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FSCA REGULATORY ACTIONS REPORT

1 APRIL 2025 -
31 MARCH 2026

FSCA
Financial Sector
Conduct Authority

FSCA REGULATORY ACTIONS

1 APRIL 2025 - 31 MARCH 2026

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ABBREVIATIONS

AML/CFT	Anti-Money Laundering and Combating the Financing of Terrorism
DPCI	Directorate for Priority Crime Investigation
FAIS Act	Financial Advisory and Intermediary Services Act, No. 37 of 2002
FIC	Financial Intelligence Centre
FIC Act	Financial Intelligence Centre Act, No. 38 of 2001
FMA	Financial Markets Act, No. 19 of 2012
Friendly Societies Act	Friendly Societies Act, No. 25 of 1956
FSCA	Financial Sector Conduct Authority
FSP	Financial Services Provider
FSR Act	Financial Sector Regulation Act, No. 9 of 2017
IOSCO	International Organisation of Securities Commissions
Insurance Act	Insurance Act, No. 18 of 2017
MOU	Memorandum of Understanding
MMOU	Multilateral Memorandum of Understanding
NCR	National Credit Regulator
NPA	National Prosecuting Authority
ODPs	Over-the-counter Derivative Providers
PA	Prudential Authority
Pension Funds Act	Pension Funds Act, No. 24 of 1956
SAPS	South African Police Services
SCA	Supreme Court of Appeal

EXECUTIVE SUMMARY

The FSCA presents its fourth annual Regulatory Actions Report, covering the period 1 April 2025 to 31 March 2026. The report provides a transparent account of the FSCA's enforcement activities and demonstrates its continued commitment to protecting financial customers, promoting market integrity, and holding regulated entities and individuals accountable for misconduct.

Consistent with the FSCA Regulatory Strategy 2025/26–2030/31, which reinforces a risk-based, outcomes-focused approach to supervision and enforcement, enforcement resources were prioritised toward conduct posing the greatest risk to financial customers and confidence in the financial sector. Particular attention was given to online harm, misappropriation of client funds, misrepresentations to clients, unlicensed insurance business, market abuse, anti-money laundering failures, and misconduct affecting vulnerable consumers.

The FSCA recorded robust enforcement outcomes during the year under review. Investigative capacity expanded, supported by enhanced intelligence, analytics, operational efficiencies, and a focused enforcement strategy. Despite a sustained inflow of complaints and new matters, the FSCA increased the number of investigations finalised. A total of 678 investigations were finalised during the reporting period, compared to 633 in the previous financial year, while ongoing investigations were reduced.

Administrative sanctions increased substantially. The FSCA imposed administrative penalties totalling R2,8 billion on 76 persons and entities. This represents a significant increase from the amount of R119,8 million imposed as penalties during the previous reporting period. The increase was largely driven by sanctions involving material FAIS Act contraventions, market abuse, and anti-money laundering compliance failures.

High-profile matters included the Banxso enforcement action, involving deepfake advertising and the misappropriation of client funds, which resulted in penalties exceeding R2 billion and lengthy debarments of key persons. The Medbond matter similarly resulted in significant penalties, licence withdrawals, and a 30-year debarment arising from the promotion of a fictitious investment product and large-scale investor losses.

The combating of online financial harm remained a major FSCA priority. The increasing sophistication of scams, impersonation fraud, deepfake advertising, unauthorised forex schemes, and digitally enabled financial misconduct poses growing risks to South African consumers. The Banxso and Bhaca Green matters demonstrate the FSCA's willingness to utilise the full range of its regulatory powers to address such misconduct.

The FSCA also maintained a strong focus on consumer protection through financial education initiatives. Consumer education activities achieved extensive reach through social media, radio, television, print media, webinars and in-person engagements. These initiatives support the FSCA's objective of empowering consumers to recognise financial risks, avoid scams, and make informed decisions. Public warnings added to the education effort and continued to play an important preventative role, with 140 warnings issued during the year, compared to 107 issued during the previous year.

The report also highlights the significance of the High Court ruling on the Viceroy matter. It has set a precedent, extending administrative jurisdiction to foreign persons under certain circumstances and developing the Common Law.

Domestically, the FSCA strengthened collaboration with regulatory authorities, law enforcement agencies and prosecutors, referring 46 matters to the South African Police Service for criminal investigation and actively supporting 12 ongoing criminal investigations and prosecutions. The FSCA also continued to drive discussion and collaboration through initiatives such as the fifth South African Financial Crime Symposium, which focused on practical disruption of financial crime, regulatory reform, anti-money laundering effectiveness, digital assets, scams, and enhanced public-private cooperation.

The year was also significant from a legal and jurisprudential perspective. Several important judgments strengthened the FSCA's enforcement framework and clarified important legal principles. These included decisions confirming the FSCA's ability to protect investigative integrity, limiting attempts to obtain investigative records prematurely, and reinforcing that the commencement of an investigation is not itself a reviewable administrative decision.

In protecting the integrity of the financial services industry, the FSCA debarred 68 individuals following investigations into misconduct. As in the previous year, most debarments were a result of dishonesty and integrity-related failures. In addition, FSPs debarred a further 1 792 representatives. Licence suspensions, withdrawals, directives, enforceable undertakings, curatorships, and statutory management interventions continued to form part of the FSCA's broader regulatory toolkit.

Looking ahead, the FSCA has identified priority focus areas requiring continued supervisory and enforcement attention. These include online harm, unlicensed guarantee-type products, unauthorised intermediaries operating under the guise of referral models, trading signals provided without authorisation, cross market manipulation, examination fraud, misuse of client information, failures in anti-money laundering frameworks, and the non-payment of retirement fund contributions.

The FSCA remains committed to visible enforcement, meaningful deterrence, consumer protection, and maintaining confidence in South Africa's financial sector by acting decisively against misconduct and strengthening accountability across the financial system.

PART I : INTRODUCTION AND SUMMARY OF ENFORCEMENT INTERVENTIONS

1. INTRODUCTION

1.1 The FSCA presents its fourth annual Regulatory Actions Report for the period 1 April 2025 to 31 March 2026, providing a transparent account of the FSCA's enforcement activities in advancing fair market conduct in South Africa's financial sector. As the dedicated market conduct regulator, the investigative and enforcement powers of the FSCA are exercised without fear, favour, or prejudice, upholding the required standards of professionalism, ethics, and public service.

1.2 This report is prepared within the context of the FSCA Regulatory Strategy 2025/26–2030/31, which articulates the FSCA's forward-looking, risk-based, and outcomes-focused approach to supervision, and enforcement. The enforcement approach reflects a commitment to prioritising interventions according to the significance of risks to financial customers and market integrity.

1.3 This does not only mean that financial customers must have access to appropriate and innovative products and services, but are also empowered to make informed decisions, and are treated fairly. Issues like misrepresentations to financial customers, suitability of the product, risk matching and conflict of interests are therefore high on the enforcement agenda.

2. STRATEGY AND ENFORCEMENT OUTCOMES

2.1 Central to the FSCA's strategic objective to act against misconduct is the recognition that credible, timely, and proportionate regulatory action is essential to maintaining trust and confidence in the financial sector. The report also serves to make the FSCA's enforcement efforts more visible and transparent.

2.2 During the year under review, the FSCA imposed a range of regulatory sanctions in response to identified contraventions. These actions were directed at addressing material and harmful contraventions deterring future misconduct, and reinforcing the standards expected of regulated entities and individuals.

2.3 The enforcement outcomes reflected in this report demonstrate the FSCA's commitment to holding regulated persons and market participants accountable and to protecting the interests of financial customers.

3. SUMMARY OF ENFORCEMENT INTERVENTIONS

3.1 The enforcement interventions taken by the FSCA during the period 1 April 2025 to 31 March 2026 are summarised in Figure 1. The statistics are further detailed in Part II of this report, with comparative figures for the previous years provided where possible.

Figure 1: Summary of FSCA enforcement interventions

**This number excludes debarments by FSPs*

PART II : COOPERATION AND COLLABORATION WITH INTERNATIONAL AND DOMESTIC REGULATORY BODIES

4. INTERNATIONAL INFORMATION SHARING AND ASSISTANCE

4.1 The FSCA continues to prioritise effective international cooperation as an important tool to execute its enforcement mandate. In an increasingly interconnected financial system, misconduct frequently crosses jurisdictional boundaries, requiring access to information and coordinated investigative responses among regulators.

4.2 During the reporting period, the FSCA remained an active participant in cross-border information exchange, both on a bilateral basis and through established multilateral frameworks. Central to this effort is the FSCA's commitment to the IOSCO Multilateral Memorandum of Understanding (MMoU) Concerning Consultation, Cooperation and the Exchange of Information.

4.3 Requests for assistance through the information exchange frameworks remained active during 2025/26, with a notable increase in requests received by the FSCA from foreign regulators. Outbound requests moderated from the previous year's peak. The receipt of unsolicited information[1] by the FSCA increased during the review period.

4.4 The FSCA remains committed to maintaining its standing under the IOSCO MMoU and to further strengthening its international cooperation capabilities. Continued engagement with global regulatory partners will remain essential to safeguarding market integrity, enhancing investor protection, and ensuring that enforcement outcomes remain effective in a borderless financial environment.

4.5 Importantly, the FSCA collaborates with IOSCO's Committee 8 on Retail Investors, to disseminate global messages to create awareness of investment scams such as "pig butchering" (relationship investment scams), as well as with the OECD's standard setting body, the International Network on Financial Education on publishing reports such as "Protecting Consumers from Financial Scams and Fraud", published on 17 June 2026. This allows the FSCA to keep up with trends that harm consumers and contributes to consistent messaging being distributed to consumers globally.

Table 1: International requests for assistance

Category	2023/24	2024/25	2025/26
FSCA requests made to foreign regulators	23	45	29
Requests made by foreign regulators to the FSCA	11	10	18

[1] *Unsolicited information refers to information shared between financial regulators in the absence of a prior request for such information.*

Table 2: Sharing of unsolicited information

Unsolicited Information	2023/24	2024/25	2025/26
Unsolicited information provided by FSCA to Foreign Regulators	3	8	4
Unsolicited information received by FSCA from Foreign Regulators	8	13	23

5. CROSS-BORDER ENFORCEMENT

5.1 The FSCA continues to strengthen its relationships and mutual assistance with foreign regulators through 93 bilateral and multilateral MoUs with international regulators and organisations. A noteworthy development is the Viceroy judgment that extended the FSCA's jurisdiction to impose sanctions if certain conditions are met (see Box 1).

Box 1: Viceroy case study

CASE STUDY	FINANCIAL SECTOR CONDUCT AUTHORITY V FINANCIAL SERVICES TRIBUNAL AND OTHERS 2025 (6) SA 591

Tackling cross-border digital misconduct in a global economy

Background
The FSCA reported in the previous Regulatory Actions Report that following an investigation, it had determined that Viceroy Research Partnership and its partners had contravened section 81 of the FMA by making false, misleading, or deceptive statements regarding a listed entity. Acting under section 167 of the FSR Act, the FSCA imposed an administrative penalty of R50 million on the Viceroy partners. The Viceroy partners, all peregrini (not domiciled or resident in South Africa), were served electronically with the FSCA's enforcement notice. They applied to the Financial Services Tribunal for reconsideration, arguing that the FSCA lacked jurisdiction because service had not occurred while they were physically present in South Africa.
On 15 November 2022, the Tribunal came to the following conclusions:

- Unanimous finding: Subject-matter jurisdiction was established, as the conduct had direct consequences in South Africa.
- Majority finding: Set aside the FSCA's penalty, holding that the FSCA lacked personal jurisdiction. Under Common Law, jurisdiction requires service on a defendant while in South Africa. Electronic service abroad was insufficient.
- Minority finding: Held that electronic service suffices to establish personal jurisdiction where no attachment is required.

