



SUMMARY OF PRIVATE SECTOR CONSULTATION AND FEEDBACK STATEMENT

Rule and Regulatory Procedure on Cancellation of Licences, Registrations, or Waivers for Virtual Asset Service Providers

No.	Section	Comments	Authority's Response	Consequent Amendments to the Proposed Measure
	GENERAL COMMENTS			
1.	7.7.2 – Regulatory Procedure Regarding the requirement for a letter signed by an independent auditor in the Regulatory Procedure, it seems unnecessary in this context. Typically, such a letter is not required for investment funds. As such, we request that this be deleted “by an independent auditor”. Auditors are unable to provide such letters as they are engaged under an audit framework to provide an opinion (auditors report) on the financial statements. Further in this case, it relates to where a VASP never launched – this means that the auditors would be unable to confirm as they would not have been engaged as Auditors for the VASP.		<i>The Authority notes that this comment was also addressed in the comments regarding section 7.7.2 of the Regulatory Procedure. Please refer to row no. 29 for our response.</i>	
2.	<ul style="list-style-type: none"> CIMA should consider seeking a statutory declaration of solvency pre-deregistration, where there is a view to winding up voluntarily; That such statutory declaration should ensure that sufficient funds are held back to orderly wind down the entity; and Where there are complex assets on the balance sheet of a VASP entity, which plans to voluntarily deregister and liquidate, that the same should only be done where there is a qualified liquidator appointed, as defined in the Insolvency Practitioner Regulations 		The Authority notes the comment and has incorporated suggestions in the Regulatory Procedure (“RPr”) to enhance due diligence during voluntary wind-down scenarios, particularly where solvency, complex assets, or liquidation oversight are concerned.	<p>Regulatory Procedure:</p> <p>7.3. Ceasing to Carry on Business</p> <p><i>In cases where the VASP’s cancellation is due to the cessation of business, the Authority evaluates the VASP’s submission of a cessation plan. This plan may be affirmed by an authorised representative of the VASP, such as a director, officer, or, where applicable, a liquidator. With the main objective being to ensure that all the clients’ assets of the VASP have been transferred or closed with proper</i></p>

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				<p>documentation. The Authority considers the following step-by-step elements of the cessation plan: (...)</p> <p>7.3.7. where the VASP anticipates a voluntary wind-down, include a statutory declaration of solvency, confirming that sufficient resources are available to support an orderly and timely winding down of the entity.</p> <p>AND</p> <p>7.4 Voluntary Liquidation</p> <p><i>In a case where the VASP opts to conduct a voluntary liquidation process and appoints a third-party liquidator, the Authority reviews the following additional oversight documentation, to promote asset protection and orderly closure: (...)</i></p> <p>7.4.4. where the VASP holds complex or illiquid assets on its balance sheet, voluntary liquidation is expected to be carried out with oversight by a qualified liquidator as defined in the Insolvency Practitioner Regulations. The Authority will review</p>

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				<i>relevant documentation to confirm the appointment and qualifications of the liquidator in accordance with applicable legal requirements.</i>
3.	Recommended to include 'Counter-proliferation financing ("CPF") and Sanctions' where there is occurrence of AML/CFT for completeness.		The Authority has incorporated the revisions into the measures.	<p>CPF/Sanctions is now reflected in:</p> <p><u>Rule</u></p> <ul style="list-style-type: none"> - Statement of Objectives: 3.1 (a) <p><u>Regulatory Procedure</u></p> <ul style="list-style-type: none"> - Section 5.2, 5.2.1 and 7.8.2.2
4.	The phrase " or waiver " should be incorporated throughout the Rule and Regulatory Procedure to ensure the framework also applies to entities that were granted waivers under section 16 of the VASPA. These entities, although not formally licensed or registered under VASPA, operate under the regulatory oversight of the Authority and may also seek to discontinue their virtual asset services. Including "or waiver" ensures consistent application of the cancellation process and promotes transparency.		The Authority has made the necessary revisions in the measures.	<p><i>The phrase "or waiver" has therefore been added to the following key sections of the Rule and Regulatory Procedure:</i></p> <p><u>Rule</u></p> <ul style="list-style-type: none"> • <i>Title</i> • <i>Introduction (1.1 and 1.2)</i> • <i>Section 2 – Interpretations (2.1)</i> • <i>Section 3 – Statement of Objectives (3.1)</i> • <i>Section 5 – Scope of Application (5.1)</i> • <i>Rule 6.2, 6.3, 6.4 and 6.5</i>

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				<p><u>Regulatory Procedure</u></p> <ul style="list-style-type: none"> • <i>Title</i> • <i>Introduction (1.1)</i> • <i>Section 2 – Interpretations (2.1)</i> • <i>Section 3 – Statement of Objectives (3.1)</i> • <i>Section 4 – Scope of Application (4.1)</i> • <i>Section 5 – General Conditions for Cancellation (5.1)</i> • <i>Section 6 – Core Information for Cancellation of a VASP (6.1, 6.2 and 6.3)</i> • <i>Section 7 – Specific Requirements for Cancellation of a VASP (7.6 and 7.7)</i> • <i>Section 8 – Additional Key Considerations and Information (8.1)</i> • <i>Section 9 – Public Notice (9.1)</i>

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	Rule - Cancellation of Licences, Registrations, or Waivers for Virtual Asset Service Providers			
5.	2.1.1 - 'Cancel' or 'Cancellation' refers to the termination of a licence or registration issued under VASPA, irrespective of the cause. This includes voluntary surrender, or voluntary liquidation of the licence or registration.	The statement mentions "voluntary surrender" and "voluntary liquidation," which are clear terms for voluntary cancellation, but it might also be helpful to clarify whether involuntary cancellations (e.g., due to regulatory non-compliance or failure to meet requirements) are also included in this definition. If involuntary actions are also covered, it may be useful to specify this to avoid ambiguity.	<p>The Authority notes the comment. However, we confirm that involuntary cancellations such as those resulting from regulatory non-compliance or failure to meet statutory requirements are not within the scope of this Rule. These matters are explicitly addressed under section 5.2 of the Scope of Application, which clarifies that such revocations fall under the Authority's enforcement powers as set out in the Monetary Authority Act ("MAA") and are guided by the Authority's Enforcement Manual. This distinction was made to ensure that the Rule and Procedure strictly govern voluntary cancellation scenarios, while enforcement actions remain within a separate, dedicated framework. To emphasise this, added language to 5.2 explicitly makes clear that such revocations fall outside the scope of the Rule.</p> <p>Further, the Authority made amendments to 2.1.1 by including waiver holders in the scope of this Rule and additional language which enhances clarity and consistency in reporting obligations across all entities benefiting from VASPA exemptions.</p>	<p>2.1.1 'Cancel' or 'Cancellation' refers to the termination of a licence, registration, or waiver issued under VASPA, irrespective of the cause. This includes voluntary surrender, or voluntary liquidation, or withdrawal of the licence, registration, or waiver.</p> <p>5.2 Involuntary cancellations, including those resulting from regulatory breaches or enforcement actions, are not covered under this measure and are addressed separately under the Authority's enforcement powers vested in the MAA and associated regulations and published in the Enforcement Manual – The Regulatory Handbook, Volume 2.</p>

