



BERMUDA MONETARY AUTHORITY

CONSULTATION PAPER

DIGITAL ASSET BUSINESS ACCOUNTS RULES 2020

JUNE 2020

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The digital asset industry, and other interested persons, are invited to share their views on this Digital Asset Business Accounts Rules proposal. Comments should be sent to the Authority, addressed to innovate@bma.bm no later than **31 July 2020**.

I. INTRODUCTION

1. The Bermuda Monetary Authority (Authority) continues to enhance its oversight of Digital Asset Business (DAB) as part of the ongoing development of Bermuda's digital asset regulatory framework. The DAB environment is a new and rapidly evolving space. As such, it is important that Bermuda's regulatory and supervisory frameworks keep pace with the rapid rate of change so as to reflect global best practice.
2. While major accounting standard-setting bodies have initiated work in this area, there has been no comprehensive guidance issued to date for the digital asset sector to follow.
3. In light of this uncertainty, the Authority is proposing to introduce Digital Asset Business Accounts Rules 2020 (the Rules), to provide specific guidance to DAB registrants in Bermuda when preparing their Annual Statutory Financial Returns.
4. The Authority makes these Rules in exercise of its powers conferred by Section 7 of the Digital Asset Business Act 2018 (DABA).

II. COMPOSITION OF DIGITAL ASSET REGULATORY FRAMEWORK

5. The DABA is complemented by a number of supporting Rules, Codes and documents that together form the regulatory framework for DABs. We have included a brief overview of each Rule, Code and document for convenience below:

- a. [Digital Asset Business \(Prudential Standards\) \(Annual Return\) Rules 2018](#)

This prescribes the format in which the contents and attachments to the Annual Return are to be reported. Required attachments include audited financials, a business plan for the next financial year and a certificate of compliance to be signed by two directors or a director and an officer. The Annual Return includes a number of quantitative and qualitative information about the business' operations, as well as anti-money laundering/anti-terrorist financing (AML/ATF) and sanctions reporting.

- b. [Digital Asset Business \(Cybersecurity\) Rules 2018](#)

This prescribes the minimum requirements for the cybersecurity programme of a licensed undertaking. Also, it requires the annual filing of a written report by the Chief Information Security Officer in regards to the undertaking's electronic systems and cybersecurity programme, and a requirement to obtain an independent audit of its systems.

- c. [Digital Asset Business \(Client Disclosure\) Rules 2018](#)

This requires DABs to disclose important information at the time of entering into an agreement to provide products and services to clients, and with each transaction, including material risks

associated with the DABs products and services, the fees involved, as well as complaints handling procedures in case of operational issues, and other disclosures.

d. [Code of Practice](#)

The Code of Practice prescribes a general set of duties, requirements, procedures, standards and sound principles to be observed by DABs in the areas of: governance, risk management, client due diligence and monitoring, integrity and ethics, disclosure of information, internal management controls, outsourcing and cooperation with relevant authorities.

e. [Digital Asset Custody Code of Practice](#)

The Code defines a standard for operating as a custodian of digital assets and is to be adhered to by every DAB that maintains or is responsible for the custody of its clients' private keys. These DABs are required to adhere to industry best practices in custody safekeeping, custody transaction handling and custody operations.

f. [Statement of Principles](#)

The Statement of Principles outlines the principles by which the Authority is expected to act in terms of interpreting the minimum criteria for licensing and the exercise of its powers to grant, revoke or restrict a licence, as well as the power to obtain and require the production of information and reports and other enforcement powers.

g. [AML/ATF Sector-Specific Guidance Notes for DAB](#)

These guidance notes provide additional consideration around the AML/ATF obligations under the Acts and Regulations of Bermuda that are specific to DABs, to be read in conjunction with the main guidance notes on AML/ATF Regulated Financial Institutions.

6. Compliance with the regulatory framework is part of the minimum licensing criteria that DABs are required to comply with on an ongoing basis.
7. It should be noted that it is the Authority's goal that the regulatory framework as a whole sets the tone for sound governance and internal control mechanisms to produce accurate and timely financial reporting information.