High Court review
The FSCA now reports that it has taken the decision of the Tribunal on review to the High Court, contending that:

- If Common Law did not permit electronic service on peregrini abroad, it should be developed to do so.

- In a digital economy, foreign actors can cause significant harm to South African markets with minimal effort. Without the ability to impose penalties on peregrini, the FSCA's regulatory powers would be severely con-strained.

On 15 May 2026, invoking section 173 of the Constitution, the High Court exercised its inherent power to regulate process and develop the Common Law. It ruled that electronic service on *peregrini* suffices, to address cross-border digital misconduct. **The court emphasised that regulatory effectiveness in a global economy requires modernised service rules**.

Current status
The Viceroy partners have lodged an appeal to the SCA, which has granted leave. The FSCA has cross-appealed the granting of a cost order against it.

Implications of the judgment
The case sets a precedent for adapting jurisdictional principles to the realities of a digital economy. The High Court's development of the Common Law to permit electronic service on peregrini has significant regulatory and enforcement implications.

- If certain criteria are met, South African regulators can now pursue administrative penalties against foreign actors whose conduct impacts South African markets, closing a gap that previously shielded peregrini from accountability.
- The ruling strengthens the FSCA's enforcement toolkit, ensuring that penalties remain a viable deterrent even where misconduct originates outside South Africa.

The judgment underscores the importance and value of the FSCA's membership of IOSCO. The FSCA is also preparing contingency plans for its enforcement strategy depending on whether the High Court's development of the Common Law is upheld. The FSCA will also engage with policymakers to consider statutory amendments that explicitly authorise electronic service on foreign actors, reducing reliance on Common Law development.

6. INTER-AGENCY COLLABORATION AND LAW ENFORCEMENT SUPPORT

Domestic Regulatory Cooperation

6.1 The FSCA continued to strengthen its collaboration with key domestic regulatory bodies, including the PA, FIC, National Consumer Commission, and the NCR. During the reporting period, the FSCA actively exchanged information and facilitated mutual assistance through 15 local bilateral and multilateral MOUs (i.e. regulators, ombuds and commissions and include SARS and AGSA).[2]

Engagement with Law Enforcement

6.2 The FSCA maintained its cooperation with the SAPS – particularly the DPCI, as well as the NPA. These partnerships are critical to ensuring visible enforcement and credible deterrence. The FSCA remains committed to supporting the SAPS and the NPA in matters under criminal investigation and prosecution and has engaged in several training initiatives during the year under review.

[2] *As at 31 March 2026.*

6.3 During the review period, the FSCA referred 46 cases to SAPS that fell within the jurisdiction of criminal authorities and therefore did not undergo full investigation by the FSCA. The FSCA is currently assisting with 12 active criminal investigations and prosecutions.

7. THE FIFTH ANNUAL FINANCIAL CRIME SYMPOSIUM

7.1 The fifth South African Financial Crime Symposium, co-hosted by the FSCA and NWU Business School's Unit for Corruption and Integrity Studies brought together regulators, law enforcement agencies, financial institutions, forensic specialists, legal practitioners, academics and industry bodies to discuss the evolving financial-crime landscape in South Africa and internationally. This year's symposium was hosted in Irene from 12 to 13 May 2026, and focused on practical disruption of financial crime, inter-agency collaboration, regulatory reform and operational implementation.

7.2 Discussions repeatedly emphasised that financial crime is becoming increasingly sophisticated, technology-enabled, cross-border and networked, requiring a more integrated response between the public and private sectors. Topics covered included FATF Mutual Evaluation Round Five preparedness, the Conduct of Financial Institutions Bill, crypto-assets and digital-asset recovery, online gambling and betting risks, scams and fraud influence operations, collaborative disruption models, and private-to-private information sharing.

7.3 The symposium highlighted the growing convergence between traditional financial crime, cybercrime, digital platforms, social engineering and organised criminal networks. Speakers noted that scams increasingly leverage deepfakes, social media influence, mule-account networks, crypto-assets and cross-border payment flows to rapidly move and obscure stolen funds. The symposium focused heavily on the need for earlier intervention, faster tracing of funds, improved data-sharing mechanisms and stronger disruption capabilities across the financial ecosystem.

7.4 The opening policy discussions focused on South Africa's preparation for FATF's Mutual Evaluation Round Five. Speakers stressed that future FATF assessments will focus less on whether laws exist and more on whether authorities and institutions can demonstrate effective outcomes in preventing, detecting, investigating and prosecuting financial crime. Participants discussed the importance of maintaining momentum following South Africa's exit from the FATF grey list and ensuring that reforms are sustainable and operationally effective.

7.5 The COFI Bill was also discussed as part of the broader financial-sector regulatory reform agenda. Participants viewed the Bill as an important step toward strengthening market conduct oversight and improving regulatory consistency across the financial sector.

7.6 A dedicated session addressed crypto assets and the investigation and recovery of digital assets across borders. Participants from crypto asset service providers, regulators and investigators discussed the increasing role of crypto assets in money laundering, fraud, asset concealment and cross-border financial flows.

7.7 Another important theme was the use of online betting and gambling platforms in facilitating financial crime, including mule-account activity, fraud proceeds movement and potential money laundering schemes. Participants discussed how the rapid growth of online betting platforms creates additional complexity for monitoring suspicious financial flows and identifying criminal activity.

7.8 One of the most impactful sessions focused on a case study of collaborative disruption of online financial harm. Speakers described how the matter evolved from initial concerns regarding misleading online advertising and deepfake content into broader investigations involving customer complaints, possible co-mingling of funds, suspicious financial flows and linked offshore structures.

7.9 One of the most significant discussions at the symposium focused on private-to-private information sharing and the legal and operational barriers currently limiting effective collaboration between institutions. The symposium demonstrated strong industry appetite for practical collaboration, but also confirmed that legal certainty and regulatory alignment remain essential to enabling institutions to act quickly and confidently against scams, mule-account networks and organised criminal syndicates.

PART III: OVERVIEW OF STATISTICS PER ENFORCEMENT INTERVENTION

8. INVESTIGATION AND ENFORCEMENT APPROACH

8.1 The FSCA is empowered with a broad range of supervisory, investigative, and enforcement tools to investigate suspected breaches of financial sector laws. To support these investigations, the FSCA appoints investigators to examine instances of alleged misconduct. Over time, the FSCA has developed a robust in-house investigative capability comprising forensic lawyers, analysts, and other specialised professionals. In addition, the FSCA maintains a panel of external experts who can be engaged, where necessary, to provide specialist skills, expertise, and capacity in support of complex investigations.

8.2 The FSCA's investigative powers include the authority to conduct interviews under oath, issue subpoenas requiring the production of information and documents, and, where warranted, undertake search and seizure operations pursuant to judicially authorised warrants. The FSCA may also conduct on-site inspections (executed by its supervisory teams) and cooperate with domestic and international regulatory, supervisory, and law-enforcement authorities through the exchange of information and coordinated investigative efforts.

8.3 These powers enable the FSCA to investigate a wide range of suspected contraventions of financial sector laws and regulatory requirements. This includes misconduct by financial institutions, FSPs, key persons, representatives, and other market participants, as well as market abuse[3] and other conduct that may undermine the integrity, fairness, and stability of the financial sector.

8.4 In exercising these powers, the FSCA seeks to ensure accountability, protect consumers, and reinforce a culture of compliance, ethical conduct within the financial services industry and treating customers fairly. Cases that have the greatest impact on financial customers – particularly those involving vulnerable individuals or suspected misconduct by regulated entities – continue to be prioritised by the FSCA.

[3] Insider trading, market manipulation and the publication of false statements relating to listed entities.

8.5 The FSCA has a range of enforcement powers and regulatory interventions available to address non-compliance and misconduct. These include the imposition of administrative penalties, the suspension or withdrawal of licences, the debarment of individuals from participating in the provision of financial services, the issuance of directives requiring remedial action, the acceptance of enforceable undertakings, and the publication of warnings and sanctions to inform and protect the public. Where appropriate, the FSCA refers matters to law enforcement agencies for criminal investigation and prosecution and provides ongoing support to prosecuting authorities in pursuing such cases.

9. COMPELLING PRODUCTION OF FSCA DOCUMENTS PRIOR TO COMPLETION OF THE INVESTIGATION

9.1 The non-disclosure of FSCA documents prior to the conclusion of an investigation is critical to preserving the integrity, effectiveness, and fairness of the regulatory and investigative processes. Premature disclosure of investigative material can significantly undermine the FSCA's ability to fulfil its statutory mandate.

9.2 Early disclosure risks compromising the investigation itself. Subjects of the investigation may gain insight into the FSCA's evidence, strategy, and areas of focus, enabling them to conceal, destroy, or manipulate evidence, or to coordinate their responses. Premature disclosure may discourage whistleblowers and erode cooperation. Individuals and entities are less likely to provide candid information if they believe their identities or contributions may be exposed prematurely, potentially exposing them to retaliation or reputational harm.

9.3 From a systemic perspective, early disclosure may encourage tactical litigation aimed at disrupting or delaying investigations through repeated procedural challenges. This diverts regulatory resources, delays accountability, and weakens the overall enforcement framework.

9.4 Most importantly, if partial or untested information is disclosed, it may create a misleading picture, harm reputations and lead to misinformed public responses. Proper disclosure should occur within structured legal processes once the evidence and findings are settled.

9.5 One such instance of an investigated party seeking to obtain access to the FSCA's documentation prior to the conclusion of an investigation, was the subject of appeal before the SCA and judgment was delivered on 8 May 2026. The SCA found that the FSCA is not required to produce the records of its decision to apply for a search warrant in an ongoing investigation. (See case study)

Box 2: MEPF judgment

CASE STUDY

FINANCIAL SECTOR CONDUCT AUTHORITY AND OTHERS V MUNICIPAL EMPLOYEES' PENSION FUND AND OTHERS

A party seeking access to FSCA documents mid-investigation, following a High Court review application, must first establish in its founding affidavit that the court has review jurisdiction

Background

The FSCA started investigating the affairs of the Municipal Employees' Pension Fund (MEPF) and its administrator, Akani, concerning alleged contraventions of the Pension Funds Act. Pursuant to the investigation, search warrants were executed at the premises of both MEPF and Akani in July 2022. The investigated parties subsequently instituted proceedings challenging the validity of the warrants and seeking their review and setting aside, including a review of the FSCA's decision to apply for the warrants. The FSCA opposed the application.

Pending the outcome of this challenge, the parties concluded an escrow agreement in terms of which all seized material was placed in the custody of an independent third party. The FSCA investigators have therefore been unable to access the seized material and finalise the investigation.

As a general principle under Rule 53 of the Uniform Rules of Court, a decision-maker whose decision is subject to review is required to produce the record of the decision, irrespective of the merits of the review. However, in *Competition Commission v Standard Bank*[4] , the Constitutional Court recognised an exception to this principle, holding that a threshold requirement to produce the record is that **the court must have jurisdiction to determine the review**. In the absence of such jurisdiction, the decision-maker is not obliged to disclose the record. In *Murray v Ntombela*[5], the minority judgment suggested that further exceptions to the general rule may be warranted.

MEPF sought to compel production of the FSCA's record in terms of Rule 53. The FSCA resisted this on the basis that the decision to apply for a search warrant did not constitute reviewable administrative action and that the matter was not ripe for judicial determination. Accordingly, the FSCA contended that there was no obligation to produce the record.

