

FSCA Press Release

12 November 2024

FSCA update on the licence of Banxso (Pty) Ltd

The Financial Sector Conduct Authority (FSCA) previously issued a media statement informing the public that it had provisionally withdrawn the licence of Banxso (Pty) Ltd, FSP 37699 (Banxso). The Authority further stated that it had brought the investigation of Banxso and preliminary findings to the attention of the Financial Intelligence Centre (the FIC) and the Asset Forfeiture Unit (AFU) of the National Prosecuting Authority (the NPA). On 2 October 2024, the FIC intervened and placed a hold/freeze on Banxso's bank accounts, and on 14 October 2024, the NPA successfully applied for a preservation order.

On 8 November 2024, the High Court in the Western Cape Division reconsidered and set aside the preservation order. However, the Court ordered that Banxso shall not withdraw or allow the withdrawal of any funds in the bank accounts, other than for purposes of migrating clients to an alternative financial services provider that is authorised by the FSCA.

The transfer of funds to an authorised financial services provider is required because Banxso's FSP licence remains withdrawn, and as a result Banxso cannot conduct any financial services business. Banxso itself cannot deal with the funds in the bank accounts that were preserved.

It is also a condition of the provisional withdrawal of Banxso's licence that it must transfer all its clients to an authorised financial services provider. The FSCA is in discussions with Banxso to ensure an orderly transfer of clients.

The FSCA is aware of allegations that Banxso is contacting clients and advising them that it (Banxso) "has been cleared", that its licence has been reinstated, and that it may render financial services. The Authority has interviewed witnesses who have confirmed this and will investigate these allegations further. The FSCA is also investigating statements from clients of Banxso who maintain that Banxso is continuing to conduct financial services business, notwithstanding the withdrawal of its licence. The information received by the FSCA indicates that clients are encouraged to commit more funds to Banxso to recover losses made in trading.

The Authority reiterates that Banxso's licence has not been reinstated and that it cannot lawfully conduct any financial services business or receive any deposits from clients for such purpose.

Executive Committee:

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

The FSCA also brings to the attention of the public that an application for the liquidation of Banxso has been brought in the Western Cape High Court. The Authority is cited as a respondent in the matter, and enquiries about the application should be directed the attorneys of record for the applicant in the matter, namely Mostert and Bosman. Enquiries can be addressed to pierred@mbalaw.co.za. The hearing of the liquidation application has been postponed to 4 December 2024.

The FSCA's investigation into the activities of Banxso and its officers is ongoing.

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