

ANTI MONEY LAUNDERING POLICY

W + K will take measures to prevent the company and its officers being exposed to money laundering, to identify areas in which money laundering may occur and to comply with legal and regulatory requirements, especially the process for reporting actual or suspected money laundering cases to the Companies Money Laundering Reporting Officer (Monitoring Officer). It is the responsibility of every officer to be vigilant and act promptly in all suspected cases.

1 Introduction

1.1 Financial Intelligence Centre Act 38 of 2001 (FICA) and similar laws passed by countries around the world make the process of laundering the proceeds of crime more difficult the also Prevention of Organised Crime Act, 1998 (Act 121 of 1998) key points being:

- 1.1.1 The reporting and detection of suspected money laundering.
- 1.1.2 Officers must be vigilant for the signs of money laundering.
- 1.1.3 Any employee who suspects money laundering activity must report this promptly to the council's Money Laundering Reporting Officer (see reporting form for completion by the officer suspicious of activity).
- 1.1.4 No payment to the W + K will be accepted in cash if it exceeds \$10,000.
- 1.1.5 Where the W + K is carrying out certain regulated activities during day to day business then the customer due diligence procedure must be followed, for example some Treasury Management activities are regulated by the Financial Services Authority.

1.2 The Money Laundering Regulations are complex and detailed and should there be any doubt about the policy requirements, please request further information from line management.

2 THE POLICY

- 2.1 The policy applies to all officers and members, and sets out procedures for the reporting of suspected money laundering activities with the aim to reduce potential criminal activity. The policy defines procedures that will assist the council to comply with its legal obligations.
- 2.2 The Policy should be read along side the companies Whistleblowing Policy, Anti-Fraud and Corruption Policy and the Treasury Management Practice – money laundering guidelines.

- 2.3 Failure of an officer to comply with the procedures defined within this policy may lead to disciplinary action in line with the council's Disciplinary Policy Procedures.
- 2.4 Failure of a member to comply with the procedures defined within this policy would be reported to the leader for further action, for example a possible report to the Standards Committee.

3 WHAT IS MONEY LAUNDERING?

- 3.1 Money laundering defined Money laundering is a process by which criminals hide or disguise the proceeds of their crime so that they appear to have originated from a legitimate source.
- 3.2 This means that criminals can use the property, which is the benefit received from their crime, without suspicion or detection. **Financial Intelligence Centre Act 38 of 2001 (FICA)** and similar laws passed by countries around the world make the process of laundering the proceeds of crime more difficult.
- 3.3 South Africa now has money laundering control law in the form of FICA, which puts the country in line with worldwide trends to fight this sort of activity. Standard Bank, like all other banks, is one of the so-called "accountable institutions" that are obliged to comply with FICA. Others include estate agents, long-term insurance brokers, attorneys, bureaux de change and investment brokers.

4 ESTABLISHMENT AND VERIFICATION OF IDENTITY

INTRODUCTION

- 4.1 No **accountable** institution may knowingly establish or maintain a business relationship or conduct a single transaction with a client who is entering into that business relationship or single transaction under a false name.
- 4.2 When an accountable institution in terms of the Act must establish and verify the identity of a natural or legal person or a trust, the institution must establish and verify identity in accordance with regulations 2 to 18.

5. NATURAL PERSONS

5.1 Information concerning South African citizens and residents

- (1) An accountable institution must obtain from, or in respect of, a natural person who is a citizen of, or resident in, the Republic, that person's—
 - (a) full names;
 - (b) date of birth;
 - (c) identity number;
 - (d) income tax registration number, if such a number has been issued to that person; and
 - (e) residential address.

5.2 In the case where the accountable institution is aware or ought reasonably to be aware that the person referred to in sub regulation (1) does not have the legal capacity to establish a business relationship or conclude a single transaction without the assistance of another person the accountable institution must, in addition to obtaining the particulars referred to in sub regulation (1), obtain from, or in respect of, of that other person—

- (a) his or her full names;
- (b) his or her date of birth;
- (c) his or her identity number
- (d) his or her residential address; and
- (e) his or her contact particulars.

5.3. **Verification of information concerning South-African citizens and Residents**

5.3.1 An accountable institution must verify the full names, date of birth and identity number of a natural person referred to in regulation 3(1)(a), (b) or (c), or 3(2)(a), (b) or (c) by comparing these particulars with—

(a) (i) an identification document of that person; or(ii) in the case where that person is, for a reason that is acceptable to the institution, unable to produce an identification document, another document issued to that person, which, taking into account any guidance notes concerning the verification of identities which may apply to that institution, is acceptable to the institution and bears-

- (aa) a photograph of that person;
- (bb) that person's full names or initials and surname;
- (cc) that person's date of birth; and
- (dd) that person's identity number; and

(b) any of these particulars with information which is obtained from any other independent source, if it is believed to be reasonably necessary taking into account any guidance notes concerning the verification of identities which may apply to that institution.

5.3.2 An accountable institution must verify the income tax registration number referred to in regulation 3(1)(d) by comparing this number with a document issued by the South African Revenue Service bearing such a number and the name of the natural person.

5.3.3 An accountable institution must verify the residential address referred to in regulation 3(1)(e) or 3(2)(f) by comparing these particulars with information which can reasonably be expected to achieve such verification and is obtained by reasonably practical means, taking into account any guidance notes concerning the verification of identities which may apply to that institution.

6. Information concerning foreign nationals

6.1 An accountable institution must obtain from, or in respect of, a natural person who is a citizen of another country and is not resident in the Republic, that person's—

- (a) full names;
- (b) date of birth;
- (c) nationality;
- (d) passport number;
- (e) South African income tax registration number, if such a number has been issued to that person; and
- (f) residential address.

6.2 In the case where the accountable institution is aware or ought reasonably to be aware that the person referred to in sub regulation (1) does not have the legal capacity to establish a business relationship or conclude a single transaction without the assistance of another person the accountable institution must, in addition to obtaining the particulars referred to in sub regulation (1), obtain from, or in respect of, of that other person—

- (a) his or her full names;
- (b) his or her date of birth;
- (c) his or her nationality;
- (d) his or her passport number;
- (e) his or her residential address; and
- (f) his or her contact particulars.

