

CAYMAN ISLANDS



**Monetary Authority Law
(2020 Revision)**

**MONETARY AUTHORITY
(ADMINISTRATIVE FINES) (AMENDMENT)
(NO. 3) REGULATIONS, 2020**

(SL 162 of 2020)

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PUBLISHING DETAILS



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**MONETARY AUTHORITY (ADMINISTRATIVE
FINES) (AMENDMENT) (NO. 3) REGULATIONS,
2020**

(SL 162 of 2020)

In exercise of the powers conferred by sections 42A, 42H and 46 of the Monetary Authority Law (2020 Revision), the Cabinet makes the following Regulations —

Citation and commencement

1. (1) These Regulations may be cited as the Monetary Authority (Administrative Fines) (Amendment) (No. 3) Regulations, 2020.
(2) These Regulations come into force on 31st January, 2021.

Amendment of Schedule 1 of the Monetary Authority (Administrative Fines) Regulations (2019 Revision) - prescribed provisions and breach categories

2. The *Monetary Authority (Administrative Fines) Regulations (2019 Revision)* are amended in Schedule 1 by inserting after item 37, the following item and particulars —

Column 1 Title of Law, Regulation or Rule	Column 2 Prescribed provision	Column 3 Description of breach	Column 4 Category of breach
“38. VIRTUAL ASSET (SERVICE PROVIDERS) LAW, 2020			
Virtual Asset (Service Providers) Law, 2020	4(1)(a)	Subject to sections 4(2) and 4(3), a person carrying on or purporting to carry on, virtual asset service in or from within the Islands where the person is not a registered person in accordance with the Law.	Very serious
Virtual Asset (Service Providers) Law, 2020	4(2)	A natural person carrying on, or purporting to carry on, in or from within the Islands virtual asset service as a business or in the course of business.	Very serious
Virtual Asset (Service Providers) Law, 2020	5(5)	<ol style="list-style-type: none"> 1. Failure of a registered person to pay the prescribed renewal fee on or before 15th January in each year. 2. Failure of a registered person who does not pay the prescribed renewal fee on or before the 15th day of January in each year, to pay the surcharge of one-twelfth of that fee for every month, or part of a month, after 15th January in each year that the fee is not paid. 	Minor
Virtual Asset (Service Providers) Law, 2020	6(1)(a)	Subject to section 6(3), failure of a person who is not an existing licensee to apply to be a registered person under the Law, where the person at the commencement of the Law is carrying on virtual asset service for which a licence is not required under the Law.	Very serious
Virtual Asset (Service Providers) Law, 2020	6(5)	Failure of a registered person to notify the Authority within fifteen days of any changes to the information provided under section 6(1) that occurs after submission of the application.	Very serious
Virtual Asset (Service Providers) Law, 2020	6(7)	A registered person publicly stating, implying or conveying that it is licensed or regulated in the Islands.	Very serious



Column 1 Title of Law, Regulation or Rule	Column 2 Prescribed provision	Column 3 Description of breach	Column 4 Category of breach
Virtual Asset (Service Providers) Law, 2020	9(1)	Failure of a virtual asset service provider to provide at its expense, an auditor's report, prepared by an independent auditor, on the anti-money laundering systems and procedures for compliance with the <i>Anti-Money Laundering Regulations (2020 Revision)</i> , where required to do so by the Authority.	Very serious
Virtual Asset (Service Providers) Law, 2020	9(2)	<ol style="list-style-type: none"> 1. Failure of a virtual asset service provider to prepare accounts annually. 2. Failure of a virtual asset service provider to make its accounts available for inspection upon request by the Authority at the registered office at such reasonable time as the Authority may specify. 	Very serious
Virtual Asset (Service Providers) Law, 2020	9(3)	<p>Failure of a virtual asset service provider to —</p> <ol style="list-style-type: none"> (a) ensure that — <ol style="list-style-type: none"> (i) its senior officers and trustees are fit and proper persons to hold the respective positions; and (ii) its beneficial owners are fit and proper persons to have such control or ownership; (b) take such steps as may be necessary to protect and secure the personal data and virtual assets of its clients; (c) ensure that all communications relating to the virtual asset service are accurate; (d) comply with the <i>Anti-Money Laundering Regulations (2020 Revision)</i> and other laws relating to the combating of money laundering, terrorist financing and proliferation financing; (e) for the purpose of ensuring compliance with the <i>Anti-Money Laundering Regulations (2020 Revision)</i>, put in place anti-money 	Very serious

