

**VIRTUAL ASSET SERVICE PROVIDERS BILL, 2024**

*(Bill No. 12 of 2024)*

**EXPLANATORY STATEMENT OF THE OBJECTS OF AND REASONS FOR THE BILL**

This Bill seeks to provide a legislative framework to regulate virtual asset service providers and address potential financial crime risks associated with the misuse of virtual asset products and virtual asset service provider services.

As a matter of best practice, jurisdictions are expected under Recommendation 15 (“New Technologies”), of the Financial Action Task Force (FATF) to evaluate the financial crime risks to which their country could be exposed. This includes assessing the money laundering and terrorist financing (ML/TF) risks associated with virtual asset products and virtual asset service provider services. Closer scrutiny has also been applied by international organizations of how jurisdictions are addressing these risks as part of their broader national strategies to address financial crime. The Seychelles undertook an assessment of virtual asset products and virtual asset service provider services in 2021. The Overall National Risk Assessment's (ONRA) results indicated that Seychelles has a very high ML/TF risk exposure concerning virtual asset products and virtual asset service providers. The ONRA identified how some of these risks arose and the vulnerabilities that may impede the jurisdiction's ability to effectively mitigate these risks.

The Bill therefore provides for the introduction of a legislative framework to regulate virtual assets and virtual asset service providers. It introduces a licensing regime for specific virtual asset products and virtual asset service providers. The Bill then provides for the registration of promoters of initial coin offerings and non-fungible tokens. The Bill prohibits the promotion or provision of virtual asset products and virtual asset service provider services without the requisite authorisation, it also provides for increased monitoring of and action taken in response to virtual asset products and virtual asset service provider services promoted online indicated to be “regulated” in the Seychelles, it introduces supervisory measures of virtual asset promoters

and virtual asset service providers, including specific control measures to mitigate ML/TF and other financial crime risks.

The Financial Services Authority is designated in this Bill as the regulatory authority responsible for the implementation of this law. As the regulatory authority, the Financial Services Authority is empowered by this Bill to inspect and carry out investigations in instances of non-compliance with the provisions of the law. The Bill also sets out specific requirements expected to be met in order for a legal person to be licensed as a virtual asset service provider operating in or from Seychelles. The Bill aims to strengthen understanding about possible virtual asset and virtual asset service provider risks by existing regulated entities who may provide legal, company formation or administration and other services to virtual asset promoters and virtual asset service provider. Provision has also been made to allow for raising of awareness of Seychelles consumers and regulated entities about scams and virtual asset misuse while also ensuring sufficient protections are in place for those consumers who fall victim to illicit activity. In essence this is intended to allow for responsible innovation and use of technology while mitigating the risk of virtual asset products and virtual asset service provider services being misused by illicit actors.

In light of this, consequential amendments will be made to other related Acts in order to address the issue of virtual asset products and virtual asset service providers in those pieces of legislation. This includes specific amendments to the Anti Money Laundering and Countering the Financing of Terrorism Act, 2020, the Financial Services Authority Act, 2013, the Financial Consumer Protection Act International Business Companies Act, 2016 and the Financial Consumer Protection Act, 2022.

**Dated this 10<sup>th</sup> day of July, 2024.**

**NAADIR HASSAN  
MINISTER OF FINANCE,  
NATIONAL PLANNING AND TRADE**

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# VIRTUAL ASSET SERVICE PROVIDERS BILL, 2024

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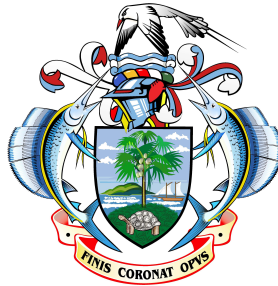
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**VIRTUAL ASSET SERVICE PROVIDERS BILL, 2024**

*(Bill No. 12 of 2024)*



**A BILL**

**FOR**

**AN ACT TO PROVIDE FOR A LEGISLATIVE FRAMEWORK TO REGULATE VIRTUAL ASSET PRODUCTS AND VIRTUAL ASSET SERVICE PROVIDERS; TO PROVIDE FOR THE DESIGNATION OF THE FINANCIAL SERVICES AUTHORITY AS THE REGULATORY AUTHORITY; TO PROVIDE FOR THE LICENSING OF VIRTUAL ASSET PROVIDERS; TO PROVIDE FOR THE REGISTRATION OF PROMOTERS OF INITIAL COIN OFFERINGS AND NON-FUNGIBLE TOKENS; TO ADDRESS POTENTIAL FINANCIAL CRIME RISKS ASSOCIATED WITH THE MISUSE OF VIRTUAL ASSET PRODUCTS AND VIRTUAL ASSET SERVICE PROVIDERS SERVICES; AND TO PROVIDE FOR OTHER CONNECTED OR INCIDENTAL MATTERS.**

**ENACTED** by the President and the National Assembly.

**PART I  
PRELIMINARY**

**Short title and commencement**

1.(1) This Act may be cited as the Virtual Asset Service Providers Act, 2024.

(2) This Act shall come into operation on such date as the Minister may by notice in the *Gazette* appoint and different dates may be appointed for different parts of the Act.

## Interpretation

2. In this Act, unless the context otherwise requires —

“accountant” means —

- (a) a person who has qualified as an accountant by examination of any one of the following bodies —
  - (i) Institute of Chartered Accountants in England and Wales;
  - (ii) Association of Chartered Certified Accountants (United Kingdom);
  - (iii) Institute of Chartered Accountants in Ireland;
  - (iv) Institute of Certified Public Accountants in Ireland;
  - (v) Institute of Chartered Accountants in Scotland;
  - (vi) Institute of Chartered Accountants in Australia;
  - (vii) Institute of Certified Public Accountants in Singapore;
  - (viii) Hong Kong Institute of Certified Public Accountants;
  - (ix) South African Institute of Chartered Public Accountants;
  - (x) American Institute of Certified Public Accountants;
  - (xi) Canadian Institute of Chartered Accountants;
- (b) a member of any other accountancy body recognized by the Authority as such for the purposes of this Act;

and who is a current member in good standing of one of those bodies;

“approved auditor” means an accountant licensed by the Seychelles Licensing Authority or an accountant licensed outside of Seychelles who has been approved in writing by the Authority;

“Authority” means the Financial Services Authority as established by the Financial Services Authority Act, 2013;

“beneficial owner” has the same meaning as prescribed under the Beneficial Ownership Act, 2020;

“blockchain” means a digital ledger or database of transactions relating to virtual assets which are recorded chronologically and which is capable of being audited;

“Central Bank” means the Central Bank of Seychelles as established by the Central Bank of Seychelles Act, 2004;

“Court” means the Supreme Court of Seychelles as established by the Constitution;

“cyber security event” means any act or attempt, successful or unsuccessful, to gain unauthorised access to disrupt, or misuse the electronic systems or information stored on such systems;

“initial coin offering” means a method of raising funds whereby an issuer is issuing virtual assets and is offering them in exchange for funds;

“issuer” means a person who is authorised to issue an initial coin offering or non-fungible token under Part IV of this Act;

“licensee” means a legal person licensed under Part III of this Act;

“Minister” means the Minister responsible for finance;

“mining facility” means a place, amenity or equipment (software or hardware) used, as a business, for creating cryptocurrency on



a blockchain through computational and cryptographic means, in order to validate transactions and add them to a public blockchain ledger, in exchange for some form of benefit;

“mixer or tumble services” means cryptographic facilities or services that mix different stream of potentially traceable virtual assets, concealing the origin of funds of a particular virtual asset;

“non-fungible token” means a unique digital identifier that is recorded on a blockchain and is used to certify ownership and authenticity;

“principal officer” means the chief executive officer and any other person who holds a position of seniority with responsibility to manage key controlling functions in a licensee;

“promoter” in relation to either an initial coin offering or a non-fungible token, means any person who causes the preparation, or distribution of an offering document, but does not include a lawyer or accountant acting for or on behalf of such a person;

“registrant” means a person who is authorised to issue an initial coin offering or the sale of an investment in the development of non-fungible tokens under Part IV of this Act;

“resident person” means an individual —

- (a) who resides in Seychelles; and
- (b) who is present in Seychelles for a period of, or periods amounting in aggregate to, 183 days or more in any 12 month period of a calendar year;

“significant owner” means a person who in relation to a company, either alone or with any associate or associates, —

- (a) holds 10% or more of the shares in the company or another company of which it is a subsidiary company;

- (b) is entitled to exercise or control the exercise of 10% or more of the voting power at any general meeting of the company or another company of which it is such a subsidiary; or
- (c) is able to exercise a significant influence over the management of the company or another company of which the company is such a subsidiary by virtue of a holding of shares in it or an entitlement to exercise, or control the exercise of, the voting power at any general meeting of the company, or as the case may be, the other company concerned;

“virtual asset” means a digital representation of value that can be digitally traded or transferred and can be used for payment or investment purposes and does not include digital representation of fiat currencies, securities and other financial assets;

“virtual asset services” means the activities listed under the First Schedule.

