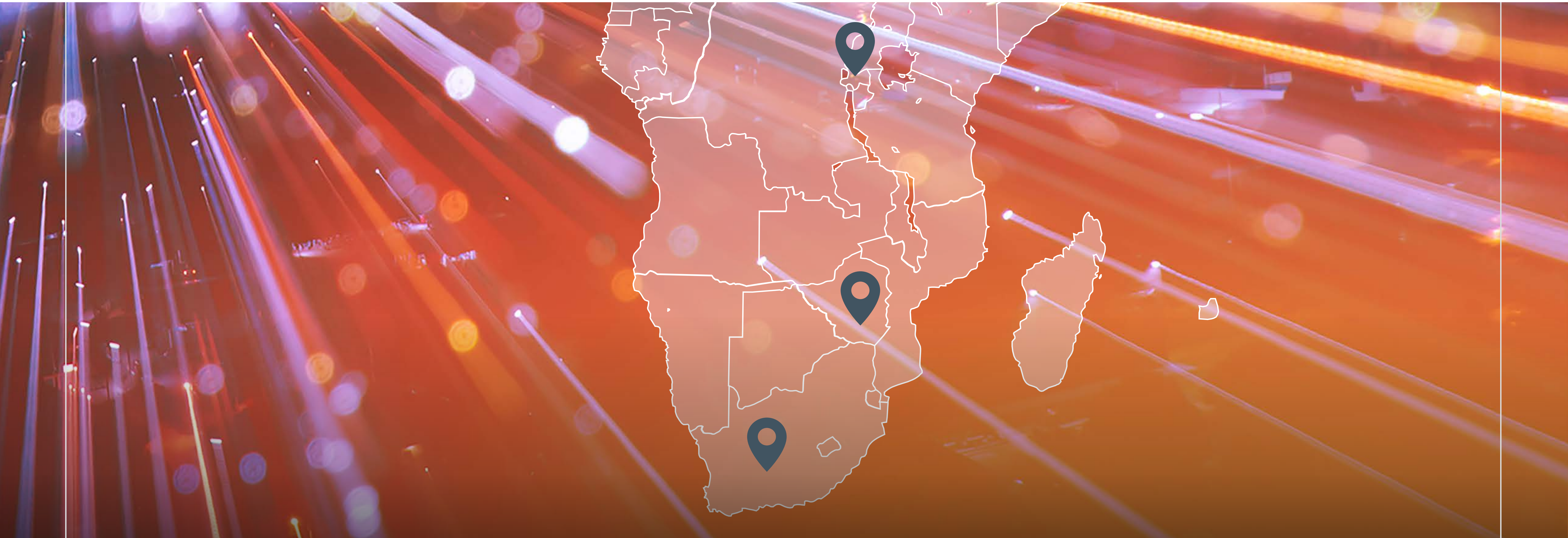
VIRTUAL ASSETS REGULATION ACROSS AFRICA:

SOUTH AFRICA, RWANDA AND ZIMBABWE UPDATE



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Since the publication of Webber Wentzel's Comparative Guide in March 2026, the regulatory landscape has continued to evolve as jurisdictions move from policy development towards more defined regulatory frameworks.

Three recent developments illustrate this shift. South Africa's evolving exchange control framework, Rwanda's dedicated virtual asset legislation and Zimbabwe's comprehensive digital asset reforms demonstrate the increasing maturity of virtual asset regulation across the continent.

The regulatory treatment of crypto assets in South Africa continues to evolve, particularly in relation to exchange control. Recent High Court judgments have adopted differing interpretations of whether crypto assets fall within the scope of the Exchange Control Regulations, while proposed reforms seek to provide greater legislative certainty. In parallel, the South African Reserve Bank (SARB) has published the draft Capital Flow Management Regulations (Draft CFM Regulations) which intend to scope crypto assets within the exchange control regime.

In relation to cross sector regulatory clarity, the Financial Sector Conduct Authority (FSCA) and the National Payment System Department within the SARB released a joint communication on the treatment of crypto assets for domestic payment purposes.

