

GUIDANCE NOTE

GUIDANCE NOTE 05B

ON CASH THRESHOLD REPORTING TO THE FINANCIAL
INTELLIGENCE CENTRE IN TERMS OF SECTION 28 OF THE
FINANCIAL INTELLIGENCE CENTRE ACT, 2001
(ACT 38 OF 2001)

PREFACE

- i) Money laundering has been criminalised in section 4 of the Prevention of Organised Crime Act, 1998 (Act 12 of 1998) (POC Act). A money laundering offence may be described as the performing of any act in connection with property that may result in concealing or disguising the nature or source of the proceeds of crime or of enabling a person to avoid prosecution or in the diminishing of the proceeds of crime.
- ii) Apart from criminalising the activities constituting money laundering, South African law also contains a number of control measures aimed at facilitating the detection and investigation of money laundering. These control measures, as contained in the Financial Intelligence Centre Act, 2001 (Act 38 of 2001) (FIC Act) are based on three basic principles of money laundering detection and investigation, i.e. that:
- intermediaries in the financial system must know with whom they are doing business;
 - the paper trail of transactions through the financial system must be preserved;
 - possible money laundering transactions must be brought to the attention of the Financial Intelligence Centre (the Centre) and the investigating authorities.
- iii) The FIC Act also established the Centre which is South Africa's financial intelligence unit, a government agency created to collect, analyse and interpret information disclosed to it and obtained by it. The Centre is an integral part of our country's fight against the global crime of money laundering and terrorist financing.
- iv) In addition, section 4(c) of the FIC Act empowers the Centre to provide guidance in relation to a number of matters concerning compliance with the obligations of the Act. This guidance is published by the Centre in terms of section 4(c) of the FIC Act. Guidance provided by the Centre is the only form of guidance formally recognised in terms of the FIC Act and the Money Laundering and Terrorist Financing Control Regulations issued under the FIC Act (the MLTFC Regulations). Guidance provided by the Centre is authoritative in nature which means that accountable institutions must take the guidance issued by the Centre into account in respect of their compliance with the relevant provisions of the FIC Act and the MLTFC Regulations. If an accountable institution does not follow the guidance issued by the Centre, It should be able to demonstrate that it nonetheless achieves an equivalent level of compliance with the relevant provisions. It is important to note that enforcement action may emanate as a

result of non-compliance with the FIC Act and the MLTFC Regulations where it is found that an accountable institution has not followed the guidance issued by the Centre.

Disclaimer

- v) Guidance which the Centre provides, does not relieve the user of the guidance from the responsibility to exercise their own skill and care in relation to the users' legal position. This guidance does not provide legal advice and is not intended to replace the FIC Act or the MLTFC Regulations issued under the FIC Act. The Centre accepts no liability for any loss suffered as a result of reliance on this publication.

Copyright notice

- vi) This guidance is copyright. The material in guidance may be used and reproduced in an unaltered form only for non-commercial use. Apart from any use permitted under the Copyright Act No. 98 of 1978, all other rights are reserved.

GUIDANCE NOTE 05B ON CASH THRESHOLD REPORTING TO THE FINANCIAL INTELLIGENCE CENTRE IN TERMS OF SECTION 28 OF THE FINANCIAL INTELLIGENCE CENTRE ACT, 2001 (ACT 38 OF 2001)

Contents

PREFACE.....	ii
APPLICATION OF THIS GUIDANCE NOTE	5
GLOSSARY	6
INTRODUCTION	7
PART 1 - WHO MUST REPORT?	8
PART 2 – WHEN DOES THE REPORTING OBLIGATION ARISE?	9
The obligation to report in terms of section 28 of the FIC Act.....	9
The reporting of “cash” as defined in the FIC Act.....	9
Prescribed particulars contained in the MLTFC Regulations – full particulars and readily available information	10
Submitting full particulars and readily available information on the reporting platform of the Centre.....	11
Aggregation of amounts	12
Directionality of cash transactions when reporting CTR	15
Foreign exchange rate conversion	16
PART 3 – MULTIPLE REPORTING WHERE CASH IS RECEIVED	17
The obligation to report in terms of section 28 of the FIC Act.....	17
Multiple cash transaction reporting obligations arising from the same transaction.....	17
PART 4 – METHODS FOR SUBMITTING CASH THRESHOLD REPORTS TO THE CENTRE.....	19
Method of filing a CTR.....	19
Time period for submitting a cash threshold report	21
Knowledge of the Transaction.....	22
PART 5 – RECOMMENDATIONS TO FACILITATE PRACTICAL IMPLEMENTATION.....	23
All accountable and reporting institutions	23
Banks	23
Status of user guides on electronic reporting of cash threshold transactions.....	23
CONCLUSION.....	24