MEPF subsequently launched an application to compel production of the record. The High Court ruled against the FSCA. The FSCA applied to the SCA for leave to appeal this ruling.

Subsequent to the High Court's decision, the Constitutional Court in *Famous Idea Trading v GEMS* (11 February 2026)[6] endorsed the minority judgment in Murray. The Court held that an applicant in review proceedings must, in its founding affidavit, establish that the court has jurisdiction to entertain the review. This includes demonstrating jurisdiction in respect of personal, territorial, and subject-matter considerations. Where an applicant fails to establish such jurisdiction, it is not entitled to a record.

The FSCA appealed against the High Court ruling in the MEPF case to the SCA. Before the SCA, the FSCA contended that it was not obliged to produce the record in circumstances where review jurisdiction had not been established. The matter was heard in May 2025, and judgment was delivered on 8 May 2026.

[4] *[2020] SACC 2 ZACC 02 (20 February 2020)*
[5] *2024 ZASCA 24 (14 March 2024)*
[6] *[2026] ZACC 5*

Judgement
In its judgment, the SCA made the following key findings:

- Relying on the Famous Idea Trading case, the Court held that where a decision-maker asserts that its decision is not reviewable, this raises a question of the court's review jurisdiction, which must be determined **as a preliminary issue.**
- The Court emphasised that an applicant seeking production of the Rule 53 record bears the onus of establishing a factual basis in its founding affidavit to demonstrate that the court has review jurisdiction.

The SCA therefore found that the FSCA is **not required to produce the records of its investigation to date**.

Impact of the judgment
The SCA judgment, read together with the Constitutional Court's decision in Famous Idea Trading v GEMS, significantly clarifies and strengthens the threshold requirements for Rule 53 review proceedings. It confirms that an applicant must first establish, in its founding affidavit, that the court has review jurisdiction before it can compel production of the decision-maker's record.

For the FSCA, the judgment is important as it limits premature or tactical use of Rule 53 to access investigative records. It reinforces the FSCA's ability to resist disclosure where the alleged decision is not reviewable or where jurisdiction has not been properly established. This is particularly important in enforcement matters involving search warrants and ongoing investigations, where early disclosure may compromise investigative integrity.

More broadly, the judgment introduces a stricter, jurisdiction-based gatekeeping mechanism in review proceedings. Applicants can no longer rely on Rule 53 as an automatic entitlement to obtain records. The judgment enhances the FSCA's enforcement effectiveness by safeguarding sensitive information and ensuring that investigations are not unduly hindered by procedural challenges. The MEPF and Akani have subsequently applied for leave to appeal to the Constitutional Court against the SCA's ruling. The matter remains pending.

10. DISRUPTING OR DELAYING INVESTIGATIONS

10.1 The FSCA is at times confronted with litigation aimed at disrupting or delaying investigations through procedural challenges (Stalingrad tactics). One such challenge involves applications to review and set aside the FSCA's decision to conduct an investigation.

10.2 Against this backdrop, the Tribunal's judgment in the Anova Wealth matter, discussed in Box 3, is of particular significance to the FSCA.

Box 3: Anova Wealth judgment

CASE STUDY	ANOVA WEALTH (PTY) LTD

Commencement of an investigation is not a "decision"

Background
The FSCA commenced an investigation in respect of Anova Wealth (Pty) Ltd (Anova) for allegedly contravening certain provisions of the FAIS Act that included failing to pay client redemptions. Soon after the commencement of the investigation, Anova lodged a reconsideration application with the Financial Services Tribunal (Tribunal). In its application, Anova sought, amongst other things, an order from the Tribunal to set aside the FSCA's decision to conduct an investigation.

The Tribunal summarily dismissed the application in terms of section 234(4) of the FSR Act No. 9 of 2017 (FSR Act) which permits the Tribunal to summarily dismiss an application if it is frivolous, vexatious or trivial.

The Tribunal found that in terms of section 218(k) of the FSR Act, a decision to conduct an investigation does not qualify as a "decision" as defined in the Act and is therefore not subject to a reconsideration by the Tribunal.

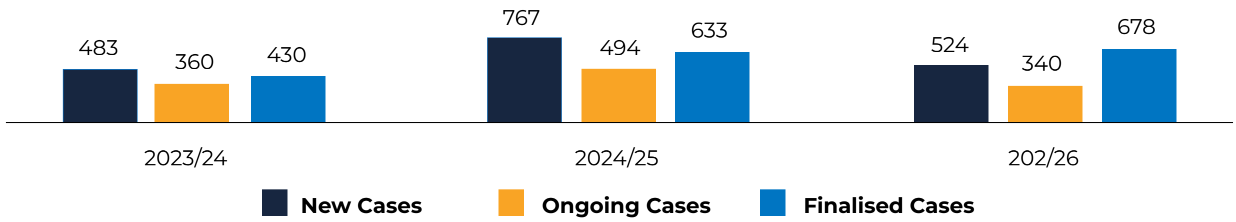
Significance of the case
The FSCA's decision to commence an investigation does not constitute a "decision" that can be taken on reconsideration to the Tribunal and such an application can therefore not be utilised to delay or disrupt an investigation.

11. INVESTIGATION STATISTICS

11.1 Over the past three years, the FSCA experienced a steady inflow of complaints and new cases. Notwithstanding this sustained caseload, the FSCA has reduced the number of ongoing investigations and significantly increased the number of investigations finalised during the year under review.

11.2 This has been achieved through a combination of operational improvements, a more risk-based and data-driven approach to enforcement, a renewed focus on the FSCA's core mandate, enhanced use of intelligence and analytics, and increased enforcement capacity.

Graph 1: New, ongoing and finalised cases during 2024, 2025 and 2026 financial years



11.3 Below is a breakdown of finalised investigations relating to the type of contravention.

Table 3: Breakdown of investigation cases

Type of investigation	New			Ongoing			Finalised		
	2023/24	2024/25	**2025/26**	2023/24	2024/25	**2025/26**	2023/24	2024/25	**2025/26**
Prohibited Trading Practices	14	8	**7**	33	18	**15**	8	23	**10**
Insider Trading	22	16	**28**	37	12	**21**	14	41	**19**
False Statements*	1	4	**8**	9	5	**4**	1	8	**9**
Foreign Requests**	3	8	**6**	–	2		4	6	**8**
FMA (ODPs)	5	3	**2**	3	4	**6**	8	2	
FAIS Act	292	481	**419**	187	318	**222**	265	347	**515**
Insurance Act	78	184	**8**	65	119	**59**	68	131	**68**
Conduct Standard 3/2020 - Banks	–	–		–	–		–	1	
Credit ratings	–	–		–	–		–	–	
PFA	2	1	**3**	3	2	**5**	1	2	
CISCA	–	–	**2**	–	–		–	–	**2**
Friendly Societies Act	–	–		–	–		–	–	
Other	19	–		11	3		12	6	**3**
No Jurisdiction***	33	57	**20**	8	9	**4**	37	57	**23**
FSR Act	11	4	**13**	3	2	**4**	10	7	**11**
No relevant misconduct			**8**						**10**
FIC Act	3	1		1	–		2	2	
Totals	**483**	**767**	**524**	**360**	**494**	**340**	**430**	**633**	**678**

** Alleged false statements made relating to listed entities. It is a contravention in terms of the FMA.*
*** Foreign requests relate to investigation requests received in terms of the MMOU or MOUs from foreign financial regulators.*
**** Cases where FSCA conducted a desktop investigation and concluded that it does not have jurisdiction to investigate the matter.*

12. ADMINISTRATIVE PENALTIES

12.1 The FSCA imposes administrative penalties (see section 167 of the FSR Act) in appropriate cases to promote both general and specific deterrence. The process followed in imposing such penalties is designed to fully comply with the principles of fair administrative procedure. Respondents are given a reasonable opportunity to respond to the allegations and the intended penalty. The factors considered in determining penalties are outlined in the FSR Act and are further supported by processes aimed at ensuring fairness and consistency.

12.2 During the reporting period, the FSCA imposed administrative penalties totalling **R2,8 billion** on **76** persons/entities in **62** cases. A total of **R2,4 billion** in penalties was imposed on entities that were found to be in contravention of the FAIS Act. Administrative penalties increased substantially from R119,8 million in 2024/25 to R2,8 billion in 2025/26. This outcome was driven primarily by **FAIS Act, FIC Act** and **market abuse** penalties.

12.3 Table 4 reflects the administrative penalties imposed by the FSCA during the reporting period categorised per relevant financial sector law.

Table 4: Administrative penalties imposed

Financial Sector Law	No. of Cases 2025/26	No. of persons 2025/26	Penalties 2025/26 (R)	Penalties 2024/25 (R)
Market Abuse*	4	4	361 500 000	-
FIC Act**	10	10	20 050 000**	16 985 000
CISCA	1	1	119 000	88 000
Insurance Act	8	9	24 926 904	17 021 983
FAIS Act	12	25	2 478 330 000	82 443 540
FSR Act	1	1	700 000	-
Conduct Standard 3/2020	-	-	-	700 000
Pension Funds Act	26	26	3 054 000	2 591 000
Totals	**62**	**76**	**2 888 679 904**	**119 829 523**

**Three cases relate to prohibited trading practices (S80) and one case relates to the publication of false statements (S81).*

***R5 350 000 of the total penalties were suspended under certain conditions.*

12.4 Significant penalties included more than R2 billion imposed on the investigated parties in the Banxso matter and a total of R212 million imposed on the investigated parties in the Medbond matter. More detail is provided in the two case study boxes.

Box 4: Banxso case study

CASE STUDY	BANXSO (PTY) LTD

FSCA imposes severe sanctions on Banxso for deepfake advertising and misappropriation of client funds

Background

In March 2024, the FSCA initiated an investigation into Banxso (Pty) Ltd (Banxso), after having received information concerning the use of deepfake advertisements. Banxso had leveraged emerging digital technologies to manipulate images, create false credibility and induce public participation. In its advertisements, Banxso had misappropriated the identities of well-known individuals to promote a fraudulent online investment offering which was branded as *Immediate Matrix*. This raised significant concerns regarding investor harm, market integrity, and compliance with financial sector laws.

Key findings

The FSCA's investigation found, inter alia, that Banxso was directly or indirectly involved in, or materially benefitted from, the dissemination of deceptive deepfake advertising linked to Immediate Matrix. Individuals responding to the advertisements were systematically redirected to Banxso representatives and encouraged to trade primarily in contracts for difference (CFDs), which are complex, high-risk derivative instruments regarded as unsuitable for most retail investors. Misleading information, including the promise of unrealistic returns, was provided to prospective clients – thereby undermining their ability to make an informed decision. Client funds were not placed with legitimate liquidity providers or authorised ODPs, but were instead controlled internally by Banxso. Client funds were commingled, transferred between non-designated accounts, and rendered difficult to trace. Critically, client funds were misappropriated and used for personal and business expenses.

Regulatory breaches

The investigation identified multiple contraventions, including:

- FSR Act, No. 9 of 2017: Provision of false and misleading information to the FSCA.
- FAIS Act: Conducting unauthorised financial services and failure to meet fit and proper requirements.
- General Code of Conduct, 2003: Failure to act with due skill, care and diligence and in the interests of clients.
- Fit and Proper Requirements, 2017: Breaches relating to honesty, integrity, and competency.
- Financial Institutions (Protection of Funds) Act, No. 28 of 2001: Misappropriation of client funds and failure to act with due care, diligence, and good faith.
- FMA Regulations, 2018: Unauthorised operation as an over-the-counter derivative provider.

