

FSCA update on licensed crypto asset service providers

The Financial Sector Conduct Authority (FSCA) commenced the licensing process for crypto asset service providers (CASPs) under the Financial Advisory and Intermediary Services (FAIS) Act, No. 37 of 2002 on 1 June 2023.

As at 10 December 2024, the FSCA has received a total of 420 CASP licence applications, of which 248 have been approved and nine declined. A further 106 applications were voluntarily withdrawn by applicants following engagements with the FSCA on the appropriateness of their respective business and operating models. 56 applications are still in the process of being considered.

Reasons for the decline of CASP licence applications to date have included the failure of applicants to meet the applicable fit and proper requirements under the FAIS Act, particularly in respect of the following:

- Operational ability requirements, i.e., failure to provide clear and comprehensive business plans and business model descriptions outlining crypto asset activities and key business and operational frameworks to support such activities.
- Competency requirements, i.e., failure or inability to demonstrate the requisite knowledge and practical experience pertaining to crypto assets.

Institutions that have voluntarily withdrawn their applications or that have had their applications declined by the FSCA are free to re-apply in future, on condition that they demonstrate full and proper compliance with the applicable licensing requirements. In the meantime, they may not undertake any CASP-related activities as defined under the FAIS Act. Any institution or person found to be conducting such activities without authorisation will be subject to regulatory action by the FSCA. This does not apply to institutions or persons that submitted their licence applications by 30 November 2023, and that are still awaiting the finalisation of their applications by the FSCA.

Executive Committee:

Commissioner: U. Kamlana | **Deputy Commissioners:** A. Ludin | K. Gibson | F. Badat

The FSCA has furthermore extended the application of the Exemption Notice relating to CASPs and their key individuals (FAIS Notice 25 of 2023) from compliance with the regulatory examination requirements (REs). In terms of the Exemption Notice published on 11 May 2023, licensed CASPs and their key individuals were, for a period of 18 months, exempted from Part 4 of Chapter 3 of the Determination of Fit and Proper Requirements (Board Notice 194 of 2017) relating to REs.

The Exemption, which expired on 11 November 2024, has been extended until 30 June 2025. This means that licensed CASPs must pass the applicable REs prescribed in Board Notice 194 of 2017 on or before 30 June 2025. Failure to comply with this requirement may lead to regulatory action, including suspension or withdrawal of authorisation as contemplated in section 9 of the FAIS Act. The Extended Exemption Notice may be accessed on the FSCA's website by clicking [here](#).

Crypto assets are defined as a digital representation of value that:

- is not issued by a central bank but is capable of being traded, transferred or stored electronically by natural and legal persons for the purpose of payment, investment and other forms of utility;
- applies cryptographic techniques; and
- uses distributed ledger technology.

The public is reminded that the FSCA's licensing powers are limited to the authorisation and supervision of CASPs only insofar as they render financial services related to crypto assets as defined under the FAIS Act, i.e. advice, intermediary and investment management services. This authorisation does not include the recognition of crypto assets as a legal form of tender or "cryptocurrency". The South African Reserve Bank does not currently recognise crypto assets as currency.

The full list of licensed CASPs may be accessed on the FSCA's website at this link: [Approved list of crypto asset service providers](#).

ENDS

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