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		laundering systems and procedures; or (f) designate an employee as the officer with responsibility for the procedures for combating money laundering, terrorist financing and proliferation financing.	
Virtual Asset (Service Providers) Law, 2020	9(4)	Failure of a virtual asset service provider to — (a) have a registered office in the Islands; (b) provide documents, statements or such other information that may be required by the Authority to enable it to properly perform any of its functions under the Law; (c) notify the Authority of — (i) any licence or registration in another jurisdiction; (ii) the opening of an office or establishing a physical presence in another jurisdiction; (iii) any penalties that are imposed or enforcement actions taken against it in another jurisdiction; or (iv) the holding of, or the acquisition of, a controlling interest in another person or legal arrangement engaged in virtual asset service; or (d) provide such other information as may be specified by the Authority.	Very serious
Virtual Asset (Service Providers) Law, 2020	9(5)	1. Failure of a virtual asset service provider, when performing a transfer of virtual assets, to collect and maintain information on the beneficiary and originator of the transfer in accordance with the <i>Anti-Money Laundering Regulations (2020 Revision)</i> and any additional information specified by the Authority, for all transfers performed	Very serious



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		<p>and to comply with any other requirements outlined therein.</p> <p>2. Failure of a virtual asset service provider to ensure that its records that are collected and maintained are made available, at the request of the Authority or any competent authority, through its registered office.</p> <p>3. Failure of a virtual asset service provider to provide to the Authority or any competent authority the information requested under section 9(5)(a) within forty-eight hours of receipt of the request.</p>	
Virtual Asset (Service Providers) Law, 2020	9(8)	A virtual asset service provider appointing — (a) a senior officer or trustee; or (b) an anti-money laundering compliance officer, without the prior approval of the Authority.	Very serious
Virtual Asset (Service Providers) Law, 2020	15(1)	Failure of an existing licensee who wishes to carry on virtual asset service to notify the Authority, in the manner specified by the Authority, advising of the nature and scope of the virtual asset service that the existing licensee wishes to carry on.	Serious
Virtual Asset (Service Providers) Law, 2020	24(3)	A person knowingly or recklessly providing any information to the Authority which is false or misleading in a material respect.	Very serious
Virtual Asset (Service Providers) Law, 2020	25(2)(b)	A virtual asset service provider carrying on business fraudulently or otherwise in a manner detrimental to the public interest, to the interest of its clients or to the interest of its creditors.	Very serious
Virtual Asset (Service Providers) Law, 2020	25(2)(c)	A virtual asset service provider contravening any provision of the Law, or of any regulations made under the Law or of the <i>Anti-Money Laundering Regulations (2020 Revision)</i> .	Very serious

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Virtual Asset (Service Providers) Law, 2020	25(2)(d)	Failure of a virtual asset service provider to comply with a condition of its registration.	Very serious
Virtual Asset (Service Providers) Law, 2020	25(2)(e)	Failure of virtual asset service provider to conduct the direction and management of its business in a fit and proper manner.	Very serious
Virtual Asset (Service Providers) Law, 2020	25(2)(f)	A virtual asset service provider having senior officers, trustees or persons who have acquired ownership or control who are not fit and proper persons.	Very serious
Virtual Asset (Service Providers) Law, 2020	25(2)(g)	A virtual asset service provider which is a “corporate services provider”, as defined in — (a) Part XVIIIA of the <i>Companies Law (2020 Revision)</i> ; (b) Part 12 of the <i>Limited Liability Companies Law (2020 Revision)</i> ; or (c) Part 8 of the <i>Limited Liability Partnership Law, 2017</i> , contravening Part XVIIIA of the <i>Companies Law (2020 Revision)</i> , Part 12 of the <i>Limited Liability Companies Law (2020 Revision)</i> or Part 8 of the <i>Limited Liability Partnership Law, 2017</i> .	Very serious
Virtual Asset (Service Providers) Law, 2020	28(1)	<ol style="list-style-type: none"> 1. A virtual asset service provider issuing shares totalling ten per cent or more of the total shares in a company which is a virtual asset service provider under the <i>Virtual Asset (Service Providers) Law, 2020</i>, without the prior approval of the Authority. 2. A person or a virtual asset service provider voluntarily transferring or disposing of issued shares or interests without the prior approval of the Authority. 	Serious
Virtual Asset (Service	28(3)	Failure of a virtual asset service provider to provide such information to the Authority, and	Serious



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Providers) Law, 2020		within the specific time as the Authority may require, for the purpose of assessing whether persons acquiring control or ownership of such shares or partnership interest in accordance with section 28(1) or (2) as the case may be, are fit and proper persons to have such control or ownership.	
Virtual Asset (Service Providers) Law, 2020	28(5)	Failure of a company or partnership to inform the Authority of the number of shares or interests and the identity of the person in whom the shares or interests have vested as soon as it becomes aware that shares in a company or the interests in a partnership which is a virtual asset service provider have been vested involuntarily or through process of law in a person.	Serious”.

Made in Cabinet the 8th day of December, 2020.

Kim Bullings
Clerk of the Cabinet