

**CAYMAN ISLANDS**



**Virtual Asset (Service Providers) Law, 2020**

**(Law 14 of 2020)**

**VIRTUAL ASSET (SERVICE PROVIDERS)  
REGULATIONS, 2020**

**(SL 138 of 2020)**

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**CAYMAN ISLANDS****Virtual Asset (Service Providers) Law, 2020**

# **VIRTUAL ASSET (SERVICE PROVIDERS) REGULATIONS, 2020**

**(SL 138 of 2020)****Arrangement of Regulations**

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## CAYMAN ISLANDS



## Virtual Asset (Service Providers) Law, 2020

(Law 14 of 2020)

**VIRTUAL ASSET (SERVICE PROVIDERS)  
REGULATIONS, 2020**

(SL 138 of 2020)

In exercise of the powers conferred by section 39 of the Virtual Asset (Service Providers) Law, 2020 the Cabinet, after consultation with the Authority, makes the following Regulations —

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**Citation**

1. These Regulations may be cited as the Virtual Asset (Service Providers) Regulations, 2020.

**Definitions**

2. In these Regulations —

“**Anti-Money Laundering Compliance Officer**” has the meaning assigned in regulation 2(1) of the *Anti-Money Laundering Regulations (2020 Revision)*;

“**Deputy Money Laundering Reporting Officer**” has the meaning assigned in regulation 2(1) of the *Anti-Money Laundering Regulations (2020 Revision)*;

“**Money Laundering Reporting Officer**” has the meaning assigned in regulation 2(1) of the *Anti-Money Laundering Regulations (2020 Revision)*;  
and

“**underlying asset**” includes precious metal and *fiat* currency.

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### Decisions by the Authority regarding the issuance of virtual assets

3. (1) The Authority, in making a decision whether a sale of virtual assets is a sale of newly created virtual assets to the public, in or from within the Islands, shall do so by assessing whether —
- (a) the sale, or offer for sale, of the respective virtual assets will be advertised to persons or entities in the Islands by way of any promotional material, announcement or statement in such manner as to make the advertisement directed to, or accessible by, persons or entities in the Islands and persons or entities in the Islands will be able to participate in the issuance by purchasing the respective virtual assets either —
    - (i) directly from the person or entity offering the virtual assets; or
    - (ii) indirectly by way of a third party which has been engaged to facilitate the sale of the virtual assets;
  - (b) a person or entity listed in section 3(1) of the Law is offering newly created virtual assets for sale from within the Islands where the sale, or offer for sale, of newly created virtual assets will not be advertised to persons or entities in the Islands and persons and entities in the Islands will not be able to participate in the issuance; or
  - (c) the sale, or offer for sale, of newly created virtual assets is a sale to the public and not a private sale.
- (2) The third party referred to in paragraph (1)(a)(ii) is a person or entity who is engaged by the issuer to facilitate the sale of newly created virtual assets and is compensated either directly or indirectly for the sale, distribution, transfer or disposal of newly created virtual assets which are the subject of the issuance.
- (3) For the purposes of paragraph (1)(c), “**private sale**” means a sale, or offer for sale, which is not advertised and is made available to a limited number of persons or entities who are selected prior to the sale by way of a private agreement.

### Application for registration

4. An application for registration under section 6(1) of the Law shall be made to the Authority in the form set out in Schedule 1.

### Fees

5. The fees payable for applications made under the Law are set out in Schedule 2.



## SCHEDULE 1

(regulation 4)

### Application for Registration

*All parts of this form are to be completed by applicants and shall be submitted, along with any additional information that is required, to the Authority.*

#### **PART A: APPLICANT'S GENERAL INFORMATION**

A.1 Name:

A.2 If the applicant has been incorporated or established under a previous or different name, provide —

- (a) the previous name or names; and
- (b) any trading names (current and previous) under which business has been conducted.

