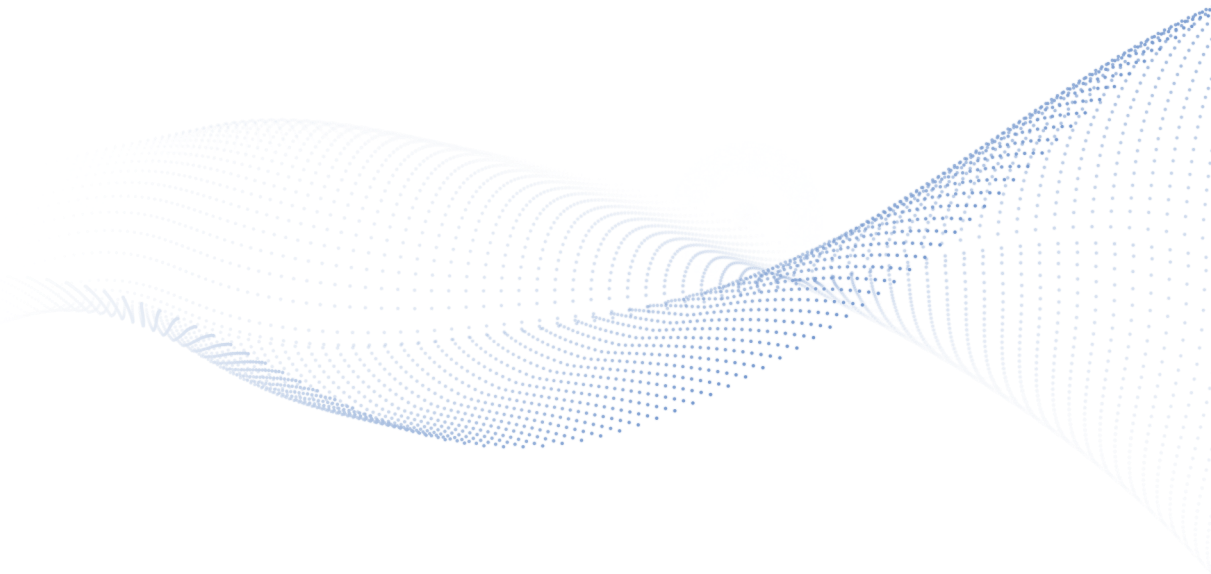


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# Guidance Notes on FATF Grey Listing Due Diligence for South African Residents



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## Client and Adviser Guide to Enhanced Measures

This guide aims to assist clients and Advisers with meeting additional due diligence requirements due to the impact of the FATF Grey Listing. Should you have any questions, please speak to your OTAP representative or our New Business Team who will happily assist you.

Contact the New Business Department using the details below:

Email: [applications@trustandpension.com](mailto:applications@trustandpension.com)

Telephone: +44 (0) 3333 078888 or +27 (0) 21 851 5584

We thank you for your support and understanding with these matters.

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### Overview

The “Grey Listing” of South Africa by the Financial Action Task Force (FATF) in February 2023 and the subsequent instruction issued by the Guernsey Financial Services Commission (GFSC) has resulted in Overseas Trust and Pension Limited (OTAP) having to apply additional measures when onboarding a client who is resident in South Africa.

These measures are to address the perceived increased risk of money laundering and terrorist financing relating to certain business sectors and/or commercial arrangements with the South African government.

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### Existing Due Diligence - New Applications, Additional Contributions, Benefit Applications, Transfer Out Applications

All clients need to complete OTAP's Customer Due Diligence (CDD) Form as per usual and provide a valid Proof of Address and Identity. However, **we ask that special attention is paid** to ensuring that the Customer Due Diligence Form is completed in as much detail as possible and in particular, that the employment and occupation section **records at least the last 5 years of employment history**.

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### New Due Diligence Measures - New Applications, Additional Contributions, Benefit Applications, Transfer Out Applications

All new applicants, where their occupation falls within the business sectors identified in [Table 2 - Business Sector and Definition](#), will need to provide **Proof of Employment or Occupation**. This can be achieved in a number of ways and Table 2 provides some examples.

#### Please Note

There is **no requirement for these documents to be certified** and they can be provided in electronic form. However, they must be legible and **no older than 12 months**, unless it is a contract that is in force e.g., an employment contract or a partnership agreement, etc.

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### Get in Touch

This document is only an aid and there may be specific scenarios where supporting documentation is not possible to obtain, or where we may be required to ask for additional information. In such instances, or for any request or enquiry regarding the implications of the FATF Grey Listing on South Africa in respect to services provided by OTAP, please do not hesitate to contact us at [enquiries@trustandpension.com](mailto:enquiries@trustandpension.com) or +44 (0) 3333 078888 or +27 (0) 21 851 5584.

