

Financial Intelligence Centre Act, 2001 (Act 38 of 2001)

Joint Communication 2A of 2020

Covid-19: Supervisory response

1. Objective of this communication

This communication provides a revised and updated time frame to certain dates stipulated in the prior Joint Communication 2 of 2020¹ issued on 21 April 2020, given the recent developments and announcements by the President during this Covid-19 (Coronavirus) lockdown period.

The authors of this communication recognise that the Covid-19 pandemic continues to have an impact on the manner in which accountable institutions (AIs) operate, particularly in regard to their compliance with certain provisions of the Financial Intelligence Centre Act, 2001 (Act 38 of 2001). The authors are also cognisant that the pandemic may present criminals with further opportunities to engage in illicit or unlawful activity.

2. Updated timeframes

- 2.1 The Joint Communication 2 of 2020 as issued by the Financial Surveillance Department, National Payment System Department, Prudential Authority and the Financial Sector Conduct Authority (the Authorities), and endorsed by the Financial Intelligence Centre, specifically with reference to clause 4.10 and 4.11 refers.
- 2.2 The Authorities wish to provide an update regarding the aforementioned clauses, namely that in respect of affected existing clients (in respect of whom ongoing due diligence was required to take place from 1 March 2020 until and including the entire Level 4 lockdown period in a face-to-face manner). Having due regard to the impact of the nationwide lockdown due to Covid-19, the Authorities do not expect that there should be any freezing or closure of accounts due to the inability of AIs to obtain identification and verification information, or procure other information as may be required to conduct requisite on-going due diligence where the information would have been necessary to have been obtained in a face-to-face manner.

The Authorities expect that AIs would by now have already commenced with planning and discussions on how affected clients would be dealt with during and after Level 3 of the lockdown period. Accordingly, the Authorities expect

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<http://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/9878/Joint%20Communication%202%20of%202020%20-%20Covid%2019%20Supervisory%20response.pdf>

that AIs communicate detailed plans with requisite deadlines for completion, in writing to their respective supervisory body by no later than seven (7) days² post the Level 3 lockdown period. The Authorities require that each AI that is affected, submit a plan that includes completion dates that do not extend further than eight (8) months from day one of the Level 3 lockdown period.

- 2.3 This communication does not have the force of law, and is intended to signal an indication of the Authorities' supervisory response to the Covid-19 pandemic, in respect of those matters that are an immediate priority to alleviate possible pressure that AIs may experience during the nationwide lockdown. The AIs are urged to continue to act in good faith towards fulfilling their obligations to the greatest extent possible, and to make prudent decisions regarding the management of money laundering, terrorist financing, and proliferation financing risks. The provisions discussed in this communication should not be seen as a relaxation of the Authorities' supervisory body powers or existing remedial actions regarding a particular AI, except for as provided for in the aforementioned paragraphs. The Authorities confirm that this communication should not be interpreted as an opportunity for AIs to unduly benefit from any potential supervisory actions by the Authorities. Accordingly, this communication is issued without prejudice to the supervisory and enforcement powers of the Authorities in terms of the FIC Act, particularly sections 45B and 45C.
- 2.4 The remainder of the content of Communication 2 of 2020 as jointly issued by the Authorities remains applicable.

3. Further Action

- 3.1 AIs that are uncertain about the intended application of this communication should contact their respective supervisory body for further direction.
- 3.2 The Authorities will periodically review this guidance in light of new information on the duration and extent of the Covid-19 lockdown.
- 3.3 The Authorities will continue to engage with the financial sector and all other relevant stakeholders during this time and will provide further direction to AIs or implement any additional measures as and when necessary.

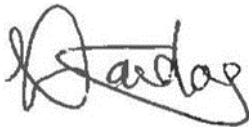
Requests for further information about Communication may be submitted via email to: Denzel.Bostander@resbank.co.za for the Prudential Authority, Elijah.Mazibuko@resbank.co.za for the Financial Surveillance Department, npsdirectives@resbank.co.za for the National Payment System Department, and Kedibone.Dikokwe@fsca.co.za, for the Financial Sector Conduct Authority.

² Business days



FINANCIAL SECTOR CONDUCT AUTHORITY

Date: 6 May 2020



SOUTH AFRICAN RESERVE BANK AND PRUDENTIAL AUTHORITY

Date: 6 May 2020



Endorsed by: Adv. Xolisile Khanyile: Director FIC

FINANCIAL INTELLIGENCE CENTRE

Date: 6 May 2020