“virtual asset service provider” means a person that conducts one or more of the activities listed under the First Schedule.

## **PART II FINANCIAL SERVICES AUTHORITY**

### **Designation of regulatory authority**

3. The Financial Services Authority as established under the Financial Services Authority Act, 2013 shall be the regulatory authority for virtual asset service providers and for registration of initial coin offerings and non-fungible tokens under this Act.

### **Functions and powers of Authority in relation to virtual asset service providers**

4.(1) The Authority shall employ the regulatory, supervisory and enforcement powers under this Act and the Financial Services Authority Act, 2013.

- (2) The Authority shall have the following powers and functions —
- (a) to license virtual asset service providers;
  - (b) to register issuers of initial coin offerings or non-fungible tokens;
  - (c) to approve the registration of a scheme involving an initial coin offering or a non-fungible token;
  - (d) to regulate, supervise and monitor promoters of an initial coin offering or a non-fungible tokens;
  - (e) to regulate activities relating to the provision of virtual asset services;
  - (f) to issue directions, directives and take such enforcement actions, as may be deemed necessary, for non-compliance with this Act;
  - (g) to issue and publish notices, guidelines, guidance notes, any other similar instrument regarding the implementation of this Act, regulations or code issued under this Act;
  - (h) to provide feedback to virtual asset service providers and promoters of initial coin offerings and non-fungible tokens to assist them in detecting and reporting suspicious activity and application of measures to combat money laundering and financing of terrorism and proliferation financing in connection with the conduct of virtual asset services and promotion of initial coin offerings and non-fungible tokens;
  - (i) to determine whether virtual asset service providers and promoters of initial coin offerings and non-fungible tokens are complying with the applicable laws, for the purpose of combating money laundering and the financing of terrorism and proliferation financing;

- (j) to promote investor education that facilitates innovation and development in respect of matters falling under this Act;
- (k) in collaboration with the Central Bank, to ensure the financial soundness and stability of the financial system in Seychelles in respect of matters falling under this Act;
- (l) to advise the Minister on all matters relating to virtual asset services and the issuance and promotions of initial coin offerings and non-fungible tokens, including legislative, regulatory and policy reforms;
- (m) to investigate instances where a licensee may have contravened a requirement imposed by or under this Act or any other relevant law;
- (n) to investigate an individual who may be unfit to perform functions in relation to any authorised virtual asset services being carried on by a licensee;
- (o) to refer to the Seychelles Police instances investigated under paragraphs (m) and (n) where a reasonable suspicion of criminal activities arises;
- (p) to cooperate with the supervisory authority, competent authorities, investigating authorities and comparable entities, on sharing and exchange of relevant information; and
- (q) do all such other things as are required or incidental to the attainment of its purposes.

(3) The Authority may engage the services of or appoint any expert or other competent person for the purpose of performing any of its functions under this Act.

## PART III LICENSING

### *Sub-Part A: Carrying on business of virtual asset services*

#### **Prohibitions**

5.(1) No person shall carry on, or purport to carry on, the business of virtual asset services, or hold himself or herself out as carrying on that business, in or from the Seychelles, unless that person is licensed to do so by the Authority under this Act.

(2) No person shall, in or from the Seychelles, be permitted to operate —

- (a) a mining facility; or
- (b) a mixer or tumblr service.

(3) For the avoidance of doubt, a natural person shall not carry on, or purport to carry on, in or from within Seychelles, the business of virtual asset services.

(4) A person who contravenes subsection (1), (2) or (3) commits an offence and is liable on conviction to a fine or imprisonment, or both, as specified under section 33.

#### **Permissible entities and activities**

6.(1) The First Schedule provides for the only permissible activities for which a licence can be issued under this Act.

(2) Only the persons specified under subsection (3) are eligible and authorised to undertake the permissible activities as a virtual asset service provider under this Act.

(3) For the purpose of this Act, the following persons are eligible to apply for a licence as a virtual asset service provider —

- (a) a company incorporated or registered under the Companies Act, 1972 (excluding an overseas company); or
- (b) an international business company incorporated, continued or converted under the International Business Companies Act, 2016.

(4) For the purpose of this section, the term “overseas company” shall have the meaning assigned to it under the Companies Act, 1972.

### **Licensing**

7.(1) Any person wishing to carry on the business of virtual asset services shall submit an application for a licence to the Authority in compliance with such requirements as may be prescribed and accompanied by the application fee as set out in the Second Schedule.

(2) The Authority may —

- (a) grant a licence with or without such restrictions as issued in writing to the applicant;
- (b) refuse an application where an applicant fails to provide required information; or
- (c) reject an application and in writing, inform the applicant of its decision and reasons for the decision.

(3) Where an application for a licence has been rejected, the applicant shall not re-submit another application for a period of six months from the date the application was rejected.

(4) The Authority shall not grant a licence under this Act unless the applicant —

- (a) is a permissible applicant as prescribed under section 6;
- (b) complies with the requirements of this Act in relation to the appointment of directors on its board of directors;

- (c) satisfies the Authority that it is able to meet the substance requirements set out in the Third Schedule;
- (d) will be able, if licensed, to comply with any financial resources, inclusive of but not limited to, insurance, capital and solvency requirements under section 16;
- (e) satisfies the Authority that its directors, principal officers and any other person required to be fit and proper meet the criteria under section 12;
- (f) meets the cyber security measures as prescribed in section 22;
- (g) has specified premises or data solutions that the Authority has deemed suitable for accessing and retaining records and other documents; and
- (h) satisfies the Authority that an approval is in the public interest having regards to the size, scope and complexity of the applicant.

(5) Where an applicant for a licence under this Act holds a licence under the Financial Institutions Act or the National Payment Systems Act, the applicant shall obtain prior approval of the Central Bank to apply for a licence under this Act.

(6) A licence issued under this section shall be valid from the date of issue until such time that it is revoked, suspended or surrendered.

(7) Any person who, in connection with a licence application, supplies the Authority with information he or she knows is misleading or false or reasonably should know is false or misleading, commits an offence and is liable on conviction to such fine as specified under section 33.

### **Conditions attaching to licence**

**8.(1)** The Authority may impose such conditions on a licence as it deems fit with respect to the scope of the virtual asset services or the operations of the licensee, including but not limited to —

- (a) limiting the number of clients to whom the licensee may provide services;
- (b) limiting the licensee to providing services only to the clients named in the licence or a schedule to the licence; or
- (c) setting the maximum value of an individual client's investment.

(2) A licensee shall, at all times, keep its licence on display at its principal place of business in Seychelles and, include its licensing information inclusive of but not limited to, the date upon which the licence was issued, the associate licence number, any other business or tradename by which the licensee is known, the conditions attached to the licence, the activities for which the licence has been issued, the activities which is unlicensed by the Authority and the address of the principal place of business in Seychelles on its website in a prominent manner.

(3) It shall be deemed to be a condition of every licence that the licensee bears the obligation to —

- (a) not modify the activity listed in its licence without prior notice to and approval of the Authority; and
- (b) cooperate actively with the Authority by —
  - (i) providing any relevant information requested by the Authority, or that to the licensee's knowledge, ought to be disclosed to the Authority; and
  - (ii) furnishing adequate facilities to enable the Authority to carry out their work and to take any corrective action required by the Authority.

(4) Any condition imposed under subsection (1) may, at any time, be varied or revoked by the Authority.

(5) Any person who contravenes subsections (2) and (3) shall be liable to enforcement action as the Authority deems necessary in terms of section 32.



### **Suspension or revocation of licence**

**9.(1)** Where the Authority intends to suspend or revoke a licence, the Authority shall, before suspending or revoking a licence, give written notice to the licensee providing —

- (a) the grounds upon which it intends to suspend or revoke the licence; and
- (b) that unless the licensee, by written notice filed with the Authority, shows good reason as to why its licence should not be suspended or revoked, the licence shall be suspended or revoked on a date not less than 14 days after the date of notice.

(2) Where the Authority revokes or suspends a licence, the Authority shall publish in the national newspaper and upon its website —

- (a) the name of the licensee;
- (b) the effective date of the suspension or revocation;
- (c) the reason behind the suspension or revocation; and
- (d) in the case of a suspension, the period of the suspension.

(3) Without limiting subsection (1) the Authority may for the purposes of suspending a licence —

- (a) impose additional, remove or vary licence conditions; or
- (b) extend or reduce the permitted activities under the licence.

