

FSCA Imposes penalty on Trade Nation Financial (Pty) Ltd and Mr Nicholas Sproule

The Financial Sector Conduct Authority (the FSCA) has imposed an administrative penalty of R 30 000 jointly on Trade Nation Financial (Pty) Ltd (Trade Nation) and its director Mr Nicholas Sproule (Mr. Sproule).

The FSCA found that Trade Nation and Mr. Sproule materially contravened section 111(1) of the Financial Sector Regulation Act, 2017 (the FSR Act) by operating as an Over-the-Counter Derivative Provider (ODP) without authorisation, read with section 2 of the ODP Regulations (The Regulations published under Government Notice R98 in Government Gazette 41433 of 9 February 2018, in terms of the Financial Markets Act, 19 of 2012), during the period 1 July 2019 to 15 December 2021.

An investigation revealed that Trade Nation offered its clients the means to trade Contracts for Difference (CFDs) in equities, currencies, indices and commodities through the Metatrader 4 trading platform. Trade Nation has a Category 1 Financial Services Provider (FSP) licence and is authorised to provide advice and render intermediary services in respect of *inter alia* derivative instruments.

Trade Nation is not an authorised ODP as envisaged in the Regulations, but it did submit an application for authorisation as an ODP. The application is under consideration.

In deciding on the penalty, FSCA took into account that Trade Nation fully co-operated during the investigation, has not contravened a financial sector law previously and conceded that its activities fall within the scope and ambit of the ODP Regulations. The FSCA also accepted in favour of Trade Nation that the non-compliance was not because of a wilful desire to evade the applicable regulations but an oversight on their part. In addition, Trade Nation immediately regularised its business when contacted by the FSCA.

Executive Committee:

ENDS

Enquiries: Financial Sector Conduct Authority

Email address: communications@fsca.co.za

Telephone: 0800 203 722