

**FICA INTERNAL RULES**



**OWNERSHIP:**

This policy and internal rules (as it applies) is owned by **MEDWAY MARKETING (PTY) LTD** a duly authorised Financial Services Provider (hereunder referred to as the FSP).

As Key Individual of the aforementioned FSP I, **GEOFFREY TOZER BANWELL** hereby confirm the adoption of the policy.

\_\_\_\_\_  
Key Individual Signature & Date

\_\_\_\_\_  
FICA Sec 43(b) Compliance Officer & Date

### INSTRUCTIONS:

- In terms of Section 42 of the Financial Intelligence Centre Act, an accountable institution must formulate and implement internal rules concerning *inter alia* the verification of a client's identity and the maintenance of records
- A nominated Key Individual must acknowledge the FSP's ownership of the policy, by completing the FSP's name on the first page, and signing the policy.
- The FSP's Section 43(b) FICA Compliance Officer must acknowledge the FSP's ownership of the policy by signing the first page. (Note: This may be the same person as the Key Individual)
- The Section 43(b) FICA Compliance Officer must acknowledge his or her appointed position by signing Annexure A
- The Alternative Reporting Officer must acknowledge his or her appointed position by signing Annexure B
- All Key Individuals and persons associated with the governing body of the FSP must confirm the adoption of this policy, by signing the document below (print additional copies of this page should the need arise)
- All employees must read and confirm that they understand the contents of the policy, by signing the personnel acknowledgement page (print additional copies of this page should the need arise)
- After implementing the policy, retain a hardcopy of this document as part of your compliance file
- The policy must be accessible for public and Financial Intelligence Centre inspection purposes
- This policy must be read and understood in conjunction with the FIC Act and the Money Laundering and Terrorist Financing Control Regulations
- This policy must be reviewed annually (Annexure A & B section must be updated and signed annually)

### POLICY ADOPTION:

By signing this document, I acknowledge the FSP's adoption of this policy

Name & Date	Key Individual Signature

By signing this document, I acknowledge the FSP's adoption of this policy

Name & Date	Key Individual Signature

By signing this document, I acknowledge the FSP's adoption of this policy

Name & Date	Key Individual Signature

**PERSONNEL ACKNOWLEDGEMENT:**

I acknowledge that I have read and understand the contents of this document

Name & Date	Staff Signature

I acknowledge that I have read and understand the contents of this document

Name & Date	Staff Signature

I acknowledge that I have read and understand the contents of this document

Name & Date	Staff Signature

I acknowledge that I have read and understand the contents of this document

Name & Date	Staff Signature

I acknowledge that I have read and understand the contents of this document

Name & Date	Staff Signature

I acknowledge that I have read and understand the contents of this document

Name & Date	Staff Signature

## DEFINITIONS:

In this document unless the context clearly indicates otherwise:

**“Business relationship”** means an arrangement between the FSP, Key Individual or Representative and a client with the purpose of concluding transactions on a regular basis.

**“Cash”** means coin and paper money of the Republic or of another country that is designated as legal tender and that circulates as, and is customarily used and accepted as, a medium of exchange in the country of issue as well as travellers’ cheques

**“Client”** means a

- prospective policyholder;
- policyholder;
- policy owner;
- premium payer;
- investor;
- cessionary (only if the cessionary is not a known bank).
- beneficiary (only at claims stage, maturity, pay-out to the beneficiary)
- silent or anonymous partner;
- the other person on whose behalf a client is acting
- another person acting on behalf of a client

**“CTR”** means the cash threshold report that must be submitted in terms of section 28 of the FIC Act

**“FIC”** means the Financial Intelligence Centre

**“FICA”** means the Financial Intelligence Centre Act

**“FSP”** means a Financial Services Provider which has been classified as an “accountable institution” in terms of Schedule 1 of FICA

**“KYC procedures”** means Know Your Client procedures in respect of identification and verification of identities of clients

**“Management”** means the person/s responsible for the managerial and governing functions within the FSP’s business in whatever capacity, be it as owner, joint owner, director, shareholder, trustee, member or employee.

**“Reporting Format”** means the format prescribed by the FIC and that is available on their website at [www.fic.gov.za](http://www.fic.gov.za).

**“Section 43(b) FICA Compliance Officer”** means the dedicated person appointed by the FSP with the responsibility to ensure compliance by the employees of the accountable institution with FICA as well as the rules provided for within this document.

**“Single transaction”** means a transaction other than a transaction concluded in the course of a business relationship

**“Transaction”** means a transaction concluded between a client and the FSP in accordance with the type of business carried on by the FSP, which may comprise of but not be limited to:

- receiving an instruction or application, or attempted instruction or application that will result in the alteration or conclusion of any policy or contract; and /or
- receiving an instruction or application, or attempted instruction or application that would create an inflow or outflow of funds on any new or existing policy / investment contract/ financial product.

## FOREWORD:

The purpose of the Financial Intelligence Centre Act ("FICA") is to combat money laundering activities by, amongst other things, establishing a Financial Intelligence Centre ("FIC") and imposing certain duties on FSP’s (classified as “accountable institutions”) who may, unbeknownst to the FSP, be implicated with these unlawful activities by being exploited as a vehicle in order to facilitate money laundering practices. Money laundering can be described as the performing of any act which may result in concealing the nature, source, location or movement of the proceeds of unlawful activities or any interest that anyone may have in such proceeds.

The FIC Act provides for certain duties to be performed by accountable institutions and its employees when dealing and/or transacting with clients. The purpose of these duties is to prevent and to deter the individuals involved in money laundering activities from carrying out and profiting from their unlawful acts.

The duties imposed on accountable institutions include *inter alia*:

- The registration of an accountable institution with the FIC
- The establishment and verification of the identity of persons whom transacts with the FSP
- The safekeeping of FICA related information and required records by the FSP
- The reporting of suspicious or unusual transactions to the FIC
- Client Risk Rating and Source of Funds Verification
- The reporting of Cash Threshold Reports
- The training of Key Individuals, Representatives and Support Staff on FICA's statutory provisions

This policy (i.e. set of internal rules) will focus on the above-listed duties as well as the measures that must be taken by the FSP in order to comply with the FIC Act more comprehensively below. All employees must read and understand the duties that are required of them as well as the disciplinary measures that may be taken by the FSP in the event of non-compliance.

The FIC Act, Regulations as well as other useful information regarding money laundering may be sourced from the FIC's website – please visit **[www.fic.gov.za](http://www.fic.gov.za)**

### **GENERAL RULES AND DISCIPLINARY PROCEDURE:**

The FSP's management and Section 43(b) FICA Compliance Officer will at all relevant times, jointly and severally, carry the overall responsibility to ensure that the provisions of FICA, the Regulations thereunder and the FSP's Internal Rules as incorporated within this document, are complied with.

