



2 May 2022

## **NOTICE**

### **RE: VASP FAQs Update**

This Notice provides an update to the FAQs relating to the Virtual Asset Service Provider ("VASP") registration process to assist industry with improving the completeness and quality of VASPs applications submitted to CIMA. The Cayman Islands Monetary Authority notes that incomplete or low-quality applications are a cause of significant delays in the registration process. As such, see updated FAQs below. For a full list of VASP FAQs, click [here](#).

#### **What documents/fees are required to register a VASP pursuant to section 6 (1) of the VASP Act?**

- [REEFS](#) Application form (APP-101-84 and AIR-157-84)
- List of the applicant's Blockchain addresses (separated by coin)
- Details of all shareholders with more than 10% shareholding together with a completed CIMA personal questionnaire
- Information on Chief Information Officer/Chief Information Security Officer, including CV
- Copies of cybersecurity policies (follow CIMA's Guidance on Cybersecurity)
- Copies of AML/CFT policies (in line with [Anti-Money Laundering Regulations](#) and [Guidance Notes](#))
- Comprehensive business plan
- Transaction flow charts
- Details of outsourced arrangements and related agreements
- Applicable Fee of CI\$1,000 (US\$1,219.50) + Assessment fee to be determine at approval

#### **What elements should be included in the business plan?**

A comprehensive business plan should clearly outline the following, at a minimum:

- A description of the business conducted
- Products and services being offered or to be offered in the future and details on the process of how those services are being offered
- Standalone financial statements covering two years and financial projections
- Physical location of operations
- Customer base (e.g. number of customers, geography/jurisdiction)
- Delivery channels and marketing plan/strategy

- Corporate governance e.g. composition of board of directors, senior management and any committees
- Staff complement and organisational chart showing reporting lines
- Information about contracts with affiliates and outsourcing arrangements, where applicable and details on whether they are regulated in any jurisdictions

### **When is a VASP registration/license application viewed as complete and ready for processing by the Authority?**

All documentation and payment must be submitted to the Authority before the processing of the application will commence. The documentation required for the registration/licensing of a VASP is outlined on the applicable REEFS forms together with a comprehensive business plan and transaction flow charts. For more on information, see REEFS FAQs.

### **What information must be supplied, upon application for a registration/license on major shareholders (10% or above), directors and officers for VASP?**

- Certified copies of academic and professional qualification certificates
- Police Clearance certificate or affidavit of no criminal convictions
- A fully completed [Personal Questionnaire](#)
- Two character references
- One financial reference
- An updated and comprehensive CV
- A notarised or similarly certified colour copy of Government issued photo ID
- Completed Declaration of Source of Funds/ Source of Wealth [form](#) with supporting evidence for major shareholders

To ensure that there are no undue delays in the due diligence process, VASPs must ensure that they follow the [Regulatory Procedure – Assessing Fitness and Propriety](#)

### **What must be submitted to evidence the organization structure of a VASPs?**

- A comprehensive full group companies structure chart, including the ultimate beneficial owners
- Details of regulated status of entities within the group the relevant regulated services and jurisdictions
- Details of services provided by any related entity to the VASP

## **Travel Rule Compliance**

### **What is the Travel Rule and how is it applicable to VASPs?**

Financial Action Task Force (“FATF”) Recommendation 16 prescribes that originating VASPs must obtain and hold required and accurate originator information and required beneficiary information on virtual asset transfers. These requirements apply to VASPs whenever their transactions (in fiat currency or virtual assets) involve: (a) a traditional wire transfer, (b) a virtual asset transfer between a VASP and another obliged entity or (c) a virtual asset transfer between a VASP and a non-obliged entity. The application of the FATF’s wire transfer requirements in the virtual asset context is known as the “Travel Rule”.

Part XA of the Anti-Money Laundering Regulations contains definitions and provisions pertaining to the identification, verification, production, record-keeping and other relevant obligations relating to virtual assets including the Travel Rule requirements for VASPs. See [Anti-Money Laundering \(Amendment\) \(No. 2\) Regulations, 2020](#).

### **When will Part XA of the AMLRs commence?**

Part XA of the Anti-Money Laundering Regulations will be effective from 1 July 2022.

### **How should VASPs initially report Travel Rule compliance to the Authority?**

All VASPs registered or in the process of registering with CIMA were required to advise how they will comply with the Travel Rule related provisions as outlined in the AMLRs, by submitting details of their compliance arrangements, including the relevant policies and procedures and the use of resources (including technological tools) to [vaspinfo@cima.ky](mailto:vaspinfo@cima.ky) by 31 March 2022.

All new applicants for VASP registrations/licences are required to indicate in their applications how they will comply with the Travel Rule related provisions as part of their compliance arrangements. This information should be included as an attachment when submitting their policies pertaining to anti-money laundering and counter terrorist financing via the [REEFs](#) application, APP 101-84 (Schedule E).