# Anti-Money Laundering and Anti-Terrorism Financing Policy

Version 1.0

Last Update: 17 March 2022

**Definitions, as per the Financial Sector Conduct Authority ("FSCA") -**

(i) "**money laundering**" (inclusive of **placement**, **layering** and **integration**); and
(ii) the "**financing of terrorism**",
are defined as follows:

***(i) Money Laundering***
*Money Laundering is the process used by **criminals to hide, conceal or disguise the nature, source, location, disposition or movement of the proceeds of unlawful activities** or any interest which anyone has in such proceeds.*

*Criminals who have generated an income from their criminal activities usually follow three common stages to launder their money. The first stage is commonly referred to as '**placement**'. This is when criminals **introduce their illegally derived proceeds into legitimate financial systems**. An example of this would be splitting a large portion of cash into smaller sums and thereafter depositing the smaller amounts into a bank accounts.*

*The second stage is called **'layering'**. During this stage the **launderer engages in a series of transactions**, conversions or movements of the funds in order to cloud the trail of the funds and separate them from their illegitimate source. The funds might be channeled through various means for example; the purchase and sale of financial products.*

*The third stage is '**integration**'. This generally ensues the successful stages of placement and layering. The launderer at this stage **causes the funds to re-enter the economy and appear to be legitimate**. The launderer might choose to invest the funds into real estate, luxury assets, or business ventures.*

*Although use of all three stages is common, it is not always utilised by the criminal who wishes to launder funds. In some instances criminals may choose to merely 'place' the illegally derived funds into the economy by merely depositing the money into his or her bank account, without any layering occurring. They can withdraw the money and spend it at their will.*

***(ii) Financing of Terrorism***
*Financing of terrorism is the collection or provision of funds for the **purpose of enhancing the ability of an entity or anyone who is involved in terrorism or related activities to commit an act that is regarded as a terrorist act**. **Funds may be raised from legitimate sources**, such as personal donations and profits from businesses and charitable organizations, **as well as from criminal sources**, such as the drug trade, the smuggling of weapons and other goods, fraud, kidnapping and extortion."*[1]
[emphases added]

## 2. Sanus Commitment Re: AML and the Financing of Terrorism

2.1 Sanus is committed to fighting all illegal activity, including but not limited to Money Laundering (as defined *above*) and the Financing of Terrorism (as *above*). Anti-Money Laundering ("**AML**") compliance and countering financing of terrorism are of paramount importance to Sanus. To help authorities fight the financing of terrorism and the laundering of money, applicable law (as set out *below*) requires all financial services providers (institutions) to obtain, verify, and record information that identifies each client opening an account with Sanus.

[1] Located at: https://www.fsca.co.za/Regulatory%20Frameworks/Pages/AMLCFT.aspx

**3. Applicable Law – South Africa (*see also*: Appendix 1)**

3.1. The following law is applicable in South Africa –

(i) the *Financial Intelligence Centre Act*, No 38 of 2001 ("FICA"), together with:

(ii) the *Prevention of Organised Crime Act*, 1998 ("**POCA**");

(iii) the *Prevention and Combatting of Corrupt Activities Act*, 2004 ("**PRECCA**"); and

(iv) the *Protection of Constitutional Democracy Against Terrorist and Related Activities Act*, 2004 ("**POCDATARA**") are used to combat money laundering and the financing of terrorism or terrorist activities.

3.2. FICA provides a regulatory framework of AML measures requiring certain businesses (called "accountable institutions"), including but not limited to financial services providers, to take steps regarding:

(i) customer due diligence (AKA KYC);

(ii), record-keeping;

(iii) reporting of information to the Financial Intelligence Centre; and

(iv) internal compliance governance.

3.3. The Financial Intelligence Centre uses this financial data reported to it and other available data to develop financial intelligence, which it is able to make available to the competent authorities (law enforcement agencies, South African revenue authority and supervisory bodies), which data is used for follow-up investigations or administrative actions.

3.4. The FSCA is responsible for the supervision of, and to enforce compliance with, the FIC Act by, amongst others, financial services providers like Sanus.

**4. Sanus Actions - AML**

5.1 Sanus takes concrete steps to verify whether it is dealing with a real person or legal entity, as opposed to a front or sham. We comply with applicable law, as well as any regulations that may be issued from time to time:

5.1.1. KYC and DUE DILIGENCE;

5.1.2. RECORD KEEPING; and

5.1.3. MONITORING of client activity.

**5. Compliance with AML Laws**

5.1. Sanus is committed to follow the applicable law and regulations relating to money laundering, bribery and corruption and financial crime prevention, including but not limited to –

5.1.1. applicable law – inclusive of South Africa (clause 3 *above*); and

5.1.3. any regulations issued by regulators under whose jurisdiction Sanus may fall,

collectively referred to as the "**AML Laws**" hereunder.