7. Verification of information concerning foreign nationals

7.1 An accountable institution must verify the particulars obtained in terms of regulation 5(1)(a), (b), (c) and (d) or 5(2)(a), (b), (c) and (d) from or in respect of a natural person who is not a citizen of the Republic and not resident in the Republic, by comparing those particulars with an identification document of that person.

7.2 An accountable institution must verify the income tax registration number obtained in terms of regulation 5(1)(e) from or in respect of a natural person who is not a citizen of the Republic and not resident in the Republic, by comparing those particulars with a document issued by the South African Revenue Service bearing such a number.

7.3 An accountable institution must verify any of the particulars referred to in Sub regulation (1) or (2) with information which is obtained from any other independent source, if it is believed to be reasonably necessary taking into account any guidance notes concerning the verification of identities which may apply to that institution.

8. LEGAL PERSONS

Information concerning close corporations and South African companies
An accountable institution must obtain from the natural person acting or purporting to act on behalf of a close corporation or South African company with which it is establishing a business relationship or concluding a single transaction—

- (a) the registered name of the close corporation or company;
- (b) the registration number under which the close corporation or company is incorporated;
- (c) the registered address of the close corporation or company;
- (d) the name under which the close corporation or company conducts business;
- (e) the address from which the close corporation or company operates, or if it operates from multiple addresses—

- (i) the address of the office seeking to establish a business relationship or to enter into a single transaction with the accountable institution; and
- (ii) the address of its head office;

- (f) in the case of a company—

- (i) the full names, date of birth and identity number, referred to in regulation 3(1)(a), (b) and (c) or full names, date of birth and name of the country referred to in regulation 5(1)(a), (b)(c), as may be applicable, concerning—

- (aa) the manager of the company; and

- (bb) each natural person who purports to be authorised to establish a business relationship or to enter into a transaction with the accountable institution on behalf of the company; and

- (ii) the full names, date of birth, identity number, referred to in regulation 3(1)(a), (b) and (c), full names, date of birth and name of the country, referred to in regulation 5(1)(a), (b) and (c), registered name, registration number, registered address, trade name and business address referred to in regulation 7(a), (b), (c), (d) and (e), names, numbers and addresses referred to in regulation 9(a), (b), and (c), name, address and legal form referred to in regulation 11(a), (b) and (c), name referred to in regulation 13(a) or name and number referred to in regulation 15(a), as may be applicable, concerning the natural or legal person, partnership or trust holding 25% or more of the voting rights at a general meeting of the company concerned;

- (g) in the case of a close corporation the full names, date of birth and identity number, referred to in regulation 3(1)(a), (b) and (c) or the full names, date of birth and name of the country, referred to in regulation 5(1)(a), (b) and (c), as may be applicable, concerning—

- (i) each member; and

- (ii) each natural person who purports to be authorised to establish a business relationship or to enter into a transaction with the accountable institution on behalf of the close corporation; and

- (h) the income tax and value added tax registration numbers of the close

corporation or company, if such numbers were issued to that close corporation or company;

- (i) in the case of a company, the residential address and contact particulars of—
 - (i) the manager;
 - (ii) each natural or legal person, partnership or trust holding 25% or more of the voting rights at a general meeting of the company concerned;

and

- (iii) each natural person who purports to be authorised to establish a business relationship or to enter into a transaction with the accountable institution on behalf of the company;
- (j) in the case of a close corporation, the residential address and contact particulars of—

- (i) each member; and
- (ii) each natural person who purports to be authorised to establish a business relationship or to enter into a transaction with the accountable institute on on behalf of the close corporation.

9. Verification of information concerning close corporations and South African companies

An accountable institution must verify the particulars obtained in respect of a close corporation or company in terms of regulation 7(a) to 7(h) by comparing—

- (a) the registered name, registration number and registered address referred to in regulation 7(a), (b) and (c) with—

- (i) in the case of a company, the most recent versions of the Certificate of Incorporation (form CM1) and Notice of Registered Office and Postal Address (form CM22), bearing the stamp of the Registrar of Companies and signed by the company secretary; or
 - (ii) in the case of a close corporation, the most recent versions of the Founding Statement and Certificate of Incorporation (form CK1), and Amended Founding Statement (form CK2) if applicable, bearing the stamp of the Registrar of Close Corporations and signed by an authorised member or employee of the close corporation;
- (b) the trade name and business address referred to in regulation 7(d) and (e) with information which can reasonably be expected to achieve such verification and is obtained by reasonably practical means, taking into account any guidance notes concerning the verification of identities which may apply to that institution;
- (c) the particulars referred to in regulation 7(f) and (g) with information obtained in accordance with regulation 4(1), 6(1), 6(3), 8(a), 8(b), 8(e), 10(a), 10(b), 10(f), 12(a), 12(d), 14(a), 14(c), 16(a) or 16(d), as may be applicable;

- (d) the tax numbers referred to in sub regulation 7(h) with documents issued by the South African Revenue Service bearing such numbers; and

(e) any of these particulars with information which is obtained from any other independent source, if it is believed to be reasonably necessary taking into account any guidance notes concerning the verification of identities which may apply to that institution.

