

JOINT ADVISORY

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DIRECTIVE 9 OF 2024 ON IMPLEMENTATION OF THE TRAVEL RULE TO ENHANCE TRANSPARENCY IN CRYPTO ASSET TRANSACTIONS TAKES EFFECT ON 30 APRIL 2025

17 April 2025: The Financial Intelligence Centre (FIC) issued [Directive 9](#) on 15 November 2024, after a period of consultation with crypto asset service providers (CASPs) in terms of section 43A(2) of the Financial Intelligence Centre Act, 2001 (Act 38 of 2001) (FIC Act).

Directive 9 relates to the travel rule for those accountable institutions that engage in crypto asset transfers. Importantly, **all CASPs are required to comply with Directive 9, which comes into effect on 30 April 2025.**

In addition, the Financial Sector Conduct Authority (FSCA) issued communication 44 of 2024 (AML/CFT) on 13 December 2024. The communication informed accountable institutions supervised by FSCA that the FIC had issued Directive 9 which would come into effect on 30 April 2025, on the implementation of the travel rule relating to crypto asset transfers in accordance with the Financial Action Task Force (FATF) Recommendations.

Financial services providers (FSPs), licensed by FSCA in terms of the Financial Advisory and Intermediary Services Act, 2002 (Act 37 of 2002) (FAIS Act), to provide financial services in respect of crypto assets, fall under the ambit of item 22 and item 12 of Schedule 1 of the FIC Act and are required to implement the travel rule. FSCA strongly advised all licensed FSP CASPs to implement solutions to ensure alignment with Directive 9.

The “travel rule” explained

“Travel rule” is the term used to describe the application of FATF’s Recommendation 16 requirements regarding wire transfers or electronic funds transfers to the mechanism and context of crypto asset transfers, under Recommendation 15 (new technologies).

The travel rule relates to the transfer and/or receipt of crypto assets by accountable institutions for or on behalf of their customers, the information that must be provided alongside these transactions, and the related records that must be kept. This information, held by the ordering (sending) and beneficiary (receiving) CASPs, must be made available upon request in a timely manner to appropriate authorities.

The primary purpose for CASPs implementing the travel rule is to create transparency to mitigate money laundering, terrorist financing and proliferation financing risks.

Registration with the FIC

As of 19 December 2022, it was required that prospective and actual CASPs register with the FIC as accountable institutions as designated in item 22 of Schedule 1 to the FIC Act.

CASPs that are located or created in South Africa that provide or engage in activities of crypto asset transfers on behalf of clients residing in South Africa or elsewhere, are deemed accountable institutions subject to the FIC Act.

Thus, as accountable institutions, all CASPs are required to comply fully and in a timely manner with the requirements of the FIC Act and its Directives. There are no exemptions to these FIC Act obligations.

CASPs as financial services providers to be licensed with FSCA and further registered as item 12 FSP CASP with FIC

Following the designation of a crypto asset as a financial product under the FAIS Act, anyone who, as a business, provides any advice or intermediary services in respect of a crypto asset is, since 1 December 2023, required to be licensed by FSCA, as an FSP. Such an FSP CASP, is also then an accountable institution that must register with the FIC under item 12 of Schedule 1 to the FIC Act, in addition to its item 22 registration with the FIC.

Foreign CASPs advising clients residing in South Africa subject to FAIS Act and FIC Act (item 12)

Foreign CASPs advising clients residing in South Africa, are in terms of the FAIS Act, required to be licensed with FSCA as an FSP CASP, that advises clients in South Africa. By implication the foreign CASPs must register with the FIC as an item 12 FSP CASP, in terms of Schedule 1 of the FIC Act.

CASP operations to meet the requirements of the FIC Act

It is an essential operational requirement that entities entering a line of business subject to the FIC Act, such as the item 22 CASP and item 12 FSP CASP have the necessary capital, financial and human resources, systems and processes to discharge their business functions in a manner that adequately and in a timely manner meets all risks and compliance requirements of the FIC Act.

The relevant CASP supervisory bodies, being the FIC and FSCA, do not have the authority to provide exemptions from the strict requirements of Directive 9, and the FIC Act, for any category of CASPs.

Sanctions for non-compliance with Directive 9

CASPs that fail to comply with Directive 9 will be deemed non-compliant and may be subject to an administrative sanction in accordance with section 45C of the FIC Act.

Importantly, in effecting the obligations in the travel rule Directive, CASPs remain obliged to also comply with any other applicable legislation involving crypto assets and participants should obtain independent legal advice in this regard.

Exchange control implications

With reference to any contemplated activity that may result in a transaction deemed a cross-border transaction, the Currency and Exchanges Act, 1933 (Act 9 of 1933) and the Exchange Control Regulations promulgated thereunder, in terms of section 9(1) of the Act, on 1961-12-01, with specific reference to Exchange Control Regulation 10(1)(c), read with Exchange Control Regulation 22 will be applicable and participants should note the content thereof.

Issued by the Financial Intelligence Centre and The Financial Sector Conduct Authority

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