APPLICATION OF THIS GUIDANCE NOTE

1. The objective of this guidance note is to assist accountable institutions and reporting institutions to meet their cash threshold reporting obligations in terms of the FIC Act and the MLTFC Regulations. It provides general guidance on the obligations in terms of section 28 of the FIC Act. In particular, the guidance note explains reporting timelines, how reports have to be sent to the Centre, what information has to be included in these reports and how to use the electronic reporting mechanism.
2. This guidance note takes effect on **02 October 2017**.

GLOSSARY

“The Centre” means the Financial Intelligence Centre established in terms of section 2 of the FIC Act.

“FIC Act” refers to the Financial Intelligence Centre Act, 2001 (Act 38 of 2001).

“MLTFC Regulations” refer to the Money Laundering and Terrorist Financing Control Regulations made in terms of section 77 of the FIC Act and promulgated by Government promulgated by Government Notice 1595 in Government Gazette 24176 of 20 December 2002, as amended by Government Notice R456 in Government Gazette 27580 of 20 May 2005, Government Notice R867 in Government Gazette 33596 of 01 October 2010 and Government Notice 1107 in Government Gazette 33781 of 26 November 2010.

“POC Act” refers to the Prevention of Organised Crime Act, 1998 (Act 121 of 1998).

“Reporter” refers to the person or entity making the report.

“CTR” refers to a cash threshold report submitted in terms of section 28 of the FIC Act.

“CTRA” refers to a cash threshold report submitted in terms of section 28 of the FIC Act, whereby the transaction values have been aggregated (added up) to total the threshold value.

INTRODUCTION

3. The FIC Act provides for the obligation on accountable and reporting institutions to report cash transactions above a prescribed threshold to the Centre in the prescribed form.
4. Cash threshold reporting in terms of section 28 of the FIC Act provides the Centre with a mechanism to proactively monitor and report on cash transactions which may be linked to money laundering or terrorist financing activities so that potential proceeds of crime are timeously identified and investigated.
5. This guidance note consists of 5 (five) parts:
 - **Part 1** explains that accountable institutions and reporting institutions have a reporting obligation in terms of section 28 of the FIC Act.
 - **Part 2** explains when the reporting obligation arises.
 - **Part 3** provides practical examples of when multiple reports must be sent to the Centre in terms of section 28 of the FIC Act.
 - **Part 4** provides for the methods of submitting cash threshold reports to the Centre.
 - **Part 5** provides recommendations to facilitate practical implementation.

PART 1 - WHO MUST REPORT?

6. The obligation to report cash transactions above the prescribed threshold in terms of section 28 of the FIC Act applies to:
- accountable institutions (as listed in Schedule 1 to the FIC Act); and
 - reporting institutions (as listed in Schedule 3 to the FIC Act).

PART 2 – WHEN DOES THE REPORTING OBLIGATION ARISE IN TERMS OF SECTION 28 OF THE FIC ACT?

The obligation to report in terms of section 28 of the FIC Act

7. The obligation to report in terms of section 28 of the FIC Act arises when a transaction, or series of aggregated transactions, is concluded with a client by means of which cash in excess of the prescribed amount, that is, R24 999, 99:
 - is paid by the accountable or reporting institution to the client, or to a person acting on behalf of the client, or to a person on whose behalf the client is acting; or
 - is received by the accountable or reporting institution from the client, or from a person acting on behalf of the client, or from a person on whose behalf the client is acting.
8. The obligation therefore extends to cash in excess of the prescribed amount being **paid** or **received** by the accountable or reporting institution.

