



ALL YOU NEED TO KNOW ABOUT THE **VIRTUAL ASSETS ACT, 2023** (ACT NO. 10 OF 2023)

Namibia enacted the country's first legislation to license and regulate Virtual Asset Service Providers (VASPs) and Initial Token-Offering Service Providers (ITOSPs).

The Virtual Assets Act, 2023 (Act No. 10 of 2023) (VAA) became operational on 25 July 2023.

WHAT ARE VIRTUAL ASSETS?

- Virtual Assets refer to a digital representation of value that can be digitally transferred, stored or traded;
- That uses a distribution ledger technology or similar technology; and that can be used for payment or investment purposes.



A stylized illustration of a woman with short dark hair, wearing a white t-shirt and dark trousers with a white belt. She is standing with her hand on her chin, looking thoughtful. A dashed white arrow points from her towards the title.

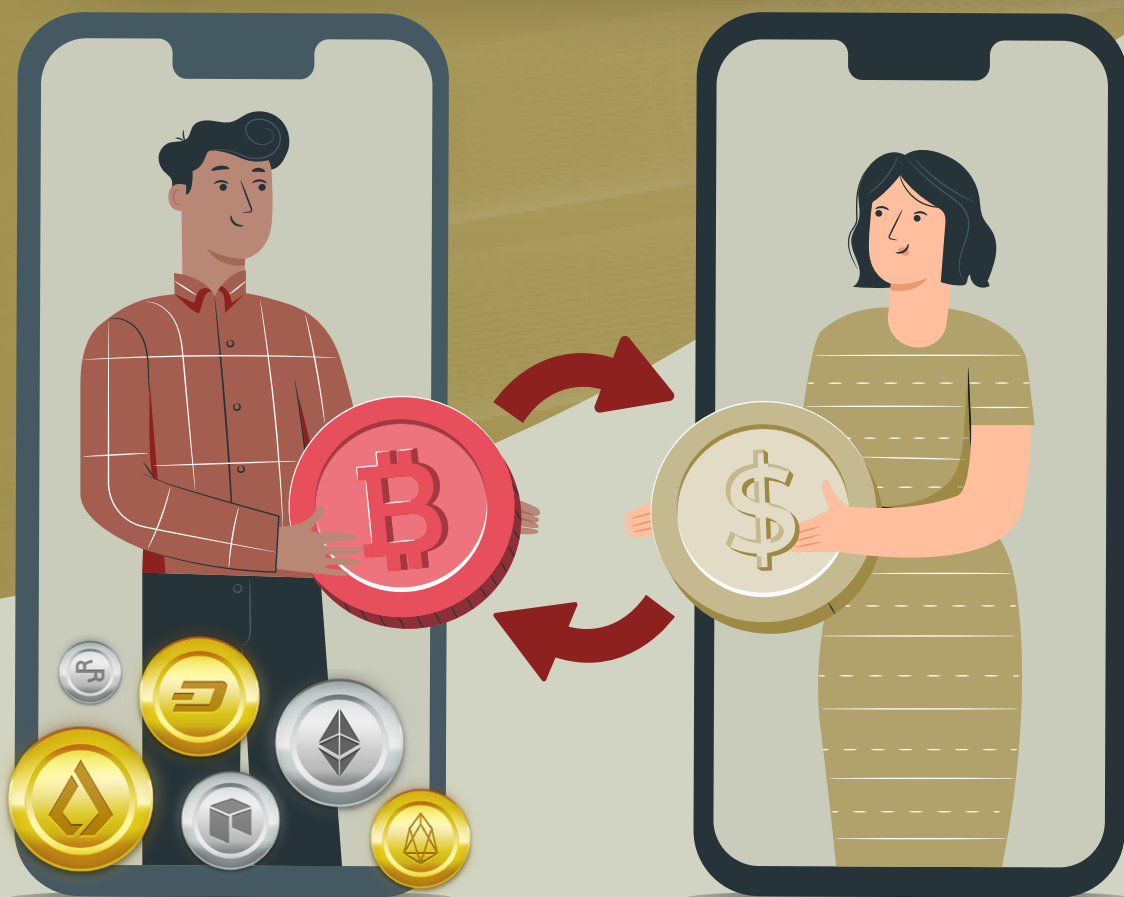
WHY WAS THIS NEW LAW INTRODUCED?

