

## FIC Accountable Institutions

### Reporting

Sections of the FIC Act impose obligation on any person who carries on a business or is in charge of or manages a business or who is employed by a business to report certain transactions to the FIC.

The FIC utilises the transactional and other data received from businesses and accountable and reporting institutions to conduct analysis to create financial intelligence reports. Where necessary and upon request, this information is shared with local and international partners in the law enforcement environment and with the South African Revenue Service (SARS).

The FIC obtains financial intelligence and other data in the form of reports which are filed with it in accordance with the following sections of the FIC Act:

- [Section 28 - Cash Threshold Reporting](#)
- [Section 28A - Terrorist Property Reporting](#)
- [Section 29 - Suspicious and Unusual Transaction Reporting](#)
- [Section 30 - Cash Conveyance Reporting](#)
- [Section 31 - Cross-border Electronic Transfer Reporting](#)

According to the above, it is only specific transactions / activity that needs to be reported to the FIC.

### Schedule 1 Accountable Institutions

Accountable institutions report into supervisory bodies. In terms of the FIC Act, they are required to formulate and implement internal rules concerning:

- The establishment and verification of the identity of persons whom the institution must identify;
- the information of which records must be kept;
- the manner in which and place at which such records must be kept;
- the steps to be taken to determine when a transaction is reportable to ensure the institution complies with its duties; and
- any other matters as may be prescribed.

Schedule 1 Accounting Institutions comprise

- Attorneys as defined in the Attorneys Act.
- A board of executors or a trust company or any other person that invests, keeps in safe custody, controls or administers trust property within the meaning of the Trust Property Control Act.
- Estate agents as defined in the Estate Agents Act. • Financial instrument traders as defined in the Financial Markets Control Act,
- Management companies registered in terms of the Unit Trusts Control Act,
- A person who carries on the 'business of a bank' as defined in the Banks Act,
- A mutual bank as defined in the Mutual Banks Act.
- A person who carries on a 'long-term insurance business' as defined in the Long-Term Insurance Act, including an insurance broker and an agent of an insurer.
- A person who carries on a business in respect of which a gambling licence is required to be issued by a provincial licensing authority.
- A person who carries on the business of dealing in foreign exchange.
- A person who carries on the business of lending money against the security of securities.

- A person who carries on the business of rendering investment advice or investment broking services, including a public accountant as defined in the Public Accountants and Auditors Act, who carries on such a business.
- A person, who issues, sells or redeems travellers' cheques, money orders or similar instruments.
- The Postbank referred to in the Postal Services Act.
- A member of a stock exchange licensed under the Stock Exchanges Control Act.
- The Ithala Development Finance Corporation Limited.
- A person who has been approved or who falls within a category of persons approved by the Registrar of Stock Exchanges in terms of the Stock Exchanges Control Act.
- A person who has been approved or who falls within a category of persons approved by the Registrar of Financial Markets in terms of the Financial Markets Control Act.
- A person who carries on the business of a money remitter

Accountable institutions are as defined above

Practitioners in their own right are not included, however if they fall in the above highlighted, than they will.

It is unclear if the practitioner will be included as an accountable institution in the future, this makes sense as they have access to the financial activity of entities.

However Trusts as defined in

- A board of executors or a trust company or any other person that invests, keeps in safe custody, controls or administers trust property within the meaning of the Trust Property Control Act.

In general this is most Trusts, so the Trust as an entity is an accountable institution and must register and report to the FIC.

There is some confusion as to the reporting to be only for those activities / transactions mentioned above, because what is not mentioned is verification of related parties, ie Trustees and Beneficiaries even if there is no reportable transactions.

In my opinion, they should only register and report if a reportable transaction occurs.

However, in SkySec we have created an FIC Verification pack which will generate a report pack for a Trust with information from Sky Masters for the Trust as well as the Trustees and beneficiaries in one report.

Some points regarding this

- It will print info for the Trust
- It will print for the Trustees
  - If the Trustee is also a beneficiary it will not duplicate, that is it will only print once under beneficiary and not under trustee
  - If the trustee is a Trust or company it will print the appropriate form
- It will print for the beneficiaries
  - If the Trustee is also a beneficiary it will not duplicate, that is it will only print once under beneficiary and not under trustee
  - If the beneficiary is a Trust or company it will print the appropriate form
- The page numbers for the pack is consecutive.
- The report can be printed from the Trust screen, under Beneficial owners tab on the right

- Or from the left Trust selection screen, which will print for all Trusts displayed
- The page numbering will be reset for each trust