The reporting of “cash” as defined in the FIC Act

9. Cash is defined in section 1 of the FIC Act as:
 - a) coin and paper money of the Republic or of another country that is designated as legal tender and that circulates as, and is customarily used and accepted as, a medium of exchange in the country of issue; and
 - b) travellers' cheques.
10. Cash does not include bearer negotiable instruments as defined in the FIC Act. It also does not include a transfer of funds by means of bank cheque, bank draft, electronic funds transfer, wire transfer or other written order that does not involve the physical transfer of cash. These methods of transferring funds are not regarded as cash and are not reportable under section 28 of the FIC Act.
11. Where a transaction is partly a cash transaction, only the cash portion exceeding the prescribed threshold must be reported to the Centre.
12. Physical cash payments presented to and received by, or on behalf of, the accountable or reporting institution is reportable. Where an accountable or reporting institution makes

a pay out to a client consisting of physical cash this will also be reportable in terms of the cash threshold reporting obligation.

13. Payment or receipt of cash includes paying or receiving cash in person as well as paying or receiving it via a third party. This is discussed further in PART 3 below.

Prescribed particulars contained in the MLTFC Regulations – full particulars and readily available information

14. Reports submitted to the Centre in terms of section 28 of the FIC Act must be reported to the Centre within the prescribed time and include the prescribed particulars contained in the MLTFC Regulations.
15. Regulation 22C of the MLTFC Regulations prescribes the information that is to be provided by the reporting institution when completing a CTR. The prescribed particulars either require:
 - “Full particulars of...”; or
 - as much of the relevant “information as is readily available”.
16. The prescribed particulars in respect of which the MLTFC Regulations require full particulars to be provided are those which the institution is expected to have. These particulars are compulsory and must be provided in the relevant part of a report to the Centre.
17. Where the MLTFC Regulations refer to as much information as is readily available the relevant prescribed particulars may include information which an institution may not have obtained in the course of establishing a particular person’s identity or conducting a particular transaction. In such cases the MLTFC Regulations require that an institution provide all the information in question that the institution has, in other words that is under the control of the institution and available within the structures of the institution.
18. In instances where it is commercial practice to obtain certain information in relation to clients, products, services and transactions, the information is considered to be readily available to the institution and must be provided, where applicable, when submitting a report to the Centre. Information of this nature may not have been verified, or otherwise confirmed at the time when it was obtained, but should be provided nonetheless.

Submitting full particulars and readily available information on the reporting platform of the Centre

19. The reporting platform of the Centre contains several mandatory fields that must be completed. The completed report cannot pass a validation check in the Centre's reporting system if these mandatory fields have no content in them and the reporter will not be able to submit the form. These fields may therefore not be left blank.
20. Where a field must be completed with prescribed particulars that are readily available and the reporter does not have the information in question, the reporter must indicate that the information was not obtained by completing the field with "not obtained".
21. Where a field that may be left blank must be completed with full particulars in terms of the MLTFC Regulations the reporter must provide the full particulars as prescribed.

Example 1:

The customer acceptance policy of a bank must follow accepted banking practice and certain minimum information is required for certain banking products and accounts. This information is considered to be readily available to the institution and must be provided when submitting a report to the Centre, where applicable.

Example 2:

A motor vehicle dealer is selling a motor vehicle and follows commercial practice to obtain the buyer's name, ID number and other personal details to proceed with the sale and to attend to the transfer of ownership of the vehicle to the buyer. This information is considered to be readily available to the institution and must be provided when submitting a report to the Centre, where applicable.

Aggregation of amounts

22. Accountable and reporting institutions must report aggregates of smaller amounts which, when combined, add up to an amount which exceeds the prescribed threshold. This aggregation must also be done where the series of smaller amounts and a larger amount (in excess of the R24 999.99 threshold) appear to be linked. This is done in cases where it appears to the accountable or reporting institution concerned that the transactions involving those smaller amounts are linked in such a way that they should be considered fractions of or part of one transaction.
23. Accordingly, the amount can be made up of a single cash transaction to the value of R25 000 or more, or an aggregation of smaller amounts with a combined value of R25 000 or more.

Example 3a:

Where a client deposits multiple cash deposits within 24 hours that exceeds the threshold amount of R24 999.99, a CTRA must be submitted to the Centre.