Any employee of the FSP who fails to comply with the provisions of FICA, the Regulations thereunder and the FSP's Internal Rules as incorporated in this document, and which pertain to the establishment and verification of identities, the keeping of records and the reporting of information, whether through negligence or intent, will be formally disciplined in accordance with the FSP's Disciplinary Policy and Procedure.

Furthermore, if it is found during such a disciplinary procedure that the contravention was committed through gross negligence or through intent and that the person:

- On a balance of probabilities has contravened either the provisions of the FIC Act, the Regulations or the Internal Rules;
- Has or could have placed the FSP at risk of being charged under the FIC Act;

- Has or could have placed other employees of the FSP at risk of being charged in terms of the provisions of the FIC Act, that person will be dismissed.

The Section 43(b) FICA Compliance Officer will be required to report any such identified contravention or potential contravention to the FSP's management as well as the relevant authorities in terms of the provisions of the FIC Act, where necessary.

### SPECIFIC RULES AND DUTIES:

#### DUTY TO REGISTER AS AN ACCOUNTABLE INSTITUTION:

Every accountable institution referred to in Schedule 1, must within the prescribed period and in the prescribed manner, register with the FIC.

The FSP's management and Section 43(b) FICA Compliance Officer is responsible to register the FSP as an accountable institution with the FIC.

Follow the steps outlined within **Annexure C** in order to register the FSP.

The FSP's management and Section 43(b) FICA Compliance Officer will be responsible to notify the FIC, in writing, **within 90 days** of any changes to the particulars that was furnished as part of the registration process.

#### DUTY TO ESTABLISH AND VERIFY THE CLIENT'S IDENTITY:

The FSP may not establish a business relationship or conclude a single transaction with a client unless the accountable institution has taken the prescribed steps:

- In order to establish and verify the identity of the client (i.e. "know your client" procedure), or
- Whenever the client is acting on behalf of another person, to establish and verify the identity of that other person and the client's authority to establish the business relationship on behalf of that other person, or
- Whenever another person is acting on behalf of the client, to establish and verify the identity of that other person and that other person's authority to act on behalf of the client

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## EXEMPTION FROM THE “KNOW YOUR CLIENT” PROCEDURES

An accountable institution need not verify the identity of the client (or his agent), if the FSP is exempted by the FICA regulations from doing so.

The following accountable institutions are exempted from establishing and verifying the identity of a client in regards to certain transactions listed hereunder:

- A management company registered in terms of the Unit Trusts Control Act
- A person who carries on a “long-term insurance business” as defined in the Long-term Insurance Act including an insurance broker and an agent of an insurer
- A person who carries on the business of rendering investment advice or investment broking services

are exempted from transactions pertaining to:

- Any **long term insurance policy** which is a **fund policy** or a **fund member policy** as defined in the Long-term Insurance Act, 1998 and the regulations thereto and in respect of which the **policyholder is a pension fund, provident fund or retirement annuity fund** approved in terms of the Income Tax Act, 1962;
- Any **unit trust** or **linked product investment** effected by a **pension fund, provident fund or retirement annuity** fund approved in terms of the Income Tax Act, 1962, including an investment made to fund in whole or in part the liability of the fund to provide **benefits to members** or surviving spouses, children, dependants or nominees of members of the fund in terms of its rules
- Any annuity purchased as a **compulsory annuity** in terms of the rules of a pension fund, provident fund or retirement annuity fund approved in terms of the Income Tax Act, 1962;
- Any **reinsurance policy** issued to another accountable institution;
- Any long-term insurance policy classified in terms of the Long-term Insurance Act, 1998 as an **assistance policy**;
- Any long term insurance policy which provides **benefits only upon the death, disability, sickness or injury** of the life insured under the policy;

- Any long-term insurance policy in respect of which recurring premiums are paid which will amount to an **annual total not exceeding R25 000** subject to the **condition** that the client:
  - × **do not increase** the recurring premiums so that the amount of R25 000,00 is exceeded;
  - × **do not surrender** such a policy within **three** years after its commencement
  - × **do not receive** a loan or credit against the security of such policy from the accountable institution within **three** years after its commencement
  
- Any long-term insurance policy in respect of which a **single premium not exceeding R50 000** is payable subject to the **condition** that the client:
  - × **do not surrender** such a policy within **three** years after its commencement
  - × **do not receive** a loan or credit against the security of such policy from the accountable institution within **three** years after its commencement
  
- Any contractual agreement to **invest in unit trust** or **linked product investments** in respect of which recurring payments are payable amounting to an **annual total not exceeding R 25 000** subject to the condition that the client:
  - × **do not liquidate** the whole or part of such an investment within **one** year after the making of the first payment
  
- Any **unit trust or linked product investment** in respect of which a **once off consideration not exceeding R 50 000** is payable, subject to the condition that the client:
  - × **do not liquidate** the whole or part of such an investment within **one** year after the making of the first payment
  
- Any other long term insurance policy on condition that within **the first three years** after the commencement of the policy the **surrender value** of the policy does **not exceed twenty per cent** of the value of the premiums paid in respect of that policy.

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**THE “KNOW YOUR CLIENT” PROCEDURE**

In regards to all other transaction an accountable institution must verify the identity of the following types of persons (clients):

- South African citizens and residents
- Foreign nationals
- Partnerships
- Trusts
- Close Corporations
- South African non-listed companies
- South African listed companies
- Foreign companies
- Other types of legal persons

The FSP's management and Section 43(b) FICA Compliance Officer will be responsible to inform all representatives and relevant support staff members of the "know your client" procedures that must be performed.

The Key Individuals and Representatives will be responsible to:

- Perform the "know your client" procedure on all transactions that fall within the ambit of these rules

The "know your client" procedure must be performed with any **new business relationship** or with **any single transaction** with an existing client:

- A "single transaction" may be described as any instruction or request from a client to an accountable institution to perform some act to give effect to the business relationship between them
- A "single transaction" is not understood to include activities which happen automatically, or which an intermediary will perform automatically, without instructions from the client. For example, periodic contractual payments by clients to institutions and periodic automatic increases in such payments, as well as further business that an accountable institutions may do with others in the course of giving effect to the clients' original mandate.

Examples of what may be regarded as a "single transaction", for the purposes of client identification in respect of accountable institutions, follows below. This is not an exhaustive list of "transactions" performed by accountable institutions, but is intended to provide an indication of the types of activities that may be regarded as transactions.

- **Collective Investment Schemes:**
  - × the giving of a mandate to invest in any collective investment scheme
  - × any amendment in the original investment mandate of the client

- × an instruction to transfer or switch the investment to another collective investment scheme
- × the offering of participating interests for repurchase
- × the repayment of participants interests following the closure of a fund or portfolio

▪ **Long-term Insurance:**

- × the entering into a new long-term insurance policy
- × an amendment or variation of the terms and conditions of a long-term insurance policy, including a change in the beneficiary or policyholder;
- × an instruction by the client to the long-term insurer to switch or reinvest the underlying assets of a linked policy with linked investment service providers or investment managers;
- × termination (including the lapsing and surrender), withdrawal, or reinvestment of a long-term insurance policy.
- × the above activities apply both to the intermediary and service provider.

