

Press Release

FOR IMMEDIATE RELEASE

Ensuring Compliance: The Critical Need for Agricultural Businesses to Adhere to FIC Directives

On 19 December 2022, several significant amendments to South Africa's anti-money laundering and counter-terrorism regime, particularly related to the Financial Intelligence Centre Act (FICA), came into effect.

The grace period for compliance has now expired, and the Financial Intelligence Centre (FIC) is actively enforcing these regulations. This has considerable implications for agricultural businesses engaged in high-value transactions exceeding R100,000.

Koos Nel, CEO of Agri X says "The agricultural sector, with its frequent high-value transactions—such as auctioneers of livestock, game, and trading of agricultural implements—is particularly impacted. Businesses that fall within the newly defined accountable institutions must comply with FICA regulations to avoid substantial penalties and administrative sanctions.

Understanding Accountable Institutions

"Accountable institutions are a person listed in Schedule 1 of the FIC Act (FICA) that engage in specific types of business activities. Recently added categories include persons dealing in "high-value goods" items -, such as auction-houses dealing with agricultural products, where transactions involve payments of R100,000 or more for the "high-value goods" item." says Nel.

"These persons must now register with the FIC as accountable institutions, establish risk management and compliance programmes (RMCPs), and implement robust customer identification and verification processes" according to Francois Meintjes, Risk and Compliance officer at Moonstone Compliance.

The Importance of Compliance

"Non-compliance with FICA regulations pose severe risks, including financial penalties and reputational damage. Additionally, South Africa's efforts to improve its global economic standing by exiting the [global financial crime watchdog Financial Action Task Force] grey list are undermined by non-compliant institutions, which are seen as potentially facilitating money laundering and terrorist financing activities" says Meintjes.

Moonstone and Agri X: Strategic Partnership for Compliance

Agri X, a business development platform, has partnered with Moonstone Compliance to provide comprehensive compliance solutions specifically for the agricultural sector. With Moonstone's expertise in FICA, Employment legislation, and POPIA together with its regulations and their impact on business privacy and employment practices, this partnership ensures your business meets all

legal requirements and best practices, protecting you from fines, sanctions, and exclusion from supply chains due to non-compliance.

Call to Action and Contact Information:

Agricultural businesses which fall within new defined accountable institutions must act promptly to ensure compliance. Institutions that fail to submit their annual Risk and Compliance Reports (RCRs) are already facing targeted inspections and sanctions. FIC has started issuing notices for financial penalties, which can escalate if businesses remain non-compliant.

By taking proactive steps, agricultural businesses can avoid punitive measures and contribute positively to South Africa's economic integrity.

To assist businesses in understanding and meeting these obligations, Agri X and Moonstone Compliance:

- ❖ Are organising an informational webinar. Details of the webinar will follow. In the meantime, for immediate assistance and to ensure your business is compliant, please contact:

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- ❖ Also developed a short Questionnaire to enable businesses to assess their business's awareness and compliance with the Financial Intelligence Centre Act (FICA) regulations. Interested businesses can complete the Questionnaire below and register for the upcoming webinar.

Link for the Questionnaire: <https://forms.office.com/r/B2wyYZJe1R>

➤ **About Agri X**

Agri X specialises in designing innovative solutions that unlock the X factor for their clients in the Agri Value Chain. Our services enhance business operations and future-proof the competitiveness of agricultural businesses, driving sustainable growth and success

<https://www.agrixgroup.com>

➤ **About Moonstone**

Moonstone Compliance is a trusted compliance service provider, offering expert guidance and support to businesses navigating complex regulatory landscapes. Moonstone has more than 50 compliance officers who can assist businesses with their solutions. Moonstone also

has a division focusing on Privacy Governance and Employment Law.

<https://www.moonstonecompliance.co.za>

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