

# DRAFT PUBLIC COMPLIANCE COMMUNICATION

## **PUBLIC COMPLIANCE COMMUNICATION**

### **No. 122**

GUIDANCE ON THE APPLICATION OF THE FINANCIAL INTELLIGENCE CENTRE ACT, 2001 (ACT 38 OF 2001) TO SPECIAL PURPOSE VEHICLES THAT ARE ACCOUNTABLE INSTITUTIONS UNDER ITEM 11 OF SCHEDULE 1 OF THE FIC ACT

**2 March 2026**

## **PCC SUMMARY**

This public compliance communication (PCC) provides guidance on the practical application of the FIC Act requirements by accountable institutions that are special purpose vehicles, and an overview of certain anti-money laundering, counter terrorist financing and counter proliferation financing vulnerabilities these entities may face.

## **THE AUTHORITATIVE NATURE OF GUIDANCE**

The Financial Intelligence Centre (the Centre) provides the guidance contained in this PCC in terms of its statutory function in terms of section 4 (c) of the FIC Act read together with Regulation 28 of the Money Laundering and Terrorist Financing Control Regulations (the Regulations) issued in terms of the FIC Act.

Section 4(c) of the FIC Act empowers the Centre to provide guidance in relation to a number of matters concerning compliance with the obligations in terms of the FIC Act. Guidance provided by the Centre is the only form of guidance formally recognised in terms of the FIC Act and the Regulations issued in terms of the FIC Act. Accordingly, guidance provided by the Centre is authoritative in nature and must be taken into account when interpreting the provisions of the FIC Act or assessing compliance of an accountable or reporting institution with its obligations imposed on it by the FIC Act.

It is important to note that enforcement action may emanate as a result of non-compliance with the FIC Act in areas where there has been non-compliance with the guidance provided by the Centre. Where it is found that an accountable institution has not followed guidance which the Centre has issued, the institution must be able to demonstrate that it has complied with the relevant obligation under the FIC Act in an equivalent manner nonetheless.

## **DISCLAIMER**

The publication of a PCC concerning any particular issue, as with other forms of guidance which the Centre provides, does not relieve the user of the guidance from the responsibility

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to exercise their own skill and care in relation to the users' legal position. The Centre accepts no liability for any loss suffered as a result of reliance on this publication.

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**OBJECTIVE**

This PCC confirms the applicability of the FIC Act requirements to special purpose vehicles that are accountable institutions and provides clarity on the interpretation of special purposes vehicles for the purposes of applying the FIC Act requirements.

Further, the PCC highlights vulnerabilities faced by special purpose vehicles and provides risk indicators that can be considered when determining money laundering, terrorist financing and proliferation financing (ML, TF and PF) risks presented in their client engagements.

## **1. INTRODUCTION**

- 1.1. Schedule 1 to the FIC Act sets out the various types of entities that are designated accountable institutions and must register with the Centre as such under each designated item. The legal structure, form or entity type of an institution, may differ from accountable institution to accountable institution. This PCC focuses specifically on accountable institutions whose structure constitutes a special purpose vehicle (SPV) conducting business activity under item 11 of Schedule 1 of the FIC Act.
- 1.2. The Centre supervises and enforces compliance with the FIC Act obligations (anti-money laundering, combating of financing of terrorism and combating of proliferation financing (AML/CFT/CPF) for accountable institutions in terms of the FIC Act.
- 1.3. A “special purpose vehicle” (SPV) for the application of this PCC may include, but is not limited to any juristic person, trust, partnership or other legal arrangement established as a legally distinct entity, structure or vehicle for a specific, limited or ring-fenced objective or purposes, that normally has its own assets, liabilities, and legal status separate from its forming parent institution or entity. The SPV may include an issuer special purpose institution (SPI) or similar entity used in securitisation, asset-backed funding, risk transfer, repackaging, or structured finance transactions, which is bankruptcy-remote, has restricted objects, and is prohibited from conducting business outside its defined mandate<sup>1</sup>.
- 1.4. This PCC applies to passive SPVs which may not have its own staff to achieve its objective or to execute its operational functions to perform independent operational activities and relies on the parent or linked entity/company that created it (group/primary accountable institution) for its management and control to achieve its objective and functions. This PCC also applies to operative SPVs which has the operational capacity conduct its own business functions.

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<sup>1</sup> Refer to the Banks Act, 1990, read together with the Securitisation Regulations, and guidance issued by the of the South African Reserve Bank Prudential Authority.

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- 1.5. Given the unique nature of some SPVs, it is imperative to clarify certain operational aspects of compliance which these entities may rely on to fulfil their obligations as accountable institutions. The purpose of this PCC is to clarify the Centre's view on SPVs that are accountable institutions.
- 1.6. There are no exemptions that apply to compliance with the FIC Act. Operationalised and non-operationalised SPVs are required to comply with all the obligations as set out in the FIC Act.