▪ **Investment Managers:**

- × the entering into a new investment contract;
- × additional amounts invested in terms of an investment mandate with a client;
- × an amendment or variation of the terms and conditions of an investment mandate;
- × an instruction by the client to switch or reinvest the investment to other linked investment service providers or investment managers;
- × an instruction by the client for a partial withdrawal of investment and the subsequent repayment of the investment in any form;
- × termination or withdrawal of an investment mandate and the subsequent repayment of the investments in any form.

▪ **Linked Investment Service Providers (LISPs):**

- × the entering into a new investment contract;
- × additional amounts invested in terms of an investment mandate with a client;
- × an amendment or variation of the terms and conditions of an investment mandate;
- × an instruction by the client to switch or reinvest the investment to other linked investment service providers or investment managers;
- × termination or withdrawal of an investment mandate and the subsequent repayment of the investments in any form;
- × an instruction by the client for a partial withdrawal of investment and the subsequent repayment of the investment in any form.

▪ **Brokers trading securities (including derivatives) on the JSE Securities Exchange:**

- × a trading instruction by a client to buy or sell securities or derivatives;
  - × an amendment or variation of a trading instruction from a client;
  - × the receipt from, or payment of money (including a dividend) to, a client in giving effect to a mandate.
- **Brokers trading financial instruments on the Bonds Exchange of South Africa:**
    - × a trading instruction from a client to buy or sell a financial instrument;
    - × an amendment or variation of a trading instruction from a client;
    - × the receipt from or payment of money (including a coupon payment) to, a client in giving effect to a mandate.

The Key Individual and/or Representative rendering the financial service must utilise the appropriate FICA checklist document depending on the type of client (as listed above):

- Identify the client by completing all the fields indicated on the checklist
- Verify the identifying information provided by the client by way of comparing it to the original verification documents furnished by the client
- Create a copy of the original documentation that was used in order to verify the information, and attach the copies to the checklist
- File and maintain all FICA verification documents on the client's file

Whenever the information provided by the client on the checklist do not correspond with the verification documents, or there are inconsistencies with the original copies of the verification documents, the client should be regarded as a high risk client and the case must be referred to the Section 43(b) FICA Compliance Officer before the close of business of that day. (See the procedure with regards to high risk clients below)

Whenever a Key Individual or Support Staff member facilitating a transaction actually knows or believes that there is a reasonable possibility that the name provided by a client is false, the client should be regarded as a high risk client and the case must be referred to the Section 43(b) FICA Compliance Officer before the close of business of that day. (See the procedure with regards to high risk clients below)

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### **AGENT ACTING ON BEHALF OF THE CLIENT**

Whenever a natural person seeks to establish a business relationship or conclude a single transaction on behalf of another natural person, partnership, legal entity or trust, the following steps must be followed in

addition to the prescribed “know your client” procedures for the establishment and verification of a client’s identity:

- Attain the supporting information which is presented in order to provide proof of such natural person’s authority to act on behalf of another person or entity. For example :
  - ✘ Power of Attorney / Mandate
  - ✘ a Resolution duly executed by authorised signatories authorising the third party to establish the relationship
  - ✘ a Court Order authorising the third party to conduct business on behalf of another person.
- Verify the accuracy of the information attained by comparing and reconciling it with the information obtained in respect of the person or entity on whose behalf the natural person is acting, in accordance with the guidelines provided above.
- Consider whether the established and verified information referred to above, is proof beyond reasonable doubt, of the necessary authorisation.

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#### **VERIFYING INFORMATION WHENEVER THE CLIENT IS NOT PRESENT**

The verification process need not take place in person, provided reasonable steps are taken to ensure the correctness of any verification process.

Whenever the FSP, obtains information about a natural person, legal entity, partnership or trust in the absence of personal contact with that natural person or representative of the legal entity or trust, reasonable steps must be taken in order to establish the existence and to verify the identity of such natural person, partnership, legal entity or trust.

If the above relates to a natural person, the following guidelines should be adhered to:

- Obtain the usual copies of the prescribed documentation in order to establish the identity of a natural person, partnership, legal person or trust, as provided for in these rules.
- Whenever the above-mentioned information relates to a natural person, such person’s names, date of birth and identity number, can be verified with reference to the information maintained by a recognised credit bureau or on the official voter’s roll.
- Such natural person’s residential address could be verified with reference to a local or national telephone directory.
- Such natural person’s identity can be obtained by making telephonic contact at the telephone number obtained in the local or national telephone directory as above, and confirming whether he or she is the person seeking to establish a business relationship or execute a transaction.

- Such natural person's name and identity could be verified by obtaining a cancelled cheque from him or her and confirming the details with the bank involved.
- Such natural person's residential address could be verified by visiting the address. A standard declaration confirming the client's details should in such event be completed, dated and signed by the visitor.
- Such natural person's names, date of birth, identity number or residential address could be obtained through an appropriate reference from the person's bank and/or employer

If the above relates to a legal person, partnership or trust, the following guidelines should be adhered to:

- A company or close corporation's registered name, trade name, registration number and business address could be confirmed with reference to the details maintained by a recognised credit bureau
- A company or close corporation's above mentioned details or part thereof, could be confirmed with reference to a local or national directory or other business directory or publication.
- A company or close corporation's identity could be obtained by contacting the entity at the telephone number obtained from a telephone directory or business publication as above and confirming that the company or close corporation is the entity seeking to establish a business relationship or execute a transaction.
- A legal person, partnership or trust's identity could be verified by obtaining a cancelled cheque and confirming the details with the bank involved
- A legal person, partnership or trust's business address could be verified by visiting the address. A standard declaration confirming the client's details should be completed, dated and signed by the visitor.
- A legal person, partnership or trust's registered or trade name, registration number and business address could be obtained through an appropriate reference from the entity's bank or the Companies and Intellectual Property Registration Officer (CIPRO).

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## **MAINTAINING THE CORRECTNESS OF CLIENT'S PARTICULARS**

The FSP must take reasonable steps to maintain the correctness of particulars that have been provided and which may be susceptible to change.

The FSP's Management and Section 43(b) FICA Compliance Officer must ensure that reasonable steps are taken in order to ensure that the correctness of a client's verified particulars of the FSP's existing client base (which may be susceptible to change) is maintained.

In order to accomplish this, the FSP must request any new client, to inform the FSP in writing should any change occur in regards to the relevant particulars that were provided when the business relationship was established or the transaction executed.

Should the FSP at any stage become aware, during the business relationship, through written or verbal communications with the client, that any such particulars have subsequently changed, the FSP's would need to perform the know your client procedure in terms of that particular identifying attribute.

