QUICKSURE

FICA INTERNAL RULES

FOR

QUICKSURE (PTY) LTD

FSP NO: 16902

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This document outlines training and is also a referral for all staff. It also outlines the company's Internal Rules for FICA requirements.

INTRODUCTION

The following internal rules are part of Quicksure (Pty) Ltd's (FSP 16902) Operational Manual and must be read in conjunction with this manual. These rules and procedures apply to all Key Individuals, representatives, and members of staff in all their business activities.

- ✓ Financial Intelligence Centre Act 38 of 2001 (and Regulations);
- ✓ Prevention of Organised Crime Act 121 of 1998 (and regulations);
- ✓ Industry Guidance Notes.
- ✓ Financial Intelligence Centre Guidance Notes.

In addition to these laws, all staff members are required to adhere to these internal rules. All

members of staff are expected to:

- ✓ Be aware of and follow these internal rules and the legal requirements;
- ✓ Attend training initiatives and keep up to date on changes within the legislation and industry guidelines and procedures;
- ✓ Be alert to anything suspicious;
- ✓ Report suspicions to the Money Laundering Reporting Officer.

WHAT IS MONEY LAUNDERING

Money Laundering generally refers to any act that changes or disguises the criminal nature or location of the proceeds of a crime. The term laundering is used to describe the action used by criminals to clean their "dirty" money without arousing suspicion. Criminals such as drug traffickers, armed robbers, terrorists, burglars, and fraudsters all need to launder the proceeds of their crimes to disguise their link to the crime. The financial services industry is a target of these people, and the industry needs to be vigilant in order to effectively fight crime.

Following the introduction of the Financial Intelligence Centre Act 38 of 2001 (FICA), all accountable institutions have had to enhance their vigilance in order to prevent criminals from using them to launder their "dirty" money. The legislation places various obligations and responsibilities on the accountable institution, which they must comply with.

It is important that you understand and comply with these increased responsibilities. The penalties for non-compliance are severe, both for our company and the individual members of staff. Not only could the severity of a penalty stop a Financial Service Provider from trading, but there are also criminal and disciplinary consequences for staff members found guilty of breaching the law.

VULNERABILITIES OF QUICKSURE (PTY) LTD (FSP 16902)

It is very important that money laundering is not just related to cash, and it is not an activity solely undertaken by individuals. Once cash has been placed into the financial system, the subsequent stage of the laundering cycle comprises transactions, loans, and investments, etc.

Criminals regularly disguise the true beneficial ownership of their proceeds of crime behind trusts or companies, large and small.

It is also very important to understand that money laundering offences also include tax fraud and exchange control breaches, and criminals often structure investments to disguise the proceeds of crime. An individual must be satisfied that such a fund is not the result of tax fraud or that money invested in these products has left South Africa legitimately.

BENEFITS OF BEING SERIOUS ABOUT MONEY LAUNDERING CONTROLS

Quicksure (Pty) Ltd (FSP 16902) reputation will be enhanced and protected by adherence to the Money Laundering legislation because of the following:

- ✓ We will be seen as a company that is working to protect its clients against possible abuse by money launderers.
- ✓ We will be contributing to the fight against crime and helping in building a more stable economy, the company's reputation will be enhanced and protected.
- ✓ We will be in a position to provide better service to the clients, as you are aware of their needs and can reduce fraud.
- ✓ We will be complying with its legal obligations and will thus avoid possible prosecution.
- ✓ By identifying and reporting suspicious or unusual transactions, we protect ourselves against incurring a fine of up to R10 million or a jail sentence of 15 years.
- ✓ We will be complying with the Financial Advisory and Intermediaries Services Act, 2002, and will thus help to ensure our survival.

