

## **Bermuda's regulatory framework for digital assets, ICOs and virtual currencies**

As the digital asset and blockchain industries continue to gain ground among investors, brokers and exchanges, the island is hoping to capitalize on the new market. Bermuda's government has taken steps to strengthen its regulatory regime, making it a selling point for fintech companies thinking of doing business on the island.

Passage of the Digital Asset Business Act (DABA) in June 2018, and the ICO Act and the ICO Regulations that came into force in July 2018 have laid the foundation for the necessary regulatory framework to promote growth in the fintech space while protecting investors. Also in July 2018, Bermuda proposed amending the Banks and Deposit Companies Act 1999 to establish a new class of bank that will specifically serve fintech and blockchain technologies.

Earlier this year, Bermuda also signed a number of MOUs with fintech firms like Binance and Shyft to help fund local technology educational programs.

As of June 2018, 43 fintech companies have applied for and/or received approval for incorporation in Bermuda. In 2006, there was only one fintech company incorporated on the island.

## **Key requirements for companies interested in creating, investing, promoting and using ICOs and digital assets**

The ICO Act imposes legal requirements that companies issuing ICOs must comply with, including publishing an offering document or "white paper" with certain disclosures. Any company desiring to launch an ICO requires the consent of the Minister of Finance; these applications will be decided on a case-by-case basis, and must include defined, minimum information. Compliance with the ICO includes identification and verification of participants, conducting due diligence as necessary, an internal compliance audit and filing of a compliance report with the Registrar.

The Digital Asset Business Act provides a tiered licensing program. Firms can register for a license allowing them to provide any or all of the defined digital asset business activities. Applicants can alternatively apply license, which allows the firm to experiment with new products or services for a limited period of time.



# Bermuda Moving to Become Fintech Jurisdiction of Choice

- August 28, 2018

## What this means for Bermuda Fintech and potential investors

The island's intention to lead the way with its robust regulatory regime, or "Bermuda Standard," provides investor protection and paves the way to become the destination of choice for top fintech business. This commitment to attracting only the best genuine fintech businesses can only be good news for potential investors and participants in ICO's.

## How Oyster Can Help

Oyster's consultants can provide advice and guidance on regulations in the U.S. and Bermuda, including:

- Reviewing business proposals and strategy, including Risk Assessments, New Product Review, Custody/Possession Control, and Clearing/Reporting
- Company registration and incorporation services
- Application support services
- Compliance and AML Services, including Suitability, Policies and Procedures, Marketing Review, Testing, and Market Access 15c3-5 services
- Training

## [Request a Consultation](#)

[Click here](#) to learn more about how Oyster can help your firm navigate the digital asset regulatory environment, or call (441) 541-5036 and we will be happy to help you.