

S.I. 74 of 2024

VIRTUAL ASSET SERVICE PROVIDERS ACT

(Act 12 of 2024)

**Virtual Asset Service Providers (Registration of Initial Coin Offering
and Non-Fungible Tokens) Regulations, 2024**

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S.I. 74 of 2024**VIRTUAL ASSET SERVICE PROVIDERS ACT***(Act 12 of 2024)***Virtual Asset Service Providers (Registration of Initial Coin Offering and Non-Fungible Tokens) Regulations, 2024**

In exercise of the powers conferred by section 38(2)(a) and (b) of the Virtual Asset Service Providers Act, 2024, the Minister responsible for Finance, in consultation with the Authority makes the following Regulations —

Citation

1. These Regulations may be cited as the Virtual Asset Service Provider (Registration of Initial Coin Offering and Non-Fungible Tokens) Regulations, 2024.

Interpretation

2. In these Regulations —

“Act” means the Virtual Asset Service Providers Act, 2024;

Application

3. These Regulations shall apply to persons to whom the requirements under section 27 of the Act apply, concerning the issue or promotion or sale of or investment or in the development of an initial coin offering or non-fungible tokens in or from the Seychelles.

Application for registration

4.(1) An application under section 27(4) of the Act shall be accompanied by —

(a) a white paper as per requirements in the Schedule;

- (b) policies and procedures for the monitoring the cycle of the issuing and offering of an initial coin offering or non-fungible token;
- (c) information where proceeds raised will be transferred or deposited;
- (d) location where the records as required by regulation 11 will be retained and will be accessible in the Seychelles;
- (e) the details and confirmation of the promoter; and
- (f) the registration application fee.

(2) The Authority may require an applicant to furnish such other information, document or report in connection with the application, as it may deem necessary, for the purpose of assessing the application.

(3) The Authority shall not consider an application as having been submitted in compliance with section 27(5) of the Act unless the application meets all the requirements under regulation 8.

(4) The Authority shall provide written acknowledgement of its receipt of an application which complies with sub regulation (1).

(5) An applicant may withdraw an application by giving written notice, including the reasons thereof to the Authority, at any time before the determination of the application.

(6) Withdrawal of an application under sub regulation (4) shall result in the forfeiture of the application fee.

Determination of application for registration

- 5.(1) The Authority may object to an application it is satisfied that —
- (a) the application does not comply with the Act, Regulations, codes or guidelines;

- (b) the criteria set out in section 27(7) of the Act are not met;
- (c) a white paper does not meet the requirements in the Schedule;
- (d) the policies and procedures for monitoring the cycle of the issuing and offering of an initial coin or non-fungible token are insufficient for mitigating possible market abuse, mis-selling or fraud risks;
- (e) the promoter is not an eligible person under section 27(2) of the Act;
- (f) the applicant fails to pay the application fee;
- (g) prejudice would be caused or would ensue to the financial services industry or any part thereof; and
- (h) the promotion or issuance is against public policy.

(2) The registration of an initial coin offering and or non-fungible token where the Authority —

- (a) it has no objection to the proposed issuance and promotion within a period of 30 working days following receipt of an application under regulation 4; or
- (b) the 30-working day period specified under subsection 27(6)(b) of the Act, has elapsed.

(3) The Authority shall publish the registrant's details subject to sub regulation (3), as required by regulation 6.

(4) An applicant's registration shall be valid for a period for not more than 12 months.

Register

6. The Authority shall maintain a register on its website with the following information —

- (a) the name and address of the issuer or promoter of initial coin offerings or non-fungible tokens;
- (b) the date on which the requirements for regulation 5(3) are met;
- (c) the date upon which the promotion or issuance is to start and to end;
- (d) the name of the project supported by the initial coin offering;
- (e) the name and design of the non-fungible token, if any;
- (f) the link to the white paper referred to under regulation 4(2)(a);
- (g) any measures imposed by the Authority under section 27(7); and
- (h) any other relevant information that the Authority deems necessary.

Publication of white paper

7.(1) A registrant may publish its white paper where it has either —

- (a) received notice from the Authority that it has no objection to the proposed issuance and promotion; or
- (b) the 30-working day period specified under subsection 27(6)(b) of the Act, has elapsed.

(2) A person who fails to comply with this regulation is liable to an administrative penalty of SCR500,000.

Duration of advertising

8.(1) The registrant may only commence advertising of the issuance or promotion following the date on which it —

- (a) receives notice from the Authority that it has no objection to the proposed issuance and promotion; or
- (b) the 30-working day period specified under subsection 27(6)(b) of the Act, has elapsed.

