

ANTI-MONEY LAUNDERING RISK

AND

COMPLIANCE PROGRAMME

FOR

PAL LIFE

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1. Acronyms

Acronym	Meaning
"AML"	- Anti-Money Laundering
"CDD"	- Client Due Diligence
"CFT"	- Combatting Financial Terrorism
"CTR"	- Cash Threshold Report
"CTRA"	- Series of aggregated transactions report
"DPIP"	- Domestic Prominent Influential Person
"FATF"	- Financial Action Task Force
"FAIS"	- Financial Advisory and Intermediary Services Act, 2002
"FIC"	- Financial Intelligence Centre
"FPPO"	- Foreign Prominent Public Official
"Pal Life"	- Financial Services Provider
"GAFI"	- General Authority for Investment and free zones
"GN"	- Guidance Note
"KYC"	- Know Your Client
"ML"	- Money Laundering
"MLCO"	- Money Laundering Compliance Officer – this may be the same person as the MLRO
"MLRO"	- Money Laundering Reporting Officer
"MLTFC"	- Money Laundering and Terrorist Financing Control (Regulations)
"POCA"	- Prevention of Organised Crime Act
"RBA"	- Risk Based Approach
"RMCP"	- Risk Management Compliance Program
"STR"	- Suspicious and unusual Transaction Report
"SAR"	- Suspicious Activity Report
"TF"	- Terrorist Financing
"TFAR"	- Terrorist Financing Activity Report

"TFTR"	- Terrorist Financing Transaction Report
"TFS"	- Targeted Financial Sanctions
"UBO"	- Ultimate Beneficial Owner

1.1 Definitions and Interpretation

Name

Definition

Client

Any individual or legal entity (corporations, non-profit entities, partnership, trust, funds, correspondent banks, investment managers, etc.). Any person on whose behalf a Client is acting and the person acting on behalf of such any person or entity, who has entered into a relationship or single transaction, is opening an own account or an account for another individual who lacks legal capacity, or contracting directly with a financial institution for the provision of financial products and services;

Prospective Client

Any individual or legal entity (corporations, non-profit entities, partnership, trust, funds, correspondent banks, investment managers, etc.) who intends on entering into a relationship or single transaction, is opening an own account or an account for another individual who

lacks legal capacity, or who intends on contracting directly with a financial institution for the provision of financial products and services. This definition specifically includes a nominated beneficiary on a life insurance policy;

Unlawful activity

Conduct which constitutes a crime, or which contravenes any law, whether such conduct occurred before or after the commencement of POCA and whether such conduct occurred in the Republic or elsewhere.

Proceeds of unlawful activity

Any property or any service, advantage, benefit or reward which was derived, received or retained, directly or indirectly, in the Republic or elsewhere, at any time before or after the commencement of POCA, in connection with or as a result of any unlawful activity carried on by any person, and includes any property representing property so derived.

Accountable Institution

Means all businesses or persons listed in Schedule 1 to the FIC Act and includes (but is not restricted to), all listed companies, all estate

agents, all insurance companies, all insurance intermediaries and all unit trust management companies. All these entities have certain obligations in terms of the Act and these are set out in this RMCP.

Beneficial Owner

A natural person who ultimately owns or exercises control over a legal entity or structure.

Single Transaction

A transaction which can be described as occasional or once-off business. It is a transaction other than a transaction concluded in the course of a business relationship and where the value of the transaction is higher than the amount prescribed (determined by the Minister in the Regulations).

2. Introduction

Money laundering (ML) is the practice of disguising illegally obtained funds so that they appear to be legally acquired. South African law defines money laundering as the practice of taking any action with property of any form, which is either wholly or in part the proceeds of a crime and will disguise the fact that property is the proceeds of a crime or obscure the beneficial ownership of said property. Money Laundering is a criminal offense in South Africa as in other jurisdictions with similar anti-money laundering (AML) laws.

Pal Life is a legal entity registered within the laws of South African. Pal Life is an authorized by the Financial Sector Conduct Authority(FSCA) as a Financial Services Provider(FSP).

Pal Life will manage the risk of money laundering through a thorough understanding of its own business activities and by addressing the potential money laundering risks associated with such activities.

The law requires that Pal Life have in place systems and controls that enable it to identify, assess, monitor and manage money laundering risk. These systems and controls are comprehensive and proportional to the nature, scale and complexity of its activities. It also requires Pal Life to have risk-based client identification and verification procedures for all business relationships, new and existing, specifically including even a single transaction. These procedures intend to prevent any money laundering activity.