Example 3b:

Where a client makes a cash deposit of R26 000.00 and then later makes another cash deposit of R5 000.00 within a 24 hour period, a **CTRA** of R31 000.00 must be made to the Centre. A CTR for the R26 000.00 does not need to be made.

24. Aggregated cash threshold transactions must be reported to the Centre per accountable or reporting institution in relation to a client across all products and services offered by the accountable or reporting institution. This means that the institution must apply a single client view when reporting aggregated transactions to the Centre in terms of section 28 of the FIC Act.

Example 4:

Multiple cash deposits are made into different **accounts** of the same client, Client A. A cash deposit of R20 000 is made on 01 August 2017 in-branch into the savings account of Client A at ABC Bank. Client A furthermore deposits R6 000 cash into his home loan account held at ABC Bank on 01 August 2017. On the same day, Mr X makes a cash deposit for R4 000 into the cheque account of Client A at a branch of ABC Bank. ABC Bank must submit a cash threshold aggregation report (**CTRA**) to the Centre to the amount of R30 000.

25. While the aggregation period is not specified, the Centre recommends that a period of at least 24 hours be applied when considering aggregation.
26. Accountable and reporting institutions must ensure they have defined their internal processes to detect, aggregate and report cash threshold transactions to the Centre. By formalising such processes, accountable and reporting institutions ensure they apply a consistent and measurable process to effectively discharge their cash threshold reporting obligations in terms of section 28 of the FIC Act.
27. Indications of when a series of smaller amounts combine to form an aggregated transaction that exceed the prescribed threshold, are the following:
- the period within which such a series of smaller transactions take place;
 - the fact that the series of transactions consists of a repetition of the same type of transaction e.g. cash payments or cash deposits; and
 - the smaller amount transactions involve the same client, or relates to the same business relationship.
28. Accountable and reporting institutions should ensure that all aggregated cash transactions are listed individually on the aggregated cash threshold report (CTRA). Transactions may not be summarised as a single combined transaction:

Example 5:

Client X makes 3 cash deposits of R10 000 at ABC Bank on the same day. The aggregated cash amount is R30 000 and ABC must submit a **CTRA** in which it lists all 3 cash deposits separately:

Transaction 1 – cash deposit for R10 000,

Transaction 2 – cash deposit for R10 000, and

Transaction 3 – cash deposit for R10 000.

The Centre's reporting system would therefore detect the combined total of R30 000.

29. Accountable and reporting institutions should bear in mind that section 29(1)(iii) of the FIC Act, requires the reporting of a suspicion that a transaction or series of transactions is conducted to avoid giving rise to another reporting duty in terms of the FIC Act. It is therefore possible that a cash transaction could give rise to an obligation to report a cash

threshold report in terms of section 28 of the FIC Act and a suspicious or unusual transaction in terms of section 29 of the FIC Act.

Example 6:

A person enters a casino with R100 000 in cash. He has a run of bad luck, and ends up buying in five times for R20 000 each over a period of 8 hours. All the cash buy-ins relate to the same person, and applying the indicators mentioned in paragraph 25 above, is an aggregated transaction. The casino should therefore file a **CTRA** in terms of section 28 and consider whether a suspicious and unusual transaction report should be filed in terms of section 29 of the FIC Act.

30. Accountable and reporting institutions should bear in mind that whilst certain cash transactions may not be reportable in terms of section 28 of the FIC Act (i.e. the cash value is below the threshold amount), all cash transactions should be monitored and when it is deemed as suspicious, a suspicious or unusual transaction report should be submitted to the Centre in terms of section 29 of the FIC Act.

Example 7:

Mr X visits 3 branches of Foreign Exchange Dealer ABC on the same day. Mr X exchanges R10 000 in cash for US Dollars at all three branches (i.e. combined aggregated cash total of R30 000). Whilst the transactions are not reportable as an aggregated CTRA because the transactions have been conducted at various branches of Foreign Exchange Dealer ABC, and these branches are registered as different accountable institutions, Foreign Exchange Dealer ABC must still consider submitting a suspicious and unusual transaction report (**STR**) in terms of section 29 of the FIC Act since it may be considered unusual business practice for the same client to visit 3 different branches of Foreign Exchange Dealer ABC on the same day and conclude separate transactions.

