

Why Netcash requires Ultimate Beneficial Ownership information as part of the FICA process:

1. In terms of the **Financial Intelligence Centre Act (FICA)**, as amended, and South Africa's commitments under the Financial Action Task Force (FATF) recommendations, all accountable institutions are legally required to identify and verify the **natural person(s)** who ultimately **own or exercise effective control** over a business, trust, or other legal entity. This is commonly referred to as the **Ultimate Beneficial Owner (UBO)**.
2. This requirement means that, in addition to verifying the entity itself, Netcash must also identify the **individuals behind the structure** — in other words, the actual people who ultimately benefit from or control the entity, especially where ownership is indirect or layered through other companies and/or trusts.
3. The Financial Intelligence Centre has further clarified that:
 - Ultimate Beneficial Owners will always be **natural persons**, not companies or trusts.
 - Ownership of **5% or more than 5%**, or the ability to exercise **effective control**, is typically considered sufficient to qualify as beneficial ownership.
 - Where no individual meets an ownership threshold, the person(s) who controls **management or decision-making** must still be identified and verified.
4. Since these obligations are mandatory, Netcash is legally prohibited from establishing or continuing a business relationship where beneficial ownership information cannot be obtained and verified.
5. UBOs **must provide IDs and Proof of Address under the Act** as it is the legal requirement to **identify and verify** the natural persons who ultimately own and control a client entity.
6. Providing **ID documents** and **Proof of Address** is not optional — it forms part of mandatory **Customer Due Diligence (CDD) and Beneficial Ownership UBO verification**. Below is why this is required.
 - 6.1 **To Establish and Verify the True Identity and Residential Address of each UBO**

FICA requires institutions to establish the ownership and control structure of legal persons, trusts, or partnerships, and to identify the natural persons who ultimately exercise control. This includes confirming their **full legal identity**, which can only be verified through **official identification documents**. Your Proof of Address confirms your residential address, which supports accurate risk assessment, and it helps protect against identity fraud and supports compliance with FICA.
 - 6.2 **UBO transparency helps Prevent Money Laundering, Terrorist Financing, Tax Evasion, and Corporate Abuse and Procurement Fraud**

It helps protect against identity fraud and supports compliance with FICA.
 - 6.3 **This matters because:**

South Africa's laws require all accountable institutions to maintain accurate beneficial ownership records. Without verified UBO documents, we are legally not allowed to proceed with the business relationship or process transactions.

Thank you for helping us comply with these important legal requirements.

References:

The Financial Intelligence Centre Act, as amended and its regulations
[\[cipc.co.za\]](http://cipc.co.za) and [\[fic.gov.za\]](http://fic.gov.za)

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