10. Information concerning foreign companies

An accountable institution must obtain from the natural person acting or purporting to act on behalf of that foreign company with which it is establishing a business relationship or concluding a single transaction—

- (a) the name under which it is incorporated;
- (b) the number under which it is incorporated;
- (c) the address where it is situated for purposes of its incorporation;
- (d) the name under which it conducts business in the country where it is incorporated;
- (e) the name under which it conducts business in the Republic;
- (f) the address from which it operates in the country where it is incorporated, or if it operates from multiple addresses the address of its head office;
- (g) the address from which it operates in the Republic, or if it operates from multiple addresses the address of the office seeking to establish a business relationship or to enter into a single transaction with the accountable institution;
- (h) the income tax and value added tax registration numbers of the company, if such numbers were issued to that company;
- (i) the full names, date of birth and identity number, referred to in regulation 3(1)(a), (b) and (c) or full names, date of birth and name of the country, referred to in regulation 5(1)(a), (b) and (c), as may be applicable, concerning—
 - (i) the manager in respect of its affairs in the Republic; and
 - (ii) each natural person who purports to be authorised to establish a business relationship or to enter into a transaction with the accountable institution on behalf of the foreign company;
- (j) the full names, date of birth, identity number, referred to in regulation 3(1)(a), (b) and (c), full names, date of birth and name of the country, referred to in regulation 5(1)(a), (b) and (c), registered name, registration number, registered address, trade name and business address referred to in regulation 7(a), (b), (c), (d) and (e), names, numbers and addresses referred to in regulation 9(a), (b) and (c), name, address and legal form referred to in regulation 11(a), (b) and (c), name referred to in regulation 13(a) or name and number referred to in regulation 15(a), as may be applicable, concerning each natural or legal person, partnership or trust holding 25% or more of the voting rights in the foreign company;
- (k) the residential address and contact particulars of—
 - (i) the manager in respect of its affairs in the Republic;
 - (ii) each natural or legal person or trust holding 25% or more of the voting rights in the company; and
 - (iii) each natural person who purports to be authorised to establish a business relationship or to enter into a transaction with the accountable institution on behalf of the company.

10. Verification of information concerning foreign companies

An accountable institution must verify the particulars obtained in respect of a foreign company in terms of regulation 9(a) to 9(j) by comparing—

(a) the name, number and address referred to in regulation 9(a), (b) and (c) with an official document issued by an authority for recording the incorporation of companies of the country of incorporation of the foreign company, witnessing its incorporation and bearing its name and number of incorporation and the address where it is situated for purposes of its incorporation;

(b) the names and addresses referred to in regulation 9(d) to 9(g) with information which can reasonably be expected to such verification and is obtained by reasonably practical means, taking into account any guidance notes concerning the verification of identities which may apply to that (c) the tax numbers referred to in sub regulation 9(h) with documents issued by the South African Revenue Service bearing such numbers;

(d) the particulars referred to in regulation 9(i) with information obtained in accordance with regulation 4(1), 6(1) or 6(3), as may be applicable;

(e) the particulars referred to in regulation 9(j) with information obtained in accordance with regulation 4(1), 6(1), 6(3), 8(a), 8(b), 8(e), 10(a), 10(b), 10(f), 12(a), 12(d), 14(a), 14(c), 16(a) or 16(d), as may be applicable; and institution;

(f) any of these particulars with information which is obtained from any other independent source, if it is believed to be reasonably necessary taking into account any guidance notes concerning the verification of identities which may apply to that institution.

11. Information concerning other legal persons

An accountable institution must obtain from the natural person acting or purporting to act on behalf of a legal person other than a company, close corporation or foreign company with which it is establishing a business relationship or concluding a single transaction—

(a) the name of the legal person;

(b) the address from which it operates;

(c) its legal form;

(d) the income tax registration number of the legal person, if such a number was issued to that legal person; (e) the full names, date of birth and identity number, referred to in regulation 3(1)(a), (b) and (c) or full names, date of birth and name of the country, referred to in regulation 5(1)(a), (b) and (c), as may be applicable, concerning the identity of each natural person who purports to be authorised to establish a business relationship or to enter into a transaction with the accountable institution on behalf of the legal person; and

(f) the residential address and contact particulars of each natural person who purports to be authorised to establish a business

relationship or to enter into a transaction with the accountable institution on behalf of the legal person.

12. Verification of information concerning other legal persons

An accountable institution must verify the particulars obtained in respect of a legal person in terms of regulation 11(a) to 11(e) by comparing—

- (a) the name, address and legal form referred to in regulation 11(a), (b) and (c) with the constitution or other founding document in terms of which the legal person is created and information which can reasonably be expected to such verification and is obtained by reasonably practical means, taking into account any guidance notes concerning the verification of identities which may apply to that institution;
- (b) the income tax registration number referred to in sub regulation 11(d) with a document issued by the South African Revenue Service bearing such a number;
- (c) the particulars referred to in regulation 11(e) with information obtained in accordance with regulation 4(1), 6(1) or 6(3), as may be applicable; and
- (d) any of these particulars with information which is obtained from any other independent source, if it is believed to be reasonably necessary taking into account any guidance notes concerning the verification of identities which may apply to that institution.

PARTNERSHIPS

13. Information concerning partnerships

An accountable institution must obtain from a natural person acting or purporting to act on behalf of a partnership, other than a partnership formed by qualified persons to carry on a profession and designated by notice in the Gazette by virtue of section 30(2) of the Companies Act, 1973 (Act 61 of 1973), with which it is establishing a business relationship or concluding a single transaction—

- (a) the name of the partnership;
- (b) the full names, date of birth, identity number, referred to in regulation 3(1)(a), (b) and (c), full names, date of birth and name of the country, referred to in regulation 5(1)(a), (b) and (c), registered name, registration number, registered address, trade name and business address referred to in regulation 7(a), (b), (c), (d) and (e), names, numbers and addresses referred to in regulation 9(a), (b) and (c) name, address and legal form referred to in regulation 11(a), (b) and (c) or name and number referred to in regulation 15(a), as may be applicable, concerning—
 - (i) every partner, including every member of a partnership en commandite, an anonymous partnership or any similar partnership;
 - (ii) the person who exercises executive control over the partnership; and

(iii) each natural person who purports to be authorised to establish a business relationship or to enter into a transaction with the accountable institution on behalf of the partnership.

14. Verification of information concerning partnerships

An accountable institution must verify the particulars obtained in respect of a partnership in terms of regulation 13 by comparing-

- (a) the name of the partnership referred to in regulation 13(a) with the partnership agreement in terms of which the partnership was formed;
- (b) the particulars referred to in regulation 13(b) with information obtained in accordance with this regulation or regulation 4(1), 6(1), 6(3), 8(a), 8(b), 8(e), 10(a), 10(b), 10(f), 12(a), 12(d), 16(a) or 16(d), as may be applicable; and
- (c) any of these particulars with information which is obtained from any other independent source, if it is believed to be reasonably necessary taking into account any guidance notes concerning the verification of identities which may apply to that institution.

