King V and FIC Guidance Note 7A

You align **King V** and **FIC Guidance Note 7A** (GN 7A) by embedding the *risk-based compliance obligations* of GN 7A into the *governance disclosure framework* of King V. In practice, this means boards must treat the **Risk Management and Compliance Programme (RMCP)** required under GN 7A as a governance artefact, disclose its adequacy and application under King V's "apply and explain" regime, and integrate AML/CFT/CPF risk management into board-level accountability and reporting.

Key Points of Alignment

1. **Board Accountability**
- **King V**: Governing bodies must demonstrate ethical leadership and disclose how compliance is embedded in governance.
- **GN 7A**: Boards (or senior management) must approve the RMCP and are directly accountable for its adequacy.
- **Alignment**: Boards disclose in King V reports how they have approved, reviewed, and monitored RMCP effectiveness.

2. **Disclosure Framework**
- **King V**: Introduces a mandatory **Disclosure Framework** requiring structured, comparable governance reporting.
- **GN 7A**: Requires detailed documentation of ML/TF/PF risk assessments, controls, and monitoring.
- **Alignment**: RMCP documentation feeds into King V disclosures, showing how ML/TF/PF risks are identified, mitigated, and monitored.

3. **Risk Management Integration**
- **King V**: Risk governance must be integrated with ethics, performance, and legitimacy outcomes.
- **GN 7A**: Institutions must conduct entity-wide ML/TF/PF risk assessments and implement controls (CDD, reporting, sanctions screening).
- **Alignment**: Boards disclose risk matrices that map ML/TF/PF risks against controls, demonstrating integrated governance.

4. **Culture of Compliance**
- **King V**: Emphasises **ethical culture** and stakeholder legitimacy as governance outcomes.
- **GN 7A**: Requires boards to ensure a **culture of compliance** across the institution.
- **Alignment**: Boards disclose training, awareness programmes, and compliance culture initiatives as part of King V's ethical governance reporting.

5. **International Standards & Sustainability**
- **King V**: Aligns with global governance developments and introduces **double materiality**(boards to disclose not only how **social and environmental risks affect the company's financial performance**, but also how the **company's operations impact society and the environment**) in disclosures.
- **GN 7A**: Requires compliance with international AML/CFT/CPF obligations, even in cross-border operations.
- **Alignment**: Boards disclose how RMCPs meet both local and international standards, reinforcing legitimacy and sustainability.

Practical Application

- **Annual Governance Reports**: Include RMCP adequacy, STR statistics, sanctions screening outcomes, and training metrics.
- **Board Packs**: Present ML/TF/PF risk matrices under King V's Disclosure Framework.
- **Audit & Risk Committees**: Document RMCP reviews and disclose exceptions with explanations.

Summary:

King V provides the *governance disclosure framework*, while GN 7A provides the *compliance content*. Aligning them means boards must disclose how RMCPs are designed, approved, and monitored, making FICA compliance part of corporate accountability under King V.