REFERENCE RESOURCES

The following sources will enable you to enhance your knowledge and understanding of money laundering control:

MONEY LAUNDERING CONTROL INTERNATIONALLY

- ✓ Forty Recommendations of the Financial Action Task Force;
- ✓ Eight Special Recommendations of the Financial Action Task Force. These and other documents can be found on the following website: http://www.fatf-gafi.org/

MONEY LAUNDERING IN SOUTH AFRICA

- ✓ The Financial Intelligence Centre Website: www.fic.co.za

- ✓ Money Laundering Trends in South Africa (Centre for the Study of Economic Crime) http://general.rau.ac.za/law

CURRENT LEGAL OBLIGATIONS AND PENALTIES

The prevention of Organised Crime Act (POCA) creates the main money laundering offences which apply to every person in South Africa, regardless of whether you are a member of an accountable institution or not. If you commit a money laundering offence, you could be found guilty under POCA and would thus face the associated penalties.

Several main sections of POCA deal with money laundering control:

MONEY LAUNDERING OFFENCES

- ✓ General Money Laundering;
- ✓ Assisting another to benefit from the proceeds of unlawful activities;
- ✓ Acquisition, possession, or use of proceeds of unlawful activities.

RACKETEERING RELATED OFFENCES

You need to remember that if you help another person to benefit from the proceeds of the crime, you could be found guilty of Money Laundering Related Offence. For this reason, you must report any transaction that you suspect is suspicious, so that you do not need to worry about your responsibilities in terms of POCA.

While POCA creates the main money laundering control offences, FICA created the detailed compliance obligations designed to combat money laundering activities and to impose certain duties on institutions and other persons who may be used for money laundering purposes. These obligations primarily fall into 6 categories:

- ✓ Client Identification and verification (Know Your Client);
- ✓ Record – Keeping;
- ✓ Reporting of Transactions;
- ✓ Internal Rules;
- ✓ Appointment [Designated Money Laundering Reporting Officer (MLRO);
- ✓ Training of all Staff.

PROTECTION OF CONSTITUTIONAL DEMOCRACY AGAINST TERRORIST AND RELATED ACTIVITIES ACT (POCDATARA)

This act provides for measures to prevent and combat terrorism and related activities.

OFFENCES AND PENALTIES

The offences and penalties created in the Financial Intelligence Centre Act, 38 of 2001, are set out below:

Offences Penalties	Offences Penalties
Failure to identify (Sec. 46)	Maximum period of 15 years imprisonment or a fine not exceeding R 10 000 000.
Failure to keep records (Sec. 47)	Maximum period of 15 years imprisonment or a fine not exceeding R 10 000 000.
Destroying or tampering with records (Sec, 48)	Maximum period of 15 years imprisonment or a fine not exceeding R 10 000 000.
Failure to assist (Sec. 49)	Maximum period of 15 years imprisonment or a fine not exceeding R 10 000 000.
Failure to advise the Centre (Sec. 50)	Maximum period of 15 years imprisonment or a fine not exceeding R 10 000 000.
Failure to report cash transactions (Sec. 51)	Maximum period of 15 years imprisonment or a fine not exceeding R 10 000 000.
Failure to report suspicious or unusual transactions (Sec. 52)	Maximum period of 15 years imprisonment or a fine not exceeding R 10 000 000.
Unauthorised disclosure (Sec. 53)	Maximum period of 15 years imprisonment or a fine not exceeding R 10 000 000.
Failure to report conveyance of cash into or out of the Republic (Sec. 54)	Maximum period of 15 years imprisonment or a fine not exceeding R 10 000 000.
Failure to send a report to the Centre (Sec. 55)	Maximum period of 15 years imprisonment or a fine not exceeding R 10 000 000.
Failure to report electronic transfers (Sec. 56)	Maximum period of 15 years imprisonment or a fine not exceeding R 10 000 000.
Failure to comply with requests (Sec. 57)	Maximum period of 15 years imprisonment or a fine not exceeding R 10 000 000.
Failure to comply with a direction by the Centre (Sec. 58)	Maximum period of 15 years imprisonment or a fine not exceeding R 10 000 000.
Failure to comply with the monitoring order (Sec. 59)	Maximum period of 15 years imprisonment or a fine not exceeding R 10 000 000.
Misuse of information (Sec. 60)	Maximum period of 15 years imprisonment or a fine not exceeding R 10 000 000.
Failure to formulate and implement internal rules (Sec. 61)	Maximum period of 15 years imprisonment or a fine not exceeding R 10 000 000.
Failure to provide training or appoint a compliance officer (Sec. 62)	Maximum period of 15 years imprisonment or a fine not exceeding R 10 000 000.
Obstructing Centre officials in the performance of their functions (Sec. 63)	Maximum period of 15 years imprisonment or a fine not exceeding R 10 000 000.
Conducting transactions to avoid reporting duties (Sec. 64)	Maximum period of 15 years imprisonment or a fine not exceeding R 10 000 000.
Unauthorized access to the computer system, application, or data (Sec. 65)	Maximum period of 15 years imprisonment or a fine not exceeding R 10 000 000.
Unauthorized modification of the contents of the computer system (Sec. 66)	Maximum period of 15 years imprisonment or a fine not exceeding R 10 000 000.

