

THE FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT NO. 37 OF 2002

BACKGROUND TO THE FINANCIAL ADVISORY & INTERMEDIARY SERVICES ACT

The main purpose was to:

- ◆ Provide consumer protection
- ◆ Impose standards of professionalism
- ◆ Protect clients against unscrupulous dealers and
- ◆ Enhance the integrity of the South African financial services industry.

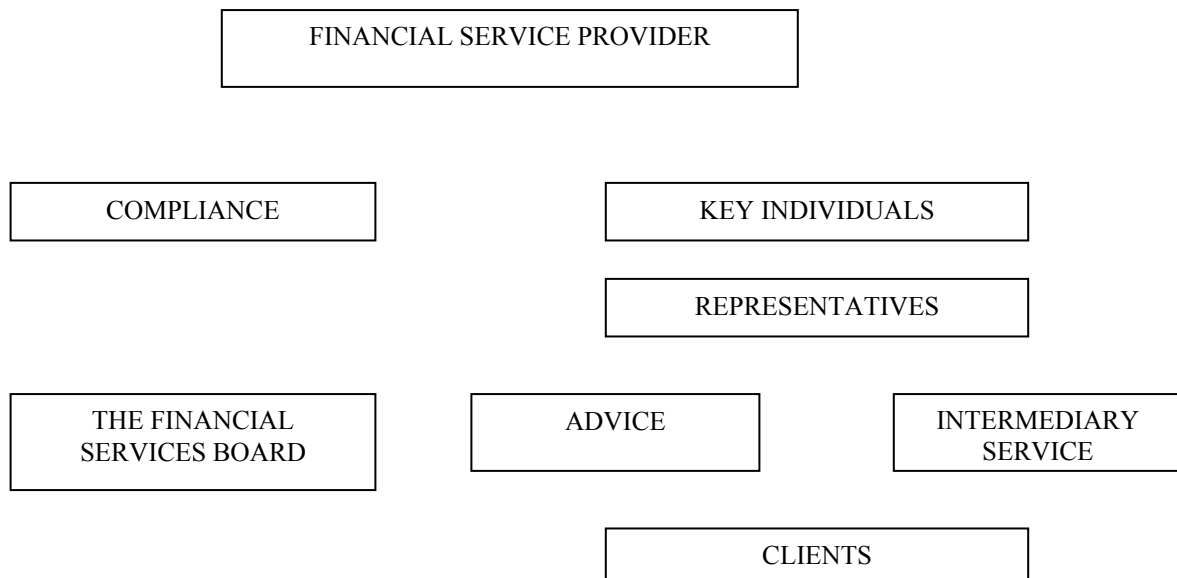
Result:

Enactment of FAIS in November 2002
Effective October 2004

WHAT IS FAIS?

It intends to ensure that the giving of advice and the rendering of intermediary services in relation to financial products is done in a competent and open manner.

THE MAIN ROLE-PLAYERS



THE AIM OF THE ACT

The Financial Advisory & Intermediary Services Act, also known as FAIS, aims to regulate financial service providers (FSP's) by protecting you, the client, against improper conduct by such FSP's. The Act makes provisions for the FSP to be licensed and authorised through the Financial Services Board (FSB). [Click here](#) to view Mercantile Bank Limited's FSP license.

The FSB also regulates members of the industry in the way they provide advice, as well as related intermediary services, in terms of certain financial products as defined by the Act.

FSP's are managed by key individuals who bring both technical competence, in a particular product category as well as managerial skills to their organisations. In terms of the Codes of Conduct to FAIS, FSP's Key Individuals and Representatives must adhere to certain basic principles when rendering services in respect of financial products. These principles contain provisions relating to the following basic categories of information:

- adequate disclosure of relevant material information to the client
- disclosure of actual and potential own interests to the client
- conducting a financial needs analysis for the client
- adequate and appropriate record keeping
- avoidance of fraudulent and misleading advertising, canvassing and marketing
- proper safekeeping, separation and protection of the clients funds and transaction documents
- suitable and adequate guarantees, professional indemnity or fidelity insurance cover.

FIT & PROPER REQUIREMENTS

The Act requires that competent and qualified persons render services and give advice (fit & proper requirements) so that the client receives sound financial advice, services and products that best suit the client's needs. The products covered under FAIS include investments, insurance and deposits. Loans and credit agreements are excluded from the Act.

COMPLAINTS

The Act entitles a client to complain about any inappropriate advice given or service rendered in relation to a financial product. As a client, if you are unsatisfied with advice given or service rendered to a particular product, please refer your complaint to the Bank and we will attempt to resolve the issue internally. If however you remain unsatisfied, after all internal processes have been exhausted, the FAIS Ombudsman has been created by the FSB to handle all FAIS related complaints. [View MBL's complaint procedure and FAIS Ombuds details.](#)