

CONSULTATION NOTE

Relating to the draft Public Compliance
Communication No. 110 on guidance on
money laundering, terrorist financing and
proliferation financing risk considerations
relating to geographic areas

6 November 2020

INTRODUCTION

1. The Financial Intelligence Centre (FIC) has issued [draft public compliance communication 110 \(draft PCC 110\)](#) for consideration by all accountable institutions in terms of 42B of the Financial Intelligence Centre Act, 2001 (Act 38 of 200) (FIC Act).
2. Draft PCC 110 aims to provide guidance on furthering the understanding and application of a risk-based approach (RBA) of the identification, management and mitigation of money laundering (ML), terrorist financing (TF) and proliferation financing (PF) risk.

BACKGROUND

3. Guidance note 7 (GN7) was issued in October 2017 and included the discussion on the adoption of an RBA. Under chapter 1 of GN7, ML/TF risk indicators relating to products and services, delivery channels, geographic locations and clients were introduced.
4. Draft PCC 110 includes suggested credible third-party resources and factors that will further assist accountable institutions in determining the ML/TF/PF risk in relation to geographic areas.
5. Draft PCC 110 is in response to many requests from accountable institutions for a list against which ML/TF/PF risk in relation to geographic areas can be determined. The purpose of this PCC is to further address the misconception that ML/TF/PF is linked to a geographic area, in and of itself, rather than to the kinds of activities connected to a geographic area.
6. Draft PCC 110 further seeks to provide clarity on what is meant by geographic areas and the associated ML/TF/PF risks.
7. Finally, draft PCC 110 seeks to assist accountable institutions in the understanding and application of their risk framework.

FOR CONSULTATION PURPOSES ONLY

8. Commentators are invited to provide further suggested controls and open source external third-party resources that they make use of in practice, in order to foster a culture of learning amongst all accountable institutions.

CONCLUSION

9. Commentators are invited to comment on the draft guidance by submitting written comments via the online comments submission link ([here](#)) only. Any questions or requests relating to this draft PCC110 may only be sent to the FIC at **consult@fic.gov.za**. Submissions will be received until close of business on **Friday, 27 November 2020**.
10. The FIC intends to conclude the consultation on this draft PCC 110 by publishing a final version no later than Friday, 15 January 2021.

COMMUNICATION WITH THE FIC

11. Queries can be directed to the Compliance Contact Centre on 012 641 6000 and select option 1. Queries can also be submitted online by clicking on <http://www.fic.gov.za/ContactUs/Pages/ComplianceQueries.aspx> or visiting the FIC's website and submitting an online compliance query.

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