CLIENT CONFIDENTIALITY

Ordinarily, client confidentiality is very important; however, our duties under the legislation to report, knowledge, or suspicion of unlawful activities override our duty of client confidentiality.

The legislation protects both the Financial Service Provider and individual employees from being sued for breach of client confidentiality.

REPORTING

Reporting in Terms of The Financial Intelligence Centre Act

ACCESS TO INFORMATION

On request from the Financial Intelligence Centre, we, as an accountable institution, is obliges to advise whether:

- ✓ A specified person is or has been a client of the Financial Service Provider;
- ✓ A specified person is acting or has acted on behalf of any client of the Financial Service Provider;
- ✓ A client of the Financial Service Providers is acting or has acted for a specified person;

It is your duty and responsibility to diligently assist the compliance officer in fulfilling the duty to provide any information as requested by the Financial Intelligence Centre.

IDENTIFYING AND REPORTING SUSPICIOUS AND UNUSUAL TRANSACTIONS

All employees of Quicksure (Pty) Ltd (FSP 16902) have a legal duty to report any transaction that we are aware of or suspect to be a suspicious and unusual transaction.

It is therefore very important that each staff member understands the reporting obligations of the Financial Service Provider in order to protect the company from incurring any censure.

TRANSACTIONS TO BE REPORTED

FICA identifies two broad types of transactions that must be reported:

- ✓ Threshold transactions: cash and electronic fund transfers;
- ✓ Cash Transactions.

Certain acts and transactions involving cash in amounts greater than the set limit, as well as certain transfers of money into and out of the Republic, must be reported.

Cash for these purposes means:

- ✓ South African notes and coins;
- ✓ Similar currency of other countries;
- ✓ Traveller's Cheques

CASH REPORTING

The reporting of cash transactions relates to two main areas:

The payment and receipt of cash by the Financial Service Provider:

- ✓ When cash is in excess of a set amount is paid out to a client or his representative.
- ✓ Or is received from a client or from his representative.

The above transactions must be reported to the Financial Intelligence Centre.

CONVEYANCING OF CASH IN OR OUT OF SOUTH AFRICAN BORDERS BY ALL PERSONS

Any person who travels in or out of South Africa's borders and who intends to bring an amount of cash greater than the set limit into South Africa will have to report that to a designated person. The report must be submitted before the person conveys the cash in or out of South Africa's borders.

INTERNATIONAL ELECTRONIC TRANSFERS

An international electronic transfer by an accountable institution must be reported if:

- ✓ The transfer involves money in excess of a prescribed amount; and
- ✓ The transfer is made on behalf of or on the instructions of another person, for example, a client.

The Minister has not yet established the threshold for the above 2 transactions; suspicious transactions must still be reported.

SUSPICIOUS AND UNUSUAL TRANSACTION

Transactions which an employee knows, or suspects (or should have known or suspected) of involving proceeds of crime or tax evasion must be reported.

According to FICA, there are 4 main types of suspicious and unusual transactions:

- ✓ Facilitated or is likely to facilitate the transfer of the proceeds of unlawful activities;
- ✓ Has no apparent business or lawful purpose;
- ✓ Is conducted for the purpose of avoiding giving rise to a reporting duty under the Act; or
- ✓ May be relevant to the investigation of an act of tax evasion, payment of a duty or levy.