Directionality of cash transactions when reporting CTR

31. Cash threshold transactions (whether single or aggregated transactions) should be reported as per the direction thereof, being cash received or cash paid.

Example 8a:

Accountable institution ABC receives cash from Client X to the amount of R20 000 in relation to Product YY in the morning on 20 October 2017 and receives cash to the amount of R5 000 in relation to the same product from Client X on the afternoon of 20 October 2017. Accountable institution ABC pays out R29 000 to Client X in relation to Product YY on the same day.

Accountable institution ABC must report the aggregated **cash received** from Client X of R25 000. Accountable institution ABC must also report the **cash paid** to Client X of R29 000.

Accountable institution ABC would therefore submit two reports to the Centre, one aggregated CTRA for the two cash transactions received, and one CTR for cash paid.

Example 8b:

Accountable institution ABC receives cash from Client X to the amount of R20 000 in relation to Product YY on 20 October 2017 and pays out R29 000 to Client X in relation to the same product on the same day. Accountable institution ABC also receives cash to the amount of R5 000 in relation to another product, Product ZZ, from Client X on the same day.

Accountable institution ABC must report the aggregated **cash received** from Client X of R25 000 (for both Products YY and ZZ). Accountable institution ABC must also report **cash paid** to Client X of R29 000 (for Product YY).

Accountable institution ABC would therefore submit two reports to the Centre, one aggregated **CTRA** for the two cash transactions received, and one **CTR** for cash paid.

Foreign exchange rate conversion

32. Where foreign currency forms part of a cash transaction that requires the completion of a CTR, an accountable institution would have to refer to the exchange rate at the time of the transaction to calculate the amount in ZAR. The source of the exchange rate that is used may be determined at the discretion of the accountable or reporting institution in question. Note that when the cash received from the client, and cash paid out to the client both exceed the threshold amount, two (2) cash threshold reports must be submitted to the Centre.

PART 3 – MULTIPLE REPORTING WHERE CASH IS RECEIVED

The obligation to report in terms of section 28 of the FIC Act

33. Section 28(b) of the FIC Act deals with instances where cash in excess of the prescribed amount is received by the accountable or reporting institution:
- from the client;
 - from a person acting on behalf of the client; or
 - from a person on whose behalf the client is acting.

Multiple cash transaction reporting obligations arising from the same transaction:

34. The following are examples of instances where more than one accountable institution and/or reporting institution will be required to report information relating to the same transaction in terms of section 28 of the FIC Act.

Example 9: Motor Vehicle Dealers

The client X of a motor vehicle dealer (MVD), XYZ Motors, elects to pay in cash after purchasing a motor vehicle from XYZ Motors for the amount of R28 500. The MVD has a strict no cash policy and requests the client to pay the cash into XYZ Motors' bank account at ABC Bank. ABC Bank receives the cash amount of R28 500. ABC Bank is an accountable institution as listed in Schedule 1 to the FIC Act and has a reporting obligation in terms of section 28 of the FIC Act to report this transaction.

XYZ Motors receives and peruses its bank statement or receives a bank deposit slip from the client which reflects the transaction that exceeded the prescribed threshold. XYZ Motors is a reporting institution as listed in Schedule 3 to the FIC Act. XYZ Motors "acquired knowledge" of the cash that went into its bank account and now has an obligation to report in terms of section 28 of the FIC Act. As a result, this transaction will have to be reported to the Centre in terms of section 28 by both the motor vehicle dealer and the bank.

In this example, both the MVD and the Bank are required to report a CTR to the Centre. The MVD is reporting their client, client X and the underlying transaction, whereas the Bank is reporting their client who is XYZ Motors.