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6.	Interpretation	Recommended to include a definition for "Stakeholders" as it avoids ambiguity and provides clarity and consistency throughout the Rule and RPr. This strengthens both regulatory interpretation and enforcement.	The Authority included the amendment as suggested.	New 2.1.3 'Stakeholders' refers to VASP's clients, investors, or other concerned third parties (together referred to as "stakeholders").
7.	3.1. (a) promoting compliance with the relevant regulatory obligations during the cancellation;	It may be helpful to specify what "relevant regulatory obligations" refer to. This could help to clarify the scope and give better guidance to VASPs on what exactly they need to adhere to during cancellation. Suggested revision: "Promoting compliance with all relevant regulatory obligations, including but not limited to reporting, financial disclosures, and anti-money laundering (AML) requirements during the cancellation process."	The Authority notes your comments on the suggestions to expand on the scope of regulatory obligations and provide more clarity around the orderly exit of VASPs. However, as noted, the purpose of the Statement of Objectives is to provide high-level direction and guiding principles for the Rule, without being overly prescriptive. The Regulatory Procedure that accompanies the Rule contains detailed requirements, including those relating to asset protection, client communication, and compliance responsibilities. That said, we acknowledge the value in enhancing clarity without compromising the high-level nature of the objectives. We revised the language that incorporates the essence of the feedback while keeping the section appropriately general.	a) <i>promoting compliance with the relevant regulatory obligations during the cancellation, including but not limited to those related to financial reporting, disclosures, and AML/CFT/CPF/Sanctions requirements;</i>
8.	3.1. b) ensuring client assets or services are adequately safeguarded during the cancellation;	Does this include transferring client assets to another service provider, protecting client funds, or ensuring continued access to services during the exit process? Further clarity here	As stated in the above comment, the purpose of the Statement of Objectives is to set out high-level guiding principles for the Rule without becoming overly prescriptive. Detailed	b) <i>ensuring client assets or services are adequately safeguarded during the cancellation process, including facilitating the proper transfer, return, or protection of client assets;</i>

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		<p>could help VASPs understand their specific obligations.</p> <p>Suggested revision: "Ensuring that client assets, funds, and services are adequately safeguarded throughout the cancellation process, including facilitating the proper transfer, return, or protection of client assets."</p>	<p>expectations and procedures for the safeguarding of client funds, including transfer or return requirements, are addressed within the accompanying Regulatory Procedure.</p> <p>However, we agree that enhancing clarity at a high level can improve understanding and alignment. Therefore, we recommend a minor amendment to point (b) to better reflect the overarching objective while preserving the general nature of the statement.</p>	
9.	<p>3.1.</p> <p>(d) facilitating the orderly exit of VASPs</p>	<p>What does an "orderly exit" entail in terms of timelines, procedures, or expectations for the VASP?</p> <p>Suggested revision: "Facilitating the orderly exit of VASPs by ensuring that all necessary steps are taken for the smooth termination of operations, including the resolution of outstanding obligations, final audits, and the protection of stakeholder interests."</p>	<p>Similarly, to the comment above, the purpose of the Statement of Objectives is to set out high-level guiding principles for the Rule without becoming overly prescriptive.</p> <p>We acknowledge the importance of enhancing clarity around the concept of an "orderly exit." While we aim to avoid being overly prescriptive in the Rule, we agree that providing high-level guidance can support greater understanding and consistency. Therefore, we recommend a minor amendment to point (d) to better reflect the overarching objective while preserving the general nature of the statement.</p>	<p>d) <i>facilitating the orderly exit of VASPs in a manner that supports regulatory compliance and protects the interests of clients and other stakeholders.</i></p>

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10.	<p>5.1 This Rule applies to all VASPs regulated by the Authority that:</p> <ul style="list-style-type: none"> a) have chosen to cease virtual asset services permanently and are winding down operations in the Cayman Islands; b) have been registered or licensed by the Authority, but never initiated business activities or client interactions; c) are discontinuing business in the Cayman Islands or relocating operations to another jurisdiction; or d) are voluntarily seeking to cancel their licence or registration pursuant to the provisions of the VASPA. 	<p>It should be considered to reflect the reality of dual-regulated entities and the need to account for obligations under other Acts, especially during wind-down processes.</p>	<p>The Authority incorporated amendments as suggested.</p>	<p>5.1 This Rule applies to all VASPs regulated by the Authority that:</p> <ul style="list-style-type: none"> a) have chosen to cease provision of virtual asset services permanently and/or are winding down operations in the Cayman Islands; b) have been registered, licensed, or granted a waiver by the Authority, but never initiated virtual asset service business activities or client interactions or transactions; c) are discontinuing business in the Cayman Islands or relocating operations to another jurisdiction; or d) are voluntarily seeking to cancel their licence, registration, or waiver pursuant to the provisions of the VASPA.
11.	<p>Rule 6.1 A VASP intending to cease its virtual asset service operations must notify the Authority in writing within 15 days of its decision to cease its Virtual Asset Service operations.</p>	<p>In a number of notification requirements, CIMA allows 21 days. Would suggest to consider 21 days to be consistent.</p> <p>Also, it might be helpful to clarify whether the 15-day period applies from the date of the decision or from when the VASP starts winding down operations. This distinction could be important for compliance tracking.</p> <p>Suggestion:...within 15 days of its decision to cease its VAS operations, starting from the decision date rather than the date operations are actually wound down.</p>	<p>The Authority notes your comment. The 15-day notification period referenced in Rule 6.1 aligns with Section 8(10) of the VASPA, which requires licensees to notify the Authority of any changes to the information previously submitted, including a decision to cease operations, within 15 days. This timeframe reflects the legislative intent to ensure timely and accurate regulatory oversight.</p> <p>We appreciate the suggestion for consistency with other notification periods (e.g., 21</p>	<p>6.1. A VASP intending to cease its virtual asset service operations must notify the Authority in writing within 15 days of the date on which the decision to cease its Virtual Asset Service operations is made.</p>

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			<p>days), but given that this specific scenario pertains to a material change in operational status, the 15-day period remains appropriate and is consistent with the obligations under VASPA.</p> <p>To enhance clarity, we agree that specifying the starting point of the 15-day period, which begins from the date the decision to cease operations is made, will support better compliance tracking and eliminate ambiguity.</p>	
12.	<p>Rule 6.2 Where a VASP has not commenced business within one year of the date of the grant of the licence or the registration, it must notify the Authority in writing at least 15 days prior to the expiration of the one-year period if it anticipates it will not commence business within that timeframe.</p>	<p>May want to consider whether a grace period or extension request should be allowed in specific circumstances.</p> <p>Suggestion: The VASP may request an extension if it anticipates delays due to circumstances beyond its control, subject to the Authority's approval.</p>	<p>The Authority acknowledges the comment regarding the potential for a grace period or the ability to request an extension. Upon further review, it is clarified that Rule 6.2 pertains exclusively to situations in which a VASP has not commenced business within one year of the grant of its licence or registration and is required to notify the Authority at least 15 days prior to the expiration of the one-year period if it anticipates a delay in commencement. The intent of this rule is to ensure timely communication with the Authority and does not provide for, nor establish, a timeline for, the cancellation process. Consequently, the notion of an extension request is not applicable under the scope of</p>	<p><i>No amendment required based on comments from industry.</i></p> <p><i>Amendment based on CIMA's revision:</i></p> <p>Rule 6.2</p> <p><i>Where a VASP has not commenced virtual asset service business within one year of the date of the grant of the licence, registration, or waiver, it must notify the Authority in writing at least 15 days prior to the expiration of the one-year period if it anticipates it will not commence business within that timeframe. The notification must also state, where applicable, whether the VASP does not intend to commence business at all.</i></p>