(2) The registrant may only advertise the issuance or promotion for the duration specified in the registration application.

(3) A person who fails to comply with this regulation is liable to an administrative penalty of SCR500,000.

Extension of issuance or promotion

9.(1) Where a registrant wishes to extend the promotion or issuance of an initial coin offering or non-fungible token beyond the end date stated in its application, the registration shall submit a written notice and provide the reasons for the extension.

(2) A notice of an extension under sub regulation (1) shall be submitted not later than three months before the expiry date of the end date stated in its application.

(3) The Authority may object to the extension where —

- (a) prejudice would be caused or would ensue to the financial services industry or any part thereof;
- (b) the continued promotion or issuance is against public policy; or
- (c) the continued promotion or issuance is unlikely to meet the financial objectives stated in the original registration application.

- (4) An extension shall take effect where the Authority —
- (a) has no objection to the proposed change within a period of 30 working days following receipt of notice under sub regulation (1); or
 - (b) the 30-working day period following receipt of notice, has elapsed.

(5) An extension may only occur for a period of no more than six calendar months after either sub regulation (4)(a) or (b) are met.

(6) The Authority shall amend the registrant's details on the register to reflect the extension.

Change of promoter

10.(1) Where a registrant wishes to change the promoter named in its registration application, it shall submit a written notice to the Authority and provide reasons for the change.

(2) A notice provided under sub regulation (1) shall be submitted to the Authority not less than 20 working days before the registrant proposes to effect the change.

- (3) The Authority may object to the change where —
- (a) the promoter is not an eligible person under section 27(2) of the Act; or
 - (b) prejudice would be caused or would ensue to the financial services industry or any part thereof.
- (4) A change of a promoter shall be effected where the Authority —
- (a) has no objection to the proposed change within a period of 20 working days following receipt of notice under sub regulation (1); or

- (b) the 20-working day period following receipt of notice, has elapsed.

(5) The Authority shall amend the registrant's details on the register to reflect the change of promoter.

(6) A person who fails to comply with this regulation is liable to an administrative penalty of SCR500,000.

Records to be maintained

11.(1) A registrant shall maintain the following records —

- (a) identity of subscribers or investors;
- (b) amounts received from or transferred by subscribers or investors;
- (c) use of the proceeds received and parties paid from those proceeds; and
- (d) location, websites and other channels used for promotion or advertisement purposes.

(2) Records identified in sub regulation (1) shall be retained for a period of not less than seven years in Seychelles, by the registrant.

SCHEDULE

MATTERS TO BE SPECIFIED IN THE WHITE PAPER

An applicant when applying for registration, and a registrant thereafter, shall ensure that its white paper provides full and accurate disclosure of information such information to enable an investor to make an informed assessment before subscribing or investing. Such information shall include —

- (a) brief description of the directors, senior management, key personnel and advisers of the issuer including their name, designation, nationality, address, professional qualifications, related experience and any involvement or participation in a previous similar offering;
- (b) the objective or purpose of the initial coin offering and or non-fungible token offering, including detailed information on the project to be managed and operated by the issuer;
- (c) the key characteristics of the initial coin offering or non-fungible token offering;
- (d) identify whether an initial coin offering will have different classes of holders in relation to any benefits, rights or liabilities linked to the offering;
- (e) detailed description of the sustainability and scalability of the project;
- (f) the business plan of the issuer;
- (g) the targeted amount to be raised through the project and subsequent use and application of the proceeds thereafter illustrated in a scheduled timeline for drawdown and utilization of proceeds;
- (h) any rights, conditions or functions attached to the initial coin offering or non-fungible token offering, including any specific rights;
- (i) details on the determination of the accounting and the valuation treatments for the initial coin offering or non-fungible token offering, including all valuation methodology and reasonable presumptions adopted in such calculation;
- (j) associated challenges and risks, as well as mitigating measures thereof;

- (k) information in respect to the distribution of the initial coin offering or non-fungible token offering and where applicable, the distribution policy of the issuer of initial coin offering;
- (l) policies on monitoring the cycle of the initial coin offering or non-fungible token offering;
- (m) a technical description of the protocol, platform or application of the initial coin offering or non-fungible token offering, as the case may be, and the associated benefits of the technology;
- (n) information about the person, if any, underwriting or guaranteeing the project;
- (o) any restrictions on the transferability of the investment made;
- (p) methods of payment to invest or subscribe;
- (q) details of refund mechanism or withdrawal rights;
- (r) details of smart contract, if any, deployed;
- (s) details of the authorized status of the promoter or issuer in the Seychelles; and
- (t) intellectual property rights associated with the offerings and protection thereof.

MADE this 5th day of September, 2024.

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