III. PROPOSED RULES

8. The proposed statutory financial return consists of a statutory balance sheet and accompanying notes to financial statements.
9. The Rules provide specific requirements to DABs as to the format in which the statutory balance sheet accounts are to be reported, and the disclosures required in the accompanying notes.
10. The Rules also provide guidance to the auditors as to which they are opining on, for the purpose of the submission to the Authority.
11. In the proposed Rules, the Authority has added some accounts that are unique for DAB operations.

BERMUDA

DIGITAL ASSET BUSINESS ACCOUNT RULES 2020

Statutory financial return to relate to the relevant year

1. Every statutory financial return prepared in accordance with these Rules shall relate to the relevant year.

In these Rules, “relevant year” in relation to a statutory financial return means the financial year end to which the statutory balance sheet relates, which is required to be available or filed under section 7 of the Act.

Contents of the statutory financial return

2. The statutory financial return shall consist of:
 1. An auditor’s report
 2. Statutory balance sheet
 3. Accompanying notes to statutory balance sheet date

Auditor’s report

3. The auditor’s report shall be signed by the licensed undertaking’s approved auditor, addressed to the Authority, and state whether in his/her own opinion the statutory balance sheet and the accompanying notes have been prepared in accordance with the Act and these Rules.

Where any event specified below occurs in relation to an audit, the auditor shall qualify his report accordingly and include in his/her report such observations, whether of fact or opinion, as he/she considers necessary for bringing the nature and effect of the qualifications to the attention of the Authority.

The events referred to in the paragraph above are that—

- a) There were deficiencies in the financial audit consisting of—
 - (i) an inability of the auditor to obtain essential information;
 - (ii) restrictions on the scope of the audit;
- b) The auditor disagreed with any valuation made in the statutory balance sheet and accompanying notes;
- c) In some respect or respects the statutory balance sheet and accompanying notes do not, in his/her opinion, comply with the requirements of the Act or any applicable Rules and Code of Practice;
- d) The auditor considered that there was significant doubt as to the licensed undertaking’s ability to continue as a going concern; and
- e) The auditor considered any other deficiencies that prevent him/her from issuing an unqualified opinion.

Statutory balance sheet

4. The statutory balance sheet shall be prepared using Form 1SFS as outlined in Schedule I, on an unconsolidated basis, which shall be audited by an approved auditor, starting with the first year occurring after the undertaking has obtained a DAB licence.

Accompanying notes to statutory balance sheet

5. Every licensed undertaking shall set forth in a general note to its statutory balance sheet the matters required in Schedule II on an unconsolidated basis.

Requirements relating to the preparation of statutory financial returns generally

6. All statutory financial returns shall be prepared in the English language. All amounts which, for any purposes of these Rules, are to be shown in any account of any licensed undertaking shall be shown in a single currency, and that currency shall be the currency in which the books and records of the licensed undertaking are kept in the licensed undertaking's principal office in Bermuda or, where different books and records are kept in different currencies in that office, then the currency in which the majority of those books and records are kept.

Notwithstanding the above, where the Authority, pursuant to Sections 7(1)(f) or Section 31 of the Act, directs the production to it of statutory financial returns and amounts in those returns are shown in a foreign currency, those amounts must be converted into their Bermudian equivalent before the said statements are so produced.

Where the Authority, pursuant to Section 8(1) of the Act, allows the licensed undertaking to report the statutory financial returns in a different currency other than their Bermudian equivalent, the licensed undertaking shall disclose the exchange rate to convert the amounts to their Bermudian equivalent.

The Bermudian equivalent of an amount in a foreign currency shall be the Bermudian dollar equivalent of that amount as converted into Bermudian dollars at the rate of exchange used by any licensed bank in Bermuda or any central bank in relation to purchases by that bank of that foreign currency on the last day of the relevant year.

7. For all items shown in any account of any licensed undertaking, there shall be shown the corresponding amounts for the immediately preceding financial year.

Commencement

These Rules come into operation on **31 December 2020** and apply to financial years commencing on or after **31 December 2020**.

