

## FSCA Press Release

8 May 2025

### **FSCA imposes R3 million administrative sanction on Ninety One Fund Managers SA (RF) (Pty) Ltd (CIS 16)**

The Financial Sector Conduct Authority (FSCA) has taken administrative action against Ninety One Fund Managers SA (RF) Pty Ltd (91FM) for failing to comply with certain provisions of the Financial Intelligence Centre Act, No. 38 of 2001 (FIC Act). The administrative action includes a financial penalty of R3 million, a directive to remediate the identified contraventions and a caution against future breaches.

91FM 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, among other things, 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 September 2023, as part of its ongoing supervisory activities, the FSCA conducted an inspection of 91FM in terms of section 45B of the FIC Act. The inspection revealed 91FM 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 91FM had developed an RMCP, it failed to implement it effectively, particularly in respect of the risk rating of its clients.

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#### **Executive Committee:**

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

Additionally, the RMCP was technically deficient and did not adequately address the following issues:

- Performing customer due diligence under sections 21, 21A, 21B, and 21C when suspicious or unusual activity is identified (section 42(2)(j)); and
  - Determining whether a transaction is reportable as related to terrorist financing (section 42(2)(o)).
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- **Sections 21, 21B and 21C:** These provisions require accountable institutions to identify and verify the identity of clients and beneficial owners, and to conduct ongoing customer due diligence. At the time of inspection, 91FM had not adequately identified or verified some clients and their beneficial owners, nor had it conducted the required ongoing due diligence.

91FM lodged an appeal with the FIC Act Appeal Board (Appeal Board) following the imposition of the administrative sanction by the FSCA in November 2024. In particular, 91FM disputed the findings relating to customer due diligence. However, subsequent to further constructive engagements between the FSCA and 91FM, 91FM agreed to a settlement of the matter which was confirmed as an order of the Appeal Board in terms of section 45D(7) of the FIC Act in April 2025. The appeal has since been withdrawn.

In light of remedial actions taken by 91FM to date, the FSCA has agreed to suspend R500 000 of the R3 million financial penalty for a period of three years, conditional upon full remediation and sustained compliance with relevant provisions of the FIC Act during the suspension period.

The FSCA views the breaches identified at 91FM as serious, especially considering the size, complexity and risk exposure of 91FM's business as well as 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 serves as a reminder that the FSCA will not tolerate non-compliance with the FIC Act. All accountable institutions are urged to continually review and enhance their anti-money laundering and terrorist 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.

**ENDS**

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