The Code of Ethics Business Manual for CFP® Professionals

Authored by:
Anton Swanepoel, CFP®
Wouter Fourie, CFP®

Based on the Revised FPI Code of Ethics and Practice Standards Incorporating The FPI Rules of Professional Conduct
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You don’t sit around waiting for money to fall into your lap. You go out there and you earn it. You roll up your sleeves and get stuck in. It’s not always easy, but that’s just the way it is.

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Continuous improvement is better than delayed perfection - Mark Twain
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Thank you for your interest in learning more about the code of ethics for financial planners and advisors.

This manual, The Code of Ethics Business Manual for CFP® Professionals, commissioned by FPI, is designed to help our CFP® professionals gain a better understanding of the FPI Code and also helps show them how they could incorporate the Code in their businesses and daily lives. It strives to compare the FPI Code of Ethics and Practice Standards with the FAIS General Code of Conduct (as referred to in the manual) and to assist financial planners and financial advisors to comply with both codes.

FPI’s Code of Ethics and Practice Standards serves to establish the highest ethical principles and standards and it is centred on the following eight principles: Client First, Integrity, Objectivity, Fairness, Professionalism, Competence, Confidentiality, and Diligence. These principles are general statements expressing the ethical and professional ideals CFP® professionals and other professionals affiliated to FPI are expected to display in their professional activities. The Code reflects FPI’s recognition of its members’ responsibilities to the public, clients, colleagues and employers.

Through affiliation with FPI and its certification marks, individuals and entities agree to adhere to the high ethical and practice standards outlined in the Code and acknowledge FPI’s right to enforce them through its Disciplinary Regulations and procedures. It is this adherence, coupled with rigorous competency standards set by FPI, over time that has allowed the CFP® mark, and other FPI certification marks, to become recognised as the standard of excellence in financial planning and advice.

FPI, as evidenced by its vision of professional financial planning for all, believes that the public deserves high-quality personal financial planning and advisory services delivered by professionals who have demonstrated the ability to provide competent and ethical services to clients. In this sense, the FPI Code represents a major cornerstone to the practice of professional financial planning.

In an increasingly competitive world, and as financial planning makes its steady forward journey towards attaining strategic parity with established professions such as medicine and engineering, we believe that living the spirit and letter of the FPI Code is now an important way for competent and ethical financial planners to distinguish themselves from their peers. We therefore encourage every CFP® professional and all other professionals affiliated to FPI to study the content of this manual thoroughly.

A special thanks and congratulations to the authors for their time and expertise in putting together this manual. I have enjoyed reading it and trust that you will find its content useful as well as easy to understand and apply. Special thanks also to our sponsors, for without their support we would not have been able to print and distribute this manual.

Godfrey Nti
Chief Executive Officer | Financial Planning Institute (FPI)
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You work hard for your money. If you’re thinking of investing, visit becauseitsyourmoney.com

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Philosophy
The Financial Planning Institute of Southern Africa (FPI), a South African Qualifications Authority (SAQA) recognised Professional Body and an affiliate of the Financial Planning Standards Board (FPSB), published its revised Code of Ethics and Practice Standards Incorporating the FPI Rules of Professional Conduct (the code) towards the end of 2015. The said code aims to protect clients and society at large by guiding their members to conduct themselves ethically in that the code gives members clear conduct boundaries and it encourages ethical awareness and decision-making.

Some commentators hold the view that the FPI Code of Ethics is another set of rules, in addition to FAIS, for financial planners and advisors to comply with. This statement cannot be further from the truth. The FPI Code of Ethics predates the FAIS Act and has also been a guide for members on how to engage with their clients in order to demonstrate trust. The 2015 revision, which includes practice standards aligned to the six step financial planning process, has further enhanced this function.

The purpose of the manual
The Code of Ethics Business Manual for CFP® Professionals highlights the significance of the revised code of ethics and its importance in the establishment of trust between financial advisors/planners and their clients. The fundamentals provided by world-leading business authors referred to in this manual should instil the necessary confidence in members, because it provides proven conduct standards. It should further stimulate a desire for ethical behaviour, sound decision-making and professional conduct, because these fundamentals have always laid the foundation for success over the long term.

The format of the manual
The natural reaction of any financial advisor/planner, when reading through a rule book, is to experience the heavy burden of compliance. The reason for that is because the focus of a rule book is on the advisor/planner and any non-compliance is usually met with severe penalties. One of the objectives of this manual however, is to change the perspective of the reader by focussing on the client. This could be done quite effectively by answering the following question after reading the rules or principles contained in the Code:

“If I do what the Code of Ethics and Practice Standards prescribe, would it enhance the professional relationship between the client and advisor and would it lead to trust?”

If the answer is yes, we would argue that the Revised Code of Ethics is not just another rule book, but rather a valuable business guide that will assist financial advisors/planners in establishing the most valuable ingredient in any professional relationship – trust! In this manual we will test every rule and principle against this outcome and we believe that we will be able to demonstrate beyond any shadow of doubt that the Code of Ethics offers a sound framework for professional client engagement and valuable building blocks in the establishment of high trust professional relationships.

As a financial advisor, trust is part of the job description; an economic necessity. Every service, every relationship, every transaction is based on trust.1

Stephen MR Covey,
Author of The New York Times bestseller The Speed of Trust

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1Swanepoel 2009: Essential habits of trusted advisors
The significance of trust in the business of financial planning

The financial services industry in South Africa is a very competitive industry where clients have a wide range of advisors/planners and product suppliers to choose from and it is important to recognise that eventually clients decide on the provider or supplier they trust most. According to Bob Burg in *The 100 Greatest Sales Tips of All Time* we should all-

> Internalise the golden rule that says, “All things being equal, people will do business with, and refer business to, those people they know, like and trust.”

Stephen M.R. Covey’s explanation of the significance of trust in business will be extremely beneficial to every advisor/planner, because it is simple, logical and it offers a profound formula for success in all industries. Covey observed that trust always affects two outcomes – speed and cost. When trust goes down, the speed (of any agreement or transaction) will also go down and cost will go up.

\[
\begin{array}{c|c|c}
\text{Trust} & \downarrow & \text{Speed} & \uparrow & \text{Cost} \\
\end{array}
\]

We have tested this principle with thousands of people in South Africa during presentations and workshops over the years and they all agree that, if there is no trust in the interaction process between them and their clients, the engagement process is

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prolonged and if trust is not established, it results in no business at all. If one only considers the time it takes to consult with the client in such circumstances, there is a significant cost involved with absolutely no return on investment. The longer it takes to establish a relationship of trust and to conclude the business, the higher the cost, because time is always money. In view of the fact that financial services providers have to meet certain financial soundness requirements, financial advisors/planners simply cannot afford low trust relationships. It affects productivity and has a negative impact on profitability. Low trust in business is bad for business – period.

Fortunately for all of us the converse is also true. When trust goes up, the speed of business will also go up and costs will come down.

\[ \text{Trust} \quad \text{Speed} \quad \text{Cost} \]

As Covey demonstrates in his book, The Speed of Trust, this principle applies to every business in the world. This, in our opinion, is the single, most important, magic formula that every person providing financial advice should understand, embrace and work at – relentlessly. If anything, this is a formula that financial advisors/planners will have to get right in an environment where regulatory obligations are overwhelming and the cost of running a business continues to escalate.

The FPI Code of Ethics provide fundamentally sound building blocks that will assist financial advisors/planners in their attempts to establish trust. We have tested the importance of trust in business with a number of high profile individuals and industry stakeholders in South Africa and we include some of their views to illustrate the significance of trust in the business of every financial services provider. We are convinced that their contributions will be of value to you as you consider how the Code of Ethics and the Practice standards lay the foundation for trust to exist.

\begin{itemize}
  \item Trust is fundamental to every business, regardless of the products it sells or the services it provides, regardless of its size or the number of people it employs. Ultimately, trust is the glue that keeps all the stakeholders together and it lays a sound foundation for the business to prosper over the long term.
  \item Trust matters beyond its basic moral imperative. There is a strong economic justification for building trust. We choose to engage with trusted individuals because they enable us to save resources; not just time, money and energy, but also the costs that accompany any breach of trust. Trust is integral to the building and maintenance of strong relationships be they between a manager and employee, team members, an agent and their principal or customers and suppliers. As fundamental as trust is in the context of individuals, the role of trust in building strong reputations cannot be underestimated in the business context. The benefits that accrue to businesses that are able to harness collective behaviours to instil trust across stakeholder groups are immense. And of course the tragic truth that lies at the core of trusted relationships is that, once breached, they are inordinately difficult to repair.
\end{itemize}

\begin{itemize}
  \item Trust is the one thing that is classless and raceless in its capacity to bind together people in an organisation to work towards a common goal be that improved learning outcomes in a school or profits in a company or service impact in a public
\end{itemize}

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\begin{itemize}
  \item See Swanepoel: The Trust Factor
  \item Stephen M.R. Covey: The Speed of Trust,
  \item See Swanepoel: The Trust Factor in Business foreword by Prof Mervyn King
  \item See Swanepoel: The Trust Factor in Business foreword by Prof Nicola Kleyn
  \item See Swanepoel: The Trust Factor in Schools foreword by Prof Jonathan Jansen
\end{itemize}
service organisation. This thing called trust is a bit more complex than we think, and yet so essential for building relations, strengthening organisations and improving learning.

Prof (JD) Jonathan Jansen
Vice-Chancellor and Rector
University of the Free State

When it comes to successful financial planning businesses, building customer trust has been at the core. In looking for solutions to issues or problems in today’s world, we can over-analyse and over-complicate things. Working in the financial services industry over a number of years, I’ve come to see that the simple solutions, the common sense solutions are often the ones that work best. For me, “trust is about instilling a confidence in customers that you know what you’re talking about and that you do what you say you’re going to do”.

Ian Middleton, CFP®
Former Chairperson – Financial Planning Institute of Southern Africa

What differentiates a profession from a business is the concept of a fiduciary relationship, which embodies the concept of utmost good faith. Financial planning is a profession in the same way as medicine, accountancy and law. It is our responsibility to always place the clients’ interests first, to avoid conflicts of interest and to provide sound advice as an end in itself, with financial products as our means of implementation of advice rather than a commodity for distribution. The trusted adviser is a person who embodies these values. Trust takes time to establish but can be lost through a single indiscretion. It is the cornerstone of our profession.

Peter Nieuwoudt, CFP®
Former Chairperson – Financial Planning Institute of Southern Africa

Trust is the essence of a client/planner relationship. Irrespective of the nature of the interactions trust is required. The more meaningful the service the more substantive the trust requirement. Where trust is deficient, the value proposition will be equally limited.

Andrew Bradley, CFP®
Former Chairperson – Financial Planning Institute of Southern Africa

Trust, competence and likability – the three things required to build a long lasting professional client relationship. Of these, trust is easily the most valuable asset that a professional financial planner or advisor could ever possess – yet it rarely ever appears on balance sheets. In professional or client relationships, the presence of trust has been proven to impart so much value over time. On the reverse side, the impact is even more dramatic and most noticeable when trust is lost in this relationship.

Godfrey Nti
CEO of the Financial Planning Institute of Southern Africa

In my opinion, there is no doubt that trust is fundamental to professionalism. I have no doubt that businesses will thrive if business leaders continually strive for greater professionalism in their business dealings and continue to develop relationships built on trust.

Ben Rossouw
Former CEO of the Financial Planning Institute of Southern Africa

As a practising accountant and a professional financial planner, I find that ultimately what keeps me in business is not my knowledge and expertise, although
Trust is at the heart of our everyday interactions with clients and central to the machine that fuels business. One cannot fake trust. Trust are driven by your beliefs, values and principles. We really need to care. Trust lies in the sincere desire to assist our clients without immediate reward of recognition. Ultimately your goal as a trusted financial adviser is one of long term relationships, results and mutual success.

Prem Govender, CFP®
Former Director - Financial Planning Standards Board (FPSB), Denver, United States of America and Former Chairperson – Financial Planning Institute of Southern Africa

Our experience is that success is measured by our clients who entrust us to provide insightful and effective investment planning and advisory support throughout their lifetime. Loyalty and trust are earned. They are a direct consequence of consistent and reliable service delivered by a team who act with integrity and care. Appearing to care may be productive in the short term, but actually caring will build trust in the long-term.

Debbie Netto-Jonker, CFP®
FPI Financial Planner of the Year 2001 and
Ian Beere, CFP®
FPI Financial Planner of the Year 2007

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Bouwer Nell, CFP®
FPI Financial Planner of the Year 2002

There are few things more important in life than being a trustworthy person.

Gerrit Viljoen, CFP®
FPI Financial Planner of the Year 2003

Trust and integrity are the two core foundations to a financial planning relationship, if not any relationship.

John Campbell, CFP®
FPI Financial Planner of the Year 2008

I view myself as a professional coach and to be a successful coach you need to have a very good understanding of your client. Just as we learn a great deal about our clients from the questions that we ask, they also learn a great deal about us from the questions we ask and right there and then they formulate an opinion on whether or not they trust. I firmly believe that trust is established from your first meeting and if you gain a client’s confidence and establish trust from the outset you will enjoy a long and successful relationship with your clients.

Alec Riddle, CFP®
FPI Financial Planner of the Year 2009
Trust is the foundation that will define the decisions we make together and ultimately determine whether we achieve the desired outcome.

Natasja Norval-Hart, CFP®
FPI Financial Planner of the Year 2010

Business is all about relationships and relationships all about trust. Trust is therefore foundational in any sector of business, and even so much more in financial services and advice. Without it, there is no industry. Learn to build- and focus on the speed of trust, and client engagements will naturally be more profitable.

Jan-Carel Botha, CFP®
FPI Financial Planner of the Year 2012

Growth in the sustainability and profitability of my business and the strength of the trust relationship built with my clients are directly correlated with one another. It is only through absolute trust that is built through honesty and integrity in all of my dealings with clients, that I have been able to build a meaningful business purely through referrals.

Peter Hewett, CFP®
FPI Financial Planner of the Year 2014

I believe that as individuals, people are inherently good and it is our nature to seek opportunities to Trust. Trust brings security and comfort. It is not winning the Trust of new clients that keeps me awake at night, but rather keeping and improving the trust of our existing clients. The responsibility that comes from being trusted by clients and staff is far greater than we often realise. The lesson is clear. If you want your customers to remain loyal, you must earn and keep their trust. If you want a stronger team at work, you have to build a foundation of trust. This will quickly become your competitive advantage when it comes to business.

For many clients, entrusting their future to an advisor is not only a financial commitment but also an emotional commitment. Similar to finding a new doctor or other professional service provider, you typically enter the relationship based on a referral or other due diligence. You put your trust in someone and assume he or she will keep your best interests in mind—you trust that person until you have reason not to. The same is true with an advisor. Most investors in search of an advisor are looking for someone they can trust. Yet, trust can be fragile. Typically, trust is established as part of the “courting” process, in which your clients are getting to know you and you are getting to know them (refer to practice standard 1 – Client engagement). Once the relationship has been established, and the investment policy has been implemented, we believe the key to asset and business retention is keeping that trust. The greatest intergenerational transfer of wealth in history has already begun. As a financial advisor, it represents either an unprecedented opportunity or a threat to your survival. It will ultimately come down to trust. Trust should be a byproduct of skill and integrity — not a marketing tool.

Wouter Fourie, CFP®
FPI Financial Planner of the Year 2015
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- Sam Robson (Custodian Wealth)

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Philosophy of the code
Professions play an important role in ensuring an ordered society. As such, a profession will publish a code of ethics to protect its clients and society at large by guiding their members to conduct themselves ethically. This contributes to the reputation and credibility of the profession and its members. It also guarantees sustainable development of the profession.

The purpose of the code
The FPI Code of Ethics is intended to promote ethical behaviour and to prevent unethical behaviour by its members. The guidelines provided in the code instills confidence in the members in that it gives them clear conduct boundaries. It also stimulates ethical awareness and decision-making.

The format of the code
The FPI Code of Ethics is directional in nature. It is thus rules-based. These rules however, rests on a foundation of ethical aspirations such as integrity and fairness. A list of ethical rules can never be exhaustive though and members therefore have an obligation to use their ethical discretion when confronted with ethical challenges that the rules may not provide for.

Code violation
FPI professional members will subject themselves to disciplinary action should they violate the rules contained in the code. Members are also ethically obliged to report unethical behaviour by fellow professionals should they become cognisant of such conduct.