WHICH REGULATOR IS RESPONSIBLE?

The SARB remains responsible for exchange control oversight and enforcement, including investigations and forfeiture proceedings relating to unlawful cross-border transfers.

The FSCA remains responsible for the licensing of crypto assets services providers who wish to provide financial services.

ARE LICENSING REQUIREMENTS CHANGING?

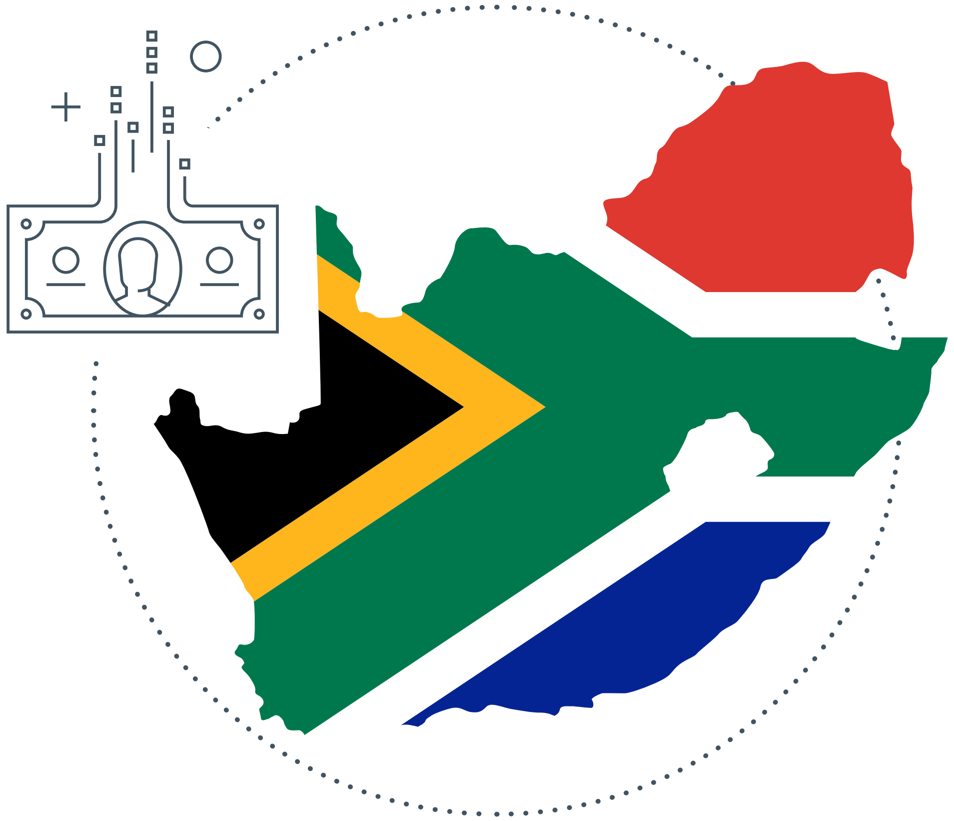
The recent judicial decisions do not introduce new licensing requirements for crypto asset activities. Existing licensing obligations continue to apply under South Africa's broader financial regulatory framework. The Draft CFM Regulations propose introducing additional authorisation requirements.

WHAT ACTIVITIES ARE PERMITTED?

Crypto asset acquisition, trading and transfer activities continue to be undertaken in practice, including cross-border transactions, subject to applicable financial sector and exchange control requirements.

WHAT ARE THE KEY REGULATORY RESTRICTIONS?

Under the proposed CFM Regulations crypto assets are regarded as "capital" for exchange control purposes, cross-border transfers may require regulatory approval and could be subject to enforcement measures where the law is contravened.



WHAT SHOULD BUSINESSES KNOW ABOUT CROSS-BORDER TRANSACTIONS?

The legal position remains unsettled. Recent High Court decisions reached different conclusions on whether crypto assets constitute capital or currency under the existing Exchange Control Regulations, creating uncertainty for businesses involved in offshore transfers. Businesses should take note of the proposed framework under the Draft CFM Regulations.

