

# **REGULATORY POLICY**

## **Registration or Licensing of Virtual Asset Service Providers**

**May 2025**

## Table of Contents

<b>List of Acronyms.....</b>	<b>3</b>
<b>1. Statement of Objectives .....</b>	<b>4</b>
<b>2. Scope of Application .....</b>	<b>4</b>
<b>3. Statutory Authority.....</b>	<b>5</b>
<b>4. Definitions .....</b>	<b>5</b>
<b>5. General Considerations Before Applying for Registration or Licensing.....</b>	<b>6</b>
<b>6. Procedure for Registration and Licensing VASPs .....</b>	<b>7</b>
<b>7. Assessment Criteria for Registering and Licensing VASPs .....</b>	<b>10</b>
<b>8. List of Required Documents .....</b>	<b>14</b>
<b>9. Transitional Arrangements.....</b>	<b>15</b>
<b>10. Waiver .....</b>	<b>15</b>
<b>11. Additional Considerations.....</b>	<b>16</b>
<b>12. Effective Date.....</b>	<b>16</b>

## List of Acronyms

<b>CIMA</b>	Cayman Islands Monetary Authority
<b>MAA</b>	The Monetary Authority Act
<b>The VASP Act</b>	Virtual Asset (Service Providers) Act
<b>Regulations</b>	Virtual Asset (Service Providers) Regulations
<b>UBO</b>	Ultimate Beneficial Owner
<b>VASP</b>	Virtual Asset Service Provider

## **Regulatory Policy**

### **Registration or Licensing of Virtual Asset Service Providers**

#### **1. Statement of Objectives**

1.1. This Regulatory Policy (the “Policy”) sets out criteria for the Cayman Islands Monetary Authority (the “Authority”) to approve registration, licence, or waiver to virtual asset service providers (“VASPs”) pursuant to the following:

- (a) section 6 - *Application for Registration*;
- (b) section 8 - *Application for virtual asset service licence*; and
- (c) section 16 - *Waiver*

of the Virtual Asset (Service Providers) Act (“VASP Act”) and the Virtual Asset (Service Providers) Regulations (“the Regulations”).

#### **2. Scope of Application**

2.1. This Policy is applicable to:

- 2.1.1 persons seeking to register under section 4(1)(a) of the VASP Act to carry on virtual asset service in or from within the Cayman Islands;
- 2.1.2 persons seeking a virtual asset service licence under section 8 of the VASP Act to provide virtual asset custody service or wanting to operate a virtual asset trading platform; and
- 2.1.3 persons seeking to obtain a waiver under section 16 of the VASP Act to carry on virtual asset service in or from within the Cayman Islands.

2.2. This Policy excludes persons seeking a sandbox licence under Part 3 of the VASP Act.

2.3. This Policy should be read in conjunction with:

- (a) the VASP Act;
- (b) the Regulations;
- (c) the Anti-Money Laundering Regulations;
- (d) the Guidance Notes on the Prevention and Detection of Money Laundering and Terrorist Financing in the Cayman Islands; and
- (e) any other applicable rules and regulatory measures issued by the Authority from time to time, including but not limited to, those covering fitness and propriety, internal controls, risk management, corporate governance, criteria for approving changes in ownership and controls,

record keeping, outsourcing, and cyber security<sup>1</sup>.

### 3. Statutory Authority

3.1. This Policy is consistent with:

- (a) Section 6(1)(b) of the Monetary Authority Act (the “MAA”) which provides that the principal functions of the Authority are, *inter alia*:

*“(i) to regulate and supervise financial services business carried on in or from within the Islands in accordance with this Law and the regulatory laws;”*

- (b) Section 6(3) of the MAA which provides that the Authority shall, in performing its regulatory and cooperative functions, *inter alia*:

*“(a) endeavour to promote and enhance market confidence, consumer protection and the reputation of the Islands as a financial centre; (...)*

*(c) recognize the international character of the financial services and markets and the necessity of maintaining the competitive position of the Islands, from the point of view of both consumers and suppliers of financial services, while conforming to internationally applied standards insofar as they are relevant and appropriate to the circumstances of the Islands; (...)*

*(f) recognise the need for transparency and fairness on the part of the Authority.”*

- (c) The Authority’s statutory requirements as prescribed in any other relevant regulatory acts and/or regulations.