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			<p>Rule 6.2, and no amendments will be made in response to this comment.</p> <p>Rule 6.2 serves as a proactive safeguard to prevent cases where a VASP remains dormant for more than a year without informing the Authority. The current wording already captures the notification requirement. However, CIMA has seen cases where they are not notified and they do not operate for more than a year. Therefore, it was suggested that additional language to be added to the Rule to cover for this.</p>	
13.	<p>Rule 6.3 A VASP must ensure compliance with VASPA and any other applicable Acts, and provide any information reasonably required by the Authority to evaluate its compliance, including information relevant to the cessation of its Virtual Asset Service operation</p>	<p>What types of documentation or evidence the VASP must submit in order to demonstrate its compliance with these regulatory requirements during cancellation?</p>	<p>The Authority notes your comment. Rule 6.3 is intentionally framed in non-prescriptive terms to maintain flexibility at the Rule level, consistent with its purpose to establish enforceable principles without duplicating procedural detail. However, there was an addition made by referencing the RPr which may provide helpful direction to VASPs.</p> <p>The RPr proposed alongside the Rule provides the necessary operational clarity, including the types of documentation and evidence VASPs are expected to submit based on the reason for cancellation. A footnote has also been added to provide further reference to the RPr, where the list of documents is provided.</p>	<p>6.3 A VASP must ensure compliance with VASPA and any other applicable Acts, and provide any information reasonably required by the Authority to evaluate its compliance, including information relevant to the cessation of its Virtual Asset Service operations. In meeting these obligations, a VASP must adhere to the documentation and procedural steps outlined in the Regulatory Procedure – Cancellation of Licences, Registrations or Waivers of Virtual Asset Service Providers, which provides a non-exhaustive list of documentation that may be requested, depending on the circumstances¹.</p> <p>Footnote 1:</p>

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			<p>This structure ensures that the Rule provides a clear and enforceable obligation, while the Procedure offers the practical, scenario-specific guidance needed for implementation and compliance. Also, to avoid overlap with Rule 6.3, the Authority merged Rule 6.4 with Rule 6.3, which reinforced procedural compliance and clearly pointed VASPs to the RPr for operational steps.</p>	<p><i>These may include, depending on the circumstances, affidavits, cessation plans, client asset reconciliation records, compliance confirmations, and liquidation documents, among others.</i></p>
14.	<p>Rule 6.5 The VASP must ensure that all stakeholders are accurately informed of the cancellation in line with the <i>Regulatory Procedure- Cancellation of Licences or Registrations for Virtual Asset Service Providers</i></p>	<p>What is CIMA's expectation around the methods by which the VAS should notify stakeholders, i.e. email will suffice, other methods are acceptable?</p>	<p>The intention of Rule 6.5 (now 6.4) is to ensure that stakeholders are adequately informed of a VASP's cancellation. The details and expectations around communication methods are outlined in the accompanying Regulatory Procedure, specifically Section 5.3 – Stakeholder Communication. The Authority allows for flexibility in the methods used to notify stakeholders, provided that the communication is effective, verifiable, and consistent with the nature of the relationship with each stakeholder. The Authority may request evidence of such communications (e.g., client notices, delivery receipts) to verify compliance. Given this, a revision to Rule 6.5 is not needed, as the RPr provides adequate guidance.</p>	<p><i>No amendments required for the Rule relating to comment.</i></p> <p><i>Amendment to Regulatory Procedure, section 5.3</i></p> <p><i>The Authority reviews documentation provided by the VASP to demonstrate that all relevant stakeholders were informed of the cancellation. This may include, but is not limited to, copies of client notifications, instructions for asset withdrawals, and evidence of client services continuity, including access to any client assets held on behalf of clients.</i></p> <p><i>5.3.1. The Authority may consider as valid documentation evidence verified through an agreed-upon procedure conducted by an independent third party.</i></p>

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			<p>However, revisions to section 5.3 of the RPr have been considered to clarify that a range of reasonable communication methods may be accepted, subject to the Authority's review.</p>	<p><i>This may include copies of formal notifications sent to clients or stakeholders, confirmation letters, logs of client correspondence, or other forms of verifiable documentation. Where applicable, confirmation that all relevant agreements or relationships have been cancelled and that there are no ongoing or outstanding obligations or liabilities to stakeholders should also be provided.</i></p> <p>5.3.2. The Authority may request copies of final notices, client communications, and distribution confirmations in order to verify that all stakeholders were informed by the VASP of the cessation of business.</p> <p>5.3.3. <i>The Authority expects that stakeholder notifications occur in advance of cessation and that relevant supporting documents are submitted as part of the cancellation application. Additional follow-up may be requested where gaps in</i></p>

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				documentation are identified.
15.	Rule 6.7 A VASP must comply with any conditions or restrictions imposed by the Authority to, among others, safeguard client interests and ensure compliance with the relevant Acts.	Consider adding " including data and assets " to clarify the scope of "client interests," reinforcing that concerns extend beyond financial holdings to include sensitive data such as KYC, personal information, and transaction records. This is particularly relevant in virtual asset businesses where data security and digital asset protection are fundamental to client trust and regulatory compliance.	The Authority made amendments as suggested.	Now 6.6. A VASP must comply with any conditions or restrictions imposed by the Authority to, among others, safeguard client interests (including data and assets) and ensure compliance with the relevant Acts.
16.	Rule 6.8 A VASP must notify the Authority of any material changes that may impact its regulatory good standing during the cancellation process.	It may be useful to clarify what constitutes a "material change". Similar to the notification requirement above, should this notification be made within 15 days (or 21 days as suggested) from the time the VASP becomes aware of material changes?	<p>The purpose of Rule 6.8 is to ensure that the Authority is kept informed of any significant developments during the cancellation process that could affect a VASP's regulatory standing, such as changes in ownership, key personnel, or financial condition.</p> <p>While the Rule intentionally uses the term "material change" to maintain flexibility across a range of scenarios, the RPr provides further clarification on expectations where necessary. The Authority interprets "material" in line with its broader regulatory context—i.e., any change that a reasonable regulator would view as important in assessing the</p>	Now 6.7. A VASP must notify the Authority of any material changes, including those that may impact its regulatory good standing during the cancellation process. Such notification is expected within 15 days of the VASP becoming aware of the material change. Material changes may include, but are not limited to, significant financial events, legal proceedings, or changes in control.

