

FSCA Press Release

20 May 2025

FSCA imposes an administrative sanction on Donaldson Global Investments (Pty) Ltd (FSP 50485)

The Financial Sector Conduct Authority (FSCA) has taken administrative action against Donaldson Global Investments (Pty) Ltd (DGI) 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 R200 000, a directive to remediate the identified contraventions and a caution against future breaches.

DGI is a licensed financial services provider (FSP) in terms of the Financial Advisory and Intermediary Services Act, No. 37 of 2002 (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 FIC Act aims, among other things, to help 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 January 2024, as part of its ongoing supervisory activities, the FSCA conducted an inspection on DGI in terms of section 45B of the FIC Act. The inspection revealed DGI to be in breach of the following provisions of the FIC Act:

- **Sections 42(1) and (2):** Accountable institutions must develop, document, maintain, and implement a risk management and compliance programme (RMCP) for anti-money laundering (ML), counter-terrorist financing (TF) and proliferation financing (PF). The RMCP must outline how an accountable institution will mitigate its ML/TF/PF risks and ensure compliance with the FIC Act.

While DGI had developed an RMCP, it was found to be deficient in that it did not set out the processes and policies to:

Executive Committee:

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

- Scrutinise clients against the United Nations Security Council's Targeted Financial Sanctions (TFS) Lists;
 - Report property associated with suspected terrorists and TFS to the Financial Intelligence Centre (FIC);
 - Report suspicious and unusual activity and transactions to FIC; and
 - Ensure adherence with the 'freezing' requirements should it identify a client on a TFS List.
- **Section 28A read with sections 26A – 26C:** Accountable institutions are required to scrutinise their client information to determine if any of their clients are listed on TFS Lists published under the Protection of Constitutional Democracy Against Terrorist and Related Activities Act, No. 33 of 2004 (POCDATARA Act) and by the Security Council of the United Nations.

DGI failed to scrutinise client information against these TFS Lists, as required.

In light of remedial actions taken by DGI to date, the FSCA suspended R100 000 of the R200 000 financial penalty for a period of 3 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 DGI as serious. An effective RMCP is vital not only because it assists accountable institutions to protect and maintain the integrity of their own businesses but also because it helps contribute to the integrity of the South African financial system as a whole.

Additionally, the proper screening of clients against the relevant TFS Lists is crucial to help identify and mitigate against suspicious and criminal elements from infiltrating the financial system.

The above sanctions serve as reminders 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

Enquiries: Financial Sector Conduct Authority

Email address: Communications@fsca.co.za

Telephone: 012 422 2842