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Financial Intelligence Centre Act 38, 2001

Understanding Beneficial Ownership

Exploring financial transparency through
knowing your client

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Ninety One Investment Platform is an authorised financial services provider.

Agenda

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Introduction

Recent amendments to regulatory guidance (enforceable) which impacts our CDD requirements.

In terms of CDD, the FIC Act Requires that we identify and verify the –

1. Client
2. Persons acting on behalf of the client, AND
3. Beneficial Owners

What has changed?

- For Companies, the look-through threshold has moved from 25% to 5%.
- Where no natural person owns and controls 5% or more of the shares, we must also consider whether there is any other person who can exercise effective control over the legal person, even where that person does not own 5% or more ownership interest.



Understanding Beneficial Ownership

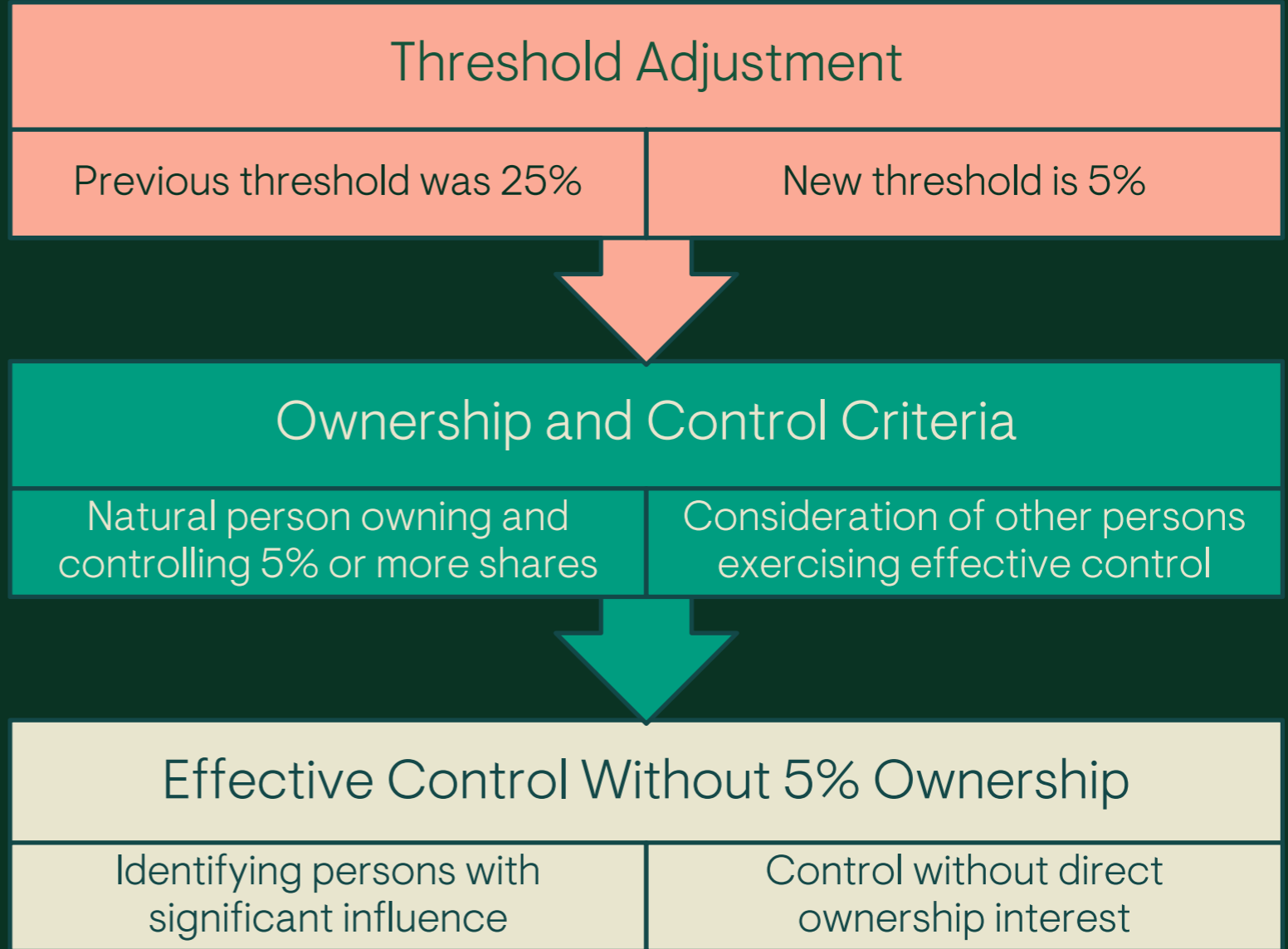
“Beneficial owner” means a natural person who directly or indirectly ultimately owns or exercises effective control of the client

