



20 October 2022

NOTICE

Consultation Paper – Conduct of Business Regulatory Regime: Digital Asset Business Act 2018: Code of Practice and Digital Asset Business (Client Disclosure) Amendment Rules 2022

1. The Bermuda Monetary Authority (Authority or BMA) is committed to enhancing its regulatory regimes to ensure they remain appropriate for the financial sectors it regulates and supervises. To this end, one of the Authority’s key strategic initiatives includes establishing a conduct of business regulatory framework, which ensures protection for customers using the services of regulated financial institutions.
2. The Authority now wishes to solicit feedback from stakeholders on the proposed amendments to the Digital Asset Business Act 2018: Code of Practice (CoP) and Digital Asset Business (Client Disclosure) Amendment Rules 2022 (Client Disclosure Rules), which the Authority hopes will formalise its oversight of the conduct of digital asset businesses licensed under the Digital Asset Business Act 2018 to secure appropriate protection for their clients and encourage best practices within the sector.
3. The CoP and Client Disclosure Rules amendments seek to ensure that, among other things, a digital asset business shall:
 - a) Have an obligation to treat clients fairly and equitably;
 - b) Have continuing regard for clients’ interests in the conduct of their business;
 - c) Ensure that communications with clients are fair, clear and not misleading;
 - d) Provide the necessary protection against the loss of clients’ assets due to internal fraud or misuse;
 - e) Handle complaints and errors in a manner that is fair and expedient; and
 - f) Ensure that clients, especially retail clients, are aware of their responsibilities within the business relationship and facilitate access to appropriate resources to help them understand their responsibilities within the business relationship.

4. The Authority invites stakeholders to contribute their views on the proposals in this consultation paper and draft CoP and Client Disclosure Rules. Stakeholders should send comments to **conduct@bma.bm** no later than the close of business on **19 December 2022**.