Contents of the Code of Ethics and Practice standards, including Rules of Conduct as approved by the FPI Board in this manual is published in colour. It includes:

PART 1. Definitions
PART 2. Code of Ethics including Guidance Notes
PART 3. Practice Standards including Rules of Conduct and Explanatory Notes

The Code of Ethics Business Manual for CFP® Professionals will contain the following:

✓ The Code of Ethics and Practice Standards incorporating Rules of Conduct as published by the Financial Planning Institute of South Africa;

✓ an illustration of how the revised Code of Ethics will not only guide you in your client interactions, but also how following the Code of Ethics (and practice standards) will enhance your responsibilities under the FAIS Code of Conduct;

✓ confirmation that the Code of Ethics is aligned with best practice principles globally; and

✓ an explanation of how these principles will enhance the client experience when engaging with advisors.
Part 1
DEFINITIONS

"FPI" means the Financial Planning Institute of Southern Africa NPC

"FPI regulations" means all the rules, policies, regulations and similar documentation established under or through FPI’s Memorandum of Incorporation or through a decision of the FPI Board of Directors and shall include, but not be limited to, the Membership Regulations, Certification Standard, Code of Ethics, Rules of Conduct, Practice Standards and the Disciplinary Regulations, as determined from time to time.

"FPI professional member" means a member of FPI, irrespective of their category of membership, affiliation or professional designation (hereafter referred to as the ‘FPI member’ or ‘member’).

"Financial planning" Financial planning is the process of developing strategies to assist clients in managing their financial affairs to meet life and financial goals. The process of financial planning involves reviewing all the relevant aspects of the client’s current situation and comparing them with the client’s desired situation and designing a plan to assist the client on this journey of financial independence.

"Client" means a person or persons, excluding the general public, that engages an FPI professional member and to whom FPI professional member renders professional services, with or without direct or indirect remuneration. For purposes of this definition, an FPI professional member is engaged by a client when, based on the relevant facts and circumstances, the person reasonably relies on information or services provided by such FPI professional. Where the services of the FPI professional member are provided to an entity, the Client is deemed to be the entity acting through its authorised representative(s). For the purposes of this definition “customer” shall have a similar meaning.

"Formal document" means any contractual agreement that indicates the existence of a contractual relationship between parties such as the FPI professional member and his/her client. Examples of such formal document may include but is not limited to a Service Level Agreement and an Advice Agreement.
“Service(s) and/or professional service(s)” unless otherwise stated, has the same meaning as both “advice” and “Intermediary Services” described in Section 1 of the Financial Advisory and Intermediary Services Act 37 of 2002 (as amended) but shall not be limited to that description and, for the purposes of this definition, “service(s) and/or professional service(s)” shall include all such activities, enquiries, investigations, recommendations, guidance or proposals which are directly or indirectly related to any aspect of a client’s financial management, asset management, risk management, tax planning, retirement planning, estate planning and/or any matter incidental thereto.

“Person” means any natural or juristic person including but not limited to a partnership, trust, any company incorporated under any law and any body of persons.

“Product” unless otherwise stated, has the same meaning as “Financial Product” described in Section 1 of the Financial Advisory and Intermediary Services Act 37 of 2002 (as amended) but shall not be limited to that description. For the purposes of this definition, “product” shall also include to mean any tangible or intangible item of monetary value and includes legal structures, credit facilities, money, and property, and rights to performance of similar nature.

“Remuneration” means the compensation that one has agreed with a client to receive in exchange for work and or services performed, which includes any amount of income which is paid or is payable to any person by means of any fee(s), commission and/or emolument, whether in cash or otherwise.

“Writing” means and includes communication by telefax or any appropriate electronic medium that is accurately and readily reducible to written or printed form; and “written” has a corresponding meaning. This definition is consistent with the meaning of “writing” found in Section 1 of the General Code of Conduct for Authorised Financial Services Providers and Representatives.
On July 16, 1969, the astronauts aboard Apollo 11 set off to become the first human beings to walk on the moon. For 76 hours, millions of people from all over the world watched what became a historic giant leap for mankind. What many people didn’t see were the eight years of unwavering commitment that made this momentous feat possible.

At Allan Gray we value this kind of commitment. It's the same philosophy we apply to investing and it has worked well for our clients over the last 41 years.

Call Allan Gray on 0860 000 654 or your financial adviser, or visit www.allangray.co.za
According to Dr Henry Cloud, author of Integrity, morals and ethics undergird our entire system of business, relationships, government, finance, education, and even our very lives.⁸ This is one of the reasons that the Financial Planning Institute (FPI) deems it of the utmost importance to implement a Code of Ethics to guide its members. The FPI Code of Ethics contains those core principles that sets a standard for the financial planning profession which, if practiced, will enhance the integrity of our profession and lead to high trust relationships. However, setting the standard is only the first step in the process of enhancing the integrity of the financial services industry, because-

From these definitions it may be helpful to understand more about the meaning of moral principles.

‘Moral’ means concerned with the principles of right and wrong behaviour, and following accepted standards of behaviour.¹¹ Principles are rules or beliefs governing one’s personal behaviour or general scientific theorem or natural laws.¹² Principles are laws or rules.¹³ The principles or beliefs are often referred to as core values of the business. The core values of advisors and intermediaries should, as is the case of visionary (good-to-great) companies, form a rock-solid foundation which does not drift with the trends and the fashions of the day.¹⁴

There are really only two important points when it comes to ethics. The first is a standard to follow. The second is the will to follow it.

John C. Maxwell

Ethics can be defined as the moral principles that govern a person’s behaviour, or how an activity is conducted;⁹ they are moral principles that control or influence a person’s behaviour; they constitute the branch of philosophy that deals with moral principles.¹⁰

Swiss philosopher Henri Fredric Amiel stated, “He who floats with the current, who does not guide himself according to higher principles, who has no ideal, no convictions – such a man is a mere article of the world’s furniture – a thing moved, instead of a living and moving being – an echo, not a voice.”¹⁵

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⁸Dr Henry Cloud: Integrity, HarperCollins Publishers 2009, p7
⁹The Oxford English Dictionary, p 280
¹⁰Oxford Advanced Learner’s Dictionary, p 498
¹¹The Oxford English Dictionary, p 546
¹²The Oxford English Dictionary, p 662
¹³The Oxford Advanced Learner’s Dictionary, p 1153
¹⁵Maxwell 2003: Ethics 101: Center Street; p 45
It is finally becoming clear that good ethics is essential to good business.

Dr Mollie Painter-Morland

We hope that advisors will be encouraged to know that good ethics will be rewarded handsomely. Best-selling authors all over the world agree that over the long term ethical behaviour pays huge dividends.

The qualities of honesty, integrity and ethical behaviour will guarantee a positive return in your career.

Zig Ziglar

We certainly hope that financial advisors will be inspired to know that ethical behaviour is absolute key to long term success. One of the factors that made a significant contribution to Warren Buffet’s profile as being one of the world’s most respected businessmen is the fact that he has modelled honesty, integrity and ethical behaviour for decades. Buffet had a standard to follow and the will to follow it.

Leadership expert John Maxwell asserts that decisions, not conditions, determine your ethics. He also makes it very clear that there’s no such thing as business ethics. There’s only ethics. If you desire to be ethical, you live it by one standard across the board.

From these definitions it is clear that people who claim ethical behaviour will have to do the right things because it is the right thing to do. There is ample evidence that, if you do the right thing, you’ll be rewarded. Ethical conduct is vital for any long-term sustainable business. Leading authors on the topic agree that people should strive to do it as a matter of principle, which means that they always do it, not only when they feel like doing it.

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Notes

16Maxwell 2003: Ethics 101: Center Street; p 47
17Maxwell: Ethics 101, preface
19Z. Ziglar repackaged edition: Ziglar on selling: The Zig Ziglar Corporation 2003, p 19
Putting Clients First; A Long-Term Perspective

Globally, we are witnessing a shift in how investors are addressing the question of: Did I act in my client’s best interest first? This shift is driven by fundamentally relooking clients’ interests and applying a long term perspective when considering how to best place clients’ considerations first.

Whereas in the past the primary consideration would have been investment performance, there’s been a growing recognition that achieving sustainable long-term returns is as, if not more, important. Given this, there’s been increasing focus on environmental, social and governance (ESG) factors – and ultimately the risk they pose to achieving consistent long-term returns. ESG factors take into consideration how environmentally conscious, ethical and accountable a company is in the way it operates on behalf of all its stakeholders: its employees, the community and its investors.

Consequently, we believe that incorporating ESG factors into our investment and ownership decisions is crucial in the pursuit of superior risk-adjusted returns for our clients.

Not only does this make sound business sense, but as the custodian of our shareholders’ and beneficiaries’ long-term futures, it is also the right thing to do.

As such we are committed to integrating ESG factors into investment decisions; acting as a responsible steward of assets; playing an active responsible investment leadership role in South Africa; managing conflicts of interests; collaborating with co-investors on material ESG issues; and annual disclosure regarding our responsible investment progress.

For more information visit www.oldmutualinvest.com

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Principle 1
Clients First

Placing the client’s interests first is a hallmark of professionalism and is a core value of any profession. It requires the FPI members to act honestly at all times and not place personal interest or advantage, in any form, before their clients' interests.

Guidance Note:
FPI members are faced with many pressures: their clients’ needs; employers’ expectations; the expectations of principals or franchisors and the like; and their own need to grow and maintain a successful and sustainable business. The client’s interests must, however, be served above all these competing demands.

FPI members have an obligation to maintain an ethical practice, regardless of their manner of compensation and as such advise their clients based on what is in their best interest over and above of what is in the interest of the FPI member and/or another party.

Compliance

Principle 1, client first, is firmly entrenched in the Code of Conduct as the latter states:

- A provider must at all times render financial services honestly, fairly, with due skill, care and diligence, and in the interests of clients and the integrity of the financial services industry.\(^{20}\)
- It further states that a provider’s service must be rendered in accordance with the contractual relationship and reasonable requests or instructions of the client, which must be executed as soon as reasonably possible and with due regard to the interests of the client which must be accorded appropriate priority over any interests of the provider.\(^{21}\)
- Last but not least, the Code also places an obligation on providers to identify the financial product or products that will be appropriate to the client’s risk profile and financial needs.\(^{22}\)

How is the Code of Ethics Different?

While the rule contained in the FPI Code of Ethics and the FAIS Code of Conduct may appear the same, the FPI Code is powerfully different. While the law requires a financial advisor to act in their client’s best interest, the test is based on the suitability of the advice or product recommended. The test under the FPI Code provides a fiduciary standard of care, which requires the financial planner to put their clients’ interest above else.

For example, if an advisor has determined that there are two products that are suitable for a client’s needs which are materially the same, except for the fee structure, an advisor could recommend the product with a higher fee as the higher fee is perhaps in the interest of the adviser and not the client. CFP® professionals however would need to put aside their own interests and recommend the product with the lower fee structure.

Best practice

Every now and then someone comes along and makes a profound statement that changes one’s perspective and it changes your thinking – permanently! The following insights could just serve as the ultimate reminder of how we should think about our clients:

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\(^{20}\)See section 2 of the FAIS General Code of Conduct

\(^{21}\)See section 3(1)(d) of the FAIS General Code of Conduct

\(^{22}\)See section 8(1)(c) of the FAIS General Code of Conduct
A customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an interruption of our work. He is the purpose of it. He is not an outsider in our business. He is part of it. We are not doing him a favour by serving him. He is doing us a favour by giving us an opportunity to do so. Mahatma Gandhi

We firmly believe that placing the client’s interests first should not be a compliance issue, but that it should simply be a non-negotiable core value of our profession. It is an absolute hallmark of professionalism and putting our clients first should therefore be second nature for any FPI professional member. Best-selling authors and world-famous business leaders have pointed out many years ago that a client-centered approach lays the foundation for long term success. In 1955 management pedagogue Peter F. Drucker made a profound statement, which remains relevant today:

“The purpose of a business is to create and keep a customer.”

Matt Watkinson, author of The Ten Principles behind Great Customer Experiences echoed Drucker’s views by stating that:

Without customers they don’t have a business at all.

Leadership expert, Ken Blanchard asserts that successful organisations have one common central focus: customers. Success comes to those, and only those, who are obsessed with looking after customers.

In high performing organisations, everything starts and ends with the customer.

Ken Blanchard

In their book, Raving fans, Blanchard and coauthor Spencer Johnson recommend that when you decide what you want you must create a vision of perfection centered on the customer. Their views on this topic are strongly supported by some of the most successful business leaders of all time. Ray Kroc, the man behind the success of McDonald’s, asserted that:

If you work just for money, you’ll never make it, but if you love what you’re doing and you always put the customer first, success will be yours.

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23Quoted from Raymond Ackerman’s book, The four legs of the table, authored by Denise Prichard: David Philip Publishers, p 2
24Matt Watkinson: The Ten Principles behind Great Customer Experiences, Ashford Colour Press Ltd, p17
28Blanchard 2007: Leading at a Higher Level: Published by Prentice Hall; p 40
Client experience

One of the best ways to earn a client’s trust is to act in his or her best interest. According to Dr Henry Cloud, author of Integrity, true trust comes when we realise that another’s goodness, and being for my best interest, is not dependent on anything. It is just a part of that person’s integrity. It is who that person is, the kind of person who wants the best for others and will do whatever he or she can to bring that about.30 It is about their interests being looked out for when they were not looking. And that had nothing to do with “win-win”, as there was no greater win for him. Now, that is trustworthiness.31

Leading organisations not only act in their clients’ best interest, they also design work processes from the customer backwards to ensure a flow that makes sense from a customer’s perspective.32

A great customer experience is good for business, and always has been- we reward those that provide us with loyalty, repeat business, and by doing their marketing for them- telling friends, family and colleagues about their products and services.33

If you do build a great experience, customers tell each other about that.
Jeff Bezos34

We would argue that one of the best experiences a client can have is knowing that he or she is dealing with an advisor, who lives by the value - Client first!

Notes

32Blanchard 2007: Leading at a Higher Level: Published by Prentice Hall; p 40
33Matt Watkinson: The Ten Principles behind Great Customer Experiences, Ashford Colour Press Ltd, p18
SUCCESS COMES FROM BEING CONSISTENT DAY AFTER DAY, MONTH AFTER MONTH.

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Principle 2

Integrity

Integrity requires adherence to practices of honesty, fairness, consistency and candour in all professional matters. FPI members are placed in a position of trust by a client and the ultimate source of that trust is the member’s personal integrity. Allowances can be made for legitimate differences of opinion, but integrity cannot co-exist with deceit or subordination of one’s principles. Integrity requires the member to observe both the letter and the spirit of the Principles of Conduct, the Professional Conduct Rules and the Practice Standards.

Guidance Note:
Adherence to the Principle of Integrity requires the FPI member to fairly and consistently do the right thing in the best interest of their clients even when no one is watching or will find out. Further examples of integrity are: keeping to one’s promises, standing up for what is ethically acceptable even when it is not self-serving to do so, acting on principles that go beyond mere legal compliance, making recommendations as if every decision and action would be open to public scrutiny, and continuously enhancing the credibility of and trust in the profession. The FPI member delivers on the service promise made to the client and every client should get the best efforts of the member, within the limits of their engagement.

To test their integrity, FPI members ask themselves: Am I prepared to read about my actions and decisions in a newspaper?

Definition

Integrity is the quality of being honest and morally upright. Webster’s New Universal Unabridged Dictionary describes integrity as ‘adherence to moral and ethical principles; soundness of moral character; honesty’.

Compliance

A provider must, at all times, render financial services honestly, fairly, with due skill, care and diligence, and in the interests of clients and the integrity of the financial services industry. However, it should always be remembered that-

Rules cannot take the place of character.
Alan Greenspan
Former chairman, US Federal Reserve
According to Dr Henry Cloud, author of Integrity, there is only one true “regulator”, and that is a person’s character of integrity when it is orientated towards transcendence.38

**Best practice**

In his book, The inspirational leader, John Adair defines integrity as moral soundness or excellence: the undeviating adherence to truth and a code of values. Integrity implies trustworthiness and incorruptibility to a degree that one is incapable of being false to a trust, responsibility or pledge. It is the quality that inspires trust in others.39

Stephen M.R. Covey asserts that, while integrity includes honesty, it’s much more than that. It’s integratedness. It’s walking your talk. It’s being congruent, inside and out. It’s having the courage to act in accordance with your values and beliefs. He observed that most massive violations of trust are violations of integrity.40

The supreme quality for a leader is unquestionably integrity.
If a man’s associates find that he lacks forthright integrity, he will fail.
President Dwight D. Eisenhower41

The same principle applies to financial advisors. If an advisor’s clients find that he lacks forthright integrity, he will fail. One would think that honesty and integrity are such basic requirements and that they should be an integral part of every person who is in business. Sadly, this is not always the case, but people cannot fake it for long. Just as honesty and integrity helps to establish a good reputation in business and attract people, the converse will push people away. Dishonesty and lack of integrity has no authority over long term sustainable success.