NOTE: Not required to investigate

It is important to note that FICA requires transactions to be reported if they lack an obvious or apparent lawful or business purpose. The Financial Service Provider is NOT required to investigate the transaction to determine whether it actually has such a purpose. If such a purpose is not apparent, only the facts that are available to the accountable institution should be considered to determine whether or not the transaction is indeed reportable. [De Koker, 2002]

RECOGNISING A SUSPICIOUS AND UNUSUAL TRANSACTION

As the types of transactions that may be used by a money launderer are almost unlimited, it is often difficult to recognise a suspicious transaction. Suspicion is a subjective matter and falls far short of proof based on firm evidence. However, the suspicion must at least have some foundation and not just be based on mere speculation.

GENERAL SIGNS AND SIGNALS

A suspicious transaction could involve several factors that may, on their own, seem insignificant but together raise suspicion. You should always assess whether the transaction seems appropriate and normal within the company's normal range of business.

When evaluating whether a transaction or certain behaviour is suspicious, all relevant factors should be taken into account. The following points may indicate a suspicious and unusual transaction:

- ✓ The client does not appear to display honest behaviour;
- ✓ The client is reluctant to furnish standard personal or business information;
- ✓ You do not have a satisfactory picture of the client's affairs;
- ✓ The conduct of the client changes for no apparent reason;
- ✓ The transaction or series of transactions appears to have a money laundering purpose (splitting, smurfing, or structuring);
- ✓ The client engages in transactions that are out of the ordinary or do not fit the client's profile.

In each case, it is the person who deals directly with the client who has to make use of these key signs and make a judgment regarding the nature of the transaction, and whether it is suspicious or not. Remember, it is the behaviour that is suspicious and not the person.

WHAT TO DO

There are several actions you could take when you are confronted with suspicious and unusual transactions from clients. Guidelines include:

- ✓ Ask the right questions, if appropriate;
- ✓ Check the details of the transaction;
- ✓ Treat the client with courtesy;
- ✓ Avoid tipping-off the client about reporting the transaction that you might be considering;
- ✓ Continue with the transaction as normal.

THE REPORTING PROCESS

Every person has a duty to report suspicious and unusual transactions. This includes those people who are not directly involved in the transaction, but who may hear about it through normal reporting processes.

The Suspicious Transaction Report form, which you are required to complete, requires a considerable amount of information relating to the transaction and the person conducting the transaction. Even if you are unable to acquire all the information, you must still complete the form to the best of your ability with the information at hand.

MONEY LAUNDERING REPORTING OFFICER

The Key Individual, Andrea Hatton-Jones, is the designated Money Laundering Reporting Officer (MLRO). The MLRO will forward all suspicious and unusual reports to the Financial Intelligence Centre.

CONTACT DETAILS OF THE FINANCIAL INTELLIGENCE CENTRE

Telephone Number:	0860 342 342
Fax Number:	012 641 6439
E-mails:	ficfeedback@fic.gov.za
Website Address:	www.fic.gov.za
Postal Address:	Private Bag X115
	Pretoria
	0001

INFORMATION REQUIRED

Before completing a Suspicious Transaction Report, you will need the following information:

- ✓ The personal information of the reporter (your information);
- ✓ The business address and contact details of the reporter;
- ✓ The information of the client or person concerned;
- ✓ The reason for the knowledge or suspicion that causes you to report.
- ✓ A list of documentation and other proof related to the transaction or act;
- ✓ Copies of documents that are directly relevant to the knowledge or suspicion;
- ✓ You will be required to explain why you decided to file a suspicious report.

PERIOD FOR REPORTING

The Suspicious Transaction Report must be filed as soon as possible, but no later than 15 working days after the reporter formed the suspicion about the transaction.

SUBMITTING THE REPORT

Once you have completed you repost and submitted it to the MLRO, he will submit it to the FIC and obtain a receipt indicating that a report has been filed. It is important to ensure the safe record keeping of documentation and receipts in order to protect the Financial Service Provider and all staff members from any possible penalties.

ADDITIONAL INFORMATION

Should the FIC require more information regarding the transaction, they are permitted to request this, and we must comply without delay. You will be required to work cooperatively and diligently with the Money Laundering Control Officer and the Centre at all times.