TRUSTS

15. Information concerning trusts

An accountable institution must obtain from the natural person acting or purporting to act on behalf of a trust with which it is establishing a business relationship or concluding a single transaction—

- (a) the identifying name and number of the trust;
- (b) the address of the Master of the High Court where the trust is registered, if applicable;
- (c) the income tax registration number of the trust, if such a number was issued to that trust;
- (d) the full names, date of birth, identity number, referred to in regulation 3(1)(a),(b) and (c), full names, date of birth and name of the country, referred to in regulation 5(1)(a), (b) and (c), registered name, registration number, registered address, trade name and business address referred to in regulation 7(a), (b), (c), (d) and (e), names, numbers and addresses referred to in regulation 9(a), (b) and (c), name, address and legal form referred to in regulation 11(a), (b) and (c), name referred to in regulation 13(a) or name and number referred to in regulation 15(a), as may be applicable, concerning—
 - (i) each trustee of the trust; and
 - (ii) each natural person who purports to be authorised to establish a business relationship or to enter into a transaction with the accountable institution on behalf of the trust;

(e) the—

- (i) full names, date of birth, identity number, referred to in regulation 3(1)(a), (b) and (c), full names, date of birth and name of the country,

referred to in regulation 5(1)(a), (b) and (c), registered name, registration number, registered address, trade name and business address referred to in regulation 7(a), (b), (c), (d) and (e), names, numbers and addresses referred to in regulation 9(a), (b) and (c), name, address and legal form referred to in regulation 11(a), (b) and (c), name referred to in regulation 13(a) or name and number referred to in regulation 15(a), as may be applicable, concerning each beneficiary of the trust referred to by name in the trust deed or other founding instrument in terms of which the trust is created; or

(ii) particulars of how the beneficiaries of the trust are determined;

(f) the full names, date of birth, identity number, referred to in regulation 3(1)(a),(b) and (c), full names, date of birth and name of the country, referred to in regulation 5(1)(a), (b) and (c), registered name, registration number, registered address, trade name and business address referred to in regulation 7(a), (b), (c), (d) and (e), names, numbers and addresses referred to in regulation 9(a), (b) and (c), name, address and legal form referred to in regulation 11(a), (b) and (c), name referred to in regulation 13(a) or name and number referred to in regulation 15(a), as may be applicable, concerning the founder of the trust; and (g) residential address and contact particulars of—

(i) each trustee of the trust;

(ii) each natural person who purports to be authorised to establish a business relationship or to enter into a transaction with the accountable institution on behalf of the trust;

(iii) each beneficiary of the trust referred to by name in the trust deed or other founding instrument in terms of which the trust is created; and

(iv) the founder of the trust.

16. Verification of information concerning trusts

(1) An accountable institution must verify the particulars obtained in respect of a trust in terms of regulation 15 by comparing—

(a) the name, number and other particulars referred to in regulation 15(a) and 15(e)(ii) with the trust deed or other founding document in terms of which the trust is created and—

(i) in the case of a trust created in the Republic, the authorisation given by the Master of the High Court in terms of section 7 of the Trust Property Control Act, 1988, (Act 57 of 1988) to each trustee of the trust to act in that capacity; or

(ii) in the case of a trust created outside the Republic, an official document which reflects these particulars, issued by an authority in the country where the trust is created which administers or oversees laws relating to trusts in that country;

(b) the address referred to in regulation 15(b) with the authorisation given by the Master of the High Court in terms of section 7 of the Trust Property Control Act, 1988, (Act 57 of 1988) to each trustee of the trust to act in that capacity;

(c) the income tax registration number of the trust referred to in regulation 15(c) with a document issued by the South African Revenue Service bearing such a number;

(d) the particulars referred to in regulation 15(d), (e)(i) or (f) with information obtained in accordance with this regulation or regulation 4(1), 6(1), 6(3), 8(a), 8(b), 8(e), 10(a), 10(b), 10(f), 12(a), 12(d), 14(a), 14(c), 16(a) or 16(e), as may be applicable and—

(i) in the case of a trust created in the Republic, the authorisation given by the Master of the High Court in terms of section 7 of the Trust Property Control Act, 1988, (Act 57 of 1988) to each trustee of the trust to act in that capacity; or

(ii) in the case of a trust created outside the Republic, an official document which reflects these particulars, issued by an authority in the country where the trust is created which administers or oversees laws relating to trusts in that country;
and

(e) any of these particulars with information which is obtained from any other independent source, if it is believed to be reasonably necessary taking into account any guidance notes concerning the verification of identities which may apply to that institution.

(2) In the case where the natural or legal person, partnership or trust referred to in regulation 15(f) has died or no longer exists an accountable institution must verify the particulars referred to in that regulation by comparing those particulars with information which can reasonably be expected to achieve such verification and is obtained by reasonably practical means, taking into account any guidance notes concerning the verification of identities which may apply to that institution.

17. GENERAL

Additional requirements when person acts on authority of another(1) When a natural person seeking to establish a business relationship or to conclude a single transaction with an accountable institution on behalf of another natural person, a legal person or a trust, the institution must, in addition to the other steps as may be applicable in terms of regulations 3 to 16, obtain from that person information which provides proof of that person's authority to act on behalf of that other natural person, legal person or trust, taking into account any guidance notes concerning the verification of identities which may apply to that institution.

(2) An accountable institution must verify the information obtained in terms of Sub regulation (1) by—

(a) comparing the particulars of the natural or legal person, partnership or trust referred to in sub regulation (1) with information obtained by the institution in accordance with regulation 4, 6, 8, 10, 12, 14 or 16, as may be applicable, from or in respect of those persons or that trust;
and

(b) establishing whether that information, on the face of it, provides proof of the necessary authorisation.