A few points to note:

- There is always an ultimate beneficial owner.
- Only a natural person can be the ultimate beneficial owner,
- There may be more than one ultimate beneficial owner
- The Legal Owner is not necessarily the Beneficial Owner e.g.
 - A nominee may hold shares on behalf of a person for that person’s benefit
 - A company may hold shares as Legal Owner, but could never be the Beneficial Owner

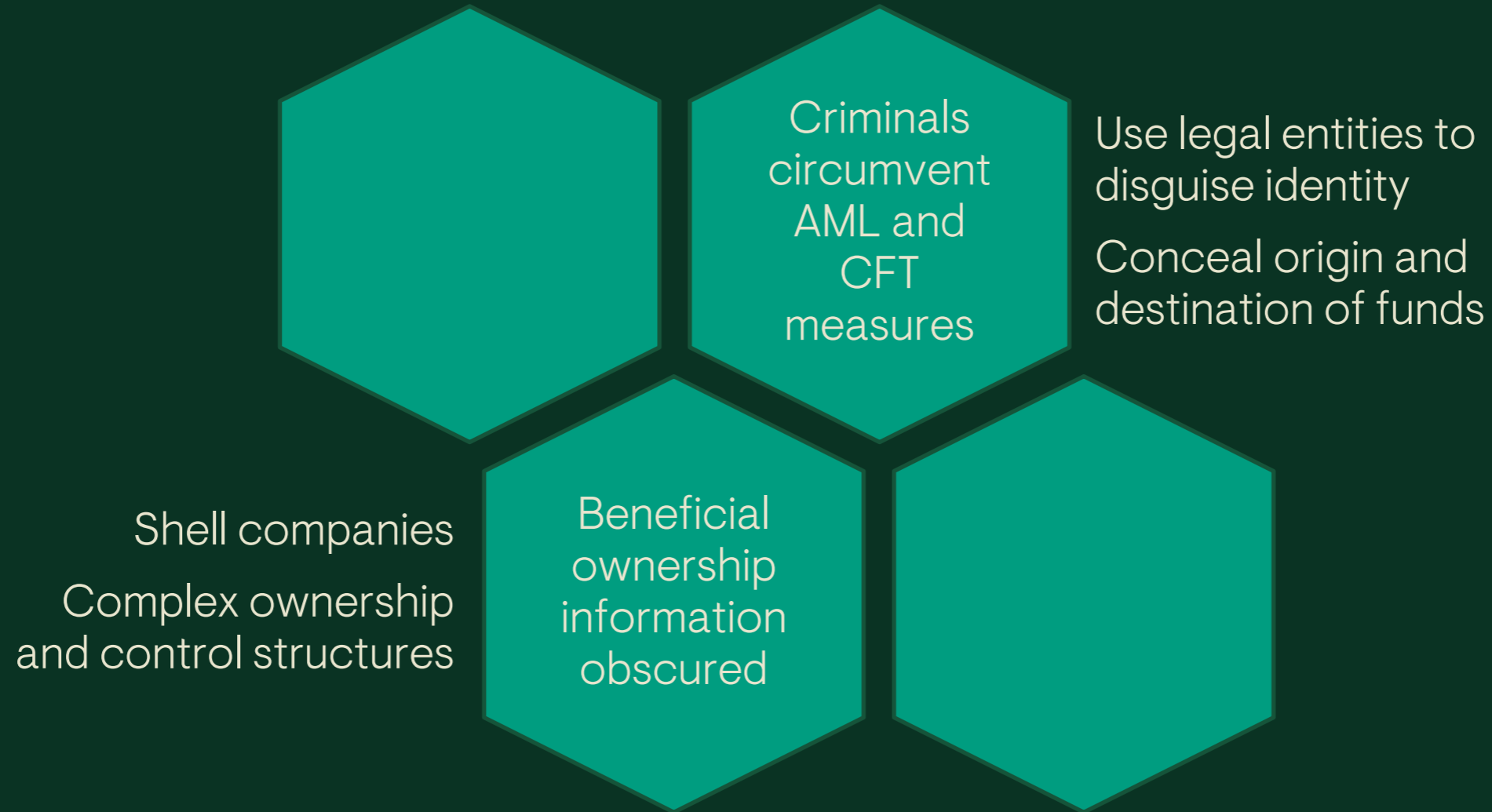


Effective Control Considerations





Importance of Identifying Beneficial Owners





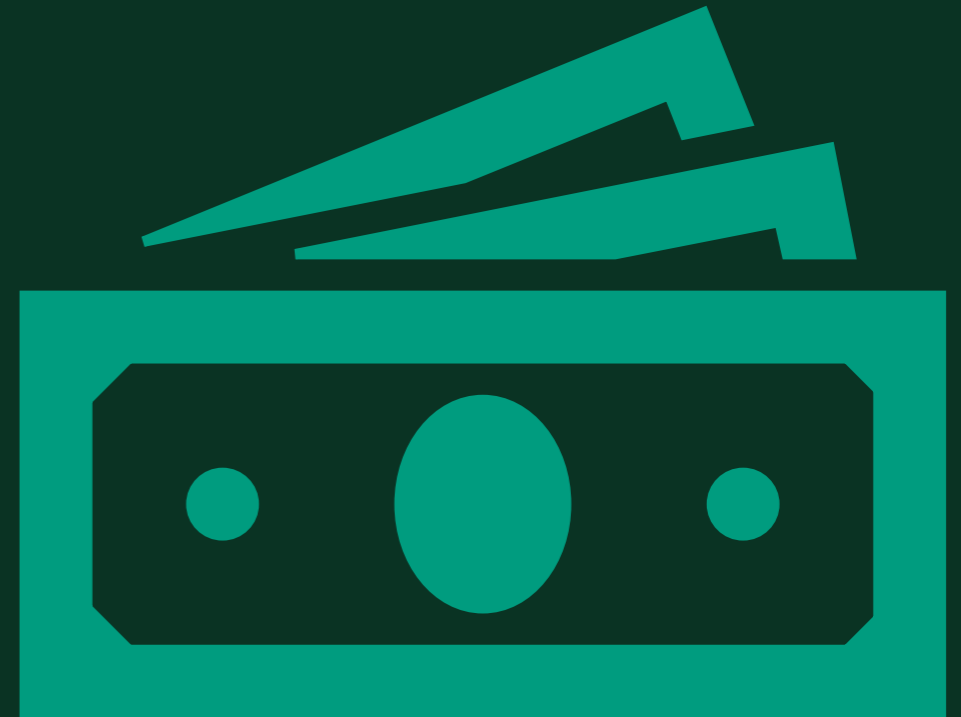
Source of Funds vs Source of Wealth

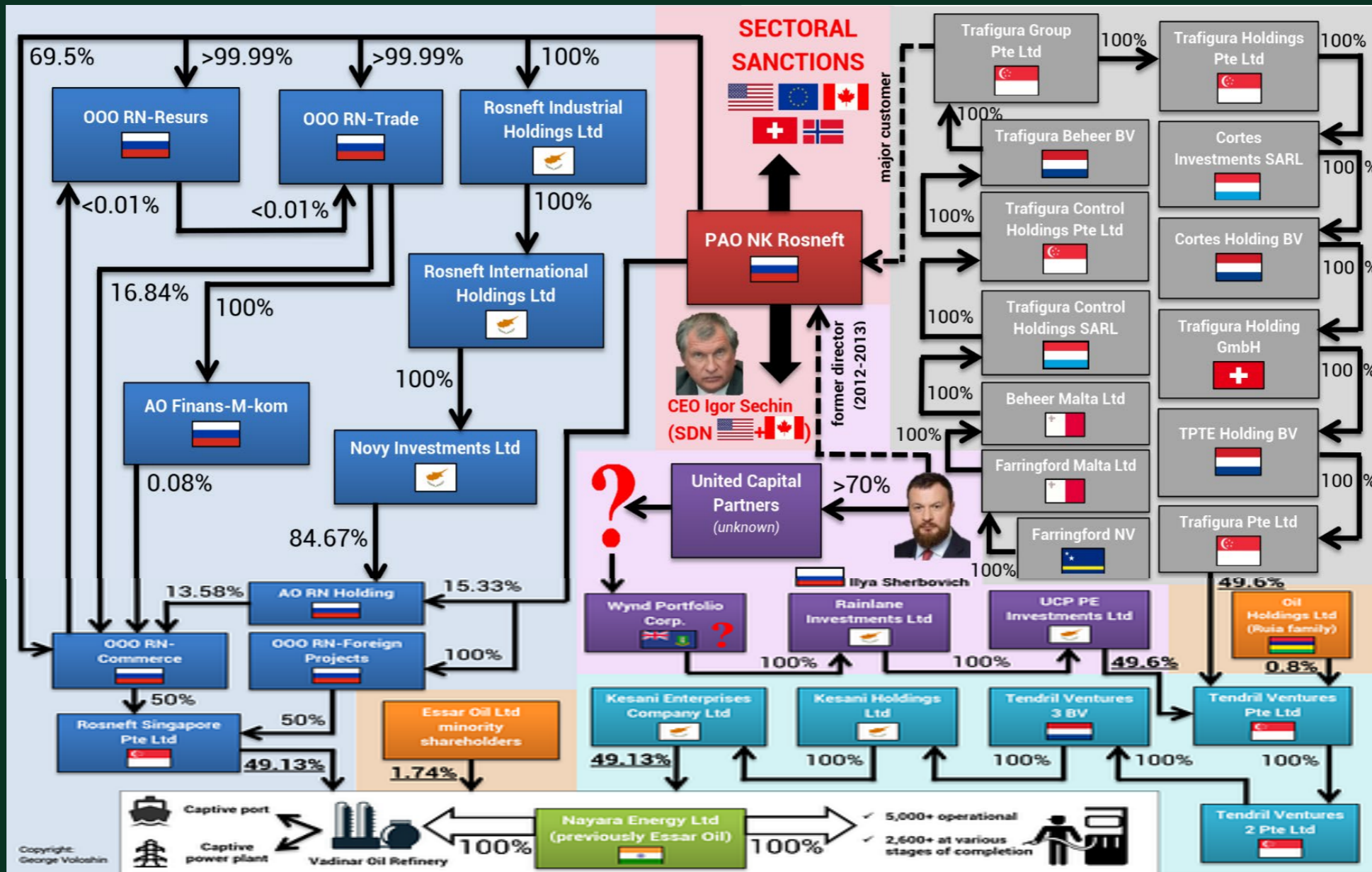
Sources of Funds

- Sources of funds refer to the origins of capital for financing activities, often in the short term.
- Sources of funds represent the origins of money, such as loans, investments, or income

Sources of Wealth

- Sources of wealth are the assets and investments that generate income or appreciate in value over time.
- Sources of wealth refer to accumulated assets and resources, including properties, investments, and savings. These elements contribute to long-term financial stability.