CONTINUATION OF TRANSACTIONS

You may continue with and carry out the transactions unless you receive written notification from the FIC directing you not to, as long as you have met your obligations in terms of responding. The reason for continuing the transaction once you have developed a suspicion is that by halting the transaction, you might be "tipping off" the person, and this carries serious penalties. In addition, your suspicion might be wrong, and this could be very insulting to the client. Remember, the client is assumed innocent until proven guilty. As long as you are reporting in good faith, you will be protected from civil and criminal liability.

TIPPING OFF

FICA clearly prevents the reporter from revealing any information about the report to any person other than the designated person within the company who is responsible for reporting procedures. This includes letting criminals know that a report will be filed or that a report has been filed.

In order to protect the reporter and make it harder for criminals to avoid being caught, the law lays down serious penalties for people who are found guilty of tipping criminals off. The maximum fine is R 10 million or imprisonment for a maximum of 15 years.

MONITORING BY THE CENTRE

The Financial Service Providers may be required by an order of court to monitor all transactions made by a specific person. This might be necessary if they were conducting an investigation and wanted to gather as much information as possible.

PROTECTION BY LAW

As a reporter, you may be concerned about your identity being revealed. By law, without the reporter's Permission, no evidence of the following may be given in a trial:

- ✓ The identity of the reporter as well as that of any person who contributed to the report;
- ✓ The grounds for the report;
- ✓ The contents or nature of any additional information that was supplied.

You need to know that FIC protects you, and you cannot be forced to testify in a trial.

DUTY TO IDENTIFY CLIENTS

IDENTIFYING YOUR CLIENTS

Client identification and verification are a crucial part of any effective money laundering control system. The Financial Service Provider, as an accountable institution, has a statutory obligation to establish and verify the identity of its clients. This applies to every type of client, regardless of who they are, their personal status, or the new type of service that they require. These requirements apply to all existing and new clients.

WHEN TO IDENTIFY AND VERIFY CLIENTS

As an accountable institution, The Financial Service Provider may not establish a business relationship or conclude a single transaction with a client, a person acting on behalf of a client, or a client acting on behalf of a person, unless the Financial Service Provider has taken the prescribed steps to identify and verify the client or the person and the person's authority to act. Please note that this includes all business relationships that we had prior to the Act taking effect.

WHO MUST BE IDENTIFIED

For all business relationships entered into and transactions concluded, the identity of the client needs to be established.

This means all:

- ✓ New clients;
- ✓ Existing clients;
- ✓ Clients acting on behalf of another;
- ✓ Another person acting on behalf of a client must be identified, and the information verified.

Any natural person or natural person acting on behalf of another natural or juristic person must be treated as a verification subject. For example, if a company invests funds into an endowment policy, the company's and the directors' identities will need to be established and verified.

WHAT AND HOW TO IDENTIFY

- ✓ Full name;
- ✓ Date of birth;
- ✓ Identity number;
- ✓ Income tax registration number (if issued to such a person); and
- ✓ Residential address.

WHAT AND HOW TO VERIFY

Verification is the process whereby you are required to collect documents as proof of the information requested from the client, and where you will compare the information obtained from the client with documentation that confirms the information.

WHERE THERE HAS BEEN NO FACE-TO-FACE CONTACT WITH THE CLIENT

In certain circumstances, there may be occasions where there has been no contact in person with the client. You are expected to take reasonable steps to establish the existence or establish and verify the identity of the client, considering the relevant guidance notes.

CLIENT PROFILE

In certain circumstances, it may be necessary to obtain additional information from a client in order for us to identify the proceeds of unlawful activities or money laundering activities.

In addition to the source of income and source of funds that must be obtained, the following information and documentation may be obtained from natural persons, legal persons, partnerships, or trusts.

NATURAL PERSONS (SOUTH AFRICAN CITIZENS AND RESIDENTS)

- ✓ The nature and extent of the business activity that such a person may be involved in; and
- ✓ The nature and extent of possible transactions that such a person may be involved in with the accountable institution.

