

PRODUCT SPECIFIC TRAINING

INTRODUCTION

With the introduction of the new FAIS fit and proper amendments in **board notice 194 of 2017**, the financial service industry has been shaken. More stringent requirements have been introduced leaving a lot of people confused or frustrated not knowing what is required. In this article, we aim to give clarity on what the requirement of **product specific training** entails.

In all industries, the most important aspect of an organization is that of staff training specifically relating to the services and products the organisation offers to its clients. It is extremely important that a representative of a business is able to communicate product information to a customer efficiently and answer any questions about the product and advise the client or customer about any benefits or limitations of the product or service. Most organisations will require that a representative of the business carry sufficient knowledge about the product or service before they are even allowed to market the product to the public.

With the latest board notice, the FSCA has made product specific training compulsory within the FAIS environment.

WHAT IS PRODUCT SPECIFIC TRAINING?

Product specific training refers to training in respect to a particular financial product, which includes any amendments to that particular financial product. The definition of **product specific training** stipulates clearly that this training includes a form of assessment regarding the knowledge of the product.

Section 29 of the board notice sets out criteria of the content that should be covered about financial products by the product supplier, which includes information about disclosure information and processes relating to the relevant product.

In addition, should any substantive changes be made to financial products, it is required that all authorised to advise on that product complete a product training update which is then recorded.

WHO NEEDS TO COMPLETE PRODUCT SPECIFIC TRAINING?

Product specific training applies to all FSP's and representatives except for category II, IIA and III FSPs and its representatives and key individuals provided they comply with section 12 of the notice.

Representatives rendering services under supervision on 1 April 2018 had 3 months from this date to complete product specific training. The requirement of product specific training became effective on 1 May 2018 and representatives appointed on or after this date must complete product specific training prior to rendering financial services in those product categories.

WHO CAN PROVIDE PRODUCT SPECIFIC TRAINING?

Product specific training can only be offered by either the FSP or its key individual that is authorized to render services for that particular product and therefore has expertise in respect of that specific product or the product supplier. It is the responsibility of the FSP, key individuals and representatives to ensure that the training is completed.

WHO IS EXEMPT FROM PRODUCT SPECIFIC TRAINING?

Representatives appointed before 1 April 2018 (excluding representatives rendering services under supervision) are:

- Deemed to have completed product specific training for the financial products for which they were authorised or appointed.
- The above exemption does not apply to amendments to financial products where those amendments occurred after April 2018.

RECORD KEEPING REQUIREMENTS

The FSP must ensure that a competence register is kept and updated (within 15 days) for each completed product specific training and the key individual is required to supervise the completion of the competence register, the compliance officer will also monitor completion and compliance with the requirements.