Enforcement actions

The FSCA's enforcement sanctions reflect the scale, seriousness, systemic nature of the misconduct, large-scale mishandling of client funds, and significant financial prejudice to affected investors.

- **Debarments**
  - Mr Harel Adam Sekler, Mr Warwick David Sneider, Mr Manuel de Andrade, and Mr Mohammed Bux: **30 years**
  - Mr Henry James Simpson: **10 years**

- **Administrative penalties**
  - R2 billion jointly and severally imposed on Banxso and Messrs Sekler and Sneider
  - R16 million on Banxso
  - R20 million on Mr De Andrade
  - R10 million on Mr Bux
  - R5 million on Mr Simpson

- **Licence withdrawal**
  - Withdrawal of Banxso's FSP licence

Reconsideration applications

On 3 September 2025, Banxso and its key individuals applied to the Tribunal for reconsideration of the licence withdrawal. On 11 December 2025, the Tribunal dismissed the applications. In February 2026, the five individuals lodged reconsideration applications in respect of the debarments and administrative penalties. These matters remain pending.

Collaboration with law enforcement

The FSCA referred its investigation findings and supporting evidence to the Directorate for Priority Crime Investigation (Hawks) to support potential criminal proceedings. The FSCA continues cooperating with the Hawks.

Impact of the case

This matter is one of the most significant recent enforcement actions by the FSCA in response to digitally enabled financial misconduct and supports several key enforcement priorities, including combating online harm, protecting financial customers and strengthening visible deterrence.

The misappropriation and commingling of client funds further demonstrate the extent of harm that can occur when basic safeguards and fiduciary duties are disregarded. This type of behaviour undermines confidence in legitimate financial products and providers.

Box 5: Medbond Insurance case study

CASE STUDY	MEDBOND INSURANCE BROKERS (PTY) LTD & OTHERS

30-year debarment for misappropriation of client funds and misrepresentation of investment products

Background

The FSCA received multiple complaints from investors regarding the legitimacy of investments facilitated by Medbond Insurance Brokers (Pty) Ltd (Medbond Insurance). These concerns prompted a comprehensive investigation into Medbond Insurance, Medbond Fund Managers (Pty) Ltd, Medbond Markets (Pty) Ltd, Masjamplan (Pty) Ltd, Mr Frederick Andreis Jacobus van Heerden (Mr Van Heerden), and Mr Jacobus Meyer (Mr Meyer).

Key findings

The investigation revealed a deliberate and coordinated scheme in which clients were induced to invest in a purported fixed-term group variable annuity (GVA) product allegedly issued by Lombard International Life Ltd, a Bermuda-based insurer.

Contrary to these representations:

- Lombard International confirmed that it had not issued any such product to Medbond entities and held no client funds on their behalf.
- Analysis of bank records established that investor funds were not invested, but were instead systematically misappropriated.

Mr Meyer played a central role in orchestrating the scheme. As the controlling mind behind the Medbond entities, he directed operations, developed and approved misleading marketing material, and trained staff to promote a non-existent investment product. Mr Meyer utilised multiple entities – including Medbond Fund Managers, Medbond Markets, Masjamplan, and Qbit – to create the false impression that legitimate, licensed financial services were being rendered. Client funds were channelled into accounts controlled by these entities, over which Mr Meyer exercised sole signatory authority.

Regulatory breaches

The conduct identified constitutes serious and multiple contraventions, including:

- Board Notice 194 (2017), Section 42: Failure by a key individual to discharge supervisory responsibilities.
- FAIS Act: Rendering unauthorised financial services and failure to meet fit and proper requirements.
- General Code of Conduct (2003): Failure to act with due skill, care, diligence, and in the interests of clients.
- Fit and Proper Requirements, 2017: Breaches relating to honesty, integrity, and competence.
- Financial Institutions (Protection of Funds) Act, No. 28 of 2001: Misappropriation of client funds and failure to act with due care, diligence, and good faith.

Enforcement actions

The FSCA imposed debarments and administrative penalties, as well as withdrawing the relevant FSP licences.

- **Debarments**
  - Mr Meyer: **30 years**
  - Mr Van Heerden: **4 years**

- **Administrative penalties**
  - R197 million imposed jointly and severally on Mr Meyer and Medbond Insurance
  - R5 million each on Medbond Markets, Masjamplan, and Medbond Fund Managers

- **Licence withdrawals**
  - Withdrawal of Medbond Insurance's FSP licence
  - Withdrawal of Medbond Markets' FSP licence

Collaboration with law enforcement

The FSCA referred its findings and supporting evidence to the Directorate for Priority Crime Investigation (Hawks) to support potential criminal proceedings and continues to cooperate with law enforcement authorities.

Leniency considerations: Mr Van Heerden

Mr Van Heerden, the former key individual of Medbond Insurance, provided extensive and material cooperation during the investigation. His evidence was instrumental in inter alia clarifying the operational structure of the scheme and quantifying the extent of client losses. The evidence indicated that Mr Van Heerden had entrusted his own personal investments to Mr Meyer, supporting the conclusion that he was not aware of the misappropriation. The FSCA's measured approach reflects the principle that meaningful cooperation, honesty, and transparency in regulatory investigations are recognised and may be taken into account in enforcement outcomes.

Impact and regulatory significance

The Medbond matter represents a significant enforcement outcome, both in scale and in its implications for market integrity. Investors suffered losses of approximately R194 million as a result of being misled into subscribing to a non-existent financial product. The case underscores the severe harm that can arise where trust is exploited and product misrepresentation occurs. It reinforces the importance of robust disclosure, due diligence, and verification of investment offerings.

The case illustrates how multiple entities can be used to create a façade of legitimacy. It reinforces the FSCA's focus on substance over form in assessing whether financial services are being rendered lawfully.

Mr Van Heerden's cooperation materially enhanced the effectiveness of the enforcement process. His contribution demonstrates how constructive engagement with regulators can assist in uncovering misconduct, strengthening cases, and promoting accountability.

Overall, the Medbond case reinforces the FSCA's commitment to safeguarding the integrity of the financial sector. It serves as a strong deterrent against misconduct by regulated persons.

12.5 A substantial part of the market abuse penalties relates to an additional penalty imposed on Mr Grobler of R358 750 000 in the Steinhoff investigation for his role in publishing false financial statements. Box 6 provides brief context and the latest developments.

Box 6: Update on the Steinhoff investigation

CASE STUDY | STEINHOFF INVESTIGATION

South Africa's biggest corporate accounting scandal

Background
The FSCA reported previously that the Steinhoff investigation resulted in significant enforcement actions for insider trading and false financial reporting, including penalties against the late Mr Markus Jooste for encouraging insider trading and publishing misleading financial statements, sanctions against related parties such as Dr Burger, and a substantial administrative penalty against Steinhoff itself, while leniency agreements and ongoing recovery efforts highlighted the scale of the fraud and the regulator's enforcement approach.

Previous administrative penalties
To date the following administrative penalties have been imposed:

- **Mr Markus Jooste:**
    - R20 million for insider trading (encouraging others to trade on inside information).
    - R475 million for publishing false financial statements.
- **Dr Burger:**
    - R3 million for insider trading.
- **Steinhoff International:**
    - R53 million.
- **Mr Dirk Schreiber:**
    - No penalty imposed due to a leniency agreement in exchange for full cooperation.

Current status of the investigation
The FSCA completed the enforcement process with reference to Mr Stehan Grobler (Grobler) and found that he contravened sections 81(1)(a) and 81(1)(b) of the FMA by participating in the scheme orchestrated by Mr Markus Jooste, which involved the publication of misleading annual financial statements and integrated reports. During the relevant period, Grobler held multiple senior roles within Steinhoff International, including Company Secretary, Head of Treasury, director of several subsidiaries, and in-house legal counsel.

On 24 February 2026, the FSCA imposed an **administrative penalty of R358 750 000** on Mr Grobler for his role in publishing false financial statements for the period 2014 to the 2017 half-year. Mr Grobler lodged an application for reconsideration of the penalty decision with the Tribunal. The matter remains pending.

The FSCA's broader market abuse investigation into the publication of false statements by Steinhoff International is ongoing.

13. WITHDRAWAL AND SUSPENSION OF AUTHORISATION

13.1 The FSCA may withdraw a licence if, among other reasons, the licensee has contravened a licence condition, materially breached a financial sector law, failed to comply with a directive, or defaulted on an enforceable undertaking. The primary objective of such action is to protect consumers from potential risks and financial harm.

13.2 The FSCA may also suspend a licence, typically in cases where the non-compliance is remediable – such as the failure to submit statutory returns. In these instances, the FSCA notifies the licensee of its intention to suspend the licence and provides an opportunity to either rectify the non-compliance or present valid objections to the intended suspension. If the issue remains unresolved, the FSCA proceeds to suspend the licence for a specified period. The FSCA may lift the suspension and reinstate the licence if the licensee remedies the non-compliance within the suspension period.

Table 5: Suspensions, withdrawals and reinstatements of licences

Regulatory action	2023/24	2024/25	2025/26
Suspensions	1 061	24	**31**
Provisional and final withdrawals	75	382	**14**
Reinstatements	621	58	**12**

14. DEBARMENTS

14.1 Debarment under the FAIS Act is a regulatory mechanism used to protect the integrity of the financial services industry. It prevents individuals who are no longer fit and proper from rendering financial services. The primary goal of debarments is consumer protection – ensuring that only competent, honest, and trustworthy individuals operate in the financial sector.

14.2 During the period under review, 68 individuals were debarred by the FSCA, following investigations into their activities. Dishonesty and integrity-related misconduct remained the leading reason for debarments.

Table 6: Reasons for debarments by the FSCA

FSCA debarments by reason (2025/26)	
Does not comply with personal character qualities of honesty and integrity	66
Does not comply with the competence requirements (experience)	2
Total	**68***

* In one matter, a debarment issued on 30 June 2025 was subject to a consent order for reconsideration. In a separate matter, a debarment issued on 26 May 2025 was set aside by the Tribunal on 18 December 2025 and subsequently lifted.

14.3 A further 1 792 individuals were debarred by FSPs. FSP-led debarments continued at a high rate and were overwhelmingly caused by individuals' dishonest conduct, and to a lesser degree by their non-compliance with competency requirements.

Table 7: Reasons for debarments by FSPs

Debarment reasons	2023/24	2024/25	2025/26
Non-compliance with competency requirements	41	47	**47**
Dishonesty	1 312	1 879	**1 740**
Other material contravention of the FAIS Act	4	8	**4**
Other	4	2	**1**
TOTAL	1 361	1 879	**1 792**

15. REGULATORY DIRECTIVES ISSUED BY THE FSCA

15.1 In accordance with sections 144 and 145 of the FSR Act and section 45C of the FIC Act, the FSCA is empowered to issue directives to financial institutions. These directives serve as a valuable regulatory tool, particularly in cases where non-compliance can be remedied or the resulting harm can be reversed.

15.2 During the reporting year, the FSCA issued a total of 11 directives. Two directives were issued to funeral parlours that were conducting unregistered insurance business and nine were issued in the anti-money laundering context. The entities and individuals involved were directed to cease the unlawful insurance business, transfer their clients to a regulated entity and inform their clients of the developments.

16. PUBLIC WARNINGS AND CONSUMER OUTREACH

16.1 During the reporting period, the FSCA issued 140 public warnings in response to apparent unauthorised or unlawful activities that posed potential financial risks to the public. Most of these warnings focused on suspected unregistered financial service providers, typically unlicensed entities offering investment or trading opportunities. These schemes consistently exhibited significant red flags, such as promises of unrealistic returns, guaranteed capital or profits, and operations by unlicensed individuals. Most of these offerings were disseminated via social media platforms.