SCHEDULE I
DIGITAL ASSET BUSINESS ACCOUNTS RULES
FORM 1SFS

STATUTORY BALANCE SHEET
[blank] name of Licensed undertaking
as at *[blank]* (day/month/year)
expressed in *[blank]* (currency used)

	Assets	20XX	20XX-1
1	Cash and cash equivalents	XXX	XXX
2	Quoted investments	XXX	XXX
(a)	Bonds and Debentures		
	i. Held to maturity	XXX	XXX
	ii. Other	XXX	XXX
(b)	Total Bonds and Debentures	XXX	XXX
(c)	Equities		
	i. Common stocks	XXX	XXX
	ii. Preferred stocks	XXX	XXX
	iii. Mutual funds	XXX	XXX
(d)	Total equities	XXX	XXX
(e)	Other quoted investments		
	i. Digital assets	XXX	XXX
	ii. Digital assets to be issued	XXX	XXX
	iii. Others	XXX	XXX
	iv. Total other quoted investments	XXX	XXX
(f)	Total quoted investments	XXX	XXX
3	Unquoted investment	XXX	XXX
(a)	Bonds and Debentures	XXX	XXX
	i. Held to maturity	XXX	XXX
	ii. Other	XXX	XXX
(b)	Total Bonds and Debentures	XXX	XXX
(c)	Equity investments	XXX	XXX
	i. Common stocks	XXX	XXX
	ii. Preferred stocks	XXX	XXX
	iii. Mutual funds	XXX	XXX
(d)	Total equity investments	XXX	XXX
(e)	Other unquoted investments	XXX	XXX
	i. Digital assets (at cost; disclose fair value in Schedule II)	XXX	XXX
	ii. Digital assets to be issued (at cost; disclose fair value in Schedule II)	XXX	XXX
	iii. Others	XXX	XXX
	iv. Total other unquoted investments	XXX	XXX
(f)	Total unquoted investments	XXX	XXX
4	Investment in and advances to affiliates	XXX	XXX

5	Investment in mortgage loans on real estate	XXX	XXX
6	Equipment, net of depreciation	XXX	XXX
7	Real estate	XXX	XXX
8	Prepaid expenses	XXX	XXX
9	Investment income due and accrued	XXX	XXX
10	Loans receivable	XXX	XXX
	i. Due in one year or less	XXX	XXX
	ii. Due over a year	XXX	XXX
	iii. Total	XXX	XXX
11	Receivables from clearing brokers	XXX	XXX
12	Other receivables from digital asset business	XXX	XXX
	i. Due in one year or less	XXX	XXX
	ii. Due over a year	XXX	XXX
	iii. Total	XXX	XXX
13	Sundry assets:	XXX	XXX
	i. Derivative instruments	XXX	XXX
	ii. Net receivables for investments sold	XXX	XXX
	iii. Goodwill and other intangibles	XXX	XXX
	iv. Other sundry assets 1 (specify)	XXX	XXX
	v. Other sundry assets 2 (specify)	XXX	XXX
	vi. Other sundry assets 3 (specify)	XXX	XXX
	vii. Total	XXX	XXX
14	Letter of credit, guarantees and other instruments	XXX	XXX
15	Total assets	XXX	XXX
	Liabilities and Stockholders' Equity		
28	Contractual Liabilities arising from Digital Asset issuance	XXX	XXX
29	Commissions, expenses, fees and other taxes payable	XXX	XXX
30	Loans and notes payable	XXX	XXX
31	Income tax payable	XXX	XXX
32	Amounts due to affiliates	XXX	XXX
33	Accounts payable and accrued expenses	XXX	XXX
35	Dividends payable	XXX	XXX
36	Sundry liabilities		
	i. Derivative instruments	XXX	XXX
	ii. Net payable for investments purchased	XXX	XXX
	iii. Other sundry liabilities	XXX	XXX
	iv. Total sundry liabilities	XXX	XXX
37	Letter of credit, guarantees and other instruments		
	i. Letters of credit	XXX	XXX
	ii. Guarantees	XXX	XXX
	iii. Other instruments	XXX	XXX

