



BERMUDA

DIGITAL ASSET BUSINESS ACCOUNTS RULES 2021

BR 19 / 2021

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	SCHEDULES I AND II

The Bermuda Monetary Authority, in exercise of the power conferred by section 7 of the Digital Asset Business Act 2018, makes the following Rules:

Citation

- 1 These Rules may be cited as the Digital Asset Business Accounts Rules 2021.

Interpretation

- 2 In these Rules—

“Act” means the Digital Asset Business Act 2018;

“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.

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Statutory financial return to relate to the relevant year

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

Contents of the statutory financial return

4 The statutory financial return shall consist of—

- (a) an auditor's report;
- (b) statutory balance sheet;
- (c) accompanying notes to statutory balance sheet date.

Auditor's report

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

(2) Where any event specified in paragraph (3) occurs in relation to an audit, the auditor shall qualify his report accordingly and include in his report such observations, whether of fact or opinion, as he considers necessary for bringing the nature and effect of the qualifications to the attention of the Authority.

(3) The events referred to in paragraph (2) 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 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 from issuing an unqualified opinion.

Statutory balance sheet

6 The statutory balance sheet shall be prepared using Form 1SFS as set forth 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 digital asset business licence.

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Accompanying notes to statutory balance sheet

7 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

8 (1) With respect to statutory financial returns—

- (a) all statutory financial returns shall be prepared in the English language;
- (b) 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.

(2) Notwithstanding the above, where the Authority, pursuant to section 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.

(3) 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.

(4) 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.

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

Application of these Rules

9 These Rules apply to financial years commencing on or after 31 December 2020.

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SCHEDULES I AND II

(rules 6 and 7)

Schedules I and II have been omitted from these Rules and published on the Authority's website, www.bma.bm, pursuant to section 7 of the Digital Asset Business Act 2018.

Made this 23rd day of February 2021

Chairman
Bermuda Monetary Authority

[Operative Date: 24 February 2021]