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			<p>VASP's conduct, compliance, or ability to meet its obligations.</p> <p>That said, based on your suggestion, we will consider clarifying the timing expectations in the Rule, referencing the 15-day timeframe set out under Section 8(10) of VASPA.</p>	
Regulatory Procedure - Cancellation of Licences, Registrations, or Waiver for Virtual Asset Service Provider				
17.	2.1.1 - 'Cancel' or 'Cancellation' refers to the termination of a licence or registration issued under VASPA, irrespective of the cause. This includes voluntary surrender, or voluntary liquidation of the licence or registration.	The statement mentions "voluntary surrender" and "voluntary liquidation," which are clear terms for voluntary cancellation, but it might also be helpful to clarify whether involuntary cancellations (e.g., due to regulatory non-compliance or failure to meet requirements) are also included in this definition. If involuntary actions are also covered, it may be useful to specify this to avoid ambiguity.	The Authority notes the comment. However, we confirm that involuntary cancellations, such as those resulting from regulatory non-compliance or failure to meet statutory requirements, are not within the scope of this RPr. These matters are explicitly addressed under section 4.2 of the Scope of Application , which clarifies that such revocations fall under the Authority's enforcement powers as set out in the MAA and are guided by the Authority's Enforcement Manual. This distinction was made to ensure that the Rule and Procedure strictly govern voluntary cancellation scenarios, while enforcement actions remain within a separate, dedicated framework. To emphasise this, added language to 4.2 explicitly makes clear that such revocations fall outside the scope of the RPr.	<p>2.1.1 'Cancel' or 'Cancellation' refers to the termination of a licence, registration, or waiver issued under VASPA, irrespective of the cause. This includes voluntary surrender, or voluntary liquidation, or withdrawal of the licence, registration, or waiver.</p> <p>4.2 Involuntary cancellations, including those resulting from regulatory breaches or enforcement actions, are not covered under this measure and are instead addressed separately under the Authority's enforcement powers vested in the MAA and associated regulations and published in the Enforcement Manual – The Regulatory Handbook, Volume 2.</p>

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			The Authority made amendments to 2.1.1 by including waiver holders in the scope of this RPr and additional language which enhances clarity and consistency in reporting obligations across all entities benefiting from VASPA exemptions.	
18.	Interpretation	Recommended to include a definition for "Stakeholders" as it avoids ambiguity and provides clarity and consistency throughout the Rule and RPr. This strengthens both regulatory interpretation and enforcement.	The Authority included the amendment as suggested.	New 2.1.2 'Stakeholders' refers to VASP's clients, investors, or other concerned third parties (together referred to as "stakeholders").
19.	3.1 (a) the necessary steps and documentation required to confirm the cessation of business operations as a VASP;	Consider including language in 3.1 (a) to reflect the reality of dual-regulated entities and the need to account for obligations under other Acts, especially during wind-down processes.	The Authority made the revision as suggested.	(a) <i>the necessary steps and documentation required to confirm the cessation of business operations as a VASP, or ceasing only virtual asset activities while continuing other regulated operations;</i>
20.	4.1. This procedure applies to the VASPs that: a) have chosen to cease virtual asset services permanently and are winding down operations in the Cayman Islands; b) have been registered or licensed by the Authority, but never initiated business activities or client interactions; c) are discontinuing business in the Cayman Islands or	It should be considered to reflect the reality of dual-regulated entities and the need to account for obligations under other Acts, especially during wind-down processes.	The Authority incorporated amendments as suggested.	4.1. This procedure applies to the VASPs that: a) have chosen to cease provision of virtual asset services permanently and/or are winding down operations in the Cayman Islands, or ceasing only virtual asset activities while continuing other regulated operations; b) have been registered, licensed, or granted a waiver by the Authority, but never initiated virtual asset service business activities or client interactions or transactions;

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	relocating operations to another jurisdiction; or d) are voluntarily seeking to cancel their licence, registration pursuant to the provisions of the VASPA.			c) are discontinuing business in the Cayman Islands or relocating operations to another jurisdiction; or d) are voluntarily seeking to cancel their licence, registration, or waiver pursuant to the provisions of the VASPA.
21.	4.1 b) have been registered or licensed by the Authority, but never initiated business activities or client interactions;	Suggest clarifying to include specific cases like those where the VASP failed to commence operations within the prescribed timeframe, or is unable to meet the necessary conditions for operation?	<p>Section 4.1(b) is intended to broadly capture scenarios where a VASP has never commenced operations, including where the VASP fails to begin business within the prescribed timeframe or is unable to meet conditions necessary to operate. These scenarios are already contemplated throughout the RPr, including in Rule 6.2, which specifically addresses the requirement for VASPs to notify the Authority if they do not commence operations within one year of receiving their licence, registration or waiver.</p> <p>As such, the Authority believes that no amendment, in this regard, is necessary to Section 4.1(b), since its current wording appropriately allows for a range of non-commencement situations, without narrowing its scope.</p>	<i>No amendment required.</i>
22.	4.2. Involuntary revocations, including those resulting from regulatory breaches or enforcement actions, are addressed under the Authority's enforcement powers vested in the MAA and associated	Revise the current name of the Enforcement Manual.	The Authority amended the section as suggested.	4.2. Involuntary cancellations, including those resulting from regulatory breaches or enforcement actions, are not covered under this measure and are addressed separately under the Authority's enforcement powers

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	regulations and published in the Enforcement Manual.			vested in the MAA and associated regulations and published in the <i>Enforcement Manual – The Regulatory Handbook, Volume 2.</i>
23.	5.1. Good Standing The Authority validates that the VASP seeking to cancel a licence or a registration is in good standing on the date of its cancellation. Good standing means that the VASP has paid all prescribed fees, filed all audited financial statements or provided management accounts (as required) and has resolved any outstanding regulatory obligations with the Authority.	<p>Consider adding language to ensure that the VASP has remediated all findings from onsite examinations.</p> <p>Also, consider incorporating that there could be situation where we impose requirements/conditions outside of examinations, such as a part of normal ongoing monitoring. Therefore, this section was suggested to be amended to broaden it by including the aspect of ongoing monitoring.</p>	The Authority made amendments to the section as suggested.	<p>5.1. Good Standing</p> <p><i>The Authority validates that the VASP seeking to cancel a licence, registration, or waiver is in good standing on the date of its cancellation. Good standing means that the VASP is up to date with filing all supervisory reports; this includes audited financial statements or management accounts (as required); remediated all requirements imposed as a part of the Authority's ongoing monitoring including examinations or other supervisory activities that was conducted as applicable; resolved any outstanding regulatory obligations with the Authority; and the directors and UBO continue to remain fit and proper persons.</i></p>
24.	5.2.1 provided confirmation from its Compliance Officer attesting that all AML/CFT systems and procedures for compliance with the Anti-Money Laundering Regulations have been finalised, and no suspicious transactions remain under review. This confirmation can take the form of a notarised document or report	Regarding the confirmation, it would be beneficial to specify if there is a preferred format or template for the confirmation provided by the Compliance Officer.	<p>The Authority notes the comment for the request for clarity regarding the format of this confirmation. While the Authority does not mandate a standard template, we agree that setting expectations around format can help promote consistency and verifiability.</p> <p>Therefore, an amendment has been made to provide flexibility while ensuring credibility of the submission.</p>	5.2.1. <i>provided confirmation from its Compliance Officer or equivalent person attesting that all AML/CFT systems and procedures for compliance with the Anti-Money Laundering Regulations have been finalised, and no suspicious transactions remain under review. This may be submitted as either (a) a notarised document, or (b) a notarised affidavit signed by the Compliance Officer or equivalent person.</i>