Don’t lie to your bosses.42
Don’t lie to customers.43
Richard Templar (Author)

Unfortunately, there have always been, and there probably will always be, dishonesty and people without integrity in every profession. At the heart of the world’s biggest scams lie people’s dishonesty, lack of integrity, self-interest and greed. Enron and Bernard Madoff are two of countless examples of what can go wrong when people lack character. It is of the utmost importance for all of us to remember that one’s character is the cornerstone and the foundation on which everything else is built and it always applies, regardless of the circumstances and regardless of who is watching.

The ultimate measure of a man is not where he stands in the moments of comfort and convenience, but where he stands at times of challenge and controversy.
Martin Luther King, Jr.44

The late Peter Drucker, a former professor of management at the Graduate Business School of New York University, who is regarded as the founding father of the study of management, stated that the best businesses would fail unless management demonstrated their beliefs every time they appointed a person, and that the final proof of their sincerity and seriousness was an uncompromising emphasis on integrity of character.45

Integrity is the quality most needed to succeed in business.
John C. Maxwell.46

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38Dr Henry Cloud: Integrity, HarperCollins Publishers 2009 , p247
40Covey: The Speed of Trust, p 54
41“Becoming a person of influence, p 30
44“Maxwell: Becoming a person of influence, p 130
46Maxwell 1997: Becoming a person of influence: Thomas Nelson Publishers; p 21
Client experience

Honesty and integrity in business attract people. The opposite will push people away. It is as simple as that.

Salespeople who deliver value through honesty and integrity never need to close sales. That’s because people want to buy from them.
Frank J. Rumbauskas
Author of Selling Sucks

Dishonesty and lack of integrity has a way come back at you. The truth always comes out – eventually. As the saying goes - people may be fooled some of the time, but not all the time. You do not want to be someone with a reputation of being dishonest or lacking integrity, because people will think-

What you are speaks so loudly that I can’t hear what you say.
Ralph Waldo Emerson

If your character stands in the way, it’s not that people can’t hear what you say, they simply do not want to hear what you have to say. If it comes to that, it means that you will have no influence with people.

The benefit of integrity: Trust
John C. Maxwell & Jim Dornan

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A joint study conducted by the UCLA Graduate School of Management and Korn/Ferry International of New York City surveyed 1,300 senior executives. Of these, 71 per cent said that integrity was the quality most needed to succeed in business.47

47Maxwell: Becoming a person of Influence, p 20
48Maxwell 1997: Becoming a person of Influence: Thomas Nelson Publishers; p 27
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Principle 3

Objectivity

Objectivity requires intellectual honesty and impartiality. Regardless of the services delivered or the capacity in which a FPI member functions, objectivity requires members to identify and manage conflicts of interest and exercise sound professional judgment.

Guidance Note:
Being objective means demonstrating the ability to evaluate information and circumstances without letting one’s own emotions or competing priorities (such as compensation) cloud judgment. Objectivity also encompasses rendering advice or making recommendations based on thorough research and subsequent knowledge and understanding of the client’s needs, sound analysis of products and optimally matching clients’ needs with the products best suited to them.

Regardless of the service rendered or the capacity in which members function, personal bias, undue influence and personal interest never play a role in the way members render their professional services.

Definition
According to the Oxford Advanced Learner’s Dictionary to be objective means not to be influenced by personal feelings or opinions. It is to be unbiased and considering only facts.49

Compliance
The General Code of Conduct demands that financial advisors identify, mitigate and manage any potential conflicts of interest that may exist between their own interests and the interests of clients. According to the Code of Conduct-

“conflict of interest” means any situation in which a provider or a representative has an actual or potential interest that may, in rendering a financial service to a client, -
(a) influence the objective performance of his, her or its obligations to that client; or
(b) prevent a provider or representative from rendering an unbiased and fair financial service to that client, or from acting in the interests of that client.54

The provider involved must not deal in any financial product for own benefit, account or interest where the dealing is based upon advance knowledge of pending transactions for or with clients, or on any non-public information the disclosure of which would be expected to affect the prices of such product.51

A provider must at all times render financial services honestly, fairly, with due skill, care and diligence, and in the interests of clients and the integrity of the financial services industry. In terms of the suitability requirement a provider must...

(a) take reasonable steps to seek from the client appropriate and available information regarding the client’s financial situation, financial product experience and objectives to enable the provider to provide the client with appropriate advice;
(b) conduct an analysis, for purposes of the advice, based on the information obtained;
(c) identify the financial product or products that will be appropriate to the client’s risk profile and financial needs, subject to the limitations imposed on the provider under the Act or any contractual arrangement...53

From these sections it is clear that the principle of objectivity provides more guidance in respect of the provisions contained in the FAIS General Code of Conduct.

Best practice

As stated above, objectivity requires members to identify and manage conflicts of interest and exercise sound professional judgment. Objectivity requires intellectual honesty and impartiality. This best-practice principle is so important that it was also included in the fundamentals of good corporate governance.

Good governance involves fairness, accountability, responsibility and transparency on a foundation of intellectual honesty.
Mervyn King54

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50 Also see section 3(1)(c) of the FAIS General Code of Conduct
51 See section 3(1)(f) of the FAIS General Code of Conduct
52 See section 2 of the FAIS General Code of Conduct
53 See section 8(1)(a), (b) and (c) of the FAIS General Code of Conduct
The principle of objectivity is closely related to the principle of Client first. Unfortunately the financial services industry offers many opportunities for financial advisors to serve their own interests. From the FAIS Ombud determinations it is evident that some advisors are still serving their own interests as opposed to acting in the best interests of clients.

Peter F. Drucker and other leading authors such as Jim Collins, Philip Kotler and James Kouzes named the most important questions anyone will ever ask of their organisation and two of the top five questions will be of particular interest to you if you are in professional sales:

Who is my customer?
What does my customer value?

We would argue that clients value sound, honest and objective advice aimed at serving their best interests. Many financial advisors have been accused of selling financial products for commission over the years instead of providing sound advice and serving the client’s best interests. The financial services industry offers many opportunities for salespeople to write business as it serves their own financial interests and not the interests of their clients. Financial gain therefore influence their judgement and it violates not only the principle of Objectivity, but other principles such as Client first and Integrity.

From a practice management point of view there is much support for the principle of objectivity, as it is so closely linked to the principle of Client first.

**Client experience**

Imagine going to a doctor and he proposes an operation, but you doubt whether it is really necessary. You wonder whether the operation is not simply motivated by the financial reward that the operation offers the doctor. Should this be the case would it not lead to a state of distrust? Surely, only when a patient is convinced that the proposed operation was objectively assessed, is appropriate in the circumstances and would be in his / her best interest, would the patient have confidence in the doctor's advice.

When considering both sets of circumstances, imagine the difference in the patient’s experience. The first experience would surely be a negative one and lead to distrust, where the latter would give the patient much confidence and it would lead to high trust and acceptance of the doctor’s advice. If the doctor’s advice was objective and the operation is really necessary, both doctor and patient win.

It is our responsibility to ensure that our clients experience peace of mind, knowing that we have objectively assessed their needs and objectives and that our advice is based on sound fundamentals, which is appropriate in the circumstances and serving the best interests of the client. If we manage to do that and our clients have peace of mind, knowing that we only have their best interests in mind, we will connect with our clients on a deeper level and both parties win from any transaction that may follow.

**Connecting always begins with a commitment to someone else.**

*John C. Maxwell*[^55]

If we truly value our clients, we will always be objective in our analysis of our clients’ needs and objectives and never allow personal bias, undue influence and personal interest to play a role in the way we render professional services.

**Notes**

[^55]: See J.C. Maxwell, Everyone communicates few connect, PPPP: Thomas Nelson Inc. 2010, p 89
Sometimes it’s better to wait

At Boutique Collective Investments, we stand confidently behind our long-term view. And that’s because we carefully plan our strategies upfront. So carefully in fact, that we’re never found reason to deviate from them. Which is reason in itself for you to rest assured that your money is safe in our hands. Reason too, for you to start thinking of patience as eager anticipation.

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Principle 4

Fairness

Fairness requires providing clients with what they are due, owed, or could legitimately expect from a professional relationship. FPI members are fair and consider the needs and expectations of all stakeholders to their transactions in a balanced and unbiased manner. Information required by clients is provided in an unbiased way and in an easy to understand format. Members identify and disclose real and potential material conflicts of interest in a timely manner. Fairness implies treating others in the same manner that you would want to be treated.

Guidance Note:
Fairness requires an application of the ‘reasonable man’-test. As such, fairness does not necessarily mean that everyone receives the same treatment, but rather that clients consistently receive at least what FPI members, acting reasonably and responsibly, would determine what the clients need and what the members have committed to provide. There may be situations where it is necessary for FPI members to withdraw their services and refer the client elsewhere as a result of a conflict of interest.

Fairness requires impartiality and the disclosure of all facts by FPI members that are relevant to their clients’ situation. FPI members suppress their personal feelings, prejudices and needs in all professional dealings.

FPI members communicate at a level that is understandable to each of their clients. This applies to all communications (verbal or written). Fairness implies that FPI members are able to consistently justify their decisions. Even in hindsight they should be able to declare that they would have provided the same advice at the time if they had the opportunity to again consider those decisions and advice. In this way fairness is linked to reliability.

Definition

Fairness is the quality of treating people equally or in a way that is reasonable. Fairness is the state, condition, or quality of being fair, or free from bias or injustice. Fairness is also defined as just and reasonable treatment in accordance with accepted rules or principles. According to the Oxford Business English Dictionary, fair dealing is defined as ways of doing business that are honest and fair to customers and the people you do business with. Financial advisors should have a reputation for fair dealing.

Compliance

The FAIS Code of Conduct demands fairness, as it specifically states that a provider must at all times render financial services honestly, fairly, with due skill, care and diligence, and in the interests of clients and the integrity of the financial services industry.

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57www.dictionary.com
58http://www.yourdictionary.com/fairness#Wsuugrz0fMt1L2k1.99
59See Oxford University Press 2008, Page 209
60See section 2 of the FAIS General Code of Conduct
In May 2010 the Financial Services Board of South Africa issued their first Treating Customers Fairly (TCF) Discussion Document, which sent out a clear message to the financial services industry. As highlighted in the discussion document, TCF is a regulatory approach that seeks to ensure that specific, clearly articulated fairness outcomes for financial services customers are demonstrably delivered by regulated financial institutions. From a regulatory perspective, treating customers fairly is a top priority.

To ensure the fair treatment of customers it was necessary to re-evaluate the entire product life-cycle and establish principles that will set the standard for financial advisors, financial services providers and product suppliers. The desired TCF fairness outcomes, from a customer perspective, have been established as follows:61

1. **Outcome 1**
   Customers should be confident that they are dealing with firms where the fair treatment of customers are central to the firm’s culture.

   This outcome is fully aligned with section 2 of the FAIS General Code of Conduct.

   **Question:** Would you deal with a firm that does not take the fair treatment of you, as their customer, seriously? If not, we would argue that logically and in the interest of customers, this outcome needs to be pursued - purposefully.

2. **Outcome 2**
   Products and services marketed and sold in the retail market are designed to meet the needs of identified customer groups and are targeted accordingly.

   This outcome is fully aligned with sections 2 and 8(1) (a) and (c) of the FAIS General Code of Conduct.

3. **Outcome 3**
   Customers are given clear information and are kept appropriately informed before, during and after the time of contracting.

   This outcome is fully aligned with sections 3(1) (a), 7(1) (a) and 8(2) of the FAIS General Code of Conduct.

   **Question:** Would you deal with a firm that does not provide you with sufficient information to make informed financial decisions before, during and after contracting? Again we would argue that this outcome is not only aligned with the FAIS Code of Conduct, but also a logical and basic requirement for any firm that desires to be successful over the long term.

4. **Outcome 4**
   Where customers receive advice, the advice is suitable and takes account of their circumstances.

   This outcome is fully aligned with sections 2, 8(1) (a) and (c) of the FAIS General Code of Conduct.

   **Question:** Would you deal with a firm that recommends any product to you without taking your circumstances into account and ensuring that it meets your needs? We would argue that this outcome lies at the core of providing sound, professional and suitable advice. This outcome will be achieved if financial planning professionals demonstrate the principles and guidelines as contained in the FPI Code of Ethics and Practice Standards.

5. **Outcome 5**
   Customers are provided with products that perform as firms have led them to expect, and the associated service is both of an acceptable standard and what they have been led to expect.

   This outcome is fully aligned with section 2 of the FAIS General Code of Conduct.

   **Question:** Would you deal with a firm that does not offer products that deliver what was promised? We would argue that this outcome, like the others, is pure and should be applauded as the integrity of the financial services industry depends on it.

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61 See the TCF Discussion Paper published in 2010 and confirmed in the TCF Roadmap document released in 2011, p 7
6. Outcome 6
Customers do not face unreasonable post-sale barriers to change product, switch provider, submit a claim or make a complaint.62

This outcome is fully aligned with section 2 of the FAIS General Code of Conduct.

Question:
Would you deal with a firm that is unreasonable when it comes to post-sale barriers to change product, switch provider, submit a claim or make a complaint? We would argue that every customer should be treated in accordance with the desired outcome as stated.

Subsequent to the publication of the TCF Discussion Paper the Financial Services Board established a TCF Steering Committee and various TCF Working Groups to address each of the outcomes and stages in the product life-cycle.

Towards the end of 2014, the FSB issued their first Retail Distribution Review (RDR) Discussion Paper as the vehicle through which the objectives of TCF will be achieved. The FSB received 88 responses from industry stakeholders early in 2015 and published a RDR Update Paper, which was published in November 2015. From these initiatives it should be clear that the Regulator is taking treating customers fairly very seriously. However, as you will see, the concept of treating clients fairly is not a compliance issue – it is a vital building block in establishing and maintaining clients’ trust.

Best practice
Fairness includes justice, equality, impartiality and objectivity and this “best-practice” principle is so important that it was also included in the fundamentals of good corporate governance.

**Good governance involves fairness... on a foundation of intellectual honesty.**

*Mervyn King*63

Client experience
We would argue that if financial advisors at all times apply the first four principles of client first, integrity, objectivity and fairness as contained in the Code of Ethics, it will lead to high trust relationships.

We believe that fairness, without discussing fees in the same context, would be incomplete. As financial planners we are in a position to determine our own fees for services rendered. Fairness pertaining to fees cuts both ways, which means that it should offer value for money and put the planner and the client in a win-win situation. As highlighted earlier, fairness is the quality of treating people equally or in a way that is reasonable.64 Not only is making a profit a well-established business principle, it is also included in the Fit and proper requirements in terms of the FAIS Act. Therefore, fairness when charging fees does not mean that financial planners are expected to render professional services for free. From a business and a regulatory point of view there needs to be a sound balance between rendering a professional service and charging a fee that will generate a fair profit. Fairness in this context can be established by following the following guidelines:

- Charges should be reasonable, in line with the service being provided and it should be market related.
- Fees should be disclosed and agreed to upfront and confirmed by the client in writing.
- The fees should be disclosed in a manner which is simple and easy to understand.
- The financial planner must act fairly and professionally when recovering the charges.
- The financial planner must ensure that the charges are levied in terms of the client service level agreement and provided for in terms of regulatory provisions, rules and regulations, like the Credit Act.
- The right to earn and collect fees from our clients comes with the responsibility of providing high quality service.

Notes

62See the TCF Discussion Paper
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Principle 5

Competence

Competence requires attaining and maintaining a high level of knowledge, skills and abilities in the provision of professional services. Competence also includes the wisdom to recognise one’s own limitations, consulting with other professionals when in doubt and referring clients to other professionals should one not have the time, ability or inclination to optimally respond to a client’s needs. Competence requires the FPI member to make a commitment to continued learning and professional development.