## **2. CHARACTERISTICS OF A SPECIAL PURPOSE VEHICLE**

- 2.1. The term special purpose vehicle is not defined in the FIC Act. For purposes of application of the FIC Act and this PCC, the following understanding may be applied when determine whether an entity is a SPV:
  - 2.1.1. A key feature indicating that a company or legal person is a SPV, is the ringfencing/restriction of its memorandum of incorporation, the name of the company will include "RF" (ring-fenced).
  - 2.1.2. The SPVs founding documents sets out a restricted purpose for which the entity has been created (e.g., trust deed etc.)
  - 2.1.3. The SPV is established as a separate legal person/arrangement with its own rights and obligations.
  - 2.1.4. Created by a separate entity or entities who do not necessarily have shareholding/ownership in the SPV.
  - 2.1.5. The entity may essentially be a shell structure that has outsourced all operational functions. May be set up in a manner that does not have operations but essentially outsources the operations.
  - 2.1.6. Is linked to the creator entity or entities, through a structure of either ownership, or mutual controlling structures/ entities/ persons.
  - 2.1.7. Purposes may include but is not limited to securitization, ring-fencing risk, or facilitating structured finance transactions.
  - 2.1.8. The SPV typically has no operational employees, apart from a board of directors or management team.

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- 2.1.9. The SPVs is wholly owned and/or controlled by the forming parent or group entity.
- 2.2. SPVs that directly or indirectly conduct business activity with clients cannot evade accountability for complying with the FIC Act obligations merely because it lacks employees or operational capacity. The SPV has rights and obligations and may be used to channel funds, in relation to clients, as per any other accountable institution, and therefore there is a money laundering, terrorist financing and proliferation financing risk that it must mitigate.
- 2.3. SPVs must implement governance arrangements that ensure compliance through measures such as contractual delegation and robust oversight.

**Example**

Company X is a registered credit provider and is registered with the Centre as an Item 11(a) credit provider in terms of Schedule 1 to the FIC Act. Company X creates a SPV Company X (RF) and cedes all rights and obligations in terms of existing credit agreements are this SPV, as part of a securitisation scheme. The operations of the SPV however remains with Company X which is the entity that created the SPV.

The SPV Company X (RF) therefore steps into the role of an accountable institutions in terms of item 11(a) of Schedule 1 to the FIC Act as it carries on the business of a credit provider.

- 2.4. Some of the practical challenges SPVs that are accountable institutions face may include but are not limited to, the operational requirement where an authorized/appointed compliance officer is required to register the entity and users, development and implementation of a risk management and compliance programmes (RMCP), completion of customer due diligence (CDD), transaction monitoring, scrutinizing of client information and reporting due to the SPVs limited operational capacity.
- 2.5. A SPV that falls within the definition of credit provider as designated under Item 11 of Schedule 1 to the FIC Act, is an accountable institution and must register

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independently with the Centre on goAML. This principle applies for all other applicable scenarios where a special purposes vehicle falls within any other item as provided for in Schedule 1 to the FIC Act.

### **3. COMPLIANCE OBLIGATIONS**

#### *Registration considerations*

- 3.1. Delegation of authority structures on the reporting and registration platform goAML, is a mechanism designed to centralise registration and reporting for accountable institutions that operate within a group structure or grouped portfolios. Delegation structures are allowed in the scenarios as set out in draft Public Compliance Communication 5E.
- 3.2. Where a SPV is an accountable institution, that forms part of a portfolio of a primary accountable institution, and receives the rights and obligations of that accountable institution, then the SPV must register as an accountable institution with the Centre.
- 3.3. The SPV as provided for in paragraph 3.2. may send a request to the Centre to be linked via a delegation structure to the primary accountable institutions for operational purposes.
- 3.4. The written request to the Centre must be on formal letterhead and set out in detail the ownership and organisational structure and operations of both the primary accountable institution and the SPV accountable institution. The Centre will then consider the request to determine whether a delegation is permissible given the risk and context of the SPV.
- 3.5. The proposed compliance officer of the SPV accountable institution could be the same appointed compliance officer for the primary accountable institution.
- 3.6. The SPV must be able to demonstrate that it forms part of a broader group or is linked to the broader group, which group it may benefit from in the form of sharing operational resources and mutual control.

