

**FSCA Press Release**

**13 December 2019**

**Update on public warning regarding Karatbars International GmbH**

On 11 November 2019 the FSCA issued a warning regarding Karatbars International GmbH not being registered as an authorised Financial Services Provider. The company (based in Germany) has subsequently made representations to the FSCA indicating that it markets two products in South Africa, one being the sale of gold bullion and the second the sale of a crypto-asset to be launched on a future date. The company is selling these products to South African citizens who are using their discretionary foreign or investment allowances to make these purchases. Neither of these products fall within the definition of a financial product or service. As such, they are not registered by the FSCA and fall outside the ambit of our jurisdiction.

The FSCA continues to caution the public that these kinds of transactions are high-risk and that it is unable to ascertain the ability of the companies involved in these kinds of transactions to honour their commitments or financial obligations to clients. Given this, the public will have no recourse, protection or assurance by the FSCA relating to these transactions which are styled in some cases as investment purchases.

Additionally, consumers must also ensure that they physically receive the gold bullion or product they have purchased and do not rely on external custodians to hold these assets on their behalf beyond a very limited period, this is because there is no certainty that the product will be handed over at a future date or that it has been acquired on behalf of the purchaser.

To check if an individual or entity is authorised to provide financial services or products, call the FSCA toll free on 0800 203 722, or visit [www.fsca.co.za](http://www.fsca.co.za).

**ENDS**

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