This law will ensure:

- *Before the landmark law was passed, Namibia recognised that virtual assets were being used for illegal activities, including money laundering, especially targeting the banking sector.*
- *The Act aims to reduce the risks of investing in virtual assets, which the Bank of Namibia (BoN) had already warned the public about.*

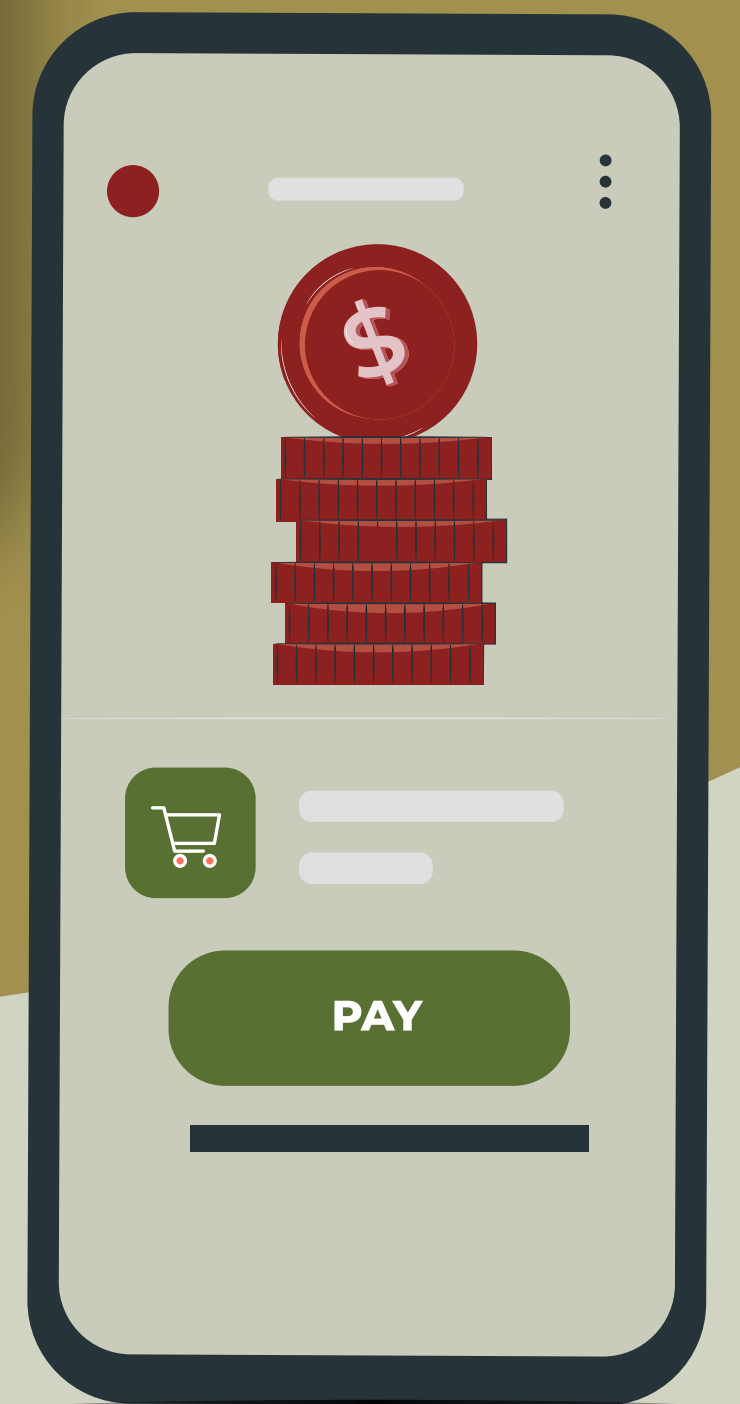
ARE VIRTUAL ASSETS/ CURRENCIES LEGAL TENDER IN NAMIBIA?

- Virtual Currencies do not enjoy legal tender status on par with the Namibia Dollar.
- Their acceptance of the payment of goods and services will be at the discretion of any merchant and buyer willing to participate in such an exchange or trade.



WHO WILL ADMINISTER THIS ACT?

- The Minister of Finance and Public Enterprises, in terms of section 5 of the VAA, has designated the Bank as the prudential Regulating Authority of the industry.
- In this role, the Bank shall prudentially license, regulate and supervise virtual asset service providers and initial coin offering service providers.
- The Financial Intelligence Centre (FIC) will still carry out the Anti-Money Laundering and Combatting the Financing of Terrorism and Proliferation (AML/CFT/CPF) registration, licensing, and supervision role over the industry.





WHAT ARE LICENSING REQUIREMENTS AND APPLICATION FOR A VIRTUAL ASSET LICENSE?

1. It is necessary for Virtual Asset Service Providers (VASPs) to be registered and incorporated in the country where they are created, like in Namibia.
2. If a VASP is an individual person, they must also be licensed or registered in the country where their business is located.
3. If someone operates as a VASP without being properly registered, they commit a crime and can be fined up to **N\$10,000,000** or imprisoned for up to **10 years, or both**.
4. Since VASPs are businesses, anyone who wants to be a virtual asset service provider or a company that wants to issue tokens must apply for a license following the procedure in the Act.
5. The Bank of Namibia, as the regulator, is responsible for keeping a record of all licensed VASPs for control purposes.

WHERE CAN THE ACT BE FOUND?

The full Act can be found on the Bank of Namibia's website at:
<https://www.bon.com.na/Regulations.aspx>