A letter must be sent to the client every 2 years requesting him to confirm the information held by the FSP.

It is important to note that the "know your client" procedure must be performed with any **new business relationship** or with **any single transaction** with an existing client (as outlined above)

### **DUTY TO MAINTAIN RECORDS:**

Whenever the FSP establishes a business relationship or concludes a transaction with a client, whether the transaction is a single transaction or concluded in the course of a business relationship which the FSP has with the client, the FSP must keep record of all relevant information and documentation associated with the identification and verification process.

The FSP's management and Section 43(b) FICA Compliance Officer will be responsible to inform all representatives and relevant support staff of the record keeping requirements as well as their responsibility to maintain these records as it pertains to the FSP's clients.

The Key Individuals and Representatives will be responsible to:

- Maintain records of all applicable identification and verification documentation in a secure and readily accessible manner
- Maintain records of all applicable checklists in a secure and readily accessible manner
- Maintain records of all applicable client risk rating documentation in a secure and readily accessible manner

### **1 RECORDS TO BE KEPT**

The FSP must keep records of:

- The identity of the client
- Whenever the client is acting on behalf of another person:

- × the identity of the person on whose behalf the client is acting, and
  - × the client's authority to act on behalf of that other person
- Whenever another person is acting on behalf of the client:
  - × the identity of that other person, and
  - × that other person's authority to act on behalf of the client
- The manner in which the identity of the above mentioned persons was established
- The name of the person who obtained the information referred to above on behalf of the FSP
- Any document or copy of a document obtained by the FSP in order to verify the client's identity
- The nature of the business relationship or transaction
- The amounts and parties involved with a transaction
- All accounts involved in transactions concluded during the course of a business relationship or single transaction

## **2 TIME PERIOD FOR WHICH RECORDS MUST BE KEPT**

The FSP must keep records pertaining to:

- The establishment of a business relationship, for at least five (5) years from the date on which the business relationship is terminated
- A transaction which is concluded, for at least five (5) years from the date on which that transaction is concluded

The FSP's management and Section 43(b) FICA Compliance Officer will be responsible to ensure that all representatives and relevant support staff members maintain the checklists and verification documents for at least five (5) years from the date of maturity/date of surrender/date of lapse/date of payout/date of repurchase of the policy or contract.

## **3 FIC ACCESS TO RECORDS**

An authorised representative of the FIC must be allowed access during ordinary working hours to any records kept by or on behalf of the FSP. The authorised representative of the FIC may examine, make extracts from or copies of, any such records for the purposes of obtaining further information.

Duties of the Section 43(b) FICA Compliance Officer under these circumstances would include:

- Whenever a person claiming to be a representative of the FIC insists on access to any records held by the FSP, the matter must be referred to the Section 43(b) FICA Compliance Officer
- The Section 43(b) FICA Compliance Officer must ensure that the representative from the FIC has written authority to represent the FIC and a warrant issued in chambers to gain access to such records
- Whenever the FIC should require access to the FSP's records, no staff member would be allowed to inform any other person of such a request or the nature of such records sought by the FIC, other than the Section 43(b) FICA Compliance Officer
- Whenever a printout of electronic records is provided to the FIC representative, the Section 43(b) FICA Compliance Officer will certify the printout as an extract from the FSP's electronic records

### DUTY TO REPORT SUSPICIOUS OR UNUSUAL TRANSACTIONS:

Any person who manages a FSP or who is employed by the FSP and knows or ought reasonably to have known or suspected that:

- The FSP has received or is about to receive the proceeds of unlawful activities or property which is connected to an offence relating to the financing of terrorists and related activities,

**OR**

- A transaction or series of transactions to which the FSP is a party:
  - ✗ facilitated or is likely to facilitate the transfer of the proceeds of unlawful activities or property which is connected to an offence relating to the financing of terrorist and related activities
  - ✗ has no apparent business or lawful purpose
  - ✗ is conducted for the purpose of avoiding giving rise to a reporting duty under the FIC Act
  - ✗ may be relevant to the investigation of an evasion or attempted evasion of a duty to pay tax
  - ✗ relates to an offence relating to the financing of terrorists and related activities

Such person would be obligated to:

- Utilise the FICA Risk Rating Document as per the indicated instructions
- Report any suspicious and unusual transaction to the Section 43(b) FICA Compliance Officer **before the end of business that day**
- The report must be made to the Section 43(b) FICA Compliance Officer in writing
- The FSP's Section 43(b) FICA Compliance Officer is indicated on Annexure A

- Should the Section 43(b) FICA Compliance Officer not be available, the designated Alternative Reporting Officer must be informed of the suspicions and unusual transaction **before the end of business that day**
- Should the Section 43(b) FICA Compliance Officer be the subject of the suspicion and investigation the designated Alternative Reporting Officer must be informed of the suspicious and unusual transaction **before the end of business that day**
- The FSP's Alternative Reporting Officer is indicated on Annexure B
- The report must be made to the Alternative Reporting Officer in writing

The FSP's management and Section 43(b) FICA Compliance Officer will be responsible to inform all relevant support staff members of their duty to report suspicious or unusual activities as put forward by the examples listed under the following descriptions:

- General suspicious and/or unusual activities
- Suspicious or unusual indicators in terms of client identification
- Suspicious or unusual indicators in terms of reporting requirements
- Suspicious or unusual indicators in terms of cash transactions

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## **GENERAL SUSPICIOUS OR UNUSUAL ACTIVITIES**

The circumstances referred to below may be legitimate features of certain categories of businesses, or may make business sense if viewed in the context of the client's business activities. However, it is equally possible that these features would be unexpected in relation to certain categories of businesses, or would have no apparent business purpose, given a particular client's business activities. A suspicious situation may involve several factors that may on their own seem insignificant, but, taken together, may raise suspicion concerning that specific situation.

Examples of general suspicious or unusual transactions include:

- The client provides insufficient vague or suspicious information concerning a transaction
- The client admits or makes statements about involvement in criminal activities
- The client is involved with significant amounts of cash in circumstances that are difficult to explain
- The client does not want correspondence sent to his or her home address
- The client repeatedly uses an address but frequently changes the names involved
- The client appears to have accounts with several financial institutions in one area for no apparent reason
- The client is accompanied and watched
- The client shows uncommon curiosity about internal systems, controls and policies

- The client over justifies or explains the transaction
- The client is secretive and reluctant to meet in person
- The client's home or business telephone number has been disconnected or there is no such number when an attempt is made to contact the client shortly after the transaction
- The client is involved in activity out-of-keeping for that individual or business
- The client insists that a transaction be done quickly
- The client appears to have recently established a series of new relationships with different financial entities
- The client attempts to develop close rapport with staff
- The client offers staff money, gratuities or unusual favours for the provision of services that may appear unusual or suspicious
- The client purchase commodities at prices significantly above or below market prices
- The client intensively makes use of a previously inactive account for no apparent legitimate personal or business reason
- The client regularly buys securities and sells them for little profit or even loss
- The client and other parties to the transaction have no apparent ties to South Africa
- The transaction involves a country where illicit drug production or exporting may be prevalent, or where there is no effective anti-money-laundering system

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## **SUSPICIOUS OR UNUSUAL INDICATORS IN TERMS OF CLIENT IDENTIFICATION**

The circumstances referred to below may be legitimate features of certain categories of businesses, or may make business sense if viewed in the context of the client's business activities. However, it is equally possible that these features would be unexpected in relation to certain categories of businesses, or would have no apparent business purpose, given a particular client's business activities. A suspicious situation may involve several factors that may on their own seem insignificant, but, taken together, may raise suspicion concerning that specific situation.