16.2 Approximately 20% of the warnings involved impersonations of licensed financial institutions and service providers. This method has become increasingly common, as it lends a false sense of legitimacy to fraudulent schemes. The FSCA, its commissioner, and staff members have also been impersonated in several reported cases.

16.3 To amplify the impact of these warnings, the FSCA engages in media interviews and collaborates with other regulatory and information agencies.

Table 8: Number of public warnings published

Intervention	2023/24	2024/25	2025/26
Public warnings	104	107	140

17. STATUTORY MANAGERS AND CURATORS

17.1 The FSCA may apply to the High Court on an *ex parte* basis for the appointment of a curator to assume control of, and manage, all or part of a financial institution's business. Alternatively, the FSCA may appoint a curator by mutual agreement with the institution, without court intervention. Curatorship is a vital mechanism for protecting the interests of financial customers by transferring control from existing management to an independent curator.

17.2 The FSCA may also appoint a statutory manager, by agreement with a financial institution and without court involvement, if it appears that the institution has materially failed to comply with applicable laws, is likely to be in an unsound financial position, or is being mismanaged.

17.3 During the reporting period, one new curator was appointed[7] and no new statutory managers were appointed. Eight curatorships continued running during 2025/26 and two statutory management matters were finalised during 2025/26. Retirement funds accounted for the majority of ongoing curatorships.

17.4 Tables 9 and 10 outline the number of new, ongoing and finalised curatorships and statutory managers across the different industries.

Table 9: Summary of curatorships (2024–2026 financial years)

Industry	New			Ongoing			Finalised		
	2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	2023/24	2024/25	2025/26
FSPs	-	-	**1**	2	2	**2**	1	1	**-**
Retirement Funds	-	-	**-**	6	5	**5**	-	-	**-**
Collective Investment Schemes	-	-	**-**	1	1	**1**	-	-	**-**
Total	**-**	**-**	**1**	**9**	**8**	**8**	**1**	**1**	**-**

Table 10: Summary of statutory management (2024–2026 financial years)

Industry	New			Ongoing			Finalised		
	2023/24	2024/25	2025/26	2023/24	2024/25	2025/26	2023/24	2024/25	2025/26
Retirement Funds	-	-	-	2	2	-	1	1	2
Total	**-**	**-**	**-**	**2**	**2**	**-**	**1**	**1**	**2**

[7] *JLD Investments CC and Mr Johannes Lodewicus Du Plessis.*

18. ENFORCEABLE UNDERTAKINGS

18.1 An enforceable undertaking is an enforcement mechanism provided for in section 151 of the FSR Act. It allows a person or financial institution to give a written undertaking to the FSCA, regarding its future conduct or remedial actions. Once accepted by the FSCA, the undertaking becomes legally enforceable.

18.2 The FSCA uses enforceable undertakings as a proportionate and efficient enforcement and supervisory tool to achieve regulatory outcomes requiring respondents to take corrective action and address compliance deficiencies without necessarily resorting to lengthy enforcement proceedings or administrative penalties. All undertakings are published by the FSCA.

18.3 Enforceable undertakings are still used extensively by the FSCA in the funeral parlour industry investigations. A total of 36 enforceable undertakings were concluded during 2025/26, representing a significant increase compared to 2024/25. The insurance industry accounted for 94% of undertakings during 2025/26. Funeral-related cases dominated the statistics.

Table 11: Number of enforceable undertakings per industry

Industry	2023/24	2024/25	2025/26
Financial Markets	-	1	1
Pension Funds	-	-	1
FSPs	5	1	-
Credit Rating Services	1	-	-
Insurance	35	12	34
TOTAL	**41**	**14**	**36**

PART IV: FINANCIAL SERVICES TRIBUNAL RECONSIDERATIONS

19. STATUS OF APPLICATIONS FOR RECONSIDERATION LODGED WITH THE FINANCIAL SERVICES TRIBUNAL

19.1 During the reporting period, 44 new applications for the reconsideration of the FSCA's decisions were lodged with the Financial Services Tribunal, and 28 cases were finalised. Table 12 details the status of these applications.

19.2 Table 13 provides a breakdown of the outcome of the cases finalised during this reporting period. It includes both new cases lodged during this period and ongoing cases rolled over from the previous reporting period. Of these cases, the FSCA's decisions were upheld in **16** cases. In the **six** cases where the applications were withdrawn, the FSCA decisions remained in force. In five cases, the FSCA agreed, by way of consent order, to have its decisions set aside and referred back for further consideration. In **one** matter, the FSCA decision was set aside.

19.3 During the reporting period, the FSCA took 1 323 administrative decisions, a small fraction of which were challenged through reconsideration applications.

Table 12: Status of applications lodged with the Financial Services Tribunal

Reconsiderations logged during the Reporting Period		Finalised		Ongoing	
2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
47	**44**	34	**28**	13	**16**

Table 13: Outcome of finalised cases

Applications withdrawn		Dismissed		Consent Order		Decision set aside	
2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
3	**6**	11	**16**	20	**5**	0	**1**

PART V: FOCUS AREAS, TRENDS AND RISK AREAS

20. HEIGHTENED RISK

20.1 The FSCA has allocated significant resources – and will continue to do so – to address areas of heightened risk, such as online harm, unregistered insurance, guarantee policies, referrals, trading signals, regulatory examination fraud and unauthorised transfer of client information, among others.

21. ONLINE HARM: A GROWING THREAT TO FINANCIAL CONSUMERS

21.1 Online harm in South Africa is increasingly becoming more sophisticated and more digitally driven. It includes financial scams, impersonation fraud, fake investment schemes, fraudulent use of licence numbers, and unauthorised financial services promoted through websites, social media and messaging platforms. These practices are particularly damaging because they combine digital accessibility with exploitation of trusted brands, public figures, registered financial institutions or the FSCA's own name to create false legitimacy.

21.2 Of particular concern is that 68% of South Africans reported being targeted by fraud, making fraud the leading barrier to digital adoption. South Africa also ranks 8th globally in terms of suspected digital fraud rates.

21.3 The FSCA's response is both preventative and protective. Through its consumer education work, the FSCA provides information that helps financial customers make informed decisions, understand their rights and obligations, know how and where to complain, verify whether a firm or individual is licensed, and recognise red flags associated with fraud, scams, ponzi or pyramid schemes and similar misconduct. An informed consumer is often the first line of defence against online financial harm.

21.4 Publicising enforcement outcomes is a critical component of the FSCA's consumer protection and education efforts. Communicating regulatory actions, such as debarments, penalties and warnings serves two purposes:

- It deters fraudsters, by demonstrating that regulatory breaches have consequences and that enforcement action will be taken against those who contravene financial sector laws.
- It builds public awareness and trust, by providing real-world examples of financial misconduct and scams, helping consumers to recognise warning signs, make informed decisions, and build confidence.

21.5 Key challenges include low levels of financial literacy, coupled with growing financial distress arising from the cost-of-living crisis and high unemployment, which increase consumers' vulnerability to fraud. These challenges are further exacerbated by the rapidly evolving nature of scams, often outpacing enforcement and regulatory responses.

21.6 A top enforcement priority for the FSCA is dealing with online harm that involves regulated entities. The Banxso case study provides an example of how bad actors can infiltrate regulated entities with the ill intent of legitimising a scam.

21.7 On 31 May 2025, the FSCA published its three-year Financial Education Plan (FEP), which aims to advance the FSCA's strategic objective of improving both the reach and quality of financial education in South Africa. The FEP promotes greater coordination and collaboration among stakeholders while demonstrating thought leadership through the transparent publication of planned financial education initiatives and priorities. During the 2025/26 financial year, the FSCA achieved **93%** of the targets set out in the FEP.

21.8 Table 14 provides an overview of the reach achieved across the various initiatives implemented in support of the FEP targets during the reporting period.

Table 14: Reach of consumer education efforts

Social media		
Metric	**Definition**	**2025/26**
Reach	The total number of unique users who have been exposed to a piece of content, within a selected timeframe.	148 108
Shares	Shares are when your audience distributes your content to their own network.	215
Engagements	The number of times users interacted with content beyond views e.g. likes, reactions, comments, etc.	11 151
Impressions	The number of times content was viewed, including multiple views from individual users.	336 189
Viewing rate	The number of viewers who watched a video for a specific duration.	20 660
Engagement rate	Likes, Comments, Shares (measures how well content resonates in a percentage)	**4%**

Statistics of in-person activities		
Number of activities	As per FEP schedule	888 (Previous 545)
Number of participants	As per registers	43 409 (Previous 35 300)
Increased knowledge and awareness	Average difference between pre and post assessments	21% (Previous 9%)
Number of webinars	As per departmental activity schedule	9
Number of webinar participants	As per online attendees	1 913
Radio, television, print		
Radio reach Radio Audience Measurement	Listenership numbers as per independent assessment (e.g. Broadcast Research Council of South Africa)	22 621 516
TV reach Television Audience Measurement	Viewership numbers as per independent assessment	530 000
Number of readers (Print/ online media)	Readership numbers as per independent verification agency.	1 732 388

21.9 Fraud, scams and online harm remain an underlying theme across projects.

Screenshots of the campaign which was run by the FSCA to inform consumers about various online scams.

The FSCA regularly hosts consumer education sessions. This includes in-person financial literacy training for people who are blind or partially sighted as they are particularly vulnerable to scams. Pictured is a group which the FSCA recently hosted.

21.10 The case study in Box 7 illustrates the risk to consumers when engaging in online trading with unregistered operators, and that so-called guaranteed returns are a substantial red flag.

Box 7: Bhaca Green case study

CASE STUDY | **BHACA GREEN (PTY) LTD AND MR SONGEZIWE MBALO**

FSCA curtails and penalises unauthorised forex trading and investor harm

Background
In May 2020, the FSCA received a complaint regarding Bhaca Green (Pty) Ltd (Bhaca Green) and Mr Songeziwe Mbalo (Mr Mbalo), who were promoting a forex trading investment scheme under the name "Green Bee Offshore Bankers" or "Green Bee".

The scheme promised investors guaranteed returns of 20% per month, later reduced to 10% from August 2019. Clients were misled into believing that the FSCA imposed a maximum of 10% on investment returns. These representations, coupled with the guaranteed returns, raised significant concerns regarding potential contraventions of financial sector laws and investor harm, prompting a regulatory investigation.

Key findings
The FSCA's investigation established, inter alia, that "Green Bee" was not a registered legal entity. It was a fictitious trading name used by Mr Mbalo to market the scheme, with Bhaca Green as the underlying entity. Bhaca Green and Mr Mbalo rendered discretionary financial services by trading in foreign exchange on behalf of clients without the required authorisation.

Mr Lungile Mgilane, while employed as a representative of Sanlam, unlawfully rendered financial services to clients on behalf of Bhaca Green and Mr Mbalo without the knowledge or approval of his employer. Bhaca Green and Mr Mbalo misappropriated client funds, representing a serious breach of trust and fiduciary duty.

Regulatory breaches
The investigation identified contraventions including:
- FSR Act, 2017 (Act No. 9 of 2017): Failure by Mr Mbalo to cooperate with regulatory investigations.
- FAIS Act: Rendering unauthorised financial services as a discretionary FSP, and Provision of financial services by Mr Mgilane on behalf of an unlicensed entity.

