



FSCA COMMUNICATION 29 OF 2023 (FAIS)

URGENT REMINDER: DEADLINE FOR CRYPTO ASSET SERVICE PROVIDER LICENCE APPLICATIONS – 30 NOVEMBER 2023

1 PURPOSE

- 1.1 The purpose of this Communication is to serve as an important reminder of the impending deadline for submission of licence applications to the Financial Sector Conduct Authority (FSCA) by all persons who, as a regular feature of their business, render financial services in relation to crypto assets.

2 BACKGROUND

- 2.1 On 19 October 2022, the FSCA declared crypto assets as a financial product under the Financial Advisory and Intermediary Services Act, No. 37 of 2002 (FAIS Act) as published in General Notice 1350 of 2022 (Declaration)¹.
- 2.2 The Declaration was issued in light of increasing consumer risks due to an exponential increase in the provision of crypto asset services in South Africa, the rapid growth in interest in the use of crypto assets for investment purposes and a concerning upsurge in scams and fraudulent activities positioned as crypto asset related investment opportunities.
- 2.3 Additionally, the Declaration sought to address key deficiencies identified by the Financial Action Task Force (FATF) in its Mutual Evaluation Review of South Africa conducted in 2019 insofar as there were no requirements for virtual asset service providers (including crypto asset providers) to be licensed or registered and were not subject to supervision in respect of their exposure to money laundering, terror financing and related risks.
- 2.4 Together with the Declaration, the FSCA also published FAIS Notice 90 of 2022 which contained a general exemption of persons rendering financial services in relation to crypto assets from section 7(1) of the FAIS Act (Exemption)². The effect of the Exemption is that a person who, as a regular feature of their business renders a financial service in relation to crypto assets, may continue to render such financial service in respect of crypto assets without being licensed, provided that the person applies for a licence under the FAIS Act within the period specified in the Exemption and complies with all other conditions set out in the Exemption.

¹ Click [here](#) to access the Declaration as published on the FSCA's website.

² Click [here](#) to access the Exemption as published on the FSCA's website.

- 2.5 The Exemption confirmed that all persons rendering financial services in respect of crypto assets must submit their licence applications to the FSCA between **1 June 2023 - 30 November 2023**.
- 2.6 For all persons **who submit their licence applications within the applicable time period**, the Exemption will continue to apply until the licence application process has been completed and the licence has been finally approved or declined by the FSCA.

3 ACCESS TO APPLICATION FORMS

- 3.1 All persons rendering financial services in respect of crypto assets must complete the application forms for licensing as an FSP in terms of section 8 of the FAIS Act.
- 3.2 The application forms are accessible on the FSCA website (www.fsca.co.za) as follows: [Home > Regulated Entities > Licensing and Registration > FAIS > New Applications > Forms.](#)

4 FAILURE OF CRYPTO ASSET SERVICE PROVIDERS TO APPLY FOR AN FSP LICENCE

- 4.1 Persons who continue to render financial services in relation to crypto assets after 30 November 2023 without having submitted a licence application in terms of the FAIS Act will be regarded as conducting unauthorised or unregistered business.
- 4.2 Such persons will be guilty of an offence and on conviction may be held liable to a fine or imprisonment, or to both.
- 4.3 The FSCA will also publicise the names of any persons found to be conducting unauthorised financial services activities in respect of crypto assets.

5 ENQUIRIES

- 5.1 For technical queries relating to the Declaration, the Exemption or other information contained in this Communication please contact the Regulatory Frameworks Department of the FSCA by emailing johann.vanderlith@fsca.co.za and karien.nel@fsca.co.za.
- 5.2 For queries relating to the licensing application process, including assistance with the completion of application forms, information related to fees or the status of current applications please contact the Licensing Department of the FSCA by emailing diketso.mashigo@fsca.co.za.



**FARZANA BADAT
DEPUTY COMMISSIONER
FINANCIAL SECTOR CONDUCT AUTHORITY**

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