NATURAL PERSONS (FOREIGN NATIONALS)

- ✓ The nature and extent of the business activity that such a person may be involved in;
- ✓ The nature and extent of possible transactions that such a person may be involved in with the accountable institution;
- ✓ The purpose of such a person being in the Republic;
- ✓ The time duration for such a person to stay in the Republic;
- ✓ A copy of the passport of such a person reflecting his/her entrance into the Republic and applicable visa (if relevant); and
- ✓ If applicable, a copy of the work permit in the Republic of such a person

LEGAL PERSON (SOUTH AFRICA), OTHER LEGAL ENTITIES, PARTNERSHIPS, OR TRUSTS

- ✓ The nature and extent of the business activity that the entity may be involved in;
- ✓ The nature and extent of possible transactions that the entity may be involved in with the accountable;
- ✓ If the entity operated at various branches and in various jurisdictions, the details in this regard must be obtained and noted.

LEGAL PERSONS (FOREIGN)

- ✓ The nature and extent of the business activity that the entity may be involved in;
- ✓ The nature and extent of possible transactions that the entity may be involved in with the accountable institution;
- ✓ If the entity operates out of various branches and in various jurisdictions, the details in this regard must be obtained and noted.

PRODUCT SUPPLIERS

Product suppliers may have different requirements for the identification of the client, and you may be required to provide additional or different evidence of identification. Please note that in terms of the contractual relationship with these suppliers, the specific requirements must be adhered to, and this in no way nullifies the internal rules. At all times, each representative is required to adhere to the Financial Service Providers' Internal Rules and the legislative requirements under the anti-money laundering laws.

EXEMPTIONS

FICA permits accountable institutions discretion with regard to compliance with specific obligations, and these are termed exemptions. It must always be kept in mind that it is your responsibility to remain up to date regarding any changes that are made to the relevant requirements. The following are Exemptions allowable under the regulations of the Financial Intelligence Centre Act:

GENERAL EXEMPTIONS

EXEMPTION 1 – TIMING OF VERIFICATION

Every accountable institution may, by way of exemption from Section 21 of the Act, accept a mandate from a prospective client to establish a business relationship or to conclude a singles transaction, or take any similar preparatory steps with a view to establishing a business relationship or concluding a single transaction, before the accountable institution verified the identity of that prospective client in accordance with Section 21 of the Act, subject to the condition that the accountable institution will have competed all steps which are necessary to verify the identity of that client in accordance with Section 21 of the Act before the Institution:

- ✓ Concludes a transaction in the course of the resultant business relationship, or
- ✓ Performs any act to give effect to the resultant single transaction.

EXEMPTION 2 – FORM PARTS 1, 2, AND 4 OF CHAPTER 3 OF ACT 2001

Every natural person who performs the functions of an accountable institution referred to in Schedule 1 of the Act in a partnership with another natural person, or in a company or close corporation is exempted from the provisions of Parts 1, 2 and 4 of Chapter 3 of the Act subject to the condition that those provisions are complied with by another person employed by the partnership, company or close corporation in which he or she practices.

EXEMPTION 3 – FROM SECTION 21 AND 22 OF THE ACT 38 OF 2001

Every accountable institution is exempted from compliance with the provisions of sections 21 and 22 (1) (a-e), 22 (1) (h) and 22(1) (i) of the Act, in respect of a business relationship or single transaction which is established or concluded with that institution (the second accountable institution) acting on behalf of a client of that primary accountable institution, subject to the condition that the primary accountable institution (the primary accountable institution) acting on behalf of a client of that primary accountable institution, subject to the condition that the primary accountable institution confirms in writing to the satisfaction of the second that the primary accountable institution confirms in writing to the satisfaction of the second accountable institution that:

- ✓ Established and verified the identity of the client in accordance with section 21 of the Act, or

- ✓ In terms of its internal rules and the procedures ordinarily applied in the course of establishing business relationships or concluding single transactions, the primary accountable institution will have established and verified, in accordance with section 21 of the Act, the identity of every client on whose behalf it will be establishing business relationships or concluding single transactions with the second accountable institution.

