



DIRECTORATE FOR REGISTRATION AND RECOGNITION

**EVALUATION REPORT FOR THE RECOGNITION OF PROFESSIONAL BODIES AND
REGISTRATION OF PROFESSIONAL DESIGNATIONS**

Name of Professional Body	South African Institute of Stockbrokers (SAIS)
Statutory or Non-Statutory Body	Non-statutory
Sector	Business, Commerce and Management
Physical Address	51 West Street, Houghton , 2041
Application Approved by Board/Council	Yes
Application Signed by CEO / Registrar/ Board Chairperson	Yes
Number of Designations Applied for	2
Date of Site Visit	2 October 2018
Date of Gazette Notice	
Name of the Chairperson	Mr Alphonso Raats
Contact details	alphonso.raats@stanlib.com



PROFESSIONAL BODY RECOGNITION AND PROFESSIONAL DESIGNATION REGISTRATION

EVALUATION REPORT

NAME OF BODY: SOUTH AFRICAN INSTITUTE OF STOCKBROKERS (SAIS)

- 1.1. The South African Institute of Stockbrokers (SAIS) applied to SAQA for recognition as a professional body and for the registration of two professional designations on the NQF in terms of the NQF Act, Act 67 of 2008 (as amended, March 2018).
- 1.2. The South African Institute of Stockbrokers (SAIS) was formed in 1996 when the Johannesburg Stock Exchange (JSE) demutualised and became a company with shareholding. The Institute was formed by members of the JSE to regulate the Stockbroking profession and to ensure that competency standards and standards of professional conduct of stockbrokers were upheld. Since 1996, SAIS has set educational standards for and has administered exams for stockbrokers. Stockbrokers are equipped to fulfil a supervisory and oversight role in stockbroking firms and according to the JSE rules stockbroking firms are required to employ stockbrokers to oversee their functions.

1. CRITERIA FOR RECOGNISING A PROFESSIONAL BODY

DRR evaluated the application against the *Policy and Criteria for Recognising a Professional Body and Registering a Professional Designation for the Purposes of the NQF Act*. SAIS was found to meet all the criteria for recognising a professional body listed below:

1.1. Legally Constituted Entity

SAIS is a non-statutory body registered as a Non-Profit Organisation (NPO) with the Department of Social Development (DSD) with registration number 210-077 NPO.

SAIS submitted the following documents:

- Registration certificate as NPO.
- SAIS Constitution
- SAIS By-Laws
- Letterhead reflecting the name of the company.

1.2. Human Resources

- The SAIS Council and Committees perform all functions related to their positions on a voluntary basis.
- The administrative functions are outsourced to three providers as follows:
 - The technical and compliance function is contracted to the Crescent Compliance Solutions (CSS).
 - The membership management, education and general administration is contracted to the Centre for Association Research and Intelligence (CARISA).
 - The financial management and bookkeeping is handled by Eljay Financial Services.

- The examinations function is handled by a team of experts who work on a contract basis.

1.3. Financial Resources

- SAIS submitted its audited financial statement for the period ended 31 December 2017.
- SAIS keeps full and proper financial records of its business as a professional body.
- The opinion of the auditors is that the financial statements present fairly, in all material respects, the financial position of the Institute at 31 December 2017 and the results of its operations and cash flows for the period then ended in accordance with International Financial Reporting Standard for Small and Medium-sized Entities.

1.4. Good Corporate Governance Practices

- SAIS submitted its Constitution, by-laws and the terms of reference of the Board.
- The affairs of the Institute are managed by a Council consisting of 15 members who are resident in the Republic of South Africa.
- They are elected at an annual general meeting and serve for a term of three years.
- The Council is the highest decision making authority of the Institute and members shall abide by the decision of the Council.

1.5. Code of conduct and Protection of the Public

- SAIS has a code of conduct, a disciplinary process and an appeals process for its members.
- All new members are presented with the code of conduct and they have to sign the code as part of the application process.
- The code of conduct is published on the SAIS website in order to provide access to the general public.
- The disciplinary process of the Institute is based on a three-tiered structure comprising of an 'Investigation and Prosecution Committee', a 'Disciplinary Committee' and an 'Appeals Committee'.
- The Investigation and Prosecution Committee (IPC) consists of two members of the Institute plus one independent attorney who acts as the chairperson of the Committee.
- The IPC determines its own process and is mandated to take note of and investigate all alleged offences, acts of misconduct and breaches by members and affiliates falling under the jurisdiction of the Institute.
- The IPC has the authority to gather and order the production of all relevant information, records, books, documents and statements under oath, as well as to conduct professional evaluations and practice visits.
- The Disciplinary Committee (DC) consists of either a retired judge of the High Court or Senior Counsel or a High Court admitted attorney or advocate with at least ten years' experience in practice.
- The Appeals Committee (AC) is convened as and when necessary and is mandated to act as the Independent Disciplinary Appeals Committee for members found guilty of an offence and/or misconduct by the Disciplinary Committee.

