

FSCA Press Release

13 October 2025

FSCA imposes R10.6 million administrative penalty on Sanlam Collective Investments (RF) (Pty) Ltd (CIS 34)

The Financial Sector Conduct Authority (FSCA) has imposed administrative sanctions against Sanlam Collective Investments (RF) (Pty) Ltd (SCI) for failing to comply with certain provisions of the Financial Intelligence Centre Act, No. 38 of 2001 (FIC Act). The administrative sanctions include a financial penalty of R10.6 million, a directive to address the identified contraventions and a caution against future breaches.

SCI is a registered manager of collective investment schemes in terms of the Collective Investment Schemes Control Act, No. 45 of 2002 (CISCA) and an accountable institution under the FIC Act. The FSCA is responsible for supervising and enforcing compliance with the FIC Act by managers of collective investment schemes. The FIC Act aims to combat money laundering, the financing of terrorism and other related criminal activities. All accountable institutions designated under the FIC Act must comply fully with its requirements.

In March 2024, as part of its ongoing supervisory activities, the FSCA conducted an inspection of SCI in terms of section 45B of the FIC Act. The inspection revealed SCI to be in breach of the following provisions of the FIC Act:

- **Sections 42(1) and (2):** Accountable institutions are required to develop, document, maintain and implement a Risk Management and Compliance Programme (RMCP) to identify, assess and mitigate money laundering and terrorist financing risks.

While SCI had developed an RMCP, it was not effectively implemented, particularly in respect of the risk rating of its clients.

Executive Committee:

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

Additionally, the RMCP was technically deficient in that it did not adequately address the following issues:

- Processes for enhanced due diligence on partnerships (section 42(2)(f));
 - Examination of complex or unusually large transactions (section 42(2)(h));
 - Termination of business relationships (section 42(2)(k));
 - Identification and reporting of reportable transactions (sections 42(2)(o) and (p)); and
 - Justification for inapplicable section 42(2) requirements.
- **Sections 20A, 21, 21A, 21B, 21C, 21E and 21F to 21H:** These provisions require accountable institutions to identify and verify the identity of clients and beneficial owners, to conduct ongoing customer due diligence, to take steps and consider filing a report if no customer due diligence can be conducted and conduct enhanced customer due diligence on politically exposed persons who are deemed to be high risk.

At the time of inspection, SCI had not adequately identified or verified some clients and their beneficial owners, nor had it conducted the required ongoing and enhanced due diligence.

The FSCA also considered SCI's previous non-compliance with other laws in considering the appropriate sanction. This included an enforceable undertaking entered into by SCI in terms of section 151 of the Financial Sector Regulation Act, No. 9 of 2017 and a previous contravention of section 4(4)(a) of Cisca which resulted in a financial penalty issued against SCI.

In recognition of the remedial steps taken by SCI to date, the FSCA has agreed to suspend R3.6 million of the R10.6 million penalty for a period of two years, conditional upon full remediation and sustained compliance with the relevant provisions of the FIC Act during the suspension period.

The FSCA views the breaches identified at SCI as serious, especially considering the size, complexity and risk exposure of SCI's business and its position and impact in the South African market. An effective RMCP is essential not only for protecting institutions from financial crime but also for safeguarding the integrity of the broader South African financial system.

Proper due diligence of all clients is crucial to help identify and mitigate against suspicious and criminal elements from infiltrating the financial system. Financial institutions operating within large, international financial services groups are expected to demonstrate a heightened level of vigilance in this regard.

This sanction underscores that the FSCA will not tolerate non-compliance with the FIC Act. All accountable institutions are reminded to continually review and enhance their anti-money laundering and counter-terrorism financing controls at the highest levels and to conduct thorough risk assessments on a regular basis. Failure to do so will result in firm regulatory action.

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