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- 3.7. The SPV will not be required to have a formal agreement for outsourcing in writing with the primary accountable institution/group as the operational resources will be shared within a group structure and not outsourced from a third party.
- 3.8. The primary accountable institution is not seen as an agent of the SPV but rather linked to the SPV through a chain of mutual control, therefore forming a unique part of a group to which the SPV belongs.
- 3.9. In addition to the guidance stated in draft PCC 5E, note that each accountable institution that qualifies under Schedule 1 of the Financial Intelligence Centre Act, Act 38 of 2001 as amended (FIC Act) must register in its own right, before being linked under a delegation structure.
- 3.10. For the purpose of this PCC, delegation structure cannot be allowed in the event of operative SPVs. Where an SPV operates outside a group structure, has operational employees, ongoing business operations, has diverse functions beyond a special purpose, single project, or risk-isolated purposes.
- 3.11. Delegation is allowed for purposes of passive SPVs where an SPV that is an accountable institution falls within, or is linked to a group either through a chain of ownership or mutual control, where the primary accountable institution (controlling entity) coordinates and conducts the operational functions, of the SPV including functions in terms of the FIC Act.

### *Falls within a group of entities*

- 3.12. For purposes of this PCC, group structures are considered to be separate legal entities or accountable institutions who have a common shareholder/ ownership that controls these entities as indicated in [PCC 12A](#).
- 3.13. In the context of this PCC, the Centre does not consider the conducting and/or **sharing** of compliance activities between group-linked SPVs and primary accountable institutions within a group structure as **outsourcing** of compliance

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activities to third-party service providers. The principles of delegation that apply to SPV, and the conducting of certain compliance obligations by the primary accountable institution on behalf of the SPV is not deemed to be outsourcing as provided for in PCC 12A.

- 3.14. The Centre is aware that within group structures compliance functions are often centralised and this also applies to SPVs that form part of a group structure. The Centre encourages accountable institutions within a group structure to apply a group wide RMCP.
- 3.15. The Centre therefore draws a distinction between an SPV **sharing** operational resources with the primary accountable institution/group and an accountable institution **outsourcing** operational resources from third-party service provider.

### *Compliance obligations including customer due diligence and scrutinising*

- 3.16. Accountable institutions operating within the ambit of a SPV delegation structure may seek the assistance of the primary accountable institution/group, to assist with the customer due diligence operational functions, as well as scrutinizing information concerning a client against the targeted financial sanctions lists.

### *Risk Management and Compliance Programme (RMCP)*

- 3.17. Where an accountable institution that is a SPV, and is delegated to a primary accountable institution, the SPV accountable institution must have an RMCP that aligns with the parent accountable institution's framework but reflects its own ML, TF and PF risk profile. The RMCP must demonstrate how the SPV identifies, assesses, manages and mitigates the identified risk. The RMCP must clarify the relationship between the SPV and the primary accountable institution, defining the roles and responsibilities for compliance oversight.

### *Reporting*

- 3.18. Where an accountable institution is an SPV, and is delegated to a primary accountable institution, the SPV accountable institution may rely on the reporting controls as developed and implemented by the primary accountable institution, only

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in so far as the primary accountable institution conducts the transactions operationally on behalf of the SPV accountable institution.

- 3.19. The reporting controls as stated may include the monitoring of transactions in order to detect reportable activity, as well as the actual reporting of the activity to the Centre. This should be done by the SPV appointed compliance officer, and the assistance of SPV appointed money laundering reporting officer (MLROs), if any. This would therefore not be in breach of the FIC [Directive 2](#).

## **4. POTENTIAL ANTI-MONEY LAUNDERING, COUNTER TERRORIST FINANCING AND COUNTER PROLIFERATION FINANCING RISK INDICATORS**

- 4.1. Accountable Institutions must conduct money laundering, terrorist financing and proliferation financing (ML, TF and PF) risk assessments on a business and at a client level. Owing to their operational role within industry, accountable institutions are best placed to understand and identify areas of potential ML, TF, and PF vulnerability.

## **5. CONSULTATION**

- 5.1. Before issuing guidance to accountable institutions, supervisory bodies and other persons regarding their performance, duties, and obligations in terms of the FIC Act or any directive made in terms of the FIC Act, the Centre must in accordance with section 42B of the FIC Act:

- 5.1.1. Publish a draft of the guidance by appropriate means of publication and invite submissions.
- 5.1.2. Consider submissions received.

- 5.2. Commentators are invited to comment on the draft guidance by submitting written comments via the [online comments submission link only](#). Any questions or requests relating to this draft PCC 122 may be sent to the Centre only at [consult@fic.gov.za](mailto:consult@fic.gov.za). Submissions will be received by Monday, 16 March 2026, by close of business.

**6. COMMUNICATION WITH THE CENTRE**

- 6.1. The Centre has a dedicated compliance contact centre geared to assist accountable institutions to understand their registration obligations in terms of the FIC Act. Please call the compliance contact centre on 012 641 6000 and select option 1.
- 6.2. Compliance queries may also be submitted online by clicking on: <https://www.fic.gov.za/compliance-queries/> or visiting the Centre's website and submitting an online compliance query.

**Issued by:  
The Acting Director  
Financial Intelligence Centre  
2 March 2026**