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25.	<p>5.2.2 certified, through its Compliance Officer or equivalent person, that the VASP is in compliance with sanctions requirements, including clearing transactions screening. This certification is submitted to the Authority as part of the cancellation process to ensure that no transaction involve a sanctioned person, entity or jurisdiction.</p>	<p>For the submission of the certification, it could be useful to specify whether CIMA requires the documentation to be submitted electronically, in hard copy, or both.</p>	<p>The Authority's primary concern is that the certification is signed, verifiable, and submitted in a reliable format. While we do not prescribe one mode of submission. Amendments were made to allow submission either electronically or in hard copy, as determined by the VASP. This ensures practical flexibility without compromising regulatory integrity.</p> <p>The Authority also amended this section to require notarised or similarly certified documentation to strengthen the reliability and authenticity of compliance attestations. This change ensures that confirmations regarding sanctions compliance are validated.</p>	<p>5.2.2 <i>provide confirmation from its Compliance Officer or equivalent person, that the VASP is in compliance with sanctions requirements, including that all transactions screening processes have been completed, any potential matches have been investigated and resolved, and no transactions involved a sanctioned person, entity or jurisdiction. This submission may be provided as either (a) a notarised or similarly certified document, or (b) a notarised affidavit signed by the Compliance Officer or equivalent person. The certification should confirm that no transaction involved a sanctioned person, entity, or jurisdiction and may be submitted in electronic or hard copy format, provided it is signed and verifiable.</i></p>
26.	<p>5.3 The Authority reviews documentation provided by the VASP confirming that all relevant stakeholders were informed of the cancellation. This may include, but is not limited to, copies of client notifications, instructions for asset withdrawals, and evidence of client services continuity. In addition, the Authority validates whether the VASP has submitted confirmation that all relevant agreements or relationships (if any) have been cancelled and that there are no ongoing or outstanding</p>	<p>Regarding the submitted confirmation, suggest clarifying on how this confirmation should be documented. for example, should the VASP submit signed statements from clients or third parties, or is a self-attestation from the VASP itself sufficient?</p> <p>Could be helpful to specify a timeline within which these documents must be submitted after the cessation of operations, ensuring the process is completed in a timely manner and the</p>	<p>The Authority recognises that stakeholder communication practices may differ across VASPs. In most cases, a self-attestation supported by documentary evidence (e.g., notices or email logs) will be sufficient. An amendment has been made to reflect this by including self-attestation as an acceptable form of confirmation, subject to supporting documents. This ensures clarity while maintaining a risk-based approach.</p>	<p>5.3 <i>The Authority reviews documentation provided by the VASP to demonstrate that all relevant stakeholders were informed of the cancellation. This may include, but is not limited to, copies of client notifications, instructions for asset withdrawals, and evidence of client services continuity.</i></p> <p>5.3.1. The Authority may consider as valid documentation evidence verified by an independent third party in</p>

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	<p>obligations or liabilities against the relevant stakeholders.</p> <p>The Authority may request copies of final notices, client communications, and distribution confirmations in order to verify that all stakeholders were informed by the VASP of the cessation of business.</p>	<p>VASP remains compliant with the regulatory requirements.</p> <p>Also, will there be expectations from CIMA in terms of when VASP should inform stakeholders about the cessation of business?</p>	<p>We agree that setting a general expectation around timing improves clarity. While specific deadlines may depend on the circumstances, an amendment has been made to state that notifications should be made in advance of cessation and that supporting documents are expected with the cancellation application. This aligns with regulatory expectations for proactive communication.</p>	<p><i>accordance with an agreed upon procedure. This may include copies of formal notifications sent to clients or stakeholders, confirmation letters, logs of client correspondence, or other forms of verifiable documentation. Where applicable, confirmation that all relevant agreements or relationships have been cancelled and that there are no ongoing or outstanding obligations or liabilities to stakeholders should also be provided.</i></p> <p>5.3.2. <i>The Authority may request copies of final notices, client communications, and distribution confirmations in order to verify that all stakeholders were informed by the VASP of the cessation of business.</i></p> <p>5.3.3. <i>The Authority expects that stakeholder notifications occur in advance of cessation and that relevant supporting documents are submitted as part of the cancellation application. Additional follow-up may be requested where gaps in</i></p>

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				documentation are identified.
27.	<p>5.4</p> <p>If the VASP holds another licence or is registered with the Authority under another regulatory Act, and the activities conducted under that other regulatory Act are also ceasing, the Authority will substantiate that the necessary procedures have been followed and the documentation submitted in accordance with the other regulatory acts.</p>	Does the VASP need to notify the Authority about the cessation of activities under each regulatory act separately, or whether one notification covering all regulatory acts would suffice?	<p>The Authority notes the comment and agrees that clarification is helpful. The intent of section 5.4 is to ensure that a VASP holding multiple licences or registrations under different regulatory Acts is meeting its obligations under each applicable framework. As such, the VASP is expected to initiate a separate cancellation process for each licence or registration in accordance with the requirements of the relevant Act.</p> <p>Where applicable, the VASP should liaise with the relevant Supervisory Division of the Authority to ensure that all cessation requirements specific to that regulatory regime are met. This approach promotes regulatory consistency and supports a smooth and coordinated exit process across all regulated activities.</p>	<p>5.4 <i>If the VASP holds another licence or registration with the Authority, under another regulatory Act, and the activities conducted under that other regulatory Act are also ceasing, the Authority will substantiate that the necessary procedures have been followed. The VASP is expected to initiate cancellation procedures per the requirements of each applicable Act.</i></p>
28.	<p>6. Core Information for Cancellation of a VASP</p> <p>6.1. <i>Notification for Cancellation</i> The Authority receives and reviews a letter of intention along with any form prescribed by the Authority, for the</p>	Consider emphasising that it should be a formal letter that is to be provided.	The Authority has made amendments to this section for clarity, as suggested.	<p>6. Core Information for Cancellation</p> <p>6.1. <i>Notification for Cancellation</i> The Authority receives and reviews a formal letter of intention and any additional documentation prescribed by the Authority, for the cancellation of</p>