Example 10: Attorneys

The client of XYZ Attorneys, Client Z, elects to pay a cash amount as part of a transaction in the amount of R25 000 to XYZ Attorneys. XYZ Attorneys request the client to pay the cash into XYZ Attorneys' trust account at ABC Bank. ABC Bank receives the cash amount of R25 000. ABC Bank is an accountable institution as listed in Schedule 1 to the FIC Act and has a reporting obligation in terms of section 28 of the FIC Act. XYZ Attorneys receives and peruses its bank statement or receives a bank deposit slip from the client which reflects the transaction that exceeded the prescribed threshold. XYZ Attorneys is an accountable institution as listed in Schedule 1 to the FIC Act. XYZ Attorneys "acquired knowledge" of the cash that went into its trust account and now has an obligation to report in terms of section 28 of the FIC Act. As a result this transaction will have to be reported to the Centre in terms of section 28 by both the attorneys firm and the bank.

35. Accountable and reporting institutions must ensure that transactional scenarios are listed correctly and that the underlying client, the source / sender and the beneficiary / recipient parties are captured accordingly.

PART 4 – METHODS FOR SUBMITTING CASH THRESHOLD REPORTS TO THE CENTRE

Method of filing a CTR

36. In terms of regulation 22(1) of the MLTFC Regulations a CTR must be filed with the Centre electronically by making use of the internet-based reporting portal provided for this purpose at <http://www.fic.gov.za>.
37. All accountable and reporting institutions are obliged to register with the Centre in terms of section 43B of the FIC Act. Registration with the Centre will provide the accountable and reporting institutions with user credentials which must be used to submit CTRs electronically to the Centre in accordance with the requirements of regulation 22(1) of the MLTFC Regulations.
38. Accountable and reporting institutions need to consider the registration requirements as outlined in guidance issued by the Centre and discharge their reporting obligation in terms of section 28 of the FIC Act accordingly:
- Certain institutions would have to register multiple accountable or reporting institutions in terms of Schedules 1 and 3 of the FIC Act. Institutions should register accordingly and ensure that the products and services offered are mapped to the applicable Schedule items, monitored and reported accordingly;
 - Certain institutions would have an obligation to register their head office and branch network as separate accountable and reporting institutions and ensure that the products and services offered are mapped, monitored and reported accordingly.

Example 11:

Although ABC Bank is one entity, it has two (2) registration profiles with the Centre, a registration in relation to the business of a bank in terms of schedule 1 item 6, as well as that of a business of a foreign exchange dealer in terms of schedule 1 item 10.

Mr X makes a deposit of R25 000 into his banking account. ABC Bank is required to report this deposit under the item 6 registration held with the Centre. Mr X further applies for and receives R40 000 worth of US Dollars in cash from ABC Bank. ABC Bank is required to report this cash pay-out under the item 10 registration held with the Centre.

Example 12:

XYZ Motors have 9 branches across South Africa. Their head office and 9 branches are each registered separately, and have 10 registrations with the Centre.

Branch number 5 receives a cash deposit of R50 000. All reporting is done at head office level. The reporter is required to submit the report under the registration profile of Branch number 5.

39. The system for submitting CTR to the Centre is available on the Centre's website at www.fic.gov.za.
40. Two report types are available on the reporting portal in relation to cash threshold reporting:
 - Cash threshold report (for single cash transactions above the threshold); and
 - Cash threshold report aggregation (for aggregated transactions exceeding the threshold).
41. Reporters must select the correct report type in accordance with the nature of the cash transactions to be reported.
42. The following general principles must be considered when utilising the Centre's registration and reporting platform:
 - All users must be registered on the Centre's registration and reporting platform as per the guidance provided in Public Compliance Communication 05B;
 - Reporters are reminded to always save their web reports whilst moving between various sections of the report form and before the report is submitted. In the unlikely event of a time-out error the saved reports can be retrieved from the drafted reports menu on the Centre's registration and reporting platform;
 - Reporters are reminded to monitor the status of their submitted reports to ensure that the reports are successfully processed and that any failures / rejections are remediated accordingly;
 - Reporters are reminded to download and save copies of all submitted reports for their internal record keeping purposes; and
 - Reporters should ensure that any ICT related queries / incidents are logged with the Centre by means of the communicated channels and that they keep records thereof.

