

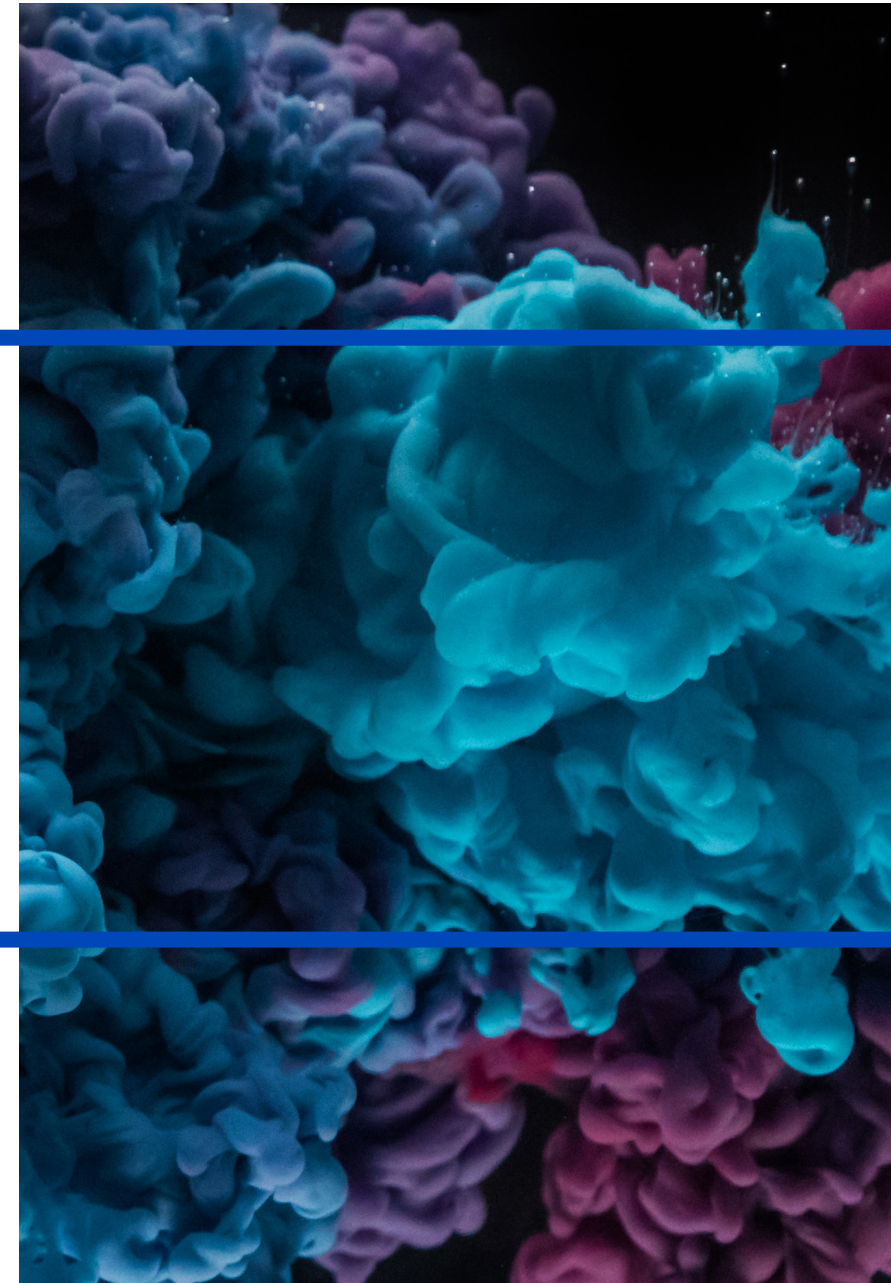
A WALKERS GUIDE

Offshore Regulation of Cryptocurrency

2025

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Bermuda | British Virgin Islands | Cayman Islands | Dubai | Guernsey | Hong Kong | Ireland | Jersey | London | Singapore



Offshore Regulation of Cryptocurrency

Frequently asked questions

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Bermuda

The Digital Asset Business Act 2018 (**DABA**) provides the legal framework for licensing and supervising digital asset businesses.