18. Verification in absence of contact person

If an accountable institution obtained information in terms of these Regulations about a natural or legal person, partnership or trust without contact in person with that natural person, or with a representative of that legal person or trust, the institution must take reasonable steps to establish the existence or to establish or verify the identity of that natural or legal person, partnership or trust, taking into account any guidance notes concerning the verification of identities which may apply to that institution.

19. Accountable institution maintain correctness of particulars

An accountable institution must take reasonable steps, taking into account any guidance notes concerning the verification of identities which may apply to that institution, in respect of an existing business relationship, to maintain the correctness of particulars which are susceptible to change and are provided to it under this Chapter.

20. RECORD-KEEPING

Particulars of third parties keeping records If an accountable institution appoints a third party to keep on its behalf any records which that institution must retain in terms of the Act, that institution must without delay provide the Centre with—

- (a) the third party's—
 - (i) full name, if the third party is a natural person; or
 - (ii) registered name, if the third party is a close corporation or company;
- (b) the name under which the third party conducts business;
- (c) the full name and contact particulars of the individual who exercises control over access to those records;
- (d) the address where the records are kept;
- (e) the address from where the third party exercises control over the records; and
- (f) the full name and contact particulars of the individual who liaises with the third party on behalf of the accountable institution concerning the retention of the records.

21. CLIENT PROFILE

Information to identify proceeds of unlawful activities or money laundering activities

(1) An accountable institution must, in the circumstances referred to in Sub regulation (2), obtain the information referred to in sub regulation (3) from or in respect of—

- (a) a client who has established a business relationship or concludes a single transaction; or
- (b) a prospective client seeking to establish a business relationship or conclude a single transaction.

(2) An accountable institution must obtain the information referred to in Sub regulation (3) whenever it is reasonably necessary, taking into account any guidance notes concerning the verification of identities or the reporting of suspicious and unusual transactions which may apply to that institution, with a view to obtaining additional information—

- (a) concerning a business relationship or single transaction which poses a particularly high risk of facilitating money laundering activities; or
- (b) to enable the accountable institution to identify the proceeds of unlawful activity or money laundering activities.

(3) The information which an accountable institution must obtain in the circumstances referred to in sub regulation (2) must be adequate to reasonably enable the institution to determine whether transactions involving a client referred in sub regulation (1) are consistent with the institution's knowledge of that client and that client's business activities and must include particulars concerning—

- (a) the source of that client's income; and
- (b) the source of the funds which that client expects to use in concluding the single transaction or transactions in the course of the business relationship.

22. REPORTING OF SUSPICIOUS AND UNUSUAL TRANSACTIONS

Manner of reporting

(1) Subject to sub regulation (2), a report made under Part 3 of Chapter 3 of the Act must be made in accordance with the format specified by the Centre, and sent to the Centre electronically by means of—

- (a) the internet-based reporting portal provided by the Centre for this purpose at the following internet address: <http://www.fic.gov.za>; or
- (b) a method developed by the Centre for this purpose and made available to a person wishing to make such reports.

(2) If a person wishing to make a report under Part 3 of Chapter 3 of the Act—

- (a) does not have the technical capability to make a report in accordance with sub regulation (1); or
- (b) is for another reason indefinitely unable to make a report in accordance with sub regulation (1),

that person shall make the report on a form specified by the Centre from time to time for this purpose and provide it to the Centre at the contact particulars specified by the Centre from time to time for this purpose.

22A. Information to be reported concerning property associated with terrorist and related activities

(1) When an accountable institution makes a report concerning property associated with terrorist and related activities under section 28A of the Act, the report must contain full particulars in respect of the accountable institution making the report, of—

- (a) the name of the accountable institution;
- (b) the identifying particulars of the accountable institution for example an identity number, registration number or practise number;
- (c) the address of the accountable institution;
- (d) the type of business or economic sector of the accountable institution;
- (e) the surname and initials of a contact person; and
- (f) the contact particulars of a contact person.

(2) In respect of the property concerning which a report under section 28A is made, the report must contain as much information as is readily available of—

- (a) a description of the type of property;
- (b) any identifying particulars concerning the property for example registration particulars, unique numbers or other particulars;
- (d) the estimated value of the property; and
- (e) the physical address where the property is located.

(3) In respect of a person or entity exercising control over the property on behalf of the accountable institution making the report, the report must contain full particulars of—

- (a) the name of the person or entity;
- (b) the identifying particulars of the person or entity for example an identity number or registration number;
- (c) the physical address of the person or entity;
- (d) in the case of a natural person, the person's contact particulars; and
- (e) in the case of a legal person or an entity, the surname, initials and contact particulars of a contact person.

(4) In respect of every person who, according to the knowledge of the accountable institution making the report, may have an interest in the property, the report must contain as much information as is readily available of—

(a) in the case of a natural person, full particulars of—

- (i) the person's names and surname, or initials and surname, if the person's full names are not available;
- (ii) the person's identifying number;
- (iii) the type of identifying document from which the particulars referred to in subparagraphs (i) and (ii) were obtained;
- (iv) the person's address in the Republic;
- (v) the person's country of residence;
- (vi) if the person's country of residence is other than the Republic, the person's address in the country of residence;
- (vii) the person's contact telephone number;
- (viii) the person's occupation; and
- (ix) the source of the funds with which the person acquired the interest in the property; and

(b) in the case of an legal person or other entity, full particulars of—

- (i) the person's or entity's name;
- (ii) the person's or entity's identifying number, if it has such a number;

- (iii) the person's or entity's address in the Republic;
- (iv) the type of business conducted by the person or entity;
- (v) the person's or entity's country of origin;
- (vi) if the country of origin is other than the Republic, the person or entity's address in the country of origin; and
- (vii) the source of the funds with which the person acquired the interest in the property.

(5) A report under section 28A of the Act must contain a description of the grounds on which the accountable institution making the report has reached the conclusion that the entity which owns or controls the property in question, or on whose behalf, or at whose direction, the property in question is owned or controlled, is an entity referred to in subsection (1)(a) or (b) of section 28A of the Act.