5.2. All Sanus clients represent, warrant, and undertake that they are, at time of signing up, and at all times thereafter compliant with all AML Laws, in addition to applicable law and regulations.

5.2.1. Sanus reserves the right to: (i) terminate any client agreement with immediate effect; (ii) to refuse to execute any Pending Orders; and/or (iii) to freeze or block any accounts and/or assets if:

5.2.1.1. it reasonably believes that a client may be acting in breach of the AML Laws; or

5.2.1.2. the client refuses to provide Sanus, at account opening or at any subsequent time, any information that Sanus, in its sole discretion, determines is required for the purposes of the AML Laws, including but not limited to any updated proof of identity and/or residence; or

5.2.1.3. Sanus may make any report and disclose any client information, to any person or applicable authority which it considers necessary for the purposes of compliance with the AML Laws; and it may act in accordance with the instructions of that authority with respect to the client; any transaction; any account held with Sanus; and/or any information which it holds regarding clients and/or their dealings with Sanus.

**6. KYC ("know your customer") and Due Diligence**

6.1 During the client onboarding process, clients go through the process of being verified, including but not limited to –

6.1.1. completing a typical economic profile and eligibility test;

6.1.2 providing valid identification document (passport, ID *etc.*); and

6.1.3. providing valid proof of address;

6.1.4 a PEP (Politically Exposed Person) check; and/or

6.1.5. a criminal record check.

6.2. Sanus allows clients to take photographs of their KYC documents themselves, which photographs are verified for authenticity by the adoption by Sanus of advanced technology and AI software.

**7. Record Keeping**

All documents related to AML and AML Laws are kept for a minimum of 5 (five) years subsequent to account closure.

**8. Monitoring**

Sanus is obliged to report all suspicious transactions and may not inform the client that he/she has been reported for "suspicious activity".

**9. Money Laundering Control Officer** ("**MLCO**")

9.1. Sanus has a designated Money Laundering Control Officer, Mr. Bradley Bickham Distras, with email: bradley.d@sanusfinancial.com

9.2. The MLCO is responsible for:

9.2.1. ensuring compliance with this AML Policy;

9.2.2. ensuring AML procedures are followed (and updated, if needed);

9.2.3. providing training and education to employees;

9.2.4 filing reports, as required by the FIC; and

9.2.5. performing periodic reviews of this AML Policy and its effectiveness in combatting Money Laundering and the Financing of Terrorism.

**10. Education**

10.1. All employees of Sanus receive yearly AML training.

10.2. All training is conducted by and/or under the supervision of the MLCO.

**11. Reporting**

11.1. Sanus reports the following to the FIC, where applicable –

11.1.1. suspicious and unusual transactions;

11.1.2. cash transactions above R24 999.99 to the FIC (not applicable, as Sanus does not transact in cash); and

11.1.3. property associated with terrorism and terrorism-related activities.

(website at: https://www.fic.gov.za/Pages/Home.aspx)

**12. Review of this AML Policy**

12.1 Sanus reserves the right to review and/or amend its AML Policy, at its sole discretion, whenever it deems fit or appropriate; alternatively, as may be required by amendments to the AML Laws or as directed by a regulatory authority.

**APPENDIX 1: APPLICABLE LAW – South Africa**

1. FICA requires Sanus to:
   a. identify and verify clients (KYC / client due diligence);
   b. keep records of business relationships and transactions;
   c. report suspicious transactions; and unusual transactions and activity to the FIC;
   d. report cash transactions above ZAR24,999.99 to the FIC;
   e. report property associated with terrorist and related activities to the FIC;
   f. formulate and implement a risk management and compliance programme ;
   g. train employees;
   h. appoint an MLCO;
   i. ensure ongoing adherence to the AML Policy;
   j. monitor the AML Policy, processes, practices procedures and plans; and
   k. register itself at the FIC.

2. POCA creates various offences relating to money laundering in South Africa, including:
   a. the activity of money laundering;
   b. assisting another party to benefit from the proceeds of any unlawful activities; and
   c. the acquisition, use or possession of the proceeds of any unlawful activities of another party.

3. POCDATARA expands the reporting requirements in POCA and FICA to include the reporting by Sanus of the following matters:
   a. the financing of terrorist and related activities;
   b. property connected to an offence relating to the financing of terrorist and related activities; and
   c. designated individuals and entities.

4. PRECCA creates the offenses relating to corruption and corrupt activities in South Africa and includes the following:
   a. the strengthening of measures to prevent and combat corruption and corrupt activities; and
   b. investigative measures in respect of corruption and related activities.