3.2. Particularly, pursuant to section 4(1) of the VASP Act, *“Subject to subsections (2) and (3), a person shall not carry on, or purport to carry on, virtual asset service in or from within the Islands unless that person —*

- (a) is a registered person;*

- (b) in the case of the provision of virtual asset custodial services or the operation of a virtual asset trading platform, holds a virtual asset service licence;*

- (c) is a supervised person that has been granted a waiver from the Authority under section 16”.*

3.3. In accordance with the Regulations, the Authority provides application forms<sup>2</sup> (and any information to accompany such forms) to persons wishing to make an application for registration and/or licensing to the Authority.

### 4. Definitions

4.1 For the purpose of this Policy, the following definitions have been provided for

<sup>1</sup> Refer to regulatory measures applicable to VASPs as published on the Authority’s website.

<sup>2</sup> Forms are available on the Authority’s website.

clarity.

- 4.1.1 **"Applicant"** refers to a person seeking to register and or obtain a licence under the VASP Act to carry on virtual asset service as a VASP in or from within the Cayman Islands.
- 4.1.2 **"Control"** means an aggregate percentage of ownership (through both voting and non-voting shares) that equals or exceeds 10% of the issued shares of the Applicant, either directly or indirectly; or a right to exercise directly or indirectly 10% or more of the of shares of the Applicant; or the ability to instruct or direct the directors of the Applicant.
- 4.1.3 **"Independent Director"** means a person with no previous business affiliations with the Applicant including but not limited to any affiliation with the ultimate shareholders and other principals and officers of the Applicant.
- 4.1.4 **"Licensee"** means a person licensed in accordance with section 8 of the VASP Act.
- 4.1.5 **"Registered Person"** means "a person registered in accordance with section 6" of the VASP Act.
- 4.1.6 **"Supervised Person"** means a person that is licensed or registered by the Authority under any of the other regulatory laws but is not licensed or registered under this Act.

## 5 General Considerations Before Applying for Registration or Licensing

- 5.1 The Authority invites prospective Applicants to obtain a formal written independent legal opinion to support the application on how it meets the requirement for registration or licence under the VASP Act. The legal opinion may also consider and opine, as appropriate, whether the Applicant's proposed activities would require licence or registration under any other regulatory law(s).
- 5.2 Prospective Applicants are urged to contact the Authority to schedule a meeting to discuss the prospective application and the Authority's requirements prior to submitting an application for registration and/or licence under the VASP Act.
- 5.3 The Authority also urge prospective Applicants to understand the registration and licensing requirements and their compliance obligations under the relevant Acts, Regulations and regulatory measures to satisfy themselves that they would be in a position to comply with the relevant obligations once they are registered and/or licensed with CIMA.
- 5.4 Where the activity of an Applicant includes any transfer of virtual assets, the Authority expects that the Applicant will have systems and controls in place to comply with Part 10A of the AMLRs and related provisions under the VASP Act. The Authority will consider and review the relevant policies and procedures provided by each Applicant which demonstrate their ability to comply with the aforementioned compliance obligations and related regulatory reporting requirements. The Authority will also consider each Applicant's ability to securely and effectively transfer or receive and maintain relevant

originator/beneficiary information.

- 5.5 Where the activity of an Applicant does not involve transfer of virtual assets, the Authority will review the Applicant's business plan to ensure that it reflects the same; and to validate whether the Applicant has an acceptable reason why it is not required to comply with Part 10A of the AMLRs, related provisions under the VASP Act and any applicable reporting requirements.

## 6 Procedure for Registration and Licensing VASPs

- 6.1 The procedure that the Authority applies to assess applications for registrations and licences under the VASP Act is consistent with the VASP Act and its Regulations. For an abundance of clarity, the Authority restates the applicable provisions below:

### Applications for Registration

- 6.2 The following provisions for applying for a registration under section 6(1) of the VASP Act states –

*"Subject to subsection (3), a person, not being a supervised person who has been granted a waiver for registration or a licence under section 16, who –*

- (a) at the commencement of the Virtual Asset (Service Providers) (Amendment) Act, 2024 is carrying on virtual asset service for which a licence is not required under this Act;*
- (b) wishes to carry on virtual asset service for which a licence is not required under this Act; or*
- (c) has been directed by the Authority to apply for registration under this Act,*