### **Surrender of licence**

**10.** A licensee may surrender its licence in accordance with the Financial Services Authority Act, 2013 and the prior notice for surrender shall be accompanied by such relevant information specified under that Act and the following additional information —

- (a) the board resolution legitimising the decision;
- (b) a plan depicting the winding up process;
- (c) arrangement to be made vis a vis client assets;
- (d) notification to be sent to clients as to the surrender;
- (e) declaration as to all liabilities having been discharged; and
- (f) such other information as the Authority may deem necessary.

### **Register of licensees**

**11.(1)** The Authority shall keep and maintain a register of licensees, which shall contain the —

- (a) name and address of the licensee;
- (b) type of virtual asset services authorised;
- (c) date of issuance of licence; and
- (d) status of licence.

(2) The Authority shall publish an updated copy of the register referred to in subsection (1) upon its website duly maintained by the Authority.

(3) The register under subsection (1), shall be open for inspection at the central offices of the Authority during working hours upon payment of the relevant fee set out in the Second Schedule.

(4) Any person may, upon payment of the relevant fee set out in the Second Schedule, request from the Authority a certified copy of a licence issued under this Act.

### ***Sub-Part B: General Obligations of licensees***

#### **Fit and proper assessment**

12.(1) The Authority shall issue a Code outlining the roles and responsibilities held by a person to whom the fit and proper criteria in subsection (4) apply.

(2) No licensee shall appoint a director, principal officer or such persons as may be specified in the Code issued under subsection (1) or allow them to continue to act in such capacity without the prior approval of the Authority.

(3) A licensee shall take all reasonable steps to ensure that a person to whom the fit and proper criteria applies, is and remains fit and proper to fulfil the relevant role.

(4) For the purposes of this section, in determining whether a person is fit and proper, regard shall be had to —

- (a) the person's probity, competence, experience and soundness of judgment for fulfilling the responsibilities of the relevant position;
- (b) the diligence with which the person is fulfilling or is likely to fulfil those responsibilities;
- (c) the person's educational and professional qualifications and membership of professional or other relevant bodies as applicable or such other equivalent as may be relevant;
- (d) the person's knowledge and understanding of the legal and professional obligations to be assumed or undertaken;
- (e) any evidence that the person has committed any offence involving dishonesty or fraud or has contravened any law designed to protect members of the public arising from dishonesty, incompetence, malpractice, misconduct or

conduct of discharged or undischarged bankrupts or otherwise insolvent persons; and

(f) financial standing and integrity.

(5) Where the Authority determines that a person is not fit and proper, it shall inform the applicant or licensee, in writing of such determination stating the reasons for it.

(6) A licensee, in submitting an application for the approval of a person's appointment under subsection (2) shall accompany such application with the relevant fee as set out in the Second Schedule.

(7) Where —

(a) a licensee has not complied with subsection (2) or (3); or

(b) the Authority determines that a licensee has appointed persons who are not or are no longer fit and proper;

the Authority shall take such enforcement action as it deems necessary, in terms of section 32.

### **Substance requirements**

**13.(1)** Every licensee shall comply with the requirements relating to substance as prescribed in the Third Schedule.

(2) Where the Authority determines that a licensee has failed to comply with or no longer complies with the requirements in the Third Schedule, the Authority shall take such enforcement action as it deems necessary under section 32.

### **Business to be conducted in prudent manner**

**14.(1)** Subject to subsection (2) and the Third Schedule, the business and affairs of a licensee shall be managed by a board of directors consisting of at least 2 directors.

(2) The board of directors of a licensee shall comprise of natural persons only.

(3) A licensee shall conduct its business in a prudent manner.

(4) In determining whether a licensee is conducting its business in a prudent manner, the Authority shall take into account any failure by the licensee to comply with —

- (a) any provisions of this Act, the Anti-Money Laundering and Countering the Financing of Terrorism Act, 2020 or any other law of Seychelles;
- (b) any regulations, codes or guidelines issued by the Authority.

(5) A licensee shall not be regarded as conducting its business in a prudent manner unless it —

- (a) maintains the minimum net assets in such other amount as the Authority may direct in writing, taking into consideration the nature, size and complexity of the licensee's business;
- (b) maintains the adequate accounting and other records of its business and adequate systems of control and records, and has developed policies and procedures pertaining to its obligations under this Act or any other law; and
- (c) has effected a policy of insurance to cover risks inherent in the operation of its business of an amount commensurate with the nature and scale of its virtual asset service.

(6) The records and systems referred to in subsection (5)(b) shall not be regarded as adequate unless they are such as to enable the business of the licensee to be prudently managed and the licensee to comply with the duties imposed on it by or under this Act or any other applicable laws.

(7) A person who contravenes subsection (1), (2) or (3) commits an offence and is liable on conviction to imprisonment, fine or both, as specified in section 33.

### **Business to be conducted with integrity**

15.(1) A licensee shall —

- (a) conduct its business with integrity at all times, acting with due care, skill and diligence, having regard to the nature and scale of its business activities;
- (b) deal fairly with all clients and seek to ensure that its clients are not misled as to the service being provided and the duties and obligations of the licensee.

(2) A person who contravenes of subsection (1) commits an offence and is liable on conviction to imprisonment, fine or both, as specified in section 33.

### **Capital, solvency and insurance requirements**

16.(1) A licensee shall at all times maintain its business in a financially sound condition by complying with such capital, solvency and insurance requirements as may be prescribed.

(2) Where a person has contravened subsection (1), the Authority shall take such enforcement action as it deems necessary, in terms of section 32.

### **Conflict of interest**

17.(1) A licensee shall ensure that it has in place policies and procedures, satisfactory to the Authority, as applicable to avoid, mitigate and deal with conflicts of interests between —

- (a) the licensee and its clients;
- (b) the licensee and its service providers or other third parties;
- (c) the licensee's clients.

(2) Where a person has contravened subsection (1), the Authority shall take such enforcement action as it deems necessary, in terms of section 32.

### **Ongoing notifications**

**18.(1)** The directors appointed by the licensee shall be responsible for ensuring that the Authority is notified within 12 hours in writing where a director becomes aware or has reason to believe —

- (a) the licensee has become insolvent or there is a likelihood of it becoming insolvent;
- (b) the licensee has failed to comply substantially with a provision of this Act or such other relevant and applicable laws or a condition imposed upon it by the Authority;
- (c) the licensee has failed to comply with a modified provision, or with a condition, being a provision or condition specified in a direction given to it by the Authority;
- (d) the licensee has become involved in any criminal proceedings whether in Seychelles or outside Seychelles;
- (e) where the licensee is an international business company, that the registered agent of the licensee has notified the licensee of its intention to resign as registered agent;
- (f) that the licensee is being sued civilly for virtual assets, initial coin offerings and non-fungible token recovery;
- (g) the licensee has ceased to carry on business for which it was licensed and authorised;
- (h) the directors or principal officers have resigned or ceased to be fit and proper; or
- (i) a cyber-security event has occurred.

(2) Within 5 days of providing notification under subsection (1), the licensee shall furnish the Authority with a written report setting out the particulars of the situation and indicate such mitigating measures as will be undertaken by the licensee.

(3) Where a person contravenes subsection (1) or (2), the Authority shall take such enforcement action as it deems necessary, in terms of section 32.

### **Material changes to business**

**19.(1)** No licensee shall effect or permit a material change within the meaning of subsection (2) unless —

- (a) it has served on the Authority a notice in writing stating that the licensee intends to effect such a material change; and
- (b) the Authority, has notified the licensee in writing that it has no objection to the licensee effecting the material change.

(2) For the purposes of subsection (1), the following changes are material —

- (a) a change to the business activity for which the licence was first issued;
- (b) a change to the most recent business plan submitted to the Authority;
- (c) an amalgamation with or acquisition of another legal person;
- (d) the sale of a subsidiary;
- (e) acquisition of a controlling interest in another company or other entity;
- (f) the outsourcing of the functions of the virtual asset services;



- (g) where the licensee is an international business company, a change of registered agent of the licensee;
- (h) a change of principal place of business;
- (i) a change of business or trade name or such other marks used by the licensee;
- (j) a change of domain name; or
- (k) a change in target market.

(3) A notice under subsection (1) shall be in such form and shall contain such information and be accompanied by such documents as the Authority may require and the Authority, after receiving such a notice, may, by notice in writing, require the licensee to provide such additional information or documents, within the specified time, as the Authority may reasonably require for deciding whether to object.

(4) After receipt of a notice under subsection (1), the Authority may approve or may object if it has reason to believe that —

- (a) the interests of any clients of the licensee would be threatened by the material change;
- (b) the manner in which the business is operated would reasonably be compromised;
- (c) the requirements of this Act would not continue to be complied with; or
- (d) the reputation of Seychelles would or may be threatened by the material change.

(5) Where the Authority objects to the material change, it shall provide the reasons for such objections.

(6) Where a person contravenes of subsection (1), the Authority shall take such enforcement action as it deems necessary, in terms of section 32.