22B. Prescribed amount for cash transaction reporting

The prescribed amount of cash above which a transaction must be reported to the Centre under section 28 of the Act is R24 999.99 or an aggregate of smaller amounts which combine to come to this amount if it appears to the accountable institution or reporting institution concerned that the transactions involving those smaller amounts are linked to be considered fractions of one transaction.

22C. Information to be reported when a cash transaction is above the prescribed limit

(1) When a report concerning a cash transaction that is above the prescribed limit is made under section 28 of the Act, the report must contain full particulars in respect of the natural or legal person making the report or other entity on whose behalf the report is made, of—

- (a) the name of the person or entity;
- (b) the identifying particulars of the person or entity such as identity number, registration number or practice number for example;
- (c) the address of the person or entity;
- (d) the type of business or economic sector of the accountable institution and reporting institution;
- (e) in the case of a natural person, the person's contact particulars; and
- (f) in the case of a legal person or entity, the surname, initials and contact particulars of a contact person.

(2) In respect of the transaction or aggregated transactions for which a report under section 28 is made, the report must contain as much of the following information as is readily available—

- (a) the date and time of the transaction, or in the case of a series of transactions, the time of the transactions in the 24 hour period;
- (b) the description of the transaction or series of transactions;
- (c) the amount of the funds per transaction or series of transactions;
- (d) the currency in which the funds were disposed of; and
- (e) the purpose of the transaction or series of transactions.

(3) In respect of each natural person conducting the transaction or series of transactions or legal persons or other entity on whose behalf the transaction or series of transactions is conducted, for which a report under section 28 is made, the report must contain as much of the following information as is readily available—

(a) in the case of a natural person, full particulars of—

- (i) the person's name and surname, or initials and surname if the name is not available;
- (ii) the date of birth of the person or identification number; and
- (iii) the type of identifying document from which the particulars referred to in subparagraphs (i) and (ii) were obtained;

(c) in the case of a legal person, full particulars of—

- (i) the person's or entity's name;
- (ii) the person's or entity's identifying number; and
- (iii) the names of the natural person with authority to conduct the transaction on behalf of the person or entity; and (c) in the case of other entity any information which is readily available.

(4) A report under section 28 must—

(a) contain a full description of the amount of cash in excess of the prescribed limit which is paid out by the accountable institution and reporting institution; and

(b) contain a full description of the amount of cash in excess of the prescribed limit which is received by the accountable institution and reporting institution.

23. Information to be reported concerning a suspicious or unusual transaction report

(1) When a report concerning a suspicious or unusual transaction or series of transactions is made under section 29 of the Act, the report must contain full particulars in respect of the natural or legal person making the report or other entity on whose behalf the report is made, of—

- (a) the name of the person or entity;
- (b) the identifying particulars of the person or entity such as an identity number, registration number or practise number for example;
- (c) the address of the person or entity;
- (d) the type of business or economic sector of the accountable institution;
- (e) in the case of a natural person, the person's contact particulars; and
- (f) in the case of a legal person or an entity, the surname, initials and contact particulars of a contact person.

(2) In respect of the transaction or series of transactions concerning which a report under section 29 is made, the report must contain as much of the following information as is readily available—

- (a) the date and time of the transaction, or, in the case of a series of transactions, the period over which the transactions were conducted;
- (b) a description of the type of transaction or series of transactions;

(c) the manner in which the transaction or series of transactions was conducted (d) if the transaction or series of transactions involved funds, a description of the type of funds involved;

(e) if the transaction or series of transactions involved property, a description of the type of property and all identifying characteristics of the property;

(f) the amount of the funds, or the estimated value of the property, involved in the transaction or series of transactions;

(g) the currency in which the transaction or series of transactions was conducted;

(h) if the funds or property involved in the transaction or series of transactions were disposed of—

(i) the manner in which the funds or property were disposed of;

(ii) the amount of the disposition of the funds, or, in the case of property the value for which the property was disposed of; and

(iii) the currency in which the funds were disposed of, or, in the case of property the currency used in the disposition of the property; (i) if another institution or person was involved in the transaction or series of transactions—

(i) the name of the other institution or person; and

(ii) the number of any account at the other institution involved in the transaction or series of transactions;

(j) the name and identifying particulars such as the address and a unique number or code, for example, of the branch or office where the transaction or series of transactions was conducted; and

(k) the purpose of the transaction or series of transactions;

(l) any remarks, comments or explanations which the person conducting the transaction or series of transactions may have made or given.

(3) If any account was involved in the transaction or series of transactions concerning which a report under section 29 is made, the report must contain as much of the particulars as are readily available in respect of each such account, of—

(a) the account number;

(b) the name and identifying particulars such as the address and a unique number or code, for example, of the branch or office where the account is held;

(c) the type of account;

(d) the name of each account holder;

(e) the date on which the account was opened;

(f) if the account was closed—

(i) the date on which the account was closed; and

(ii) the name of the person who gave the instruction to close it;

(g) the highest amount paid into the account in each of the three complete calendar months immediately preceding the date on which the report is made;

(h) the highest amount paid out of the account in each of the three complete calendar months immediately preceding the date on which the report is made;

- (i) the number of payments made into the account in each of the three complete calendar months immediately preceding the date on which the report is made;
- (j) the number of payments made out of the account in each of the three complete calendar months immediately preceding the date on which the report is made;
- (k) the balance in the account immediately before the transaction or series of transactions was carried out;
- (l) the balance in the account on the date on which the report is made;
- (m) the status of the account immediately before the reported transaction or series of transactions was carried out;
- (n) any previous activity in the preceding 180 days which had been considered for reporting in connection with the account, whether the activity was reported or not; and
- (o) the reference numbers allocated by the Centre and the person or entity making the report to any previous reports made in connection with the account.