*shall apply in the prescribed form to be a registered person under this Act and submit the application along with the prescribed application fee to the Authority."*

- 6.3 In addition, Section 6(2A) establishes that *"The Authority may impose conditions on an applicant for registration at the time of application or at any time thereafter, as the Authority may consider appropriate having regard to the nature, risk and scale of the business."*

- 6.4 Further, section 6(3) stipulates that *"The Authority shall, further to its determination under subsection (2) that the applicant is suitable to be registered, register the applicant upon payment of the licensing or registration fee or reject the application for registration if the applicant is found to be unsuitable."*

### Applications for Licences

- 6.5 In respect of an application for a virtual asset service licence, section 8(2) of

the VASP Act sets out the following<sup>3</sup>:

*"The Authority shall, in relation to an application received under subsection (1), either –*

- (a) grant a virtual asset service licence;*
- (c) direct the applicant to apply for a licence or registration under one of the other regulatory laws where the virtual asset service is similar in nature to a service for which registration or a licence is required under another regulator law; or*
- (d) refuse the application to grant the licence."*

6.6 Section 8(3) states that *"An application under this section shall include such information and may be prescribed and any additional information as may be specified by the Authority..."*

6.7 Further section 8(5) cites that *"On payment of the licensing or registration fee, the Authority shall grant the licence to the applicant and the licence shall set out the specific service under subsection (1) that the licensee is permitted to carry on."*

*General Provisions for Applicants*

6.8 Persons seeking to carry on virtual asset services are required to register and or obtain a licence under the VASP Act, as applicable. For this purpose, the Authority will review the relevant completed application form(s) with all the information required pursuant to the VASP Act and Regulations. The Authority may request additional information from the Applicants to ensure the suitability of Applicants for registration and or licensing under the VASP Act.

6.9 If a Registered Person wishes to engage in activities for which a licence is required under sections 10 and 11 of the VASP Act, the Authority will have regard for the requirements for a licence application as set out in the VASP Act and in the Regulations.

6.10 The Authority, where satisfied with the application, may process and issue registration and or a licence in accordance with the VASP Act. The application review process only commences when the Authority is in receipt of a complete application form(s) with all the required information and supporting documentation.

6.11 Section 8(4) of the VASP Act stipulates that *"The Authority in determining whether to approve the application from a person in subsection (1), shall consider whether –*

*(a) an approval of the application is against the public interest;*

*(aa) the applicant has satisfied the Authority that the applicant's beneficial owners and senior officers are fit and proper persons;*

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<sup>3</sup> For the purpose of this Policy, section 8(2)(b) which states "direct the Applicant to apply for a sandbox licence in accordance with section 19(1)" is excluded.

(b) *the applicant has —*

*(i) personnel with the necessary skills, knowledge and experience;*

*(ii) facilities, books, records and accounting systems;*

*(iii) adequate capital and cybersecurity measures, as the Authority considers appropriate having regard to the size, scope and complexity of the business; and*

(c) *the applicant has complied with such other requirements under this Act for which the Authority requests the applicant's compliance, and where the Authority is satisfied, it shall notify the applicant of its approval of the application and the prescribed licensing or registration fee."*

6.12 The Authority may reject or return an application if it is considered by the Authority to be incomplete.

6.13 The Authority will verify that the Applicant has paid the application fees as prescribed under the Regulations when making an application.

6.14 Applications for registrations and licensing under the VASP Act are evaluated and decided upon by the Authority's Management Committee, which generally meets on a weekly basis. Once the requirements are met by the Applicant and the application is approved, the Authority issues an approval notification letter which usually takes around 2-3 business days.

6.15 Where the Authority decides to approve an application, subject to requirements or preconditions, the Authority will review and assess the Applicant's submission of said requirements or preconditions within the prescribed time or, where no timeframe is given, within 6 months of the date of the notification of such requirements or preconditions of the approval. Upon request from the Applicant, the Authority may consider granting additional time to meet the requirements or preconditions. Failure by the Applicant to meet the requirements or preconditions within the prescribed time, the decision on such application becomes null and void and the Applicant will be so advised.

