

HIGH-VALUE GOODS DEALERS AND REGULATORY REPORTING

Recent amendments to Schedule 1 of the FIC Act have brought dealers of precious metals and stones, who fall under the definition of high-value goods dealers, within the full scope of the Act. The FIC Act requires accountable institutions to meet regulatory obligations including registering with and reporting to the Financial Intelligence Centre (FIC). The three main regulatory reporting streams for accountable institutions are cash threshold reports, suspicious and unusual transaction reports, and terrorist property reports.

The FIC is South Africa's financial intelligence unit tasked with identifying the proceeds of crime, and assisting in combating money laundering, terrorist financing and proliferation financing. Regulatory reports filed by accountable institutions are central to the FIC's efforts to support law enforcement, prosecutorial authorities and other competent authorities in their work.

A high-value goods dealer is defined in the FIC Act as a person who carries on the business of dealing in high-value goods in respect of any transaction where such a business receives payment in any form to the value of R100 000 or more. This includes whether the payment is made in a single operation or in more than one operation that appears to be linked. High-value goods refer to any item that is valued, in that business, at R100 000 or more.

Registering with the FIC

Before any accountable institution can submit a regulatory report, they must first register with the FIC. High-value goods dealers must register within 90 days of their business being established and the registration must be done on the FIC's online portal, [goAML](#). Registration with the FIC is free of charge.

An entity must register first to generate an 'Organisation ID' before they can register a compliance officer or money laundering reporting officer who will be responsible for fulfilling the entity's FIC Act obligations. All registrations must be accompanied by supporting documentation including certified identity documents and an authorisation letter on the institution's letterhead.

The FIC will verify the information supplied and will either approve or reject the registration. Reasons for rejection of registration will be communicated via the e-mail address the institution provides on the system.

If the registration has been rejected the high-value goods dealer must address the errors before completing the registration steps again. High-value goods dealers are cautioned that failure to register with the FIC amounts to non-compliance with their obligations in terms of the FIC Act. Non-compliance may result in a fine not exceeding R10 million for a legal person, and R5 million for a natural person.

Cash threshold reporting

Cash threshold reporting serves as an effective tool in the FIC's arsenal in the fight against financial crime. Through cash threshold reporting the FIC can proactively monitor and report on cash transactions which may be linked to money laundering activities, so that potential proceeds of crime are timeously identified and investigated. Analysis of cash threshold reports (CTRs) is

important in helping to decipher possible underlying crime patterns and trends, as well as syndicated or cash-intensive criminal activity.

The obligation to report CTRs in terms of section 28 of the FIC Act arises when a cash transaction is above the threshold of R49 999.99. This applies when the high-value goods dealer makes or receives a cash payment.

In the case of a high-value goods dealer, the requirement to file a CTR applies to a cash transaction, where the item exceeds R100 000. For example, where a client makes a cash payment of R60 000 and settles the balance via EFT for precious stones that costs R100 000, the dealer must report on the cash portion. Where an item is less than R100 000, the CTR obligation does not apply. The high-value goods dealer must file a CTR as soon as possible and within three days of the transaction taking place. Refer to draft [public compliance communication 119](#) on the FIC website www.fic.gov.za, for further guidance.

Terrorist property reports

The FIC requires all high-value goods dealers to file a report in terms of section 28A of the FIC Act if it knows that it possesses or controls property of a person or entity designated on a [targeted financial sanctions list](#) or property linked to terrorism. The accountable institution must file a terrorist property report (TPR) as soon as possible without delay within five days of becoming aware of the designated person or a link to terrorism. Read about TPRs in [Guidance Note 6A](#).

Suspicious and unusual transaction reports

The duty to file reports on transactions deemed suspicious and unusual applies to all businesses has no threshold amount, and as such, any amount is reportable regardless of the value of the item.

A suspicious and unusual transaction report (STR) can be based either on knowledge or a mere suspicion. The obligation to file an STR arises as soon as the high-value goods dealer becomes aware that the transaction or activity is related to the proceeds of crime or the possible evasion of targeted financial sanctions. Business must file STRs regardless of the value of the transaction. The entity must file an STR upon becoming aware of a suspicious and unusual activity as soon as possible without delay and no later than 15 days. See [Guidance Note 4B](#) on STRs.

For more compliance information and guidance offered to accountable institutions, refer to the FIC [website](#). The FIC's compliance contact centre can be reached on +27 12 641 6000 or log an online compliance query by clicking on: <http://www.fic.gov.za/ContactUs/Pages/ComplianceQueries.aspx>