

Fica Internal Rules

**S A BROKERS INSURE
FSP NO: 47432**

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INTRODUCTION

The Financial Intelligence Centre Act (FICA) requires that an accountable institution must maintain internal rules that set out the following:

1. Process for the establishment and verification of client identities
2. Process for keeping of FICA related records and information
3. Reporting of information to the Financial Intelligence Centre

The responsibility of the Financial Services Provider:

1. Guard against crime and unlawful practices
2. Report alleged or attempted crimes and unlawful or unethical activities to persons in authority without protecting any party involved.
3. The accountability and responsibility for the effective management of anti-money laundering procedures lies with the Key Individual, Mr. Mitchell Biggas and may be delegated to responsible employees.

THE OBJECTIVE OF THE INTERNAL RULES

- To enable employees to identify what suspicious and unusual transactions are as well as the reporting process.
- To train employees to enable them to comply with the legislation and the internal rules applicable when identifying and verifying client details in accordance with section 21 and 22 of the Financial Intelligence Centre Act.
- To enable the FSP and employees to comply with the record keeping requirements of documents.

These rules will at all times be available to all employees as well as for inspection by any regulatory body such as the Financial Services Board.

These internal rules will be followed by all employees of S A BROKERS INSURE when dealing and transacting with clients.

ANTI-MONEY LAUNDERING PROCEDURES:

1. Primary Identification and Verification

Primary verification must ensure that:

1. The relevant documentation confirming the clients' identity, residence and income tax status have been obtained and that certified copies of same are kept on file or electronically.
2. The details of the person who was responsible for the verification of the clients' details are kept on file.
3. The nature and frequency of the financial transaction is recorded.
4. The nature of the business relationship has been recorded.
5. The source of funds has been established.
6. The source of client income has been established.

The documentation required and steps to be taken in order to ensure compliance to FICA are recorded in Annexure A to E. Verification is to be done by completing the checklist contained in Annexure L.

2. Identification and Verification Process Review

The review process will be conducted by the Key Individual or another responsible person and will entail the audit of financial transactions and client files for the documentation, sign off and recording keeping as prescribed in steps 1-6 in accordance with Annexure A to E and L under Primary Verification.

Should the review process note any instances of non compliance, the details thereof must immediately be provided to Mr. Mitchell Biggas who will be responsible for the remedy thereof within 5 days of being notified of the non-compliance.

3. Staff employment contracts

The employment contracts of all staff members are to clearly state that non adherence to the anti-money laundering procedures and internal rules will lead to disciplinary action being taken against the employee.

4. Record Keeping

The Key Individual will appoint a responsible employee to ensure that record keeping processes are established and maintained. Copies of electronic records will be kept and regular back-ups of electronic records will be made

and stored securely. Identification and verification documents stored off-site will be retrievable within 5 working days.

Records that relate to the establishment of a business relationship must be kept for a period of five years from the date on which the business relationship is terminated.

Records that relate to a transaction, which is concluded, must be kept for five years from the date on which that transaction is concluded.

5. Training of staff

All staff will be trained on an annual basis. New appointments will receive training within 3 weeks from date of appointment. Training will consist of face to face training. Employees will be provided with the FICA manual and be required to pass an electronic competency assessment. The person responsible for training will keep a training register as contained in annexure J to these rules.

6. Reporting to Financial Intelligence Centre

The reporting process and format of report are contained in Annexure F and G.

7. Allocation of responsibilities

The allocation of responsibilities in terms of these rules is contained in annexure K to these rules.

Annexure A

Actions required when dealing with a natural person who is a South African Citizen or permanent resident.

Residential Address.	1. A utility or other account bearing the name of the natural person and reflecting the physical address where a service is being rendered. 2. A mortgage statement from a bank 3. A Telkom account 4. A valid Television Licence 5. A Short term insurance schedule reflecting the risk address. If none of these documents are available: 1. A staff member may complete a certification of physical address report. 2. The client can make a sworn affidavit regarding his/her physical address.
If the client is a minor	1. Identity document 2. Birth Certificate 3. Passport
If client is legally incapacitate or another person is acting on behalf of the client.	1. Verify proof of identity of client and person acting on clients behalf. 2. Verify that other persons' authority to act on the clients behalf.
SARS registration status	1. Any official SARS document reflecting client income tax number. 2. IRP 5

Annexure B

Actions required when dealing with a Foreign National:

INFORMATION REQUIRED	DOCUMENTATION ACCEPTED AS PROOF OF VERIFICATION
Date of Birth	Copy of Passport
Nationality	Copy of Passport
Passport Number	Copy of Passport
Residential address	An account bearing the name of the natural person

ANNEXURE C

Actions required when dealing with a South African Company or Close Corporation:

INFORMATION REQUIRED	DOCUMENTATION ACCEPTED AS PROOF OF VERIFICATION
Registered name of the Company or Close Corporation	Most recent version of the CM1 or CK1 (Certificate of Incorporation)
Registration number under which the Company or Close Corporation is incorporated	Most recent version of the CM1 or CK1 (Certificate of Incorporation)
Registered address of the Company or Close Corporation	Most recent version of the CM22 or CK 2 (Notice of Registered Office and Postal Address) and one of the following: 6. 1. A utility or other account bearing the name of the Company or Close Corporation and reflecting the physical address where a service is being rendered. 7. A mortgage statement from a bank 8. A Telkom account 9. A valid Television Licence 10. A Short term insurance schedule reflecting the risk address. If none of these documents are available: 1. A staff member may complete a certification of physical address report. Public Listed Companies are exempt.
Name under which Company or Close Corporation conducts business	An account bearing the name of the Company or Close Corporation
Full Names Date of Birth Identity Number Of i) the Manager of the Company ii) every person who can act on behalf of the company (i.e. directors)	ID Document

The residential address and contact particulars Of i) The manager ii) Each natural or legal person holding more than 25% voting rights at an AGM of the company iii) Each natural person who can act on behalf of the company (i.e. directors)	1. A utility or other account bearing the name of the natural person acting on behalf of the company or close corporation and reflecting the physical address where a service is being rendered. 2. A mortgage statement from a bank 3. A Telkom account 4. A valid Television Licence 5. A Short term insurance schedule reflecting the risk address. If none of these documents are available: 1. A staff member of the accountable institution may complete a certification of physical address report.
SARS registration status	Any official SARS document reflecting client income tax number.

Annexure D

Actions required when dealing with Trusts

INFORMATION REQUIRED	DOCUMENTATION ACCEPTED AS PROOF OF VERIFICATION
Identifying name and number of the trust	Trust Deed
The address of the Master of the High Court where the trust is registered	Authorisation given by the Master to all trustees
If the trust is based outside of the RSA	Official document from the authority of the country outside the Republic where the trust is created.
The Full Names Date of Birth Name of Country Of i) every trustee of the trust	Certified copies of Identity Documents
The Full Names Date of Birth Name of Country Residential address Of i) every beneficiary of the trust ii) the founder of the trust iii) particulars of how the beneficiaries of the trust are determined	Certified copies of Identity Documents Any means of communication bearing the address of the beneficiary/trustee Trust deed Should the founder be deceased a copy of the death certificate.
SARS registration status	Any official SARS document reflecting trust income tax number.

Annexure E

Actions required when dealing with partnerships

INFORMATION REQUIRED	DOCUMENTATION ACCEPTED AS PROOF OF VERIFICATION
Name of the partnership	Partnership agreement
The Full Names Date of Birth Name of Country Of i) every partner, including silent partners ii) the person who exercises executive control over the partnership iii) Persons authorised to establish a business relationship on behalf of the partnership or enter into transactions on behalf of the partnership	Certified copies of Identity documents
SARS registration status	Any official SARS document reflecting partner's income tax number.
If the a partner is a juristic person, the details required for verification of that type of juristic person or other entity is to be verified in terms of these rules.	

Annexure F

Process for reporting suspicious and unusual transactions

The regulations relating to the reporting of suspicious transactions, as legislated in section 29 of FICA and the relevant regulations came into effect on 3 February 2003.

Who must report?

A report must be made by any person who carries on a business, or manages a business, or is an employee of a business, and who knows or suspects that:

- the business has received or is about to receive proceeds of unlawful activities;
- a transaction or series of transactions to which the business is a party;
- facilitated or is likely to facilitate the transfer of the proceeds of unlawful activities;
- has no apparent business or lawful purpose;
- is conducted for purpose of avoiding giving rise to a reporting duty under the FICA; (e.g. investor deliberately invest batches of cash below the threshold) or
- may be relevant to the investigation of an evasion or attempted evasion of tax or other duty administered by SARS; or
- The business has been used or is about to be used for money laundering purposes.

When must the report be made?