## Ownership changes

**20.(1)** No shares in a licensee shall be issued and no issued shares shall be voluntarily transferred or disposed of, without the approval of the Authority.

(2) Notwithstanding subsection (1) the Authority may exempt from the provisions of this section a licensee whose shares or interests are publicly traded on a Seychelles Stock Exchange or a recognized overseas exchange and any such exemption —

- (a) shall be subject to a condition that the licensee shall as soon as reasonably practicable, notify the Authorities of —
  - (i) any change in control of the licensee;
  - (ii) the acquisition by any person or group of person of shares representing more than 10% of the licensee's issued share capital or total voting rights; or
  - (iii) the acquisition by any person or group of persons of shares representing more than 10% of the issued share capital or total voting rights of the licensee's parent company;
- (b) shall be subject to a condition that the licensee shall, as soon as reasonably practicable, provide such information to the Authority, and within such period of time, as the Authority may require for the purpose of enabling an assessment as to whether persons acquiring control or ownership of the licensee in the circumstances set out in paragraph (a) are of satisfactory repute to have such control or ownership; and
- (c) shall be subject to such other terms and conditions as the Authority may deem necessary.

(3) In subsection (1), the reference to shares or interests being transferred or disposed of includes the transfer or disposal of the legal or the beneficial interest in the shares or interests.

(4) In the event of shares in a licensee vesting involuntarily or through process of law in a person, the licensee, as soon as it becomes aware of such vesting, shall inform the Authority of the number of shares and the identity of the person in whom they have vested, and the licensee and the person in whom they have vested shall comply with any instructions as to the licence or the business of the licensee as may be given by the Authority.

(5) A person who contravenes of subsection (1) or (4) commits an offence and is liable on conviction to a fine or imprisonment, or both as specified in section 33.

### **Annual licence fees and submissions**

**21.(1)** A licensee shall in January of each year —

- (a) pay the annual licence fees as set out in the Second Schedule;
- (b) lodge with the Authority a compliance form as prescribed by the Authority;
- (c) lodge with the Authority a substance requirement report in the form prescribed by the Authority;
- (d) lodge a cyber security report in accordance with section 22; and
- (e) submit such additional information as may be specified by the Authority.

(2) If a licence under this Act is not first granted in the month of January, February or March, the first annual licence fee payable under this Act shall be reduced on a quarterly pro-rata basis, calculated having regard to the quarter in which the licence was first granted.

(3) Where a person has acted in contravention of subsection (1), the Authority shall take such enforcement action as it deems necessary, in terms of section 32.

### **Cyber security**

**22.(1)** A licensee shall have appropriate and effective cyber security measures, as may be prescribed.

(2) A licensee shall submit a cyber security report, in compliance with section 21, as may be prescribed.

(3) Where a person has acted in contravention of subsection (1) and (2), the Authority shall take such enforcement action as it deems necessary, in terms of section 32.

### **Duty to prepare annual audited financial statements**

**23.(1)** Every licensee shall cause to be prepared annual audited financial statements as required by this section in respect of all transactions and balances relating to its business.

(2) A licensee's financial statements shall be audited by an approved auditor in accordance with the provisions of sections 142 to 144 and the Sixth Schedule of the Companies Act, 1972, or generally accepted auditing standards of the International Financial Reporting Standards or such other standards as the Authority may recognize, and the approved auditor shall be required to provide an auditor's report in respect of the audit.

(3) Every licensee shall submit a copy of its audited financial statements with the Authority within 6 months from its financial year end or within such longer period as may be permitted in writing by the Authority.

(4) The Authority may at any time instruct a licensee to have its accounts audited and to submit them to the Authority within such time as may be specified.

(5) A licensee shall ensure that an instruction given to it in accordance with subsection (4) is complied with within the specified time.

(6) Where a licensee has acted in contravention of subsection (1), (2), (3) or (5) the Authority shall take such enforcement action as it deems necessary, in terms of section 32.

### **Appointment of auditors**

**24.**(1) Within thirty days, after becoming licensed under this Act, a licensee shall appoint an auditor to be approved by the Authority.

(2) Every licensee shall annually appoint an approved auditor to audit its financial statements.

(3) Prior to the appointment of an auditor, the licensee shall submit written particulars of such person to the Authority for approval, as may be prescribed.

(4) A licensee shall forthwith give written notice to the Authority if it —

- (a) proposes to remove an auditor before the expiration of his or her term of office; or
- (b) proposes to replace an auditor at the expiration of the term of his or her office with a different auditor.

(5) No person having an interest in any licensee otherwise than as a client, and no officer, employee or agent of the licensee shall be eligible for appointment as an approved auditor for that licensee and any person appointed as such auditor to any licensee who subsequently acquires such interest or becomes an officer, employee or agent of that licensee shall cease to be an approved auditor.

(6) Where a person contravenes of subsection (1), (2), (3) or (4) and (5) the Authority shall take such enforcement action as it deems necessary, in terms of section 32.

### **Auditor to report to Authority in certain cases**

**25.**(1) If, during the performance of his or her duties as an auditor of a licensee, an auditor becomes aware of any matter which in his or her opinion

adversely affects the financial position of the licensee to a material extent, he or she shall as soon as is practicable, and in any event within 7 days, report it in writing to the Authority and the licensee.

(2) A person who contravenes subsection (1) commits an offence and is liable on conviction to **imprisonment, fine or both, as specified in section 33.**

### **Power to appoint auditor**

**26.(1)** Where the Authority —

- (a) is satisfied that the licensee has failed to file an audited financial statement in compliance with section 23;
- (b) has received a report from an auditor in compliance with section 25;

it may appoint in writing an auditor to examine, audit and report either generally or in relation to any matter, on the books, accounts and records of the licensee, and on money, securities or other property held on account of any other person by the licensee.

(2) Any cost in relation to the appointment under subsection (1) shall be borne by the licensee.

## **PART IV PROMOTER REGISTRATION**

### **Promotion of initial coin offerings and non-fungible tokens**

**27.(1)** No person shall issue or purport to issue an initial coin offering or a non-fungible token, or hold himself, herself or itself out as carrying on that activity, in or from the Seychelles, unless registered by the Authority under this Act.

(2) No person shall carry on or to purport to promote an initial coin offering or the sale of or investment in the development of non-fungible

tokens, or hold himself, herself or itself out as carrying on that activity, in or from the Seychelles, unless that person is either —

- (a) licensed under this Act to provide virtual asset services; or
- (b) licensed to provide services under the Securities Act, 2007.

(3) For the avoidance of doubt, a natural person shall not be eligible to promote an initial coin offering or the sale of or investment in the development of non-fungible tokens in or from the Seychelles.

(4) A person shall apply for the registration of an initial coin offering or the sale of or investment in the development of non-fungible tokens prior to its issuance or promotion in or from the Seychelles.

(5) An application for registration of either the issue or promotion of an initial coin offering or the sale of or investment in the development of non-fungible tokens in or from the Seychelles shall be in compliance with such requirements as may be prescribed and accompanied by the application fee as set out in the Second Schedule.

(6) No person shall issue or promote an initial coin offering or non-fungible tokens in or from the Seychelles unless it has submitted to the Authority an application in compliance with subsection (5) and —

- (a) the Authority has notified the person in writing that it has no objection to the issuance or promotion; or
- (b) a thirty working day period, commencing from the date on which the application is received by the Authority, has elapsed and the Authority has not issued a notice of objection to the issuance or promotion.

(7) Notwithstanding subsection (6)(b), the Authority may object in writing and require that such measures or actions be taken after the issuance or promotion has commenced, where —

- (a) the manner in which the issuance or promotion is advertised is not consistent with the information provided in the application;
- (b) the description, nature or characteristics of the initial coin offering or non-fungible token materially deviates from the description provided in the application;
- (c) the promoter or issuer is a person that was not disclosed in the application;
- (d) the target investor base is different from that disclosed in the applications;
- (e) the Authority has reason to believe that the issuer or promoter is mis selling the initial coin offering or non-fungible token; or
- (f) the issuance or promotion is undertaken in a manner detrimental to the public interest.

(8) Any person who, in connection with a registration application, supplies the Authority with information he or she knows or should reasonably know is false or misleading, commits an offence and is liable on conviction to such fines as provided for under section 33.

(9) A person who contravenes of subsection (1), (2), (3), (4) and (6) commits an offence and is liable on conviction to imprisonment, fine or both, as specified section 33.

## **PART V INSPECTION AND INVESTIGATION**

### **Compliance inspections and investigations**

**28.** The Authority shall undertake compliance inspections and investigations in accordance with the powers conferred to it under the Financial Services Authority Act, 2013.



## **Appointment of examiner**

**29.** The Authority shall appoint examiners and empower such examiners with the necessary power and authority to undertake examinations in accordance with the powers conferred to it under the Financial Services Authority Act, 2013.