All employees are responsible for awareness of, and compliance with Pal Life's policies and procedures to prevent money laundering.

This FICA RMCP is applicable to all Pal Life staff, executive, board of directors and any 3rd parties that assist with FICA requirements.

3. Business information

3.1 FIC Registration

Pal Life as an accountable institution , is required to register with the Centre in terms of section 43B of the FIC Act.

Our registration number (OrgID) is: **PAL LIFE CC - AI/140903/00026**

3.2 Products and services provided

Pal Life is a category 1 financial services provider that provides financial services to clients. Pal Life is authorised to provide financial services regarding the following products:

- Derivatives
- Short-term deposits
- Long-term deposits
- Shares

For our product risk rating, refer to Annexure 1.

4. Regulatory framework

Money laundering is the manipulation of illegally acquired wealth to hide its true nature or source. The point of money laundering is firstly to place illegal money in the formal financial system without arousing suspicion and secondly, to transfer and move money around in a series of complex transactions, so it becomes difficult to trace its original source.

The legislation mentioned below was effected to prevent money laundering:

- **FICA (Financial Intelligence Centre Act) as amended by Act 1 of 2017**
 - Provides for the establishment of the Financial Intelligence Centre which creates obligations for Accountable Institutions. It also regulates the reporting of terrorist related activities.
 - The main objective of the amendments is to place a Risk Based Approach at the centre of South Africa's anti-money laundering and combating of financing of terrorism framework. This gives financial institutions the flexibility to determine and manage the risks in their businesses. Failure to comply with the Act can either be regarded as a criminal offence or be subject to an administrative sanction.

- **POCA (Prevention of Organised Crime Act)**
 - This Act deals with money laundering, racketeering and criminal and civil forfeiture. POCA sets out money laundering offences. It also creates a general reporting obligation for businesses coming into possession of suspicious transactions.
- **POCDATARA (Protection of Constitutional Democracy Against Terrorism and Related Activities)**
 - This Act provides for new reporting obligations under FICA. The reporting of suspicious and unusual transactions was extended to cover transactions that relate to property which is connected to an offence relating to the financing of terrorist and related activities, or to the financing of terrorist related activities.

5. Offences

Individuals and firms are subject to severe criminal, civil and regulatory penalties if they facilitate or participate in money laundering activities. An individual may be deemed to be facilitating or participating in money laundering simply by engaging in a transaction with a Client when they are aware of, or deliberately ignore the fact that, the Client is engaged in illegal activities or tax fraud.

It is an offense for any person (individual or corporate) to provide assistance to a criminal to obtain, retain, transfer, remit, conceal or invest funds. If any person knows, suspects or has reasonable grounds for knowing or suspecting that a transaction is related to crime or tax fraud, or involves the proceeds of criminal activity, he/she must report it immediately, even if he/she is not personally involved in the transaction. Failure to do so is an offense. It is also an offense to "tip off" the subject or anyone else that a report has been made or that an investigation is underway.

Offenses and penalties

Assisting a money launderer is a criminal offense punishable by imprisonment, an unlimited administrative penalty, or both.

Failure to report known or suspected money-laundering activities is punishable by imprisonment, an unlimited fine, or both.

Pal Life may take disciplinary action, including possible dismissal, against any employee for failure to comply with any relevant law or regulation, or the entity's money laundering prevention policies or procedures.

6. Responsible persons

6.1 Board of directors / senior management

The board of directors, senior management or the person with the highest level of authority is responsible for ensuring that Pal Life maintains an effective internal Anti-Money Laundering ("AML") and Combatting Financial Terrorism ("CFT") control structure through this Risk Management Compliance Program ("RMCP").

An anti-money laundering report which includes details of any training conducted, and AML/CFT shortfalls or issues arising should be presented to the board on an annual basis. This report shall include an overview of any suspicious activity or transaction reporting.

The board of directors or senior management have created a culture of compliance within Pal Life ensuring that:

- the entity's policies, procedures and processes are designed to limit and control risks of money laundering and terrorist financing; and
- that such policies, procedures and processes are fully consistent with the laws; and
- that staff are aware of the policies and adhere to them.

