



financial intelligence centre

REPUBLIC OF SOUTH AFRICA

**REVISED PUBLIC COMPLIANCE COMMUNICATION No. 24 (PCC24)
VERIFICATION REQUIREMENTS OF SOUTH AFRICAN COMPANIES AND
CLOSE CORPORATIONS IN TERMS OF
THE FINANCIAL INTELLIGENCE CENTRE ACT, ACT NO 38 OF 2001**

The Financial Intelligence Centre (the Centre) provides the guidance contained in this Public Compliance Communication (PCC) in terms of its statutory function in terms of section 4(c) of the Financial Intelligence Centre Act, Act No. 38 of 2001, as amended (the FIC Act), read together with Regulation 28 of the Money Laundering and Terrorist Financing Control Regulations (the Regulations) issued in terms of the FIC Act.

Section 4(c) of the FIC Act empowers the Centre to provide guidance in relation to a number of matters concerning compliance with the obligations of the FIC Act.

Guidance provided by the Centre is the only form of guidance formally recognised in terms of the FIC Act and the Regulations issued under the FIC Act. Guidance provided by the Centre is authoritative in nature. An accountable institution must comply with the FIC Act and Regulations read with guidance issued by the Centre, and where there is a departure explain the reasons for not adhering to the guidance provided by the Centre. It is important to note that enforcement action may emanate as a result of non-compliance with the FIC Act in areas where there have been non-compliance with the guidance provided by the Centre.

PCC Summary

PCC24 has been revised and takes effect from the date of issue of this PCC. The previous version of this PCC is hereby withdrawn.

This PCC provides clarity on the documentation that an accountable institution must obtain to verify the particulars of a company or close corporation obtained in terms of regulation 8(a) of the Regulations issued in terms of the FIC Act taking into account the new Companies Act, Act No. 71 of 2008, as amended (the new Companies Act), as well as the amended Close Corporations Act, Act No. 69 of 1984 (the amended Close Corporations Act).

The new Companies Act also established the Companies and Intellectual Property Commission (CIPC).

Section 187(5)(d)(ii) of the new Companies Act allows the CIPC to issue an electronic certificate of the company registration details.

It is the view of the Centre that such electronic certificate meets the requirements of Regulation 7(a), (b) and (c), and Regulation 8(a) to the FIC Act insofar it relates to the identification and verification of the company and its directors, and of close corporations.

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Objective

The objective of this PCC is to provide the Centre's view on the relevant documentation an accountable institution must obtain to verify the particulars of a company or close corporation obtained in terms of regulation 8(a) read with regulation 7 (a), (b) and (c) of the Regulations to the FIC Act taking into account the new Companies Act as well as the amended Close Corporations Act.

1. Introduction

- 1.1 The CIPC was established through the amalgamation of the Office of Companies and Intellectual Property Enforcement and the Companies and Intellectual Property Registration Office (CIPRO). The CIPC is a juristic person as mandated by the new Companies Act.
- 1.2 One of the main functions of the CIPC is to ensure the registration of companies, co-operatives, intellectual property rights and the disclosure of information on its business registers.
- 1.3 Section 21 of the FIC Act requires that an accountable institution must establish and verify the identity of its client prior to establishing a business relationship or concluding a single transaction with the client or the representatives of the client.
- 1.4 When an accountable institution wishes to transact with a South African company or close corporation Regulation 7 of the Regulations to the FIC Act stipulates that the institution must obtain the following information in terms of Regulation 7 (a), (b) and (c):
 - (a) the registered name of the close corporation or company;
 - (b) the registration number under which the close corporation or company is incorporated;
 - (c) the registered address of the close corporation or company.

- 1.5 In respect of a company, regulation 8(a) of the Regulations states that verification by an accountable institution in relation to regulation 7(a), (b), and (c) is achieved by comparing the obtained particulars with the most recent versions of the certificate of incorporation (form CM1), notice of registered office and postal address (form CM22), bearing the stamp of the Registrar of Companies and signed by the company secretary.
- 1.6 In the case of a close corporation the most recent version of the founding statement and certificate of incorporation (form CK1), bearing the stamp of the Registrar of Close Corporations and signed by an authorised member or employee of the close corporation must be presented for verification.
- 1.7 The above methods of verification in respect of companies and close corporations was an effective way of verification prior to the enactment of the new Companies Act which replaced the previous Companies Act 61 of 1973 as from 01 May 2011, and which substantially amended the Close Corporations Act.

2. The Centre's view Companies

- 2.1 The new Companies Act introduced significant new provisions, terminology and changes in the manner in which companies are registered.
- 2.2 In terms of section 14 of the new Companies Act, the CIPC will assign a unique registration number to a company and endorse a notice of incorporation in respect of that company. The Company will also be issued with a registration certificate.
- 2.3 The registration certificate issued by CIPC includes the registered name, registered address as well as the registration number of the company. The registration certificate is signed by the CIPC Commissioner.
- 2.4 In terms of section 14 of the Companies Act the registration certificate is proof that all the requirements for the incorporation of a company have been complied with

and that the company is incorporated as from the date and time as stated in the certificate.