The report must be made as soon as possible, but at least within a period of 15 days after the knowledge was acquired or the suspicion arose.

What must the report contain?

The content of the report is contained in the annexure G of this document.

How must the report be submitted?

There are three ways to report your suspicion:

- 1) Via the FIC website at www.fic.gov.za. All the reports can be completed and submitted online. (This is the preferred method). See attached confirmation of registration with FIC and applicable passwords for ease of reference.
- 2) By Fax: 012- 315 5828
- 3) By hand at 240 Vermeulen Street, 14th floor, Pretoria.

What are the penalties for not reporting within the prescribed time?

Not reporting within the required time period may lead to **imprisonment of up to 15 years and/or a fine of R 100 000 000.**

Penalties for not reporting your suspicion at all may lead to **imprisonment of up to 15 years and/or a fine of R 100 000 000.**

A person may also be guilty in circumstances where he/she negligently did not file a report in circumstances where he/she should reasonably have known or suspected that the aforementioned reportable circumstances existed.

Can the person tell anyone they have made a report ('Tipping off')?

If a person made a report or is about to make a report or who knows or suspects that a report was or is to be made, may not disclose the fact that the report was made or the contents of the report to any other person. This obviously includes the person about which the report is made. FICA allows the reporter to disclose information under the following circumstances:

- If it is within the power and duties of that person in terms of any legislation;
- For the purpose of carrying out the provisions of FICA;
- For the purpose of legal proceedings (including proceedings before a judge in chambers);
- In terms of an order of court.

Annexure G

Report in terms of Section 29 of the Financial Intelligence Centre Act 38 of 2001

PART A: Particulars of person or entity from which report emanates

1. Person or entity's Full Name :
2. Person or entity's Identifying number :
3. Street Address :
4. Postal Address :
5. City :
6. Postal Code :
7. Surname of contact person :
8. Initials of contact person :
9. Title of contact person :
10. Telephone Number of contact person:
11. Fax Number of contact person:
12. E-mail address of contact person:

REPORT DETAILS

This is:

New Report

Your reference number for this Report:

Number of previous Report:

Date of previous Report:

Part of previous report Affected:

PART B: Particulars of transaction reported

- 1a. Date of Transaction:
- 1b. Time of Transaction:
- 1c. Period of transaction (in case of series of transactions):
2. Type of funds:
3. Amount of Transaction(s) in Rand Value:
4. Currency:
5. Description of property:
6. Value of Property:
7. Method Transaction Was Conducted:
8. Stated Purpose of Transaction (where applicable):
9. Method in Which Funds Were Disposed Of:
10. Amount of Disposition:
11. Currency:
12. Method In Which Property Was Disposed Of:
13. Name of Other Institution or Person (where applicable):
14. Account Number at Other Institution (where applicable):
15. Branch Where Transaction was conducted (where applicable):
16. Identifying Number of Branch (where applicable):
17. Remarks, Comments, Explanations etc. Person Conducting Transaction May Have Made or Given:

PART C: Particulars of accounts involved in transaction

1. Account number:
2. Branch where account is held:
3. Identifying number of branch (where applicable):
4. Type of account:
5. Name of each account holder:
6. Date Opened:
7. Date Closed:
8. Closed by:
9. Status of account:
10. Previous Activity in Past 180 days concerning this account considered for reporting (whether in fact reported or not):
11. Report Number if reported:

PART D: Particulars of person or entity concerning whom report is made

1. This Report Concerns :
2. Surname :
3. First Name :
4. Other Initials :
5. Identifying number :
6. Type of Identifier :
7. Country of Residence :
8. Contact Telephone Number :
9. Person's Occupation :
10. Is there a photograph or other image of the person available?
11. Name of entity:
12. Identifying number (where applicable):
13. Type of business:
14. Country of origin:
15. Persons with Signing Authority:
16. Street Address:
17. City:
18. Postal Code:

PART E: Particulars of person conducting transaction

1. Transaction was conducted by:
2. Surname:
3. First Name:
4. Other Initials:
5. Identifying number:
6. Type of Identifier:
7. Is there a photograph or other image of the person available?
8. Street Address:
9. City:
10. Postal Code:
11. Country of Residence:
12. Contact Telephone Number:
13. Person's Occupation:

Annexure H

Verification report if client does not have an acceptable account held in the client's name.