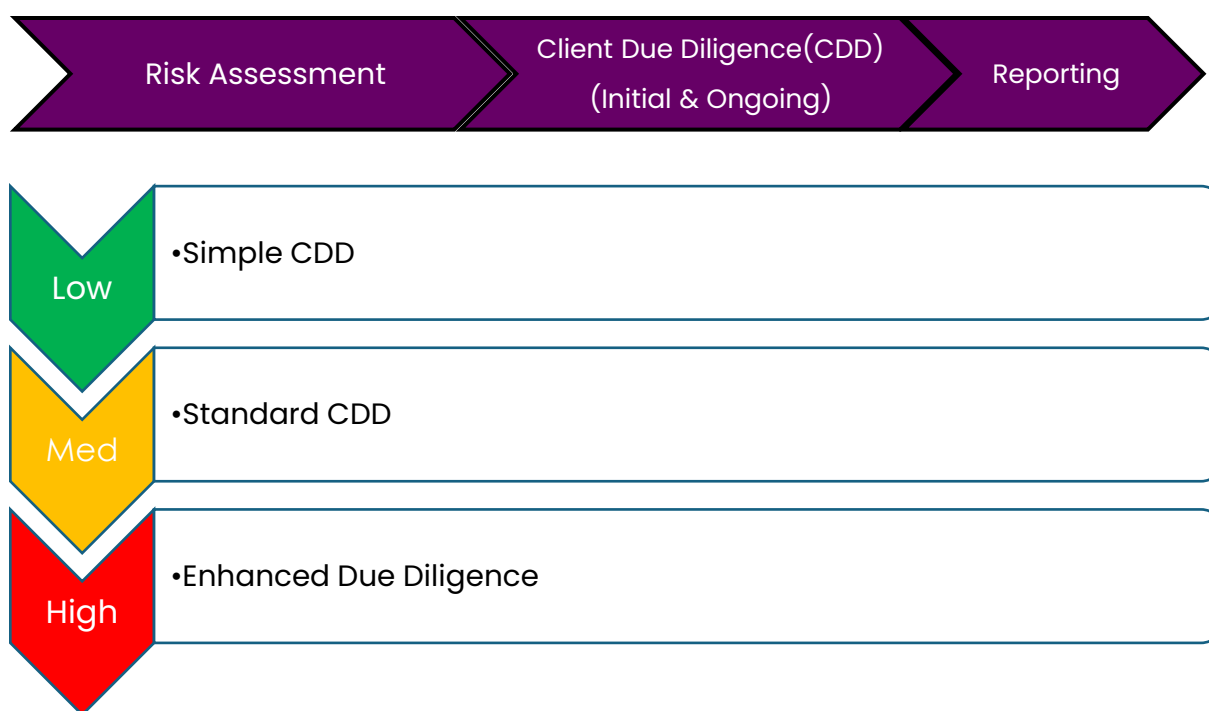
6.2 Compliance function

Pal Life confirms that Wilma Prasa will exercise oversight and management of the practice's AML duties and obligations to ensure effective management and anti-money laundering and terrorist financing procedures of the entity. Prasa will act as the Money Laundering Compliance Officer(MLCO).

The Pal Life has also appointed an external compliance officer that will assist in managing the AML regulatory risk. This compliance officer has the required experience to assist the PAL LIFE to manage the AML compliance function. Part of the duties of the compliance officer will include training of staff and monitoring of the processes.

7. AML risk management

The AML Risk Management Process can be illustrated as per the below:



Additional Risk Measures

Additional risk management measures that have been implemented are that Pal Life:

- ensures that the first payment of funds withdrawn by a client is carried out through an account opened in the client's name within a bank located in a FATF/ GAFI country;
- does not make the bank details for investments available to parties who have not completed the onboarding process;
- require senior management approval prior to:

- finalisation of transactions under investigation;
- entering into a relationship with a politically influential person;
- does not accept business relationships from clients for which the full KYC procedure cannot be performed (e.g., anonymous clients).
 - Shell banks i.e., a credit institution or similar entity incorporated in a jurisdiction in which it has no physical presence, which is unaffiliated with a regulated financial group, or with any bank or similar entity known to permit its accounts to be used by shell banks.
 - Persons or entities listed on various Sanctions lists incl. The United Nations Security Council Resolution lists (1267/1989/2253, 1988 & 1718); and
 - Clients from countries classified by Financial Action Task Force (“FATF”) as presenting substantial and strategic failures to the AML/CTF regulations.

Risk indicators and scores

We have considered each risk factor and identified risk indication that fall within each risk factor. These risk indicators are found in Annexure 1.

Due to our exposure to ML/TF risk, Pal Life has classified each risk indicator as being either low, medium or high.

