



Cryptocurrency and Blockchain Regulation

Morocco



2023 Edition

**Blockchain and Digital
Transformation in Africa.**



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Note: The information provided here implicitly highlights various regulations and laws in the country that can potentially impact digital asset service providers operating in the country's crypto and blockchain landscape. While these laws do not explicitly address cryptocurrencies, they provide a foundation upon which regulations can be modified or adapted to accommodate the evolving crypto and blockchain landscape in the nation.

Overview

Morocco's Office des Changes (Foreign Exchange Authority) banned cryptocurrency transactions in November 2017, claiming legal violations. Cryptocurrencies are unregulated and risky, according to Bank Al-Maghrib. Despite the restriction, New York-based private equity firm Brookstone Partners bought a 37,000-acre wind farm in Dakhla, Morocco, to power a data center and mine bitcoin. Soluna, an eco-friendly blockchain business, will build the wind farm using \$100 million from an ICO[1].

The Moroccan Exchange Office's news statement stated that using virtual currency for transactions violates exchange regulations. There are regulations impose penalties and fines for such offenses. The announcement highlights the necessity of following exchange regulations, which require financial transactions with foreign companies to be performed through licensed intermediaries and using legally recognized foreign currencies specified by Bank Al-Maghrib. It also emphasized the risks of adopting an unsupported virtual payment system. The Exchange Office, Bank of Al-Maghrib, and Professional Grouping of Moroccan Banks are tracking virtual currency development in Morocco. The release date is unknown; however, media reports predict November 2017[2].

[1] Baker Mckenzie, "Blockchain and Cryptocurrency in Africa a Comparative Summary of the Reception and Regulation of Blockchain and Cryptocurrency in Africa," 2018, https://www.bakermckenzie.com/-/media/files/insight/publications/2019/02/report_blockchainandcryptocurrencyre_g_feb2019.pdf.

[2] Freeman Law, "Morocco and Cryptocurrency," Freeman Law, 2018, <https://freemanlaw.com/cryptocurrency/morocco/>.

Cont.

In 2017, Morocco recognised Bitcoin and other cryptocurrencies but expressed worries about its uncontrolled nature, volatility, criminal activity, and lack of consumer protection. The country didn't regulate cryptocurrencies until 2020, when the market picked up again. In response to rising interest from Moroccan retailers, a second press statement reaffirmed the prior cautions but did not suggest any plans to build a legal framework or address the ramifications of cryptocurrency use in Morocco.

Moroccan policymakers are concerned about cryptocurrency. They are waiting for international bodies and larger countries to guide cryptocurrency taxes, regulation, and adoption. For example, Morocco's banking industry has joined Ripple and issued blockchain-based bonds[3].

Analysts expect Morocco to legalize Bitcoin, but banks and national exchanges may strictly limit its use. Investments may require pre-approval and transaction limits. This approach may dissuade investors, slow blockchain protocol development, and reduce government tax revenue.

[3] Imru AL Qays Talha Jebri, "The Missing Block: Bitcoin & Blockchain Policy in Morocco – MIPA Institute," MIPA Institute, 2022, <https://mipa.institute/en/9303>.



Draft Law

In the next days, Morocco's Central Bank, Bank Al-Maghrib (BAM), will offer a crypto regulatory framework for public discussion. In 2023, the Central Bank collaborated on digital asset regulation with the International Monetary Fund, World Bank, and central banks of France, Sweden, and Switzerland[1]. The document defines cryptocurrency for Morocco while protecting individuals and encouraging innovation. Moroccan law prohibits crypto trading, and the new draft is unlikely to be stricter.

[4] David Attlee , "Morocco Finalized Crypto Regulatory Framework: Central Bank," Cointelegraph, 2023, <https://cointelegraph.com/news/morocco-finalized-crypto-regulatory-framework-central-bank>.

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