Definition

The Oxford Dictionary defines competence as the ability to do something well. To be competent means having enough skill or knowledge to do something well or to the necessary standard.\textsuperscript{45}

Guidance Note:

At a minimum, the FPI member meets certification requirements. Members maintain their knowledge and skill by keeping up with changes in economic and regulatory environments and any changes in the financial services industry and areas of specific technical knowledge.

Through their registration with the FPI members make a commitment to Continuing Professional Development (CPD). FPI members regularly consult the FPI CPD Policy and events calendar to maintain an awareness of the methods available to members to maintain and build the competence they require to effectively serve their clients. CPD takes the form of relevant industry conferences, seminars, courses, research, writing, reading, teaching/presentation, pro bono work or mentoring others. FPI members communicate their competence and limits to their competence when initially engaging with clients. Thereafter competence is demonstrated in every client interaction. If, at any time, FPI members doubt their ability to adequately fulfil their obligations to a client, they need to withdraw from that engagement either temporarily or permanently.

Members execute proper due diligence enquiries and fully consider available information when providing recommendations. Should the situation merit an alternative approach, members need to fully rationalise and substantiate their advice in defying prevailing norms.

FPI members are not expected to be experts in all fields that may affect a client’s financial portfolio, and should therefore not represent themselves in this way. In guiding the client to solutions that meet the client’s objectives, members are expected to apply evidence-based knowledge obtained through proper analysis or consulting with other experts.

\textsuperscript{45}Oxford Advanced Learner’s Dictionary, 7th Edition, Oxford University Press, page 294
Compliance

The Financial Advisory and Intermediary Services Act introduced a set of “Fit and proper requirements” that would change the financial advisory and intermediary services industry forever. It introduced minimum qualifying criteria for financial advisors before they could be licensed as authorised financial services providers. According to the General Code of Conduct, a provider must at all times render financial services honestly, fairly, with due skill, care and diligence, and in the interests of clients and the integrity of the financial services industry.66

The FPI, from its start as ILPA, has always had education at its core. In addition to the initial qualifications FPI has long recognised that competence is not a once off matter. It is for this reason why it has CPD requirements underpinned by a world leading CPD policy. The CFP® professionals’ compliance to this policy is required for ongoing recertification.

66See section 2 of the FAIS General Code of Conduct
Best practice

It is important to recognise that competence is more than just good intentions. On this topic Ken Blanchard recommends that we have to:

Work to develop skills. Work to get relevant experience. Work to become good at what you do.

He also makes it very clear that:

*Good intentions alone will not result in people having confidence in your ability.*

According to Dr. Henry Cloud, the author of the book *Integrity*, people who become leaders, or really successful, tend to have three qualities. Number one, they have some set of competencies. In other words, they know their field, their industry, their discipline, or whatever. If you are Bill Gates, it helps to know something about the computer industry. If you are going to be a leading surgeon, you have to know what you are doing. In other words, you can only fake it for so long, boys. His advice:

*Get yourself in the library or wherever and master your craft.*

Competence can be divided into four key components – attitude, knowledge, skill and behaviour. If you aspire to be trusted in business, the ability to do things well is a basic business imperative and ideally requires all these key components.

Once you’ve selected your areas of expertise, give it all you’ve got to become a master.

Ken Blanchard

Attitude

You can teach most people what they need to know to do the job they have been appointed for, but it is much harder to teach people to have the right attitude. Most people join a business and they are pretty much set in their ways. They either have a positive or negative attitude. In my experience, negative people drain you and hold you back. Positive people on the other hand speed things up in the business, because they bring a certain energy to conversations as they are solution-orientated. They see opportunity in every difficulty instead of difficulty in every opportunity. Positive people with a positive attitude are the people that add tremendous value to any business and that is why attitude forms part of competence.

Knowledge

Knowledge is the information, understanding and skills that you gain through education or experience. The ability to effectively practice as a financial planning professional requires a person to master theoretical and practical knowledge in a broad range of financial planning related subjects. After mastering them, he or she can combine that knowledge with professional skills to competently deliver financial planning advisory and intermediary services to clients. Only then will any financial planning professional gain the respect and trust of clients. At the same time he or she, as a financial planning professional, will also gain confidence in the ability to practice competently.

As alluded to earlier, financial planning professionals must master a range of subjects when providing financial planning services to clients as more and more clients start to realise that there is much value in holistic financial planning.

The subjects include, but are not limited to:

- Ethics, professional standards and regulatory requirements
- Basic financial management - budgeting and keeping to the budget

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70 Ken Blanchard: Trust Works, HarperCollinsPublishers 2013, p60
71 Dr Henry Cloud: Integrity, HarperCollins Publishers 2009 ,p4
- Tax planning – minimising tax liabilities legally
- Risk Management – ensuring that clients are appropriately insured for events such as death, disability and traumatic diseases like cancer, for example
- Risk management – ensuring that clients are appropriately insured in their businesses
- Planning for retirement – encouraging clients to save enough through appropriate investment products
- Investment planning – providing suitable advice in accordance with clients’ respective risk profile and needs
- Planning at retirement – ensuring that clients’ do not draw inappropriate levels of income from their investments and that portfolios are constructed appropriately in accordance with their respective risk profile and needs
- Estate Planning – minimising tax liabilities legally and ensuring that the client’s will can be executed

In *Warren Buffet Speaks* the author, Janet Lowe, writes about the importance of education in the life of Warren Buffet. If it laid such a strong foundation for him, just think what it can do for you and me! She writes—

**Like all good students, he uses his training as a foundation. In time, he stacked the bricks far higher than his best teachers.**

According to Zig Ziglar, most time-management problems are caused by poor habits and lack of direction. The others are caused by lack of knowledge and expertise. He firmly believes that the professional clearly understands that school is never out for him. He studies his prospects, studies his company literature, and studies the art of persuasion. He reads good books, listens to inspirational recordings, attends training sessions, and most of all, during every sales interview he studies human nature. He knows if he’s going to change his status in life, he must change his performance. To change that performance he needs to change his thinking. To change his thinking he must change the input into his mind. So he selectively chooses the ‘good stuff’ for his mind-food. For Ziglar it is simple:

> The professional is a student.
> Zig Ziglar.

Education and training is the lifeblood of any professional. It raises your game and separates you from the rest. All of us start at the bottom and we have to work our way to the top. According to Douglas Kruger, author of Own your industry and Relentlessly Relevant, every person’s story looks more or less like this:

We start off as a beginner or novice, then we become a working drone, a practitioner, we move on to become a specialist and later an authority, a thought-leader and then we ultimately move on to legend status.

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74Janet Lowe: Warren Buffet Speaks, p 116
75Zig Ziglar, Secrets of closing the sale, PPPP: Fleming H. Revell a division of Baker Publishing Group 2003, p 139
76Ziglar: Secrets of closing the sale, p 167-168
77Ziglar: Secrets of closing the sale, p 167
78See Douglas Kruger, Own your industry, Penguin Books South Africa (Pty) Ltd 2014, p 13
Every level that we move on to is founded on education, application and experience. The pattern is always the same. Learn something, apply it and that is how experience grows. Then learn something, apply it...and that is how we keep on moving to the next level.

Skill

Knowledge without skill has its limitations. If you are skilled you have enough ability, experience and knowledge to be able to do something well.79 However,

Left untended, knowledge and skill, like all assets, depreciate in value – surprisingly quickly.
David Maister

Ongoing education

Ongoing education and training is essential if you want to stay relevant. Ongoing education and training are not compliance issues, they are basic requirements if you want to stay relevant in your industry. If you don’t like continuous education, you’re going to like irrelevance even less. To survive and thrive in business, all of us will have to be, and stay, on top of our game. This takes knowledge, insight, perspective and wisdom, which requires far more than just basic education and training. Experts read and study beyond the basics.

A student once asked a martial arts master how long it would take him to master the art he was learning. The master replied, “How long do you expect to live?”
Mark Sanborn80

According to Stephen M.R. Covey, Trust is a function of two things: Character and competence. Competence includes your capabilities, your skills, your results, and your track record.81

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80Mark Sanborn 2006: You don’t need a title to be a leader: Random House Business Books; p 103
81Covey: The Speed of Trust, p 30
Behaviour

Sadly, our behaviour can often undo much of what we know and what we can offer simply because how we do things are just as important as what we do. I have found that the way we conduct ourselves whilst having all the knowledge and skill often determines whether we are able to gain people’s trust or not. Our behaviour, through our communication and consistency play a critical role in our ability to instil trust. It is a competency that we should master if we want to make a positive contribution to the level of trust in the business. At the end people evaluate us based on our actions, supported by all the fundamental building blocks as referred to in this book.

What integrity does for your character, education (knowledge) does for competence. In his book, Leading at a higher level, Blanchard emphasises that:

Individual learning – one of the key elements of a high performing organisation – is essential to self-leadership. Organisations that do not encourage people to learn are less likely to be high performing, because the skills of an organisation are no greater than the skills of its people. Unless the individual learns, the organisation cannot learn.82

Training is a necessary and valuable medium for taking people to the next skills level. It has always been the channel through which people and organisations grow. Blanchard writes the following about the value of training:

High performing organisations use formal training, monitoring, and on-the-job support to develop the skills and competencies of their people.83

High performing organisations continually look for ways to incorporate knowledge into new ways of doing business.84

Client experience

People like dealing with competent people. It gives them confidence, which leads to trust. It is that simple.

Notes

82Leading at a Higher Level, p 105
83Leading at a Higher Level, p 105
84Leading at a Higher Level, p 78
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Confidentiality requires client information to be protected and maintained in such a manner that allows access only to those who are authorised. A relationship of trust and confidence with the client can only be built on the understanding that the client’s information will not be disclosed inappropriately.

**Guidance Note:**
It is the FPI member’s duty to ensure the confidentiality of all client information. A member does not divulge or share any details about a client to any person in any setting without the client’s consent. This includes, but is not limited to, the client’s name or identity, any information about a client’s financial or personal affairs, or to even mention a specific client by name to a third party without the client’s consent. The confidentiality obligation can only be nullified by a court order or legislation.

The FPI member takes all reasonable steps to protect and securely store all client documents and communications, in whatever form they may exist, from unauthorised access. This includes maintaining privacy and confidentiality during the destruction or return of all records when these are no longer needed. Furthermore, FPI members heed recently introduced legislative provisions regarding the protection of personal information.

**Definition**

Confidentiality is defined as a situation in which you can expect to keep information secret. Confidential information is meant to be kept secret and not told to, or shared with, other people.\(^6^5\)

**Compliance**

According to the FAIS General Code of Conduct a provider may not disclose any confidential information acquired or obtained from a client or, subject to section 4(1), a product supplier in regard to such client or supplier, unless the written consent of the client or product supplier, as the case may be, has been obtained beforehand or disclosure of the information is required in the public interest or under any law.\(^6^6\)

**Best practice**

When we consult with our doctor, accountant or lawyer, we expect him or her to keep our information in the strictest confidence and only disclose information with our permission or as required by law. Consumers of financial products and services have a right to the same level of professional conduct from their financial planner.

**Client experience**

We would argue that confidentiality is a basic, non-negotiable element in any client engagement, which is essential for trust to exist. It is an internationally embraced principle, which most clients blindly assume and all clients are entitled to. A written commitment to clients to confirm that information will be treated confidentially may go a long way in building trust.

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\(^{66}\)See section 3(3) of the FAIS General Code of Conduct
We remain committed to obtaining superior risk adjusted returns for our clients through various market cycles and continue to apply our investment philosophy of preserving capital during times of heightened volatility and creating wealth during times that are favorable for equities. It is possible that the investor could incur losses, including loss of principal invested.
Diligence requires fulfilling agreed upon professional commitments in a timely and thorough manner, and taking due care in planning, supervising and delivering professional services.

Guidance Note:
Diligence is the degree of attentiveness, care and skill expected from FPI members in their professional service rendering. Diligence ensures the delivery of optimal value for the client.

It requires a high degree of care and attention to detail in all client dealings. A member’s responsibility to be diligent applies to the entire process of engagement with the client and includes, but is not limited to, thorough collection and analysis of client information, prudent evaluation of options; and meaningful and clear presentation of recommendations.

Work that is done carelessly, or delegated to a subordinate who does not have adequate qualifications or expertise, may lead to inaccurate analyses or compromised advice that may not be in the client’s best interest. Preservation of the member and the financial planning profession’s reputation is paramount.

Applying diligence also protects FPI members from civil claims, regulatory action or disciplinary action in the event where a client suffered damage as a result of the member’s negligence.

The FPI member is reliable and responsive to the client’s needs. Given that financial markets and the client’s personal situation may change at short notice, it is important that analyses be completed and recommendations implemented in a timely manner.

When FPI members have an on-going mandate, they proactively, and at least annually, address the changing needs of all their clients within the context of the changing external context.

Diligence also refers to the opportunity for members to educate clients about the value of financial planning and the importance of engaging in sound financial practices and behaviours to meet their unique financial goals. Although it is ultimately the client’s decision to follow the advice offered, the FPI member endeavours to motivate their clients to take actions that will ultimately benefit them.

Definition
Diligence is defined as unremitting (constant, continuous, unrelenting, endless) application to work and serious and persistent attention and effort. Diligence is also defined as careful and thorough work or effort. It means showing care and effort in your work or duties. Synonyms for diligence include carefulness, attentiveness, thoroughness, conscientiousness and meticulousness.

One of the best definitions of diligence was published in the book by Stephen K. Scott, titled, The richest man who ever lived. According to Scott diligence is a learnable skill that combines: Creative persistence, a smart-working effort rightly planned and rightly performed in a timely, efficient, and effective manner to attain a result that is pure and of the highest quality of excellence.

Compliance
According to the FAIS General Code of Conduct a provider must at all times render financial services honestly, fairly, with due skill, care and diligence, and in the interests of clients and the integrity of the financial services industry.

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88New Oxford Business English Dictionary: p 159
91See section 2 of the FAIS General Code of Conduct
Best practice

In their study of good to great companies Jim Collings and his team concluded that: Throughout our research, we were struck by the continual use of words like, disciplined, rigorous, determined, diligent, precise, systematic, methodical, workmanlike, demanding, consistent, focused, accountable, and responsible.92

Author, Stephen K. Scott believes that while others fight to be noticed, the diligent are sought out by people of authority or prominence. The fruit of diligence is word of mouth referrals by influential clients, whilst other advisors have to embark on expensive marketing and advertising campaigns to promote ourselves. This is exactly what most people in our industry dream of, but it takes diligent effort to get there.

World-class businesses clearly have a culture of discipline, which is one of the building blocks of their success. Rosabeth Moss Kanter, author of Confidence, observed that success is neither magic nor dumb luck; it stems from a great deal of consistent hard work to perfect each detail. It is even a little mundane. Win, go back to work, win again.94

Unlike external variable factors outside of our control, which can impact our business at any time, diligence is something we can control. When Tiger Woods was on top of his game and the number one golfer in the world, one interviewer asked him about the poor weather conditions and he replied:

On the course I do not clutter my mind with the things I cannot control. I focus on the things I can control.

Client experience

Through personal experience and our interactions with financial planning professionals over the years we can testify that being successful requires relentless commitment to clients. Through passionate commitment and diligence professional planners can assist clients in controlling their levels of anxiety when it comes to their concerns or fear regarding the protection of their wealth. Diligence is demonstrated during every client engagement before, during and after concluding transactions and it represents itself in a number of ways, for example:

- When obtaining client information – diligently trying to get to know our client
- During the analysis process – carefully assessing all the facts
- When designing the financial plan – diligently putting the client’s interests first
- Carefully considering financial products – carefully considering suitability
- When constructing investment portfolios – diligently constructing the solution
- When monitoring the client’s portfolio – carefully monitoring suitability and progress
- When communicating with clients - According to a financial advisor magazine study of 1 375 advisers, 72% of planners identified “failure to communicate on a timely basis” as one of the top three reasons their clients terminated their services with them.95

People generally appreciate those who work diligently to serve them and act in their best interest. If you do the same, your clients will respect and even admire you.

92Jim Collins: Good to Great, HarperCollins Publishers Inc. 2001, p 127
94Rosabeth Moss Kanter: Confidence, Random House Inc., p62
95See magazine is the www.fa-mag.com
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Principle 8 - Professionalism

Professionalism requires behaving with dignity and showing respect and courtesy to clients, fellow professionals, and others in business-related activities, and complying with appropriate legislation, regulations, rules and professional requirements. Professionalism requires the FPI member, individually and in co-operation with peers, to enhance and maintain the profession's reputation and public image and its ability to serve the public interest.

