

Errant foreign exchange traders sanctioned

The South African Reserve Bank (Sarb) has imposed administrative sanctions on three authorised dealers in foreign exchange with limited authority (ADLAs).



Image source: Getty/Gallo

Authorised dealers in foreign exchange (commercial banks) and ADLAs are authorised by the Sarb to deal in foreign exchange transactions and are regulated accordingly, the central bank said in a statement. "ADLAs include bureaux de change and are authorised to deal only in certain limited, designated foreign exchange transactions, including travel-related transactions."

The administrative sanctions were imposed on Tower Bureau de Change (Pty) Limited, Sikhona Forex (Pty) Limited and Travelex Africa Foreign Exchange (Pty) Limited. The sanctions ranged from financial penalties to cautions and reprimands.

Fines

Tower Bureau de Change was handed two R100,000 and one R80,000 fines for three infringements.

The first R100,000 financial penalty is for failing to implement suitable steps to screen the names of its clients against the various sanction lists, resulting in non-compliance with the FIC Act. The second is 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.

The institution was also handed an R80,000 fine for failing to sufficiently establish and verify the identity of its clients (Know Your Customer (KYC) requirements).

Cautions and reprimands

Sikhona Forex was cautioned not to repeat its failure to sufficiently establish and verify the identity of its clients (KYC requirements), in terms of the provisions of section 21 of the FIC Act.

The company was also cautioned against repeated failure to sufficiently keep records of business relationships and transactions.

Travelex Africa Foreign Exchange was reprimanded against repeating failure to sufficiently identify and report suspicious and unusual transactions, in terms of section 29 of the FIC Act.

Travelex was also directed to take remedial action in the form of training provided to employees regarding the identification and reporting of suspicious and unusual 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. It is from these responsibilities that the Sarb inspects ADLAs to assess whether they have appropriate measures in place.

Money laundering and financing terrorism

“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,” said the Sarb.

The central bank said the administrative sanctions were imposed due to certain weaknesses 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.

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