Examples of suspicious or unusual indicators in terms of client identification include:

- The client makes use of a seemingly false identity in connection with the transaction, including the use of aliases and a variety of similar but different addresses.
- The client produces seemingly false identification or identification that appears to be counterfeited, altered or inaccurate
- The client refuses to produce personal identification documents
- The client wants to establish identity using something other than his or her personal identification documents
- The client inordinately delays presenting corporate documents

- All identification presented is foreign or cannot be checked for some reason
- All identification documents presented appear new or have recent issue dates
- The client changes a transaction after learning that he must provide a form of identification

### **3 SUSPICIOUS OR UNUSUAL INDICATORS IN TERMS OF REPORTING REQUIREMENTS**

Examples of suspicious or unusual indicators in terms of reporting requirements include:

- The client attempts to convince an employee not to complete any documentation required for the transaction
- The client make enquiries that would indicate a desire to avoid reporting
- The client has unusual knowledge of the law in relation to suspicious transaction reporting
- The client seems very conversant with money laundering or terrorist activity financing issues
- The client is quick to volunteer that funds are clean or not being laundered

### **4 SUSPICIOUS OR UNUSUAL INDICATORS IN TERMS OF CASH TRANSACTIONS**

Examples of suspicious or unusual indicators in terms of cash transactions include:

- The client starts conducting frequent cash transactions in large amounts when this has not been a normal activity for the client in the past
- The client frequently exchanges small bills for large ones
- The client presents notes that are packed or wrapped in a way that is uncommon for the client
- The client consistently makes cash transactions that are just under the reporting threshold amount (i.e. R25 000) in an attempt to avoid the reporting threshold
- The client's stated occupation is not in keeping with the level or type of activity
- The transaction seems to be inconsistent with the client's apparent financial standing or usual pattern activities

### **5 ADDITIONAL FACTORS TO BE CONSIDERED IN TERMS OF POLITICALLY EXPOSED PERSONS (PEPs)**

A client which is also a politically exposed person must be regarded as a high risk client and, as a result, more stringent due diligence procedures must be performed on this type of client.

“Know your client” procedures should be strictly applied to such individuals, their immediate family members such as spouses, parents and siblings and possibly other blood relatives and relatives by marriage, depending on the profile of the individual. In the event of uncertainty about the profile of an individual suspected of being a PEP, consult with the Section 43(b) FICA Compliance Officer.

Examples of politically exposed persons include:

- Persons entrusted with a prominent public function within a particular country
- Persons appointed as head of state, head of any spheres of government and/or cabinet ministers
- Persons appointed as judge
- Persons appointed as political party functionaries
- Persons appointed as senior representatives of a religious organisations
- A family member or closely associated person of a politically exposed person.

Whenever, a Key Individual, Representative or Support Staff member suspects that he or she is interacting with a politically exposed person such staff member would be obligated to:

- Utilise the FICA Risk Rating Document as per the indicated instructions
- Report the client as a politically exposed person to the Section 43(b) FICA Compliance Officer **before the end of business that day**
- The report must be made to the Section 43(b) FICA Compliance Officer in writing.

An approved business relationship must be reviewed every 6 months in order to ascertain whether changes occurred which affect the status of the PEP, and any relevant information so obtained, must be presented to senior management with a view to approve/decline continuation of the business relationship.

6

#### **ADDITIONAL FACTORS TO BE CONSIDERED IN TERMS OF THE CONSOLIDATED LIST OF TERRORIST ORGANISATIONS AND ASSOCIATED INDIVIDUALS**

A client whose name is indicated on the United Nations Security Council's list of terrorist organisations and associated individuals list would be considered a high risk client.

The list is frequently updated and may be viewed by navigating to the following internet website link:  
**(<http://www.un.org/sc/committees/1267/consolist.shtml>)**

Whenever, a Key Individual, Representative or Support Staff member suspects that he or she is interacting with a politically exposed person such staff member would be obligated to:

- Utilise the FICA Risk Rating Document as per the indicated instructions
- Report the client as a potential High Risk client to the Section 43(b) FICA Compliance Officer **before the end of business that day**
- The report must be made to the Section 43(b) FICA Compliance Officer in writing.

7

## ADDITIONAL FACTORS TO BE CONSIDERED IN TERMS OF THE FINANCIAL ACTION TASK FORCE (FATF) MEMBER STATES AND OBSERVERS

A client whom is also citizen of a country that is **not** indicated on the financial actions task force member states and observers list would be considered a high risk client.

The list of member states is frequently updated and may be viewed by navigating to the following internet website link:

([http://www.fatf-gafi.org/document/52/0,3343,en\\_32250379\\_32236869\\_34027188\\_1\\_1\\_1\\_1,00.html](http://www.fatf-gafi.org/document/52/0,3343,en_32250379_32236869_34027188_1_1_1_1,00.html))

Whenever, a Key Individual, Representative or Support Staff member suspects that he or she is interacting with a client whom is not a citizen of one of the FATF's member states, such staff member would be obligated to:

- Utilise the FICA Risk Rating Document as per the indicated instructions
- Report the client as a potential High Risk client to the Section 43(b) FICA Compliance Officer **before the end of business that day**
- The report must be made to the Section 43(b) FICA Compliance Officer in writing.

8

## CONFIDENTIALITY AND THE CONTINUANCE OF TRANSACTIONS

**No person** who makes or must make a report, or who knows or suspects that a report has been or is to about to be made in terms of a suspicious or unusual transaction **may disclose** the knowledge or suspicion or any information regarding the contents to any other person, including the person in respect of whom the report is or must be made.

Whenever a Key Individual, Representative or Support Staff member referred a suspicious or unusual transaction to the Section 43(b) FICA Compliance Officer, that person **must process** that transaction unless the Section 43(b) FICA Compliance Officer directs the staff member not to proceed with the transaction.