43. There are three methods of filing reports in terms of the FIC Act with the Centre:
- **Individual reporting:** Reports can be submitted to the Centre by completing an online web form. This reporting mechanism is aimed at low volume reporters.
 - **Batch reporting:** This will be used in instances where high volumes of reports are submitted to the Centre on a regular basis. To be able to access this facility, reporters can contact the Centre at the contact details listed below for further information.
 - **System-to-System reporting:** This form of reporting accommodates both the individual and batch reporting mechanism. It is the configuration of systems linked to each other via web services to send reports. Only high to very high volume reporters should consider this option.
44. An accountable or reporting institution may only file CTRs by other means in exceptional circumstances where the reporter does not have the technical capability to report electronically to the Centre. In such cases reporters should contact the Centre on (012) 641 6000 to obtain the manual reporting form for completion and to make arrangements for its delivery to the Centre. Under no circumstances may a report made under section 28 of the FIC Act be posted to the Centre.

Time period for submitting a cash threshold report

45. In terms of regulation 24(4) of the MLTFC Regulations a report under section 28 of the FIC Act must be sent to the Centre **as soon as possible** but no later than 2 (two) days after a natural person or any of his or her employees, or any employees of or officers of a legal person or other entity, has become **aware** of a fact of a cash transaction or series of cash transactions that has exceeded the prescribed threshold.
46. Accountable and reporting institutions would therefore need to consider and document their cash threshold reporting and aggregation processes to ensure that the time periods for reporting are adhered to strictly.
47. Accountable and reporting institutions should conduct frequent reviews and sample reports to ensure reports adhere to the Centre's requirements.

48. Accountable and reporting institutions should conduct appropriate pre-validation and ensure that accurate information is timeously reported to the Centre considering the MLTFC Regulations and the Centre's reporting system requirements.

Knowledge of the Transaction

49. The accountable or reporting institution will be required to file a CTR with the Centre when the accountable or reporting institution has knowledge of the transaction that exceeds the prescribed threshold. This knowledge will normally be acquired when the accountable or reporting institution:
- physically receives or pays out cash exceeding R24 999.99; or
 - peruses its bank statement or a bank deposit slip from the client reflecting a transaction that exceeds R24 999.99.
50. It is therefore prudent and expected that accountable and reporting institutions monitor their bank accounts on a daily basis.
51. Where cash is received or paid by an accountable or reporting institution into or from an account held in the name of another accountable or reporting institution, there is a duty on that first institution as well as the other accountable or reporting institution to report such transaction to the Centre in terms of section 28 of the FIC Act.
52. This means that there will be instances where two or more accountable and reporting institutions will be required to submit reports in terms of section 28 of the FIC Act to the Centre with regard to one transaction that exceeds the prescribed threshold.

PART 5 – RECOMMENDATIONS TO FACILITATE PRACTICAL IMPLEMENTATION

All accountable and reporting institutions

53. The Centre requests that where an accountable institution uses the services of another accountable institution, for example a bank, when transacting with a client, that the accountable institution assigns an identifying unique reference number to a client when transacting with such client.
54. It is further suggested that the accountable and reporting institutions should inform the client to use this reference number when cash is paid to the accountable or reporting institution.
55. This will ensure that banks and the accountable or reporting institutions can identify cash paid and received and will minimise reportable cash being unduly held in suspense accounts.
56. Once the accountable or reporting institution is notified of a cash payment received by a banking institution, or receives and peruses its bank statement or receives a bank deposit slip from the client which reflects the transaction that exceeded the prescribed threshold, the accountable institution can link the reference number with the client involved.
57. If such an identifying reference number has been assigned to a client, it must also be included in the cash threshold report to the Centre.

Banks

58. The Centre requests that banks ensure that the bank statements issued to clients clearly make reference to cash as defined in the FIC Act to enable their clients to easily and readily identify and distinguish cash reportable in terms of section 28 of the FIC Act, in the bank statement.

Status of user guides on electronic reporting of cash threshold transactions

59. The Centre has issued user guides for the electronic reporting of cash threshold transactions and aggregated cash threshold transactions.

60. These user guides do not form part of this guidance note and are mere practical aids to assist accountable and reporting institutions in completing the electronic reporting form and are attached to this guidance note for ease of reference.

CONCLUSION

61. Accountable and reporting institutions have a cash threshold reporting obligation which is contained in section 28 of the FIC Act.

Issued By:

**THE DIRECTOR
FINANCIAL INTELLIGENCE CENTRE
02 OCTOBER 2017**