Identifying beneficial ownership is key to providing investigating authorities information about the individuals responsible for criminal activity



Entities to consider



Companies

Various forms of incorporated businesses



Close Corporations

Smaller, privately held businesses



Trusts

Legal arrangements for asset management



Retirement Funds

Funds set aside for retirement



Medical Schemes

Health insurance plans



CIS Management Companies



Other Unincorporated Entities

Unchanged Aspects of FICA

Partners of a Partnership

- All partners are included regardless of ownership threshold



Trust Beneficiaries

- The founder of the trust
- Each trustee involved
- Each named beneficiary

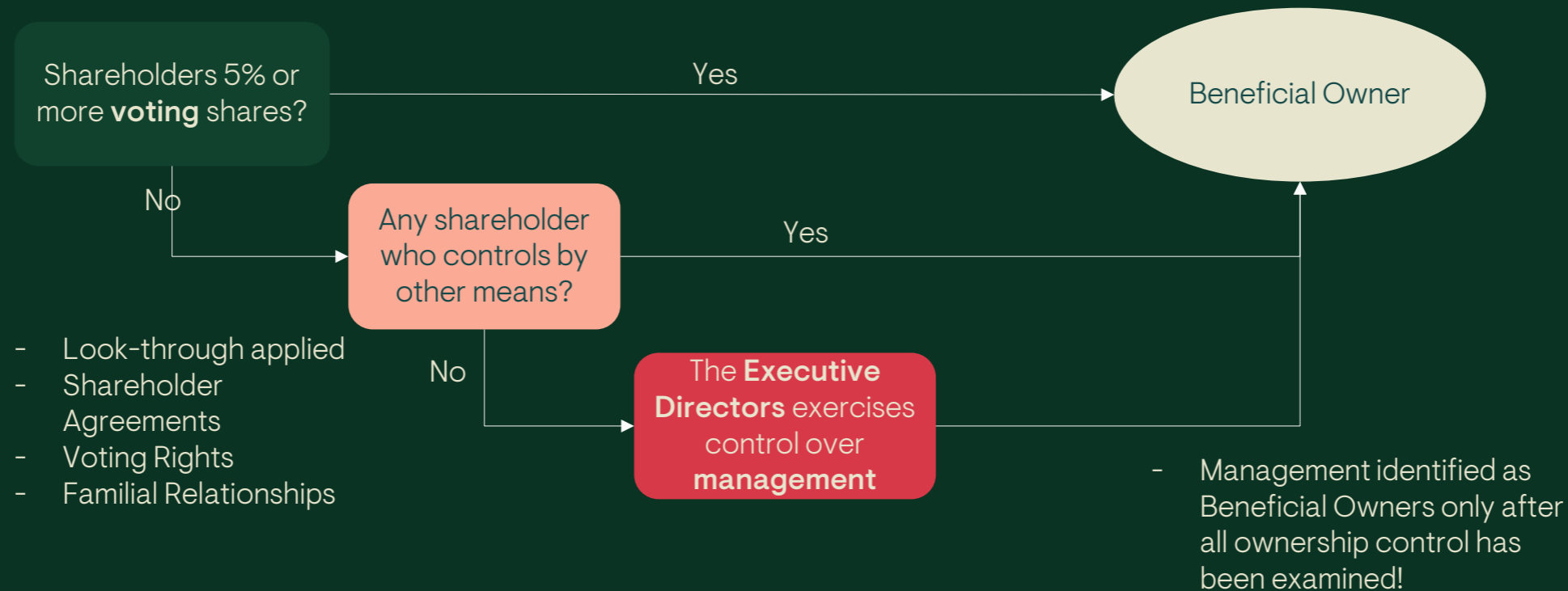


Ownership and Structure: Focus on Companies requirements

Ownership and Control Structures

The Companies Act makes provision for different types of companies, each with unique characteristics and legal requirements. These legal characteristics and restrictions inform us as well as requirements.