9

## PROTECTION OF PERSON WHO REFERRED THE TRANSACTION

The FSP and its employees **cannot rely** on a duty of secrecy or confidentiality and/or restriction to disclose information (derived from common law, legislation, agreement) as a defense against non-compliance with the reporting requirements as required by the FIC Act,

**However**, the FSP and its employees can rely on the common law right to legal professional privilege between attorney and attorney's client **concerning communications** made in confidence between:

- The attorney and his/her client for the purpose of legal advice / litigation which is pending / contemplated / has commenced;
- A third party and the attorney for the purpose of litigation which is pending / contemplated / has commenced.

## **AND**

- The FSP, its employees or any other person acting on behalf of the FSP, **cannot be sued or held criminally liable for complying in good faith** with the FIC Act.
- A person who played any part in a report made in terms of the FIC Act may give evidence in criminal proceedings arising from the report, but **cannot be forced to do so**. Unless a person testifies who played a role in making a mentioned report, no evidence may be led about the identity of such person.

Whenever a Key Individual, Representative or Support Staff member is in doubt whether a report should be made to the FIC, the matter should be referred to the Section 43(b) FICA Compliance Officer.

If ever a Key Individual, Representative or Support Staff member is subpoenaed to testify based on a report made to the FIC and/or information provided to the FIC, the matter should be referred to the Section 43(b) FICA Compliance Officer for further advice concerning his or her rights

1

## **THE ROLE OF THE SECTION 43(b) FICA COMPLIANCE OFFICER**

Whenever the Section 43(b) FICA Compliance Officer knows or suspects that a person or transaction or attempted transaction reported to him falls within any of the following categories he or she must report the person, transaction or attempted transaction to the FIC:

- The FSP has received or is about to receive the proceeds of unlawful activities or property which is connected to an offence relating to the financing of terrorist and related activities;
- Any transaction or prospective transaction over which a person is making enquiries:
  - × facilitates, or will facilitate the proceeds of unlawful activities into the FSP;
  - × facilitates, or will facilitate, or is likely to facilitate the transfer of proceeds of unlawful activities;

- × have, or will have no apparent business or lawful purpose;
- × are concluded, or will be concluded for the purpose of avoiding giving rise to a reporting duty under the FIC Act;
- × appears to be an evasion or attempted evasion of a duty to pay any tax or levy;
- × cause, or may cause the FSP to be used in any way for money laundering purposes;
- × relates to an offence relating to the financing of terrorist and related activities.

The Section 43(b) FICA Compliance Officer will report to the FIC as soon as possible but **no later than 5 days** (excluding Saturdays, Sundays and public holidays) from the date on which the Section 43(b) FICA Compliance Officer became aware of, or suspected the occurrence of a reportable transaction.

Such said report must be made by way of the FIC's internet-based reporting portal ([www.fic.gov.za](http://www.fic.gov.za)) and completing the required information fields on the website.

Any submissions made to the Section 43(b) FICA Compliance Officer must be recorded by the Section 42(b) FICA Compliance Officer and not on the general database of the FSP. The Section 43(b) FICA Compliance Officer must have access to this database.

Whenever a duly authorised representative of the FIC requests additional information about a reported case, the Section 43(b) FICA Compliance Officer must provide the required information.

Whenever a duly authorised representative of the FIC requests that the transaction should be discontinued, the Section 43(b) FICA Compliance Officer must ensure that the FSP discontinues the transaction.

Whenever the Section 43(b) FICA Compliance Officer believes it necessary to obtain additional information surrounding a client whom established a business relationship or is about to establish a business relationship poses a high risk of facilitating money laundering activities,

**OR**

The Section 43(b) FICA Compliance Officer believes additional measures must be taken in order to enable the FSP to identify the proceeds of possible unlawful activities or money laundering activities

The Section 43(b) FICA Compliance Officer must obtain sufficient appropriate information to determine whether transactions involving the client are consistent with the FSP's knowledge of that client and must include:

- The source of that client's income, and
- the source of the funds which that person expects to use in concluding the contract or transaction

## 11 FIC REQUEST FOR ADDITIONAL INFORMATION

Whenever an authorised representative of the FIC requires any information regarding a report made to it by the FSP, such request must be referred to the Section 43(b) FICA Compliance Officer for attention. Whenever a Key Individual, Representative or Support Staff member of the FSP wishes to request information from the FIC, the request must be communicated to the Section 43(b) FICA Compliance Officer.

An authorised representative of the FIC may request the FSP to divulge whether:

- a particular person is a client, insured life, beneficiary, or broker / representative of the FSP, or
- whether a particular person / representative employed by the FSP is acting on behalf of, or has acted for a specified person

Any request from the FIC, must be referred to the Section 43(b) FICA Compliance Officer **before the end of business that day.**

The Section 43(b) FICA Compliance Officer will ensure that the person requesting the information has been duly authorised by the FIC to make requests of that nature.

The Section 43(b) FICA Compliance Officer must provide the FIC representative with the information referred to above, (anything more requires a warrant to be produced by the FIC Representative), and would require the FIC Representative to sign an acknowledgement of receipt.

The Section 43(b) FICA Compliance Officer must record the request and arrange for the scanning of the warrant, written authority, acknowledgement of receipt onto the secure database held by the Section 43(b) FICA Compliance Officer.

## 12 FIC INSPECTIONS

For the purposes of determining compliance with the FIC Act and subordinate legislation an inspector may at any reasonable time and on reasonable notice, where appropriate, enter and inspect any premises at which the FIC or, when acting in terms of Section 45(1), the supervisory body reasonably believes that the FSP is conducting business.

A duly authorised inspector may:

- In writing direct a person to appear for questioning before the inspector at a time and place determined by the inspector
- Order any person who has or had any document in his, her or its possession or under his, her or its control relating to the affairs of the FSP:
  - × to produce that document, or
  - × to furnish the inspector at the place and in the manner determined by the inspector with information in respect of that document.
- Open any strongroom, safe or other container, or order any person to open any strongroom, safe or other container, in which the inspector suspects any document relevant to the inspection is kept.
- Use any computer system or equipment on the premises or require reasonable assistance from any person on the premises to use that computer system to:
  - × access any data contained in or available to that computer system, and
  - × reproduce any document from that data
- Examine or make extracts from or copy any document in the possession of the FSP, against the issue of receipt

Whenever, an inspector undertakes an inspection in terms of FICA any Key Individual or Section 43(b) FICA Compliance Officer must request from the inspector:

- A certificate of appointment (that must be readily produce such certificate immediately on request)
- A receipt of any document copied, or removed from the FSP's premises

Whenever, an inspector undertakes an inspection in terms of FICA any Key Individual, Representative or Support Staff member must without delay provide reasonable assistance to an inspector.

**CLIENT RISK RATING AND SOURCE OF FUNDS VERIFICATION:**

The FSP's management and Section 43(b) FICA Compliance Officer will be responsible to inform all Representatives and relevant Support Staff members on client risk rating procedures.

As part of the FSP's duty to establish and verify a client's identity (i.e. "know your client" procedure) the FSP is responsible to verify the furnished particulars against information which **can be reasonably expected** to achieve such verification and which has been obtained by **reasonably practical means**, taking into account any guidance notes concerning the verification of identities which may apply.

