

**S.I. 73 of 2024**

**VIRTUAL ASSET SERVICE PROVIDERS ACT**

*(Act 12 of 2024)*

**Virtual Asset Service Providers (Licensing and Ongoing Requirements)  
Regulations, 2024**

**Arrangement of Regulations**

**Regulations**

1. Citation
2. Interpretation
3. Application
4. Licence application
5. Alteration of facts disclosed in application
6. Grounds for refusal of an application
7. Grounds for rejection
8. Notification
9. Standard of conduct
10. Risk assessment

**SCHEDULE**

**S.I. 73 of 2024****VIRTUAL ASSET SERVICE PROVIDERS ACT***(Act 12 of 2024)***Virtual Asset Service Providers (Licensing and Ongoing Requirements) Regulations, 2024**

In exercise of the powers conferred by section 38(2)(f)(iv) of the Virtual Asset Service Providers Act, 2024, the Minister responsible for Finance, in consultation with the Authority makes the following Regulations —

**Citation**

1. These Regulations may be cited as the Virtual Asset Service Providers (Licensing and Ongoing Requirements) Regulations, 2024.

**Interpretation**

2. In these Regulations —

“significant owners” shall have the meaning given under the Act.

**Application**

3. These Regulations shall apply to all licence applicants and licensed virtual asset service providers licensed to undertake activities described in the First Schedule to the Act.

**Licence Application**

4.(1) An application made pursuant to section 7(1) of the Act shall be made in such form and manner as the Authority may specify, containing the information set out in the Schedule.

(2) Further to the information as set out in the Schedule, the licensee shall also include appropriate systems and processes with or from third-party suppliers, agents and intermediaries.

(3) An applicant shall, upon the request of the Authority, participate in an interview, to obtain further information concerning its application or supporting information and records.

### **Alteration of facts disclosed in application**

5.(1) An applicant for a licence under regulation 4 shall forthwith give written notice to the Authority of —

- (a) any proposed alteration to the information in the original application; or
- (b) the occurrence of any material event which it knows affects or may affect information provided with the application to the Authority,

(2) The Authority may pursuant to section 7(2) of the Act, refuse the application based upon the notice given in sub regulation 1.

### **Grounds for refusal of an application**

6. The Authority may refuse an application where —

- (a) the application is not submitted in the form and manner prescribed by the Authority;
- (b) the application is not accompanied by all required information and records specified in the Schedule; or
- (c) the Authority becomes aware of a change to the applicant's information which, in its view, materially impacts upon its ability to make a decision under section 7(4) of the Act.

### **Grounds for rejection**

7. The Authority may reject an application where —

- (a) the applicant repeatedly fails to respond to requests for clarification or further information from the Authority

- concerning its application or any of the supporting information or records;
- (b) the applicant refuses or fails to comply with a request to participate in an interview made pursuant to regulation 4(3);
  - (c) the applicant fails to meet regulatory requirements set out in the Act;
  - (d) the applicant, in the opinion of the Authority, does not have the requisite capability to comply with the Anti-Money Laundering and Countering the Financing of Terrorism legislation;
  - (e) the applicant's directors, compliance officer or such other relevant persons fail to meet the fit and proper criteria;
  - (f) the organization structure of the applicant is such that it would render effective supervision difficult;
  - (g) the granting of the licence is against public policy;
  - (h) the granting of the licence will, in the opinion of the Authority, bring the Seychelles as an international financial centre, into disrepute;
  - (i) the applicant poses significant risk to consumers, financial stability or the integrity of the financial system;
  - (j) the applicant has a history of regulatory breaches or non-compliance with either prudential or the Anti-Money Laundering and Countering the Financing of Terrorism legislation or any other regulatory requirements, either in the Seychelles or any other jurisdiction in which the applicant is or has been licensed as a virtual asset service provider; and

- (k) the applicant has been identified by a regulatory body in another jurisdiction as operating without the requisite licence or authorisation, whether as a virtual asset service provider or a financial institution.

### **Notifications**

8.(1) Once licensed, a licensee shall ensure that notifications and reports required to be submitted under section 18 of the Act are submitted in the form and manner as may be prescribed by the Authority.

(2) A notification or report under section 18 of the Act shall be provided by a director of the licensee.

(3) Compliance with sub regulation (2) shall not be met, if the notification or report is provided by an individual appointed as a proxy or acting pursuant to a power of attorney or equivalent designation, on behalf of the licensee's directors.

