

Does your compliance officer comply?

The operational ability and qualifications of current compliance officers and practices are a matter of concern for the FSB and hence much stricter requirements have been legislated. This will ensure compliance officers are able to deliver the service the FSB and FSPs expect, says Billy Seyffert, head of compliance at Masthead.

“Compliance is continually becoming a more specialised area of focus”, says Seyffert. “Both the industry and the FSB recognise that FAIS compliance is in fact a niche area within the broader compliance environment”. As a result, the FSB has created two new categories of FSP in the last few years, one of which is the Category IIA FSP. This is an example of a category that was specifically created to deal with hedge fund managers. Compliance officers who act on behalf of this type of FSP are subject to much more stringent experience and monitoring requirements.

“In light of these developments, compliance officers have had to evolve to keep up with both legislation and other industry requirements,” says Seyffert. “They will need to continually develop themselves to remain relevant.”

Compliance officers were previously required to hold a business or legal degree, or an industry specific qualification. They also needed three years of experience in risk or compliance within the financial services industry.

Since inception of the new legislation on 9 September, any prospective compliance officer must hold a recognised qualification from an approved list of qualifications, pass a regulatory exam and have at least three years’ experience in a compliance or risk management environment.

In addition, the prospect must have at least one year’s experience in rendering compliance services relating to the category of FSP they seek to act



Billy Seyffert: Masthead's head of compliance

on behalf of and meet the same honesty and integrity requirements as Key Individuals.

They are also required to show they can effectively service and monitor clients, and must have in place systems, processes, infrastructure, HR policies and continuity planning. “This will address the FSB’s concerns that some compliance practices are

taking on more clients than they can effectively monitor,” he says.

When choosing a compliance officer, Seyffert suggests that advisers look at whether the compliance officer complies with these requirements as well as at other factors. “They should provide constructive advice, offer solutions, be involved with you and your staff and operate proactively. There is no point in having a compliance officer who simply tells you what you want to hear,” he says.

With compliance as one of its core services, Masthead seeks to add value in these ways, delivering a national solution through its 27 compliance professionals operating countrywide.

“Masthead members receive regular compliance interventions, which comprise practical monitoring and consulting in the advisor’s office,” says Seyffert. “We aim to sample a significant portion of new business submitted and this is accompanied by a holistic review of the member’s opera-

tional ability and risk management framework. Furthermore, we assist in implementing any required remedial actions.”

Masthead also provides a full set of customisable templates to assist members to meet their operational compliance requirements and help improve their interaction with clients.

To remain at the forefront of compliance, Masthead has frequent contact with the regulators and often provides input to the FSB on regulatory matters. “In this way we can also help members to implement compliance requirements before they become a legislative requirement,” he adds.

“Masthead accepts full responsibility for compliance related advice,” says Seyffert. “We have assisted independent advisors for the past six years, and have grown and adapted as the industry and regulations have changed.”

Advisers who wish to appoint Masthead as their compliance officer need to be members of the Masthead Financial Advisors Association. To join, please contact your regional Masthead office or visit www.masthead.co.za.