## **General power to request for information**

**30.(1)** The Authority shall request and require the production of information, including specified information or documents in accordance with the powers conferred to it under the Financial Services Authority Act, 2013.

(2) If it appears to the Authority to be desirable in the interests of the clients or potential clients of a licensee to do so, it may also exercise the powers conferred by section 31(1) in relation to any company which is or has at any relevant time been —

- (a) a parent company, subsidiary company or other associate of the licensee;
- (b) a subsidiary company of a parent company of the licensee;
- (c) a parent company of a subsidiary company of the licensee;  
or
- (d) a company in the case of which a significant owner of the licensee, either alone or with any associate or associates, holds 10% or more of the shares or is entitled to exercise, or control the exercise of, more than 10% of the voting power at a general meeting.

(3) The Authority may by notice in writing served on any person who is or is to be a controller or officer of a licensee require him or her to provide the Authority, within such time as may be specified in the notice, with such information or documents as the Authority may reasonably require for determining whether he or she is a fit and proper person to hold the particular position which he or she holds or is to hold.

(4) The powers conferred by subsection (1), (2) or (3) may be exercised in relation to a former licensee but only in relation to —

- (a) business carried on at any time when the licensee was licensed under this Act; or
- (b) the ownership or control of a licensee at any time when it was licensed under this Act.

(5) The Authority's power under subsection (1) shall not apply to any information or document which a person would be entitled to refuse to disclose or produce on the grounds of legal professional privilege.

(6) For the purposes of subsection (4), information or a document comes to a legal practitioner in privileged circumstances if it is communicated or given to him or her —

- (a) by his or her client or a representative of his or her client in connection with the giving by the legal practitioner of legal advice to the client;
- (b) by a person or representative of a person seeking legal advice from the legal practitioner; or by any person —
  - (i) in contemplation of, or in connection with, legal proceedings; and
  - (ii) for the purposes of those proceedings.

(7) Any person who, in connection with a request made under this section, supplies the Authority with information he or she knows or should reasonably know is false or misleading, commits an offence and is liable on conviction to such fines as provided for under section 33.

(8) The Authority shall take such enforcement action as it deems necessary, in terms of section 32 where a person who, without reasonable excuse, fails to comply with a requirement imposed on him or her by the Authority in connection with the exercise of the Authority's powers under this section.

## **Additional powers**

**31.(1)** The Authority may by notice in writing require a person who is the subject of an investigation in terms of this Act as read with the Financial Services Authority Act or any person connected with the person under investigation —

- (a) to provide, at such place and in such form as may be specified in the notice and either forthwith or at such time as may be so specified, such information as the Authority may reasonably require for the purpose of the investigation;
- (b) to produce, at such place as may be specified in the notice and either forthwith or at such time as may be so specified, such documents, or documents of such description, as may be specified, being documents the production of which may be reasonably required for the investigation;
- (c) to attend at such place and time as may be specified in the notice and answer questions relevant to the enquiry as the Authority may require.

**(2)** The Authority may by notice in writing require every person who is or was a principal officer, director, shareholder, beneficial owner, officer, employee or agent of a licensee which is under investigation by virtue of subsection (1) —

- (a) to produce to the Authority within such time and at such place as the Authority may require, such documents, or documents of such description, as may be specified, being documents the production of which may be reasonably required for the investigation, which are in his or her custody or power to obtain;
- (b) to attend before the Authority at such time and place as the Authority may require and answer questions relevant to the investigation as the Authority may require; and

- (c) to take such actions as the Authority may direct in connection with the investigation.

(3) The Authority or a duly authorised officer, employee or agent of the Authority may take copies of or extracts from any documents produced under this section.

(4) Any officer, employee or agent of the Authority may, on producing if required evidence of his or her authority, enter any premises occupied by a person on whom a notice has been served under subsection (1) for the purpose of obtaining information or documents required by the notice, putting the questions referred to in subsection (1)(c) or exercising the power conferred by subsection (3).

(5) A statement made by a person in compliance with a requirement imposed by virtue of this section shall not be used in evidence against him or her.

(6) Nothing in this section shall require the disclosure or production by a person of information or documents which he or she would be entitled to refuse to disclose or produce on the grounds of legal professional privilege in proceedings in Seychelles.

(7) For the purposes of this section, a person is connected with the person under investigation if such person is or has at any relevant time been —

- (a) a member of a group to which the person under investigation belongs;
- (b) a controller or significant owner of the person under investigation;
- (c) a partner of a partnership of which the person under investigation is a member.

(8) The Authority shall take such enforcement action as it deems necessary, in terms of section 32 where any applicant, in connection with the

exercise of the Authority's powers under this section, supplies the Authority with information he or she knows or should reasonably know is false or misleading.

(9) The Authority shall take such enforcement action as it deems necessary, in terms of section 32 where a person who, without reasonable excuse, fails to comply with a requirement imposed on him or her by the Authority in connection with the exercise of the Authority's powers under this section.

## PART IV ENFORCEMENT

### Enforcement action

**32.(1)** The Authority may take the following enforcement actions —

- (a) issue a formal written warning to the licensee or registrant for the cessation of the non-compliance and require the specific action for rectification is undertaken;
- (b) issue a direction to the licensee or registrant to take remedial action or to make specific arrangements to remedy the non-compliance within such timeframe as may be specified;
- (c) issue a directive to the licensee or registrant imposing a prohibition, restriction or limitation, including —
  - (i) cessation, restriction or suspension of certain identified business activities;
  - (ii) restriction from entering into any new business contracts;
  - (iii) requiring that any director, principal officer or person having functions in relation to the licensee or registrant, be removed and replaced by a person acceptable to the Authority;
  - (iv) requiring that such action as the Authority may consider necessary to protect the property of, or in the

custody, possession or control of, the licensee or registrant, or to protect customers, creditors or potential customers and creditors.

- (d) suspend or revoke —
  - (i) a licence under section 9;
  - (ii) an initial coin offering or a non-fungible token offering; or
  - (iii) a registration;
- (e) initiate such investigation as may be necessary to ensure compliance with this Act;
- (f) impose an administrative penalty on the relevant person of —
  - (i) SCR375,000 and an additional SCR37500 for each day or part of each day for which the contravention continues, not exceeding thirty days, for a contravention of sections 13(2), 23(1), 23(2), 23(3), 23(5), 30(8) or 39(1);
  - (ii) SCR150,000 and an additional SCR15,000 for each day or part of each day for which the contravention continues, not exceeding thirty days, for a contravention of sections 8(2), 8(3), 16(1), 19(1), 22(1), 22(2), 24(1), 24(2), 24(3); 24(4) or 24(5);
  - (iii) SCR75,000 and an additional SCR7,500 for each day or part of each day for which the contravention continues, not exceeding thirty days, for a contravention of sections 12(2), 12(3), 17(1), 18(1) or 18(2);
  - (iv) SCR75,000 and SCR7,500 for each day or part thereof for which the contravention continues, not exceeding

thirty days, in the case of a company for a contravention of sections 30(8), 31(8) or 31(9);

- (v) SCR37,500 and SCR3,750 for each day or part thereof for which the contravention continues, not exceeding thirty days, in the case of an individual for a contravention of section 30(10);
- (vi) 50% of the annual licence fee for each month or part of each month, not exceeding three months, for a contravention of section 21(1).

### Offences and penalties

**33.(1)** A person who commits an offence under sections 5(1), 5(2), 5(3), 20(1), 20(4), 27(1), 27(2), 27(3), 27(4) or 27(6) is liable on conviction —

- (a) in the case of an individual, to a fine not exceeding SCR2 250 000 or to imprisonment not exceeding 15 years or both;
- (b) in the case of a company, to a fine not exceeding SCR5 250 000.

(2) If the offence referred to in subsection (1) is a continuing offence, the individual or company is liable to a further fine not exceeding SCR375 000, for every day, after the first day, that the offence continues after conviction.

(3) A person who commits an offence under sections 7(7), 25(1), 27(8) or 30(11), is liable on conviction —

- (a) in the case of an individual, to a fine of SCR75 000, or to imprisonment not exceeding 5 years or both;
- (b) in the case of a company, to a fine of SCR1 500 000, or to imprisonment not exceeding 15 years or both.

(4) A person who commits an offence under sections 14(1), 14(2), 14(3), 15(1) or 39(2) is liable on conviction to a fine of SCR3 000 000, or to imprisonment not exceeding 10 years or both.

(5) If the offence referred to in subsection (4) is a continuing offence, the individual or company is liable to a further fine not exceeding SCR75 000, for every day, after the first day, that the offence continues after conviction.