Guidance Note:
Professionalism refers to conduct that inspires confidence, trust and respect from clients and the broader community, and embodies all of the other Principles of Conduct. Professionalism is an outcome of following the other seven Principles of Conduct.

Beyond the expertise required to practice in a particular field, professionalism is marked by high standards of ethics, behaviour and service, and the manner in which services are delivered, that set an individual apart as an FPI professional member.

FPI members take pride in their work and strive to always do the right thing, regardless of the type of business or services, their particular job function or level, their corporate title or designation, or their mode of compensation.

Inherent to professionalism is a sincere desire to assist clients to achieve their goals and to focus on "the greater good". True professionals continually focus on providing high quality advice and service.

FPI members are always committed to act in the interests of others and are unselfish in their motives. They inform clients tactfully on what they need to hear. Members use their professional acumen to develop ideas and to present these in a clear and succinct way to the client.

FPI members represent their employers, businesses, colleagues, the FPI and the profession with the utmost dignity and respect, thereby promoting their field in the eyes of the public, regulators and the relevant authorities.

FPI certification represents an individual's commitment to maintain the characteristics of professionalism and a commitment to represent financial planning as a recognised and respected profession.

Definition

Professionalism is defined as the high standard that you would expect from a person who is well trained in a particular job. It is demonstrated by great skill and ability. Synonyms for professionalism include skill, competence, expertise, know-how, proficiency, efficiency, experience, effectiveness and ability.

Compliance

According to the FAIS General Code of Conduct, a provider must... (a) in making contact arrangements, and in all communications and dealings with a client, act honourably, professionally and with due regard to the convenience of the client.

Best practice

In February 2008 former CEO of the FPI, Ben Rossouw wrote an article for the FSB Bulletin on the topic, FAIS and Professionalism – a challenge for the Financial Services Sector. We believe that his message on professionalism is worth repeating in this manual.

As I come to the end of 40 years of employment in the Financial Services Sector, I have become convinced that the words - professional and professionalism – are probably two of most abused word in the English language.

Some of the more recent and frequent references to professionalism in the Financial Services Sector relates to the FAIS Act. I am always intrigued when I hear people talk about how FAIS is, or will be,
professionalising the industry. These comments come from both sides of the fence – from the regulator and those being regulated.

If this were to be true, it would water down the real meaning of “professionalism” to such a degree that I do not think that it will be worth pursuing professionalism. The reality is that FAIS, like all other legislation, has to do with compliance to minimum standards e.g. minimum standards of honesty, integrity, competency and operational capability. All legislation is in essence about complying with minimum standards and compliance always has to do with that which “I have to do” – mostly with a primary motivation of wanting to stay out of trouble!

In contrast, “professionalism” has to do with what I choose to do – that which I do voluntarily! It has to do with commitment rather than compliance. Whilst compliance is about doing the minimum - only that which I have to do, commitment is about doing that which is right – that which I want to do - and about setting higher standards. A true professional will hardly be concerned about the compliance aspects of a law as that would be considered a given. The true professional would rather want to be differentiated by the two pillars of professionalism - ethical conduct and competence - and will therefore always strive to demonstrate adherence to higher standards of conduct and competency that what the law requires. One cannot claim to be professional if both pillars – ethical conduct and competence - are not in place. If I am competent but unethical, I will most likely take my client for a ride – I will know how! If I am ethical but incompetent, I will make mistakes. In both scenarios the client will pay the price.

So often organisations and individuals will not consider setting higher standards than what the FAIS Act demands. They fear that this will only add cost and will not benefit them financially. I do not believe that this is ever true and my own experience has convinced me that professionalism is profitable. If we understand that a professional relationship with a client always demands that I put the client’s best interests ahead of my need to earn money, then we will understand why professionals will have a far greater retention of clients.

Research on this topic has shown time and again that a long term professional relationship, built on trust, will result in the client staying with you and that repeat business with that client will flow easily. In addition, referrals will flow your way. Research further shows that it is a lot cheaper to do repeat business with existing clients than securing new clients. All this points to the fact that - “professionalism is profitable”. The challenge for the Financial Services Sector is to put this to the test and to create a win/win environment where both the Financial Services Provider and the consumer, benefit.

We believe that Ben Rossouw’s message is one that should be echoed from one generation to the next as it highlights a number of fundamental truths about the importance of making the right choices if we desire to be recognised as a professional.

I remember a conversation I had with Arno Burger, a fellow CFP® professional, in 2002. We had just completed our Postgraduate Diploma in Financial Planning and obtained the coveted CFP® designation. The topic of our discussion was about the fact that we were very concerned that FPI was not doing enough to make us, their members, look more professional. We soon realised that this is not the way life and being professional works.

If you are not a professional at heart, no organisation, institute or designation will make you professional.

Wouter Fourie CFP®
Extract from the Financial Planner of the Year 2015 acceptance speech.

Client experience

We would argue that when clients engage with any CFP® professional, they would expect nothing less from him or her than the high standard from a person who is well trained in financial planning and to demonstrate great skill and ability during every client engagement. Clients should experience great skill, competence, expertise, know-how, proficiency, efficiency, effectiveness and ability. Generally people appreciate working with a true professional. It lays a strong foundation for trust to exist.
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A FPI professional member’s guide to displaying professional ethics

To assess whether one’s analyses, decisions and actions are ethically sound, FPI members ask themselves the following eight questions as related to the principles underlying the Code of Ethics:

1. Clients first: Did I act in the best interest of the client?
2. Integrity: Am I prepared to read about my actions in tomorrow’s newspaper?
3. Objectivity: Am I convinced that I did not allow any emotions to cloud my judgement?
4. Fairness: Have I done what any reasonable person would have done under the same circumstances, or if I had the power of hindsight at some point in the future, would I have given the same advice?
5. Competence: Do I have the collective and sufficiently updated knowledge and skills to render the best advice and service?
6. Confidentiality: Am I sure that I have made all efforts to protect confidential information?
7. Diligence: Have I applied all my skill and motivation to act in the best interest of the client in a timely manner?
8. Professionalism: Have I inspired trust in myself as a professional and in the profession as a whole through dignity and respect in all my actions?
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Part 3

PRACTICE STANDARDS
(incl. NOTES AND RULES OF CONDUCT)

Introduction to practice standards

In order to design a client interaction process and advisory and intermediary services model that sets a professional standard and is sufficient to withstand an investigation by the Financial Services Provider Ombud (FAIS Ombud’s) office in the event of a client complaint, it is important to consider:

- A consistent and compliant interaction and advice process
- Obtaining available and appropriate client information
- A professional analysis
- Suitability of financial planning advice and advice that is related to financial products
- Due diligence on products
- Full disclosure of relevant and material product information
- Leading the client to make informed decisions
- Ethical conduct
- Evidence that support the aforementioned activities

The main purpose of this chapter is to establish the framework for client interaction for all financial planning professionals in South Africa. This framework or process is guided by the practical integration of the documents required in terms of the Financial Advisory and Intermediary Services Act (FAIS), Treating Customers Fairly (TCF) and the Financial Intelligence Centre Act (FICA).\(^\text{98}\)

\(^{98}\)See section 18 of the FAIS Act and section 3 of the FAIS General Code of Conduct
The client interaction process

As you will see, the practice standards, as contained in the FPI Code of Ethics and Practice Standards are fully aligned with the practical day-to-day interaction between financial advisors and their clients and the FAIS General Code of Conduct. If one analyses the normal client interaction business process which providers have followed for decades, the following key steps or phases stand out:

1. **Identifying new potential clients**  
   In some conversations it is still being referred to as prospecting. Some people refer to it now as identifying your target market and/or to seek potential clients, whereas in the TCF environment one would probably refer to this process as identifying individuals with a financial need, which we will aim to solve.

2. **Setting up the appointment with the client**  
   After identifying a potential client the next logical step would be to set up an appointment, because that is how all meaningful business relationships start.

3. **The first meeting**  
   The provider and the client meet and it offers the ideal opportunity for the provider to introduce himself in a professional way in the hope of establishing a potential business relationship.

4. **Gathering and sharing of information**  
   The provider and client share information during the first meeting and, in the process, the provider gathers important information about the client, with particular reference to the client’s current circumstances, needs and objectives.

5. **Agreement**  
   Towards the end of the first meeting it often becomes clear whether there is any chance of a business relationship or not. In most cases however, the provider offers to take all the information that the client has given him and conduct an analysis. If the client accepts the provider’s offer, the service that will be rendered should be clearly defined to ensure that both parties are on the same page and to manage client expectations. In most cases this will also coincide with written authority that the provider may obtain client information from third parties. If there is no agreement as to the service that is to be rendered, there is no professional relationship that comes into existence and there is no further provider accountability under FAIS. There are different services that could be agreed to, and the type of agreement will depend on the specific circumstances of each case. For example:
   - Holistic financial planning
   - Budget planning
   - Tax planning
   - Estate planning
   - Retirement planning
   - Investment planning

   In other cases the service that may be required is a financial service, such as:
   - Advice on a specific financial product
   - Implementation of a specific financial product

   It is important to note that these are very different types of services and they have different forms of liabilities under FAIS. That is one of the reasons why the service or services that is/are agreed to have to be well defined and documented.

6. **Back at the office**  
   The provider obtains all the additional information from third parties, conducts the analysis (applies his mind) and prepares a report and/or proposal for the client. It is important that this report is reduced to writing, as it offers a record of the thinking and the rationale behind the advice and/or intermediary service that may follow.
7. **Setting up the next meeting**
   After the work is done, the next logical step would be to set up a follow-up meeting with the client, if the meeting has not been scheduled proactively already during the first meeting.

8. **The second meeting**
   The provider meets with the client in order to present the analysis, recommendations and/or product proposal(s) to the client. This is a key step in the client interaction and advice process. This is usually the phase that convinces a prospective client to become a client. It is usually during this meeting that the client evaluates whether the advisor demonstrates all the principles as referred to under the Code of Ethics and determines whether the advisor can be trusted or not.

9. **Agreement**
   Generally speaking, the client can do any of three things after the recommendations were presented to the client:
   - The client does not accept the recommendations or proposal or fees;
   - The client accepts the proposal and fees in full; or
   - The client accepts the proposal in part.

   Each one of these reactions by the client holds potential legal liability for the advisor:
   - If the client does not accept your recommendations or proposal or fees, you will have to insist on a signed disclaimer, simply because some clients may take the hard work of advisors for granted and give the business to a family member for example, but when there is a problem, they will rather sue you as opposed to the family member. You will simply have to limit your risk.
   - If the client accepts the proposal in full, the client should sign a written agreement in order to confirm the essential elements of the agreement. This applies to either a service that was agreed to and/or a financial service that was agreed to. The agreement serves both parties and it will empower both parties to have a common point of reference if there should be a future dispute.
   - If the client accepts the proposal in part, there should be a recording of the part that was agreed to and a disclaimer for the part that was not agreed to. The reason for this is that the provider can only accept accountability for the part of the advice that was provided and accepted, but not for the part that the client did not accept. It is a known fact that some clients have selective memories from time to time and the only way an advisor can protect himself/herself is by getting the client to sign a disclaimer for the part of the advice the client has to take responsibility for. It is an accepted principle that the advisor is not the client's keeper.

10. **The third meeting - take instruction to implement**
   On acceptance of the proposal (in full or in part) there should be a request or instruction by the client to implement the financial solution and/or product in question. If the proposal was accepted in part, there should also be an instruction what not to implement and the reason why. In the event that the client does not accept your proposal, but wants to implement his own plan, it must be recorded that the client does not accept the advice, but instructs you to implement a financial product. If properly recorded, this would limit your accountability from an advice risk point of
The client instruction is a very important risk management tool. Implementation does not always have to include a financial solution and/or product. It can be to assist a client with drawing up a detail budget or change the wording in his/her last will.

11. Implementation of the financial solution and/or product

On request or instruction the financial solution is implemented in accordance with the agreement between the parties. Failure to implement in accordance with the contractual relationship between the parties, the client’s reasonable request or instruction would constitute negligence and non-compliance with the provisions of the FAIS Act. In many cases providers do not get paid unless they have implemented. This phase is not completed until the product supplier has issued the business and a professional advisor would confirm to the client that the contract was issued – or not. If the insurer comes back with terms, the implementation is not completed until there is full agreement and the contract is issued.

Good business practice would be to schedule an after implementation meeting with the client. This provides the opportunity for you as the financial planner to confirm that you have delivered the agreed upon service and provides opportunity to produce a tangible, written summary of activities from the different diligence categories you performed. (Principle 7).

Successful planners also know that this is the best marketing opportunity to ask the client for a referral.

12. Rendering on-going services, advice and/or intermediary services

The clients’ financial needs and objectives may have to be reviewed from time to time and the same apply to investment or policy contracts. Professional advisors usually serve their clients on an on-going basis, because they do realise that if they do not continue to take care of their clients, somebody else will.

13. Handling client queries

Clients contact their advisors with enquiries or for assistance from time to time and again professional providers usually respond by offering services to their clients on an on-going basis, because again, if they do not take care of their clients, somebody else will.

14. Handling client complaints

Even the best advisors can make a mistake and a client may complain. No provider can truly say that none of his clients will ever complain. I know at least two advisors who have been in business for more than 30 years without a client complaint. The one, based in Cape Town, had his first complaint and when the FAIS Ombud published a determination against him, his reputation was ruined. Today he is a financially ruined man at the age of 67. The other advisor is still waiting for the outcome of his complaint after more than five years after the complaint was lodged. Our message is this: A client complaint must never be underestimated. If not properly handled, a simple client complaint can lead to a FAIS Ombud determination and that could lead to reputational damage that could lead to financial ruin. It is for this reason that the Regulator insists that every FSP should have an internal complaints handling process.
15. Terminating the professional relationship

Clients fire advisors all the time and unfortunately, in some cases, advisors should fire certain clients. However, in both cases the process must be handled in a professional manner.

These 15 main client interaction steps of phases represent a full circle business process from identifying a new prospective client, winning the client, servicing the client, until the relationship is ended. It is within this framework that the FAIS Ombud has a full mandate to determine whether providers complied with the provisions of the FAIS Act or not. Providers will do well to understand this framework and to ensure that every piece of evidence that will be required in case of a client complaint is in place. However, it is important not to comply for the sake of compliance.

There are two ways of looking at this interaction process, namely:

- The professional asks himself: “What should I do when engaging with clients that will demonstrate the ultimate level of professionalism?”
- “What must I do to comply with legislation?”

Your approach will influence the way you interact with clients. If your focus is on professionalism, you will in all probability comply by default. You will go into the meeting focussing on the positives, which will have a positive impact on your clients. However, if your focus is on compliance, you will focus on the negatives and it will have a negative impact on your clients. As highlighted earlier, compliance sets minimum standards for professionalism. Our advice is that when you engage with clients with an attitude of setting a high professional standard, you will not be held back by compliance requirements. In fact, you will be using the regulatory requirements to your advantage, because compliance with the provisions of the FAIS General Code of Conduct will help you to create high trust relationships with your clients. As you will see, both the FPI Code of Ethics and Practice Standards and the FAIS General Code of Conduct lay a sound foundation for high trust relationships between advisors and their clients.

True financial planning professionals have to set their standards far above the standards set by the regulator. The General Code of Conduct offers a very sound client interaction framework and if one follows that process correctly, each step in the process will build and eventually establish trust between advisor and client.

The purpose of the footnotes in the rest of the manual:

As highlighted earlier, the Code of Ethics and Practice standards and the FAIS General Code of Conduct are closely related. Where the FAIS General Code of Conduct is prescriptive and may sometimes be generic, the FPI Code of Ethics and Practice standards provide additional guidance in order to provide more clarity in respect of the provisions of the legislation. It is for this reason that we cross-referenced the guidance provided by the FPI with the FAIS General Code of Conduct.
Elite Wealth is a financial planning and management software company that provides a web-based solution which enables financial planners to manage their practices effectively. We provide comprehensive, user-friendly tools.

Elite Wealth, in partnership with Cutting Edge Business Solutions, is integrating the FPI Practice Standards with supporting compliance documentation and efficiencies, into your process.

