

CONSULTATION NOTE

Relating to the draft public compliance
communication 121 on beneficial ownership
and the application of section 21B of the
Financial Intelligence Centre Act

November 2023

INTRODUCTION

1. The Financial Intelligence Centre (FIC) has issued draft public compliance communication 121 (draft PCC 121) for consideration by accountable institutions in terms of 42B of the Financial Intelligence Centre Act, 2001 (Act 38 of 2001) (FIC Act).

BACKGROUND

2. The definition of beneficial ownership and section 21B in terms of the FIC Act have been amended by the General Laws (Anti-Money Laundering and Combating Terrorist Financing) Amendment Act 22 of 2022. These amendments sought to clarify the definition of beneficial ownership and widened the application of section 21B of the FIC Act. The amendments to the definition of beneficial ownership and section 21B of the FIC Act are technical and impact accountable institutions.
3. Draft PCC 121 provides guidance on the definition of beneficial ownership and the practical application of section 21B of the FIC Act. In addition, draft PCC 121 is aimed at highlighting money laundering, terrorist financing and proliferation financing risks relating to beneficial owners.
4. Draft PCC 121 also aims to address areas of concerns as highlighted in the Financial Action Task Force's 2019 Mutual Evaluation final report, and the resulting grey-listing action items. Identified shortcomings include that supervisory bodies have not provided enough guidance relating to beneficial ownership.
5. Draft PCC 121 is also in response to numerous requests from supervisory bodies and accountable institutions for further guidance on the application of section 21B of the FIC Act.

FOR CONSULTATION PURPOSES ONLY

CONCLUSION

6. Commentators are invited to comment on the draft guidance by making written submissions via the online link only (insert here). Any questions or requests relating to this draft PCC 121 may only be sent to the FIC at **consult@fic.gov.za**. Submissions will be received until close of business on Friday, 8 December 2023.

7. The FIC intends to conclude the consultation on this draft PCC 121 by publishing a final version no later than Friday, 26 January 2024.

COMMUNICATION WITH THE FIC

8. Queries can be directed to the compliance contact centre on 012 641 6000 and select option 1, or be submitted online by clicking on: <https://www.fic.gov.za/compliance-queries/> or visiting the FIC's website and submitting an online compliance query.

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