(6) Where any offence or contravention against this Act is committed by a virtual asset service provider, a director, partner and every senior officer of the virtual asset service provider who knowingly authorised, permitted or acquiesced in the commission of the offence also commits the contravention or offence and, is liable for any criminal, civil or administrative penalty to which the virtual asset service provider is liable under section 32 or this section.

## **PART VII POWER TO WIND UP LICENSEE**

### **Winding up petition by Authority**

**34.(1)** On a petition presented by the Authority by virtue of this section and made in accordance with subsections (2) and (3), the Court may wind up a —

- (a) person providing virtual asset services in contravention of section 5;
- (b) person licensed under this Act;

if the Court is of the opinion that it is just and equitable that the licensee be wound up, or that the winding up is necessary for the protection of the public or the reputation of Seychelles.

(2) Sub-Part II of Part IV of the Insolvency Act, 2013 shall apply *mutatis mutandis* to the winding up under subsection (1) of a licensee which is a company incorporated under the Companies Act, 1972.



(3) Sub-Part IV of Part XVII of the International Business Companies Act, 2016 shall apply *mutatis mutandis* to the winding up under subsection (1) of a licensee which is a company incorporated under the International Business Companies Act, 2016.

## PART VIII MISCELLANEOUS MATTERS

### Confidentiality

**35.(1)** Subject to subsection (2), neither the Authority nor any agent of the Authority shall disclose to any third party any information or documents acquired in the performance of its duties under this Act, including in respect of any licensees.

(2) Subsection (1) shall not apply to any disclosure —

- (a) lawfully required by any court of competent jurisdiction in Seychelles;
- (b) in respect of the affairs of any licensee or other person, with the consent of such person, as the case may be, which consent has been voluntarily given;
- (c) where the information disclosed is in statistical form or is otherwise disclosed in such a manner that does not enable the identity of any licensee or other person to which the information relates to be ascertained; or
- (d) in terms of any lawful disclosure required under the Mutual Assistance in Criminal Matters Act, 2014 or the Anti-Money Laundering and Countering the Financing of Terrorism Act, 2020 or any other Seychelles law.

### Power of appeal

**36.(1)** A person who is aggrieved by any of the following decisions of the Authority may appeal against that decision to the Appeals Board established under section 42 of the Financial Services Authority Act, 2013 —

- (a) refusal to approve an application for a licence in terms of this Act;
- (b) refusal to approve any other application or appointment made in terms of this Act;
- (c) the decision to amend or suspend a licence or a decision to amend a condition of a licence in terms of this Act.

(2) An appeal under subsection (1) shall be made in accordance with the Financial Services Authority Act and any regulations made under it.

### **Exemptions**

**37.(1)** The powers conferred to the Authority in terms of section 35 of the Financial Services Authority Act, 2013 shall extend to —

- (a) persons required to be registered under this Act; and
- (b) registrants;

as the context requires.

(2) An exemption under subsection (1) shall be published in the *Gazette*.

### **Regulations**

**38.(1)** The Minister may, on his or her own initiative or on the advice of the Authority, make regulations for the purpose of carrying out and giving effect to the provisions of this Act and may by regulations amend any Schedule to this Act.

(2) Without limitation to specific provisions in this Act enabling the Minister to make regulations, the Minister may, make regulations for or with respect to —

- (a) matters to be included in the materials to be published by the licensee for the promotion of an initial coin offerings or non-fungible tokens;

- (b) other information or documentation to be submitted in support of an application under this Act;
- (c) the acquisition or holding of shares, legal interest or beneficial ownership in the licence holder;
- (d) standards to be maintained by the licensee in the conduct of its business;
- (e) the standards, policies and procedures for business management and continuity;
- (f) prudential standards in respect of —
  - (i) disclosure to clients;
  - (ii) safekeeping of client virtual assets;
  - (iii) cyber security measures and cyber security report;
  - (iv) financial reporting; and
  - (v) statutory returns;
- (g) third party transactions and relationships.

(3) Regulations made in terms of this subsections (1) and (2) may provide for the imposition of penalties not exceeding SCR 5,000,000 or imprisonment not exceeding 2 years for contravention of the Regulations.

### **Access to and maintenance of client transaction records**

**39.(1)** A licensee shall, where the Authority so requires, provide the Authority with online or automated real time read-only access to both its client and its own virtual asset transaction records.

(2) A licensee shall maintain a record of both its client and its own transactions at its principal place of business for a period of not less than 7 years beginning from the date the transaction occurred.

(3) Where a person has acted in contravention of subsection (1) or (2), the Authority shall take such enforcement action as it deems necessary, in terms of section 32.

(4) A person who contravenes of subsection (1) or (2) commits an offence and is liable on conviction to imprisonment, fine or both, as specified in section 33.

### **Prohibition on certain words**

**40.(1)** For the purposes of sections 5(1) and 27(1), a person purports to carry on virtual asset services or issue initial coin offerings or non-fungible tokens where the person —

- (a) uses one or more words that connote virtual asset service or the issue initial coin offerings or non-fungible tokens, either in the English language or in any other language, in the description or title under which the person carries on business;
- (b) makes a representation in any form or in any other manner, that the person is carrying on virtual asset services or issuing initial coin offerings or non-fungible tokens; or
- (c) otherwise holds himself, herself or itself out as carrying on virtual asset services or issuing initial coin offerings or non-fungible tokens.

(2) It shall be a contravention of section 5(1) or 27(1) for a person other than a licensee or registrant to use any name that includes the words “cryptocurrency”, “virtual”, “currency”, “virtual coin”, “ICO”, “NFT”, “Exchange”, “Digital Wallet”, “Block chain”, “hot/cold Wallet”, “DeFI”, “Web 3”, or such other combination of the words which could reasonably be used to allude as to the services licensed under this Act.

### **Immunity**

**41.** No action, prosecution or other proceedings shall be brought against the Authority, an employee or agent of the Authority or other person

appointed under this Act in respect of any acts done or omitted to be done in good faith in the proper discharge of functions or duties conferred by this Act.

### **Transitional provisions**

**42.(1)** Where, on the commencement of this Act, a person is providing virtual asset services, the person must make an application in terms of this Act by the 31<sup>st</sup> December 2024, to be issued with a licence in terms of section 7 or authorised as a registrant in terms of section 27.

(2) A person referred to in subsection (1) may continue to carry out its business activities until its application for a licence is granted or refused or a registrant is authorised to issue an initial coin offering or a non-fungible token and such decision is communicated in writing to the person.

(3) The Minister may, by regulations provide for any matters related to transition, any matters in force before the commencement of this Act to be dealt with in such manner as to bring it in conformity with this Act, or any other matters that may arise in transition needing regulation in terms of this Act.

### **Consequential amendments**

**43.** The Anti-Money Laundering and Countering the Financing of Terrorism Act, 2020, the Financial Services Authority Act, 2013, the International Business Act, 2016 and the Financial Consumer Protection Act, 2022 are amended to the extent specified in the Fourth Schedule.

**FIRST SCHEDULE****VIRTUAL ASSET SERVICES**

The list below shall constitute of the types of virtual asset services, their functions and description of services.

<b>Types</b>	<b>Functions</b>	<b>Description</b>
A. Virtual Asset Wallet Providers	<ol style="list-style-type: none"> <li>1. Custodial Services</li> <li>2. Non-Custodial Services</li> </ol>	<ol style="list-style-type: none"> <li>1. Undertake the transfer of virtual assets, initial coin offering and non-fungible tokens for and on behalf of clients, which may include individuals, institutional investors, or funds.</li> <li>2. Safekeeping of virtual assets, initial coin offering and non-fungible tokens or instruments enabling control over virtual asset, initial coin offering and non-fungible tokens for and on behalf of clients, which may include individuals, institutional investors, or funds</li> <li>3. Management of virtual assets, initial coin offering and non-fungible tokens or instruments enabling control over virtual asset, initial coin offering and non-fungible tokens for and on behalf of clients, which may include individuals, institutional investors, or funds</li> </ol>

<p>B. Virtual Asset Exchange</p>	<ol style="list-style-type: none"><li>1. Transfer Services</li><li>2. Conversion Services</li><li>3. Exchange services</li></ol>	<ol style="list-style-type: none"><li>1. Undertake the exchange between virtual assets, initial coin offering and non-fungible tokens and fiat currencies for and on behalf of clients, which may include individuals, institutional investors, or funds.</li><li>2. Undertake the exchange between one or more forms of virtual assets, initial coin offering and non-fungible tokens for and on behalf of clients, which may include individuals, institutional investors, or funds</li><li>3. Undertake transfer of virtual assets, initial coin offering and non-fungible tokens for and on behalf of clients, which may include individuals, institutional investors, or funds;</li><li>4. Safekeeping of virtual assets, initial coin offering and non-fungible tokens or instruments enabling control over virtual asset, initial coin offering and non-fungible tokens for and on behalf of clients, which may include individuals, institutional investors, or funds.</li></ol>
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		<p>1. Management of virtual assets, initial coin offering and non-fungible tokens or instruments enabling control over virtual asset, initial coin offering and non-fungible tokens for and on behalf of clients, which may include individuals, institutional investors, or funds.</p>
<p>C. Virtual Asset Broking</p>	<p>1. Intermediary and facilitation services</p>	<p>1. Facilitate the exchange between virtual assets, initial coin offering and non-fungible tokens and fiat currencies through a virtual asset exchange and virtual asset wallet providers for and on behalf of clients, which may include individuals, institutional investors, or funds.</p> <p>2. Facilitate the exchange between one or more forms of virtual assets, initial coin offering and non-fungible tokens through a virtual asset exchange and virtual asset wallet providers for and on behalf of clients, which may include individuals, institutional investors, or funds.</p>