EXEMPTION 4 – FROM VERIFICATION OBLIGATIONS UNDER SECTION 21 OF THE ACT

Every accountable institution is exempted from compliance with the provisions of Section 21 of the Act, which requires the verification of the identity of a client of that institution if:

- ✓ That client is situated in a country where, to the satisfaction of the relevant supervisory body, anti-money laundering regulation and supervision of compliance with anti-money laundering regulation, which is equivalent to that which applies to the accountable institution, is in force;

- ✓ A person or institution in that country, which is subject to the anti-money laundering regulation referred to in paragraph (a), confirms in writing to the satisfaction of the accountable institution that the person or institution has verified the particulars concerning that client which the accountable institution has obtained in accordance with Section 21 of the Act, and;

- ✓ The person or institution referred to in paragraph (b) undertakes to forward all documents obtained in the course of verifying such particulars to the accountable institution.

EXEMPTION 5 – FROM REGULATIONS MADE UNDER ACT 38 OF 2001

Every accountable institution is exempted from compliance with Section 7 (c and d), 7 (f-h), 7 (i and j), 8, 9 (c-k) and 10 of the Regulations, and of Section 22 (1) (a-e), 22 (1) (h) and 22 (1) (i) of the Act concerning the particulars referred to in those regulations, in respect of a business relationship established or single transaction concluded with a public company the securities of which are listed on a stock exchange recognised for this purpose and listed in the Schedule to these exemptions.

Every accountable institution is exempted from compliance with Section 3 (1) (d), 4 (2), 5 (1) (e), 6 (2), 7 (h), 8 (d), 9 (h), 10 (c), 11 (d), 12 (b), 15 (c), and 16 (b) of the Regulations, and of section 22 (1) (a), 22 (1) (b), 22 (1) (c) , 22 (1) (d), 22 (1) (e), 22 (1), and 22 (1) (i) of the Act concerning the particulars referred to in those regulations.

EXEMPTIONS FOR INSURANCE AND INVESTMENT PROVIDERS

EXEMPTION 6 – FROM PARTS 1 AND 2 OF CHAPTER 3 OF ACT 38 OF 2001

Every accountable institution which performs the functions of an accountable institution referred to in items 5, 8, 12, 17, and 18 of Schedule 1 to the Act is exempted, in respect of those functions, from compliance with the provisions of Parts 1 and 2 or Chapter 3 of the Act in respect of every business relationship or single transaction concerning:

- ✓ Any long-term insurance policy which is a fund policy, or a fund member policy as defined in the Long-Term Insurance Act, 1998, and the regulations thereto, and in respect of which the policyholder is a pension fund, provident fund, or retirement annuity fund approved in terms of the Income Tax Act, 1962;

- ✓ Any unit trust or linked product investment effected by pension fund, provident fund or retirement fund approved in terms of the Income Tax Act, 1962, including an investment made to fund in a whole or in a part the liability of the fund to provide benefits to members or surviving spouses, children, dependants or nominees of members of the fund in terms of its rules;

retirement annuity fund approved in terms of the Income Tax Act, 1962;

