

## ***Reporting Obligations in terms of the Financial Intelligence Centre Act***

All accountable institutions, including Financial Services Providers (FSPs) and long term insurance businesses listed in item 8 and 12 of Schedule 1 of the Financial Intelligence Centre Act No. 38 of 2001 (the FIC Act) have certain reporting obligations.

Part 3 of Chapter 3 of the FIC Act deals with reporting duties and access to information, which includes:

- cash transactions above the prescribed limit of R24 999.99 (section 28)
- property associated with terrorist and related activities (section 28A); and
- suspicious and unusual transactions (section 29).

### ***Reporting of suspicious and unusual transactions to the Financial Intelligence Centre***

Through identifying and reporting suspicious or unusual transactions to the Financial Intelligence Centre (the FIC), accountable institutions can make a difference by helping the FIC in the fight against money laundering and the financing of terrorist related activities in South Africa

### **Reporting information concerning property associated with terrorist and related activities to the FIC**

When an accountable institution has in its possession or control property that is associated with terrorist and related activities, it also has a duty to report such information to the FIC (TPRs).

It is important to note that the reporting of suspicious and unusual transactions in terms of section 29 is mandatory for any person that carries on a business, or is in charge of or manages a business or who is employed by a business whereas section 28A is only relevant to accountable institutions.

## **Reporting of cash transactions above the prescribed limit to the FIC**

Section 28 of the FIC Act requires that accountable and reporting institutions, to report cash transactions above the prescribed limit of R24 999.99 to the FIC as soon as it is aware of the cash threshold transaction but not later than two days after becoming aware of same.

The reporting of cash transactions above the prescribed limit provides a mechanism to proactively monitor and report on cash transactions which may be linked to money laundering activities so that potential proceeds of crime are identified and investigated.

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

- (a) *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;*
- (b) *travellers' cheques.*

Cash does not include negotiable instruments, 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, and these methods of transferring funds will not be covered by the cash threshold reporting (CTR) obligation.

Physical cash payments in excess of the threshold amount received by the affected accountable institution must be reported. Where an affected accountable institution pays a client physical cash in excess of the threshold amount this will have to be reported to the FIC under section 28 of the FIC Act. The affected accountable institutions will also be responsible to report cash in excess of the threshold amount received by an agent on their behalf, e.g. cash received by a bank on behalf of an affected accountable institution.

Note that where cash in excess of the threshold amount is received or paid by a bank into or from an account held in the name of the affected accountable institution, there is a duty on the bank as well as on the affected accountable institution to report the cash transaction to the FIC.

The threshold amount can be a single cash transaction to the value of R24 999.99 or an aggregation of smaller amounts that result in the threshold amount of R24 999.99 or more. The calculation of aggregated transactions is directional, i.e. either an inward or outward direction of cash, but not a combination of the two. It is either withdrawals (payments) or deposits (receipts).

The FIC has developed an electronic process, making use of an internet portal on its website, for the filing of CTRs. This is available at the following link:  
<http://www.fic.gov.za>

All affected accountable institutions are urged to regularly consult the FIC's website at [www.fic.gov.za](http://www.fic.gov.za) to keep abreast of further developments.

The failure to report either in terms of section 28, 28A or section 29 is a punishable offence which could result in imprisonment not exceeding 15 years or the payment of a fine not exceeding R100 million.

### **FEEDBACK AND ENQUIRIES**

Enquiries may be sent to the FIC by e-mail: [fic\\_feedback@fic.gov.za](mailto:fic_feedback@fic.gov.za).

You may also phone the FIC on +27 860 FIC FIC (342 342).

Consult the FIC's website - [www.fic.gov.za](http://www.fic.gov.za) - to keep abreast of further developments.