A.3 Date and places of formation (include any licence or registration in other jurisdictions):

A.4 Legal entity identifier (if available):

A.5 Legal structure of applicant, including organizational chart, if applicable:

A.6 Company, partnership or limited liability company registration number of the applicant:

A.7 Certificate of incorporation or registration or official record of formation:

A.8 Applicant's address and postal address (if different) and, if applicable, name and address of corporate services provider:

A.9 Is the applicant licensed or registered to conduct virtual asset services ("VAS") business in another jurisdiction? If so —

- (a) specify the date on which the applicant began conducting VAS business;
- (b) state any licence or registration held;
- (c) provide the name and address of the regulator which has issued the licence or registration;
- (d) specify the jurisdiction or jurisdictions in which the applicant is conducting VAS business;



- (e) specify whether there are specific requirements, restrictions or prohibitions on the conduct of the activity for which it is registered or licensed; and
  - (f) state if any office has been opened or if any physical presence has been established:
- A.10 State whether the applicant holds or has acquired a controlling interest in another person or legal arrangement engaged in virtual asset service in this or any other jurisdiction:
- A.11 Identify any virtual asset services provided in another jurisdiction not listed in A.9:
- A.12 State any penalties that have been imposed or enforcement actions taken in another jurisdiction:
- A.13 Identify the services provided, or to be provided, in or from within the Islands:
- A.14 In relation to Directors or Principals of the General Partner or Managing Members, provide —
  - (a) Title:
  - (b) First name:
  - (c) Last name:
  - (d) Date of birth:
  - (e) Country of birth:
  - (f) Nationality/nationalities:
- A.15 In relation to Senior Officers (excluding Money Laundering Reporting Officer, Deputy Money Laundering Reporting Officer and Anti-Money Laundering Compliance Officer), provide —
  - (a) Title:
  - (b) First name:
  - (c) Last name:
  - (d) Date of birth:
  - (e) Country of birth:
  - (f) Nationality/nationalities:





Proof of fit and proper standing:

*Please submit any other related information that the Authority may require in order to adequately assess the application.*

- A.16 In relation to Shareholders: (list all shareholders and beneficial interest holders who are natural persons), provide —
- (a) Title:
  - (b) First name:
  - (c) Last name:
  - (d) Date of birth:
  - (e) Country of birth and nationality:
  - (f) Percentage holding:
- A.17 Details of each Anti-Money Laundering Compliance Officer, Money Laundering Reporting Officer and Deputy Money Laundering Reporting Officer, including —
- (a) CIMA ID (if applicable and known):
  - (b) Full name:
  - (c) Other names (aliases):
  - (d) Mailing and street address:
  - (e) Date of birth:
  - (f) Country of birth:
  - (g) Gender:
  - (h) Occupation and job title:
  - (i) Name of employer:
  - (j) Street and mailing address of employer:
  - (k) Phone number of employer:
  - (l) Email address of employer:
  - (m) Professional qualification —
    - (i) Description:
    - (ii) Date:
    - (iii) Accrediting Body:
    - (iv) Type:
  - (n) Attach CV or resume

**PART B: INFORMATION ON VIRTUAL ASSET SERVICE PROVIDED:**

B.1 Provide details on the virtual asset service or services which will be provided, including —

- (a) the nature, function and purpose of the virtual asset service;
- (b) the revenue for the prior twelve months or, if unavailable, the projected revenue for the twelve month period following an application for each virtual asset service to be provided;
- (c) the manner in which the virtual asset service will be provided to the public; and
- (d) identified risks associated with the virtual asset service, including data security risks and steps put in place to mitigate these risks, including any insurance arrangements:

B.2 Provide details on the procedures put in place in accordance with the Law to combat money laundering, terrorist financing and proliferation financing and to ensure compliance with *Anti-Money Laundering Regulations (2020 Revision)*:

B.3 Provide an outline of internal safeguards and data protection systems that will be put in place to protect the assets and data of clients:

B.4 State qualifications, expertise and all applicable experience in the provision of the virtual asset service of the directors and senior officers:

B.5 Will the service provider be engaged in any securities investment business as defined under the *Securities Investment Business Law (2020 Revision)*?