	iv. Total Letters of credit, guarantees and other instruments	XXX	XXX
39	Total liabilities	XXX	XXX
40	Stockholders' equity	XXX	XXX
	i. Common shares	XXX	XXX
	ii. Preferred shares	XXX	XXX
	iii. Additional paid in capital	XXX	XXX
	iv. Treasury shares	XXX	XXX
	v. Retained earnings, beginning of the year	XXX	XXX
	vi. Net income (loss) for the current period	XXX	XXX
	vii. Dividends declared for the current period	XXX	XXX
	viii. Other comprehensive income (loss)	XXX	XXX
	ix. Retained earnings, end of the year	XXX	XXX
	x. Total Stockholders' Equity	XXX	XXX
41	Total liabilities and stockholders' equity	XXX	XXX

Schedule II
INSTRUCTIONS AFFECTING THE STATUTORY BALANCE SHEET

Balance sheet line	Instructions	
1. Cash and cash equivalents	Cash and cash equivalents (maturities of less than 90 days) as at balance sheet date shall be included here. This includes restricted cash as may be required under government laws or by contract. Any encumbrance on cash or cash equivalents must be disclosed, indicating the amount, custodian bank and any relevant restrictive terms.	
2. Quoted investments	There shall be disclosed severally -	
	(a)	Bonds and debentures –
	(i)	Held to maturity: quoted fixed maturities
	(ii)	Other: quoted fixed maturities shall be included here. Where the bonds and debentures are in level 3 of the investments fair value hierarchy, they should be categorized as unquoted.
	(b)	Equities –
	(i)	Common stock: investments in publicly quoted common shares
	(ii)	Preferred shares: investments in publicly quoted preferred shares; and
	(iii)	Mutual funds: investments in publicly quoted mutual funds, etc.

	(c)	<p>Other quoted investments:</p> <p>i. Digital assets - The fair value and cost of each type of digital assets the licensed undertaking is holding as at the end of relevant year. The licensed undertaking shall disclose the quantity of each type of digital assets held.</p> <p>Licensed undertaking-generated digital assets for future issuance or sales, which have been mined or minted but have not been issued yet shall be valued at Nil by default, unless the licensed undertaking, upon application to the Authority can provide a valid cost model to support the recording and valuation of said tokens as an asset.</p> <p>ii. Digital assets to be issued - The licensed undertaking shall disclose the total cost (and fair value if available) of each digital asset, as well as the unit value and quantity. This also includes participations in Simple Agreement for Future Tokens.</p> <p>iii. Other quoted investments not included above e.g. alternative funds which are publicly traded).</p> <p>The method of valuation of must be described. Any encumbrance on quoted investments must also be disclosed.</p>
3. Unquoted investments		There shall be disclosed severally -
	(a)	Bonds and debentures -
	(i)	Held to maturity: unquoted fixed maturities
	(ii)	Other: unquoted fixed maturities shall be included here
	(b)	Total bonds and debentures: The total of (i) and (ii).
	(c)	Equities –
	(i)	Common stock: investments in unquoted common shares
	(ii)	Preferred shares: investments in unquoted preferred shares; and

	(iii)	Mutual funds: investments in unquoted mutual funds, etc.
	d.	<p>Other unquoted investments:</p> <ul style="list-style-type: none"> i. Digital assets - The fair value and cost of each type of digital assets the licensed undertaking is holding as at the end of relevant year. The licensed undertaking shall disclose the quantity of each type of digital assets held. <p>Licensed undertaking-generated digital assets for future issuance or sales, which have been mined or minted but have not been issued yet shall be valued at Nil by default, unless the licensed undertaking, upon application to the Authority can provide a valid cost model to support the recording and valuation of said tokens as an asset.</p> <ul style="list-style-type: none"> ii. Digital assets to be issued - The licensed undertaking shall disclose the total cost (and fair value if available) of each digital asset, as well as the unit value and quantity. This also includes participations in Simple Agreement for Future Tokens. iii. Other quoted investments not included above e.g. alternative funds which are publicly traded). <p>The method of valuation of must be described. Any encumbrance on quoted investments must also be disclosed.</p>
4. Investment in and advances to affiliates (equity method)		<p>Unconsolidated Investment in affiliates shall include total investments in affiliates on an equity basis and be reflected in the statutory balance sheet.</p> <p>Advances to affiliates shall be carried at fair value and determined in good faith. If any amount is in the opinion of the directors uncollectible, that amount shall be deducted.</p> <p>For the purposes of this Schedule, an “affiliate” refers to an entity as defined under Section 86 (3) of the Companies Act 1981.</p>
5. Investments in mortgage loans on real estate		<p>Residential and commercial investment loans shall be included here.</p> <p>There shall be disclosed severally, indicating both the cost and fair value of</p>