HAVE THERE BEEN ANY RECENT AML/CFT DEVELOPMENTS?

The recent developments do not introduce material changes to South Africa's AML/CFT framework for crypto assets.

WHAT ARE THE LATEST DEVELOPMENTS?

Two recent High Court judgments have adopted different approaches to the treatment of crypto assets under exchange control legislation. In addition, the draft Capital Flow Management Regulations, published in April 2026, propose expressly including crypto assets within the definition of "capital", signalling a move towards greater legal certainty. The Joint Communication issued by the FSCA and the NPSD on the treatment of crypto assets for domestic payment purposes confirms that crypto is not legal tender. Intermediaries who facilitate crypto asset payment type activities and persons giving advice related to crypto assets must be authorised by the FSCA and hold the relevant license. Most importantly, these activities are not considered payments in terms of the National Payment System Act.

WHAT ARE THE PRACTICAL IMPLICATIONS FOR BUSINESSES?

Businesses should continue monitoring regulatory developments closely. Organisations involved in cross-border crypto transactions should carefully assess exchange control implications while preparing for a regulatory framework that is likely to become more explicit and comprehensive.

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WHAT IS THE CURRENT REGULATORY POSITION?

Rwanda has introduced Law No. 023/2026, establishing a comprehensive framework for licensing and regulating virtual asset businesses. Although crypto assets are not recognised as legal tender, they may operate within a regulated and supervised ecosystem.

WHICH REGULATORS OVERSEE THE SECTOR?

The Capital Market Authority (CMA) serves as the primary regulator of virtual asset service providers. The National Bank of Rwanda (BNR) oversees monetary policy and payment systems, while the Financial Intelligence Centre (FIC) is responsible for AML/CFT supervision.

WHO MAY PROVIDE VIRTUAL ASSET SERVICES?

Only licensed legal entities may provide virtual asset services under the new framework. Natural persons are not permitted to operate virtual asset businesses.

WHAT ACTIVITIES ARE PERMITTED?

The legislation regulates a broad range of activities, including exchanges, custody services, trading platforms, transfer services, advisory services, investment management and token issuance.

WHAT RESTRICTIONS APPLY?

Crypto assets may not be used as a means of payment unless specifically authorised. Certain higher-risk activities, including crypto ATMs, mining infrastructure and anonymity-enhancing services, are also restricted.

HOW ARE CROSS-BORDER TRANSACTIONS REGULATED?

Cross-border virtual asset transfers are subject to AML/CFT obligations, including customer due diligence, transaction monitoring, reporting requirements and compliance with the travel rule.

HAVE THERE BEEN ANY RECENT AML/CFT DEVELOPMENTS?

Yes. A key policy objective underlying Law No. 023/2026 is the prevention of money laundering (ML), terrorist financing (TF) and proliferation financing (PF). The Law aligns Rwanda's framework with international AML/CFT/CPF standards by treating virtual asset service providers (VASPs) as regulated and supervised entities. It also incorporates the travel rule, requiring qualifying virtual asset transfers to be accompanied by originator and beneficiary information. Licensed VASPs are expected to implement customer due diligence, transaction monitoring and other AML/CFT/CPF controls as part of their ongoing compliance obligations.

WHAT ARE THE LATEST DEVELOPMENTS?

Law No. 023/2026 introduces Rwanda's first comprehensive licensing regime for virtual asset service providers and includes provisions governing tokenisation, virtual asset offerings and stablecoin issuance.

Businesses looking to operate in Rwanda should be aware that virtual asset business is reserved for licensed legal entities, and that compliance extends well beyond obtaining a licence. Prospective entrants should prepare for ongoing obligations relating to governance, AML/CFT/CPF compliance, customer due diligence, reporting, cybersecurity, technology risk management, custody and protection of client assets, and consumer protection. Businesses should also consider restrictions on the use of virtual assets as a means of payment, as well as the approval requirements applicable to activities such as tokenisation, virtual asset offerings and stablecoin issuance. While the framework offers greater legal certainty and may enhance investor confidence, it is likely to require significant investment in compliance systems and operational infrastructure.