1.6. Awarding of Professional Designations

- The process for awarding and revoking the designations is described in the by-laws of the Institute. The by-laws are published on the website.
- The process is applied to all candidates and it ensures that people who are designated possess the knowledge and skills required in the positions in which stockbrokers are appointed.
- Application for membership of the Institute shall be made to the Council in a form prescribed by the Council. Each applicant shall:
 - pay the application fee, entrance fee, and the subscription for the current year as determined by the Council from time to time;

- certify in the prescribed form that the information given by him therein is true and correct in every detail;
- undertake in the event of his admission to observe the provisions of the Constitution and the by-laws and code of conduct framed thereunder from time to time; satisfy the Council in such manner as it may require at the date of his application that he is a fit and proper person and qualified for admission to membership of the Institute.
- The failure by an applicant to make full and proper disclosure in the prescribed admission form could constitute improper conduct and may lead to referral to the Investigation and Disciplinary Committee.

1.7. Recognition of Prior Learning (RPL)

- The professional body submitted its recognition of prior learning policy.
- The South African Institute of Stockbrokers (SAIS) facilitates access to, and mobility and progression within, education, training and career paths in the Financial Markets industry through the provision of RPL services for its two designations.

1.8. Continuing Professional Development (CPD)

- SAIS has developed a CPD policy that was verified during the site visit.
- They have an online system where members can upload their CPD activities.
- According to this policy, members are required to record a minimum of 30 hours of CPD per year.
- SAIS has a formal partnership agreement with Chartered Institute for Securities & Investments (CISI) for the development and maintenance of a shared portal where CPD activities are offered and recorded.
- The CPD requirements include the utilisation of the CISI-SAIS joint platform. The platform provides members with free access to a large number of CPD offerings.
- Completion of CPD offerings housed on the portal is recorded automatically against the member's CPD account in the system while other CPD has to be uploaded manually.

1.9. List of Members

- SAIS submitted its membership list. It had 216 members during the application period.
- During the site visit SAIS had 327 members on the database.
- Out of the 327 members, 183 members hold the Certified Stockbroker (SA) designation.
- According to the observations from the National Learners' Records Database (NLRD) team, the Professional Body has a member database that would allow it to be able to submit data to the NLRD.
- The Professional Body's Information Technology (IT) representative further mentioned that they used the Professional Bodies Load Specifications from SAQA as a guide when they designed their system.
- According to the NLRD team, the professional body satisfies the requirement for a database that can enable them to upload data.

1.10. Transformation and Unfair Exclusionary Practices

- During the site visit, it was established that SAIS membership is white male dominated.
- The professional body submitted its transformation plan that acknowledges that the current demographic profile of the Financial Markets industry must be addressed in order to reflect the demographic profile of the country.
- The professional body has therefore developed an educational framework and pathways to provide the industry with appropriately qualified young talent from previously disadvantaged communities.
- Strategic partnerships have been developed with Maharishi Institute and ASISA Academy where they are recruiting students from disadvantaged communities.

1.11. Career Advice Information

- SAIS has e-mail services where they respond to queries from members and the general public.

1.12. Education and Training

SAIS complies with Section 19 of the Policy and Criteria for Recognising a Professional Body and Registering a Professional Designation for the Purposes of the National Qualification Framework Act, Act 67 of 2008.

- It is not accredited as an education and training provider by a Quality Council
- It is not registered as an education and training provider with the Department of Higher Education and Training

1.13. Proliferation of Professional Bodies

- There is no statutory professional body in this sector.
- SAQA has recognised another professional bodies in this sector, namely:
 - The South African Institute for Financial Markets (SAIFM)

Motivation for recognition

The South African Institute of Stockbrokers regulates Stockbrokers which is a very specific group of professionals within the broader financial markets context. These professionals carry a large responsibility within the financial markets and their regulation requires specialist knowledge and skills. None of the other professional bodies can fulfil these specific functions.

SAIS is not a statutory body established in terms of an Act. However, the Financial Markets Act (FMA) (Act 19 of 2012) reserves the title “stockbroker” for a member of SAIS. The Act states in Section 1 states that a: “stockbroker” means a natural person who is a member of the South African Institute of Stockbrokers.”