Enforcement actions
The FSCA imposed the following sanctions:
- **Debarments**
  - Mr Songeziwe Mbalo: 20 years
- **Administrative penalties**
  - R9 million on Bhaca Green and Mr Mbalo, jointly and severally
  - R75 000 on Mr Lungile Mgilane

Impact of the case
The case highlights how "guaranteed" return schemes, particularly in the forex trading online environment, continue to pose a significant threat to retail investors. The involvement of an authorised industry representative acting outside approved channels further underscores the risk of misconduct within distribution channels, necessitating heightened supervision and governance by licensed institutions.

22. UNREGISTERED INSURANCE BUSINESS

22.1 The FSCA continues to prioritise supervisory and enforcement interventions in the funeral parlour industry, where there remains a high incidence of unregistered financial services and insurance activities.

22.2 The FSCA has also experienced an increase in complaints relating to burial societies. In many instances, these entities operate beyond the scope of informal, community-based arrangements and consequently trigger regulatory obligations under multiple legislative and regulatory frameworks.

22.3 While stokvels are exempt from certain licensing requirements under the FAIS Act, and the Insurance Act, such exemption is subject to strict qualifying criteria. Board Notice 43 of 2013, issued under the FAIS Act, defines a stokvel and prescribes conditions that must be met for the exemption to apply. Importantly, where annual contributions or benefits exceed the prescribed threshold of R100 000, an arrangement no longer qualifies as a stokvel for purposes of the exemption. The FSCA has observed that some burial societies increasingly exceed this threshold and therefore do not qualify for exemption from section 7(1) of the FAIS Act.

22.4 In addition, the FSCA established that certain burial societies do not meet the requirements to be classified as friendly societies. In terms of Prudential Standard GOI 7, friendly societies are subject to a maximum benefit limit of R15 000. Where benefits exceed this threshold, the entity falls outside the permissible scope of a friendly society and may become subject to additional regulatory requirements.

22.5 The FSCA continues to engage with affected entities through exemption frameworks and targeted supervisory interventions aimed at facilitating an orderly transition to compliance. These interventions include guiding entities towards appropriate licensing pathways, requiring the cessation of unlawful activities where necessary, and considering enforcement action in cases of persistent non-compliance.

23. GUARANTEE POLICIES (UNREGISTERED INSURANCE)

23.1 The issuing of guarantee-type policies by unlicensed entities presents a serious risk to financial customers and the integrity of the financial system. These entities operate outside the prudential, capital, and governance requirements imposed on licensed insurers. This means that they may lack the financial capacity to honour claims when guarantees are called up. This creates a false sense of security for beneficiaries, particularly in high-value sectors such as construction and public procurement.

23.2 Unlicensed issuers are not subject to supervisory oversight, increasing the likelihood of poor risk management, inadequate reserving, and potential default. In addition, the presence of such entities distorts market competition by allowing them to offer insurance-like products without complying with the regulatory costs borne by licensed insurers.

23.3 Ultimately, unlawful guarantee issuance erodes trust in financial instruments designed to provide certainty and protection. Effective enforcement in this area is therefore essential not only to protect customers, but also to preserve market integrity and ensure a level playing field within the industry.

Box 8: Elasah Risk Consultants case study

CASE STUDY	ELASAH RISK CONSULTANTS (PTY) LTD AND ANOTHER V NATIONAL CREDIT REGULATOR AND OTHERS [2026] ZAGPPHC 245

Clarifying the regulatory boundary between insurance and credit – construction guarantees

Background
In the previous Regulatory Actions Report, the FSCA noted pending High Court proceedings in which Elasah Risk Consultants (Pty) Ltd (Elasah), a licensed FSP, sought declaratory relief that certain construction guarantees fall within the ambit of the National Credit Act (NCA), rather than constituting insurance products under the Insurance Act. Fusion Guarantees (Pty) Ltd (Fusion) subsequently intervened in the proceedings in support of Elasah's position. Both parties effectively challenged the FSCA's long-standing position that the provision of such guarantees constitutes insurance business requiring authorisation under the Insurance Act.

The FSCA opposed the application and filed a counter-application, seeking a declaratory order that the guarantees in question constitute non-life insurance policies and that the issuing of such guarantees amounts to the conduct of insurance business requiring a licence.

Key issues and arguments
Elasah and Fusion argued that the guarantees were, in substance, secured credit arrangements. Fusion submitted that it extended credit facilities to contractors, secured by collateral such as indemnities, sureties, cession of book debts, and pledged cash. On this basis, the applicants contended that their activities should be regulated under the NCA rather than the Insurance Act. The FSCA maintained that the guarantees functioned as risk transfer mechanisms, indemnifying employers against losses arising from contractor non-performance and thereby meeting the statutory definition of insurance.

Judgment
In *Elasah Risk Consultants (Pty) Ltd and Another v National Credit Regulator and Others* [2026] ZAGPPHC 245, the Gauteng Division of the High Court found in favour of the FSCA. The Court held that, on the facts, the construction guarantees constituted non-life insurance policies as defined in the Insurance Act. The guarantees operated by indemnifying an employer against the risk of contractor default, which is a hallmark of insurance. Accordingly, the Court declared that the issuing of such guarantees constitutes insurance business requiring appropriate licensing. The applicants have subsequently made application for leave to appeal against the judgment.

Regulatory significance
The judgment is welcomed by the FSCA and is of considerable importance to the FSCA's regulatory and enforcement mandate. It confirms the FSCA's long-standing interpretation that construction guarantees of this nature fall within the Insurance Act, reinforcing the principle that substance prevails over form in determining regulatory classification. The ruling also provides a clear legal precedent that supports ongoing and future enforcement actions against entities conducting unlicensed insurance business under the guise of alternative regulatory frameworks.

24. REFERRALS IN THE INVESTMENT INDUSTRY

24.1 Referral arrangements in the investment industry carry a regulatory risk as they may inadvertently cross the line into financial services. While a pure referral, limited to introducing a client to a product supplier, typically falls outside licensing requirements, the risk arises when the referrer becomes involved in the investment process.

24.2 Activities such as assisting with documentation, facilitating onboarding, explaining products, or engaging with client queries can amount to "intermediary services" as defined in the FAIS Act. In such cases, the conduct is assessed according to its substance rather than on how it is labelled, which means that referral-based business models can trigger financial services regulation when they materially enable or influence investment transactions.

24.3 The Equitos case illustrates how activities labelled as "referrals" can, in substance, amount to regulated financial services.

Box 9: Equitos case study

CASE STUDY | **EQUITOS GROUP (PTY) LTD AND MR ROBERT FABIAN LINDER**

Unauthorised intermediary services disguised as referrals

Background
The FSCA initiated an investigation into Equitos Group (Pty) Ltd (Equitos Group) and its key individual, Mr Robert Fabian Linder (Mr Linder), following a whistleblower complaint. The complainant alleged that Equitos Group and Mr Linder promoted investment opportunities via LinkedIn and a dedicated website, made representations regarding potential investment returns; and conducted these activities without holding a valid FSP licence.

Key findings
The investigation found that between July 2017 and December 2019, Equitos Group and Mr Linder acted as referral agents for offshore property developers based in the United Kingdom. They promoted investment opportunities in unlisted offshore property-linked investments (unlisted securities) and earned commissions contingent on successful referrals. Although the respondents characterised their role as limited to referrals, the FSCA found that their activities extended beyond mere introductions. Evidence showed that they:
- collected and processed FICA documentation;
- facilitated the onboarding of clients; and
- managed and responded to investor queries relating to the investment products.

Through this level of involvement, Equitos Group and Mr Linder materially enabled and facilitated the conclusion of transactions in financial products. Their conduct therefore constituted the rendering of intermediary services as defined in the FAIS Act, notwithstanding the absence of formal investment advice or discretionary decision-making.

The FSCA accordingly concluded that the respondents rendered financial services without the required authorisation. *Note:* The investigation was limited to unauthorised FAIS-related activities and did not extend to assessing the merits of the underlying offshore investments.

Regulatory framework
Section 7(1) of the FAIS Act prohibits any person from acting or offering to act as a FSP without authorisation. The Act defines an "intermediary service" broadly to include any act, other than advice, performed for or on behalf of a client or product supplier that results in, or facilitates,

the conclusion or administration of a financial product transaction. The respondents' conduct exceeded the threshold of factual or administrative assistance and involved active facilitation of investment transactions, thereby falling squarely within the definition of intermediary services.

Enforcement action
The FSCA imposed the following regulatory actions:
- **Debarment**
  - Mr Linder: 10 years
- **Administrative penalty**
  - R1 million on Equitos Group

Current status
In April 2026, Equitos Group and Mr Linder applied to the Financial Services Tribunal for reconsideration of the FSCA's decision. The application does not challenge the substantive findings but is limited to the proportionality of the sanctions imposed. The Tribunal summarily dismissed the application on 15 June 2026.

Regulatory impact
This matter highlights the risk that activities described as "referrals" may, in substance, constitute intermediary services where there is meaningful involvement in the investment process. The case illustrates the difference between mere referrals and financial services.

25. TRADING SIGNALS AND ASSOCIATED RISKS

25.1 Trading signals are typically instructions or recommendations to buy, sell or hold a financial product, often in markets such as forex or contracts for difference (CFDs). While they are frequently marketed as a convenient way for individuals to participate in trading, they carry significant risks.

25.2 A key risk is over-reliance on the signal provider. Clients may place undue trust in individuals who present themselves as experienced or expert traders, without independently verifying their credentials or the basis of their recommendations. There is also a lack of transparency. Signal providers often do not fully disclose the methodology, assumptions or risks underlying their recommendations. As a result, clients may not understand the potential for volatility or the likelihood of losses, particularly in high-risk markets such as forex and CFDs.

25.3 Another concern is the potential for conflicts of interest and misconduct. Unauthorised providers operate without oversight, increasing the risk of misleading claims, or in some cases, misappropriation of client funds.

25.4 Providing or publishing trading signals falls within the definition of financial services (financial advice) and may only be provided by authorised persons. Consumers are urged to exercise caution and verify the regulatory status of any signal provider before relying on such services.

25.5 The Erasmus case highlights the FSCA's view that the provision of trading signals constitutes financial advice. The matter demonstrates how clients may rely on signals provided by self-proclaimed experts without understanding the risks involved, which can lead to financial losses and, in some cases, the misuse of funds.

Box 10: Mr Petrus Erasmus case study

CASE STUDY | **MR PETRUS RASMUS ERASMUS**

Unauthorised CFD trading and forex trading signals halted and penalised

Background
The FSCA received complaints alleging that Mr Petrus Rasmus Erasmus (Mr Erasmus) collected funds from clients for the purpose of trading in contracts for difference (CFDs). The funds were deposited into trading accounts held in Mr Erasmus' name, and he exercised full discretion over the trading activities. These trades resulted in losses for the clients.

In addition, Mr Erasmus provided clients with forex trading signals for which they paid a fee. Mr Erasmus presented himself as an experienced and expert trader, and clients relied on his signals when executing their own trades. These trades resulted in losses. Following the complaints, the FSCA initiated an investigation to determine whether Mr Erasmus had contravened financial sector laws.

Key findings of the investigation
The FSCA found, inter alia, that:
- Mr Erasmus rendered financial services of a discretionary nature by trading CFDs on behalf of clients without the required authorisation.
- By providing forex trading signals, Mr Erasmus furnished financial advice in respect of a financial product without being authorised to do so.
- Mr Erasmus misappropriated client funds; he did not use all monies received from clients for trading purposes.

Regulatory breaches
The FSCA determined that Mr Erasmus contravened section 7(1)(a) of the FAIS Act, by acting as a FSP without the required authorisation.