	(a)	First liens.
	(b)	Liens other than first liens.
	(c)	Total investments in mortgage loans on real estate: The total of (a) and (b)
6. Equipment, net of depreciation	Disclose cost and accumulated depreciation and a general description of the equipment held, including expected useful lives.	
7. Real estate	Commercial investments occupied by the licensed undertaking shall be included here.	
	(a)	Occupied by the licensed undertaking (less encumbrances): Both land and
		buildings and any other commercial investments occupied by the licensed undertaking shall be included here.
	(b)	Other properties (less encumbrances): Other residential and
		commercial investments.
	(c)	Total real estate: The total of (a) and (b).
	(i) the method of valuation; and (ii) where there are encumbrances, the value of the real estate before encumbrances, the amount and nature of the encumbrances and the repaying terms and interest rates applicable to the encumbrances, shall be disclosed.	
9. Investment income due and accrued	Accrued investment income shall be included here.	
10. Loans receivable	Description and amount of the loans receivable must be disclosed. The licensed undertaking shall also disclose the portion of the loans which have been issued using digital assets, disclosing the amount, the terms and the valuation method used to determine fair value.	
11. Receivable from clearing brokers	Disclose the nature and usual terms of business, indicating the expected collection or settlement period, whether it is within one year or beyond.	

12. Other receivables from digital asset business	The licensed undertaking shall disclose the nature and amount of any amounts reported, disclosing whether the expected collection period is within one year or more. The licensed undertaking shall also disclose the valuation method used to determine fair value.	
13. Sundry assets	The nature and terms of these assets. There shall be disclosed severally –	
	(i)	Derivative instruments with a favourable position shall be included here. Disclose nature of the instrument and relevant terms as appropriate.
	(ii)	Net receivables for investments sold
	(iii)	Goodwill and other intangible assets - Intangible assets can be recognised and measured at a value other than zero only if they can be sold separately and the expected future economic benefits will flow to the Licensed undertaking and the value of the assets can be reliably measured. These assets must be separable and there should be evidence of exchange transactions for the same or similar assets indicating that they are saleable in the market place. If the value assessment of an intangible asset cannot be reliably measured, then such asset should be valued at nil.
	(iv)	Other sundry assets (please specify)
	(v)	Other sundry assets (please specify)
	(vi)	Other sundry assets (please specify)
	(vii)	Total sundry assets: The total of (i) to (vi) inclusive.
14. Letters of credit, guarantees and other instruments	This shall be comprised of contractual rights arising from off-balance sheet arrangements to receive financial assets through Letters of Credit, Guarantees, and Other Instruments.	