(4) In respect of each natural person conducting the transaction or series of transactions, or legal person or other entity on whose behalf the transaction or series of transactions is conducted, concerning which a report under section 29 is made, the report must contain as much of the following information as is readily available—

(a) in the case of a natural person, full particulars of—

- (i) the person's names and surname, or initials and surname, if the person's names are not available;
- (ii) the person's identifying number;
- (iii) the type of identifying document from which the particulars referred to in subparagraphs (i) and (ii) were obtained;
- (iv) the person's address in the Republic;
- (v) the person's country of residence;
- (vi) if the person's country of residence is other than the Republic, the person's address in the country of residence;
- (vii) the person's contact telephone number; and
- (viii) the person's occupation; and

(b) in the case of an legal person or other entity, full particulars of-

- (i) the person's or entity's name;
- (ii) the person's or entity's identifying number, if it has such a number;
- (iii) the person's or entity's physical address in the Republic;
- (iv) the type of business conducted by the person or entity;
- (v) the names of the natural person's with authority to conduct the transaction on behalf of the person or entity; (vi) the person's or entity's country of origin; and
- (vii) if the country of origin is other than the Republic, the person or entity's address in the country of origin.

(5) In respect of a natural person conducting the transaction or series of transactions concerning which a report under section 29 is made, on behalf of another natural person or a legal person or other entity, the report must contain as much of the particulars as is readily available, of—

(a) the person's names and surname, or initials and surname, if the person's names are not available;

(b) the person's identifying number;

(c) the type of identifying document from which the particulars referred to in subparagraphs (i) and (ii) were obtained;

(d) the person's physical address; (e) the person's contact telephone number; and (f) the person's occupation.

(6) A report under section 29 must—

(a) contain a full description of the suspicious or unusual transaction or series of transactions, including the reason why it is deemed to be suspicious or unusual as contemplated in that section;

(b) indicate what action the natural or legal person making the report, or other entity on whose behalf the report is made, has taken in connection with the transaction or series of transactions concerning which the report is made; and

(c) indicate what documentary proof is available in respect of the transaction or series of transactions concerning which the report is made and the reasons referred to in paragraph (a).

[

24. Period for reporting

(1) A report under section 28A of the Act must be sent to the Centre as soon as possible but not later than 5 days after a natural person who is an accountable institution or is in charge of, manages or is employed by an accountable institution, had established that the accountable institution has property associated with terrorist and related activities in its possession or under its control, unless the Centre has approved of the report being sent after the expiry of this period.

(2) A request for a report referred to in sub regulation (1) to be sent to the Centre after the period referred to in that sub regulation must reach the Centre before the expiry of that period.

(3) A report under section 29 of the Act must be sent to the Centre as soon as possible but not later than fifteen days after a natural person or any of his or her employees, or any of the employees or officers of a legal person or other entity, has become aware of a fact concerning a transaction on the basis of which knowledge or a suspicion concerning the transaction must be reported, unless the Centre has approved of the report being sent after the expiry of this period.

(4) A report under section 28 of the Act must be sent to the Centre as soon as possible but not later than 2 days after a natural person or any of his or her employees, or any of the employees of officers of a legal person or other entity, has become aware of a fact of a cash transaction or series of cash transactions that has exceeded the prescribed limit.

25. The Money Laundering Reporting Officer (Monitoring Officer)

The officer nominated to receive disclosures about money laundering activity is the Monitoring Officer. The Money Laundering Reporting Officer will deal with all disclosures confidentially and make decisions on reporting the activity to the **Financial Intelligence Centre** in the appropriate manner, all reports will be retained for five years. Contact details:

compliance@walterskoch.com

And

Barry Du Plessis

accounting@walterskoch.com

26. Reporting

- 26.1 Any employee who suspects money laundering activity should report their suspicions promptly to the Money Laundering Reporting Officer using the form attached (see reporting form for completion by the Money Laundering Reporting Officer, referenced AML Form 1), upon receipt of the report the Money Laundering Reporting Officer may contact you directly to discuss the content of the report as required.
- 26.2 No further enquiries should be made about the suspected money laundering after reporting to the Money Laundering Reporting Officer for action. No further steps in any transaction relating to the suspected money laundering should be made without authorisation from the Money Laundering Reporting Officer. For example, if repeated reported cash overpayments are received to a specific account seek guidance from the Money Laundering Reporting Officer before the amounts are refunded as an W + K cheque.
- 26.3 No disclosure should be made to others that would indicate suspicions of money laundering. Any officer reporting should not discuss the matter with others or note on file that a report has been made to the Money Laundering Reporting Officer as this may result in the suspect becoming aware of the situation.
- 26.4 The Money Laundering Reporting Officer will promptly evaluate any Disclosure Report to determine whether it should be reported to FIC.
- 26.5 The Money Laundering Reporting Officer will, if necessary, promptly report the matter to **FIC** on the standard electronic report form in the prescribed manner via www.fic.gov.za

26.6 Failure to report a disclosure to **FIC** is considered a criminal offence without reasonable grounds. All disclosures will be retained on file for five years.

27. Customer Due Diligence

- a. Extra care needs to be taken when the **W + K** is carrying out regulated activities, this is known as customer due diligence, for example treasury management activities, charging for a service as a business or a customer other than a SA or SWISS public authority. Due to the nature and stringent guidelines for regulated business, you will be aware if your duties involve regulated activities.
- b. If customer due diligence (CDD) applies, you must seek evidence of identity, for example:
 - Check the business's website to confirm their business address.
 - Conduct an on-line search via companies house to confirm the nature of business and identity of any directors.
 - Seek evidence from the key contact of their personal identity following the guidelines for identifying customers (see the council's cashiering procedure notes section seven for guidance).

Identification must be retained for five years after the end of the business relationship.

28. Guidance and Training

The council will make all officers aware of the requirements and obligations placed on the council and on themselves as individuals by anti-money laundering legislation and give targeted training to those most likely to encounter money laundering. See Appendix A at the end of this document.