Enforcement actions
- Debarment: 5 years
- Administrative penalty: R1 180 000

Reconsideration application
Following the FSCA's enforcement actions, Mr Erasmus applied to the Financial Services Tribunal (Tribunal) for reconsideration of the decisions. On 11 September 2025, the Tribunal dismissed the application. In its decision, the Tribunal noted that it may only interfere with the FSCA's decisions under exceptional circumstances. It found that Mr Erasmus had not provided any grounds warranting such interference.

Impact of the case
This case reaffirms the FSCA's position that trading signals constitute financial advice and may only be provided by authorised persons. The case reinforces the FSCA's supervisory and enforcement approach toward unlicensed operators in the retail trading environment, particularly in the high-risk CFDs and forex markets. It sends a clear message to individuals providing trading signals or discretionary trading services without authorisation that such conduct will result in regulatory sanctions, including debarment and substantial administrative penalties

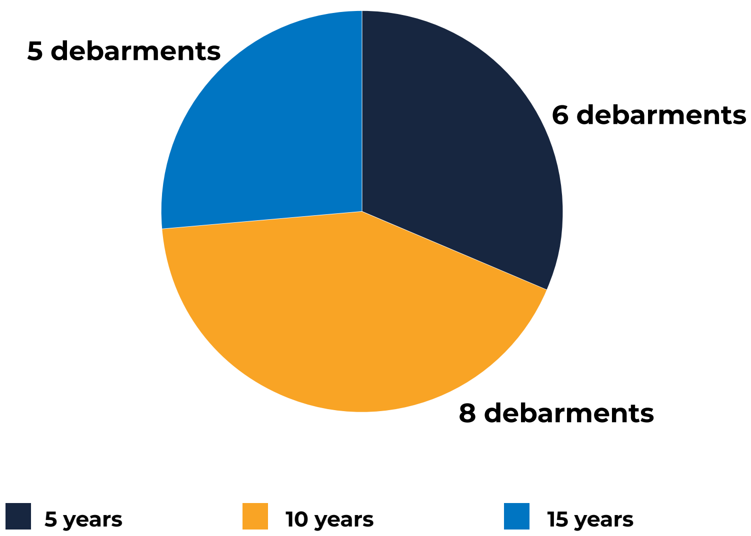
For consumers, the case underscores the importance of verifying the authorisation status of individuals or entities offering financial advice or trading services, and the risks associated with relying on self-proclaimed "experts" operating outside the regulatory framework.

26. FAIS REGULATORY EXAMINATIONS

26.1 The regulatory examinations assess an individual's knowledge, understanding, and application of the FAIS Act, the FIC Act, and other financial sector legislation, and are required for certain FSPs, key individuals, and representatives. Examination fraud is therefore considered in a serious light by the FSCA, and it reflects negatively on the fitness and propriety of the individuals involved.

26.2 During the year under review, the FSCA observed a significant decrease in reported identity fraud cases (individuals taking regulatory examinations on behalf of other persons). This decrease is primarily attributable to the implementation by Moonstone Information Refinery (Pty) Ltd of enhanced verification measures, including biometric authentication and facial recognition technology for candidates undertaking regulatory examinations across various venues. These measures have materially strengthened the integrity of the identification process and have mitigated the risk of impersonation and related fraudulent activities.

Graph 2: Number of debarments according to duration



26.3 The incentive to obtain fraudulent regulatory examination certificates are significantly curtailed through the consistent application of robust due diligence and qualification verification processes by FSPs.

26.4 The team recorded only one case relating to a Facebook-based scam. This notable decline may be indicative of increased public awareness. In particular, the FSCA has seen evidence of individuals actively cautioning others against purchasing fraudulent or forged regulatory examination certificates.

Table 15: Investigations into regulatory examination fraud

RE Examination Fraud Investigation Breakdown	2024/25	2025/26
Investigations carried over from previous financial year	18	31
New investigations registered in year under review	88	29
Investigations finalised during the year under review	75	58
Individuals debarred during the year under review for RE Examination Fraud *	32	19
Cases handed over to the Police**	9	8
Investigations carried over to next financial year	31	3

**Total number of active representatives in June 2025 was 185 606.*
***The FSCA referred these cases to the South African Police Service, as the individuals involved were not authorised representatives at the time the fraudulent activities occurred. As a result, the FSCA lacked the jurisdiction to impose regulatory sanctions. However, the FSCA's investigation team continues to actively support the SAPS with ongoing investigations.*

27. UNAUTHORISED TRANSFER OF CLIENT INFORMATION

27.1 The FSCA has observed with concern an increasing number of cases involving financial advisers who, upon resignation from their employers, transfer client information to personal or external email accounts. This is often done to facilitate continued engagement with clients, including the migration or cancellation of financial products, or to service clients under a new employer.

27.2 This trend raises significant regulatory concerns as such conduct may amount to breaches of confidentiality obligations, data protection requirements, and the standards governing the conduct of financial advisers. These contraventions are frequently accompanied by signs of so-called "churning" of clients – namely, the transfer of clients to a product provider without meaningful consideration of the best interest of the clients. In many instances, only superficial regard is given to the need for a proper comparative analysis and for demonstrating that the client will be in a better position post-transfer, thereby suggesting that commission incentives are being prioritised over clients' best interests.

27.3 Section 2 of the General Code requires providers to render financial services honestly, fairly, with due skill, care, and diligence, and in the interests of clients and the integrity of the financial services industry. The misappropriation or unauthorised use of client information is inconsistent with these obligations and has the potential to undermine public confidence in the financial sector.

27.4 In addition, section 3(3) of the General Code expressly prohibits the disclosure of confidential information obtained from a client unless prior written consent has been obtained, or disclosure is otherwise permitted by law or justified in the public interest. Section 3(1)(d) further requires that a provider act in accordance with the contractual relationship with the client and give appropriate priority to the client's interests.

27.5 Such behaviour may also have implications for a person's ongoing compliance with the fit and proper requirements under the FAIS Act. The case study in Box 11 illustrates the risk to the advisor and the financial customers in these instances.

Box 11: Mr Aatish Ramnath case study

CASE STUDY | **MR AATISH RAMNATH**

FSCA debars FSP for disclosing confidential client information

Background
The FSCA received information indicating that Mr Aatish Ramnath (Mr Ramnath) had engaged in conduct that was not in the best interests of clients and undermined the integrity of the financial services industry. The investigation established, inter alia, that following his resignation, Mr Ramnath unlawfully accessed, copied, and distributed confidential client information without authorisation. Specifically, he accessed selected client portfolio records and transmitted this information to his personal email account, his spouse, and prospective colleagues.

Regulatory breaches
The FSCA determined that Mr Ramnath had contravened section 8A of the FAIS Act, read with section 8(1) of Board Notice 194 of 2017, as well as section 2 of the General Code of Conduct. These contraventions arose from his unauthorised access to confidential client information, the intentional copying of clients' personal data, and the subsequent disclosure of such information to third parties without proper authorisation.

Enforcement action
Mr Ramnath was debarred for a period of 12 years.

Reconsideration application
Following the FSCA's enforcement action, Mr Ramnath applied to the Financial Services Tribunal for reconsideration of the decision. On 19 November 2025, the Tribunal dismissed the application, thereby upholding the FSCA's decision. Mr Ramnath subsequently lodged an application to review the Tribunal's decision. The matter remains pending.

Impact of the case
This case reinforces the FSCA's position that client information is strictly confidential and must be treated accordingly. It underscores that an FSP may not disclose confidential information obtained from a client or product supplier without proper authorisation.

Furthermore, it reiterates the obligation on providers and representatives to render financial services honestly, fairly, and with due skill, care, and diligence, always acting in the interests of clients and the integrity of the financial services industry. Failure to meet these obligations will result in appropriate regulatory sanctions.

28. EQUITY CFD MANIPULATION

28.1 Certain forms of market manipulation emerge periodically as market participants seek to exploit weaknesses in pricing mechanisms across interconnected markets. One trend currently under investigation by the FSCA involves the manipulation of prices in the underlying equity market to generate profits from significantly larger transactions in related derivative instruments. The FSCA presently has three investigations involving this type of conduct.

28.2 A common scheme targets certain Contract for Difference (CFD) issuers whose pricing models are linked directly to the best bid and offer in the underlying equity market. In these cases, CFD prices are determined from the prevailing best bid or offer, irrespective of the volume available at those price levels and often without the issuer first hedging its exposure. As a result, a CFD issuer may be prepared to sell a substantial quantity of CFDs at the best offer price in the underlying market or buy a substantial quantity of CFDs at the best bid price, even where that price has been influenced by a very small equity order.

28.3 Matters which appear commercially unjustifiable when viewed in isolation may be explicable when considered alongside related activity in another market. The FSCA therefore assesses potentially manipulative conduct holistically and will consider whether transactions in related markets, or any other surrounding circumstances, provide a motive for orders that otherwise lack a legitimate commercial rationale.

28.4 Similar forms of cross-market manipulation have been identified by regulators in other major jurisdictions like the United States. In particular, the UK Financial Conduct Authority has highlighted the risk of market participants using orders in the underlying market to "narrow the spread" and thereby obtain advantageous pricing in related CFD and spread-betting products, demonstrating that this is an emerging international market abuse trend.

29. THE IMPORTANCE OF GATEKEEPER FUNCTIONS

29.1 Gatekeepers – such as traders, brokers, compliance officers and auditors – play a critical role in maintaining fair, orderly, and efficient financial markets. Through their actions and professional responsibilities, they help ensure that market prices reflect accurate information, transactions are executed transparently, and market abuse is detected and prevented.

29.2 As frontline participants, traders are also often well positioned to identify unusual trading patterns, potential market manipulation, insider trading, or other misconduct. By adhering to regulatory requirements, not placing orders that would constitute market abuse and reporting suspicious activities where appropriate, they support market integrity and investor protection. Ultimately, effective gatekeepers are essential to fostering trust in the financial system. Without their vigilance, professionalism, and commitment to ethical conduct, markets would be more vulnerable to abuse, inefficiency, and loss of investor confidence. The two trader misconduct case studies in Box 12 illustrate the importance of the gatekeeping role of traders.

Box 12: Trader misconduct cases

CASE STUDY | **LABAT AFRICA LTD & TEXTON PROPERTY FUND LTD**

When gatekeepers fail: two cases of trader misconduct

Background
All bids and offers in relation to listed securities are routed through an authorised user to the exchange, and the authorised user is required to ensure the integrity of each order that he or she places on behalf of the client. In the two cases mentioned hereunder, the FSCA found that the traders had participated in prohibited trading practices and had failed in their role as gatekeepers.

Transactions in the securities of Labat Africa Ltd

Key findings
The FSCA found that Mr Osman (the client) and Mr Doherty (the trader), had participated in 10 prohibited transactions as part of a practice that sought to drive the Labat share price to lower levels.

Mr Doherty did not benefit in a material monetary manner from the transactions, and he had reported the transactions to his compliance officer. The intent behind the transactions was clear from inter alia the lack of economic rationale of the orders, the trading patterns, and what the client had said.
Conversation included statements by the client such as:

"…as soon as you get the 67cps I want to sell them at a lower price, alright"; "I am trying to drop it now."; "buy the 30 at 64, and then knock it down to all these guys."; "You will just play with it and see how low you can go."; "Okay. But we want to try and get this thing a little higher, right."; Trader: "You want to push the price higher?" Client: Ja"

The FSCA did not accept arguments such as that the FIC Act required the trader to continue placing orders notwithstanding that doing so would result in prohibited trading practices.

Regulatory breaches
The investigation identified that Mr Osman and Mr Doherty contravened of Section 80(1)(a) of the FMA.

Enforcement actions
- The FSCA imposed a R2 million administrative penalty on Mr Osman and a R250 000 administrative penalty on Mr Doherty.
- Mr Doherty's conduct was also referred to the JSE to consider the conduct of its member.

