

FSCA Press Release

08 September 2020

JP markets liquidated

The Financial Sector Conduct Authority (FSCA) previously reported that it filed an urgent application with the High Court to liquidate JP Markets (Pty) Limited and that the bank accounts of JP Markets had been frozen.

The liquidation application was granted Monday evening, 7 September 2020. JP Markets is now in final liquidation. **A copy of the judgment can be downloaded [here](#)**. This is the first time that the statutory power in section 38B of the FAIS Act has been used by the FSCA. The section allows the FSCA to launch liquidation proceedings if it considers that the interests of the clients of a financial services provider or of members of the public so require.

The FSCA will work with the liquidators and do everything in its power to ensure that clients of JP Markets recover as much as possible of their funds. Because of the intervention of the FSCA more than R2.58 billion was preserved in the many bank accounts of JP Markets.

The investigation against JP Markets and its CEO, Mr. Justin Paulsen (Mr. Paulsen), has been completed. The FSCA has given notice of its intention to debar Mr. Paulsen from the industry. On liquidation, the licence of JP Markets was automatically withdrawn,

The FSCA is also preparing to hand over the matter to the National Prosecution Authority (NPA) for further investigation and possible criminal prosecution.

The FSCA has taken these steps because of the substantial risk to the public in instances where entities and individuals act as issuers of derivative products (product providers) without having the adequate financial reserves, risk management system and knowledge,

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and as an on-going effort to remove FSPs who are prepared to act outside the law from the financial industry.

The FSCA has several other on-going investigations into forex platform operators.

The Honourable Justice Gilbert, who heard the application, pointed out that JP Markets only filed its application for a licence on the eve of the FSCA's liquidation application. He also pointed out that JP Markets had 16 months to do so.

The FSCA has created a regulatory and a legislative framework for the supervision of entities who wish to operate in the Over the Counter Derivative Providers (ODP) market, as an issuer or product provider.

The FSCA once again points out that:

- All ODPs need to be licensed by the FSCA
- Forex derivative trading is a high-risk investment only suitable for investors with the required knowledge, skills and experience. The public should carefully consider whether trading in such financial instruments are suitable for them;
- As forex derivative platforms are a very popular space for scammers and fraudsters to ply their trade, additional care should be taken when dealing with any platform. One level of assurance is checking to see whether the provider is registered with the FSCA as an FSP or ODP.

The FSCA again reminds consumers who wish to conduct financial services with an institution or person to check beforehand with the FSCA on either the toll free number (0800 110 443) or on the website www.fsc.co.za as to whether or not such institution or person is authorised to render the services.

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