

## MEDIA RELEASE

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### **DESIGNATED SECTORS URGED TO FILE OUTSTANDING RISK AND COMPLIANCE RETURNS WITH THE FINANCIAL INTELLIGENCE CENTRE IN TERMS OF DIRECTIVE 6 OF 2023**

**2 February 2024:** Estate agent and legal practitioner businesses, as high-risk sectors, urgently need to ramp up their commitment and collaboration in making their contribution to help improve South Africa's chances of exiting the Financial Action Task Force (FATF) grey list, by filing all long outstanding risk and compliance returns (RCRs) to the Financial Intelligence Centre (FIC).

Following the FATF grey listing of the country on 24 February 2023, the FATF then developed an action plan which required South Africa to satisfactorily demonstrate its remediation of certain action items in order to exit the grey list. As part of the action plan South Africa and, more specifically, the FIC must identify entities that are at high risk of being abused for money laundering, terrorist financing and proliferation financing purposes.

To assist with this identification, the FIC developed the RCR tool, which in terms of Directive 6, issued on 31 March 2023, placed the obligation to submit RCRs to the FIC by 31 May 2023, upon the following accountable institutions as listed in Schedule 1 of the Financial Intelligence Centre Act, 2001 (Act 38 of 2001): Item 1 – legal practitioners; item 2 – trust service providers and company service providers; item 3 – estate agents and item 9 – casinos and gambling institutions. For general information on RCRs, click here [RCR page](#).

The FIC is can confirm that casinos have fully discharged their RCR obligations. Trust service providers and company service providers have of late made good

progress in filing outstanding RCRs but, they must also proceed to finally file all outstanding RCRs.

Furthermore, the obligation to submit the RCR to the FIC applies to all affected accountable institutions which were registered with the FIC, or which ought to have registered with the FIC on 31 March 2023, being the date of issue of Directive 6.

“The RCR questionnaire is an important tool for entities to improve understanding the risks they face of money laundering, terrorist financing and proliferation financing abuse,” says Christopher Malan, executive manager for compliance and prevention, at the FIC.

“As the designated supervisor of these sectors and professions, the FIC needs to implement and keep up-to-date supervisory risk-assessment tools to identify higher risk DNFBPs as a basis for risk-based supervision. The information obtained through the RCR is critical in enhancing the FIC’s risk-based supervision capability.”

To date there has been a disappointingly poor response from the estate agent and legal practitioner sectors. At this stage, all entities in estate agent and legal practitioner sectors who have failed to submit their outstanding RCRs, are deemed by the FIC as delinquent high-risk entities requiring an inspection. In addition, these delinquent entities may expect to receive an administrative sanction notice from the FIC, for their failure to submit the RCR. The FIC confirms that the failure to submit an RCR to the FIC as directed by Directive 6 can lead to administrative action in respect of section 62E of the FIC Act.

This needs to be addressed urgently as the FIC is required to report to the FATF on progress in this area within the next two months. While the date for filing of submissions has long passed, the platform remains open and can be accessed on the [RCR questionnaire](#).

In conclusion, the FIC urges all affected and delinquent DNFBP accountable institutions to submit their long outstanding RCRs to the FIC as a matter of urgency.

**Issued by the Financial Intelligence Centre**  
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**Note to editors:** As South Africa's national centre for the gathering and analysis of financial data, the role of the Financial Intelligence Centre (FIC) is to safeguard the integrity of the country's financial system and its institutions. In pursuit of this, the Financial Intelligence Centre Act, 2001 (Act 38 of 2001), mandates the FIC to assist in the identification of the proceeds of crime and assist in combating money laundering, terrorist financing and proliferation financing, to facilitate effective supervision and enforcement of the Act.

Under this legislation, financial and non-financial institutions are required to fulfil certain compliance obligations, including registering with, and filing various regulatory reports to the FIC. The information provided in these reports forms the basis for the FIC's analysis to develop financial intelligence reports for use by a wide range of law enforcement and other competent authorities, and other institutions to facilitate the administration and enforcement of the laws of the Republic. The FIC Act also sets out the enforcement and penalty regime for non-compliance with the FIC Act.

In February 2023, the country was placed under increased monitoring listed by the Financial Action Task Force, the global anti-money laundering and combating of terrorist financing watchdog organisation. Work to address South Africa's grey listing was under way in earnest in 2022/23 and will continue in the coming period. The FIC will continue its contribution in work towards exiting South Africa from the grey list as soon as possible. In the FIC environment, the 2022/23 financial year saw several legislative and regulatory changes being implemented, which speak to some of the concerns raised by FATF. Among them were changes to the FIC Act, and an increase in the types of financial and non-financial institutions required to comply with obligations of the FIC Act. Altogether, these amendments and other measures enable the FIC to source, for interpretation and analysis, transactional and other information from a broader playlist. In this way, the FIC will continue to improve its support in the justice and crime prevention arena domestically and internationally.

**For more about the FIC visit [www.fic.gov.za](http://www.fic.gov.za)**

ITEM	2022/23
Total institutions registered as at year end	45 392
Compliance events and attendees	33 events and 16 801 attendees
Compliance inspections	402 FIC and 544 supervisory bodies
Regulatory reports received	>5.3 million
Cash threshold reports received	>4.2million
Suspicious and unusual transaction reports received	558 348
Financial intelligence reports disseminated	2 393 reactive, 976 proactive, 55 on illicit financial flows
Proactive financial intelligence reports disseminated	976, of which 144 related to high priority matters
Value of suspected criminal proceeds frozen	R92.2 million
Value of proceeds of crime recovered, in which the FIC's financial intelligence was used	>R5.82 billion