

**FOR CONSULTATION
PURPOSES ONLY**



Financial
Intelligence Centre

DRAFT DIRECTIVE 7 of 2022

Submission of a risk and compliance
return to the Financial Intelligence Centre
by specified accountable institutions.

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This draft Directive is issued by the Financial Intelligence Centre (the FIC) in terms of section 43A(3)(a) of the Financial Intelligence Centre Act, 2001 (Act No. 38 of 2001) (the FIC Act).

This draft Directive applies to all accountable institutions listed in Schedule 1 of the FIC Act, excluding items 4, 5, 6, 7, 8, 10, 12, 13 and 19.

This draft Directive consists of four parts:

- 1. Purpose of the draft Directive**
- 2. Draft Directive**
- 3. Format and Frequency of risk and compliance return**
- 4. Effective Date and Non-Compliance**

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1. Purpose of the draft Directive

- 1.1 This draft Directive serves to inform all accountable institutions specified in this Directive, that they must submit information regarding their understanding of money laundering (ML), terrorist financing (TF) and proliferation financing (PF) risks and their assessment of compliance with obligations in terms of the FIC Act to the FIC on an annual basis through a risk and compliance return.
- 1.2 The information obtained from the risk and compliance return will assist the FIC in forming an understanding of the levels of compliance with the FIC Act and in identifying the ML, TF and PF risks facing different industries.

2. Draft Directive

- 2.1 This draft Directive applies to all accountable institutions listed in Schedule 1 of the FIC Act, excluding items 4, 5, 6, 7, 8, 10, 12, 13 and 19.
- 2.2 The completion of the risk and compliance return is compulsory for all accountable institutions specified in this draft Directive.
- 2.3 Accountable institutions must answer all questions in the risk and compliance return questionnaire as specified in Annexure "A".
- 2.4 Accountable institutions must answer all questions based on its understanding of ML, TF and PF risks and its implementation of current risk-based controls in compliance with the obligations set out in the FIC Act.

3. Format and frequency of risk and compliance return

- 3.1 The risk and compliance return covers the reporting period from 1 April to 31 March of each year.
- 3.2 The risk and compliance return must be submitted annually, no later than 30 June of each year.
- 3.3 The risk and compliance return is an automated return and accountable institutions are required to populate the information directly via a link as made available on the FIC website.

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4 Effective Date and Non-Compliance

- 4.1 This draft Directive is effective from the date of publication.
- 4.2 Non-submission of an annual risk and compliance return is considered non-compliance with this draft Directive and may result in an administrative sanction, in accordance with section 62E read with section 43A(3) of the FIC Act.

5. Consultation

- 5.1 Directives issued in terms of section 43A(3) do not require a consultation process or gazetting to be followed prior to issuance. However, in the spirit of section 43A, the FIC will:

5.1.1 Publish the draft directive and risk and [compliance return questionnaire](#) by appropriate means of publication and invite submissions; and

5.1.2 Consider submissions received.

- 5.2 Commentators are invited to comment on the draft Directive 7 and associated questionnaire by submitting only written comments via the online comments submission link only

Directive:

<https://forms.office.com/Pages/DesignPageV2.aspx?subpage=design&FormId=szVSHGOkAUqWp9wmNLKqdPsCBknmMm9GvGC4n2DPe99UOE1ZSEw3MU1CVExBQ0tBSzhSVUNDOFVHRi4u>).

Questionnaire:

<https://forms.office.com/Pages/DesignPageV2.aspx?subpage=design&FormId=szVSHGOkAUqWp9wmNLKqdPsCBknmMm9GvGC4n2DPe99UREVNVzZPQkZUVU81VIEwWVdPWkFaSVdTTS4u>

- 5.3 Any questions or requests relating to this draft Directive 7 may be sent to the FIC only at consult@fic.gov.za. Submissions will be received until **Tuesday, 20 December 2022** by close of business.

**Issued by:
The Financial Intelligence Centre
25 November 2022**