Section 23 of the Act determines the use of designation “stockbroker” and related designations:

- (1) A stockbroker may use the designation “stockbroker”, “stockbroker (South Africa)” or “stockbroker (SA)”.
- (2) A person who is not a stockbroker, may not—
 - (a) purport to be a stockbroker; or
 - (b) use any designation referred to in subsection (1) or any other name, title, description or symbol, or perform any act implying, or tending to induce the belief, that such person is a stockbroker.
- (3) A person to whom the rules of an external exchange apply, and whose business is substantially similar to that of a stockbroker, may use the designation “stockbroker” if the country in which the use of the designation authorised is indicated after the designation.

The JSE Equities Rules furthermore determine that:

- The primary place of business of a member [of the JSE] must be under the control of a stockbroker who must be an executive director of the member.
- A branch office of a member must be under the control of a stockbroker in the full-time employ of the member.
- An agency office of a member may be under the control of a stockbroker in the full-time employ of the member.

That means that all stockbroking firms have to be under control of a stockbroker as defined in the FMA.

1.14. Professional Designations

Designation(s) to be Registered

Designation Title: Certified Financial Markets Practitioner (SA)

CRITERION	DESCRIPTION
Underlying NQF Registered Qualification/Part-Qualification	Occupational Certificate: Financial Markets Practitioner SAQA ID 93603 at NQF Level 7
Experiential Learning / Practical Experience	Applicants are required to spend a minimum of 6 months in the workplace covering all elements specified in the curriculum of the occupational qualification.
Board / Admission Examination / Assessment	The External Integrated Summative Assessment (EISA) for the Occupational Certificate: Financial Markets Practitioner is administered by SAIS which is the Assessment Quality Partner (AQP) for the qualification.
Continuing Professional Development (CPD) Requirements	30 Hours of CPD per year
Application of Recognition of Prior Learning (RPL)	The RPL policy provides for entry into the EISA via various routes. There is no provision for exemptions from this assessment or any parts thereof. Providers offering the Occupational Certificate are free to set their own entry requirements and RPL policies, as long as they meet or exceed the requirements of the underlying qualification as specified in the qualification document.
Designation competences: <ul style="list-style-type: none"> Analyse, evaluate and review information on securities and market conditions; Critically analyse the profile and related investment needs of the client; Assist with the execution of buy and sell orders (trading) by applying the ethics, principles values and processes as prescribed; Assist with the conclusion of financial market transactions (settlement) according to accepted practice/s; Calculate and record corporate events to indicate their effect on the market and on client portfolios. 	

Designation Title: Certified Stockbroker (SA) CSb (SA)

CRITERION	DESCRIPTION
Underlying NQF Registered Qualification/Part-Qualification	<ul style="list-style-type: none"> Bachelor of Commerce (Honours) degree at NQF Level 8, or Post Graduate Diploma in Financial Markets at NQF Level 8, or SAIS approved NQF Level 8 qualification
Experiential Learning / Practical Experience	Three years' continuous work experience in the Financial Services Industry
Board / Admission Examination / Assessment	Stockbroker Board Exams
Continuing Professional Development (CPD) Requirements	30 Hours of CPD per year
Application of Recognition	Members who do not have the underlying qualification will be

CRITERION	DESCRIPTION
of Prior Learning (RPL)	RPL'd for: <ul style="list-style-type: none"> • Entry into the Stockbroker examinations; and • Exemption from certain of the examinations.
<p>Designation competences: A Certified Stockbroker (SA) must be qualified and competent in four key areas:</p> <ol style="list-style-type: none"> 1. Business management; 2. Compliance; 3. Investment advice and portfolio management; 4. Trading and settlement. <p><u>Business Management</u></p> <ul style="list-style-type: none"> • Manage the cash flow and capital adequacy of the business; • Manage relationships between a stockbroking firm and the exchanges and regulators; • Manage relationships with potential new clients; • Manage the interaction with clients; • Manage the relationship with the Board of the firm; • Manage the administration and operations of the firm; • Manage relationships with staff and colleagues; • Oversee the human resources function of the firm to ensure regulatory compliance; • Manage company risk. <p><u>Compliance</u></p> <ul style="list-style-type: none"> • Ensure that the company complies with all regulatory, legislative and exchange requirements regarding the management of the company as well as the functions performed by the company; • Manage compliance and risk. <p><u>Investment Advice and Portfolio Management</u></p> <ul style="list-style-type: none"> • Identify the profile and related investment needs of the client; • Provide clients with advice regarding the structuring of their investment portfolios; • Manage an investment portfolio within the client mandate; • Oversee the organisation's investment advice and portfolio management function. <p><u>Trading and Settlement</u></p> <ul style="list-style-type: none"> • Execute trades; • Have overall oversight of the trading functions of a firm; • Have overall oversight of the settlement and administration functions of the firm. 	