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ZIMBABWE

WHAT IS THE CURRENT REGULATORY POSITION?

Zimbabwe has established a comprehensive legal framework governing virtual assets, virtual asset service providers, tokenised securities and blockchain-based financial infrastructure. Recent reforms have brought virtual assets within regulated financial services, securities regulation and specialised digital asset frameworks operating through the Victoria Falls International Financial Services Centre (VFIFSC).

WHICH REGULATORS OVERSEE THE SECTOR?

The Financial Intelligence Unit (FIU) oversees VASP registration and AML/CFT compliance. The Securities and Exchange Commission of Zimbabwe regulates virtual asset businesses and token-related securities activities. The VFIFSC provides a specialised framework governing digital asset trading facilities, custody services, tokenised securities and digital asset funds.

WHO MAY PROVIDE VIRTUAL ASSET SERVICES?

Any person carrying on a virtual asset business in or from Zimbabwe must register with the FIU and may also be required to obtain licences under securities legislation. Virtual asset service providers are subject to governance, compliance, cybersecurity and customer due diligence requirements.

WHAT ACTIVITIES ARE PERMITTED?

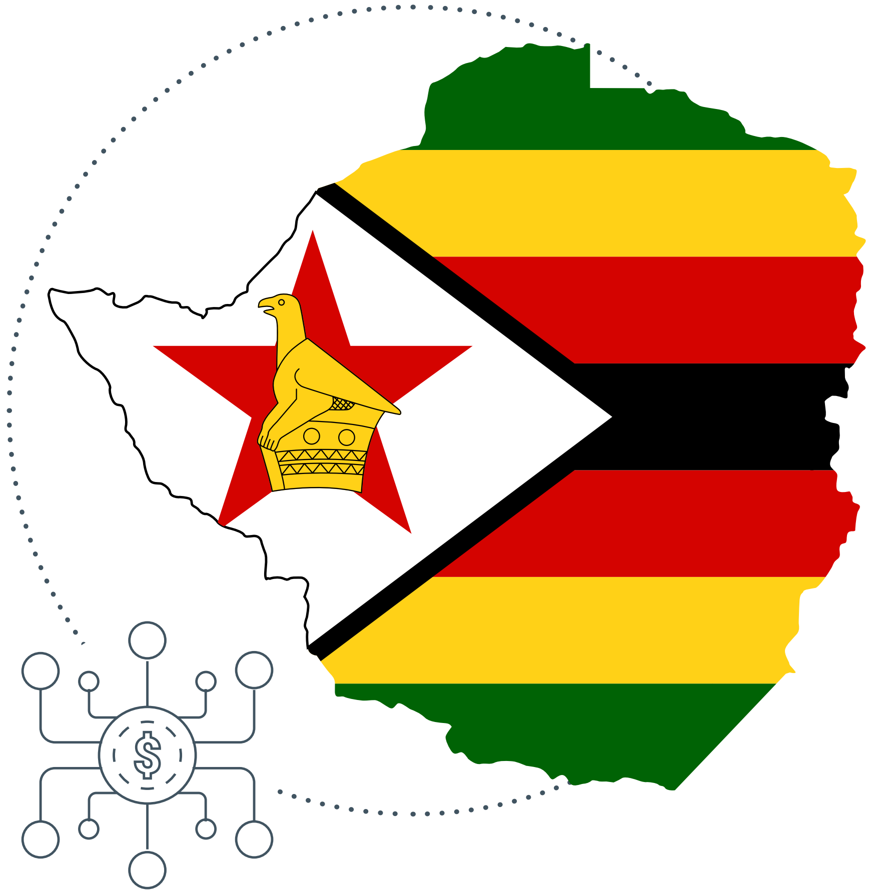
The framework regulates a broad range of activities, including virtual asset exchanges, custody services, virtual asset transfers, token issuances, token offerings, digital asset trading facilities, digital asset funds, wallet services and tokenised securities.

WHAT RESTRICTIONS APPLY?