6.16 The Authority may reject an application where the Applicant does not meet the requirements prescribed in the VASP Act, Regulations, the criteria set out in this Policy or where the Authority believes that approving registration or issuing a licence would not be in the best interests of the public, proposed shareholders, customers, or creditors, or if it is not in line with the Authority's risk appetite.

6.17 Pursuant to section 6(5) and section 8(10) of the VASP Act, the Authority will assess an Applicant's disclosure of any changes to the information provided in the application within 15 days of any changes. The Authority reviews and makes the decision on whether to approve such changes as applicable with other rules and regulatory measures.

6.18 The Authority may, at its discretion, contact an overseas regulatory authority that supervises the Applicant, its parent or any affiliate of the Applicant or any key service providers, as part of its due diligence assessment of the application.

## 7 Assessment Criteria for Registering and Licensing VASPs

- 7.1 The Authority assesses applications with respect to, among other things, fitness and propriety of the shareholders, proposed directors, senior officers, business plan, track record, transparency, risk management, internal controls, cyber security measures including IT or Blockchain infrastructure, and systems for combating money laundering and terrorist financing, proliferation financing and sanctions monitoring.
- 7.2 The Authority also assesses the details of an Applicants' intended transaction and features of the proposed entity to establish the nature of the virtual assets service that they intend to provide.
- 7.3 The Authority evaluates the Applicants' documents that demonstrate how they comply with applicable Acts, regulations and regulatory measures in the Cayman Islands.
- 7.4 The Authority considers each application on its own merits and considers all relevant factors, including the criteria below.

### 7.5 ***Fit and Proper Criteria***

- 7.5.1 The Authority evaluates whether the Applicants have demonstrated that they are controlled and managed by a sufficient number of shareholders and senior officers who are fit and proper and pose no undue risk to the Applicant, its shareholders, customers, creditors and the reputation of the Islands.
- 7.5.2 According to the VASP Act, the Authority, in making a decision to register or grant a licence, will assess whether an Applicant's beneficial owners are fit and proper persons to have such ownership or control and senior officers, anti-money laundering compliance officers and trustees are fit and proper persons to hold the respective positions.
- 7.5.3 The Authority applies the criteria and procedure set out in the Authority's *Regulatory Policy and Regulatory Procedure on Fitness and Propriety*<sup>4</sup> in determining the fitness and propriety of persons holding control and senior officers (including directors and persons responsible for controlled functions) of the Applicant. Where controlled functions are to be outsourced to third parties, the Authority expects them to be fit and proper as well.
- 7.5.4 In determining whether a person is fit and proper, the Authority considers that person's:
  - (a) honesty, integrity and reputation;
  - (b) competence and capability; and
  - (c) financial soundness.

### 7.6 ***Ownership and Control***

- 7.6.1 The Authority validates that a person holding control of a VASP to be fit and proper to have such control or ownership. The Authority rejects the entire application if a person proposed to hold control is found not

<sup>4</sup> Refer to the Authority's Regulatory Policy and Regulatory Procedure on Assessing Fitness and Propriety for detailed information.  
Cayman Islands Monetary Authority

to be fit and proper.

- 7.6.2 The Authority reviews an application comprising of a complete ownership structure chart showing the link between the prospective Applicant and its ultimate beneficial owners<sup>5</sup> ("UBO") in accordance with the Beneficial Ownership Transparency Act or any other applicable regulatory acts in the Cayman Islands.
- 7.6.3 The Authority confirms that the Applicant's ownership structure chart should show all the intermediary holding and operating entities between the Applicant and its UBOs with 10% or more control.
- 7.6.4 In relation to Control, the Authority evaluates each of the immediate shareholders, ultimate shareholders, and intermediary holding and operating entities with 10% or more control. The Authority examines the following information submitted by the Applicant:
- (a) Full legal, business name, trade name, the place or country in which the entity is registered or has been incorporated;
  - (b) Nature of business; and
  - (c) Whether regulated by a financial services regulator, if so, name of regulating body.
- 7.6.5 Where the Applicant is part of a group, the Authority assesses the Applicant's ownership structure chart considering the details of all the affiliated entities, including non-financial services entities.
- 7.6.6 The Authority also reviews the responses in the Personal Questionnaire, together with the documentation listed in the *Regulatory Procedure on Assessing Fitness and Propriety*, from each of the Applicants' UBO with 10% or more control. For clarity, the Authority considers this applicable to UBOs of both voting- and non-voting shares.
- 7.6.7 Where a trust is part of the ownership structure or the proposed UBO of the Applicant, the Authority assesses the details of the Applicants' trust arrangement, beneficiaries, the trustee, protector (if any), the settlor or person(s) and any relationship of settlors to beneficiaries. The Authority further assesses whether or not the trustee (if an entity) is regulated and if so, details of the regulatory body.
- 7.6.8 Where the Applicant is ultimately owned by a fund (e.g., hedge fund or a private equity fund), the Authority reviews the details of all the General Partners and any significant Limited Partners or investors including their names, nationalities and country of residence. The Authority considers the informational requirement in line with its regulatory policy on criteria for approving changes in ownership and control.
- 7.6.9 Where the Applicant is ultimately owned by a publicly traded company, the Authority reviews the details (in 7.6.1 to 7.6.8 above, as applicable) of shareholders with 10% or more listed shares.
- 7.6.10 Where there is only one or two UBOs, the Authority may assess a

