



## **FSCA INFORMATION REQUEST 6 OF 2022 (GENERAL)**

### **FINANCIAL SECTOR REGULATION ACT, 2017 (ACT NO. 9 OF 2017)**

#### **REQUEST FOR INFORMATION RELATING TO OWNERSHIP OF CERTAIN FINANCIAL INSTITUTIONS**

##### **1. REQUEST FOR INFORMATION**

1.1 The Financial Sector Conduct Authority (FSCA), under section 131 of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (FSR Act), hereby requests the provision of certain information as specified in this Request for Information (RFI) from the following financial institutions (impacted financial institutions):

- a) Authorised Financial Services Providers (FSPs) as defined in the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002), excluding those FSPs referred to in paragraph 3.2; and
- b) Managers as defined in the Collective Investment Schemes Control Act, 2002 (Act No. 45 of 2002) (Managers).

##### **2. BACKGROUND**

2.1 In support of the FSCA's objectives under the FSR Act to enhance and support the efficiency and integrity of financial markets, protect financial customers and support financial stability, as well as its obligations as a supervisory body in terms of Schedule 2 of the Financial Intelligence Centre Act, 2001 (Act No. 38 of 2001) (FIC Act), the FSCA plays an important role in reducing the risk of financial institutions engaging in conduct that is, or may contribute to, financial crime.<sup>1</sup>

2.2 In some instances the owner (including a beneficial owner) of a financial institution is able to influence and control the business of the financial institution. A financial institution may

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<sup>1</sup> Also see, for example, sections 7(1)(e), 81(1), 106(2)(d), 114(1)(d), 145(b) and 253(1)(c) of the FSR Act.

thus unwittingly be used by such an owner as a mechanism or channel to facilitate criminal activity.

- 2.3 South Africa is also a member of the Financial Action Task Force (FATF), which is the global watchdog for money laundering and terrorist financing. This inter-governmental body sets international standards that aim to prevent these illegal activities and reduce the risk of harm they cause to society. As a member of FATF, South Africa must adhere to the FATF Recommendations. Failure to adhere to these Recommendations could have severe negative impacts for the South African economy, including in respect of foreign investments.
- 2.4 FATF Recommendation 26 states that (emphasis added): “Countries should ensure that financial institutions are subject to adequate regulation and supervision and are effectively implementing the FATF Recommendations. Competent authorities or financial supervisors should take the necessary legal or regulatory measures to prevent criminals or their associates from holding, or being the beneficial owner of, a significant or controlling interest, or holding a management function in, a financial institution ...”.
- 2.5 In light of the above, it is necessary for the FSCA to scrutinise the ownership of its supervised entities more closely to help mitigate the risk of financial institutions being used to facilitate criminal activity. Accordingly, the FSCA is embarking on an information gathering exercise as described in this RFI to help identify owners of certain financial institutions more effectively.

### **3. PURPOSE AND SCOPE**

- 3.1 The purpose of this Notice is to request certain FSPs and Managers, that are also designated as accountable institutions in terms of the FIC Act, to provide information to the FSCA relating to the ownership of such institutions.
- 3.2 The following FSPs are excluded from the RFI:
- a) Banks, mutual banks and insurers licensed by the Prudential Authority (PA), as these entities will be required to provide ownership information to the PA in a form and manner determined by the PA;

- b) FSPs that are authorised for non-life insurance and/or health service benefit products only, as these entities are not designated as accountable institutions in terms of the FIC Act; and
- c) Sole proprietors and partnerships, as these businesses are not separate legal entities. They are owned and operated by the individuals directly licensed by the FSCA.

3.3 The FSCA may conduct criminal background checks on individual owners based on the information provided in response to this RFI.

3.4 This Notice also provides guidance to impacted financial institutions on how to submit the relevant ownership information via the FSCA's online E-portal system, as described in paragraphs 4 and 5 below.

#### **4. SUBMISSION PROCESS AND TIMELINE**

4.1 Impacted financial institutions must access the FSCA's online submission system by entering their existing login credentials for either the FAIS or CIS/Hedge Fund e-portal, as applicable, at this [link](#).

4.2 Once logged in users must select the "Beneficial Ownership Information" option and proceed to complete all required fields.

4.3 A detailed user guide containing step-by-step guidance on how to submit the required information is available on the e-portal login page.

4.4 The e-portal will be available for submission of information under this RFI from **15 August 2022**. Impacted financial institutions must ensure that all information has been submitted by no later than 30 September 2022.