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	cancellation of licence or of registration from the VASP indicating its intention to cancel its licence or registration, the contents of which captures the following details:			<i>licence, registration, or waiver. The letter should include the following details:</i>
29.	6.1.5. a contact person for any further correspondence regarding the cancellation.	Regarding the contact person, it would be useful to specify if this person should be someone with direct knowledge of the cancellation process or a designated representative, to ensure that the Authority can efficiently communicate with an informed individual	The Authority agrees that clarifying the qualifications of the designated contact person can support smoother engagement during the cancellation process. The recommendation is considered, and an amendment has been made to reflect the same.	6.1.5. <i>a contact person for any further correspondence regarding the cancellation, who has direct knowledge of the cancellation process or is an authorised representative of the VASP.</i>
30.	6.4 <i>Resolution</i> A certified copy of the resolution or other formal documentation signed by the VASP Board of Directors or equivalent governing body (and/or stakeholders, where applicable) indicating the effective date of business cessation.	It would be beneficial to clarify what qualifies as 'formal documentation' beyond the board resolution. For example, does this include minutes of meetings, signed statements, or any other supporting documents?	The Authority is open to receiving a range of documentation that demonstrates the VASP's internal decision to cease operations. To maintain flexibility and accommodate varying corporate governance structures, we recommend a general amendment that allows for any suitable evidence of corporate approval to be submitted, rather than specifying exact formats.	6.4 <i>Resolution</i> <i>A certified copy of the resolution or other formal documentation evidencing approval of the cessation of business by the VASP Board of Directors or equivalent governing body (and/or stakeholders, where applicable) and indicating the effective date of business cessation.</i>
31.	6.5. and 6.6 6.5. <i>Final Audit Report</i> The submission of the final audit report, conducted by an auditor approved by the Authority, covering all operational and transactional activities up to the date of cancellation. If a final audit	to avoid confusion, suggestion to use same below as per 6.6. "...up to the final day of business operations or liquidation date" Or what is considered "date of cancellation"? Would there be further guidance provided on what constitutes an	The Authority agrees that the terms "date of cancellation", "liquidation date", and "final day of business operations" must be used consistently. The use of "date of cancellation" in 6.5 may indeed cause confusion, as cancellations are determined administratively, whereas operations may cease earlier.	Proposed Merged Revision (6.5 and 6.6): 6.5. <i>The Authority reviews the submission of a final audit report conducted by an auditor approved by the Authority, covering the period from the date of the last submitted audited financial statements to the final day of business</i>

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	<p>report is unavailable, the Authority reviews management accounts submitted by the VASP, accompanied by a statement explaining the rationale for providing these accounts in place of the audited report.</p> <p>6.6. Unless exempted by CIMA, the Authority assesses the audited financial statements cover the period from the date of the last submitted financial statements to the final day of business operations or liquidation date</p>	<p>acceptable "exemption" from CIMA's requirements for final audit reports or financial statements?</p> <p>6.5 is inconsistent with 6.6 in that it requires a report up to the date of cancellation rather than the final day of business operations. It is unlikely an entity will be able to provide an audit report covering up to the date of cancellation.</p> <p>6.6 already indicates that this condition applies "Unless exempted by CIMA" so would suggest deleting reference to the provision of management accounts as an alternative.</p> <p>Merge 6.5 and 6.6 into one point to read as follows: <i>"Unless exempted by CIMA, the submission of the final audit report conducted by an auditor approved by the Authority. The Authority assesses the audited financial statements cover the period from the date of the last submitted financial statements to the final day of business operations or liquidation date."</i></p>	<p>The Authority acknowledges the request for additional guidance on what may constitute an acceptable exemption from the final audit requirement. In response, section 6.5 has been revised to clarify that the Authority <i>may</i> accept alternative documentation in lieu of a final audit report. This discretionary language provides flexibility, allowing the Authority to assess each case based on the size, nature, and complexity of the entity. The Authority believes this approach maintains regulatory integrity while addressing concerns about proportionality and cost, particularly for non-operating or minimally active entities.</p> <p>The Authority also agreed with the suggestion to merge Sections 6.5 and 6.6, as it helps to streamline the content, eliminate duplication, and enhance clarity.</p>	<p><i>operations (the "period"). Depending on the size, nature, and complexity of the entity, the Authority may accept alternative documentation in lieu of a final audit report. Where the VASP has not engaged an auditor, the Authority will specify the agreed-upon procedure to be conducted by an independent third party, on a case-by-case basis. This may include, but is not limited to: evidence confirming that the entity had no assets or liabilities as at the final day of business operations, and that no significant transactions occurred during the period.</i></p>
32.	<p>6.7.1</p> <p>a reflection of all assets, liabilities, income, and expenses up to the date of cancellation, verifying that client funds were appropriately handled, distributed, or transferred.</p>	<p>Same as the above comments, date of cancellation vs liquidation date or cessation of operations date – could lead to confusion, as they appear to describe different events but are used interchangeably in the context of final audits and financial statements. Suggest using consistent period coverage.</p>	<p>The Authority notes the comment and has decided on the use of "final day of business operations" consistently throughout section 6 for alignment with the revised 6.5. As liquidations can take long periods of time, in some cases.</p>	<p><i>New 6.6.1.</i> a reflection of all assets, liabilities, equity, income, and expenses up to the final day of business operations, verifying that client funds, whether in fiat or virtual assets, were appropriately handled, distributed, or transferred. <i>Where client assets were</i></p>

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				<i>converted to proprietary assets under contractual terms, the VASP must demonstrate that such treatment was lawful, disclosed, and managed in accordance with applicable regulatory and fiduciary obligations.</i>
33.	6.7.3 an independent auditor approved by CIMA conducts the audit, focusing on compliance, asset handling, and closure accuracy.	In general financial audits, auditors are more focused on assessing the accuracy of financial statements, ensuring that the entity's accounting practices are in line with accounting standards (e.g., US GAAP, IFRS) and verifying the completeness and accuracy of financial transactions. Given that compliance-related assessments may require specialized procedures that go beyond the typical financial audit scope, suggest removing this "focusing on compliance" unless the intention is to have a compliance audit.	The Authority notes this valid point. Financial audits typically assess accuracy and adherence to accounting standards. To avoid confusion with a compliance audit, we agree to remove the phrase "focusing on compliance". Additionally, the section has been revised to better reflect the financial auditor's role in assessing the accuracy and completeness of financial records.	New 6.6.3. <i>for the final audit report, an independent auditor approved by CIMA conducts the audit to assess the accuracy and completeness of financial statements, including financial activity up to the final day of business operations.</i>
34.	6.8 <i>Additional financial records</i> The Authority may request additional financial records to substantiate information related to gaps or discrepancies that are identified in the audited financial statements submitted, particularly in relation to high-value transactions or unresolved client distributions.	What constitutes a "discrepancy"? Is it a variance in financial statements, an unexplained transaction, or something else? or are we referring here if there's an audit opinion other than unqualified ie disclaim/adverse? The term "discrepancy" can imply that there is something wrong or incorrect with the audited financial statements, suggest considering other terms ie unusual transactions or inconsistencies. Section 6.8 notes the authority can request additional information – we	The Authority notes that the term "discrepancy" may be interpreted too narrowly or negatively. To better reflect this intent, we have revised the wording to use the phrase "material inconsistencies or findings", which more accurately captures a broader range of issues that may arise during the review of a VASP's final audit or financial statements. Additionally, we agree that specifying the potential sources	New 6.7 <i>The Authority may request additional information from the VASP, its auditors, or authorised representatives to substantiate any material inconsistencies or findings that are identified in the audited financial statements or management accounts submitted, particularly in relation to high-value transactions or unresolved client distributions.</i>