Elite Wealth- helping you to set new standards for professionalism and business efficiency

www.elitewealth.co.za      email: sales@elitewealth.co.za    Contact: 012 990 8780
1.1 Introduction to the client

Explanatory note: As a first step to engaging with a client FPI members introduce themselves to the client and explains who they are and what they do. The member provides the client with any necessary written confirmation such as a Letter of Introduction/Disclosure Letter.99

Additional comments:
A professional letter of introduction designed in accordance with the provisions of sections 4 and 5 of the FAIS General Code of Conduct provide a sound business disclosure framework for advisors to market themselves better. We strongly recommend that, given the level of competition in the market, you need to consider why you are different than all the other financial planners, so that you can translate it into a distinctive story about your firm. Your story should be powerful, yet simple, so that all your staff can rally around it and repeat it in a way that look and feel natural and authentic. It is important that the message comes through in a consistent manner. Using visual aid is powerful and allows you to keep the story consistent and repeatable. Including a video about who you are is a winner and it doesn’t have to cost you an arm and a leg. However, it is important that the quality is good.

The first meeting with a client is an investment and should not be rushed. It is important to get to...
know your clients and it is equally important for them to know exactly who and what you are and what you represent. This is your opportunity to market yourself and your business and to lay the foundation for a trusted relationship to develop.

1.2 Inform the client about the purpose and value of financial planning as well as an FPI member’s competencies;

**Explanatory note:** The FPI member informs the client about the financial planning process, the member’s role, the services the member offers, and the member’s competencies and experience. The member informs the client about the nature of the member’s role and the duties that follow and provides the client, as required, with information about the services the member provides and how these services will be charged.¹⁰⁰

**Additional comments:**
The financial planning process and the member’s role highlights the value of professional advice. Information in respect of the services offered are similar to the information that providers make available on their websites for marketing purposes and can be used to position providers as qualified business professionals with a compelling value proposition. It is important to share the fact that you are well qualified, experienced financial planner and a proud member of the Financial Planning Institute of Southern Africa. Sharing the fact that you subscribe to the professional industry body for financial planners and adhere to the FPI’s Code of Ethics and Practice standards confirms your commitment to professionalism and that you will put the client’s interest first, which can accelerate the trust building process.

1.3 Conduct a high-level discussion to determine the client’s needs.

**Explanatory note:** FPI members and their clients determine whether the services offered by the members and their competencies could meet the client’s needs. The capacity in which the client will require professional services from the member is also determined. Members evaluate their skills, knowledge and experience in being able to provide the services requested or likely to be required by the client. Prior to entering into a relationship with the client, the member determines whether any conflicting duty or interest, or any threat to compliance with professional requirements, would be created by the engagement with the client. Members always decline potentially unethical engagements.

**Additional comments:**
This is a very practical part of the process, because if the client seeks motor vehicle finance, but the member does not offer motor vehicle finance as part of his value proposition, it is clear that the member would not be able to meet the client’s needs. Alternatively, if the client requires short-term insurance cover, but the member is only licensed for long-term insurance products, the member would not be able to address the client’s needs. Potentially unethical engagements have been addressed earlier. When in doubt, always err on the ethical side.

A written confidentiality agreement will help the client feel they can tell you anything, and that enables you to get the information you need to design a suitable and an effective financial plan.

1.4 Define scope of engagement between the FPI member and the client.

**Explanatory Note:** The member and the client agree, in writing, on the services to be provided. At the client’s request or instruction, the member may limit the services to be provided in a manner consistent with the client’s circumstances and expectations in seeking professional services. The member describes, in writing, the scope of the engagement before any financial planning is provided. The member includes the following details: the responsibilities of each party (including third parties), the terms of the engagement, remuneration, and actual or potential conflict(s) of interest of the FPI member. The scope of the engagement that includes a process for terminating the engagement, is set out in writing in a formal document signed by both the member and the client.

**Additional comments:**
This standard is consistent with the provisions of sections 3(1)(d) and (e) of the FAIS General Code of Conduct, which states that-

(d) the service must be rendered in accordance with the contractual relationship and reasonable requests or instructions of the client, which must be executed as soon as reasonably possible and with due regard to the interests of the client which must be accorded appropriate priority over any interests of the provider; and

(e) transactions (dealings) of a client must be accurately accounted for.

¹⁰⁰This standard supports a professional introduction to potential clients
1.1 In engaging with a client, the FPI member:

(a) Informs the client in writing, in language and a format that the client is likely to understand, and in addition to any legislative requirements, of:

(i) The financial planning process;

(ii) The nature of engagements to provide financial planning services;

(iii) The full range of professional services which can be offered by the member;

(iv) The capacity (including any limitation) in which the member is able to provide professional services;

(v) Any conflicts which the member is unable to avoid and the arrangements in place to manage such conflicts;

1.2 The FPI member:

(a) Makes reasonable and appropriate enquiries in respect of the prospective client’s circumstances and expectations in seeking professional services from the member;

(b) Correctly identifies the client relationship(s) in which the member may be required to provide professional services to the client; and

(c) Declines to accept any engagement which may lead to a breach of the FPI’s requirements, legislative provisions, common law prescriptions, or that may bring the profession into disrepute, including engagements in which:

(i) the FPI professional member is unable to enter into fairly, for the benefit of the client, and in keeping with the member’s professional obligations; or

(ii) any illegal, deceptive or misleading activities.

1.3 A FPI member does not, in the course of engaging with a client, by any act or omission, misrepresent any skill, competency, experience, expertise, capacity, association, or remuneration or benefit received or receivable.

1.4 Subject to the FPI member’s capacity to provide professional services, the member limits the scope of the services at the request or instruction of the client.
1.5 Where the client limits the scope of the services, the FPI member records, in writing:

(a) That the scope of the services to be provided by the FPI professional member is limited;
(b) The limitations on the scope of the services to be provided; this includes financial planning services that will not be provided;
(c) Any limitations to the member’s responsibility in providing the services; and
(d) The client’s consent to such limitations.

Rule 1.5 applies in addition to the requirements in Rules 1.8 and 1.9 below.

1.6 The FPI member adequately identifies the client to whom professional services will be provided.113

1.7 The FPI member, prior to providing any professional services to a client:

(a) Informs the client, in writing, of the terms of the member’s engagement;114 this includes any matter required to be disclosed by Rules 1.5, 1.8 and 1.9 and any legislative requirements, as determined from time to time;
(b) Provides written terms of the engagement with the client115 including any matter required to be disclosed by Rules 1.5, 1.8 and 1.9 in a manner, language and format that the client is likely to understand;116 and
(c) Provides a copy of the documented terms of engagement to the client.117

1.8 If the engagement relates to the provision of a financial planning service, the terms of engagement document includes, in addition to any legislative requirements as determined from time to time:

(a) The name, contact details and regulatory licence details of the FPI member and the member’s employer, principal and/or supervisor;
(b) The nature and type of the services to be provided;
(c) Service deliverables and timeframes;
(d) Expected frequency of contact with the client;
(e) Remuneration, or any other pecuniary or non-pecuniary benefit whether direct or indirect, received or receivable by the member in connection with the professional service;
(f) Any other benefit reasonably capable of influencing a financial planning recommendation by the member;
(g) Remuneration payment/collection arrangements;
(h) Particulars of remuneration calculation and charging, both in monetary and percentage terms, where applicable;
(i) Any applicable service standards;
(j) Any conflicts of interest or material limitations and the member’s arrangements for identifying and managing such conflicts of interest or limitations;
(k) The duration of the engagement and how the engagement may be terminated;
(l) The client’s responsibilities, including the full and timely disclosure of information and the dangers of providing insufficient, inaccurate or false information;
(m) Any benefit that a third party may receive in connection with the service to be rendered to the client;
(n) Any other costs or charges to be borne by clients should they accept all or part of the service;
(o) Access to, and particulars of internal, regulatory and FPI complaint procedures;
(p) Any other information necessary to adequately orientate the client.

1.9 If the engagement relates to a product or service not categorised, recognised, otherwise regulated under relevant legislation, the FPI member informs the client accordingly in writing and takes reasonable steps to ensure that the client understands the increased risk and exposure ordinarily associated with such products or services. It should be noted that, if such a product or service is rendered/recommended, it will fall within the definition of “Service(s)/professional service(s)” referred to above.

111See section 8(4) of the General Code of Conduct
112See section 3(1)(d) of the General Code of Conduct
113See definition of client in terms of section 1(1) of the FAIS Act and the requirements in terms of the Financial Intelligence Centre Act
114See section 3(1)(d) of the FAIS General Code of Conduct
115See section 3(1)(d) of the FAIS General Code of Conduct
116See section 3(1)(a)(ii) of the FAIS General Code of Conduct
117This rule is consistent with the principle of Professionalism
Important Questions:

1. What would be the most effective way to introduce yourself to new prospective clients professionally?

2. Are there better ways to deal with your business disclosure requirements in terms of the General Code of Conduct from a practical point of view?

3. Is your disclosure document a typical compliance document or can you improve on the quality of your business disclosure document from a marketing and branding point of view? If so, how can you improve?

4. How can you inform potential clients about the purpose and value of financial planning as well as your competencies in a way that the client buys into your value as a financial planner?

5. How can you improve on your overall client interaction process right from the first engagement?

6. Additional notes on improving your clients’ experiences in the client engagement process:
Collecting the client’s information

2.1 Identify client’s needs, objectives, and priorities.

**Explanatory note:** FPI members and their clients identify the clients’ personal and financial, qualitative and quantitative needs, objectives and priorities that are relevant to the scope of the engagement before making and/or implementing any recommendations.\(^{118}\)

2.2 Collect, in writing, quantitative and qualitative information.

**Explanatory note:** The member collects sufficient quantitative and qualitative information and documents about the client, relevant to the scope of the engagement and works with the client to resolve obvious omissions and inconsistencies in the information collected before making and/or implementing any recommendations.\(^{119}\)

2.3 Obtain client’s written authorisation to gather information from third parties.

**Explanatory note:** Members ensure that they have the necessary written authorisation, issued by the client, to source and collect the client’s information or documents which are held by third parties.\(^{120}\)

Rules relating to - **Practice Standard 2**

Collecting client’s information

2.1 An FPI member gains sufficient understanding of the client’s needs, objectives, and priorities, and relevant personal circumstances to establish and confirm with the client the scope of the financial planning engagement, which will form the basis for the development of any relevant recommendations.\(^{121}\)

2.2 For the purposes of Rule 2.1, a member takes reasonable steps and applies a legally defensible process to:

(a) Gather and record\(^{122}\) the client’s quantitative\(^{123}\) and qualitative\(^{124}\) information;
(b) Ensure that the information is current, complete and accurate; and
(c) Avoid omissions and inconsistencies in the information.

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\(^{118}\)See section 8(1)(a) of the FAIS General Code of Conduct
\(^{119}\)See section 8(1)(a) of the FAIS General Code of Conduct
\(^{120}\)See section 3(1)(d) of the FAIS General Code of Conduct
\(^{121}\)See section 8(1)(a) of the FAIS General Code of Conduct
\(^{122}\)See sections 3(2)(a) and (b) of the FAIS General Code of Conduct
\(^{123}\)This refers to information that can be calculated and is measurable, such as assets and liabilities
\(^{124}\)This refers to information about the client’s individual and/or family circumstances. For example: Is the person married and if so, under which dispensation? Has the client got any dependents and if so, how many? These factors may influence the member’s advice.
2.3 During the process of collecting client information members inform the client that:

(a) the development of relevant financial planning recommendations is based on the member having a reasonable understanding of the client’s relevant personal circumstances, needs, objectives, and priorities;¹²⁵
(b) the client needs to ensure that information provided by them is current, complete and accurate and that any changes to the information provided must be communicated to the member as soon as practically possible; and
(c) should the client omit relevant information requested by the member, any recommendations made may be inaccurate or inappropriate.¹²⁶

2.4 For the purposes of Rule 2.1, the FPI member exercises professional judgment and determines whether the information gathered as to the client’s relevant personal circumstances, needs, objectives, and priorities, enables the client engagement to proceed as scoped.¹²⁷ Where the information is insufficient, or inconsistent with the engagement as scoped, the member either seeks the client’s consent to vary the nature of the engagement, or discontinues the engagement.¹²⁸

Important Questions:

1. Do you see collecting client information as a compliance requirement or as an important opportunity to really getting to know your client?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

2. How can you improve the way you collect or gather client information?

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

3. Additional notes on how to optimise the process of gathering client information whilst enhancing your clients’ experience?

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________________________________________________________________________

¹²⁵See section 8(1)(a) of the FAIS General Code of Conduct
¹²⁶See section 8(4) of the FAIS General Code of Conduct
¹²⁷See sections 2, 8(1)(a) and (b) of the FAIS General Code of Conduct
¹²⁸See sections 3(1)(d) and 8(4) of the FAIS General Code of Conduct
Practice Standard
Step 3

Analyse and assess the client’s financial status

3.1 Analyse the client’s information

**Explanatory note:** The FPI member analyses the client’s information, subject to the scope of the engagement, to gain an understanding of the client’s financial situation.\(^{129}\)

3.2 Assess and confirm the client’s needs, objectives and priorities.

**Explanatory note:** The member assesses and confirms the client’s needs, objectives, and priorities.\(^{130}\)

3.3 Provide the client with a written quotation or cost estimate and obtain written approval thereof.

**Explanatory note:** Based on the anticipated course of action the member provides the client with a written quotation or cost estimate; \(^{131}\) the latter includes the cost of the services (remuneration) and the costs likely to be associated with particular services or products.\(^{132}\)

Rules relating to - **Practice Standard 3**

Analysis and Assessment

3.1 The FPI member identifies and confirms relevant personal circumstances, needs, objectives, and priorities with the client to form the basis for the member’s development of appropriate strategies and financial planning recommendations.\(^ {133}\) For the purposes of this Rule 3.1, the member:

(a) informs the client on the extent to which any of the client’s stated objectives or needs conflict with one another;\(^ {134}\)
(b) reaches an agreement on the client’s priorities in respect of conflicting objectives or needs;\(^ {135}\) and
(c) documents the client’s confirmed and prioritised objectives and needs.\(^ {136}\)

3.2 The member conducts adequate analysis and assessment of a client’s information prior to preparing any strategy or recommendation,\(^ {137}\) and should consider:

(a) The client’s confirmed, needs, objectives and priorities;
(b) The client’s personal circumstances and current financial situation;\(^ {138}\)
(c) The capacity of the client’s current financial situation to tolerate risk of capital loss;\(^ {139}\)
(d) Any reasonable assumptions based upon the client’s circumstances known to the member; and;
(e) Whether the client’s confirmed, needs, objectives and priorities are likely to be satisfied by the client’s current position.

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\(^{129}\)See section 8(1)(b) of the FAIS General Code of Conduct

\(^{130}\)See sections 8(1)(a) and (b) of the FAIS General Code of Conduct

\(^{131}\)See section 7(1)(a) and (b) of the FAIS General Code of Conduct

\(^{132}\)See section 7(1)(c)(iii)(bb), (iv), (v) and (vi) of the FAIS General Code of Conduct

\(^{133}\)See section 8(1)(a) of the FAIS General Code of Conduct

\(^{134}\)This is fundamental to the suitability of the advice

\(^{135}\)This is fundamental to the suitability of advice. Also see section 3(1)(d) of the FAIS General Code of Conduct

\(^{136}\)See sections 3(2)(a) and (b) of the FAIS General Code of Conduct

\(^{137}\)See section 8(1)(a) and (b) of the FAIS General Code of Conduct

\(^{138}\)See sections 8(1)(a) and (b) of the FAIS General Code of Conduct

\(^{139}\)See section 8(1)(c) of the FAIS General Code of Conduct
1. Are there still areas that you need to master as a financial planner in order to assess and analyse your clients’ circumstances and needs professionally?

2. Are there more efficient ways of doing your financial planning analyses?

3. Additional notes on improving your professional analysis of your clients’ circumstances, needs and objectives:

Important Questions:
Practice Standard

Step 4

Identify suitable financial planning strategies and develop the financial planning recommendations and solutions

4.1 Identify and evaluate financial planning strategies, products and/or services.

Explanatory note: The FPI member considers one or more strategies relevant to the client’s current situation that could reasonably meet the client’s needs, objectives, and priorities.140

4.2 In writing, develop financial planning recommendations, and, where applicable, recommend financial product solutions.

