

Law Navigator



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South Africa was placed on the Financial Action Task Force (FATF) grey list in February 2023 for not complying with international standards around the prevention of money laundering, terrorist financing and proliferation financing.

Acts such as the Financial Intelligence Centre Act ("FICA") are in place to strengthen South Africa's institutional capacity to fight corruption and the financing of terrorism.

The Financial Intelligence Centre Act

FICA was enacted in 2001 but only officially came into effect on 1 July 2003 after the establishment of the Financial Intelligence Centre ("the Centre").

The Centre was established to identify the proceeds of crime and to combat money-laundering activities, proliferation financing activities and the financing of terrorist and related activities and to protect the integrity and stability of our financial system. The Centre gathers, analyses and disseminates financial intelligence and makes it available to law enforcement agencies to aid in the enforcement of compliance with South African legislation.

FICA's purpose is to combat money laundering, terrorist financing and other financial crimes. It provides customer due diligence measures using a risk-based approach, meaning that institutions should not follow a one-size-fits-all approach but must tailor their due diligence processes regarding the identification and verification of their clients to the specific risks associated with those clients.

Financial institutions such as retirement funds may be illegally used for money-laundering purposes and to finance terrorist and related activities. A fund must therefore assess the likelihood of such risks and their consequences and must apply appropriate safeguards to mitigate those risks.

Know Your Client

Sygnia must comply with the Know Your Client ("KYC") requirements set out in its Risk Management and Compliance Programme, which sets out the policies, procedures, systems and controls that must be implemented to comply with FICA. SURF must verify the identity and legitimacy of all participating employers and their members.

Retirement funds are generally perceived as low-risk products, because contributions are funded from employee salaries and access to benefits is restricted to legislated exit events. SURF can therefore apply a less stringent due diligence process to participating employers, but it must still collect information relating to the identity of the employer, beneficial ownership and persons in prominent positions.

Beneficial ownership refers to a natural person who effectively owns or controls a company or legal entity, even if they are not listed in the official records (for example, a person who owns or controls 5% of a company's voting shares (equity) and has decision-making powers).

Prominent influential person and politically exposed person

A prominent influential person (PIP) holds a significant position of influence in the public or private sector. A politically exposed person (PEP) holds or has held a prominent public position or function that could make them susceptible to corruption. Such individuals are subject to enhanced due diligence measures under anti-money laundering regulations due to their influence and exposure to financial risk.

SURF requires full details of any PIP or PEP (or the close associate or family member of such a person) who is the representative of a legal entity or is a senior manager responsible for the oversight and management of such an entity.

Information required by SURF

The following information about an employer must be provided at inception of the fund before that employer's participation in SURF can commence.

Purpose	Document
Identification	• Constitution • Registration documents • Certificate of incorporation • Memorandum and articles of association
Address	• Municipal account • Lease agreement
Tax registration	• Income tax number • Resolution authorising representative
Identification of authorised representative	• Identity document • Proof of address • Contact details
Beneficial ownership	• Details of ultimate beneficial ownership (e.g. share certificate, signed agreement) • Identity document of beneficial owner • Contact details

Employers take note

You must notify SURF immediately if any of your company information changes.

Please ensure that the information you provide to SURF is accurate and complete. Inaccurate or incomplete information may lead to delays in the management of fund members' retirement savings.