YES  NO

B.6 Will the service provider be issuing virtual assets as defined under the *Virtual Asset (Service Providers) Law, 2020*?  YES  NO.

*If yes, please complete an issuance request form and include it with this application.*

**PART C: DECLARATION**

*To be completed by all applicants.*

**DECLARATION:**

*To be signed and submitted by two senior officers of the applicant.*

I

*(full name and address and position)*

I



*(full name and address and position)*

declare that we are duly authorized to make this application.

We confirm that we have read and understood the provisions of the *Virtual Asset (Service Providers) Law, 2020* and the regulations made under it and the *Anti-Money Laundering Regulations (2020 Revision)* and we declare that the business in respect of which this application is made will be conducted in accordance with the law.

We declare the information provided in the application to be accurate in all material aspects to the best of our knowledge and belief.

Signatures:

Date:

**SCHEDULE 2***(regulation 5)***Fees**

| <b>Registration</b> |   |                       |            |
|---------------------|---|-----------------------|------------|
| <b>Item</b>         | <b>Description</b>  | <b>Section of Law</b> | <b>Fee</b> |
| 1                   | Assessment fee for registration (fee applies to all applications for registration)  | 6(1)                  | \$1000     |
| 2.                  | Application fee for registration of an existing licensee or person already registered under another regulatory Law  | 5(2)                  | \$1,000    |
| 3.                  | Application fee for registration for virtual asset service providers engaging in an issuance of virtual assets only (payable on approval of application for registration):                  | 5(2)                  |            |
|                     | <b>Category A</b>   |                       |            |
|                     | Where the amount raised, or expected to be raised, by an issuer from the sale of newly created virtual assets is not expected to exceed one million dollars, or its equivalent, and where — |                       |            |
|                     | (a) the applicant wishes to issue virtual assets, which are not convertible virtual assets, via a recognized exchange, licensed virtual assets  |                       | \$1,500    |



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|  | trading platforms or obliged entities only;   |  |  |
|  | (b) the applicant wishes to issue virtual assets, which are not convertible virtual assets, directly to the public in this or another jurisdiction; or  |  | \$2,500  |
|  | (c) the applicant wishes to issue convertible virtual assets.   |  | \$2,500 - \$5,000<br><br>(depending on the Authority's assessment of the nature, size, scope and complexity of the applicant's virtual asset services) |
|  | <b>Category B</b><br><br>Where the amount raised, or expected to be raised, by an issuer for the sale of newly created virtual assets is expected to exceed one million dollars, or its equivalent, and where — |  |  |
|  | (a) the applicant wishes to issue virtual assets which are not convertible virtual assets, via a recognized exchange, a licensed virtual asset trading platform or an obliged entity;                           |  | \$3,500  |



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|    | (b) applicant issuing virtual assets which are not convertible virtual assets directly to persons in this or another jurisdiction; or  |      | \$5,000   |
|    | (c) the virtual asset being issued is a convertible virtual asset.   |      | \$5,000 to \$10,000 (depending on the Authority’s assessment of the nature, size, scope and complexity of the applicant’s virtual asset services) |
| 4. | Application fee for registration for virtual asset service providers that are providing virtual asset services not including the issuance of virtual assets (payable on approval of the application for registration): | 5(2) |   |
|    | <b>Category A</b><br><br>Persons who have generated or expect to generate revenue not exceeding five hundred thousand dollars, or its equivalent, from the   |      |   |



|  |  |  |  |
|--|--|--|--|
|  | virtual asset service or services for which registration is required —   |  |  |
|  | (a) where the virtual asset service is offered to persons within the Islands only; and   |  | \$1,000 - \$1,500<br><br>(depending on the Authority's assessment of the nature, size, scope and complexity of the applicant's virtual asset services) |
|  | (b) where the virtual asset service is offered to persons outside of the Islands   |  | \$2,500 - \$5,000<br><br>(depending on the Authority's assessment of the nature, size, scope and complexity of the applicant's virtual asset services) |
|  | <b>Category B</b><br><br>Persons who have generated or who expect to generate revenue exceeding five hundred thousand dollars, or its equivalent, from the virtual asset service or services for which |  |  |