The Digital Asset Issuance Act 2020 regulates the conduct of digital asset issuances.

British Virgin Islands

The Virtual Assets Service Providers Act, 2022 (**VASP Act**) provides the legal framework for registration and supervision of virtual assets service providers.

Cayman Islands

The Virtual Asset (Service Providers) Act, (as amended), (VASP Act), came into effect from 31 October 2020.

The VASP Act provides a registration and licensing regime for any person carrying on a “virtual asset service” in the course of a business using a Cayman Islands entity or otherwise from within the Cayman Islands. Such persons are called “virtual asset service providers” (“**VASPs**”).



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Bermuda

The Bermuda Monetary Authority (**BMA**) regulates digital asset business activities in Bermuda and digital asset issuances. The BMA are industry leaders in regulating digital assets and encourages innovation.

British Virgin Islands

The British Virgin Islands (**BVI**) Financial Services Commission (**FSC**) regulates virtual assets service providers. The proprietary public issuance of virtual assets is not regulated in the BVI.

Cayman Islands

The Cayman Islands Monetary Authority (**CIMA**) regulates the provision of virtual asset services.



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Bermuda

As of April 2025:

- Class T: 8 licensed entities
- Class M: 12 licensed entities
- Class F: 24 licensed entities

Bermuda has one the highest number of licensed entities for offshore jurisdictions and boasts key institutional -grade industry players such as Coinbase, Kraken, Circle and Hashkey.

As one of the most active FinTech teams, Walkers is proud to have assisted a large number of clients in obtaining a digital asset business licence in Bermuda.

British Virgin Islands

As of May 2025:

- Virtual Assets Service Providers: 11 registered entities
- Virtual Assets Exchanges: 3 registered entities
- Virtual Assets Custody Providers: 3 registered entities

The BVI has a rapidly growing number of registered VASPs, having received over 70 VASP applications at the end of the VASP Act transitional period. Walkers is proud to have assisted CrossX Technologies Ltd. in its VASP registration, together with the pending registrations of one of the largest global virtual assets exchanges.

Cayman Islands

As of 6 May 2025;

- 20 VASPs registered.
- No licences.

Walkers has advised on the majority of the existing VASP registrants and is assisting clients on licensing applications.



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Bermuda

DABA offers a licensing framework that is suitable for the entire lifecycle of digital asset businesses:

- **Class F** licence, which is a full licence which enables the licensed undertaking to carry on one or more of the various categories of digital asset business for an indefinite period;
- **Class M** licence, which is a “modified” licence issued for a limited period (typically 12–18 months) to allow entities to transition from testing a proof-of-concept under Class T licence to becoming a Class F licensee through the use of a regulatory “sandbox”; and
- **Class T** licence, which is a test licence used to evaluate a novel business model, a minimum viable product or service, or run a pilot in or from Bermuda.

British Virgin Islands

The VASP Act offers a registration framework suitable for the entire lifecycle of virtual assets businesses:

- **Virtual assets service provider** registration – allows the provision of financial services relating to the issuance, offer or sale of a virtual asset;
- **Virtual assets exchange** registration – allows the provision of exchange services between virtual assets and fiat, and between one or more forms of virtual assets; and
- **Virtual assets custody provider** registration – allows the provision of safekeeping and/ or administration of virtual assets and the transfer of virtual assets.

Cayman Islands

The VASP Act offers a framework for the regulation of the provision of virtual asset services.

The registration regime (but not the licensing regime), as applicable to virtual asset custody providers and trading platform operators and other virtual asset services, was implemented with effect from 31 October 2020.

The licensing regime of the VASP Act commenced on 1 April 2025 and all entities providing custody and trading platform services must obtain a licence (or update their current registration). VASP registered entities currently providing virtual asset custody (and trading platform) services must submit licence applications within 90 days of 1 April 2025.



