



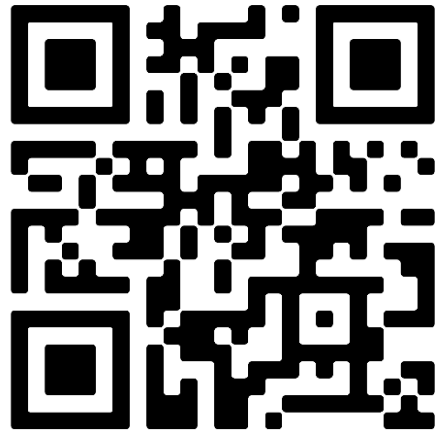
29 February 2024

NOTICE

Consultation – Digital Asset Business (Custody of Client Assets) Rules 2024

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 the enhancement of the Digital Asset Business (DAB) framework by providing, among other things, further clarity to [i] sections 17 and 18 of the Digital Asset Business Act 2018 (as amended) and [ii] paragraphs 31-33 of the DAB Code of Practice, as pertains to the custody of Client Assets.
2. The Authority now wishes to solicit feedback from stakeholders on the proposed Digital Asset Business (Custody of Client Assets) Rules 2024 (Rules), which are to be applicable to any DAB holding client assets. The Rules are intended to provide further clarity to the respective sections and paragraphs referenced in the previous paragraph. The Rules also supplement the cyber risk-related requirements applicable to digital asset custodial wallet providers under the Digital Asset Custody Code of Practice 2019 (as amended).
3. The Rules cover the following topics: segregation of client assets, establishment and discharge of a DAB's fiduciary duty towards its clients, treatment of client assets in case of pooling events, applicability in case of delegation of a DAB's functions, duties or assets to a third-party intermediary as well as accounting and reconciliation requirements.
4. The Authority invites stakeholders to contribute their views on the proposals for the draft Rules. Stakeholders should send comments to the Authority digitally via the survey link below or the QR code no later than the close of business on **30 April 2024**.

[\[https://www.surveymonkey.com/r/3JJGRWK\]](https://www.surveymonkey.com/r/3JJGRWK)



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