

FSCA Press Release

21 October 2025

FSCA imposes R1.7 million administrative penalty on Harith General Partners (Pty) Ltd (FSP 43795)

The Financial Sector Conduct Authority (FSCA) has imposed an administrative penalty of R1.7million on **Harith General Partners (Pty) Ltd (Harith)** for failing to comply with certain provisions of the Financial Intelligence Centre Act, No. 38 of 2001 (FIC Act).

Harith is a licensed financial services provider (FSP) under 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 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.

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

- **Sections 42(1) and 42(2) - Risk Management and Compliance Programme (RMCP):** Accountable institutions must develop, document, maintain and implement an RMCP for anti-money laundering (ML), counter-terrorist financing (TF) and proliferation financing (PF). The RMCP must outline how the accountable institution will determine when a transaction or activity is reportable to the Financial Intelligence Centre (FIC) and provide for the processes for reporting such information to the FIC.

Executive Committee:

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

Furthermore, the RMCP must indicate how the accountable institution will comply with the provisions of section 26B of the FIC Act relating to prohibitions of persons and entities identified by the United Nations Security Council (UNSC).

Although Harith had developed an RMCP, it was found to be deficient in that the RMCP failed to outline how the accountable institution would comply with the aforementioned FIC Act requirements.

- **Sections 21, 21A and 21B - Customer Due Diligence:** Accountable institutions are required to conduct customer due diligence which includes, among other things, the identification and verification of clients, establishing the identity of persons acting on behalf of the client, obtaining information on the nature of the business relationship and obtaining beneficial ownership information.

Harith failed to conduct the requisite customer due diligence as follows:

- Failed to establish and verify the identity of clients and to provide evidence of establishing and verifying the identity of other persons authorised to act on behalf of clients.
 - Failed to obtain information describing the client's nature of business, intended purpose of the business relationship and source of funds.
 - Failed to adequately establish and verify the identity of beneficial owners.
- **Section 28A read with section 26B - Targeted Financial Sanctions (TFS) screening:** Accountable institutions are required to scrutinise their client information to determine if any of their clients are listed on TFS lists.

Harith failed to provide evidence that client information was scrutinised against the UNSC TFS Lists published under the Protection of Constitutional Democracy Against Terrorist and Related Activities Act, No. 33 of 2004 (POCDATARA Act), as required.

- **Directive 8 – Employee screening:** An accountable institution is required to screen prospective employees and current employees for competence and integrity periodically, in a risk-based manner. Moreover, it must provide for, and record, the

manner in which screening for competence and integrity, as well as the manner in which scrutinising of employee information against TFS lists, will be conducted.

Harith failed to provide evidence that employees were subject to competence and integrity screening as described above.

In light of the above contraventions and based on an assessment of various factors, including the size, complexity and risk exposure, applicable to Harith, the FSCA issued a directive to the institution to remediate the identified deficiencies and imposed a financial penalty of **R1,7million**, of which **R500 000** is conditionally suspended for two years. The FSCA notes Harith's ongoing engagements regarding its efforts to remediate the identified instances of non-compliance.

The FSCA considers the identified compliance deficiencies to be serious breaches of the FIC Act. 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.

Proper due diligence of clients and screening of client and employees against the TFS lists is crucial to help identify and mitigate against suspicious and criminal elements from infiltrating the financial system.

The above 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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