Risk level	Explanation
Low	A low risk measure is used where the likelihood and impact of money laundering and/or terrorist financing is extremely low. Where the overall risk profile of the client is low, a simplified due diligence process will be followed.
Medium	A medium risk measure is used where the likelihood and impact of money laundering and/to terrorist financing is average. Where the overall risk profile of the client is medium, a standard due diligence process will be followed.
High	A high risk measure is used where the likelihood and impact of money laundering and/to terrorist financing is extremely high. Where the overall risk profile of the client is low, an enhanced due diligence process will be followed.

8. Client due diligence – know your client

Pal Life, as a financial institution, shall at the time of commencement of the relationship and before the conclusion of a transaction, identify, verify and obtain information on the purpose and intended nature of the business relationship with clients.

8.1 Verification and screening

Pal Life will establish and verify the identity of every client. The nature and extent of verification of client's identity is determined by taking the assessed ML/TF risk associated with the relevant business relationship or single transaction into account.

It is important that verification (where required) be done using information obtained from a reliable and independent third-party source and, as far as possible, the original source of the information.

Pal Life will conduct appropriate client due diligence as follows, in order to reduce the risk of facilitating money laundering:

- Prior to entering a new business relationship or concluding a single transaction with a client, Pal Life will carry out a Client Take-On Due Diligence Process which involves obtaining and evaluating information.
- At regular intervals during a business relationship, we will carry out an Ongoing Due Diligence Process.
- Sanctions screening on all clients against the FIC Targeted financial sanctions list. If a prospective client or existing client appears on a sanctions list, Pal Life will not establish a business relationship or conclude a single transaction with that client. Pal Life will follow the reporting process by reporting such a person to the FIC.

Ongoing due diligence

Pal Life will continue to scrutinize the transaction undertaken by the client throughout the course of the business relationship to verify that transactions are consistent with our knowledge of the client, risk profile and source of fund.

If the transactions are not consistent with the above-mentioned factors, we will submit a report to the FIC.

Re- screening of clients will be conducted as follows:

Screening	
Client profile	Frequency
Low	Annually
Medium	Quarterly
High	Monthly
Activity	Withdrawal
	Change of banking details
	Addition of beneficiary
	Change of beneficiary
	Change in personal information

Refresher

Depending on the risk profile of the client, the client will be required to go through ongoing due diligence. This will include gathering the client due diligence documents again. The ongoing due diligence will be conducted as follows:

Client risk profile	Ongoing due diligence	Frequency
Low	Simplified	5 years
Medium	Standard	3 years
High	Enhanced	Annually

DPEPs, PIPs and FPEPs

In the process of establishing a business relationship with a prospective client, we will determine whether such client is a DPEP, PIP or FPEP. Senior management approval is required in order to accept business with such clients.

In terms of the Financial Intelligence Centre Act, we are required to establish whether any prospective or existing client is a DPEP, PIP, FPEP or a family member or known close associate of a DPEP, PIP or FPEP.

Immediate family members of a prominent person include:

- A spouse, civil partner and life partner
- Previous spouse, civil partner or life partner
- Children, stepchildren and their spouse, civil partner or life partner
- Parents
- Siblings and step siblings and their spouse, civil partner or life partner

Close associates are individuals who are closely connected to a prominent person, whether socially or professionally. The term "close associate" is not intended to refer to every person who has been associated with a prominent person. Examples of known close associates extracted from guidance provided by the FATF include the following :

- Known sexual partners outside the family unit (e.g. girlfriends, boyfriends, mistresses);
- Prominent members of the same political party, civil organisation, labour or employee union as the prominent person;
- Business partners or associates, especially those that share (beneficial) ownership of corporate vehicles with the prominent person, or who are otherwise connected (e.g., through joint membership of a company board).
- Any individual who has sole beneficial ownership of a corporate vehicle set up for the actual benefit of the prominent person

Identification will initially take place through self-declaration / electronic screening and status changes will be discovered during the ongoing monitoring process.

Once a client has been identified as a DPEP, PIP or FPEP the Act we will require:

- that senior management approval is obtained for establishing the business relationship;

- that we take reasonable measures to establish the source of wealth and source of funds of the client; and
- that we conduct enhanced ongoing monitoring of the business relationship.
- request source of wealth from the client

Employees

The company will determine the level of ML/TF/PF risk an employee's role in the organisation presents and accordingly attend to the proportionate screening of each employee in accordance with the level of risk identified. Sanction screening will be done on all prospective and current employees.

Employee Risk Determination

The below indicators will be used to indicate the level of risk an employee's role presents for both prospective and current employees.