The FSP must therefore at all times exercise its judgement and decide what the appropriate balance is between the level of verification and the most practical means to obtain such verification as it applies to specific instances. In order to achieve this, the FSP must adopt a risk-based approach to the verification of the particulars in question when rendering financial services to its clients.

A risk-based approach implies the greater the risk, the higher the level of verification, and the more secure the methods of verification used, should be. The balance between the accuracy of the verification required on the one hand, and the level of effort invested in the means to obtain such verification on the other, has to be commensurate with the nature of the risk involved in a given business relationship or transaction.

It also implies that the FSP can take an informed decision on the basis of its risk assessment as to the appropriate methods and levels of verification that should be applied in a given circumstance. The FSP should therefore always have grounds on which it can base its justification for a decision that the appropriate balance, referred to above, was struck in a given circumstance.

**1**

## **RISK RATING YOUR CLIENT**

The Key Individual and/or Representative will be responsible to accurately assess the risk posed by a client by:

- Determining how the reasonable Key Individual or Representative (as it applies) in a similar FSP would rate the risk involved with regard to a particular client, a particular product and a particular transaction

**AND**

- What likelihood, danger or possibility can be foreseen of money laundering occurring with the client profile, product type or transaction in question.

The Key Individual and/or Representative (as it applies) must determine the money laundering risk in any given circumstance on a holistic basis. In other words, the ultimate risk rating accorded to a particular business relationship or transaction must be a function of all factors which may be relevant to the combination of a particular client profile, product type and transaction.

During the process of determining whether a client poses a higher or lower risk the Key Individual and/or Representative (as it applies) must take cognizance of the General and Specific activities and indicators (as indicated above) which may signal the possibility of a high risk client.

Whenever, a Key Individual, Representative or Support Staff member suspects that he or she is interacting with an actual or potential high risk client such staff member would be obligated to:

- Utilise the FICA Risk Rating Document as per the indicated instructions
- Report any suspicious and unusual transaction to the Section 43(b) FICA Compliance Officer **before the end of business that day**
- The report must be made to the Section 43(b) FICA Compliance Officer in writing.

## 2 SOURCE OF FUNDS VERIFICATION

The FSP must obtain additional information (if reasonably necessary) concerning a business relationship or single transaction which poses a particularly high risk due to the fact that the transaction may be intended to facilitate money laundering activities.

Whenever, a staff member suspects that he or she is interacting with an actual or potential high risk client such staff member would be obligated to:

- Utilise the Source of Funds verification document

## CASH THRESHOLD REPORTING:

In terms of Section 28 of the FIC Act the FSP must, within the prescribed period, report to the FIC the prescribed particulars concerning a transaction concluded with a client in terms of the transaction an amount of cash in excess of the prescribed amount:

- Is paid by the FSP to the client, or to a person acting on behalf of the client, or to a person on whose behalf the client is acting,

**OR**

- Is received by the FSP from the client, or from a person acting on behalf of the client, or from a person on whose behalf the client is acting

The obligation to report therefore extends to cash in excess of the prescribed amount being **paid or received** by the FSP. Payment or receipt of cash includes paying or receiving cash in person as well as paying or receiving it via a third party.

Cash is defined in Section 1 of the FIC Act as:

- Coin and paper money of the Republic or of another country that is designated as legal tender and that circulates as, and is customarily used and accepted as, a medium of exchange in the country of issue

**AND**

- Traveller's cheques

Cash does not include negotiable instruments as defined in the FIC Act. It also does not include a transfer of funds by means of bank cheque, bank draft, electronic funds transfer, wire transfer or other written order that does not involve the physical transfer of cash. These methods of transferring funds will not be covered by the cash threshold reporting obligation.

Physical cash payments presented to and received by, or on behalf of, the FSP will be covered. Where an FSP makes a payout to a client consisting of physical cash this will also be covered by the CTR obligation.

Any Key Individual, Representative or Support Staff member that acquire knowledge that the FSP physically receives/received or pays/paid out cash exceeding R24 999.99 must:

- Report this transaction to the FSP's Section 43(b) FICA Compliance Officer **before the end of business that day**
- The report must be made to the Section 43(b) FICA Compliance Officer in writing.

**1****PRESCRIBED THRESHOLD AND AGGREGATION OF AMOUNTS**

The prescribed limit in terms of section 28 of the FIC Act is **R24 999.99** (twenty four thousand nine hundred and ninety nine Rands and ninety nine cents) or the equivalent foreign denomination value calculate at

the time that the transaction is concluded. This means that all cash transactions exceeding R24 999.99 (being R25 000 or more) must be reported to the FIC.

The FSP must report aggregated of smaller amounts which when combined add up to the prescribed amount, in cases where it appears to the FSP concerned that the transactions involving those smaller amounts are linked in such a way that they should be considered fractions of one transaction.

Accordingly, the threshold amount can be a single cash transaction to the value of R25 000 or more, or an aggregation of smaller amounts with a combined value of R25 000 or more.

A period of **at least 24 hours** must be applied when considering aggregation.

Indications of when a series of smaller amounts combine to form a “composite” transaction that exceed the prescribed threshold are supported by the following:

- The time period within which such a series of smaller transactions take place
- The fact that the series of transactions consists of a repetition of the same type of transaction e.g. cash payments or cash deposits
- The smaller amount transactions involve the same person or account holder, or relates to the same account

Where foreign currency forms part of a cash transaction that requires the completion of a CTR, a FSP would have to refer to the **exchange rate in effect for the business day of the transaction** to calculate the amount in ZAR. The source of the exchange rate that is used may be determined at the discretion of the FSP’s management or Section 43(b) FICA Compliance Officer.

## 2

### **METHOD FOR SUBMITTING A CASH THRESHOLD REPORT**

The FIC has developed an electronic process, making use of an internet portal on the Centre’s website for the filing of CTRs.

A CTR must be filed with the Centre electronically by making use of the internet-based reporting portal provided for this specific purpose at **www.fic.gov.za**

The FSP may only file a CTR by another method or medium in exceptional circumstances where the FSP does not have the technical capability to report electronically to the FIC. The FIC must be contacted in order to arrange for such different method.

The Section 43(b) FICA Compliance Officer will be **required to file a CTR** to the FIC whenever the FSP has knowledge of the transaction that exceeds the prescribed threshold.

The Section 43(b) FICA Compliance Officer would be required to make the CTR as soon as possible but **no later than two (2) days** after a Key Individual, Representative or any Support Staff members become aware of a fact of a cash transaction or series of transactions that has exceeded the prescribed limit.

### FICA TRAINING:

A FSP must provide training to its employees to enable them to comply with the provisions of the FIC Act and the internal rules applicable to them

The Section 43(b) FICA Compliance Officer is responsible to arrange training for all Key Individuals, Representatives and Support Staff members.