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		would suggest clarification be added as to from whom they can request it	from whom additional information may be requested will enhance procedural clarity. However, the Authority reserves discretion in determining the party from whom they can request the information.	
35.	<p>6.9 <i>Evidence of Asset Reconciliation and Liability Resolution</i> The Authority will assess the evidence that VASP has demonstrated the reconciliation of client assets and the resolution of financial liabilities. This evidence ensures the orderly cessation of operations and the protection of stakeholder interests. The submission may include the following:</p> <p>6.9.3. a summary of client account closures, including transfers or returns of assets, with supporting documentation, which may include bank transfer records, blockchain transaction records etc.;</p> <p>6.9.2. details of outstanding liabilities and the steps taken to resolve them; and</p> <p>6.9.3 confirmation that no pending legal or financial claims exist.</p>	Is VASP required to provide supporting evidence of this (e.g., legal confirm, correspondence with creditors, etc.), or if a simple statement will suffice?	<p>The Authority recognises that the circumstances surrounding the cessation of a VASP's operations may vary widely in complexity and risk. As such, section 6.9.3 (corrected from 6.6.3 in comment) is intended to remain flexible, allowing the VASP to provide either a formal confirmation or, where relevant, supporting evidence to substantiate the absence of any pending legal or financial claims.</p> <p>In lower-risk scenarios, such as where the VASP never carried on business or had minimal operations, a self-declaration may be sufficient. However, in more complex cases—for instance, where there were large-scale client interactions or unresolved disputes—the Authority may request additional documentation, such as legal confirmations, correspondence with counterparties, or other relevant records.</p> <p>Due to revisions in the measure, it is now 6.8.3.</p>	<p>New 6.8.3. <i>confirmation that no pending legal or financial claims exist. Where appropriate, taking into account the size, complexity, or nature of the VASP's business, the Authority may request supporting documentation such as legal confirmations or correspondence with relevant parties to substantiate this declaration.</i></p>

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36.	<p>7.3 <i>Ceasing to Carry on Business</i> In cases where the VASP's cancellation is due to the cessation of business, the Authority evaluates the VASP's submission of a cessation plan. This plan may be affirmed by an authorised representative of the VASP, such as a director, officer, or, where applicable, a liquidator. With the main objective being to ensure that all the clients' assets of the VASP have been transferred or closed with proper documentation. The Authority considers the following step-by-step elements of the cessation plan:</p> <p>7.3.1 explain the rationale behind the decision for the cessation of business operations, including relevant details, such as business decline, or strategic redirection etc;</p> <p>7.3.2 confirm that all statutory and regulatory obligations, including annual filings and AML compliance, have been met;</p> <p>7.3.3 confirm that all stakeholders have been notified of the cessation, including the timeline for closure and instructions for any actions required on their part;</p>	<p>Regarding the cessation plan, is the intention from the Authority to have this separate from the Notification of cancellation/letter of intention as per 6.1? The requirement for a notification of cancellation (6.1) and a cessation plan (7.3) seems to be closely related, and it would be helpful to clarify the distinction between these two steps to avoid redundancy. Or instead of having two separate documents (the letter of intention and the cessation plan), it may be possible to consolidate the two, with the letter of intention in Section 6.1 containing the initial notification and Section 7.3 outlining additional details required for the cessation. This would help reduce duplication and confusion.</p>	<p>The letter of intention (6.1) serves as the formal initiation of the cancellation process, while the cessation plan (7.3) provides the operational and procedural details required to complete the cancellation. We agree that consolidating both into a single submission could reduce redundancy, especially if the cessation plan details are embedded within or annexed to the letter of intention.</p> <p>Footnote 1 added for clarification to the introductory paragraph on 7.3.</p> <p>The Authority also made the following amendments:</p> <p>7.3.1 was revised to make a distinction between ceasing operations altogether and ceasing offering virtual asset services.</p> <p>7.3.4 was amended to address the legal transfer of obligations and client assets through novation and ensures client communication is done in a timely manners, as well as consent or awareness is captured.</p> <p>7.3.5 revisions broaden the scope of unresolved matters that may affect cessation, reinforcing a comprehensive view of</p>	<p>7.3 <i>Ceasing to Carry on Business</i> <i>In cases where the VASP's cancellation is due to the cessation of business, the Authority evaluates the VASP's submission of a cessation plan. This plan may be affirmed by an authorised representative of the VASP, such as a director, officer, or, where applicable, a liquidator. With the main objective being to ensure that all the clients' assets of the VASP have been, or will be transferred or closed with proper documentation. The Authority considers the following step-by-step elements of the cessation plan¹.</i></p> <p>7.3.1 <i>explain the rationale behind the decision to cease providing virtual asset services, including relevant details, such as business decline, or strategic redirection etc;</i></p> <p>7.3.2 <i>confirm that all statutory and regulatory obligations, including annual filings and AML compliance, have been met;</i></p> <p>7.3.3 <i>confirm that all stakeholders have been notified of the cessation, including the timeline for closure and instructions for any actions required on their part;</i></p> <p>7.3.4 <i>verify that all outstanding virtual asset holdings or client assets have been distributed or securely transferred. This includes a record of asset returns, transfers to other custodians, novation agreements,</i></p>

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	<p>7.3.4 verify that all outstanding virtual asset holdings or client fiat balances have been distributed or securely transferred. This includes a record of asset returns, transfers to other custodians, or direct client withdrawals with relevant supporting documentation;</p> <p>7.3.5 confirm that there are no outstanding claims, disputes, or financial obligations that would impede the cessation of business; and</p> <p>7.3.6 specify the intended status of the legal entity post-cessation, such as continuing as a dormant entity or seeking strike-off from the General Registry in the Cayman Islands.</p>		<p>pending liabilities or reputational risks.</p> <p>7.3.6 revisions avoid presumption that cessation of virtual asset services equals full operational closure. This change accommodates more nuanced operating models.</p>	<p><i>or direct client withdrawals with relevant supporting documentation. Where assets were novated to another entity, the Authority expects evidence that clients were informed, in a timely manner, and provided a choice;</i></p> <p>7.3.5 <i>confirm that there are no outstanding claims, complaints, disputes, investigations or financial obligations that would impede the cessation of business;</i></p> <p>7.3.6 <i>specify the intended status of the legal entity post-cessation of the virtual asset services, such as continuing operations in a different capacity, remaining dormant, or seeking strike-off from the General Registry in the Cayman Islands; and</i></p> <p>7.3.7 <i>where the VASP anticipates a voluntary wind-down, include a statutory declaration of solvency, confirming that sufficient resources are available to support an orderly and timely winding down of the entity.</i></p> <p>Footnote 1: <i>This plan may be submitted as part of the letter of intention under section 6.1 or as a separate document, provided it addresses all the elements set out in section 7.3.</i></p>

