



SOUTH AFRICAN RESERVE BANK  
Prudential Authority

07 June 2024

## **South African Reserve Bank imposes administrative sanctions on Bank of China Limited Johannesburg Branch**

The South African Reserve Bank (SARB) has imposed administrative sanctions on Bank of China Limited, Johannesburg Branch (BOC Jhb) as a result of its non-compliance with the provisions of the Financial Intelligence Centre Act 38 of 2001 (FIC Act), following a FIC Act inspection conducted in 2021. The assessment involved the sampling of certain data for the period from 2016 to 2020.

The Prudential Authority (PA), operating within the administration of the SARB, is mandated to supervise and enforce compliance by accountable institutions with the provisions of the FIC Act or any order, determination or directive made in terms thereof.

The administrative sanctions imposed on BOC Jhb are as a result of its failure to comply with certain provisions of the FIC Act and FIC Directive 5 of 2019 and consists of four cautions, a reprimand, and a total financial penalty of R30.5 million. An amount R15,25 million is conditionally suspended for 36 months as from 19 March 2024.

The administrative sanctions imposed upon BOC Jhb stem from the following non-compliance:

- a. BOC Jhb failed to comply with its Customer Due Diligence (CDD) obligations in terms of sections 21(1) and 21A of the FIC Act, in that it failed to conduct customer due diligence and enhanced due diligence on sampled customer relationships.

The PA imposed a caution not to repeat the conduct which led to the non-compliance and a financial penalty of R20 million, of which R10 million is conditionally suspended for 36 months.

- b. BOC Jhb failed to comply with its Suspicious and Unusual Transaction Reporting (STR) obligations in terms of sections 29, read with Regulation 24(3) of the FIC Act, in that it failed to timeously report suspicious transactions and/or activities to the FIC.

The PA imposed a caution not to repeat the conduct which led to the non-compliance and a reprimand.

- c. BOC Jhb failed to comply with FIC Directive 5 of 2019, in that it failed to timeously attend to its automated transaction monitoring system alerts within the required 48-hour period.

The PA imposed a caution not to repeat the conduct which led to the non-compliance and a financial penalty of R500 000, of which R250 000 is conditionally suspended for 36 months.

d. BOC Jhb failed to comply with section 42 of the FIC Act, in that it failed to:

- adequately develop and document its Risk Management and Compliance Programme (RMCP) in relation to dormant accounts;
- adequately develop and document risk rating factors and methodology;
- adequately implement its RMCP in relation to its CDD & STR obligations;
- properly identify, assess, monitor, mitigate and/or manage its risks; and
- ensure that its RMCP was customised and approved by its Board of Directors.

The PA imposed a caution not to repeat the conduct which led to the non-compliance and a financial penalty of R10 million, of which R5 million is conditionally suspended for 36 months.

BOC Jhb cooperated with the PA and undertook the necessary remedial action to address the identified compliance deficiencies and control weaknesses.

The administrative sanctions imposed on BOC Jhb are not due to it having any involvement in or facilitating any transactions relating to money laundering or the financing of terrorism.

**Issued by:**

**Issued by SARB Media Relations**

[Media@resbank.co.za](mailto:Media@resbank.co.za)