



New accountable institutions in terms of the Financial Intelligence Centre Act (FICA)

On 29 November 2022, Government published far reaching amendments to the FICA.

The effect of these amendments will significantly increase the number of organisations who are required to comply with the FICA.

FICA compliance requires onerous client identification and verification onboarding requirements, transaction monitoring, mandatory regulatory reporting to the Financial Intelligence Centre (FIC) and much more.

The amendment is effective from 19 December 2022, which leaves newly-included organisations very little time to implement the processes and technology necessary to be compliant –

bearing in mind that compliance would be required to continue conducting business in the regulated areas.

The penalties for non-compliance with FICA include both imprisonment and/or a fine of up to R100 million.

New accountable institutions in terms of the Financial Intelligence Centre Act (FICA)

In order to become fully compliant with FICA, an organisation would need to:

1. Register with the FIC
2. Appoint a Money Laundering Control Officer
3. Design a compliance model to document an approach to dealing with the risk of money laundering based on business activities
4. Onboarding every client through a full identification and independent verification process
5. Ongoing screening of clients in accordance with sanctions and politically exposed persons lists
6. Cash thresholding reporting to the FIC
7. Suspicious transaction monitoring and reporting to the FIC
8. Mandatory training to create awareness of the risks of money laundering within the organisation.

Organisations should immediately determine whether or not they now fall within the provisions of the FICA (we have set out a full schedule as per the FICA amendment, with newly included organisations highlighted in green in the table to the right).

To the extent that compliance is now required, a programme should be implemented in order to achieve the compliance aspects set out above. But compliance does not have to be complicated: our well thought through and risk based outsourced approach to impacted client transactions will balance the impact on business with the compliance required by the law.

Accountable institutions
Attorneys, advocates, conveyancers and legal practitioner entities
High value goods dealer – goods valued at over R100,000 (eg car dealer, antiques, jewellers, furniture, precious metals dealers, precious stones dealers, bicycles and motor bikes, electronics, luxury/status goods, boats, etc)
Estate agents
Registered credit provider or any business offering credit (but is not registered as a credit provider)
Life insurance
Casinos and gambling activities
Any Co-operative Bank defined in the Co-operative Banks Act
A person who carries on the "business of a bank" as defined in the Banks Act
A mutual bank as defined in the Mutual Banks Act
Financial services provider who provide advice or intermediary services under FAIS (excluding short term insurance, reinsurance and medical aids)
Money or value transfer provider, such as payment providers, eWallet providers and point of sale device providers
A manager registered in terms of the Collective Investment Schemes Control Act, 2002 but excludes managers who only conduct business in Part VI of that Act
Crypto and digital assets businesses
An authorised user of exchange as set out in the Financial Markets Act
A person who issues, sells or redeems travellers' cheques, money orders or similar instruments
The South African Postbank Limited
The South African Mint Company
A person who carries on the business of preparing for, or carrying out, transactions for a client, where– (i) the client is assisted in the planning or execution of the organisation of contributions necessary for the creation, operation or management of a company, or of an external company or of a foreign company, as defined in the Companies Act, 2008; (bb) the creation, operation or management of a company, or of an external company or of a foreign company, as defined in the Companies Act, 2008; or (cc) the operation or management of a close corporation, as defined in the Close Corporations Act, 1984
A person who carries on the business of acting for a client as a nominee as defined in the Companies Act, or arranging for another person to act for a client as such a nominee
A person who carries on the business of creating a trust arrangement for a client
A person who carries on the business of preparing for or carrying out transactions (including as a trustee) related to the investment, safe keeping, control or administering of trust property within the meaning of the Trust Property Control Act
A person who carries on the business of dealing in foreign exchange
A clearing system participant

Contact us for more information:

Dean Chivers
Regulatory & FinCrime Leader
Risk Advisory Africa

Email: dechivers@deloitte.co.za

Graham Pampel
Associate Director - Reg & FinCrime
Risk Advisory Africa

Email: gpampel@deloitte.co.za

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities (collectively, the "Deloitte organization"). DTTL (also referred to as "Deloitte Global") and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

This communication and any attachment to it is for internal distribution among personnel of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms and their related entities (collectively, the "Deloitte organization"). It may contain confidential information and is intended solely for the use of the individual or entity to whom it is addressed. If you are not the intended recipient, please notify us immediately and then delete this communication and all copies of it on your system. Please do not use this communication in any way.

None of DTTL, its member firms, related entities, employees or agents shall be responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.