Explanatory note: The member, in writing, develops the financial planning recommendations based on the selected strategy(ies) to reasonably meet the client’s confirmed needs, objectives, and priorities.141

4.3 Present, in writing, financial planning recommendations and/or solutions to the client

Explanatory note: Based on the member’s competencies (1.1 above) and scope of the engagement (1.3 above), the member presents appropriate product(s) and/or service(s) that are consistent with the financial planning recommendations142

4.4 Agree with client, in writing, on products and/or services to be implemented

Explanatory note: Following a meaningful presentation of the member’s recommendations, the member and the client agree, in writing, on the client’s elected course of action.143

Rules relating to - Practice Standard 4

Development of Strategies and Recommendations

4.1 The FPI member does not recommend a financial planning strategy, product or service (or a combination thereof) unless the member fully understands the nature, characteristics, associated risks and key features of such strategy, product or service.144

4.2 In selecting a financial planning strategy (ies), product(s) and/or service(s) for inclusion in a financial planning recommendation to a client, the member identifies and evaluates strategies, product(s) and/or service(s), including the client’s current course, product(s) and/or service(s) that reasonably address:

(a) Clients’ personal circumstances, including but not limited to clients’ attitude to risk and their capacity or tolerance for risk;145

(b) Any reasonable assumption(s) established during the financial planning engagement;146

(c) One or more of the client’s confirmed needs, objectives and priorities as established during the financial planning engagement; and

(d) The cost, usefulness, duration, benefit, and complexity of any proposed strategy, product or service.147

140This could include, but is not limited to, budgeting-, tax planning-, saving-, retirement- or estate planning strategies
141This guideline is consistent with the principle of Professionalism
142See section 8(1)(c) of the FAIS General Code of Conduct
143See sections 3(1)(d), 3(2)(a) and (b) of the FAIS General Code of Conduct
144See section 2 of the FAIS General Code of Conduct
145See sections 8(1)(c) and (b) of the FAIS General Code of Conduct
146See sections 7(1)(a) and (b) of the FAIS General Code of Conduct
147See sections 2, 7 and 8 of the FAIS General Code of Conduct
4.3 FPI members ensure that they have done a reasonable investigation/due diligence inquiry into the legality, viability and sustainability (both actual and financial) and overall appropriateness of each product or service they intend recommending to their client.148

4.4 Where a member is unable to identify a suitable strategy, product or service (or a combination thereof) in accordance with Rule 4.2, the member informs the client in writing as soon as practical, of the following:

(a) that the member is unable to identify and select a suitable strategy, product or service (or a combination thereof);
(b) the reasons for the member being unable to do so with reference to the criteria in Rule 4.2 (a) to (c); and
(c) any proposed course of action for the client’s consideration.149

4.5 The FPI member only recommends the acquisition, sale, cancellation or replacement of product or service if it is reasonably necessary to the overall agreed financial planning strategy of the client.150 Also if the client’s current product(s) or service(s) cannot reasonably meet their (new) agreed financial planning strategy and only after having due regard for, and documenting any cost, benefit, risks or adverse consequence of:

(a) Acquiring the replacement product or service;
(b) Maintaining the existing service or retaining the existing product; and
(c) Disposing of, or cancelling, the existing product or service.151

4.6 The FPI member provides the financial planning recommendations and information, in writing, to assist the client to understand the recommendations.152 Information that is likely to assist the client to understand the financial planning recommendations includes the following:

(a) The client’s confirmed needs, objectives, priorities and personal circumstances that the member needs to utilise when providing recommendations;153
(b) The financial planning recommendations including details of any strategy, product or service recommended;154
(c) The basis for the financial planning recommendations including an explanation of each;155 and
(d) The reasonably foreseeable risks and consequences of each recommendation.156

4.7 In providing the financial planning recommendations to the client a member discloses to the client, in addition to any legislative requirements, the following:

(a) Any remuneration, or any other monetary or non-monetary benefit whether direct or indirect, received or receivable by the member or their employer or principal in connection with the financial planning recommendations;157
(b) The member’s charging model;158
(c) Should the recommendations be accepted and implemented, the impact of any costs and benefits of the member’s charging model on:
   (i) the client’s confirmed needs, objectives and priorities; and
   (ii) any selected strategy;159

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148 See section 2 and 8(1)(c) of the FAIS General Code of Conduct
149 See section 2 of the FAIS General Code of Conduct
150 See sections 2, 3(1)(d) and 8(1)(c) of the FAIS General Code of Conduct
151 See section 2 of the FAIS General Code of Conduct. These guidelines are also consistent with the principles of Clients first, Objectivity and Integrity
152 See section 8(2) of the FAIS General Code of Conduct
153 See sections 2, 3(1)(a) and (b) of the FAIS General Code of Conduct
154 See sections 2, 7(1)(a) and (b) of the FAIS General Code of Conduct
155 See sections 2 and 8(1)(a) of the FAIS General Code of Conduct
156 See sections 2 and 7(1)(c)(xiii) of the FAIS General Code of Conduct
157 See sections 7(1)c(iii)(bb), 7(1)c(iv) and (vi) of the FAIS General Code of Conduct
158 See sections 7(1)c(iii)(bb), 7(1)c(iv) and (vi) of the FAIS General Code of Conduct
159 See sections 7(1)(a) of the FAIS General Code of Conduct
(d) Any other benefit or association reasonably capable of influencing the member’s recommendations;\textsuperscript{160}

(e) Any benefit that a third party may receive in connection with the recommendations;\textsuperscript{161}

(f) The total costs borne by clients should they accept all or part of the recommendations;\textsuperscript{162} and

(g) The time period after which the recommendations may no longer be implemented.\textsuperscript{163}

Additional comments:
There have been many debates in the financial services industry about who owns the client. Is it the financial planner or the product supplier? According to Rob Knapp, author of The Supernova Advisor:

The company that owns the plan owns the client.\textsuperscript{164}

We are not suggesting that anyone really “owns” the client, but the importance of the financial planner and the value of a financial plan should never be underestimated. Everything starts with a good plan. According to acclaimed author Zig Ziglar, there are five basic reasons people will not buy from you. These are: no need, no money, no hurry, no desire, and no trust. A comprehensive, fundamentally sound financial plan can confirm whether in fact the client does have a financial need or not, and if so, whether he or she has sufficient money to solve the problem, which may create the desire to act on the advice if the planner can be trusted.

We believe that every client should have a holistic financial roadmap based on his or her personal and financial circumstances and objectives. If that is the point of departure, instead of simply a product sell, it will most definitely enhance the integrity of the financial services industry.

\textsuperscript{160}See sections 7(1)(c)(ii) of the FAIS General Code of Conduct

\textsuperscript{161}See sections 7(1)(c)(iv) and (vi) of the FAIS General Code of Conduct

\textsuperscript{162}See sections 7(1)(c)(iv), (v) and (vi) of the FAIS General Code of Conduct

\textsuperscript{163}See sections 2 and 7(1)(c)(vii) of the FAIS General Code of Conduct

\textsuperscript{164}Rob Knapp: The Supernova Advisor, John Wiley & Sons, Inc., pxxiii

\textsuperscript{165}Zig Ziglar, Secrets of closing the sale, PPPP: Fleming H. Revell a division of Baker Publishing Group 2003, p 31
Important Questions:

1. Are there any areas that you still need to master as a financial planner in order to truly provide sound, professional financial planning and product advice? If so, what is the best way to acquire those skills?

2. Have you spent enough time to fully understand your clients’ circumstances, needs and objectives?

3. Are there more effective ways to put your strategies together?

4. Are your recommendations contained in a professional client proposal that you are proud of or can you improve on the quality of your written proposals? If you know that you need to improve, how can you take it to the next level?

5. Can you improve on the logical flow of your proposals and can you simplify your proposals so that your clients find it easier to make informed decisions? How?

6. Additional notes on improving your clients’ experiences during the advice process:
Practice Standard

Step 5

Implement recommendations

5.1 The FPI member and client agree, in writing, on the financial and/or product advice provided/implemented, as well as the ongoing implementation responsibilities of the respective parties to the relevant contract or transaction.

Explanatory note: The member and the client agree on implementation responsibilities that are consistent with the scope of the engagement, the client’s acceptance of the financial planning recommendations, and the member’s ability to implement the financial planning recommendations.

5.2 Implement the agreed products and/or services

Explanatory note: In terms of the agreed responsibilities the member diligently takes the necessary action to implement the agreed products and/or services and reports to the client accordingly.

Rules relating to - Practice Standard 5

Implementation of Recommendations

5.1 FPI members meet any legal requirements to identify their client prior to implementing any relevant financial planning recommendations or rendering services to the client.

5.2 The member:

(a) Obtains the client’s written consent before implementing any financial planning recommendations.

(b) Does not implement a product and/or service recommendation in which the member has a direct or indirect material personal interest, without first informing clients, in a manner that the clients are likely to understand, of:

   (i) the member’s direct or indirect material personal interest;

   (ii) any potential conflict between members’ and clients’ interests; and

   (iii) any relevant conflict of duty;

(c) Does not charge a client, or cause a client to be charged, for a service or product without the client’s consent to the service or product.

(d) Does not implement a service or product for which the client is to be charged on an ongoing basis without first agreeing a review point for the service or product.

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166 See sections 3(1)(d), (e) and 3(2)(a) of the FAIS General Code of Conduct
167 See sections 2 and 3(1)(d) of the FAIS General Code of Conduct
168 See section 21 of the Financial Intelligence Centre Act
169 See sections 2, 3(1)(d), and 3(2)(a) of the FAIS General Code of Conduct
170 See sections 3(1)(b), (c)(i)(bb) and (c)(i)(cc) of the FAIS General Code of Conduct
171 See sections 2, 3(1)(d), 7(1)(a), (b) and 8(2) of the FAIS General Code of Conduct
172 See sections 3(1)(d) of the FAIS General Code of Conduct
5.3 The FPI member diligently implements all client-agreed financial planning and/or product recommendations. Where a) circumstances change, b) a significant period of time has passed since the provision of a financial planning and/or product recommendation (with reference to Rule 5.6), or c) the implementation of the agreed financial planning and/or product recommendation may no longer reasonably be appropriate for the client, the member:

(a) Does not implement the recommendation; 
(b) Documents the basis and/or reason for declining to implement; and 
(c) Advises the client in writing, at the earliest reasonable opportunity, that the recommendation or direction has not been implemented and explains the basis for such non-implementation.

5.4 Where a client’s decision to implement is likely to have a significant impact on the client’s confirmed needs, objectives and priorities, or on the client’s previously implemented financial planning recommendations, the member informs the client in writing of any cost, benefit, risks or adverse consequences of implementing on the client’s:

(a) Confirmed needs, objectives and priorities; or 
(b) Previously implemented financial planning and/or product recommendations.

5.5 Where members take custody of client asset(s), are authorised to exercise investment discretion or to exercise supervision of any client asset(s), they do so in a fiduciary capacity. The member identifies, records and maintains the following information, as soon as practically possible:

(a) The date on which the member took custody, received authority, or was granted discretion in respect of the client’s asset(s); 
(b) The name and contact details of the client whose asset(s) is held; 
(c) Particulars and/or documentation sufficient to identify the client’s asset(s); 
(d) The value or amount of the client’s asset(s); and 
(e) The date on which the member’s custody, authority or discretion ceased/will cease in respect of the client’s asset(s).

The FPI member declines to implement a financial planning and/or product recommendation that is no longer current or appropriate, whether the recommendation was provided by the member or otherwise.

Important Question:

1. Is it possible to improve your effectiveness when implementing the proposed solutions and/or transactions on behalf of your clients? If so, how?
Review the client’s situation

6.1 Subject to the scope of the FPI member and the client engagement they agree, in writing, on the terms and responsibilities for the review and re-evaluation of the client’s situation. The member and client mutually define and agree the terms for reviewing and re-evaluating the client’s situation.

Explanatory note: The member communicates to the client that financial planning is a dynamic process that may require updates due to changes in the client’s personal, economic or other conditions. The member and the client mutually agree on, and understand, their respective roles, if any, in ensuring that the client’s situation is being adequately reviewed. The member defines and communicates to the client the nature and scope of the reviewing activities that the member will provide. The reviewing process may require the member to modify the original scope of engagement or initiate a new engagement.

6.2 Review and re-evaluate client’s situation as agreed

Explanatory note: The FPI member and the client review the client’s situation to assess progress toward achievement of the objectives of the financial planning recommendations, determine whether the recommendations are still appropriate, and confirm any revisions mutually considered necessary.

Rules relating to - Practice Standard 6

Review

6.1 Prior to providing any review service to a client, the FPI member:

(a) Informs the client of the purpose and scope of the services proposed;
(b) Provides the client with the opportunity to review any operative terms of engagement including the cost of a review service; and
(c) Complies with Rule 1.7 in respect of any engagement to provide on-going professional services.

6.2 The member does not misrepresent the nature of any review to a client or prospective client.

6.3 In conducting a review, the member:

(a) Evaluates the client’s current situation against the client’s confirmed needs, objectives and priorities and previously implemented financial planning and/or product recommendations;
(b) Confirms delivery of any previously agreed services;
(c) Identifies any services previously agreed to but not utilised by the client; and
(d) Assesses the suitability of any continuing services.

180 See sections 2, 3(1)(d) and 8(1)(c) of the FAIS General Code of Conduct
181 See section 2 of the FAIS General Code of Conduct
182 See section 2 of the FAIS General Code of Conduct
183 See section 2 of the FAIS General Code of Conduct
184 See section 8(1)(a), (b) and (c) of the FAIS General Code of Conduct
185 See sections 2 and 3(1)(d) of the FAIS General Code of Conduct
186 See sections 2 and 3(1)(d) of the FAIS General Code of Conduct
187 See sections 8(1)(a), (b) and (c) of the FAIS General Code of Conduct
6.4 In evaluating the client’s current situation for the purposes of a review, the member gathers quantitative and qualitative information and analyses and assesses such information.\textsuperscript{188}

6.5 Should the member’s financial planning and/or product recommendations vary from the client’s implemented recommendations when conducting a review, the member complies with Practice Standard 4 and its related Rules in identifying, developing and presenting any new or amended financial planning recommendations.\textsuperscript{189}

6.6 Members communicate in writing to a client at the conclusion of a review service:
(a) Any changes to the client’s:
   (i) confirmed needs, objectives and priorities;
   (ii) personal circumstances; and
   (iii) implemented financial planning and/or product recommendations;
(b) Any recommendation to the client to continue the implemented financial planning and/or product recommendations (if applicable); and
(c) Any additional financial planning and/or product recommendations made.\textsuperscript{190}

6.7 The member complies with Rules 1.7 and 5.2 in implementing any agreed financial planning recommendations as a consequence of a review.\textsuperscript{191}

Important Questions:

1. Is it possible to improve your effectiveness and efficiencies when planning your ongoing reviews with your clients? If so, how?