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Bermuda

Under DABA, the provision of the following activities to the general public as a business are captured under the definition of a "digital asset business":

- Issuing, selling or redeeming virtual coins, tokens or any other form of digital asset
- Operating as a payment service provider business utilising digital assets
- Operating as a digital asset exchange
- Carrying on digital asset trust services
- Providing custodial wallet services
- Operating as a digital asset derivative exchange provider
- Operating as a digital asset services vendor
- Operating as a digital asset lending or digital asset repurchase transactions service provider

British Virgin Islands

Under the VASP Act, the provision of the following activities to another person as a business are captured under the definition of a "virtual assets service" or "VASP":

- hosting wallets or maintaining custody or control over another person's virtual asset, wallet or private key;
- providing financial services relating to the issuance, offer or sale of a virtual asset;
- providing kiosks (such as automatic teller machines, bitcoin teller machines or vending machines) for the purpose of facilitating virtual asset activities through electronic terminals to enable the owner or operator of the kiosk to actively facilitate the exchange of virtual assets for fiat currency or other virtual assets;
- exchange between virtual assets and fiat currencies;
- exchange between one or more forms of virtual assets;
- transfer of virtual assets, where the transfer relates to conducting a transaction on behalf of another person that moves a virtual asset from one virtual asset address or account to another;
- safekeeping or administration of virtual assets or instruments enabling control over virtual assets; and
- participation in, and provision of, financial services related to an issuer's offer or sale of a virtual asset.

Cayman Islands

Under the VASP Act a virtual asset service means the issuance of virtual assets or the business of providing one or more of the following services or operations for or on behalf of another person:

- exchange between virtual assets and fiat currencies;
- exchange between one or more other forms of convertible virtual assets;
- transfer of virtual assets;
- virtual asset custody service; or
- participation in, and provision of, financial services related to a virtual asset issuance or the sale of a virtual asset.



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Bermuda

Under DABA, the definition of a “digital asset” is very broadly defined. The term covers anything that exists in binary format that comes with the right to use it, and includes a digital representation of value that is:

- used as a medium of exchange, unit of account or store of value and is not legal tender, whether or not denominated in legal tender;
- intended to represent assets such as debt and equity in the issuer;
- otherwise intended to represent any assets or rights associated with such assets; or
- intended to provide access to an application, service or product by means of distributed ledger technology.

British Virgin Islands

Under the VASP Act, “virtual asset” is defined as a digital representation of value that can be digitally traded or transferred, and can be used for payment or investment purposes.

Digital representations of fiat currencies (essentially, legal tender) and digital records of a credit against a financial institution of fiat currency, securities or other financial assets that can be digitally transferred are specifically excluded, along with certain closed-loop items such as airline miles and credit card awards.

Cayman Islands

A virtual asset is defined as a digital representation of value that can be digitally traded or transferred and can be used for payment or investment purposes. However, a digital representation of a fiat currency (essentially, legal tender) is excluded. Similarly, “virtual service tokens” (being digital representations of value that are not transferrable or exchangeable with third parties, such as digital tokens that only provide access to an application or service or that provide a service or function directly to their owner) are not treated as virtual assets.



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Bermuda

The core regulatory obligations are compliance with requirements relating to:

- AML/ATF;
- custody;
- cybersecurity; and
- prudential standards.

British Virgin Islands

The core regulatory obligations are compliance with requirements relating to:

- AML/ CFT/ CPF;
- custody;
- fitness and propriety; and financial soundness and liquidity.

Cayman Islands

The core regulatory obligations are compliance with requirements relating to:

- AML Regulations and other relevant anti-money laundering, terrorism and proliferation financing and sanctions laws
- beneficial ownership regime;
- secure data; and
- compliance with various other prudential standards, record keeping, cybersecurity, outsourcing, governance and reporting obligations to CIMA.

The licensing regime now in effect includes additional requirements of:

- additional prudential requirements;
- additional disclosure requirements to clients (for example covering internal safeguards, insurance arrangements, grievance procedures); and segregation of client assets from proprietary assets.



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Bermuda

Yes, a DABA licensed entity is required to be directed and managed from a head office in Bermuda. This requires:

- presence of senior executives involved in decision making (presence does not mean residence);
- strategy, risk management and operational decision-making in Bermuda; and
- board meetings in Bermuda (note a majority of the Board will be considered as where the meeting is located).