- ✓ Any reinsurance policy issued to another accountable institution;
- ✓ Any long-term insurance policy classified in terms of the Long-term Insurance Act, 1998, as an assistance policy;
- ✓ Any long-term insurance policy which provides benefits only upon the death, disability, sickness, or injury of the life insured under the policy;
- ✓ Any long-term insurance policy in respect of which recurring premiums are paid, which will amount to an annual total not exceeding R25 000 00, subject to the condition that the provisions of Parts 1 and 2 of Chapter 3 of the Act have to be complied with in respect of every client.
- ✓ Who increases the recurring premiums so that the amount of R25 000 00 is exceeded;
- ✓ Who surrenders such a policy within three years after its commencement; or
- ✓ To whom the accountable institution grants a loan or extends credit against the security of such a policy within three years after its commencement.
- ✓ Any long-term insurance policy in respect of which a single premium not exceeding R50 000 00 is payable, subject to the condition that the provisions of Parts 1 and 2 of Chapter 3 of the Act have to be complied with in respect of every client:
- ✓ Who surrenders such a policy within three years after its commencement; or
- ✓ To whom the accountable institution grants a loan or extends credit against the security of such a policy within three years after its commencement;
- ✓ Any contractual agreement to invest in unit trust or linked product investments in respect of which recurring payments are payable amounting to an annual total not exceeding R 25 000 00, subject to the condition that the provisions of Parts 1 and 2 of Chapter 3 of the Act have to be complied with in respect of every client who liquidates the whole or part of such an investment with one year after the making of the first payment;
- ✓ Any unit or linked product investment in respect of which a once off consideration not exceeding R 50 000 00 is payable, subject to the condition that the provisions of Parts 1 and 2 of Chapter 3 of the Act have to be complied with in respect of every client who liquidates the whole or part of such an investment within one year after the making of the first payment;
- ✓ Any other long-term insurance policy on condition that, within the first three years after the commencement of the policy, the surrender value of the policy does not exceed twenty per cent of the value of the premiums paid in respect of that policy.
- ✓ Every accountable institution which performs the functions of an accountable institution referred to in items 4, 15, 17 and 18 is exempted, in respect of those functions, from compliance with the provisions of Parts 1 and 2 of Chapter 32 of the Act in respect of transactions in securities listed on a stock exchange (as defined in the Stock Exchanges Control Act, 1985) or a financial market (as defined in the Financial Market Control Act, 1989) for a pension fund, provident fund or retirement or annuity fund approved in terms of the Income Tax Act, 1962, including investments in such securities made to fund in whole or in part the ability of the fund to provide benefits for members, surviving spouse, children, dependants or nominees of members of the fund in terms of its rules.

RECORD KEEPING

Records must be kept of all dealings with a client, and this includes records of the identity of the client or persons acting on behalf of the client's identification and verification. Records must also be kept of the details of transactions and parties to transactions.

These records may be kept in an electronic format and must be kept for a period of 5 years which period commences on the date of termination of a business relationship or of the conclusion of a single transaction, a third party may keep such records on behalf of an accountable institution but the accountable institution will remain liable for any failure to keep record in accordance with this part of the Act.

Records must be kept in such a format to allow easy access and retrieval by staff as required.

The economical, efficient, and secure management of records contained within each department is a responsibility shared by every employee.

Retention of records and management control measures and structures that are in place must be adhered to and in compliance with the Financial Service Providers' supporting standards and procedures.

All personnel must be familiar with and comply with the Financial Service Providers' statements, policies, standards, and procedures.

To ensure compliance, the Financial Service Provider will monitor, test, and audit relevant records and record storage systems for adequacy and compliance, also referring to adherence with legal and regulatory requirements.

Non-compliance with, or violations of, the Financial Service Providers' retention of records, statements, policies, standards, and procedures could lead to disciplinary actions and/or legal proceedings, as defined in the Financial Service Providers' standard terms of employment.

The Key Individuals within the Financial Service Provider have the ultimate responsibility for the secure and proper retention of records across the company.

TRAINING

All staff; representatives, management, and key individuals will receive appropriate anti-money laundering training. It is the responsibility of the key individual to ensure that each employee has attended the training program and that all new and existing staff members receive appropriate anti-money laundering training. Anti-money laundering training will also form part of the Financial Service Providers Induction program.

GLOSSARY	
Term	**Definition**
Accountable Institution	Institutions which have been identified as being vulnerable to money laundering, and as such they have specific obligations regarding money laundering (FICA Schedule 1)
Business Relationship	An arrangement between a client and an accountable institution for the purpose of concluding transactions regularly
FIC	Financial Intelligence Centre – The entity created in terms of FICA to receive and analyse suspicious transactions
FICA	The Financial Intelligence Centre Act, 38 of 2001 – The South African legislation which imposes money laundering control obligations on all major financial institutions
Money Laundering	An activity which has or is likely to have the effect of concealing or disguising the nature, source, location, disposition, or movement of the proceeds of unlawful activity
POCA	The Prevention of Organised Crime Act 121 of 1998 – South African legislation which creates the main money laundering offences and provides for the forfeiture of the proceeds of crime
Proceeds of Crime	Any financial benefit that a criminal derives from any criminal activity
Smurfing, Splitting, Structuring	Money Laundering methods, which involve the splitting of proceeds of crime into smaller amounts to avoid detection
STR	Suspicious and Unusual Transaction Report