		<p>1. Facilitate the safekeeping of virtual assets, initial coin offering and non-fungible tokens or instruments enabling control over virtual asset, initial coin offering and non-fungible tokens through a virtual asset exchange and virtual asset wallet providers for and on behalf of clients, which may include individuals, institutional investors, or funds.</p>
<p>D. Virtual Asset Investment Providers</p>	<p>1. Investment and funds management</p> <p>2. Advisory services.</p>	<p>1. Management portfolios of virtual assets, initial coin offering and non-fungible tokens for on behalf of clients, which may include individuals or institutional investors.</p> <p>2. Provision of investment advice on virtual asset, initial coin offering and non-fungible tokens for and on behalf of clients, which may include individuals or institutional investors.</p>

2. The Authority may issue further guidance for clarity purposes with respect to the activities described in the table above.

**SECOND SCHEDULE****FEEs****1. Application fees**

<b>Item No.</b>	<b>Description</b>	<b>Fee SCR</b>
1.	Application fee for a license	75 000
2.	Application fee for registration	22 500

**2. Annual licence fees**

<b>Item No.</b>	<b>Description</b>	<b>Fee SCR</b>
1.	<b>Base fee</b>	75 000
	<b>Fee for permissible activities:</b>	
	Virtual Asset Wallet Provider	300 000
	Virtual Asset Exchange	375 000
	Virtual Asset Broking	150 000
	Virtual Assets Investment Provider	75 000

**3. Miscellaneous fees**

<b>Item No.</b>	<b>Description</b>	<b>Fee SCR</b>
1.	<i>(section 11 (3))</i> For inspection of the register of licensees	2 250
2.	<i>(section 11 (4))</i> For obtaining a copy of a licensees current licence	1500
3.	<i>(section 12(6))</i> Application fee for Fit and Proper determination (other than at the time of application for a licence)	15 000

**THIRD SCHEDULE****SUBSTANCE REQUIREMENTS**

Every licensee shall —

- (a) have at least one resident person as director on its board of directors;
- (b) operate a fully manned office in Seychelles;
- (c) employ qualified or experienced staff to manage the office specified under paragraph (b);
- (d) ensure that all records and documentation required to be kept by the licensee under this Act and regulations are available and accessible from the office specified under paragraph (b);
- (e) undertake complaint handling in Seychelles;
- (f) annually, hold at least 2 meetings of its board of directors in Seychelles; and
- (g) annually, hold at least 4 management meetings in Seychelles.

**FOURTH SCHEDULE***(Section 43)***CONSEQUENTIAL AMENDMENTS*****Sub-Part A: Amendment of Anti Money Laundering and Countering the Financing of Terrorism Act, 2020*****Amendment of section 2**

1. Section 2 of the Anti-Money Laundering and Countering the Financing of Terrorism Act is amended as follows —

- (a) in the definition of “account” by —
  - (i) deleting the disjunctive word “or” in paragraph (d);
  - (ii) inserting after the semi-colon the disjunctive word “or” in paragraph (e);
  - (iii) inserting a new paragraph (f) after paragraph (e) as follows
    - “(f) accepts and facilitates transfer of virtual assets, including where such activity is undertaken through an electronic wallet.”;
- (b) by inserting after the definition of “authorised officer” the following new definition —
  - ““batch file transfer of virtual assets” means several individual transfers of virtual assets which are bundled together for transmission;”;
- (c) by inserting after the definition of “beneficial owner” the following new definition —

““beneficiary virtual asset service provider” means a virtual asset service provider which receives a transfer of virtual assets on behalf of a beneficiary;”;

- (d) in the definition of “financial institution”, by —
- (i) deleting the disjunctive word “and” in paragraph (m);
  - (ii) by inserting a new paragraph after paragraph (m) as follows —

“(m1) virtual asset service providers; and”;

- (e) by inserting after the definition of “funds” the following new definition —

““intermediary virtual asset service provider” means a virtual asset service provider which —

- (i) participates in the execution of a transfer of virtual assets; and
  - (ii) is not the originating virtual asset service provider or beneficiary virtual asset service provider;”;
- (f) by inserting after the definition of “originator” the following new definition —

““originating virtual asset service provider” means the virtual asset service provider which initiates the transfer of virtual assets on behalf of a beneficiary;”;

- (g) by inserting after the definition of “virtual asset” the following new definitions —

““virtual asset service provider” means a business that conducts one or more of the following actions on behalf of its customers —

- (a) exchange between virtual assets and fiat currencies;
- (b) exchange between one or more forms of virtual assets;
- (c) transfer of virtual assets;
- (d) safekeeping and/or administration of virtual assets or instruments enabling control over virtual assets; and
- (e) participating in and provision of financial services related to an issuer's offer and/or sale of virtual asset;”;

““virtual asset transfer” means any transaction carried out with a view to making an amount of virtual assets available to a beneficiary person, irrespective of whether the originator and the beneficiary are the same person;”.

### **Amendment of section 5**

2. Section 5 of the Anti-Money Laundering and Countering the Financing of Terrorism Act is amended as follows —

- (a) in subsection (1) by deleting the words “or wire transfer” and replacing them with the words “, wire transfer or virtual asset transfer”;
- (b) by inserting the following new subsection —

“(1A) A reporting entity must ensure that when complying with subsection (1) in relation to a virtual asset transfer, the reporting entity reports transfers within the required threshold, including instances where there are multiple transfers and such transfers have been made within a consecutive 24 hour period to the total of the prescribed threshold, and the reporting entity has knowledge that those transfers were either conducted by the same person,

conducted on behalf of the same person (third party), or are for the same beneficiary.”

- (c) in subsection (3) by deleting the words “or wire transfer” and replacing them with the words “, wire transfer or virtual asset transfer”.

### **Amendment of section 7**

3. Section 7 of the Anti-Money Laundering and Countering the Financing of Terrorism Act is amended in subsection (1) by inserting the following new paragraph (ja) after paragraph (j) as follows —

“(ja) prior to the launch of a new product or business practice or the use of a new or developing technology, identifying and assessing the money laundering and terrorist financing risks that may arise in relation to the development and use of new products or business practices, or new or developing technologies for both new and pre-existing products, and take appropriate measures to manage and mitigate those risks;”.

### **Amendment of section 27**

4. Section 27 of the Anti-Money Laundering and Countering the Financing of Terrorism Act is amended in subsection (1) as follows —

- (a) in paragraph (d) by inserting after the words “any transaction”, the word “or transfer”;
- (b) in paragraph (e) —
  - (A) by repealing the words “sub-clause clause” and replacing them with the word “paragraph”;
  - (B) by inserting, after the words “or similar account” the words “, or electronic wallet,”;
  - (C) by inserting, after the words “the transaction” the words “or transfer”;

- (c) in paragraph (f) by inserting, after the words “the transaction,” the words “the transfer”.

### **Amendment of Section 28**

5. Section 28 of the Anti-Money Laundering and Countering the Financing of Terrorism Act is amended in subsection (5)(a) by inserting after the words “targets, activities,” the word “transfers”.

### **Amendment of section 33**

6. Section 33 of the Anti-Money Laundering and Countering the Financing of Terrorism Act is amended in (1) —

- (a) in paragraph (c) by deleting the conjunctive word “and”;
- (b) in paragraph (d) by deleting the full stop and replacing it with a semi-colon and the conjunctive word “and”;
- (c) by inserting the following new paragraph (e) after paragraph (d) as follows —
- “(e) implement regular testing to verify that the originator and beneficiary information has been collected for virtual asset transfers received or sent.”.

### **Amendment of section 40**

7. Section 40 of the Anti-Money Laundering and Countering the Financing of Terrorism Act is amended in by inserting a new subsection after subsection (2) as follows —

“(2A) Virtual asset service providers shall not apply simplified due diligence measures with respect to their customers.”

### **Amendment of section 45**

8. Section 45 of the Anti-Money Laundering and Countering the



Financing of Terrorism Act is amended in by inserting after subsection (6) the following new subsection —

“(6A) The obligations in subsection 45B (3) shall also apply to financial institutions when sending or receiving virtual assets transfers on behalf of customers.”.