Risk Indicators		Yes	No
Does the role form part of senior management?			
Does the role entail the involvement in deciding whether or not to take on a high-risk client as required?			
Does the role entail decision making which could alter the AML, CTF and/or CPF regime of the organisation?			
Does the role entail access to privileged/confidential information?			
Does the role entail deciding who to onboard as a client and who not?			
Does the role entail the signing-off of important company documentation?			
Total			
LOW	MEDIUM	HIGH	

0	1-2	3-6
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Employee's Role Risk Level	Frequency of Competency and Integrity Screening
Low (0)	5 Years
Medium (1-2)	3 Years
High (3-6)	Annually

9.2 When is CDD not required

In terms of FICA, a single transaction is as a transaction other than a transaction concluded during a business relationship and where the value of the transaction is not more than R5 000.00 (the amount is to be determined by the Minister in the Regulations). In terms of the Act, we are not required to carry out the full scope of client due diligence measures in respect of clients concluding single transactions below the value set by the Minister of Finance.

Although the full scope of CDD is not required, we may be called upon to provide the FIC with confirmation that we have or have not dealt with a certain client. Therefore, we must be able to provide at least some information if requested to do so. We will obtain at least some information describing the identity of the client. We will not, despite a single transaction, deal with an anonymous client or a client with an apparent false or fictitious name and should we come across such client, we will report them to the FIC.

We will obtain the following minimum information:

- Full name
- Id number
- Contact number
- Residential

9.3 When the Client's identity cannot be verified

In the instance when a client does not provide the requested documentation or information within **30 days** of being requested to do so, the client will be notified that the business relationship will not be established. This will be reported as a suspicious transaction.

Applications of clients failing to provide the required documentation or information will be escalated for review by the MLCO and a supervisor, who will then consider the relevant circumstances and apply their discretion in delaying the discontinuation of the business relationship while the Pal Life facilitates the client's efforts to rectify the failure.

The (potential) business relationship may be discontinued if the decision by the MLCO and supervisor is the same, and once the client has been informed of the potential implications and given time to respond accordingly.

Pal Life will not enter into a business relationship or conclude a single transaction with or on behalf of an anonymous client, or any client who provides insufficient or false information.

9.4 Documents

- Documentation provided by clients should be legible, have a valid expiry date and a distinguishable picture.
- SA ID documentation should be a bar-coded
- Proof of residence documents should be no older than 3 months
- Bank statements should be stamped by the bank and should not be older than 3 months

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We will not, in spite of a single transaction, deal with an anonymous client or a client with an apparent false or fictitious name and should we come across such client, we will report them to the FIC.

We will obtain the following information:

- Full name
- Id number
- Contact number

- Residential address

8.3 When the Client's identity cannot be verified.

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Pal Life will not enter into a business relationship or conclude a single transaction with or on behalf of an anonymous client, or any client who provides insufficient or false information.

8.4 Documentation

- Documentation provided by clients should be legible, have a valid expiry date and a distinguishable picture.
- A SA ID documentation should be a bar-coded colour copy.
- Proof of residence documents should be no older than 3 months.

8.5 When doubts exist about the veracity of previously obtained information

If doubts arise about the veracity of previously obtained documentation or information post CDD, this should be reported to the MLCO, who will request that the responsible person repeat certain or all the CDD steps as outlined in this RMCP or who will contact an independent third party(s) to verify the information. Where

the MLCO cannot arrange for successful verification, the MLCO must investigate further to determine if a suspicious activity / transaction report should be lodged.

The client should be notified that their account will be frozen until verification could take place. Decisions to terminate the business relationship will be taken in conjunction with senior management.

8.6 Prominent Influential Persons

In terms of the Financial Intelligence Centre Act, we are required to establish whether any prospective or existing client is a Domestic Prominent Influential Person or Foreign Prominent Public Official or a known associate or family member of the prominent person.

Immediate family members of a prominent person include:

- A spouse, civil partner and life partner
- Previous spouse, civil partner or life partner
- Children, step children and their spouse, civil partner or life partner
- Parents
- Siblings and step siblings and their spouse, civil partner or life partner

Close associates are individuals who are closely connected to a prominent person, whether socially or professionally. The term "close associate" is not intended to refer to every person who has been associated with a prominent person. Examples of known close associates extracted from guidance provided by the FATF include the following:

- Known sexual partners outside the family unit (e.g. girlfriends, boyfriends, mistresses);
- Prominent members of the same political party, civil organisation, labour or employee union as the prominent person;
- Business partners or associates, especially those that share (beneficial) ownership of corporate vehicles with the prominent person, or who are otherwise connected (e.g., through joint membership of a company board).
- Any individual who has sole beneficial ownership of a corporate vehicle set up for the actual benefit of the prominent person.

