



financial intelligence centre

REPUBLIC OF SOUTH AFRICA

UPDATE TO ALL ATTORNEYS PRACTISING IN SOUTH AFRICA

07 MAY 2010

ROLL-OUT OF THE FIRST PHASE OF THE CASH THRESHOLD REPORT PROCESS

The Financial Intelligence Centre is pleased to inform all attorneys practising in South Africa of its intention to start implementing the Cash Threshold Report (CTR) obligation in terms of section 28 of the Financial Intelligence Centre Act 2001 (FIC Act). This new obligation will be rolled out in various phases starting later in this year. Attorneys fall in the first category of the roll out process.

Purpose of Cash Threshold Reporting

CTR provides a mechanism to 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.

Definition of Cash

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;
- (b) travellers' cheques.

Cash does not include 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, and these methods of transferring funds will not be covered by the CTR obligation under section 28 of the FIC Act.

Physical cash payments presented to and received by the attorney will be covered. Where an attorney makes a payout to a client consisting of physical cash this will also be covered by the CTR.

Attorneys will also be responsible to report cash received by an agent on their behalf, e.g. cash received by a bank on behalf of an attorney.

Prescribed Limit

The prescribed threshold limit will be **R25 000** or the equivalent foreign denomination value calculated at the time that the transaction is concluded.

Note that aggregation is applied to the threshold amount. Accordingly, the threshold amount can be a single cash transaction to the value of R25 000 or an aggregation of smaller amounts with a combined value of R25 000 which are linked so as to be considered fractions of one transaction.

Foreign exchange rate conversion

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 in effect for the business day 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.

Individual Branch Login Credentials

Each branch of an attorneys firm will be regarded as a separate accountable institution and will be required to acquire separate secure login credentials from the Centre. For example, if attorneys firm ABC has two (2) branches in Cape Town, one (1) branch in Bloemfontein and another branch in Pretoria, each of these branches will have to acquire separate secure login credentials from the Centre.

Method of filing a CTR

The Centre has developed an electronic process, making use of an internet portal on the Centre's website, for the filing of CTRs. In order to access this process, attorneys will have to secure a login capability via the Centre's website. This consists of a username and password, which will facilitate an efficient filing process while ensuring that the information being provided is credible at all times. Visit our website on www.fic.gov.za.

Enquiries should be forwarded to +27 860 342 342 (0860 FIC FIC) or emailed to: servicedesk@fic.gov.za

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