### **Insertion of new sections 45B to 45G**

9. The Anti-Money Laundering and Countering the Financing of Terrorism Act is amended by adding the following sections after section 45A —

#### **“Obligations of an originating virtual asset service provider**

**45B.(1)** An originating virtual asset service provider shall, when sending a virtual asset transfer to a beneficiary, collect and include within its records —

- (a) the name of the originator and the beneficiary;
- (b) where a wallet is used to process a virtual asset transfer —
  - (i) the wallet address of the originator;
  - (ii) the wallet address of the beneficiary;
- (c) the address of the originator including the name of the country, government issued identification information inclusive of the national identification number (if applicable) or the originator's customer identification number or date and place of birth; and
- (d) where a wallet is not used to process virtual asset transfers, the unique transaction reference number (commonly known as a transaction hash) utilized for the tracing of the transfer.

(2) An originating virtual asset service provider shall, before conducting a virtual asset transfer, verify the originator information under subsection (1) on the basis of documents, data or information that meets the requirements of Part VI of this Act.

(3) An originating virtual asset provider shall provide the information under subsection (1) to the beneficiary virtual asset service provider, without delay to the beneficiary virtual asset service provider, together with transmission of the set of payment instructions to the beneficiary virtual asset service provider or to the beneficiary's financial institution.

(4) An originating virtual asset service provider may provide the information under subsection (1) to the beneficiary virtual asset service provider or reporting entity directly by attaching the information to the virtual asset transfer or providing the information directly.

(5) An originating virtual asset service provider shall ensure that virtual asset transfers are conducted using a system which prevent the unauthorised disclosure of the information under subsection (1) to a person other than the originating virtual asset provider, the beneficiary virtual asset service provider or the reporting entity.

(6) An originating virtual asset service provider shall keep records of complete information on the originator and beneficiary under subsection (1) which accompanies each virtual asset transfer, in accordance with section 47(3) of this Act.

(7) An originating virtual asset service provider may hold any transfers in order to obtain accurate originator and beneficiary information under subsection (1).

(8) Where section 43(1) or (2) applies in relation to the required information under subsection (1), the virtual asset service provider shall consider filing a suspicious activity report under

section 48 or disclose under section 34 or 35 of the Prevention of Terrorism Act, (Cap.179), as applicable.

(9) An originating virtual asset service provider shall prohibit any virtual asset transfer being made and ensure that any virtual assets or proceeds received for the purchase of virtual assets are frozen in compliance with the requirements of the Prevention of Terrorism Act.

### **Obligations of a beneficiary virtual assets service provider**

**45C.**(1) A beneficiary virtual asset service provider shall, on receipt of a virtual asset transfer, collect and **record** the following information —

- (a) the name of the originator and the beneficiary;
- (b) where a wallet is used to process a virtual asset transfer by —
  - (i) the wallet address of the originator;
  - (ii) the wallet address of the beneficiary;
- (c) location data concerning the originator —
  - (i) the address including the name of the country;
  - (ii) national identity number;
  - (iii) customer identification number; or
  - (iv) date and place of birth.
- (d) where a wallet is not used to process virtual asset transfers, the unique transaction reference number (commonly known as a transaction hash) utilized for the tracing of the transfer.

(2) A beneficiary virtual asset service provider shall verify the accuracy of information about the beneficiary obtained in compliance with subsection (1) on the basis of documents, data or information that meets the requirements of Part VI of this Act.

(3) A beneficiary virtual asset service provider shall keep records of complete information on the originator and beneficiary information under subsection (1) which accompanies each virtual asset transfer, in accordance with section 47(3) of this Act.

### **Batch file virtual asset transfers**

**45D.**(1) For batch file virtual asset transfers from a single originator, section 45B(1) shall not apply to the individual transfers where —

- (a) the transfers bundled together as a batch file and the batch file includes —
  - (i) the name of the originator; and
  - (ii) location data concerning the originator as specified under section 45B(1)(c);
- (b) where a wallet is used, the wallet address(es);
- (c) where a wallet is not used to process virtual asset transfers, the unique transaction reference number (commonly known as a transaction hash) utilized for the tracing of the transfer.

(3) All information under subsection (1) should be transferred without delay to the beneficiary virtual asset service provider, together with transmission of the set of payment instructions to the beneficiary virtual asset service provider or to the beneficiary's financial institution.

### **Straight-through processing of transfers of virtual assets**

**45E.**(1) An intermediary virtual asset service provider shall —

- (a) take reasonable measures, which are consistent with straight-through processing, to identify virtual asset transfers that lack required originator or beneficiary information; and
- (b) adopt risk-based policies and procedures for determining —
  - (i) when to execute, reject or suspend a virtual asset transfer; and
  - (ii) the resulting procedures to be applied;

where the required originator or beneficiary information is incomplete.

### **Monitoring transfers which may lack information**

**45F.**(1) Every virtual asset service provider shall monitor transfers involving virtual assets for the purpose of detecting the lack of information required under sections 45B, 45C and 45D.

(2) In respect of any transfer, which lacks information required under sections 45B, 45C and 45D, virtual asset service providers processing an intermediary element of virtual asset transfer or receiving a virtual asset transfer, shall apply risk-based policies and procedures to determine whether to reject, suspend or execute the cross-border or domestic virtual asset transfer and take appropriate follow-up actions.

### **Technical limitations related to transfers of virtual assets**

**45G.** Where technical limitations prevent an intermediary virtual asset service provider from sending the required originator or beneficiary information with the virtual asset transfers, the

intermediary virtual asset service provider shall keep a record of all the information received from the originating virtual asset service provider, reporting entity or other intermediary, in accordance with section 47(3) of this Act.”.

#### **Amendment of section 47**

**10.** Section 47 of the Anti-Money Laundering and Countering the Financing of Terrorism Act is amended in subsection (3) by inserting after paragraph (d) the following new paragraph —

“(e) virtual asset service providers”.

#### **Amendment of section 49**

**11.** Section 49 of the Anti-Money Laundering and Countering the Financing of Terrorism Act is amended in subsection (2) by —

- (a) inserting after the words “through wire transfers” the words “or a virtual asset transfer that exceeds SCR 15 000 or equivalent in any currency”; and
- (b) by inserting after the words “the transaction” the words “or transfer”.

#### **Amendment of First Schedule**

**12.** The First Schedule of the Anti-Money Laundering and Countering the Financing of Terrorism Act is amended in Part B by inserting after the fifth item, the following item —

“A virtual asset service provider under the Virtual Asset Service Providers Act, 2024”.

#### **Amendment of Third Schedule**

**13.** The Third Schedule in the Anti Money Laundering and Countering the Financing of Terrorism Act is amended by inserting after item 4 the following new item —

## **“5. REPORTING THRESHOLD APPLICABLE TO VIRTUALASSET SERVICE PROVIDERS**

All Virtual Asset Service Providers shall report all transfers in virtual assets in the equivalent amount of SCR 50,000 or more.”

### ***Sub-Part B Amendment of Financial Services Authority Act, 2013***

#### **Amendment of Schedule 1**

**14.** Schedule 1 of the Financial Services Authority Act is amended in Part 1 by inserting after paragraph 1.10 the following new paragraph —

**“1.11** Virtual Asset Service Providers Act”.

### ***Sub-Part C Amendment of International Business Companies Act, 2016***

#### **Amendment of section 5**

**15.** Section 5(2) of the International Business Companies Act, 2016 is amended —

- (a) in paragraph (e), by repealing the word “or” after the semicolon;
- (b) in paragraph (f), by replacing the full stop with the word “; or”;
- (c) by inserting after paragraph (f), the following new paragraph —
  - “(g) in relation to virtual asset services, —
    - (i) carry on mining or operate a mixer or tumblr service as defined under the Virtual Asset Service Providers Act;
    - (ii) carry on business of virtual asset services in or from Seychelles unless it is licensed under the Virtual Asset Service Providers Act;

- (iii) issue or purport to issue an initial coin offering or a non-fungible token, or hold itself out as carrying on that activity, in or from the Seychelles, unless the company is authorised to do so by the Authority under the Virtual Asset Service Providers Act; or
- (iv) carry on or to purport to promote an initial coin offering or the sale of or investment in the development of non-fungible tokens, or hold itself out as carrying on that activity, in or from the Seychelles, unless the company is authorised to do so under the Virtual Asset Service Providers Act.”.

### ***Sub-Part D Amendment of Financial Consumer Protection Act, 2022***

#### **Amendment of Schedule**

**16.** The Schedule of the Financial Consumer Protection Act is amended in Part B by inserting after the fourth item the following —

“A licensee under the Virtual Asset Service Providers Act”.