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## GOVERNMENT NOTICE

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### NATIONAL TREASURY

No. 342

22 April 2015

#### INVITATION FOR PUBLIC COMMENTS ON THE DRAFT FINANCIAL INTELLIGENCE CENTRE AMENDMENT BILL, 2014.

The draft Financial Intelligence Centre Amendment Bill ("FIC Bill") resulted from the need to improve the Financial Intelligence Centre Act, 2001 (Act No. 38 of 2001) ("the FIC Act") so as to address certain deficiencies, and to align the FIC Act with the recently revised international standards set by the Financial Action Task Force ("FATF") on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT), as adopted in February 2012.

Compliance with international measures and standards is necessary to avoid adverse implications for South Africa's financial sector and economy, and to minimise the risk of isolation. The Bill seeks to address threats to the stability of our financial system posed by money laundering and terrorism financing through ensuring compliance with international measures and standards, within the South African legislative framework. This supports the vision in the National Development Plan of sustainable economic growth and to promote South Africa as a safe investment destination

The FIC Bill followed an evaluation undertaken by FATF in 2009, on South Africa's AML and CFT regime. This included a review of the relevant AML and CFT laws and regulations, and the supervisory and regulatory systems in place to deter money laundering and terrorist financing.

The primary objective of the Bill is to establish a stronger AML and CTF regulatory framework by, amongst other things:

- Introducing the concepts of beneficial ownership, on-going due diligence and foreign and domestic prominent influential persons
- Enhancing the customer due diligence requirements
- Providing for the adoption of a risk based approach in the identification and assessment of AML and CTF risks
- Providing for the implementation of the United Nations Security Council Resolutions relating to the freezing of assets
- Dissolving the Counter-Money Laundering Advisory Council ("the CMLAC")
- Extending the functions of the FIC in relation to suspicious transactions,
- Enhancing the supervisory powers of accountable institutions, and;
- Enhancing certain administrative and enforcements mechanisms

The improvements to the FIC Act seek to enable financial and other institutions to make it simpler for customers to satisfy customer due diligence processes. Customer due diligence, including beneficial ownership, on-going due diligence and due diligence on foreign and domestic prominent influential persons, bring greater transparency to the financial system, and complement government's objective to fighting corruption. It is intended that the improvements will assist institutions to strengthen their internal compliance regimes and concentrate their resources more effectively on addressing risks that their products and services may be abused for illicit purposes. The Bill proposes amendments to the FIC Act that require accountable institutions to have appropriate risk-management systems enabling them to determine proactively whether a potential customer or the beneficial owner of a business presents a higher risk and to apply these measures accordingly in relation to each business relationship.

The Bill and accompanying documents are available on the National Treasury ([www.treasury.gov.za](http://www.treasury.gov.za)) and Financial Intelligence Centre ([www.fic.co.za](http://www.fic.co.za)) websites. Comments on the Bill are invited from all interested stakeholders. Written comments should be sent to [CommentDraftLegislation@treasury.gov.za](mailto:CommentDraftLegislation@treasury.gov.za), or faxed to 012 315 5206, on or before ...

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