<p>28. Contractual Liabilities arising from Digital Asset issuance</p>	<p>Consist of any contractual obligation to be settled in cash or other financial assets arising from issuance of digital assets. This would include any contingent settlement provision to deliver cash or another financial asset which solely depends on the outcome of an uncertain future event, whether or not the licensed undertaking has the ability to settle the contractual obligation. The licensed undertaking shall disclose the total value of obligation in fiat or the value and quantity of digital asset if the contractual obligation is to be settled as such.</p> <p>For digital assets issued with dual purposes, for example a digital asset which can be exchanged for services or has convertibility feature to ordinary shares at the holder’s discretion for a set rate, the licensed undertaking shall disclose a breakdown of the digital assets with a description of the privileges and rights, including the right to vote (if any), to receive future dividends or to convert said token into common or preferred shares.</p>						
<p>29. Commissions, expenses, fees and taxes payable</p>	<p>Indicate the nature and terms of these payables here. The Licensed undertaking shall also disclose where there are any portion of this liability that is payable in digital asset, outlining the unit value and fiat conversion rate used</p>						
<p>30. Loans and notes payable</p>	<p>Loans and notes payable shall be included here. This shall include subordinated debt. The licensed undertaking shall also disclose where there are any portion of this liability that is payable in digital asset, outlining the unit value and fiat conversion rate used.</p>						
<p>31. Income tax payable</p>	<table border="1"> <tr> <td data-bbox="651 1159 732 1209"></td> <td data-bbox="732 1159 1539 1209">There shall be disclosed severally</td> </tr> <tr> <td data-bbox="651 1209 732 1251">(a)</td> <td data-bbox="732 1209 1539 1251">Income taxes payable</td> </tr> <tr> <td data-bbox="651 1251 732 1283">(b)</td> <td data-bbox="732 1251 1539 1283">Deferred income taxes</td> </tr> </table>		There shall be disclosed severally	(a)	Income taxes payable	(b)	Deferred income taxes
	There shall be disclosed severally						
(a)	Income taxes payable						
(b)	Deferred income taxes						
<p>32. Amounts due to affiliates</p>	<p>This shall be comprised of the affiliate’s name, repayment terms, rates of interest and that nature of collateral given, if any on a per instrument basis.</p> <p>The licensed undertaking shall also disclose where there are any portion of this liability that is payable in digital asset, outlining the unit value and fiat conversion rate used.</p> <p>For the purposes of this Schedule, an “affiliate” refers to an entity belonging to the same group of companies in which the licensed undertaking is a part of.</p>						

33. Accounts payable and accrued liabilities	All accounts payable and accrued liabilities shall be included here. The licensed undertaking shall also disclose where there are any portion of this liability that is payable in digital asset, outlining the unit value and fiat conversion rate used.
35. Dividends payable	All dividends payable shall be included here. The licensed undertaking shall also disclose where there are any portion of this liability that is payable in digital asset, outlining the unit value and fiat conversion rate used.
36. Sundry liabilities	There shall be disclosed severally:
	(i) Derivative instruments: Derivative instruments with an unfavorable position shall be included here.
	The licensed undertaking must also disclose a description of the policies surrounding the use of derivatives; and
	(i) the market value and nominal exposure of each derivative by issuer with nominal exposure greater than 5% of the aggregate sum of the total quoted and Unquoted investments. Disclosure should be separated between long and short positions.
	(ii) Net payable for investments purchased; and
(iii) Sundry liabilities (please specify)	(iv) The total sundry liabilities
37. Letter of credit, guarantees and other instruments	<p>This shall be comprised of contractual obligation arising from off-balance sheet arrangements to receive financial assets.</p> <p>All contractual liabilities or contingent liabilities arising from off-balance sheet arrangements are reported in this line. A liability is recorded decreasing the statutory capital and surplus equal to the present value of such contingent obligations discounted to take into consideration the time value of money at an appropriate rate (to be disclosed). Where the present value of contingent obligations cannot be determined, the amount of the liability must be recorded at its undiscounted value. There shall be disclosed severally –</p> <ul style="list-style-type: none"> a. Letters of credit b. Guarantees c. Other instruments d. This shall be the total of (a) to (c) inclusive

40 i. Common shares	This shall comprise common shares issued by the licensed undertaking. The licensed undertaking shall disclose the par value, number of shares authorized, and issued and outstanding. The Licensed undertaking shall also disclose any conversion provisions, if applicable.
ii. Preferred shares	This shall comprise preference shares issued by the licensed undertaking. The aggregate liquidation value is also required to be disclosed. The licensed undertaking shall disclose par value, number of shares authorised, and issued and outstanding, including whether the shares are cumulative or non-cumulative.
iii. Additional paid in capital	This shall comprise of contributed capital in excess of par value. Contribution made to additional paid in capital from shareholders shall be added to this line and capital distributions to common shareholders shall be deducted from this line.
iv. Treasury shares	This shall comprise of treasury shares issued. The licensed undertaking shall disclose the number of shares and cost of treasury shares purchased.
v. Retained earnings, beginning of the year	This shall be equivalent to retained earnings (deficit) at the beginning of the year.
vi. Net income (loss) during the period	Consist of net results of operations for the period ended.
vii. Dividends declared	<p>This shall be comprised of all dividends declared during the relevant year, whether such dividends were or were not paid before the end of the relevant year.</p> <p>The licensed undertaking shall also disclose the amount and nature of any dividend paid during the relevant year that was other than a cash dividend, such as stock dividend or dividends in the form of digital assets.</p>
viii. Other comprehensive income (loss)	This may include any unrealised appreciation (depreciation) of investments as well as changes in any other surplus. The licensed undertaking shall disclose the nature of such adjustments to any other surplus.