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<sup>5</sup> This is applicable to all ownership structures, even where the Applicant is a decentralized finance ("DeFi") or any other emerging model.

succession plan<sup>6</sup> developed to minimize the disruption of the Applicant's operations in the event one of the UBOs dies or becomes incapacitated.

## 7.7 **Corporate Governance**<sup>7</sup>

- 7.7.1 The Authority considers the Applicant's draft corporate governance framework which outlines the intentions to establish for sound and prudent management and oversight of its operations.
- 7.7.2 The Authority considers Applicant's submission of the names of all proposed directors, and statement of whether they are parent company or group representatives, or Independent Directors.
- 7.7.3 The Authority further validates whether the Applicant has no less than three directors at all times, including at least one independent director without a vested interest in the virtual asset service provider.
- 7.7.4 The Authority also assesses the Applicant's statement or viewpoint on whether there is an appropriate number and mix of individuals as directors to ensure that there is an overall adequate level of competence at the Board level.

## 7.8 **Business Plan**

- 7.8.1 The Authority assesses whether the Applicant's application is accompanied by a sufficiently detailed business plan, that is aligned with the size, complexity, structure, nature of business and risk profile of the Applicant.
- 7.8.2 In addition, the Authority analyses business plans to determine whether each Applicant has adequate resources in terms of manpower, systems and expertise, to meet its objectives. The details of the business plan under review include, but are not limited to:
  - (a) A detailed description of the business being undertaken or to be conducted;
  - (b) Details of products and services being offered or to be offered in the future and details on the process of how those services are being offered;
  - (c) The reasons for wanting to establish an operation in or from within the Islands;
  - (d) Background information: company or group history, management team, number of expected employees, corporate structure, names, and percentage of all shareholder(s) including that of the parent and their regulated status;
  - (e) Standalone financial statements covering two years and financial projections;

<sup>6</sup> Refer the Authority's Statement of Guidance on Succession Planning for minimum expectations in relation to succession planning.

<sup>7</sup> Refer the Authority's Rule on Corporate Governance for Regulated Entities for requirements in relation to corporate governance.

- (f) Physical location of operations;
- (g) Customer base (for example, information on the number of customers, risk profile, geography, jurisdictions, and procedures or controls to ensure that customers are compliant with applicable Acts in the Cayman Islands);
- (h) Delivery channels and marketing plan or strategy;
- (i) Corporate governance, for example, composition of board of directors, senior management and any committees;
- (j) Information about contracts with affiliates and outsourcing arrangements, where applicable and details on whether they are regulated in any jurisdictions;
- (k) Explanation of strategy for risk management and internal controls within the business;
- (l) AML/CFT/CPF and sanctions related policies and procedures;
- (m) Cyber security related policies and procedures; and
- (n) An attestation outlining the jurisdictions in which the Applicant operates and confirmation that entity complies with all relevant laws, rules, rules and regulations.