VERIFICATION OF PHYSICAL ADDRESS REPORT

I, the undersigned,

Hereby confirm that:

- 1) I am currently employed by S A BROKERS INSURE
- 2) On (DATE), I physically visited and inspected the residential address of our client (insert client's name)
- 3) His/her physical residential address is , which I confirmed by obtaining the following information:
..... (SPECIFY THE INFORMATION ON WHICH THE VERIFICATION IS BASED)

SIGNED at on this DAY of

.....

(SIGNATURE)

Annexure I

Money Laundering Reporting Official:

Key Individual : Mitchell Biggas
Identity number: 7203085150087

Contact details:
Physical address : Office 7, Nkwazi Office Park ,3 Dumat Place,
Mount Edgecombe
Postal Address : P.O. Box 155, Hyper By The Sea, 4053
Telephone : 073 213 9866
E-mail : mitch.biggas@gmail.com

Annexure J

Staff FICA Training Register

[illegible]

Annexure K

Allocation of roles and responsibilities:

Primary Verification:	Mitchell Biggas
Verification Review:	Candace Brits
Remedial Verification:	Candace Brits & Mitchell Biggas
Training :	Mitchell Biggas
Record Keeping:	Mitchell Biggas
Reporting:	Mitchell Biggas
Employment Contract Review:	Mitchell Biggas

Annexure L

Checklist for Verification

Date:	
Transaction:	
Person who verified ID of client:	
Manner in which client ID was verified:	
Copy of ID on file?	
Person who verified permanent residence:	
Manner in which proof of residence was verified	
Copy of utility bill or other verification document on file?	
Person who verified source of funds:	
What is the source of funds:	
Manner in which the source of funds was verified:	
Person who verified client income source:	
What is the income source:	
Manner in which the income source was verified:	
Person who verified SARS Status:	
Manner in which SARS status was verified:	
Copy of SARS document on file?	

Annexure M

Changes to FICA requirements due to the publication of the Financial Intelligence Centre Amendment Act on 27 August 2008.

The amendments to the Financial Intelligence Centre Act by virtue of the Financial Intelligence Centre Amendment Act places a new set of responsibilities on an accountable institution in terms of the new Act.

Although the new Act provides for several insertions to the existing legislation the most important aspect is to be found in the newly inserted section 43B. This new section requires the registration of every accountable institution with the Financial Intelligence Centre.

Registration with the Financial Intelligence Centre:

Section 43B requires that every accountable institution referred to in Schedule 1:

- Must register with the Centre;
- Such registration must be accompanied by such particulars as the centre may require;
- A registered accountable institution must notify the Centre, in writing, of any changes to the particulars furnished within **90 days** of such change.

Consequences of failure to register:

Section 61A determines that any accountable institution that:

- Fails to register with the Centre in terms of section 43B, or
- Fails to provide information in terms of section 43B is guilty of an offence.
- The new section 68 determines that any person convicted of an offence mentioned in section 61A is liable for a period of imprisonment not exceeding five years or to a fine not excluding R10 million.

Details of registration:

See attached proof of registration and the relevant passwords.

Annexure N

Changes to FICA requirements due to the publication of the Financial Intelligence Centre Amendment Act on 27 August 2008.

The amendments to the Financial Intelligence Centre Act by virtue of the Financial Intelligence Centre Amendment Act places a new set of responsibilities on an accountable institution with respect to cash transactions.

All Accountable Institutions are required to report cash transactions over the threshold as set out in section 28 of the FIC Act

- Threshold limit - R25 000 per transaction or a series of transactions (aggregation)
- Report is to be submitted within a period of two (2) business days after the AI becomes aware of the transaction
- Multiple reporting must be conducted with respect to an agent relationship, e.g. both a bank and FSP reporting a CTR on a client

Annexure O

Changes to FICA requirements due to the publication of the Financial Intelligence Centre Amendment Act on 27 August 2008.

The amendments to the Financial Intelligence Centre Act by virtue of the Financial Intelligence Centre Amendment Act provides for a new set of penalties for non compliance by accountable institutions.

Revised Offences and Penalties

15 Years or R100 000 000:

- ◆ Not identifying persons
- ◆ Not keeping records
- ◆ Destroying or tampering with records
- ◆ Not reporting suspicious or unusual transactions
- ◆ Not sending a report to Centre
- ◆ Misuse of information
- ◆ Conducting transactions to avoid reporting duties

5 Years or R10 000 000:

- ◆ Failure to implement Internal Rules
- ◆ Failure to implement training / appointing a compliance officer
- ◆ Failure to register with FIC