

NATIONAL ASSEMBLY

QUESTION FOR ORAL REPLY

QUESTION NUMBER: 38 [NW3008E]

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38. Mr N J J van R Koornhof (Cope) to ask the Minister of Finance:

How many financial service providers have been debarred in terms of the Financial Advisory and Intermediary Services Act, Act 37 of 2002, since 1 January 2008 for selling shares and debentures linked to property syndicates in contravention of the code of conduct for authorised financial services providers and their representatives? NW3008E

REPLY:

Five licenses have been withdrawn of financial services providers who promote or sell shares and debentures linked to property syndications. These names have all been published in the monthly media releases by the Registrar of Financial Services Providers, as well as in the *Government Gazette*.

There are two categories of financial services providers who render financial services in respect of shares and debentures linked to property syndications, namely the agents or promoters of such schemes, and independent intermediaries. The five licenses withdrawn include three property syndication promoters who were investigated in terms of the Inspection of Financial Institutions Act, 1998, and whose licenses were subsequently withdrawn. The licences of the other two promoters were withdrawn following the Registrar's own investigations. The five licenses withdrawn, as published in the monthly media releases by the Registrar and *Government Gazette*, are:

1. FSP. 22381 - Capital Investments (Pty) Ltd (withdrawn on 04/09/2009)
2. FSP. 21227 - Bluezone Property Investments (Pty) Ltd (withdrawn on 17/09/2009)
3. FSP. 31351 - Purple Rain Properties No 15 (Pty) Ltd t/a Realcor Cape (withdrawn on 17/06/2011)
4. FSP. 15008 - A & S King Makelaars (Pty) Ltd t/a King Financial Services (withdrawn on 16/07/2009)
5. FSP. 39301 - A 1 Financial Planning cc t/a A-Sure Financial Planning (withdrawn on 13/11/2009).

It should be noted that transacting in unlisted shares and debentures linked to property syndication is not itself a contravention of the FAIS Act. However, where the selling of such shares or debentures is in contravention of the *Financial Advisory and Intermediary Services Act, 37 of 2002* ("the Act") or any of its subordinate legislation including the General Code of Conduct for authorized financial services providers and representatives, appropriate action is taken where it comes to the attention of the Registrar of Financial Services Providers. (**Note:** *If an individual meets the prescribed fit and proper requirements - experience in the particular financial product, qualifications and honesty and integrity - he or she will be approved to deal with the particular financial product. This approval is not linked or confined to instruments of property syndications and if an individual complies with the requirements such person can intermediate in respect of any unlisted share or debenture.*) Regulatory action taken could be in the form of either a suspension or withdrawal of a licence in terms of Section 9 of the Act, or referral to the Enforcement Committee in terms of Section 6 of *Financial Institutions ("Protection of Funds") Act*. In the act of withdrawing a particular FSP licence, the Registrar may, in addition, debar the licensee from re-applying for a license for a determined period.