

FSCA Press Release

13 February 2023

FSCA cancels the exchange licence of ZAR X (Pty) Ltd (“ZAR X”)

The Financial Sector Conduct Authority (“FSCA”), with the concurrence of the Prudential Authority and the South African Reserve Bank, has cancelled ZAR X’s exchange licence in terms of section 60(1) of the Financial Markets Act, 2012 (Act no. 19 of 2012) (FMA) with immediate effect.

The cancellation of ZAR X’s licence follows its prolonged non-compliance with section 8(1)(a) of the Financial Markets Act, 2012 (Act No. 19 of 2012) (FMA), read with Regulation 8 and 43(2) of the FMA Regulations, 2018, which relate to the liquidity and capital adequacy requirements of an exchange. The licence was suspended effective 20 August 2021.

In line with section 60(4) of the FMA, ZAR X is now required to:

- Immediately inform all affected persons, i.e. (i) issuers; (ii) authorised users; and (iii) all affected stakeholders of the immediate cancellation of its licence and provide proof of having complied with this condition within **five business days from the date of receipt of the cancellation letter**.
- Cease all business of an exchange. No further trading of securities listed on the exchange is permitted and no new listings may be admitted.
- Take necessary steps, in consultation with all stakeholders to facilitate the delisting of all listed securities on the exchange, where applicable. The processes to delist the securities must be finalised within 14 days.
- Provide weekly progress reports with respect to the above matters to the satisfaction of the FSCA.

Executive Committee:

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

FSCA Commissioner Unathi Kamlana said:

“The cancellation decision was not taken lightly. However, the decision follows a prolonged remedial process which was initiated to assist ZAR X to become compliant to the regulatory framework. The remedial process failed to yield positive results.

Four licensed securities exchanges remain operational within the South African financial markets”.

ENDS

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