Identification will initially take place through self-declaration / electronic screening and status changes will be discovered during the ongoing monitoring process.

Once a client has been identified as a prominent person the Act requires the following:

- that senior management approval is obtained for establishing the business relationship;
- that we take reasonable measures to establish the source of wealth and source of funds of the client; and
- that we conduct enhanced ongoing monitoring of the business relationship.

8.8 Ultimate Beneficial Owner (UBO)

Pal Life is required to identify the natural person who ultimately owns or controls a client and/or the natural person on whose behalf a transaction is being conducted. Pal Life will require clients to declare the identity of the Ultimate Beneficial Owner and provide evidence to the effect.

The Ultimate Beneficial Owner is the

- person who holds 25% or more of share capital; or
- person who exercises 25% or more of the voting rights; or
- a beneficiary of 25% or more of the legal entity's capital; or
- a '*nominee director*' appointed on behalf of another person and used to conceal the identity of the true owner of the company or some illicit activity; or
- a company or other legal entity who is a '*corporate director*', who may be used to construct complex and opaque corporate structures across multiple jurisdictions to facilitate illicit activity; or
- a holder of 'bearer shares' which do not require registration of the owner, and can be transferred simply with changing hands of the share certificate. This anonymous ownership may be used for tax evasion, money laundering or illegal activities.

Pal Life will require an Ultimate Beneficial Owner declaration (as part of the CDD process) from each entity / legal person with whom it concludes a business relationship as envisaged in this document.

It is important that verification (where required) be done using information obtained from a reliable and independent third-party source and, as far as possible, the original source of the information. Pal Life makes use of Shufti Pro system to verify the identity of the client.

Pal Life will determine the UBO in the following manner:

Step 1 – Identify every natural person who will who has controlling ownership interest in the legal person (eg shareholding), if in doubt Move to step 2 if the UBO could not be identified).

Step 2 – Identify every natural person who exercises control over that legal person through other means (eg, proxy). Move to step 3 of UBO could not be identified.

Step 3 – Identify every natural person who exercises control over the management of the legal person (management, directors).

Pal Life will require an Ultimate Beneficial Owner declaration (as part of the CDD process) from each entity / legal person with whom it concludes a business relationship as envisaged in this document.

9. Financial intelligence centre reports

9.1 Types of reports

The following types of reports must be lodged with the FIC:

a) Activity reports which include:

- Suspicious activity report (SAR); and
- Terrorist financing activity report (TFAR).

b) Transaction reports which include:

- Suspicious and unusual transaction report (STR); and
- Terrorist financing transaction report (TFTR)

c) Cash Threshold Reports which include:

- Cash threshold report (CTR); and
- Series of aggregated transactions report (CTRA)

When filling STR, SAR, TFTRs, TFARs the suspicion must relate to:

- Activity that is unlawful
- Proceeds from unlawful activities
- The facilitation of unlawful activities
- The transaction seems to have no lawful purpose
- May be relevant to the investigation of an evasion or attempted evasion of a duty to pay tax evasion or attempted tax evasion
- An offence relating to the financing of terrorist and related activities

- The contravention of a prohibition under section 26B of the FIC Act and/or
- Any structuring of a transaction or activity which is conducted for the purpose of avoiding giving rise to a reporting duty under the FIC Act.

9.2 Reporting obligation

9.2.1 Suspicious transactions

The obligation to report arises when a person knows of certain facts, on the one hand, or in circumstances in which a person **ought reasonably to have known** or suspected that certain facts exist on the other. This means that any person associated with a business, as described above, must report his or her knowledge or suspicion to the Centre whenever:

- He or she becomes aware of something; or circumstances arise in which a person can reasonably be expected to be aware of something; or
- Circumstances arise in which a person can reasonably be expected to suspect something.

The requirement to report also applies to situations where the business or transaction has been turned down or has not proceeded if the circumstances were suspicious.

SAR

SAR must be submitted in respect of when a suspicion relates to the proceeds of unlawful activity, or money laundering activity or a contravention of prohibitions under S26B of the FIC Act as soon as possible (not later than 15 days) :

- Where the report relates to an activity which **does not involve a transaction** between two or more parties.
- In respect of a transaction or a series of transactions about which enquiries are made but which has **not been concluded**.