### **Standard of conduct**

9. (1) A licensee shall, at all times, act according to the principles of best practice, and in particular, shall —

- (a) observe a high standard of integrity and fair dealing;
- (b) act with due skill, care and diligence;
- (c) observe high standards of market conduct;
- (d) seek from client information about their circumstances and investment objectives which might reasonably be expected to be relevant in enabling the licensee to fulfil the licensee's responsibilities to the client;
- (e) take reasonable steps to give every client the licensee advises, in a comprehensible way, any information needed to enable the client to make a balanced and informed investment decision;
- (f) avoid any conflict of interest with clients and, where such a conflict arises which cannot be avoided, ensure fair

treatment to the client by the complete disclosure or by declining to act;

- (g) ensure that the interests of the licensee are not unfairly placed above those of the client;
- (h) protect by way of segregation and identification, of client assets for which the licensee is responsible;
- (i) maintain adequate financial resources to meet the virtual asset service's business commitments and withstand the risks to which the business is subject to;
- (j) organize and control internal affairs in a responsible manner;
- (k) keep and maintain proper up to date records;
- (l) have adequate arrangements to ensure that all staff employed are suitable, adequately trained and properly supervised and establish and maintain well defined compliance policies; and
- (m) deal with the Authority in an open and cooperative manner.

### **Risk assessment**

**10.(1)** Further to the risk assessment submitted as part of the application under item(t) in the Schedule, as required under regulation 4, a licensee shall submit an updated risk assessment on its business operation to the Authority every three years from the start of its operations.

- (2) The update under subregulation (1) shall correspond to —
  - (a) business expansion;
  - (b) new market integration;
  - (c) new clientele; and
  - (d) new infrastructure and systems.

## SCHEDULE

An application for a licence shall contain the following information and supporting records which evidence —

- (a) the applicant's status and good standing as an eligible person under section 6(3) of the Act;
- (b) the members of the applicant's board of directors satisfy the requirements under section 12(4), section 13(1) and section 14 of the Act and the requirements of the Code for fit and Proper for Virtual Asset Service Providers;
- (c) the applicant's principal officer(s) meets the criteria under section 12 of the Act;
- (d) the applicant's compliance officer meets the criteria under the AML/CFT Regulations and Code for Compliance Officers;
- (e) the applicant's board of directors is able to appropriately and effectively fulfil their governance role;
- (f) there is or will be adequate oversight by the applicant's senior management over its business, with clearly defined roles, responsibilities and accountability for staff implementing, managing, and overseeing the effectiveness of its business strategy and operations;
- (g) all of the applicant's significant owners can be identified and their identity verified;
- (h) the applicant has or will have in place systems and controls required under the Financial Consumer Protection Act, 2022, including the formation of a Complaints Handling Unit;
- (i) the applicant has identified and applies appropriate and effective measures to mitigate interoperability risks when dealing with

- software and systems provided by third parties and placing reliance on compliance and operational software and systems used by licensee;
- (j) the applicant is sufficiently financially resourced and is able to comply with the minimum capital requirements, as prescribed in the Virtual Asset Service Provider (Capital and Other Financial Requirements) Regulations, 2024;
  - (k) the applicant has sufficient financial resources;
  - (l) the application has sufficient underwritten insurance commensurate to the level of operational risk, including fraud;
  - (m) the applicant has or will have in place appropriate and effective AML/CFT controls in compliance with the AML/CFT Act and the AML/CFT Regulations;
  - (n) the applicant has or will have sufficient resources to have in place measures to comply with the Virtual Asset Service Provider (Cyber Security Requirements) Regulations, 2024;
  - (o) has specified premises or data solutions that the Authority has deemed suitable for accessing and retaining records and other documents;
  - (p) has appropriate and effective controls to comply with the requirements of the Virtual Asset Service Providers (Advertisements) Regulations, 2024;
  - (q) has appropriate and effective controls to comply with the requirements of the Virtual Asset Service Providers (Safekeeping and Management of Client Asset) Regulations;
  - (r) satisfies the Authority that an approval is in the public interest having regards to the size, scope and complexity of the applicant;



- (s) the non-refundable application fee as prescribed in the Second Schedule to the Act; and
- (t) risk assessment of the applicant's business operation.

**MADE this 5<sup>th</sup> day of September, 2024.**

**NAADIR HASSAN  
MINISTER FOR FINANCE,  
NATIONAL PLANNING AND TRADE**

---