|    |  |      |  |
|----|--|------|--|
|    | registration is required —   |      |  |
|    | (a) where the virtual asset service or services is being offered to persons within the Islands only; and   |      | \$3,500 - \$5,000  |
|    | (b) where the virtual asset service or services is being offered to persons outside the Islands.   |      | \$7,500 - \$15,000   |
| 5. | Annual renewal fee for registered persons that are engaging in an issuance of virtual assets only:   | 5(2) | (The amount of the fee is based on the category in which the Authority assesses the registered person to fall based on the revenue generated during the previous year and the type of virtual asset issuance.) |
|    | <b>Category A</b><br><br>Where the amount raised, or expected to be raised, by an issuer from the sale of newly created virtual assets is not expected to exceed one million dollars, or its equivalent, and where — |      |  |





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|  | (a) the applicant wishes to issue virtual assets, which are not convertible virtual assets, via a recognized exchange, licensed virtual assets trading platforms or obliged entities only;                      |  | \$1,500   |
|  | (b) the applicant wishes to issue virtual assets, which are not convertible virtual assets, directly to the public in this or another jurisdiction; or  |  | \$2,500   |
|  | (c) the applicant wishes to issue convertible virtual assets  |  | \$2,500 - \$5,500 (depending on the Authority's assessment of the nature, size, scope and complexity of the applicant's virtual asset services) |
|  | <b>Category B</b><br><br>Where the amount raised, or expected to be raised, by an issuer for the sale of newly created virtual assets is expected to exceed one million dollars, or its equivalent, and where — |  |   |

|    |   |      |  |
|----|---|------|--|
|    | (a) the applicant wishes to issue virtual assets which are not convertible virtual assets, via a recognized exchange, a licensed virtual asset trading platform or an obliged entity; |      | \$3,500  |
|    | (b) applicant issuing virtual assets which are not convertible virtual assets directly to persons in this or another jurisdiction; or   |      | \$5,000  |
|    | (c) the virtual asset being issued is a convertible virtual asset   |      | \$5,000 - \$10,000 (depending on the Authority's assessment of the nature, size, scope and complexity of the applicant's virtual asset services)                                       |
| 6. | Annual renewal fee for registered persons that are providing virtual asset services not including the issuance of virtual assets  | 5(5) | (The amount of the fee is based on the category in which the Authority assesses the registered person to fall based on the revenue generated during the previous year and the type and |



|  |  |  |  |
|--|--|--|--|
|  |  |  | delivery method of virtual asset service provided.)  |
|  | <p><b>Category A</b></p> <p>Persons who have generated revenue not exceeding five hundred thousand dollars, or its equivalent, from the virtual asset service or services for which registration is required —</p> |  |  |
|  | (a) where the virtual asset service is offered to persons within the Islands only; and   |  | <p>\$1,000 to \$1,500</p> <p>(depending on the Authority's assessment of the nature, size, scope and complexity of the applicant's virtual asset services)</p> |
|  | (b) where the virtual asset service is offered to persons outside of the Islands   |  | <p>\$2,500 - \$5,000</p> <p>(depending on the Authority's assessment of the nature, size,</p>  |



|  |   |  |   |
|--|---|--|---|
|  |   |  | scope and complexity of the applicant's virtual asset services)   |
|  | <p><b>Category B</b></p> <p>Where the amount raised by an issuer for the sale of newly created virtual assets exceeds five hundred thousand dollars, or its equivalent, and where —</p> |  |   |
|  | (a) the virtual asset service, or services, are being offered to persons within the Islands only; and   |  | \$3,500 - \$5,000   |
|  | (b) the virtual asset service, or services, is being offered to persons outside the Islands; and  |  | \$7,500 - \$15,000 depending on the Authority's assessment of the nature, size, scope and complexity of the applicant's virtual asset services. |

**Made in Cabinet the 28th day of October, 2020.**

**Kim Bullings**  
*Clerk of the Cabinet*