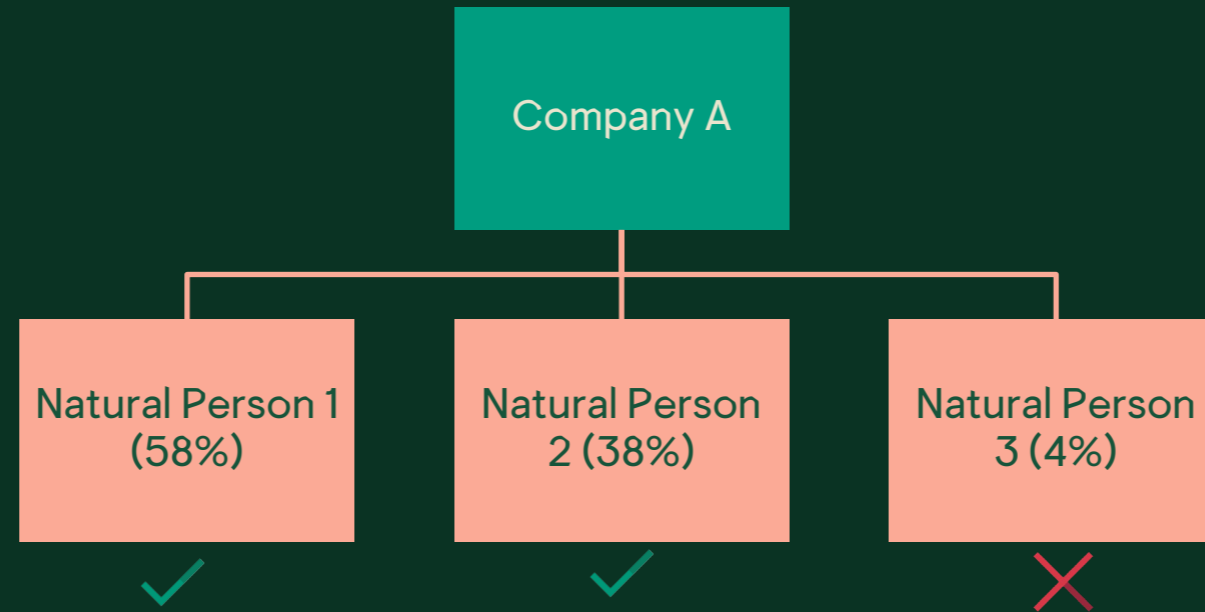
It typically has shareholders (but not always!) a board of directors responsible for making major decisions and overseeing management. Either way, there is always a beneficial owner.