Transactions in the securities of Texton Property Fund Ltd

Key findings
The FSCA found that Mr Van Heerden (the client) and Mr Dateline (the trader) had placed small uneconomical orders with the sole or dominant purpose of increasing the Texton Property Fund Ltd share price. The FSCA did not accept arguments such as that Mr Dateline did not contravene because he only executed the client's instructions.

Regulatory breaches
The investigation identified that Mr Van Heerden and Mr Dateline contravened Section 80(1)(a) of the FMA.

Enforcement actions
- The FSCA imposed a R2 million administrative penalty on Mr Van Heerden and a R500 000 administrative penalty on Mr Dateline.
- Mr Dateline's conduct was also referred to the JSE to consider the conduct of its member.

As at time of writing Mr Dateline had launched a reconsideration application to the Financial Services Tribunal wherein he admitted to having contravened Section 80 of the FMA and asked that the penalty imposed be reduced. The FSCA was opposing the application. The matter remains ongoing.

Impact of the two cases
The two cases serve as reminders to market professionals of the importance of their gate-keeping functions and the risks involved in allowing suspicious transactions to be executed.

30. NON-PAYMENT OF RETIREMENT FUND CONTRIBUTIONS

30.1 Section 13A of the Pension Funds Act places a legal obligation on employers to deduct contributions from employees' remuneration and to pay those contributions, together with the employer's own share, to the relevant retirement fund timeously. Non-payment exposes members to direct financial harm as their retirement savings are diminished, and they may lose insurance cover tied to active fund membership.

30.2 The non-payment of contributions remains one of the most pervasive forms of financial misconduct affecting retirement fund members in South Africa. The FSCA has dedicated significant supervisory resources to this matter through a structured project plan, now in its fourth year of implementation.

30.3 The FSCA continued to improve the quality and consistency of section 13A reporting by retirement funds. During the reporting period, 55 retirement funds submitted reports, resulting in 315 online cases being created through the FSCA's online reporting system. Approximately six funds are still in the process of transitioning to the online reporting platform, and this migration will be completed during the 2026/27 financial year. The FSCA has observed a marked improvement in the quality and timeliness of submissions. This is largely attributable to direct supervisory engagements with retirement funds and administrators, during which submissions were reviewed and specific guidance on improvements was provided.

30.4 In September 2025, the FSCA published a list of defaulting employers. The publication serves as a deterrent and is an important tool for informing members of the public about non-compliant employers.

30.5 The FSCA has also engaged directly with non-compliant employers across a sample of funds that led to a portion of the arrears being recovered. However, a significant outstanding balance remains.

30.6 The non-payment of pension fund contributions is a criminal offence under the PFA, and effective deterrence requires criminal prosecution of recalcitrant employers. The FSCA is actively collaborating with both SAPS and the NPA to support the prosecution of section 13A contraventions. There has been a notable increase in the number of cases being reported by retirement funds, which the FSCA regards as an encouraging indicator of growing awareness and willingness to pursue criminal accountability.

30.7 The FSCA engaged with a range of stakeholders during the reporting period to strengthen the collective response to employer non-compliance. These included NEDLAC, SALGA and the Pension Funds Adjudicator. Two significant interventions by National Treasury and the Auditor-General of South Africa (AGSA) are highlighted below.

30.8 National Treasury resolved to recognise retirement funds owed contributions as preferred creditors when withholding municipalities' equitable share allocations. The FSCA submitted lists of municipalities in arrears to National Treasury in March, July, and December 2025 to support this intervention. To this end, one fund reported that approximately R39 million was recovered between November 2024 and April 2025.

30.9 The AGSA, following engagements with the FSCA, confirmed a decision to classify the non-payment of retirement fund contributions as a material irregularity in the financial statements of municipalities, regardless of whether a settlement arrangement is in place. This classification is expected to strengthen accountability at the municipal level and complement the FSCA's enforcement efforts.

30.10 The FSCA will continue to apply a multi-pronged approach to address the non-payment of contributions, including publishing lists of defaulting employers, improving employer data quality, deepening stakeholder relationships, and supporting law enforcement. There will be a specific focus on boards of management to assess the level of compliance with Conduct Standard 1 of 2022 with the intention to take appropriate regulatory action. The FSCA remains committed to ensuring that employers who wilfully fail to honour their obligations to employees' retirement savings are held accountable.

31. NON-COMPLIANCE WITH AML/CFT RISK AND CONTROL FRAMEWORK

31.1 Enforcement of compliance with AML/CFT obligations remains a key priority for South Africa, particularly in light of the country's efforts to maintain its good standing with the Financial Action Task Force (FATF). Consequently, this continues to be an important focus area for the FSCA.

31.2 The FIC Act was enacted to, among other objectives, impose compliance obligations on accountable institutions such as FSPs, managers of collective investment schemes, crypto asset services providers and authorised users of an exchange. These obligations are designed to mitigate the risks of money laundering, terrorist financing, and proliferation financing. The FIC Act requires accountable institutions to establish, implement and maintain a robust internal AML/CFT/CPF risk and control framework.

31.3 The FSCA is mandated to supervise and enforce compliance with the FIC Act. The FSCA's role does not extend to investigating or prosecuting actual instances of money laundering or terrorist financing – these functions fall within the remit of the SAPS and the NPA.

31.4 Recent FSCA enforcement actions highlight several recurring areas of non-compliance, including, but not limited to:

- Failure to conduct a comprehensive business risk assessment
- Inadequate risk management and compliance programme
- Deficient customer due diligence
- Failure to screen against targeted financial sanctions lists.

31.5 The FSCA has demonstrated its commitment to enforcing these requirements, as evidenced by administrative sanctions imposed during the year under review.

Table 16: Administrative sanctions for failing to comply with the FIC Act

INSTITUTION	SANCTIONS
DSL Solutions (Pty) Ltd - FSP 50891 (DSL)	• A financial penalty of R100 000 for non-compliance with sections 42(1) and (2) of the FIC Act. • A financial penalty of R50 000 for non-compliance with section 21(1), 21A, 21C(1) and/or 22 of the FIC Act. • A financial penalty of R50 000 for non-compliance with section 28A read with section 26B of the FIC Act. • A reprimand for non-compliance with section 42A of the FIC Act. • A directive to remediate. • A caution not to repeat the conduct which led to the non-compliance. DSL was directed to pay a financial penalty of R200 000 of the financial penalty.
Opes Trust - FSP 45423	• A financial penalty of R200 000 for non-compliance with section 42(1) and 42(2) of the FIC Act. • A financial penalty of R200 000 for non-compliance with section 21(1), 21A, 21C(1), 21F–H of the FIC Act. • A financial penalty of R100 000 for non-compliance with section 28A read with section 26B of the FIC Act. • A reprimand for non-compliance with section 42A of the FIC Act. • A reprimand for non-compliance with section 29 of the FIC Act and/or regulation 23A of the Regulations. • A directive to remediate. Opes Trust was directed to pay R250 000 of the financial penalty. The payment of the remaining R250 000 of the total financial penalty is conditionally suspended.
Fairsure Administration (Pty) Ltd - FSP 19023 (Fairsure)	• A financial penalty of R1 million for non-compliance with section 42(1) and 42(2) of the FIC Act. • A financial penalty of R640 000 for non-compliance with section 21(1), 21A, 21B, and 21C(1) of the FIC Act. • A financial penalty of R200 000 for non-compliance with section 22 of the FIC Act. • A reprimand for non-compliance with section 42A(2) of the FIC Act. • Directive to remediate Fairsure was directed to pay the R1 640 000 of the financial penalty. The payment of the remaining R200 000 of the total financial penalty is conditionally suspended. Fairsure brought an application for reconsideration that failed.

Harith General Partners (Pty) Ltd - FSP 43795 (Harith)	• A financial penalty of R500 000 for non-compliance with 42(1) and 42(2)(o), (p) and (s) of the FIC Act. • A financial penalty of R500 000 for non-compliance with section 28A read with section 26B of the FIC Act. • A financial penalty of R500 000 for non-compliance with sections 21, 21A and 21B of the FIC Act. • A financial penalty of R200 000 for non-compliance with Directive 8 of 2023. • A directive to remediate. • A caution not to repeat the conduct that led to the non-compliances. Harith was directed to pay the R1 200 000 of the financial penalty. The payment of the remaining R500 000 of the total financial penalty was conditionally suspended.
Sanlam Collective Investments (RF) (Pty) Ltd - CIS 34 (SCI)	• A financial penalty of R1,4 million for non-compliance with sections 42(1) and (2) of the FIC Act. • A financial penalty of R5,2 million for non-compliance with sections 20A, 21, 21A, 21C, and 21E of the FIC Act. • A financial penalty of R2 million for non-compliance with sections 21F and 21G read with section 21H of the FIC Act. • A financial penalty of R2 million for non-compliance with sections 21B(1) and (2) of the FIC Act. • A directive to remediate. • A caution not to repeat the conduct that led to the non-compliances. SCI was directed pay R7 million of the financial penalty. The payment of the remaining R3,6 million of the total penalty is conditionally suspended.
QuickTrade (Pty) Ltd - FSP 45262 (QuickTrade)	• A financial penalty of R500 000 for non-compliance with sections 42(1) and (2) of the FIC Act. • A financial penalty of R110 000 for non-compliance with section 21(1), 21A, 21B and/or 22 of the FIC Act. • A financial penalty of R50 000 for non-compliance with section 28 of the FIC Act read with regulation 22B of the Money Laundering and Terrorist Financing Control Regulations. • A caution not to repeat the conduct which led to the non-compliance. • Directive to remediate. QuickTrade was directed to pay R660 000 of the financial penalty.
Louw Risk Financial Services CC - FSP 27486 (Louw)	• A financial penalty of R250 000 for non-compliance with sections 42(1) and 42(2) of the FIC Act. • A caution not to repeat the conduct that led to the non-compliance. • Directive to remediate. Louw was directed to pay R150 000 of the financial penalty. The payment of the remaining R100 000 of the financial penalty is conditionally suspended.

Thembnkululeko Construction (Pty) Ltd - FSP 53486 (Thembnkululeko)	• A financial penalty of R 250 000 for non-compliance with section 42(1) of the FIC Act. • A reprimand for non-compliance with section 42A of the FIC Act. • A financial penalty of R100 000 for non-compliance with section 43A(3) of the FIC Act. • A caution not to repeat the conduct that led to the non-compliances. • Directive to remediate. Thembnkululeko was directed to pay the financial penalty of R250 000. The payment of the remaining R100 000 of the total financial penalty is conditionally suspended.
GQM Fund Administrators (Pty) Ltd - FSP 31807 (GQM)	• A financial penalty of R1 000 000 for non-compliance with sections 42(1) and/or (2) of the FIC Act. • A financial penalty of R1 300 000 for non-compliance with section 21(1) (a) and (b), 21A, 21B and 21C(1) of the FIC Act. GQM was directed to pay the R2 300 000 financial penalty.
Gray Swan Financial Service (Pty) Ltd - FSP 42290 (Gray Swan)	• A financial penalty of R300 000 for non-compliance with 42(1) and 42(2) (o), (p) and (s) of the FIC Act. • A financial penalty of R700 000 for non-compliance with sections 28A read with section 26B of the FIC Act. • A caution not to repeat the conduct that led to non-compliance. • Directive to remediate. Gray Swan is directed to pay R600 000 of the financial penalty. The payment of the remaining R400 000 of the total financial penalty is conditionally suspended.

FSCA

Financial Sector
Conduct Authority

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