



the dti

Department:
Trade and Industry
REPUBLIC OF SOUTH AFRICA

ILLICIT FINANCIAL FLOWS

**MEETING OF THE STANDING COMMITTEE ON FINANCE AND PORTFOLIO
COMMITTEES ON TRADE AND INDUSTRY, MINERAL RESOURCES AND
POLICE**

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Purpose

The purpose of the presentation is to provide progress to the Standing Committee on Finance and Portfolio Committees on Trade and Industry, on Mineral Resources and on Police.

Background

- **the dti** is the custodian of the Companies Act, Act 71 of 2008.
- The Department administers the Financial Reporting Standards Council (FRSC) which is responsible for setting accounting and audit standards.
- Accounting records of companies have to be prepared in accordance with the International Financial Reporting Standards (IFRS).
- An Auditor who conducts an audit of a company has an obligation in terms of the Auditors professions Act to report to the Independent Regulatory Board of Auditors (IRBA) and the Companies and Intellectual Property Commission (CIPC).

Progress

- **the dti** has initiated the process of amending the Companies Act.
- The Act is going to be modified to include the obligation to disclose beneficial owners of shares when filing annual returns. This was formulated in liaison with the suggestion from Financial Intelligence Centre (FIC).
 - Clause 8 of the Bill proposes amendments to section 33 of the Act by requiring companies to file copies of the annual financial statements and copies of the company's securities register when filing their annual return.
 - This will ensure transparency and enable the use of such information in decision making by the public and interested stakeholders.
 - Aligns with the G20 countries agreement where it has been agreed that all affiliated countries must encourage beneficial owner disclosure in all their legislation governing business and investment institutions.
 - Clause 13 of the Bill proposes an amendment to section 56 in that the requirement to disclose and maintain a register of beneficial owners is extended to all companies and not only regulated companies. This will align the Companies Act with international requirements.

Way Forward

- The Bill was presented to Cabinet in August 2018 for approval to publish the Bill for wider public consultation and was published in the Government Gazette for 60 days for public consultation closing in December 2018.
- **the dti** is currently reviewing the comments and revising the Bill accordingly and consulting with affected government departments and stakeholders.
- The Department is targeting end of Q2 of 2019 for Cabinet approval to introduce the Bill to Parliament.
- The illicit financial flows cuts across various regulators and **the dti** will collaborate on various coordination efforts to address this serious challenge that impacts on the economy by eroding funds from the country.



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THANK YOU