## 7.9 ***Risk Management, Internal Operational Systems and Controls***<sup>8</sup>

- 7.9.1 The Authority considers the Applicant's details pertaining to its risk assessment and management framework that identify, assess, mitigate and monitor all internal and external sources of risk that could have a material impact on the business and operations.
- 7.9.2 The Authority reviews the suitability of an Applicant's proposed policies, procedures, manuals, systems, and internal controls, relating to all areas of the Applicant's risk areas are appropriate for the size, nature, and complexity of its operations and comply with best practices and all applicable laws and requirements and all relevant regulations, rules, policies and statements of guidance.
- 7.9.3 The Authority also reviews the Applicant's overview of its information technology governance structure and overview of technology systems and platforms, blockchain tools to be used, including type of hardware, type of application software and risk assessment of information technology operations.
- 7.9.4 The Authority evaluates the details of the Applicant's plan to implement a conflict-of-interest policy as well as a counter-insider trading policy and procedures. Applicants should demonstrate to the Authority how conflicts identified are adequately managed or eliminated.
- 7.9.5 The Authority also analyses the information pertaining to an Applicant's Money Laundering Reporting Officer and Anti-Money Laundering

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<sup>8</sup> Refer the Authority's Rule and Statement of Guidance on Internal Controls for Regulated Entities.  
Cayman Islands Monetary Authority

Compliance Officer and their deputies to determine whether these persons have specific and sufficient AML/KYC knowledge and experience as it relates to the Cayman Islands regulatory framework.

- 7.9.6 Where an Applicant chooses to outsource some aspects of its operations to an external party or an affiliate of the Applicant, the Authority validates the information relating to that the service provider to decide whether it is adequately qualified, resourced, and fit and proper to carry on that outsourced function<sup>9</sup>.
- 7.9.7 Ideally, the Authority considers that service providers that an Applicant proposes to outsource any regulated activity or business function are properly regulated (where applicable) and are located in a jurisdiction that is deemed to be a non-high-risk country<sup>10</sup>.
- 7.9.8 The Authority also reviews the Applicants' information relating to its books and records, including management information and whether it is stored securely and could be accessed at all reasonable times. The Authority evaluates whether it has reasonable access to an Applicant's records at all reasonable times.
- 7.9.9 The Authority considers whether an Applicant demonstrates that it has comprehensive business continuity management framework<sup>11</sup> that has been developed and implemented and addresses critical areas including technical and human considerations necessary for its ongoing operations. In addition, the Authority assesses the details of the Applicant's business continuity plan or arrangements that are in place to ensure that specified operations can be maintained or recovered in a timely fashion in the event of a disruption.

## 8 List of Required Documents

- 8.1 The Authority reviews a completed form of Schedule 1 of the Regulations (as amended) from an Applicant who wishes to apply for registration under section 6 of the VASP Act.
- 8.2 The Authority assesses a completed Part A & Part B of Schedule 1, and a completed Schedule 1A of the Regulations (as amended) from an Applicant who wishes to apply for licence under section 8 of the VASP Act.
- 8.3 For additional clarity, the Authority has prepared a checklist which outlines examples of acceptable documents that the Authority may consider as part of the licensing and waiver application process. Note that these documents are consistent with the requirements set out in the Regulations. The Authority has provided this checklist for the benefit of Applicants' ease of compilation of the legally required documentation. The checklist can be found on the Authority's website.
- 8.4 Further, the Authority may request additional supporting documents in relation to the application, where applicable.

<sup>9</sup> Refer the Authority's Statement of Guidance on Outsourcing Regulated Entities for guidance on the establishment of outsourcing arrangements and the outsourcing of material functions or activities.

<sup>10</sup> Refer to regulation 8A of Anti-Money Laundering Regulations.

<sup>11</sup> Refer the Authority's Statement of Guidance on Business Continuity Management for guidance on business continuity plans.

