NOTICE 96 OF 2004

FINANCIAL SERVICES BOARD

FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002
(ACT NO. 37 OF 2002)

EXEMPTION OF INTERMEDIARIES GUARANTEE FACILITY

I, Jeffrey van Rooyen, Registrar of Financial Services Providers, hereby under section 44(1) of the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002), exempt the Intermediaries Guarantee Facility from section 7(1) of that Act, as set out in the Schedule.

J VAN ROOYEN,

Registrar of Financial Services Providers

SCHEDULE

FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002 (ACT NO. 37 OF 2002)

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Definitions

1. In this Schedule, "the Act" means the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002), any word or expression to which a meaning has been assigned in the Act, shall have that meaning and, unless the context otherwise indicates-

"**Intermediaries Guarantee Facility**" or "**the Facility**" means the Intermediaries Guarantee Facility Limited registered as a short-term insurer under the Short-term Insurance Act, 1998 (Act No. 52 of 1998);

"**Regulations**" means the Regulations under the Short-term Insurance Act, 1998 (Act No. 53 of 1998), published in GN R.1493 of 27 November 1998.

Objective of exemption

2. In terms of regulation 4.1(2), read with regulation 4.2, of the Regulations, no short-term insurer may authorise an independent intermediary to deal with premiums unless the intermediary has provided a certain security in respect of the intermediary's obligations by means of a guarantee policy issued by a short-term insurer registered to do so in accordance with a guarantee facility created by short-term insurers generally for the purposes of providing such security.

The Facility performs intermediary services by the issuing of guarantee policies (of which the wording is prescribed by law, the underwriting requirements are determined by a short-term insurers' managing committee, and which are fully reinsured), in respect of the relevant intermediaries who are compelled to purchase them. The Facility furnishes no advice to the intermediaries.

The registrar is satisfied that it is not necessary for the Facility to comply with section 7(1) of the Act, conjointly with other provisions of the Act which will become applicable on licensing under section 8, and that the requirements for an exemption in section 44(1) of the Act are met.

Extent of exemption

3. The Intermediaries Guarantee Facility is hereby exempted under section 44(1) of the Act from section 7(1) in respect of the rendering of intermediary services with reference to the issuing of guarantee policies to independent intermediaries for purposes of providing the security required by regulation 4.1(2), read with regulation 4.2, of the Regulations.

Amendment and withdrawal of exemption

4. The exemption may at any time-

(a) be amended by the registrar by notice in the *Gazette*;

(b) be withdrawn by the registrar in like manner.

Short title and commencement

5. This Exemption is called the Exemption of the Intermediaries Guarantee Facility, 2004, and comes into operation on the date determined by the Minister in terms of section 7(1) of the Act.

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