## Table 1 - Economic Status and Acceptable Verification

This table provides definitions of employment status and the type of documentation that can be used for verification where the client's occupation falls within the business sectors identified in [Table 2 - Business Sector and Definition](#).

Economic Status	Acceptable Verification
<p><b>Employed:</b> This is defined as any person who receives remuneration because of a contract of employment with a company or a director of a company where no such contract of employment exists.</p>	<ul style="list-style-type: none"> <li>• A copy of a recent pay slip.</li> <li>• A copy of a contract of employment.</li> <li>• Entry from CIPC evidencing the person being a director of a company.</li> <li>• A letter from the company secretary or another director confirming their employment.</li> <li>• A bank statement showing salary and employer's name in narrative.</li> <li>• A letter from a Chartered/Certified Accountant/Auditor confirming employment.</li> <li>• A link to the client on their employer's website (only a reputable, recognised company).</li> </ul>
<p><b>Self-employed:</b> This is defined as any independent contractor, who is an individual working a specific job; a sole proprietorship, which is a business enterprise run by an individual, but not a company; and a partnership, being a business structure between two or more individuals with ownership status who draw or receive remuneration because of their efforts.</p>	<ul style="list-style-type: none"> <li>• Reference to the website of a reputable, recognised organisation, such as a large law firm or a national estate agency.</li> <li>• A copy of the contract for services rendered.</li> <li>• Confirmation of status as self-employed by a tax office, provided there is reference to the type of occupation.</li> <li>• A bank statement showing the trading name of the proprietary or partnership demonstrating payment to the applicant.</li> <li>• A letter from a Chartered/Certified Accountant/Auditor confirming the nature of the occupation and sector.</li> </ul>
<p><b>Retired:</b> This is defined as any individual who has ceased to be <b>employed</b> or <b>self-employed</b>.</p>	<ul style="list-style-type: none"> <li>• No proof is required, however, the last five years of employment history must be included in the Customer Due Diligence Form.</li> </ul>
<p><b>Unemployed:</b> This is defined as any individual who is not receiving remuneration as a result of employment or self-employment, or who has retired. It can include an individual who is receiving benefits due to incapacity, or receipts from a trust fund, or an individual who is financially maintained by another.</p>	<ul style="list-style-type: none"> <li>• No proof is required, however, the last five years of employment history must be included in the Customer Due Diligence Form if the applicant was employed at any stage during that period.</li> </ul>

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## Enhanced Due Diligence

Enhanced Due Diligence is required where the applicant:

- Receives remuneration from providing services in any one of the industry sectors listed below, be they employed or self-employed.
- Receives remuneration as employed or self-employed due to them, or the organisation which remunerates them, having contracts with the South African Government or South African State-Owned Enterprises.

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### Table 2 - Business Sector and Definition

This table provides a list of those business sectors identified by the FATF as having a higher risk of money laundering and terrorist financing in South Africa. Please note that this list is indicative and not exhaustive.

Business Sector	Definition
Cash-Based Businesses	These are businesses that mainly undertake their transactions in cash. They are typically in the informal economy, such as taxis, independent local shops, and other cash-based resellers.
Dealers of Metals and Gems	“Dealer” encompasses a wide range of persons, including intermediate buyers and brokers; precious stone cutters, and polishers and precious metal refiners; jewellery manufacturers who use precious metals and precious stones; retail sellers to the public; and buyers and sellers in the secondary and scrap markets.
Company Service Provider	Company services include the formation of companies, acting as a director or secretary of a company or similar position, and providing a registered office or business address for a company.
Trust Service Provider	Trust Services means services provided to any Trust, which include the provision of trustees and nominees (whether individuals or corporates), all management and administrative services relating to the provision of such Trust services, or any other Trust arrangements.
Virtual Asset Service Provider	Virtual Assets are digital representations of value, which can be traded and used for payments or investments e.g., Crypto currency and Non Fungible Tokens.  A Virtual Asset Service Provider is any natural or legal person who exchanges, holds, safe keeps, sells, converts, or otherwise transfers Virtual Assets on behalf of another natural or legal person.
Attorney	A licenced lawyer who advises clients and can facilitate financial transactions and hold funds in escrow.
Real Estate Agent	Real estate agents and other professionals who may carry out or assist with transactions for clients when they buy or sell property and/or land to individuals or corporates.
Public Sector Contracts	Any contract concluded for a fee between a public or private buyer and a public or private economic operator. In particular, State-Owned Enterprises, municipalities and central government entities or organisations.