Example 1

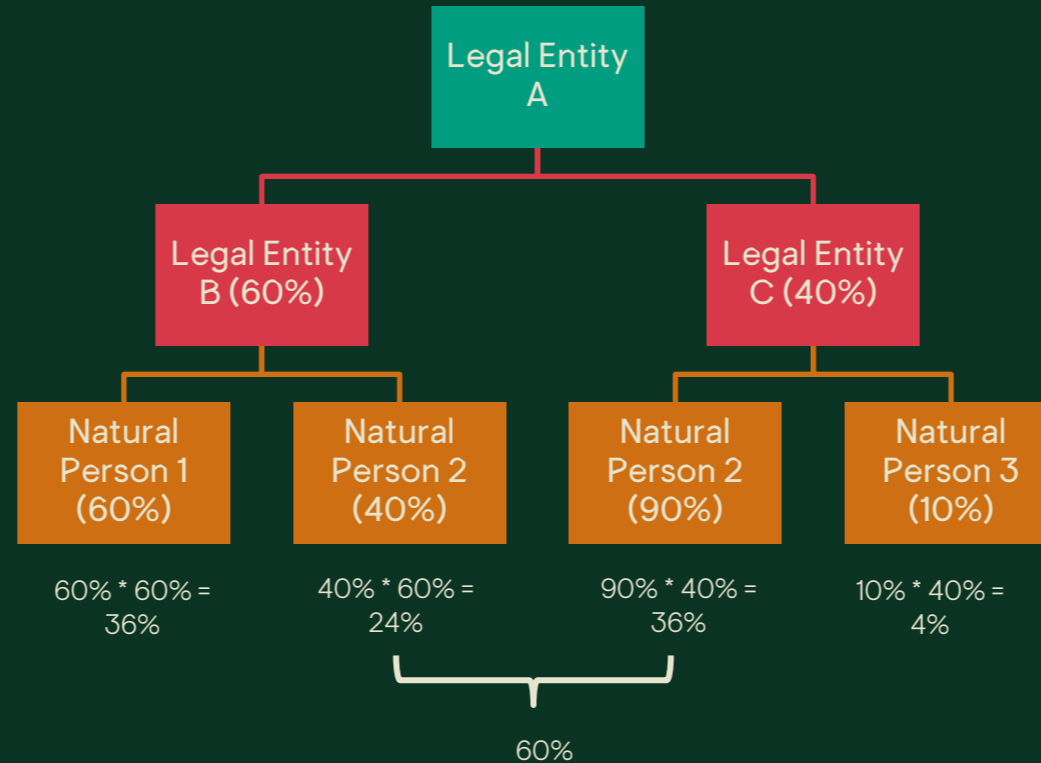
Simple Direct Shareholding





Example 2

Multi-Level Indirect Shareholding



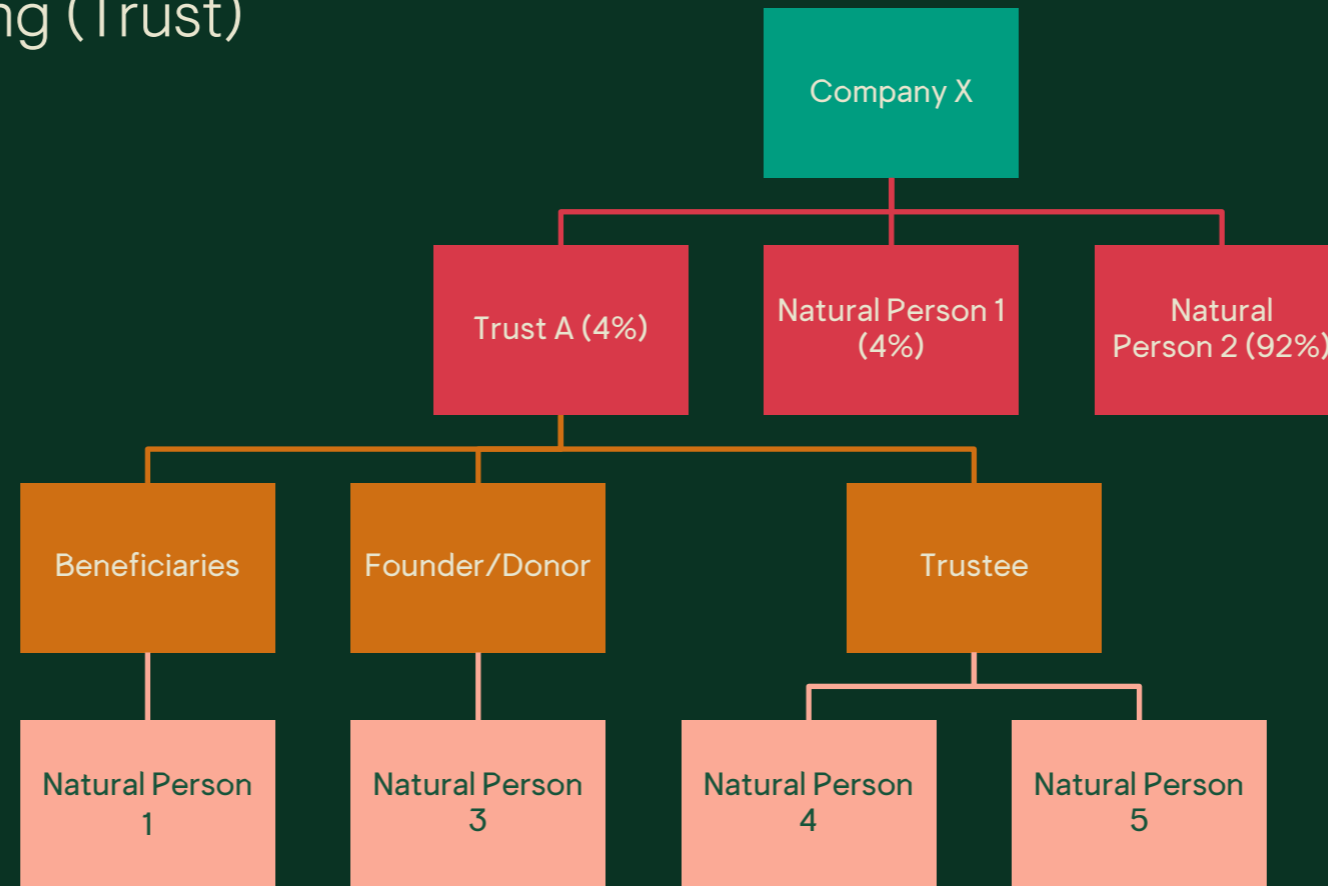
Who are the Beneficial Owners?