- 2.5 The registration certificate meets the requirements of Regulation 7 to the FIC Act insofar it relates to the registered name, registered address and registration number of the company.
- 2.6 The CIPC has implemented the electronic submission of data in relation to entities registered with it. An example of this is where new companies are registered by using the CIPC self-service terminals which is a paperless form of transacting with the CIPC. Only data is submitted by applicants for the registration of a company to be effected and therefore there are no forms available. This initiative facilitates the ease and efficiency of registration.
- 2.7 Section 187(5)(d)(ii) of the new Companies Act allows the CIPC to issue an electronic certificate of the company registration details as a means of verifying the information on the CIPC register.
- 2.8 It is the Centre's view that such electronic certificate meets the requirements of Regulation 7(a), (b) and (c), and Regulation 8(a) to the FIC Act insofar it relates to the identification and verification of the company. Details on the electronic certificate is the company name, registration number, registered address, directors' full details with their addresses, type of company, type of memorandum of incorporation and date of registration.
- 2.9 Accountable institutions should, as far as possible, use such electronic certificates to comply with the identification and verification requirements for companies as per Regulation 7 and 8 of the Regulations as set out above.
- 2.10 Accountable institutions can accept the electronic certificate when produced by the representative of the company when concluding a single transaction or entering into a business relationship with a company as the correctness and authenticity of the

company details can be verified in real time by the accountable institution by utilising the CIPC online electronic verification system.

Close Corporations

- 2.11 In the case of close corporations, section 2 of the amended Close Corporations Act specifically states that no registrations of close corporations will be permissible after 01 May 2011.
- 2.12 The CIPC also issues electronic certificates of close corporation registration details as a means of verifying the information on the CIPC register.
- 2.13 It is the view of the Centre that such electronic certificate meets the requirements of Regulation 7(a), (b) and (c), and Regulation 8(a) of the Regulations to the FIC Act insofar it relates to the identification and verification of the close corporation. Details on the electronic certificate is the name of the close corporation, registration number, registered address, members' full details with their addresses, and date of registration.
- 2.14 Accountable institutions should, as far as possible, use such electronic certificates to comply with the identification and verification requirements for close corporations as per Regulation 7 and 8 of the Regulations as set out above.
- 2.15 Accountable institutions can accept the electronic certificate when produced by the representative of the close corporation when concluding a single transaction or entering into a business relationship with a close corporation as the correctness and authenticity of the close corporation details can be verified in real time by the accountable institution by utilising the CIPC online electronic verification system.

3. Conclusion

- 3.1 Electronic certificates issued by the CIPC detailing registration information can be used by accountable institutions to establish and verify company and close

corporation information required by Regulation 7(a), (b) and (c), and Regulation 8(a) to the FIC Act.

- 3.2 For any further enquiries regarding this revised PCC24, please contact the Centre on 0860 222 200, or by sending an email to: fic_feedback@fic.gov.za.

Issued By:

**The Director
Financial Intelligence Centre
28 November 2014**

Comparative Table

Companies:

FIC Act Obligations – Regulations 7(a) to (d)	FIC Act verification requirement in terms of the Companies Act, Act No. 61 of 1973	FIC Act verification requirement in terms of the new Companies Act, Act No. 71 of 2008
<p>(a) the registered name of the company;</p> <p>(b) the registration number under which the company is incorporated;</p> <p>(c) the registered address of the company;</p> <p>(d) the name under which the company conducts business.</p>	<p>Verification by an accountable institution is achieved by comparing company information with the most recent versions of the certificate of incorporation (form CM1), notice of registered office and postal address (form CM22), bearing the stamp of the Registrar of Companies and signed by the company secretary.</p>	<p>Electronic certificates issued by the CIPC detailing registration information can be used by accountable institutions to establish and verify company information required by Regulation 7(a), (b) and (c) and Regulation 8(a) to the FIC Act.</p>

Comparative Table

Close Corporations

FIC Act Obligation - Regulations 7(a) to (d)	FIC Act verification requirement in terms of the Close Corporations Act, Act No. 69 of 1984	FIC Act verification requirement in terms of the amended Close Corporations Act
<p>(a) the registered name of the close corporation;</p> <p>(b) the registration number under which the close corporation is incorporated;</p> <p>(c) the registered address of the close corporation;</p> <p>(d) the name under which the close corporation conducts business.</p>	<p>The most recent version of the founding statement and certificate of incorporation (form CK1), bearing the stamp of the Registrar of Close Corporations and signed by an authorised member or employee of the close corporation must be presented for verification.</p>	<p>Electronic certificates issued by the CIPC detailing registration information can be used by accountable institutions to establish and verify close corporation information required by Regulation 7(a), (b) and (c) and Regulation 8(a) to the FIC Act.</p>