Two year staffing projections will also be required as part of the licensing application process.

A licensed entity is required to have:

- chief executive officer
- money laundering reporting officer (with knowledge of Bermuda law);
- chief compliance officer;
- chief information security officer;
- data protection officer; and
- chief financial officer.

A senior representative is required, they have a duty to notify the BMA if they reach a view that there is a likelihood of the licensed entity becoming insolvent or where a reportable event occurs. The senior rep is required to maintain an office in Bermuda and be knowledgeable in digital asset business and related Bermuda laws and regulations.

British Virgin Islands

Yes, a VASP registered entity is required to have appointed at all times:

- a minimum of two individual directors (the FSC may require one to be physically resident in the BVI);
- a compliance officer;
- a money laundering reporting officer;
- an authorised representative approved by the FSC with knowledge of virtual assets services; and
- an auditor approved by the FSC with sufficient experience and competence to audit the financial statements of a VASP.

Cayman Islands

There is no requirement to have presence on Island, unless the entity would be carrying on a "Relevant Activity" under the Cayman Islands Economic Substance Regime. The Relevant Activities most likely to apply are "intellectual property business", financial and leasing business" and "fund management business". However, CIMA has broad discretion in this regard.

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Bermuda

Submission of a business plan, application form and supporting policies and procedures.

British Virgin Islands

Submission of a business plan, application form and supporting policies and procedures.

Cayman Islands

Submission of an application with the required documentation including business plan, key policies and procedures and a legal memorandum.



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Bermuda

Bermuda requires companies to obtain a separate licence under the Investment Businesses Act 2003 ("IBA") only when conducting business in traditional fiat "investments" with fiat or commodities as the underlying asset. Digital asset derivatives are captured under DABA and do not trigger additional licensing.

Further, there is a safe harbour whereby, so long as the revenue arising from activities which were also investment activities does not represent more than 25% of the total gross revenue from all regulated activities, an additional IBA licence is not required, this is known as carrying on investment business in an 'ancillary manner'.

British Virgin Islands

The BVI requires entities to obtain a separate licence under the BVI Securities and Investment Business Act, Revised Edition 2020 (as amended) (**SIBA**) when carrying on investment business involving SIBA investments. This can capture certain types of crypto derivatives.

Cayman Islands

The Cayman Islands requires companies to obtain a separate registration or licence under the Securities Investment Businesses Act, (as amended) ("**SIBA**") to perform regulated activities. Crypto derivatives are classified as a security under SIBA but no licence or registration is required if is only proprietary trading.

Any SIBA application would be submitted and considered by CIMA at the same time.



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Bermuda

Approximately 5 business days.

British Virgin Islands

Approximately 24 – 48 hours, assuming all KYC is made available upfront.

Cayman Islands

24 to 48 hours (express) and 3 to 5 business days (standard)



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Bermuda

- 3-6 months for a class F or M licence
- 2-5 months for a class T licence.

British Virgin Islands

6 – 8 months.

Cayman Islands

Timings for CIMA processing applications will depend on the nature, scale and complexity of the business.

Estimate is between 10 weeks and 6 months of the submission of a complete application.

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Bermuda

Digital asset businesses are responsible for filing their own minimum net assets evaluation during the application stage.

Nonetheless, per DABA, minimum net assets should not be lower than:

- \$100,000 for Class M and F licensees
- \$10,000 for Class T licensees

The Authority may request additional capital depending on the licensee's operations' nature, scale, and complexity.

British Virgin Islands

VASP applicants must demonstrate an adequate level of paid-up capitalisation for the nature of their operations.

In reviewing adequacy of a VASP's proposed capital amounts, the FSC will give consideration to the inherent and operational risks associated with the VASP's business model.

Capital requirements of US\$1 million are fairly common amongst BVI VASPs.

Cayman Islands

There is no minimum capital requirement however, in determining whether to approve an application CIMA will consider the net worth, capital reserves and financial stability of the applicant.

CIMA may impose net worth requirements on a licensee that provides custody services or operates a trading platform.