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37.	7.4.1 a copy of the official notice of liquidation, filed with the Registrar of Companies in the Cayman Islands. This notice confirms the liquidation status and provides the initial date of the liquidation process.	For the copy of the official notice of liquidation, Is this within the 15-day time frame requirement as well? It might be beneficial to specify a time frame within which this notice should be submitted after the decision to initiate liquidation is made.	The Authority agrees that a general expectation around timing improves clarity. Since Rule 6.1 establishes a 15-day period for the notice of cancellation, we will align this expectation here for consistency and clarity.	7.4.1. <i>a copy of the official notice of liquidation, filed with the Registrar of Companies in the Cayman Islands, should be submitted to the Authority within 15 days of the decision to initiate the liquidation process. This notice confirms the liquidation status and provides the initial date of the liquidation process.</i>
38.	7.4.3.3 that during the liquidation process, no fraud, mismanagement, or financial irregularities were identified or detail any corrective actions taken if issues were discovered.	Should there be more clarifications on how findings should be disclosed if issues were identified? For consideration: If any instances of fraud, mismanagement, or financial irregularities were identified, the liquidator must provide a detailed report outlining the actions taken to resolve these issues, including any corrective actions implemented during the liquidation process.	The Authority notes the comment and agrees to revise the section to ensure that, if such findings exist, the liquidator provides a detailed explanation of corrective actions. This strengthens transparency and aligns with good governance expectations.	7.4.3.3. <i>that during the liquidation process, no fraud, mismanagement, or financial irregularities were identified; or, if any such instances occurred, a report is provided outlining the issues and corrective actions taken during the liquidation process.</i>
39.	7.6.1.3 affirmation that the VASP has complied with regulatory requirements in the Cayman Islands up to the transfer date and that it is prepared to meet the legal obligations in the new jurisdiction. 7.6.2. documentation of the conditional or full regulatory approval from the other the other regulatory authority in	Consider revising the language in these sections to emphasise that the Authority's cancellation process is not contingent upon the VASP obtaining full approval in the new jurisdiction. Also, to clarify that the VASP should take sufficient steps to responsibly transition operations to the new jurisdiction.	The Authority has amended section as suggested.	7.6.1.3 <i>affirmation that the VASP has complied with regulatory requirements in the Cayman Islands up to the transfer date and has initiated steps to meet the legal obligations in the new jurisdiction, including any preliminary approvals or registrations, as required.</i> 7.6.2. <i>documentation evidencing progress toward conditional or full regulatory approval from the other regulatory authority in the new jurisdiction, confirming that the VASP is eligible to</i>

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	the new jurisdiction, confirming that the VASP is eligible to operate under that jurisdiction's laws. This can include:			<i>operate under that jurisdiction's laws, where applicable. This can include:</i>
40.	<p>7.7 Virtual Asset Service Providers that never carried on business</p> <p>If a licensed or registered VASP is seeking to cancel but has never carried out any business over the life of its licence or registration, the Authority evaluates:</p> <p>7.7.1 an affidavit from the VASP's Board of Directors or equivalent governing body explaining why the business was not commenced, including the following confirmations:</p>	Suggest updating "including the following confirmations:" to "including any external or internal factors (e.g., regulatory challenges, strategic decisions, or market conditions) that contributed to the decision not to operate and the following confirmations:"	The Authority agrees to amend section 7.7.1, as suggested, and 7.7 to improve clarity without being overly prescriptive. This helps the Authority understand the rationale behind non-commencement more holistically.	<p>7.7. If a licensed, registered, or waiver holding VASP is seeking to cancel but has never carried out any business over the life of its licence, registration, or waiver the Authority evaluates both internal and external confirmation of non-operation through the following documentation:</p> <p>7.7.1. a notarised affidavit from the VASP's Board of Directors or equivalent governing body explaining why the business was not commenced, including any external or internal factors that contributed to the decision, and the following confirmations:</p>
41.	<p>7.7.2 a letter signed by a legal counsel or Director appointed by the VASP. The Authority will assess the independence and qualifications of the appointed party to ensure they are competent to verify the VASP's compliance with cancellation requirements. The letter also seeks to confirm that the VASP has never carried on business verifying the following:</p> <p>7.7.2.1. that no transactions were executed or processed; and</p>	Regarding the requirement for a letter signed by an independent auditor, it seems unnecessary in this context. We don't typically require such a letter for investment funds. As such, we request that this be deleted "by an independent auditor". Auditors are unable to provide such letters as they are engaged under an audit framework to provide an opinion (auditors report) on the financial statements. Further in this case, it relates to where a VASP never launched – this means that the auditors would be unable to confirm as they would not have been engaged as Auditors for the VASP.	<p>The Authority noted that this comment was highlighted in the General comments, as well.</p> <p>The Authority emphasises the importance of maintaining independent verification where there was no activity, however, acknowledges the burden that broad language could place on the VASP.</p> <p>The Authority has revised this section by removing 'letter' and replacing with 'notarised affidavit' to ensure the information provided has</p>	<p>7.7.2 a notarised affidavit prepared and signed by at least two Directors or a party acceptable to the Authority. The affidavit confirms that the VASP has never carried on business and includes evidential documents supporting the verification of the following:</p> <p>7.7.2.1. that no transactions were executed or processed; and</p> <p>7.7.2.2. that any initial client deposits or subscriptions, if collected, were returned promptly.</p>

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	7.7.2.2. that any initial client deposits or subscriptions, if collected, were returned promptly.		evidentiary weight and accountability. The Authority clarified that the notarised affidavit must be prepared and signed by at least two Directors or a party acceptable to the Authority, and the confirmation is to be supported by evidential documents.	
42.	7.8.1 If an entity no longer meets the definition under the VASPA, the Authority may consider and review the relevant documentation to ascertain whether all regulatory requirements for that VASP cancellation are in order.	Consider highlighting that the Authority should be informed of any material changes and that regulatory alignment should be confirmed prior to proceeding with cancellation.	The Authority has amended section as suggested.	7.8.1. <i>If an entity no longer meets the definition under the VASPA, the Authority may consider and review the relevant documentation to ascertain whether all regulatory requirements for cancellation are in order, including confirmation that the change in business model has been communicated to the Authority and any necessary approvals or acknowledgements have been received.</i>
43.	7.8.2. If the VASP no longer meets the definition of a licensed or registered VASP under the VASPA because of a restructuring or a change in its business model, the Authority assesses the following documentation:	Consider revising section to make the provision broader and more flexible. As there may be other circumstances where an entity no longer meets the definition of a VASP.	The Authority has amended the section as suggested.	7.8.2 <i>If an entity no longer meets the definition of a VASP under the VASPA (for example, because of a restructuring or a change in its business model), the Authority assesses the following documentation:</i>
44.	7.8.2.1.1 the description of the restructuring or business model change that renders the VASP outside of the VASP definition in the VASPA; and	Consider revising the section to cover all possible rationales.	The Authority has amended the section as suggested.	7.8.2.1.1. <i>the rationale that renders the entity outside of the VASP definition under the VASPA; and</i>