In respect of a transaction which has been **incomplete, interrupted, aborted, abandoned** and ultimately **not concluded**

9.2.2 Cash threshold reports

The obligation to report in terms of section 28 of the FIC Act arises when a transaction ("CTR"), or series of aggregated transactions ("CTRA"), is concluded with a client by means of which cash in excess of the prescribed amount, that is, R49 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.

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) Traveler's cheques.

9.2.3 Terrorist Property Reports

The Section 28A "TPR" obligation of the FIC Act applies to a purely factual situation. The fact that an accountable institution has for example the property of a sanctioned entity in its possession or under its control is enough to prompt a report and no activity relating to that property is required to trigger the reporting obligation.

A report made in terms of Section 29 of the FIC Act would refer to a particular transaction or activity which is found to be suspicious or unusual in nature ("TFTR/TFAR"), while a report in terms of Section 28A of the FIC Act ("TPR") relates to property which is under an accountable institution's control and is known to be connected to the financing of terrorist activities.

The Pal Life is required to "screen" all/certain client(s) against the UN1267 list. Should a client's name be found to match an entity or individual on the UN1267 list, the MLCO will make every effort to ensure that this is in fact an exact match. The MLCO will make use of the information available and conduct further research if so required, to make this determination.

If Pal Life finds that it is in possession or has under its control, property owned or controlled by or on behalf of or at the direction of a terrorist we will:

- Freeze the client account immediately.
- Report this to the compliance officer within 3 days of becoming aware.
- Compliance officer will submit a TPR to the FIC

9.3 Submission process

Pal Life will submit the full particulars and readily available information via the online reporting platform (GOAML system <http://www.fic.gov.za>) of the Financial Intelligence Centre. Additionally, the report can be sent electronically by the registered person.

9.4 Transactions under investigation / reported on

Suspicious transactions under investigation must be delayed if possible and without tipping off the relevant client. If the transaction cannot be delayed, it must be approved by senior management and the Money Laundering Reporting Officer before finalization.

If a report Terrorist Property Report is made to the Centre it is an offence (by virtue of Section 4 of the POCDATARA Act) to continue dealing with that property in any way. No further transactions on behalf of the client may be undertaken.

9.5 Confidentiality

A person involved in submitting a report may not inform anyone, including the client or any other person associated with a reported transaction, of the contents of a transaction or activity report or even the fact that such a report has been made.

Section 29 of the FIC Act prohibits any reporter as well as any other person who knows or suspects that a report has been made from disclosing any information regarding that report except for information disclosed:

- within the scope of the powers and duties of that person in terms of any legislation;
- for the purpose of carrying out the provisions of the FIC Act;
- for the purpose of legal proceedings, including any proceedings before a judge in chambers;
- in terms of an order of court.

Communication within Pal Life will be limited to appropriate persons necessary to finalize this process.

9.6 FIC Reports register

Transactions escalated for investigation as well as transactions submitted to the FIC must be recorded in the relevant FIC Reports register.

10. Record keeping

All records will be stored securely in a manner that allows for easy retrieval.

Records referred to in this document will be kept for the following periods:

Record description	Period
Records of a transaction or activity which gave rise to a suspicion, escalated internally for investigation and if relevant the FIC report	at least 5 years from the date on which the report was submitted to the FIC.
Records confirming the identity of Clients and details of Client transactions	will be retained for at least 5 years or longer after the business relationship has been terminated.
Records relating to an on-going investigation	will be retained until it is confirmed that the case has been closed by the relevant authorities.

11. Training

Employees must fully understand Pal Life' AML/CFT obligations and have access to this RMCP.

Pal Life ensures that all employees receive relevant AML/CFT training at least once a year.. The Pal Life's AML/CFT RMCP is *a/ways* accessible to all staff.

Monitoring will be conducted at least annually, to ensure all relevant staff participated in AML/CFT training and has access to the AML/CFT and all other policies and procedures manuals held with respect to AML/ CFT.

12. Adoption

This RMCP has been approved by the senior management of Pal Life.