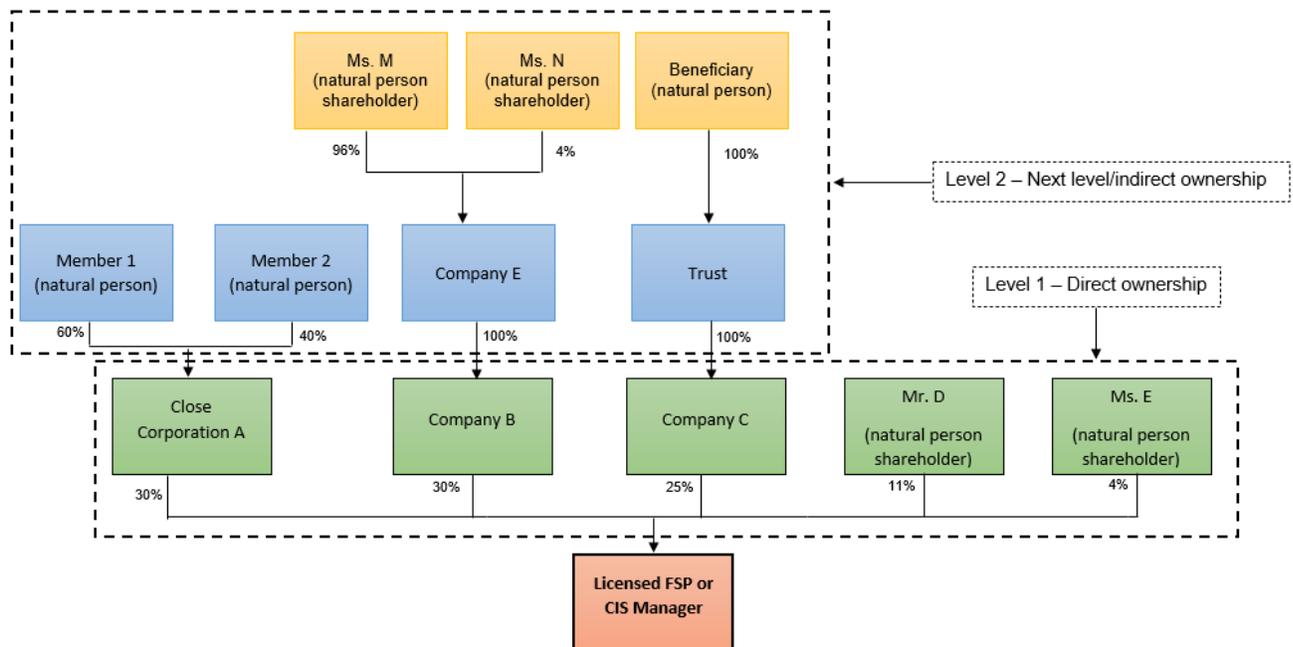
4.5 Impacted FSPs that require assistance with e-portal login credentials may contact Akashen Rampersadh at the following e-mail address: [Akashen.Rampersadh@fsc.co.za](mailto:Akashen.Rampersadh@fsc.co.za).

4.6 Impacted Managers that require assistance with e-portal login credentials may contact Annelize Slabbert at the following e-mail address: [Annelize.Slabbert@fsc.co.za](mailto:Annelize.Slabbert@fsc.co.za).

## 5. CAPTURING AND VALIDATING INFORMATION

5.1 Impacted financial institutions must upload an organogram depicting the total ownership and control structure of the institution to enable verification of the ownership information by the FSCA.

5.2 Herewith an example of an organogram to support the guidance provided below:



5.3 As depicted above, impacted financial institutions are required to submit two levels of ownership information.

### *Level 1 – Direct ownership of impacted financial institution*

5.4 Impacted financial institutions are required to provide and validate information relating to 100% of their direct ownership. Put differently, all ownership information relating to the direct ownership of the impacted financial institution must be submitted, regardless of the type of owner or percentage of ownership held. In the example above, this will entail the information of Close Corporation A, Company B, Company C, Mr. D and Ms. E.

5.5 The system is configured to require the user to validate the total ownership of the financial institution up to 100% before the user can proceed to the next step. However, where the

regulated entity is a listed company, trust, co-operative or state-owned entity, such ownership is excluded from the validation step.

*Level 2 – Next ownership levels (indirect ownership of impacted financial institution)*

5.6 In terms of the level 2 information, impacted financial institutions are required to provide information relating to all owners holding an indirect ownership in the impacted financial institution as explained below. Indirect ownership in an impacted financial institution entails ownership of any legal entity reflected in level 2 of the organogram (next ownership levels).

5.7 Therefore, for purposes of the level 2 information, the following details of all **legal entities** in the ownership chain depicted at every next ownership level of the organogram must be provided until the last level identifying the ultimate beneficial owner/s (natural person) of the financial institution:

- i. Entity name
- ii. Entity type
- iii. Registration number
- iv. Jurisdiction in which registered
- v. Indicate if entity is listed on any Exchange (local or international exchange)

5.8 In the organogram example provided in paragraph 5.2, this will entail the above information related to Company E and Trust.

5.9 The following details of all **individuals (natural persons)** holding ownership in any legal entity in the ownership chain depicted at every next ownership level of the organogram must be provided, but **only if the individual/natural person holds 5% or more** of the ownership or voting rights:

- i. Name and surname
- ii. Identification number
- iii. Nationality
- iv. Country of residence
- v. Contact number
- vi. E-mail address

vii. Politically Exposed Person (PEP) status<sup>2</sup>

5.10 In the organogram example provided in paragraph 5.2, this will entail the above information related to Member 1, Member 2, Ms. M and Beneficiary. Information in relation to Ms. N is excluded as she holds an ownership of less than 5% in Company E.

5.11 As soon as a new ownership record has been validated and submitted to the FSCA database, the record will be displayed as an Ownership record. These records should be kept up to date.

5.12 Impacted financial institutions must take note that incomplete submissions will be rejected by the FSCA and regarded as a failure to comply with the RFI.

## **6. FAILURE TO COMPLY WITH REQUEST**

6.1 Failure to provide the specified information within the timeframe specified constitutes an offence under section 267 of the FSR Act.

6.2 This RFI is available on the FSCA's website ([www.fsca.co.za](http://www.fsca.co.za)) under Regulatory Frameworks < Notices < General.

## **7. ENQUIRIES**

Enquiries regarding the RFI must be sent to the FSCA Business Centre by emailing [RFI@fsca.co.za](mailto:RFI@fsca.co.za).



**F BADAT**  
**DEPUTY COMMISSIONER**  
**FINANCIAL SECTOR CONDUCT AUTHORITY**  
**DATE: 12 August 2022**

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<sup>2</sup> For purposes of this RFI, "Politically Exposed Person (PEP)" refers to an individual entrusted with a prominent public function.  
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