- A. Natural Person 2 only: Natural Person 2 owns and controls > 50% of all shares ✗
- B. Natural Person 1 and 2: Natural Person 1 and 2 both own and control > 5% of all shares ✓
- C. Natural Person 1, 2 and 3: We need to identify all shareholders, no threshold applies ✗



Example 3

Aggregate Shareholding (Trust)



Who are the Beneficial Owners?

- A. Natural Person 2 and Trust A: Natural Person owns and controls > 5% of shares and all Trusts are Beneficial Owners
- B. Natural Person 2 only: No other natural person owns and controls > 5% of shares
- C. Natural Person 1 and 2: Natural Person 1 effectively owns and controls 8% (4% direct and 4% indirect via Trust A)





Identification Process for Legal Entities

The screenshot shows the Ninety One website's 'Investment platform' page. The header includes the Ninety One logo and navigation links for Insights, Funds, Investment platform, Sustainability, and About us. The main heading is 'Investment platform', followed by a sub-heading 'Our product solutions' and a paragraph describing the platform's benefits for advisors. A list of product solutions is provided, including 'Investing offshore', 'Ninety One Family Office', 'Ninety One Masterclass', 'Ninety One Assistants' Masterclass', 'Managing your retirement income', 'Two-pot retirement reform', and 'How-to video series'. A yellow highlight is placed under the 'IP literature & form library' link at the bottom of the list. A dark blue button labeled 'Investment platform home' is also visible.

The screenshot shows the 'Indemnity/ Checklist / Supporting documents' page. It features a dark blue header with the page title and a sub-header '9 documents'. Two document entries are listed: 'Authority to act on behalf of a minor by the natural guardians' and 'Customer due diligence checklist'. Each entry has a 'Download literature' link with a downward arrow icon. The 'Customer due diligence checklist' link is highlighted in yellow.

The screenshot shows the 'Client Due Diligence Guideline (South Africa)' document. It features the Ninety One logo and a detailed introduction paragraph explaining the document's purpose and validity requirements. Below the introduction, a table lists the applicable sections for different entity types.

Client Due Diligence Guideline (South Africa)

This document should be read with the relevant application, change of details or other transaction forms, as it forms the basis of the supporting documents required for processing the relevant form. All documentation should be valid and, up to date where applicable, recent (dated within 6 months) or in the case of passports, valid for more than 6 months. Please note that Ninety One reserves the right to request additional information or documents where required to fulfill its obligations in terms of the Financial Intelligence Centre Act, 38 of 2001 (FICA).

Please refer to the applicable section:

Individual investor	Section A
Close Corporation	Section B
Companies	Section C
Trusts	Section D
Partnerships	Section E
Other entities (Legal arrangements)	Section F
Retirement/Medical Aid Fund	Section G



Thank you

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