

## LEGAL ALERT

# REGISTRATION OF VIRTUAL ASSET SERVICE PROVIDERS BEFORE THE MOZAMBIQUE CENTRAL BANK

It was recently published the Notice no. 4/GBM/2023, of 14 September (Notice), which approves the legal framework applicable to the registration of virtual asset service providers before the Mozambique Central Bank (*Banco de Moçambique*). This Notice, aims to comply with the provisions of the Law no. 14/2023, of August 28 (which approves the Legal Framework and Measures to Prevent and Combat Money Laundering and Terrorist Financing), in which the Bank of Mozambique is responsible for regulating and defining the necessary requirements for carrying out activities related to virtual assets. In the light of the above, this Notice is also a corollary of the Strategy to Prevent and Combat Money Laundering, Terrorist Financing, and the Financing of the Proliferation of Weapons of Mass Destruction (2023-2027), approved by Resolution no. 43/2022, of 21 October.

Considering that is the first Notice related to the registration of virtual active service providers, it is important to highlight the following aspects:

- The prior registration of entities wishing to carry out activities related to virtual assets is now mandatory, under penalty of a misdemeanor, punishable by a fine ranging from MZN 300,000.000 to MZN 10,000,000.00;
- The subjective scope includes all entities that carry out or intend to carry out the activities of: (i) exchange of virtual assets for fiduciary currencies, (ii) exchange of one or more forms of virtual assets for others, (iii) transfer of virtual assets, (iv) custody service or custody and administration of virtual assets or of instruments that make it possible to control, hold, store or transfer such assets, including private cryptographic keys, (v) participation in operations

and the provision of financial services related to the offer and/or sale of a virtual asset by issuer, and (iv) any other activity with virtual assets;

- The Notice sets out the requirements for submitting the application for registration, as well as the documents that must be attached to the Application Form in each case, including an indication of the elements subject to registration (both original and subsequent) relating to the registration of virtual asset service providers;
- The virtual asset service provider must start its activity within 90 days of the communication (notification) of the Mozambique Central Bank's favorable order, under penalty of the registration expiring;
- The Notice also sets out the reasons for the cancellation of the registration, as well as the procedures to be followed by Mozambique Central Bank for this effect and the need to publish it and the consequent measures to be taken for the effective and immediate cessation of the service provider's activities;
- Procedures to be observed by the service provider when he intends to transfer ownership of his registration.

Finally, the Notice also determines the duties and obligations of virtual service providers when carrying out their activities.

Notice no. 4/GBM/2023 will come into force on 14 November 2023, so it is important that entities that provide or intend to provide virtual asset services are organized in such a way as to guarantee full compliance with their obligations before the Mozambique Central Bank.

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