Annexure 1

Risk Rating Framework

Risk classification	Risk Score
Low	1
Medium	2
High	3

Risk rating framework			
Type of product		Risk Rating	Rationale
	CFDs	2	<ul style="list-style-type: none"> highly liquid can be a high value product allows for 3rd party payments regulated product penalties associated with the product historic monitoring indicates a high risk rating Acceptance of ATM deposits
	Forex	2	<ul style="list-style-type: none"> highly liquid can be a high value product allows for 3rd party payments regulated product historic monitoring indicates a high risk rating
Client type	Natural person	1	<ul style="list-style-type: none"> identity can be easily verified

			<ul style="list-style-type: none"> • non-face-to-face onboarding
	Domestic Prominent Influential Person	3	<ul style="list-style-type: none"> • Vulnerability in abusing people of seniority • Can have adverse media
	Juristic persons	2	<ul style="list-style-type: none"> • difficulty in establishing beneficial ownership • sanctions •
	Sanctioned	Do not do business.	
	Foreign natural person	3	<ul style="list-style-type: none"> • difficulty in verifying residence • cross border transfer of funds
	Foreign Prominent Public Official	3	<ul style="list-style-type: none"> • Vulnerability in abusing people of seniority • Can have adverse media
Distribution channel	Face to face	1	<ul style="list-style-type: none"> • Identification can be easily verified
	Online channels	2	<ul style="list-style-type: none"> • Difficulty in verifying identity • Onboarded through a platform • Transactions are not executed via an exchange • Payments are facilitated through payment gateways

Geographic location	Local	1	<ul style="list-style-type: none"> In terms of sector risk assessment South African citizens are regarded as low risk.
	Foreign client	2	<ul style="list-style-type: none"> Cross border transfers Difficulty in verifying residence
	High Risk jurisdiction	3	<ul style="list-style-type: none"> High risk of money laundering and terrorist financing Sanctioned countries

Annexure 2

Matrix

Sum of risk score	Risk Classification	Information obtained	Documents required to verify	Screening	Adverse media
1-5	Low risk Simplified CDD	Full names, ID number, source funds, employment status, occupation	ID, or passport, proof of address, sanctions screening	X	
6-10	Medium: Standard CDD	Full names, ID number, source of funds,	ID, passport, proof of residence, 3 months' salary advice or 3	X	

		residential address, employment status, occupation	months bank statement. Quarterly sanctions screen		
11 –15	High : Enhanced Due Diligence	Full names, ID number, source of funds, residential address, employment status, occupation, source of wealth.	ID/passport, proof of residence, 3 months' salary advice or 3 months bank statement (confirmation of source of funds). 3 RD party verification by credible vendor. Monthly sanctions screening.	X	X

Annexure 3

Domestic Politically Exposed Persons

In terms of the FIC Act ,A Domestic Politically Exposed Person is an individual who, holds, including in an acting position for a period exceeding six months, or has held a prominent public function in the Republic, including that of–

- the President or Deputy President.
- a government minister or deputy minister.
- the Premier of a province.
- a member of the Executive Council of a province.
- an executive mayor of a municipality elected in terms of the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998).
- a leader of a political party registered in terms of the Electoral Commission Act, 1996 (Act No. 51 of 1996).
- a member of a royal family or senior traditional leader as defined in the Traditional Leadership and Governance Framework Act, 2003 (Act No. 41 of 2003).

- the head, accounting officer or chief financial officer of a national or provincial department or government component, as defined in section 1 of the Public Service Act, 1994 (Proclamation No. 103 of 1994);
- the municipal manager of a municipality appointed in terms of section 54A of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000), or a chief financial officer designated in terms of section 80(2) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003);
- the chairperson of the controlling body, the chief executive officer, or a natural person who is the accounting authority, the chief financial officer or the chief investment officer of a public entity listed in Schedule 2 or 3 to the Public Finance Management Act, 1999 (Act No. 1 of 1999);
- the chairperson of the controlling body, chief executive officer, chief financial officer or chief investment officer of a municipal entity as defined in section 1 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);
- a constitutional court judge or any other judge as defined in section 1 of the Judges' Remuneration and Conditions of Employment Act, 2001 (Act No. 47 of 2001).
- An officer of the South African Defense Force above the rank of major-general

Annexure 4

Foreign politically exposed persons

In terms of FICA, a foreign prominent public official is an individual who holds, or has held , in any foreign country a prominent public function including that of a—

- Head of State or head of a country or government.
- member of a foreign royal family.
- government minister or equivalent senior politician or leader of a political party;
- senior judicial official.
- senior executive of a state-owned corporation; or
- high-ranking member of the military

Annexure 5

Prominent Influential Person

In terms of FICA A prominent influential person is an individual who holds, or has held at any time in the preceding 12 months, the position of–

- chairperson of the board of directors;
- chairperson of the audit committee;
- executive officer; or
- chief financial officer,

of a company, as defined in the Companies Act, 2008 (Act No. 71 of 2008), if the company provides goods or services to an organ of state and the annual transactional value of the goods or services or both exceeds an amount determined by the Minister by notice in the Gazette.