## Source of Wealth Guidance

Source of Wealth Descriptions	Details Required - Collected via Application and CDD Forms	If applicable, we may request additional certified documentary evidence to support an application
Savings from earned income	<ul style="list-style-type: none"> <li>Employer's name and address</li> <li>Period of employment</li> <li>Nature of employer's business</li> <li>Amount of salary/bonus etc</li> </ul>	<p><b>ONE</b> of the following:</p> <ul style="list-style-type: none"> <li>Pay slip (within last 3 months)</li> <li>Letter from employer confirming salary on company letter-headed paper</li> <li>Bank statements clearly showing receipt of most recent salary payment from named employer</li> </ul>
Savings from self-employment or company profits (dividend)	<ul style="list-style-type: none"> <li>Name and address of business</li> <li>Nature of business</li> <li>Date business started</li> <li>Shareholding (if applicable)</li> <li>Date and amount of dividend (if applicable)</li> </ul>	<p><b>ONE</b> of the following:</p> <ul style="list-style-type: none"> <li>Latest audited accounts (showing dividend if applicable)</li> <li>Accountant's letter confirming shareholding and dividend (where applicable), turnover, profits, drawings, and nature of business</li> <li>Bank statements clearly detailing savings/dividend as appropriate</li> </ul>
Cash deposit or sale of investments	<ul style="list-style-type: none"> <li>Description of deposit/shares/investment e.g., financial institution, valuation, account reference</li> <li>Original source of the deposit or investment</li> <li>Name of the seller</li> <li>How long held</li> <li>Sale amount</li> <li>Date funds received</li> </ul>	<p><b>ONE</b> of the following:</p> <ul style="list-style-type: none"> <li>Investment/savings certificates/contract notes or surrender statements</li> <li>Bank statement clearly showing receipt of funds and investment company name or cash deposit</li> </ul>
Property Sale	<ul style="list-style-type: none"> <li>Property address</li> <li>Date of purchase and date of sale</li> <li>Total sale amount</li> </ul>	<p><b>ONE</b> of the following:</p> <ul style="list-style-type: none"> <li>Solicitor's letter detailing property sale (date, amount, etc)</li> <li>Copy of the contract of sale</li> </ul>
Company Sale	<ul style="list-style-type: none"> <li>Name, address and nature of business</li> <li>Date commenced and date of sale</li> <li>Amount of sale</li> <li>Details of shareholding (i.e., 50%)</li> </ul>	<p><b>ONE</b> of the following:</p> <ul style="list-style-type: none"> <li>Solicitor or accountant's letter detailing company sale (date, amount, shareholding, etc)</li> <li>Copy of the contract of sale, plus bank statement showing proceeds</li> <li>Copy of company registry showing transfer of company</li> </ul>



<b>Inheritance</b>	<ul style="list-style-type: none"> <li>Name of deceased and relationship</li> <li>Date of death</li> <li>Date of inheritance</li> <li>Total amount of inheritance</li> </ul>	<p><b>ONE</b> of the following:</p> <ul style="list-style-type: none"> <li>The Will</li> <li>Grant of Probate (with a copy of the Will) including the value of the estate</li> <li>Solicitor's letter detailing the inheritance</li> </ul>
<b>Gift</b>	<ul style="list-style-type: none"> <li>Amount and date received</li> <li>Relationship to client</li> <li>Explanation of gift and source of donor's wealth</li> </ul>	<p><b>ONE</b> of the following:</p> <ul style="list-style-type: none"> <li>Documentary evidence of the donor's source of wealth (by reference to this table)</li> </ul>
<b>Beneficiary of the trust</b>	<ul style="list-style-type: none"> <li>Name of trust and settlor</li> <li>Name and address of corporate trustees (if applicable)</li> </ul>	<p><b>ONE</b> of the following:</p> <ul style="list-style-type: none"> <li>Copy of the trust deed, including the named beneficiaries (which must include the client)</li> <li>A letter from the corporate trustees confirming the trust details and the client as beneficiary</li> </ul>
<b>Divorce settlement</b>	<ul style="list-style-type: none"> <li>Amount and date received</li> </ul>	<p><b>ONE</b> of the following:</p> <ul style="list-style-type: none"> <li>Court order</li> <li>Solicitor's signed letter detailing the settlement</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>Please refer to your account manager for guidance</li> </ul>	<ul style="list-style-type: none"> <li>Please refer to your account manager for guidance</li> </ul>

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