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PRESS RELEASE

For Release: Monday, 17 September 2018

BMA RELEASES LICENSING REQUIREMENTS FOR DIGITAL ASSET BUSINESSES

HAMILTON, BERMUDA – The Bermuda Monetary Authority (BMA or Authority) has released an Information Bulletin outlining what documentation is required when submitting an application for a digital asset business (DAB) licence.

The Digital Asset Business Act 2018 (the Act) makes provision for DAB licenses. To supplement the Act, the Digital Asset Business (Cybersecurity) Rules 2018, Digital Asset Business (Client Disclosure) Rules 2018, and Digital Asset Business (Prudential Standards)(Annual Return) Rules 2018 are also in effect. Anti-Money Laundering/Anti-Terrorist Financing (AML/ATF) legislation applicable to the other financial sectors also applies to DABs. As a result, Bermuda is one of the few jurisdictions that has comprehensive legislation for both the prudential and AML/ATF regulation of the broad DAB ecosystem, including digital asset exchanges, initial coin offerings, payment service provider with digital assets, custodial wallet service providers, and market makers/dealers/traders of digital assets.

Two classes of DAB licenses are available; Class F (full) and Class M (modified). Modified licensees will operate in a sandbox environment (similar to, but separate from the Authority’s Insurance Regulatory Sandbox) before graduating to become full licensees, where applicable.

Moad Fahmi, Senior Advisor (Supervision) FinTech at the Authority said, “With the Digital Asset Business Act 2018 now in effect, this licensing bulletin is just one of many publications that the BMA have issued in relation to Bermuda’s regulatory regime for digital assets. The framework was built with the aim of making sure that the core objectives of financial regulation are respected, that is: protecting consumers, ensuring stability of our institutions and maintaining the integrity and confidence in financial markets – with a focus on maintaining the highest standards of AML/ATF.”

Craig Swan, Managing Director, Supervision, at the Authority, further explained: “We are also introducing exciting approaches with respect to supervisory technology (SupTech), working with respected technology firms, such as CipherTrace, to implement blockchain analysis (i.e., tracking transactions across the blockchain), and separately testing the implementation of artificial intelligence and machine learning across our financial sectors to enhance our AML/ATF and prudential analytics. While these efforts are internal, the Information Bulletin and aforementioned legislation provide both certainty and an external indication of both the practical and robust nature of our digital asset business regulatory approach.”

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