29. Further information

Further information can be obtained from the following sources:

- "Proceeds of Crime (Anti-Money Laundering) – Practical Guidance for Public Service Organisations" – CIPFA
- www.fic.gov.za

For completion by the Officer suspicious of activity

CONFIDENTIAL

**Report to Money Laundering Reporting Officer
money laundering activity**

To: Monitoring Officer - Money Laundering Reporting Officer

From: _____
[insert name of employee]

Directorate: _____
[insert post title and business unit]

Ext/Tel No: _____

URGENT YES/NO

Date by which response needed: _____

Details of suspected offence:

Names(s) and address(es) of person(s) involved:

[if a company/public body please include details of nature of business]

Nature, value and timing of activity involved:

[Please include full details eg what, when, where, how. Continue on a separate sheet if necessary]

Nature of suspicions regarding such activity:
[Please continue on a separate sheet if necessary]

Has any investigation been undertaken (as far as you are aware)? (Please tick the relevant box) Yes No

If yes, please include details below:

Have you discussed your suspicions with anyone else?
(Please tick the relevant box) Yes No

If yes, please specify below, explaining why such discussion was necessary:

**Have you consulted any supervisory body guidance re money laundering?
(e.g. the Law Society)** [please tick the relevant box]
 Yes No

If yes, please specify below:

Do you feel you have a reasonable excuse for not disclosing the matter to FIC? (e.g. are you a lawyer and wish to claim legal professional privilege? [Please tick the relevant box] Yes No

If yes, please set out full details below:

Signed: _____ **Dated:** _____

Please do not discuss the content of this report with anyone you believe to be involved in the suspected money laundering activity described. To do so may constitute a tipping off offence, which carries a maximum penalty of five years' imprisonment.

For completion by the Money Laundering Reporting Officer (MLRO)

THE FOLLOWING PART OF THIS FORM IS FOR COMPLETION BY THE MLRO

Date report received: _____

Date receipt of report acknowledged: _____

CONSIDERATION OF DISCLOSURE:

Action plan:

OUTCOME OF CONSIDERATION OF DISCLOSURE:

Are there reasonable grounds for suspecting money laundering activity?

If there are reasonable grounds for suspicion, will a report be made to FIC?

[Please tick the relevant box] Yes No

If yes, please confirm date of report to FIC: _____ and complete the box below:

Details of liaison with FIC regarding the report:

Notice period: _____ to _____

Moratorium Period: _____ to _____

Is consent required from FIC to any ongoing or imminent transactions which would otherwise be prohibited acts? [Please tick the relevant box]

Yes No

If yes, please confirm full details in the box below:

Date consent received from FIC: _____

Date consent given by you to employee: _____

If there are reasonable grounds to suspect money laundering, but you do not intend to report the matter to FIC, please set out below the reason(s) for non-disclosure:

[Please set out any reasonable excuse for non-disclosure]

Date consent given by you to employee for any prohibited act transactions to proceed: _____

Other relevant information:

Signed: _____ Dated: _____

THIS REPORT TO BE RETAINED FOR AT LEAST FIVE YEARS

Appendix A

All officers should be vigilant to suspicious activity, in particular when handling cash and other monetary transactions and when procuring works.

The Chartered Institute of Public Finance and Accountancy (CIPFA) have issued the following examples for situations which may give rise to money laundering or the suspicion of it:

- Those involved in the handling of criminal property look for ways to secure and safeguard the proceeds of their criminal activities.
- Although other ways exist, cash is the mainstay of criminal transactions, being the most reliable and flexible, and having little or no audit trail.
- Criminals often transport cash out of the using couriers, usually through airports, to pay into banks overseas, to purchase property abroad, or to pay to their families.
- The the most popular method of laundering money is thought to be the purchase of property, followed by investment in front companies (these are companies used as a front or 'decoy' for illegal activities) or high cash turnover businesses (frequently legitimate businesses), or funding a lifestyle.
- After property, the most significant assets bought by criminals are jewellery, artwork, antiques, cars and boats.
- The investment of cash in financial products with a view to selling them quickly (if necessary at a loss) is used.
- Criminals use trusts to launder money because of their secretive nature and flexibility, often using front companies to hide identities.
- Gambling large amounts of cash at relatively low odds is used, since winnings are usually received in the form of cheque payments
- Criminals use 'layering ' to confuse the audit trail – this involves passing transactions through several stages, often eventually banking the proceeds as business income, and transferring the money overseas to a country whose regulatory regime is weaker.

Any transaction involving an unusually large amount of cash should cause questions to be asked about the source. This will particularly be the case where cash paid exceeds the amount necessary to settle a transaction, and the person(s) concerned request a non-cash refund of the excess. This will include double payments.

The reason for the use of trusts or offshore funds for handling the proceeds or settlement of a transaction should be questioned.

Care should be exercised and further enquiries may be needed where:

- a third party intermediary becomes involved in a transaction
- the identity of a party is difficult to establish or is undisclosed
- a company is used by a third party and the ultimate ownership is concealed or difficult to establish
- a party is evasive as to the source or destiny of funds.

It should be remembered that the money-laundering regime adopts an 'all-crimes' approach. Whilst the above examples are largely concerned with significant transactions which organisations may effect with third

parties, the offences under the Proceeds Of Crime Act (notably sections 327-329) may apply to a very wide range of more everyday activities within an organisation. For example, being complicit in crimes involving the falsification of claims, benefiting from non-compliance with the conditions attaching to a grant, or facilitating employment on which tax is not paid.

How could money laundering occur within W + K?

Money laundering may occur during day to day business activities within the W + K; these are issues all officers should be aware of:

Website Sales

- The size of orders by a person or company should be monitored and reported if it became suspicious.
- Country order from should be monitored.
- Order volume should be monitored.
- Paypal statistics should be analysis daily and reported to AMCO.
- Limit orders person to under \$10,000 per day.

Training

- Officers must be vigilant at all times.
- If in doubt, report it.
- The Money Laundering Policy should be adhered to and further guidance requested from the Money Laundering Reporting Officer where needed.
- Access further information via the sources in section eight of this document, for detailed guidance.

Identification

- Only original forms of valid identification and verification should be accepted in line with the cashiering procedure notes.
- Identification should be retained for reference for five years after the relationship has ended, reference to the transaction to which the identification relates should also be clearly documented.

Clients

- Cash overpayments are repeatedly received to a debtor account without reasonable explanation, and refunds are given in the form of an W + K cheque, this may be a means to conceal the source of money obtained from illegal activities.