively pursue the completion of the required qualifying criteria within the prescribed time limits;
- (vi) undertake the relevant product training; and
- (vii) request guidance from the supervisor if in doubt when performing any duties in relation to the supervision contract.

9. Complete agreement

- (i) This document contains the complete agreement between the parties;
- (ii) Neither of the parties by entering into this agreement are relying on any guarantees and/or presentations not contained in this agreement;
- (iii) Any amendment to or cancellation of this agreement will have no effect unless placed in writing and endorsed by all parties.

10. Termination of the Agreement & Implications

- (i) Any party desiring to terminate this agreement may do so by 30 days' written notice to the other party.

Thus done and signed at on this day of20.....

NAME OF SUPERVISOR

SIGNATURE

NAME OF SUPERVISEE

SIGNATURE

NAME OF PERSON O.B.O. PROVIDER

SIGNATURE

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