

FICA GUIDELINES: A RISK-BASED APPROACH

THE FINANCIAL INTELLIGENCE CENTRE ACT 38 OF 2001 ('FICA') REQUIRES RESPONSIBLE INSTITUTIONS LIKE BANKS, ESTATE AGENTS, AND ATTORNEYS TO COMBAT MONEY LAUNDERING AND THE FINANCING OF TERRORIST ACTIVITIES.

It is essential that you implement client due diligence measures, especially when considering beneficial ownership and persons in prominent positions.

Your **FICA risk-based approach to client identification and verification** should include the following:

(The below are only guidelines and all client identification and verification should be conducted in accordance with your Risk Management and Compliance Programme.)

1. Know and understand your agency's unique Risk Management and Compliance Programme.
2. Identify who your prospective client is.
3. Verify your prospective client's identity with the below-suggested documents.
4. Determine what the nature of the business relationship will be (for example, assistance with a property sale or lease).
5. Determine the source of funds that your prospective client will use to conclude the transaction.
6. If your prospective client is a company, partnership, trust, or close corporation, identify the beneficial owner, trustees, directors, partners, beneficiaries, or executive management, for example.
7. Determine whether your prospective client is a foreign or domestic prominent person, as referred to in FICA.
8. If the answer to question 7 is 'yes', determine where they obtained the funds for the transaction and what their source of wealth is.
9. Assess the risk that the prospective client and transaction poses from a money laundering point of view.
10. Continue to monitor and assess your clients and transactions for any unlawful or suspicious behaviour.
11. Report any suspicious or unlawful transactions to your Reporting Officer.

The following documents may be used to verify your prospective client's identity:

NATURAL PERSONS

- South African bar-coded identity book
- Passport (for foreign nationals)
- Provide **ONE** of the following (reflecting name and physical address):
 - Utility bill (less than 3 months old)
 - Recent bank statement
 - Lease agreement
 - Official correspondence from the South African Revenue Services ("SARS") not older than 3 months
 - Municipal rates or services invoice
 - Valid television licence
 - Telephone or mobile account

Where none of the required documents can be provided for residential address verification, record the reason, and instead use:

- Co-habitant declaration/site inspection report

CLOSE CORPORATIONS ('CCs')

- Founding statement and Certificate of Incorporation (CK1) signed by the authorised member
- Latest amended Founding Statement (CK2) if applicable, signed by the authorised member
- Certified proof of registered address of CC:
Provide **ONE** of the following (reflecting name and recent physical address of the CC):
 - A utility bill less than 3 months' old
 - Recent bank statement
 - Lease agreement
 - Telkom account
 - SARS-issued document confirming income tax number and VAT registration number, if applicable

In respect of all the members of the CC:

- Certified copies of IDs and proof of recent physical residence
- Members' resolution appointing the authorised representative of the CC

In respect of the authorised representative:

- Certified copy of ID and proof of recent physical residence

PRIVATE COMPANIES

Company statutory documents:

- Certificate of Registration, Memorandum of Incorporation, Certificate of Name Change (if applicable) and signed by a director of the company

- Proof of physical operating address:
Provide **ONE** of the following (reflecting name and physical address of the company):
 - Utility bill less than 3 months' old
 - Recent bank statement
 - Lease agreement
 - Telkom account

- Letter from the company's auditors confirming shareholding
- SARS-issued document confirming income tax and VAT registration number, if applicable
- Directors' resolution appointing the authorised representative of the company
- Certified copy of the ID document of the authorised representative
- Certified proof of residential address of the authorised person

In respect of any individual or entity holding 25% shares or voting rights or more in the company:

Individual:

- Certified copy of their ID and recent proof of residence

Entity:

- Company statutory documents, namely Certificate of Registration, Memorandum of Incorporation, Certificate of Name Change (if applicable) and signed by a director of the company
- Proof of physical operating address
- SARS-issued document confirming income tax and VAT registration, if applicable
- Directors' resolution appointing the authorised representative of the company
- Certified copy of the ID document of the authorised representative
- Certified proof of residential address of the authorised person

TRUSTS

- Trust Deed
- Letter/s of Authority
- Resolution passed by trustees (signed before the conclusion of the sale agreement)
- Income tax number, if applicable

- Operating address of the trust:
Provide **ONE** of the following (reflecting name and physical address of the trust):
 - Utility bill or SARS correspondence less than 3 months' old
 - Recent bank statement
 - Lease agreement
 - Telkom account

In respect of the trust donor(s), trustees, and known beneficiaries:

- South African bar-coded identity card
- Valid foreign passport for foreign nationals
- Confirmation of physical residential address, as per the requirements listed under 'NATURAL PERSONS'