## 9 Transitional Arrangements

- 9.1 The Authority's procedures for handling transitional arrangements are compliant with section 6 of the VASP Act. For an abundance of clarity, the provisions are reiterated within this Policy.
- 9.2 In respect of an application for a virtual asset service licence from a Registered Person, section 6(6) of the VASP Act states that *"If a registered person wishes to engage in activities for which a licence is required under this Act, the Authority shall require the Registered Person to apply for a licence and the Authority shall cancel the registration if the licence is granted."*
- 9.3 Section 6(6A) further states that *"A Registered Person who at the commencement of the Virtual Asset (Service Providers) (Amendment) Act, 2024 is engaged in an activity for which a licence is required shall apply for a licence within ninety days of the commencement."*
- 9.4 Thus, in instances wherein a Registered Person meets the criteria in subsections 9.1 and 9.2 above, the Authority considers the following submissions by the Registered Person:
- (a) a completed Schedule 1A of the Regulations;
  - (b) the approval document issued by the Authority; and
  - (c) any additional supporting documents that the Authority may request, where applicable.
- 9.5 However, in instances wherein Registered Persons have already submitted documents as part of the registration process, the Authority does not expect a re-submission of the same documents unless there has been a change since the initial submission.
- 9.6 Upon its approval of the application for a licence, the Authority will notify the Licensee of such approval and the consequent cancellation of its registration; and will update its records accordingly (including the website).
- 9.7 If the Authority does not approve of a Registered Person's application for a licence, the Authority will notify the Registered Person of such decision; and may specify the reasons and basis on which the Authority has not approved the licence application under the VASP Act. In such a circumstance, the Authority may also reevaluate the suitability of such Registered Person; and whether to revoke its registration under the VASP Act.

## 10 Waiver

- 10.1 Under exceptional circumstances, the Authority may waive the requirement for a licence or registration under this Act for a Supervised Person.
- 10.2 Such circumstances are determined by the Authority, where the virtual asset service does not materially change the nature of the activity for which the Supervised Person is licensed or registered, and the supervision and oversight carried out in relation to the business of the Supervised Person is sufficient to include the virtual asset service.
- 10.3 In such circumstances, the Authority considers the following submissions by a

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Supervised Person:

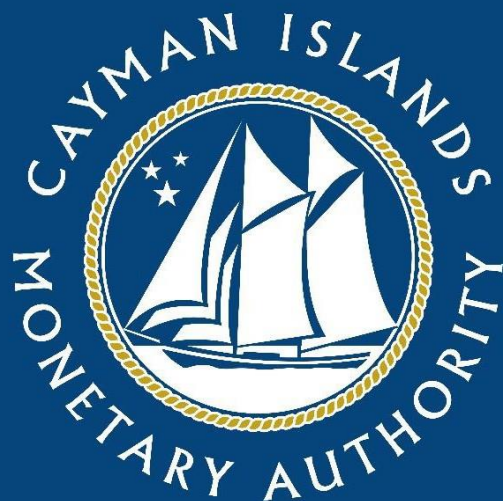
- (a) a waiver application which includes the nature and scope of the virtual asset service that the Supervised Person wishes to carry on, and which demonstrates that the virtual asset service does not materially change the nature of the activity for which the Supervised Person is licenced; and
  - (b) any additional supporting documents that the Authority may request, where applicable.
- 10.4 The Authority, upon receipt of the application and relevant documents, deliberates on the application pursuant to the VASP Act and other applicable regulatory measures.
- 10.5 The Authority, upon its approval of the waiver, notifies the Supervised Person of such approval.
- 10.6 If the Authority does not approve a Supervised Person's application for a waiver, the Authority notifies the Supervised Person of such decision. This may include the specified reasons and basis under which the Authority has not approved the application for a waiver according to the VASP Act. In such a circumstance, the Authority will refer the Supervised Person to section 4 of the VASP Act which requires a registration or licence to carry on or purport to carry on virtual asset services in or from within the Islands.

## **11 Additional Considerations**

- 11.1 The Authority advises that a person who carries on, or purports to carry on, virtual asset services in or from within the Cayman Islands without a required registration or licence is in contravention of sections 4 and 35 of the VASP Act. Furthermore, entities not licensed or registered or granted a waiver under the VASP Act must not state, imply or convey that they are regulated or authorized by the Authority to provide virtual asset service in accordance with Section 4 (5) of the VASP Act. Where instances of contravention of sections 4 and 35 of the VASP Act occur, the Authority would take necessary actions including issuing directions for such persons to cease and desist operations in accordance with the VASP Act.
- 11.2 Further, the Authority adopts a consolidated supervisory approach to registration and licensing guided by the relevant regulatory laws and the Authority's *Regulatory Policy on Consolidated Supervision*.
- 11.3 The Authority may require any other information or documentation that is not captured in this Policy but is necessary for processing an application and granting a registration and/or issuing a licence pursuant to the VASP Act and Regulations.

## **12 Effective Date**

- 12.1 This Policy is effective upon gazettelement.



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