

The South African Reserve Bank announces intention to declare cryptocurrency as a financial product

By [Kenrick Newport](#), issued by [Capital Legacy](#)

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The South African Reserve Bank (Sarb) recently announced its intention to declare cryptocurrency as a financial product, which is in line with current worldwide trends as well as the Financial Sector Conduct Authority (FSCA) which published a draft declaration of crypto assets as financial products in 2020.



Essentially Sarb will regulate cryptocurrency by introducing new regulations around trading cryptocurrency in South Africa within the next 12–18 months. Declaring cryptocurrencies as a financial product means that providers will have to be regarded as accountable institutions under the Financial Intelligence Centre Act, 2001 (FICA) and accordingly will have statutory reporting and monitoring obligations and therefore fall under the purview of the Financial Intelligence Centre (FIC) and be monitored for money laundering, tax evasion, and terrorist financing activities. In addition, being declared as a financial product will mean providers will also fall under the ambit of the Financial Advisory and Intermediary Services Act, 2002 (FAIS), requiring crypto asset service providers to register for a financial services provider licenses under FAIS.

Sarb then further plans to develop a regulatory framework for the exchanges in South Africa to allow for crypto listing, which would include traditional banking regulations such as Know Your Customer (KYC) rules and exchange control regulations in respect of reforms to the application of the foreign exchange controls on the export and import of cryptocurrency to and from South Africa.



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