BANKING & FINANCE

South Africa's crypto crackdown: Draft Manual brings cross-border crypto asset transactions under exchange control

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The South African Reserve Bank ("**SARB**") and National Treasury published the draft Crypto Asset Manual for Cross-Border Activities for public comment on 3 August 2026 which marks a watershed moment for South Africa's crypto asset holders and South African Authorised Crypto Asset Service Providers ("**Authorised CASPs**"). For the first time, cross-border crypto transactions will be subject to a comprehensive regulatory framework with the force of law, issued under the Currency and Exchanges Act, 1933 and Exchange Control Regulations, 1961.

Purpose and scope

The draft Manual establishes the operational rules for all cross-border crypto asset activities conducted through Authorised CASPs and introduces a three-tiered authorisation system –

- Category One: Remittance transactions capped at R5,000 per transaction per day and R25,000 per month.
- Category Two: Broader cross-border crypto asset transactions via South African custodial wallets.
- Category Three: Combined Category One and Category Two operations.

Key obligations and restrictions

The Manual imposes significant requirements, including –

- Only natural persons may engage in cross-border crypto transactions. Resident entities such as companies and trusts are expressly prohibited from doing so;
- Individual allowances apply: R2 million per calendar year (Single Discretionary Allowance) and R10 million (Foreign Capital Allowance);
- Transfers between a domestic Authorised CASP and an offshore CASP, or to non-custodial wallets, are classified as cross-border;
- Transfers from non-custodial wallets to domestic Authorised CASPs are prohibited;
- Authorised CASPs must hold minimum unimpaired capital of R5 million (or 15% of average positive gross income over three years, whichever is higher), maintain CIPC registration with physical presence in South Africa, and ring-fence their operations;
- Full CDD compliance under the Financial Intelligence Centre Act, FinSurv Reporting System certification, and record-keeping for a minimum of five years; and
- Non-compliance may result in official warnings, suspension, permanent withdrawal of authorisation, or criminal prosecution.

Draft Capital Flow Management Regulations, 2026

Stakeholders should note that the draft Capital Flow Management Regulations, 2026 published by National Treasury remain under consideration and have **not yet been finalised**. The draft Regulations propose a comprehensive amendment of the Exchange Control Regulations, 1961 and would, among other things –

- Explicitly define "capital" to include crypto assets;
- Introduce compelled disclosure of private keys upon forfeiture;
- Establish search and seizure powers for crypto assets; and
- Impose criminal penalties of up to R1,000,000 or five years' imprisonment (or fines equal to the asset value where this exceeds R1,000,000).

The draft Regulations and draft Manual are designed to work in tandem: the Regulations provide the overarching legislative framework, whilst the Manual sets out the operational implementation requirements for cross-border crypto asset activities. Should the draft Regulations be finalised in their current form, the regulatory landscape for crypto assets in South Africa will fundamentally transform.

What you need to do

The draft Manual has been published for public comment by close of business on 30 September 2026. All stakeholders, including Authorised CASPs, fintech companies, institutional investors, and individual crypto holders, are encouraged to submit written representations to SARB's Financial Surveillance Department during the comment period.

Given the far-reaching implications of both the draft Manual and the draft Capital Flow Management Regulations, affected parties should –

- Review the draft Manual in full and assess the impact on current and planned operations;
- Prepare and submit written comments within the prescribed consultation period;
- Engage specialist legal counsel to navigate the compliance requirements; and
- Monitor developments regarding the Capital Flow Management Regulations, which will shape the broader regulatory environment.

Werksmans is available to assist with submissions, compliance assessments, and strategic advice in relation to the draft Manual and the evolving regulatory framework for crypto assets in South Africa.

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