2. Is it possible to enhance your clients’ trust experiences when they engage with you during their review meetings?

\textsuperscript{188}See section 8(1)(a) of the FAIS General Code of Conduct
\textsuperscript{189}See sections 2 and 8(1)(a), (b) and (c) of the FAIS General Code of Conduct
\textsuperscript{190}See sections 2, 3(2)(a) and 9 of the FAIS General Code of Conduct
\textsuperscript{191}See sections 2 and 3(1)(d) of the FAIS General Code of Conduct
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7.1 FPI members display courtesy, respect and candour in all interactions.\textsuperscript{192}

7.2 Members do not, in the conduct of professional and business activities, engage in any act or omission of a misleading, deceptive, dishonest or fraudulent nature. Nor do members engage in any act or omission that is likely to mislead or deceive.\textsuperscript{193}

7.3 Members do not engage in conduct that adversely reflects on their integrity and/or fitness as FPI members and/or that brings the FPI and/or the profession into disrepute.\textsuperscript{194}

7.4 Members ensure their compliance with all legislation, regulatory codes and requirements, and FPI regulations at all times. Members do not conduct themselves or their affairs in a manner that may give rise to:

\textsuperscript{192}See section 6(a) of the FAIS General Code of Conduct. This rule is consistent with the principle of Professionalism and builds trust

\textsuperscript{193}See section 2 of the FAIS General Code of Conduct. This rule is consistent with the principle of Integrity

\textsuperscript{194}See section 2 of the FAIS General Code of Conduct
(a) A civil judgment, and/or regulatory action, and/or Ombud, tribunal or disciplinary action, for:

(i) the repayment of money, irrespective of the amount and cause;
(ii) their provisional or final sequestration;
(iii) their removal from an office of trust (including, but not limited to directorships and trusteeships);
(iv) their dishonest, fraudulent, deceitful or misrepresentative conduct;
(v) their unprofessional or negligent conduct. 195

(b) A criminal conviction, irrespective of sentencing, in which an element dishonestly, theft, fraud, misrepresentation or deceit is present. 196

7.5 Members ensure that all their services are provided honestly, fairly and diligently. 197

7.6 Members only act with proper legal authorisation, and in accordance with legislative, regulatory and FPI requirements. 198

7.7 Members ensure that their personal biases or interests do not adversely affect their services to clients. 199

7.8 Members only make and/or implement recommendations that are suitable for the client. 200

195These rules are consistent with all the principles of the Code of Ethics and the FAIS General Code of Conduct.
196See section 2 of the FAIS General Code of Conduct. This rule is consistent with the principles of Integrity and Competence.
197See section 2 of the FAIS General Code of Conduct. This rule is consistent with the principles of Integrity and Competence.
198See section 2 and 3(1)(c) and (d) of the FAIS General Code of Conduct. This rule is consistent with the principles of Integrity, Objectivity, Competence and Professionalism.
199See sections 2, 3(1)(c), (d) and 8(1)(c) of the FAIS General Code of Conduct. This rule is consistent with the principles of Integrity, Objectivity, Competence and Professionalism.
7.9 Members ensure, in the course of the provision of professional services, that any communication (whether oral or written):

(a) is courteous;\textsuperscript{201}

(b) avoids offensive or provocative language or conduct;\textsuperscript{202}

(c) is not misleading or deceptive, or likely to mislead or deceive;\textsuperscript{203}

(d) is done in a manner, language and format that the client is likely to understand.\textsuperscript{204}

7.10 Members do not misrepresent the status of their FPI certification to any person.\textsuperscript{205}

7.11 Members do not misstate their authority to represent the FPI. Specifically, members do not write, speak or act in such a way as to lead another to believe that they are officially representing the FPI, unless members have been duly authorised to do so by an authorised representative of the FPI.

7.12 Unless compelled to by law, or required to fulfil a legal obligation, any person who by reason of their FPI certification or through an engagement (such as a board, committee, workgroup, pro bono initiative or the like) with the FPI is exposed to, learns of, or has access to information and knowledge concerning the FPI and/or FPI members, maintain the confidentiality of all such information and knowledge and are not entitled to communicate or divulge that information or knowledge or any part thereof, unless specifically authorised to do so by an authorised representative of the FPI.

7.13 Where members undertake pro bono engagements, irrespective of the type of engagement, the Code of Ethics, Practice Standards and Rules of Professional Conduct apply to the members, to the full extent, during such engagements.\textsuperscript{206}

7.14 Members comply with the FPI’s rules and requirements in respect of certification and recertification, complaints handling, disciplinary procedures, member audit, trademark and commissioner of oaths-status, as well as maintain adherence with all FPI’s regulations made or amended from time to time.\textsuperscript{207}

7.15 Members ensure that any personal information or documents given to or gathered by them in the course of or in connection with the provision of financial planning services, are securely retained and kept confidential. This rule applies to personal information and documents belonging to or related to members’ clients or to other persons.\textsuperscript{208}

\textsuperscript{201}See section 6(a) of the FAIS General Code of Conduct. This rule is consistent with the principles of Competence and Professionalism

\textsuperscript{202}See section 6(a) of the FAIS General Code of Conduct. This rule is consistent with the principles of Competence and Professionalism

\textsuperscript{203}See sections 2 and 3(1)(a)(ii) of the FAIS General Code of Conduct

\textsuperscript{204}See section 3(1)(a)(ii) and (iii) of the FAIS General Code of Conduct

\textsuperscript{205}See sections 2, 3(1)(a)(i), (ii) and (iii) of the FAIS General Code of Conduct

\textsuperscript{206}See section 2 of the FAIS General Code of Conduct

\textsuperscript{207}This is consistent with the principle of Competence and Professionalism

\textsuperscript{208}See section 3(2)(a) and 3(3) of the FAIS General Code of Conduct and the provisions of the Protection of Personal Information Act. This is consistent with the principle of Confidentiality

\textsuperscript{209}See sections 2 and 3(1)(b) of the FAIS General Code of Conduct. This is consistent with the principle of Integrity and Objectivity
7.16 Members do not use any information or documents given to or gathered by them in the course of or in connection with the provision of financial planning services for their direct or indirect personal benefit, whether or not it causes detriment to the client.\textsuperscript{209}

7.17 For the purposes of rules 7.15 and 7.16, members maintain the confidentiality and refrain from distributing or using without due authorisation:

(a) Any client information obtained in the provision of professional services;\textsuperscript{210} and
(b) Any commercial information belonging to the member’s employer or principal obtained in the course of the member’s employment or agency with a particular employer or principal.\textsuperscript{211}

7.18 As a professional courtesy, members on becoming aware that a client had a previous financial planning services engagement with another financial planning business or financial planner, undertake to obtain authority, in writing, from the client to communicate and facilitate the transfer of copies of documentation from the previous financial planning business or financial advisor.\textsuperscript{212}

7.19 Members take all reasonable steps, consistent with a client’s interest(s), to facilitate the orderly and effective transfer of the client’s business to another professional upon receipt of written consent, request or instruction from the client or another person authorised by the client, advising that the client has retained another professional in substitution of the FPI member.\textsuperscript{213}

7.20 Upon receiving a written request by the client, and subject to the legal requirements of the FPI professional member’s employer or principal, Members provide the client or a person authorised by the client, with any original documents and electronic files related to the provision of professional services within 7 (seven) days from the date of the request. Unless compelled by law, this requirement does not include documents that have been prepared or received by members in the provision of professional services, such as internal notes, memoranda, quotes or other working documents.

7.21 Member who are legally responsible for the management or conduct of a financial services provider or the supervision of others or the mentoring of mentees, ensure that they exercise their legal, mentoring or supervisory authority in a manner that ensures compliance with legislative, common law, regulatory or FPI requirements.\textsuperscript{214}

7.22 Members provide reasonable and prudent professional supervision of, or direction to, any subordinate, mentee or third party to whom responsibility for any professional services is assigned.\textsuperscript{215}

7.23 Members satisfy all Continuing Professional Development (CPD) requirements set by FPI from time to time.

7.24 Members offer advice only in those areas in which they are professionally competent.\textsuperscript{216}

7.25 Members do not commingle their property with that of clients, members’ employers or principals unless the commingling is permitted by law, is explicitly authorised and defined in a written agreement between the parties. Members have sufficient record-keeping to track each client’s assets accurately.\textsuperscript{217}
7.26 Members do not borrow or otherwise obtain money from a client. This Rule does not apply when:

(a) The client is a member of the member’s immediate family and the borrowing in this instance is not incidental or relates to services rendered by member; or
(b) The client is an institution in the business of lending money and the borrowing is unrelated to the professional services performed by the member.

7.27 Members do not lend money to clients. This Rule does not apply when:

(a) The client is a member of the FPI member’s immediate family and the lending in this instance is not incidental or relates to services rendered by the FPI member; or
(b) The member is a representative of an institution in the business of lending money and the money lent is that of the institution and not of the member.

Promotion of services

7.28 FPI members refrain from:

(a) communicating, directly or indirectly, to clients or any other parties any false or misleading information directly or indirectly related to their qualifications, skills, experience or services;
(b) misleading clients or any other parties about the potential benefits of their service;
(c) making false or misleading statements about
   (i) the scope or areas of their competence;
   (ii) their practice or any organisation with which they are associated, in whatsoever form;
   (iii) any association or organisation they are a member or otherwise affiliated to;
   (iv) any remuneration or benefit received or receivable;
   (v) any charging model for financial planning services provided by the FPI professional member, their employer or principal and/or any other party;

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218 See section 3(1)(b) of the FAIS General Code of Conduct. This is consistent with the principles of Integrity and Professionalism
219 See section 3(1)(a)(ii) of the FAIS General Code of Conduct
220 See sections 2 and 3(1)(a)(ii) of the FAIS General Code of Conduct. This is consistent with the principle of Integrity
221 See sections 2 and 3(1)(a)(ii) of the FAIS General Code of Conduct. This is consistent with the principle of Integrity
222 See sections 2 and 3(1)(a)(ii) of the FAIS General Code of Conduct. This is consistent with the principle of Integrity
223 This is consistent with the principles of Integrity, Objectivity and Professionalism
224 This is consistent with the principles of Integrity, Objectivity and Professionalism
225 See section 14(1)(a) of the FAIS General Code of Conduct
226 See sections 2 and 3(1)(d) of the FAIS General Code of Conduct. This is consistent with the principles of Client first, Objectivity, Integrity and Professionalism
(d) making false or misleading statements to the public, service providers and colleagues, or create unfounded expectations regarding matters relating to financial planning, their own professional activities, the business they represent, or any organisation with which they are associated or whatsoever form; 222
(e) making unsubstantiated comparisons of the FPI member’s services against another; 223
(f) making unsubstantiated statements with regard to the character of other professionals; 224
(g) false advertising, or advertising in a way that is misleading or deceptive, or is likely to mislead or deceive any person. 225

7.29 Members advise their clients, in writing in timely manner, of any changes to the financial planning engagement which reasonably could adversely impact the clients’ interest(s) including (but not limited to) changes:
(a) to the professional services/product(s) provided;
(b) to the FPI member’s capacity or authority to provide professional services; or
(c) that may increase the member’s remuneration received or receivable under the engagement.
(d) in any such other matter that may be reasonable or deemed material or relevant under the particular circumstances;

Conflicts of interest

Conflicts of interest

7.32 Members advise clients, in writing, of any actual, potential, or perceived conflict(s) of interest(s) including those that developed after the commencement of a financial planning engagement. 218

7.33 Members do not recommend a product or service in which they have a direct or indirect material personal interest without disclosing, in writing to the client at the time the recommendation is made, the FPI member’s direct or indirect material personal interest in the product or service. 229

7.34 Members do not implement a product or service in which they have a direct or indirect material personal interest without disclosing to their clients, 230 at the time the product or service is implemented, and in terms the client is likely to understand: 231
(a) The member’s direct or indirect material personal interest in the product or service;
(b) The potential conflict between the member’s interest and the client’s interest; and
(c) Any relevant conflict of duty.

Conflicts of interest

7.35 Members do:
(a) Explain, in writing, the precise range of professional services that their fee(s) is intended to cover, 232 the basis on which the fee is computed and any billing arrangements, 233 in a manner, language and format that the client is likely to understand; 234
(b) Disclose to the client, in writing, any commissions received, both as a percentage and in monetary terms, in a manner, 235 language and format that the client is likely to understand; 236
(c) Disclose to the client, in writing, any penalties, cancellation/termination fees or the like which may arise and under which circumstances, 237 both as a percentage and in monetary terms (where possible), in a manner, language and format that the client is likely to understand; 238
7.36 Members may be remunerated based on a fee or commission, or both. Irrespective of the remuneration charged, the judgment of reasonableness of remuneration will be based on fairness and what is equitable in the circumstances for both the client and FPI member.

7.37 Members may be engaged by a client irrespective of whether the member receives remuneration or not.

7.38 Excessive commissions, inequitable to industry/service or product norms, offered by product or service providers should be critically questioned and investigated by members before promoting or recommending such products and/or services.

7.39 In determining what constitutes a fair and equitable remuneration, members consider the value of the professional service to the client, the usual charge for similar services by other similar professionals, and any special circumstances deemed material in the particular circumstances and agreeing on acceptable remuneration is a matter for negotiation between the professional and the client.

7.40 Members do not advise a client to undertake any action that would merely generate remuneration for the member without any benefit to the client.

7.41 In addition to the requirements set out in rule 7.4 above, an FPI member who is also a tax practitioner ensures compliance with all relevant laws and regulations in their personal tax affairs.

7.42 Members who are tax practitioners do not charge a contingency fee for the completion of tax returns and adhere to the principles of the Contingency Fees Act of 1997 (as amended) where contingency fees are charged in other circumstances.

7.43 Members who are tax practitioners meet the minimum tax related continuous professional development requirement annually, as determined from time to time.

Membership of other industry organisations

7.44 FPI members, who are also members, affiliates or associates of another organisation, institute, regulatory or controlling body, association, or the like, ensure adherence to such entities’ rules, regulations and codes of conduct, and are obliged to inform the FPI, at the earliest possible time, of any administrative, punitive or disciplinary action taken against them by such an entity.

Provisions applicable to FPI members who are tax practitioners

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239 See section 7(1)(c)(v) and (vi) of the FAIS General Code of Conduct
240 See section 2 of the FAIS Code of Conduct
241 See section 3(1)(d) of the FAIS General Code of Conduct
242 See section 2 of the FAIS General Code of Conduct, TCF Guidelines and Retail Distribution Review Document
243 See section 2 of the FAIS General Code of Conduct
244 See section 2 of the FAIS General Code of Conduct
Wouter Fourie, CFP®, is the CEO of Ascor® Independent Wealth Managers, one of the first multidisciplinary practices in South Africa.

Wouter is an advanced postgraduate qualified financial planner (investments and estate planning) with more than 18 years of experience in the field of comprehensive financial planning and wealth management. He is also a qualified Professional Accountant (SA) with postgraduate qualifications in advanced taxation.

Wouter Fourie, CFP®, won the 2015/2016 FPI Financial Planner of the Year award, sponsored by Personal Finance, which honours the most proficient professional financial planner in the profession. Wouter has been invited as guest speaker on Business Day TV, Kyknet TV, Summit TV, RSG Radio and various other radio stations and a guest lecturer at the University of Pretoria.

Recently appointed director of the Financial Planning Institute of Southern Africa (FPI), director and chairperson of the FPI Centre for Professional Development (Pty) Ltd, chairperson of the FPI Certification Advisory Panel, chairperson of the FPI Pretoria Regional Committee and was member of the FPI Practice Standards Working Group.

Wouter received special recognition from FPI’s CEO, Godfrey Nti, (23/10/2014) for his voluntary contribution to help raise the level of Professionalism of Financial Planning in South Africa as well as building a strong sense of community within the financial planning profession.

Wouter is actively involved in financial literacy education and some of them include: JSE - Share trading game - coordinator and presenter at Maragon Private Schools, FPI MYMONEY123™ financial literacy education programme- Course presenter to various schools, businesses, churches and the Financial Services Board (FSB). Business by the Book - Course presenter at Doxa Deo group of churches for the last seven years.

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Wouter Fourie, CFP®,

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Postgraduate Diploma - Financial Planning (UOFS)
Postgraduate Advanced Certificate in Taxation (UP)
Postgraduate Advanced Diploma Investments and Estate Planning (UOFS)
Course in Estate Administration (Unisa)
Director and CEO Ascor® – Independent Wealth Managers
Anton Swanepoel, CFP®

Anton Swanepoel, CFP® is a former finalist in the FPI Financial Planner of the Year competition with more than 26 years of experience in the financial services industry. He has a legal background and obtained a Master’s Degree in Mercantile Law (LLM) from the University of the Free State. His LLM study included an analysis of the legal relationship between financial services providers and their clients under the FAIS Act and its impact on professional practice management. Anton is an industry expert, author and trainer on the topics of leadership, business management, ethics, trust, compliance and investment planning. Anton serves as the chairperson of the Investments Exco of the Financial Intermediaries Association (FIA) and serves on the Treating Customers Fairly (TCF) Steering Committee, which was replaced by the Market Conduct RF Steering Committee as an alternate member and served on the TCF Product Disclosure Workgroup on behalf of the FIA. He is also a member of the FPI Practice Standards Workgroup and co-author of the FPI Code of Ethics and Practice Standards.

Anton is the co-founder and director of and Amity Wealth (Pty) Ltd, a network for independent investment advisors and Cutting Edge Training and Consulting (Pty) Ltd.

Some of Anton’s industry publications include:
- The Trust Factor
- Retire like a pro!
- The FIA Code of Conduct
- FAIS 2010: The Paradigm Shift
- Manage your practice like a pro!
- Essential habits of trusted advisors
- The Six-Step-Process and Compliance
- The Fundamentals of FAIS Compliance
- The Business Manual for Key individuals

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