Virtual asset businesses must comply with registration, licensing, governance and AML/CFT requirements. Certain decentralised finance arrangements may also fall within the regulatory framework where operators exercise sufficient control over the underlying platform or protocol.

HOW ARE CROSS-BORDER TRANSACTIONS REGULATED?

Zimbabwe's framework incorporates FATF Travel Rule requirements and customer verification obligations. The VFIFSC framework also permits participation by appropriately authorised foreign market participants in digital asset trading facilities.



HAVE THERE BEEN ANY RECENT AML/CFT DEVELOPMENTS?

The VASP Registration Regulations, 2026 introduced comprehensive AML/CFT obligations, including customer due diligence, suspicious transaction reporting, transaction monitoring, Travel Rule compliance and enhanced due diligence measures for certain wallet transactions.

WHAT ARE THE LATEST DEVELOPMENTS?

Recent reforms include the Finance Act, 2025, the Virtual Asset Service Providers Registration Regulations, 2026 and the broader VFIFSC framework, which recognises cryptocurrencies, stablecoins, security tokens, smart contracts, digital asset trading facilities and tokenised securities markets. The Victoria Falls Stock Exchange has also established a dedicated listing regime for digital asset issuers and tokenised securities.

WHAT SHOULD BUSINESSES CONSIDER BEFORE ENTERING THE MARKET?

Businesses should be prepared for a dual-regulatory environment involving both financial crime compliance and securities regulation. At the same time, Zimbabwe's framework provides opportunities for participants involved in tokenisation, digital asset investment products, digital asset trading facilities, fintech innovation and blockchain-based capital markets activities.

This approach keeps both documents consistent in style while incorporating all of the material developments from the Zimbabwe paper.

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SHORT BITES

ETHIOPIA

Ethiopia has held its stance on its prohibition on virtual assets. In July 2026 the National Bank of Ethiopia (NBE) issued a public notice prohibiting the dealing in virtual assets unless specifically authorised by the NBE. Dealing includes the use, purchase, sale, exchange, transfer, trade, settlement and facilitation of transactions involving virtual assets.

GHANA

The emphasis continues to be on the implementation of the Virtual Asset Service Providers Act. The Bank of Ghana has established the Virtual Assets Department (VAD), a department within the Bank of Ghana, created to regulate and supervise participants in Ghana's growing virtual assets ecosystem. VAD will work in close collaboration with the Securities and Exchange Commission, the Financial Intelligence Centre, and other stakeholders. It is expected that the Bank of Ghana will provide details on the licensing process during the fourth quarter of 2026.

KENYA

July 2026 saw the publication of the Virtual Asset Regulations into law. Going forward entities serving customers in virtual assets will be required to obtain licences. The publication of the regulations is the operational mechanism introducing the country's legal framework for licensing and supervising virtual asset businesses.

NIGERIA

August 2026 saw the issuing of Guidelines on the Taxation of Virtual Assets by the Nigerian Revenue Service (NRS). The guidelines clarify how existing tax laws should be applied to virtual assets. The guidelines intend to apply to virtual asset service providers, certain peer-to-peer marketplace operators and taxpayers.

