



South African Reserve Bank

THE SOUTH AFRICAN RESERVE BANK IMPOSES ADMINISTRATIVE SANCTIONS ON THREE AUTHORISED DEALERS IN FOREIGN EXCHANGE WITH LIMITED AUTHORITY

The South African Reserve Bank (SARB) has imposed administrative sanctions on three Authorised Dealers in foreign exchange with limited authority (ADLAs).

Authorised Dealers in foreign exchange (commercial banks) and ADLAs are persons authorised by the SARB to deal in foreign exchange transactions and are regulated accordingly. ADLAs include Bureaux de Change and are authorised to deal only in certain limited, designated foreign exchange transactions, including travel-related transactions.

The FIC Act mandates the SARB to ensure that ADLAs have adequate controls in place to combat acts of money laundering and the financing of terrorism. Flowing from these responsibilities, the SARB inspects ADLAs to assess whether they have appropriate measures in place, as required by the FIC Act.

The administrative sanctions were imposed after the SARB conducted inspections at the three ADLAs in terms of the Financial Intelligence Centre Act 38 of 2001 (FIC Act). The inspections found weaknesses in the control measures the ADLAs have in place to control anti-money laundering and combating the financing of terrorism.

It should be noted that the administrative sanctions were imposed because of certain weaknesses that were detected in their control measures which inhibited the ADLAs from proactively detecting financial crime and not because they were found to have facilitated transactions involving money laundering or the financing of terrorism.

The administrative sanctions imposed were as follows:

Tower Bureau de Change (Pty) Limited

- a financial penalty of R100 000 for failing to implement suitable steps to screen the names of its clients against the various sanction lists, resulting in non-compliance with the provisions of section 28A of the FIC Act;
- a financial penalty of R80 000 for failing to sufficiently establish and verify the identity of its clients (better known as Know Your Customer (KYC) requirements), in terms of the provisions of section 21 of the FIC Act; and
- a financial penalty of R100 000 for failing to report suspicious and unusual transactions to the Financial Intelligence Centre, in terms of the provisions of section 29 of the FIC Act.

Sikhona Forex (Pty) Limited

- a caution not to repeat its failure to sufficiently establish and verify the identity of its clients (i.e KYC requirements), in terms of the provisions of section 21 of the FIC Act; and
- a caution not to repeat its failure to sufficiently keep records of business relationships and transactions, in terms of section 22 of the FIC Act.

Travelex Africa Foreign Exchange (Pty) Limited

- a reprimand not to repeat its failure to sufficiently identify and report suspicious and unusual transactions, in terms of section 29 of the FIC Act; and
- a directive to take remedial action in the form of training provided to employees regarding the identification and reporting of suspicious and unusual transactions, in terms of section 43 of the FIC Act.

Issued by Media Relations

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