Training on FICA must be conducted at least **every two (2) years**.

### NON-COMPLIANCE WITH FICA:

#### 1 OFFENCES AND PENALTIES

Any person who fails to report a suspicious or unusual transaction as referred to above is guilty of **an offence** in terms of sections 52 or 53 of the Act.

These offences carry a maximum **penalty of imprisonment** for a period **not exceeding 15 years** or a **fine not exceeding R100 million (R100 000 000)**.

- It is an offence to **fail to identify a person** as prescribed in Section 21(1) of the act.
- It is an offence to **fail to keep record** of information in terms of Section 22(1) and **keep such records** in terms of section 23 or 24(1) or to comply with Section 24(3).
- It is an offence to **willfully tamper** with a record in terms of section 22 or Section 24(1), or **willfully destroys** such a record, otherwise in accordance with Section 23.
- It is an offence to **fail to give assistance** to the FIC in accordance with Section 26(5)
- It is an offence to **fail to report cash transactions** in accordance with Section 28
  - It is an offence to **fail to report suspicious or unusual transactions** in accordance with Section 29(1) or (2)

- It is an offence to **fail to formulate and implement internal rules** in accordance with Section 42(1) and (2).
- It is an offence to **fail to provide training or to appoint a Section 43(b) FICA Compliance Officer** in accordance with Section 43(a) and (b)

A person convicted of an offence mentioned above, is liable to imprisonment for a period not exceeding 15 years or to a fine not exceeding R100 Million (R100 000 000).

**2****DEFENSES**

Section 69 of FICA **provides for a special defense** to a charge based on the failure to report an unusual or suspicious transaction to the FIC:

If an employee of the FSP is charged with committing an offence under section 52 of the Act that person may raise as a defense the fact that he or she had:

- complied with the applicable obligation in terms of the Internal Rules relating to the reporting of information of the FSP.
- reported the matter to the Section 43(b) FICA Compliance Officer.
- reported the matter to his or her superior, if any, if the FSP did not appoint a Section 43(b) FICA Compliance Officer.
- the FSP had not made its Internal Rules available to its employees.
- the Internal Rules were not applicable to that person.

**ANNEXURE A****SECTION 43(b) FICA COMPLIANCE OFFICER APPOINTMENT**

The FSP must appoint a person as the Section 43(b) FICA Compliance Officer who must ensure compliance by the FSP with the provisions of FICA and the internal rules. This person can be the Key

Individual of the FSP and must be equipped with the knowledge and skills to perform the duties imposed by FICA.

The person assigned the role of Section 43(b) FICA Compliance Officer need not have any specific qualifications but must have a thorough knowledge of the money laundering legislation and must be able to train and guide other people involved with the FSP on applicable legislation.

By signing this document the Section 43(b) FICA Compliance Officer acknowledges his or her responsibility to ensure that the FSP, at all times adhere to the following requirements:

- The registration of the FSP as an accountable institution with the FIC and the upkeep of such information
- The establishment and verification of the identity of persons whom transacts with the FSP
- The safekeeping of FICA related information and required records by the FSP
- The reporting of suspicious or unusual transactions to the FIC
- Client Risk Rating and Source of Funds verification
- The reporting of Cash Threshold Reports
- The training of all Key Individuals, Representatives and Support Staff on FICA's statutory provisions

As Key Individual of the FSP I, \_\_\_\_\_ (name)

confirm the appointment of, \_\_\_\_\_ (name)  
as the FSP's Section 43(b) FICA Compliance Officer.

\_\_\_\_\_  
Key Individual Signature & Date

\_\_\_\_\_  
Sec 43(b) FICA Compliance Officer Signature

**ANNEXURE B**

**ALTERNATIVE REPORTING OFFICER APPOINTMENT**

The FSP must appoint an Alternative Reporting Officer (other than the Section 43(b) FICA Compliance Officer) who must ensure that suspicious and unusual transactions are reported to the Financial

Intelligence Centre, as soon as possible but no later than 15 days after an employee has become aware of the suspicious and unusual transaction, but only:

- in cases where the Section 43(b) FICA Compliance Officer is unable to do so within the prescribed 15 days
- in cases where the Section 43(b) FICA Compliance Officer is in fact the subject of the suspicion and investigation

The person assigned the role of the Alternative Reporting Officer need not have any specific qualifications but must have a thorough knowledge of the suspicious and unusual transaction reporting requirement (Section 29 of the FIC Act)

By signing this document the Alternative Reporting Officer acknowledges his or her responsibility to ensure that the FSP, at all times adhere to the following requirements:

- The reporting of suspicious or unusual transactions to the FIC during the circumstances listed above
- Reporting to the Section 43(b) FICA Compliance Officer the receipt of any suspicious or unusual transaction reports of which the Section 43(b) FICA Compliance Officer is not the subject of the suspicion and investigation

As Key Individual of the FSP I, \_\_\_\_\_ (name)

confirm the appointment of, \_\_\_\_\_ (name)  
as the FSP's Alternative Reporting Officer.

\_\_\_\_\_  
Key Individual Signature & Date

\_\_\_\_\_  
Alternative Reporting Officer Signature

**ANNEXURE C**

**FSP REGISTRATION AS AN ACCOUNTABLE INSTITUTION**

In order to register with the FIC follow the steps as outlined below:

- Log onto the FIC's website [www.fic.gov.za](http://www.fic.gov.za)
- Select the 7<sup>th</sup> menu heading on the left hand side (i.e. "registration form")
- Select the "register" sub-menu option
- At the bottom of the page, click on "to register click here"
- At the first drop down menu select "Accountable Institution"
- Choose either number 8 or 12 depending on the focus of your business
- Choose the Financial Services Board as supervisory body
- Enter a username and password (***note: that the password must be at least 6 characters long, contain at least one digit and one special character e.g. \*~!@#\$\$%^&+=)***)
- Follow the instructions, complete the entry fields and click on continue
- From the drop down box select "Other"
- Complete the FSP's name on the next entry field, and the holding company name if applicable
- Select the entity type within which the FSP's license was issued from the drop down box
- Select the identification type from the next drop down box
- Complete the ID number and click on "continue"
- Complete entry fields and click on "continue"
- Complete the Section 43(b) FICA Compliance Officer's details (this may be the same person as the Key Individual) and click on "continue"
- Complete the validator's information, read and acknowledge the legal declaration (***the "validator" is preferably a senior person within the FSP, for example a 2<sup>nd</sup> Key Individual or Director. However, a 3<sup>rd</sup> party such as an accountant or auditor may also act as the FSP's validator. The Key Individual of a Sole Proprietorship may act as his or her own validator***)
- Click on "submit"

The FSP's management and Section 43(b) FICA Compliance Officer will be responsible to notify the FIC, in writing, **within 90 days** of any changes to the particulars that was furnished as part of the registration process.