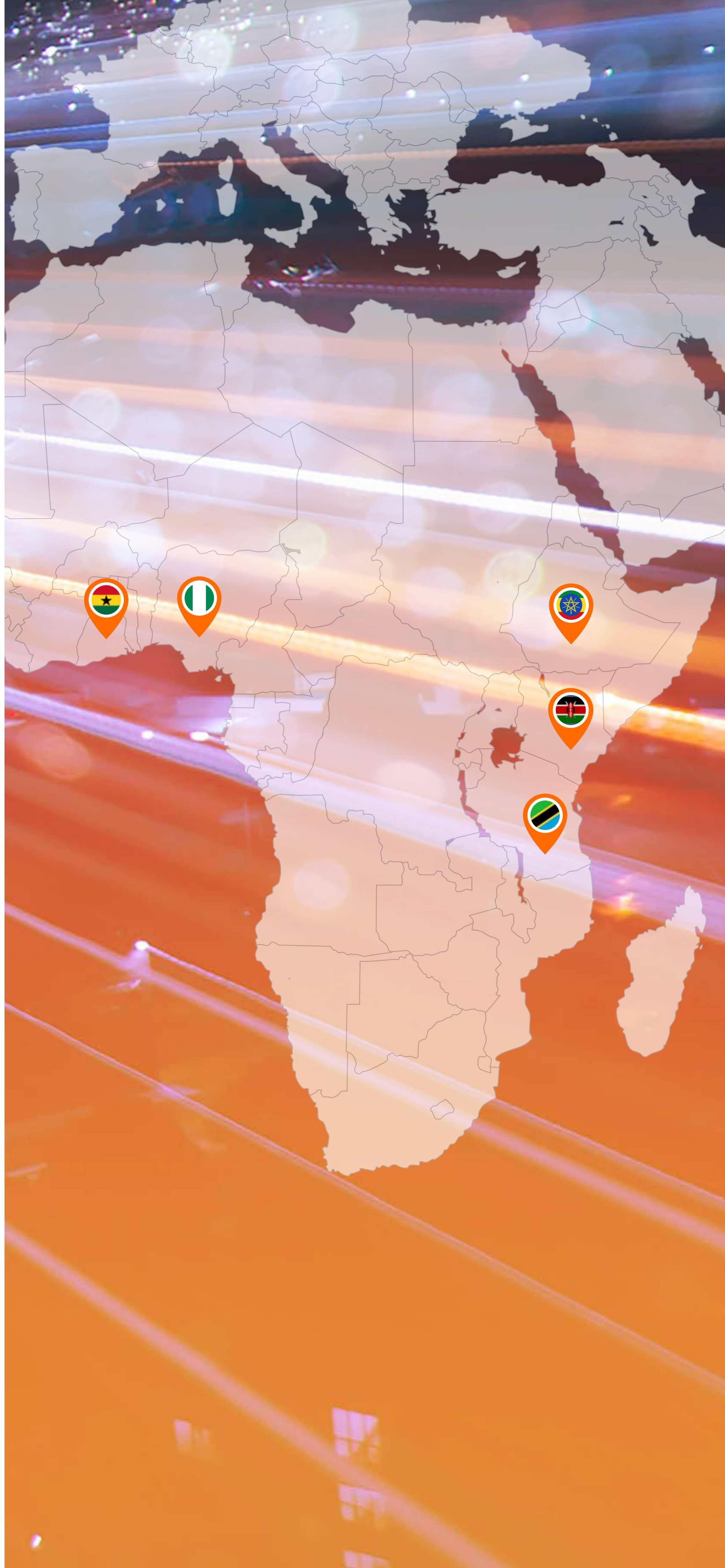
Nigeria also saw the publication of the Presidential Executive Order on Virtual Assets Coordination in July 2026 which establishes the Virtual Asset Council by the Central Bank of Nigeria (CBN) and a permanent Virtual Assets Office which is intended to coordinate the supervisory approach on virtual assets of the CBN, the NRS, the Securities and Exchange Commission, the Nigerian Financial Intelligence Unit and Office of the National Security Adviser.

TANZANIA

The Governor of the Bank of Tanzania announced in July 2026 that the Bank of Tanzania is finalising the legal and regulatory framework following completion of its study on digital assets. The framework has not yet been formally issued or brought into force; however, the announcement provides insight into the steps to come.

REGULATORY SANDBOXES

The continent has further seen the formal adoption of several regulatory sandboxes specifically for virtual assets. South Africa accepts applications on a rolling basis, while Kenya opened its sandbox as early as 2024 which informed its country's developments in that country. While Nigeria opened applications for its sandbox in August 2026. Ghana launched its regulatory sandbox in March 2026. Several African countries have regulatory sandbox framework mechanisms built into their legislation, however the rollout for virtual assets specific sandboxes remains tempered.



This guide was compiled as a collaborative effort between Webber Wentzel and its relationship firms across the African continent.

For more information contact us here

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