



financial intelligence centre

REPUBLIC OF SOUTH AFRICA

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Ref Nr FIC/7614/11

Strictly Confidential

26 July 2010

TO: PERSONS ACTING AS LONG-TERM INSURANCE BROKERS AND INVESTMENT ADVISORS (INCLUDING INVESTMENT BROKING SERVICES) (ADVISORS/BROKERS)

Dear Advisors/Brokers

IMPLEMENTATION OF REVISED STR AND TPR FORMS AND CASH THRESHOLD REPORTING

The Financial Intelligence Centre (the Centre) is in the process of enhancing its business operating systems and processes in order to optimise its services. Please find attached, marked "Annexure A", a detailed breakdown of the new systems and processes.

In particular, the Centre has upgraded its website and your advisor/broker is now required to use the new Suspicious Transaction Report (STR) and Terrorist Property Report (TPR) forms, available on the website of the Centre, when filing these reports to the Centre.

The Centre also confirms that it intends to start implementing the Cash Threshold Report (CTR) obligation in terms of section 28 of the Financial Intelligence Centre Act 2001 (FIC Act) for advisors/brokers by 01 December 2010.

The Centre has also introduced a process for accountable institutions, like your advisor/broker to acquire new login credentials from the Centre to enable your advisor/broker to file reports on the new STR/TPR forms electronically with the Centre under the FIC Act.

Kindly note that any previously acquired login credentials from the Centre will shortly expire. All users with previously acquired login credentials from the Centre are now required to urgently acquire new login credentials from the Centre. Kindly contact the Centre on its website www.fic.gov.za, to do so.

Please send any enquiries you may have to the Centre by e-mail to fic_feedback@fic.gov.za or at telephonically on +27 860 FIC FIC (342 342).

Kind regards



ONIEL RAJNUND

OPERATIONS MANAGER: COMPLIANCE AND PREVENTION



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“ANNEXURE A”

NOTICE TO PERSONS ACTING AS LONG-TERM INSURANCE BROKERS AND INVESTMENT ADVISORS (INCLUDING INVESTMENT BROKING SERVICES) (ADVISORS/BROKERS)

REVISED SUSPICIOUS AND UNUSUAL TRANSACTION REPORTING AND TERRORIST PROPERTY REPORTING FORMS

The Financial Intelligence Centre (the Centre) is pleased to inform all advisors/brokers who operate in South Africa that the Centre has upgraded its website and has revised the Suspicious and Unusual Transaction Report (STR) and Terrorist Property Report (TPR) forms to be filed with the Centre in terms of section 29 and section 28A of the Financial Intelligence Centre Act, 2001 (the FIC Act), respectively.

All advisors/brokers are required to immediately use the revised STR and TPR forms when filing these reports with the Centre. The revised reporting forms are accessible on the Centre's website at www.fic.gov.za.

Acquiring of new secure login credentials by accountable institutions

The Centre has also introduced for accountable institutions a process of acquiring new login credentials for the submission of STRs and TPRs forms to the Centre. To acquire these new login credentials and access the new STR and TPR forms, a link has been provided on the Centre's website at www.fic.gov.za.

The secure online login process will provide the user with a username and password. This process will benefit frequent reporters as their details will be

automatically pre-populated on the electronic reporting form, when entering their secure log-in credentials.

All advisors/brokers are encouraged to acquire new login credentials using the revised process as soon as possible. Do note that all previously acquired credentials from the Centre will expire shortly.

ROLL-OUT OF THE CASH THRESHOLD REPORTING PROCESS

The Centre is pleased to inform all advisors/brokers operating in South Africa of its intention to implement the Cash Threshold Report (CTR) obligation in terms of section 28 of the FIC Act, for advisors/brokers by **01 December 2010**. All advisors/brokers will then be required to file a CTR with the Centre.

Purpose of Cash Threshold Reporting

CTR provides a mechanism to monitor reported cash transactions so that potential proceeds of crime are identified and investigated.

Section 28 of the FIC Act requires that accountable and reporting institutions, as described in Schedule 1 and Schedule 3 of the FIC Act, must within the prescribed period, report to the Centre the prescribed particulars concerning a transaction concluded with a client if in terms of the transaction an amount of cash in excess of the prescribed amount:

- “(a) is paid by the accountable institution or reporting institution to the client, or to a person acting on behalf of the client, or to a person on whose behalf the client is acting; or*

- (b) is received by the accountable institution or reporting institution from the client, or from a person acting on behalf of the client, or from a person on whose behalf the client is acting.”*

Definition of Cash

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, as defined in the FIC Act, does not include negotiable instruments, 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. These methods of transferring funds will not be covered by the CTR obligation under section 28 of the FIC Act.

Physical cash payments in excess of the threshold amount received by an advisor/broker will have to be reported. Where an advisor/broker pays a client physical cash in excess of the threshold amount this will have to be reported.

Where cash is received or paid by a bank into or from an account held in the name of the advisor/broker, there is a duty on the bank as well as the advisor/broker to report such transaction to the Centre under section 28 of the FIC Act.

Prescribed Amount

The prescribed threshold amount will be **R25 000** or the equivalent foreign denomination value calculated at the time that the transaction is concluded.

In particular, where foreign currency forms part of a cash transaction that requires the completion of a CTR, the advisor/broker must apply the exchange rate in effect for the business day of the transaction to calculate the amount in ZAR.

Note that aggregation is applied to the threshold amount. The threshold amount can be a single cash transaction to the value of R25 000 or an aggregation, where multiples of smaller amounts would add to the threshold amount of R25 000. 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).

Knowledge of the Transaction

The advisor/broker will be required to file a CTR when the advisor/broker has knowledge of the cash threshold transaction.

Electronic Method of filing a CTR Preferred

The Centre has developed an electronic process, making use of an internet portal on the Centre's website, for the filing of CTRs with the Centre. There are three methods of electronic reporting of a CTR to the Centre. These are:

1. Individual e-reporting

Individual reports captured on the Centre's website (web form).

2. Batch e-reporting

The uploading of batches on the Centre's website.

3. Direct System to System Reporting

Submission of individual and batch reports from the advisors/brokers to the Centre via web services.

Login Credentials Required to file a CTR

In order to access this process, advisors/brokers will need to acquire secure login credentials from the Centre to electronically submit a CTR to the Centre. This consists of a username and password, which will facilitate an efficient filing process by pre-populating the user information thus ensuring the provided information, is credible.

Advisors/brokers will not have to acquire new login credentials to file a CTR, if they have already acquired new login credentials from the Centre to file a STR or TPR with the Centre.

Advisors/brokers are strongly urged to acquire their new login credentials by visiting the Centre's website at www.fic.gov.za.

FEEDBACK AND ENQUIRIES

The Centre would greatly appreciate feedback on the CTR process.

Feedback may be sent to the Centre by e-mail to servicedesk@fic.gov.za.

Enquiries may be sent to the Centre by e-mail to fic_feedback@fic.gov.za.

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

CONCLUSION

Kindly regularly consult the Centre's website at www.fic.gov.za to keep abreast of further developments.

23 June 2010