Schedule III NOTES TO STATUTORY BALANCE SHEET Matters to be set forth in a General Note to the Statutory Balance Sheet	
1	<ul style="list-style-type: none"> • Licensed undertaking information, including date of incorporation, license and any regulatory approvals obtained in Bermuda or abroad, as well as products/services authorized under said license(s). • The name of the shareholder controllers of the licensed undertaking. • Changes to the shareholder controller(s); or to the place of the incorporation of a licensed undertaking's affiliates during the relevant year, in this regard, provide the date and details of such change.
2	<p>Description of the licensed undertaking's governance, risk management and internal controls, in relation to the following financial and control assertions, as applicable:</p> <ul style="list-style-type: none"> • Existence of digital assets reported in the Balance sheet • Safekeeping and custody of digital assets • Segregation of client assets
3	<p>Summary of accounting policies adopted, and the accounting standard in which it is based upon, particularly on:</p> <ul style="list-style-type: none"> • Fair value definition • Valuation methods and sources used in determining fair value of digital assets <ul style="list-style-type: none"> – Indicating the digital asset Exchange used, the unrealized gain or loss borne by the licensed undertaking, if any, and the cut off time used at end of the relevant year. • Active market definition • Any significant changes made during the relevant year to such policies and the effect, if any, of changes to the information contained in the financial statements.
4	The basis of recognition of revenue from performing the digital asset business undertaking.
5	<ul style="list-style-type: none"> • The currency in which amounts are shown in the licensed undertaking's statutory balance sheet and accompanying notes and whether that currency is the currency in which those amounts are required by paragraph 5 to be shown; • the rate or rates of exchange used in compliance with paragraph 5 for the purposes of financial information required by these Rules; • The method used to translate amounts denominated in currencies other than the currency of the statutory balance sheet and accompanying notes, the amounts, if

	material, gained or lost on such translation and the manner in which those gains or losses are recorded in those statements.
6	Liquidity and capital resources
7	The gross amount of arrears of dividends on preferred cumulative shares, and the date to which those dividends were last paid.
8	Breakdown of investments based on the following fair value hierarchy: <ul style="list-style-type: none"> • Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities that the reporting entity can access at the measurement date • Level 2: Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly • Level 3: Unobservable inputs
9	The contractual maturity profile of the licensed undertakings' fixed maturity and short-term investments: <ul style="list-style-type: none"> • Due within one year • Due after one year through five years • Due after five years through ten years • Due after ten years
10	Related party transactions should be disclosed, detailing the nature of the relationship, description of transactions including transactions where no amounts or nominal amounts were ascribed, monetary amounts of transactions for each of the periods for which the licensed undertaking's financials are presented and the effects of any change in the method of establishing the terms from that used in the preceding period, and amounts due from or to related parties as of the date of each balance sheet presented and, if not otherwise apparent, the terms and manner of settlement. <ul style="list-style-type: none"> • The amount of any loan made during the relevant year by the licensed undertaking, to any director or officer of the licensed undertaking, not being a loan made in the ordinary course of business.
11	<u>Contingencies and Commitments</u> The nature and amount of any material contingencies or commitments made by the licensed undertaking.
12	<u>Subsequent events</u> Any transaction made or other event occurring between the end of the relevant year and the date of approval of the financial statements by the board of directors and materially affecting the financial statements, not being a transaction made or an event occurring in the ordinary course of business.
13	Any other information which in the opinion of the board of directors is required to be disclosed if the statutory balance sheet and accompanying notes are not to be misleading.