

FSCA Press Release

22 September 2023

FSCA Withdraws license of SALT Asset Management (PTY) LTD

The Financial Sector Conduct Authority (FSCA) confirms its decision to withdraw the licence of Salt Asset Management (Pty) Ltd (SAM) (Financial Services Provider Number 43878) in terms of section 9(4)(a)(ii) of the Financial Advisory and Intermediary Services Act, No. 37 of 2002 (FAIS Act), with effect from 15 September 2023.

On 19 April 2023, the FSCA announced that it had provisionally withdrawn SAM's licence in terms of section 9(3)(a) of the FAIS Act for failing to comply with certain provisions of the Financial Intelligence Centre Act, No. 38 of 2001 (FIC Act) and the FAIS Act. More details on the provisional withdrawal are available [here](#).

SAM was a licensed Financial Services Provider (FSP) under the FAIS Act and an accountable institution under the FIC Act. The FSCA is responsible for supervising and enforcing compliance of FSPs with the FIC Act.

The objective of the FIC Act is, among other things, to help combat money laundering, the financing of terrorism and other related activities. All accountable institutions designated under the FIC Act are obliged to comply fully with its requirements.

Following allegations of SAM's potential involvement in money laundering activities relating to the Gold Leaf Tobacco Corporation, the FSCA conducted an inspection on SAM between 29 November and 1 December 2022 in terms of Section 45B of the FIC Act.

The inspection revealed significant compliance deficiencies and a poor level of understanding by SAM of their money laundering and terrorist financing risks. SAM was found to be in breach of several requirements of the FIC Act by, amongst others, failing to:

- Develop, document, maintain and implement a risk management and compliance programme (RMCP) for anti-money laundering and counter terrorist financing.

Executive Committee:

Commissioner: U. Kamlana | **Deputy Commissioners:** A. Ludin | K. Gibson | F. Badat

- Keep customer due diligence and transaction records.
- Provide the Financial Intelligence Centre and FSCA with prescribed particulars of third parties that keep client records.
- Ensure that the institution does not establish a business relationship with anonymous clients and clients acting under false or fictitious names.
- Establish and verify the identity of clients and other persons.
- Understand and obtain information on business relationships.
- Conduct additional due diligence relating to legal persons.
- Conduct ongoing and enhanced due diligence.
- Terminate existing business relationships where it was unable to identify and verify the identity of clients, understand and obtain information about the business relationships and conduct ongoing due diligence.
- Screen clients against relevant Targeted Financial Sanctions Lists.

Furthermore, the FSCA identified other contraventions relating to the FAIS Act through its ongoing supervision of SAM. It is important to note that compliance with the FIC Act is also a requirement in terms of the FAIS Act and the Determination of Fit and Proper Requirements published under the FAIS Act.

An inspection report detailing the above contraventions was provided to SAM, inviting them to respond to the findings and the FSCA's provisional withdrawal of their licence. SAM failed to respond to the inspection report and notice of provisional withdrawal, resulting in the FSCA's decision to finally withdraw their FSP licence.

The effect of the licence withdrawal is that SAM may not render any financial services as contemplated in section 3 of Financial Sector Regulation Act, No. 9 of 2017 to any financial customers and on behalf of any financial product provider.

The publication of this decision is made in terms of section 9(2)(d) of the FAIS Act, in terms of which the FSCA may make known the withdrawal decision by notice on its official website and, if necessary, through any other appropriate public platforms.

Executive Committee:

Commissioner: U. Kamlana | **Deputy Commissioners:** A. Ludin | K. Gibson | F. Badat

Members of the public are reminded to check whether an entity or individual is authorised to provide a specific financial product, financial service or financial advice by first checking on the FSCA's website (www.fsca.co.za) or by calling this toll-free number: 0800 110 443.

The FSCA urges accountable institutions to continue reviewing and strengthening their anti-money laundering and terrorist financing risk and control environments. Non-compliance with the FIC Act will be subject to firm regulatory action.

END

Enquiries: Financial Sector Conduct Authority
Email address: communications@fsca.co.za
Telephone: 0800 20 3722