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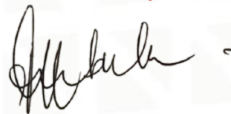
FOR IMMEDIATE RELEASE

ENACTMENT OF THE VIRTUAL ASSETS ACT

1. Namibia enacted the country's first legislation to license and regulate Virtual Asset Service Providers (VASPs) and Initial Token-Offering Service Providers (ITOSPs). Namibia thus became the 3rd Sub-Saharan African country to take bold legislative steps to regulate this sector and fully protect the public against potential risks, services availed by this industry, may hold.
2. The Virtual Assets Act, 2023 (Act No. 10 of 2023) (VAA) became operational on 25 July 2023 and will be administered by the Bank of Namibia.
3. Before the landmark legislation was enacted, Namibia determined virtual assets as a growing threat avenue for generating and laundering proceeds of crime, with the banking sector and members of the public, being the major target. In this regard, the Act attempts to reduce the risks associated with investing in virtual assets, which the Bank of Namibia (BoN) has previously warned the public against.
4. 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 VASPs and ITOSPs. The Bank, in effectively executing this prudential licensing and supervisory role, will implement world-class systems to thoroughly dispose of its mandate.
5. In turn, 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. The main objective is to ensure effective prevention and combatting of Money Laundering, Terrorist and Proliferation financing as well as other financial crimes and abuse of the financial system. For this reason, VASPs and ITOSPs must comply with AML/CFT/CPF obligations in the Financial Intelligence Act, 2012 (Act No. 13 of 2012), as amended.

6. As for virtual currencies, these will not enjoy legal tender status such as that accorded to the Namibian Dollar. Acceptance of virtual currencies for 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.
7. The Governor of the Bank of Namibia, Mr Johannes !Gawaxab remarked as follows on its newly assigned and additional regulatory mandate: “ The monetary system consists of money and payment systems. The ability of the monetary system to function effectively depends on the public's confidence in the system. New technologies, products and related services have the potential to spur financial innovation and efficiency and improve financial inclusion, but they also create opportunities for criminals to launder their proceeds or finance their illegal activities. In addition, it is important to regulate virtual assets, virtual asset activities, and VASPs as these also, besides opportunities, have AML/CFT/CPF, financial stability, and monetary policy implications. The move to prudentially and AML/CFT/CPF regulate virtual assets thus is a major step to provide greater legal and regulatory certainty to both the public and the financial services industry”.
8. To ensure a comprehensive and easily implementable regime, the Bank is also in the process of finalising rules, which contain operational requirements for the VASPs and ITOSPs. The Rules include but are not limited to cyber security, travel rules, capital, cyber and risk requirements. The Bank will thus be conducting consultation processes for the said Rules during August 2023 with the industry players.
9. The full act is accessible at: <https://www.bon.com.na/Regulations.aspx>

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