EXTRAORDINARY

OFFICIAL GAZETTE
THE BAHAMAS

PUBLISHED BY AUTHORITY

NASSAU **26th July, 2024**

DIGITAL ASSETS AND REGISTERED EXCHANGES ACT, 2024

Arrangement of Sections

Section

PART I - PRELIMINARY **4**

1. Short title and commencement....4
2. Interpretation....4
3. Application of Act....12

PART II - ADMINISTRATION OF ACT **13**

4. Securities Commission to administer Act....13
5. Functions and powers of Commission....13

PART III - REGISTRATION AND REGULATION OF DIGITAL ASSET BUSINESSES **15**

DIGITAL ASSET BUSINESS 15

6. Digital asset businesses....15
7. Prohibition to carry on unregistered digital asset business....17
8. Prohibition on mining of digital assets....17
9. Registration of a digital asset business....18
10. Appointment of CEO....18
11. Digital asset business as additional activity....19
12. Approval or refusal of application....19
13. Renewal of registration....20
14. Commission to maintain register of digital asset businesses....21
15. Financial and other reporting requirements of digital asset businesses. 21
16. Duty to notify Commission of certain changes....24
17. Commission's prior approval required for certain changes....24

ADDITIONAL REQUIREMENTS FOR CERTAIN DIGITAL ASSET BUSINESSES 25

18. Requirements of business providing the custody of digital assets....25
19. Requirements of business providing advice on and management of digital assets. 28
20. Requirements of business providing staking services....30
21. Requirements of a digital asset exchange....31
22. Adequate systems and controls for digital asset exchanges....31
23. Digital asset exchange to satisfy ongoing requirements....32
24. Digital asset exchange providing custody of digital assets....32

SUSPENSION, REVOCATION OR SURRENDER OF REGISTRATION 3

25. Suspension or revocation of registration....3
26. Surrender of registration....3
27. Winding up after surrender of registration....3
28. Winding up or dissolution....3

DATA PROTECTION 3

29. Record keeping and prevention of unauthorised data access....3

CONDUCT AND COMPLIANCE 3

30. Duty to maintain professional conduct....3
31. Conflicts of interest....3
32. General duty to comply and co-operate....3

AML AND CFT PREVENTION MEASURES 3

33. Prevention of money laundering and terrorism financing....3
34. Compliance officer....3
35. Money laundering reporting officer. 3

PART IV - TOKEN OFFERING 3

36. Token offerings. 3
37. Method of issue of digital assets....4
38. Privacy tokens....4
39. The offering memorandum....4
40. Offer period....4
41. Classification of tokens....4
42. Registration of token offering....4
43. Voluntary registration of issuer outside of The Bahamas....4
44. Approval of application....4
45. Advertisement of token offering....4
46. Powers of Commission in connection with a token offering....4
47. Token register....4
48. Continuing obligations of an issuer to disclose....4

STABLECOINS 4

49. Requirements relating to issuers of stablecoins....4
50. Stablecoin reserve assets....4
51. Audits, review and reports. 4
52. Commission may delist, halt, etc., stablecoin....4
53. Redemption of stablecoins....4

PURCHASERS' RIGHTS 4

54. Purchaser's right to rescission or damages....4
55. Purchaser's right of withdrawal....4

PART V – INVESTIGATION, MONITORING AND COOPERATION 4

56. Power to inspect and investigate....4
57. Agents to conduct inspections and investigations....4

58. Power to compel....50
59. Uncooperative witness liable for contempt....50
60. Co-operative power....50

PART VI – ENFORCEMENT, OFFENCES, PENALTIES AND SANCTIONS 54

ENFORCEMENT 54

61. Compliance order....54
62. Penalty for failure to comply....55

OFFENCES AND PENALTIES 55

63. Offence....55
64. Failure to cooperate or obstruction of Commission....55
65. Liability of officer, director, etc....56
66. General penalty....56
67. Misrepresentation. 56
68. Inside information....56
69. Prohibition of insider dealing....57
70. Prohibition of unlawful disclosure of insider information....58
71. Prohibition of market manipulation. 58
72. Offender to pay penalty on gains or loss avoided. 60
73. Whistleblowers. 60

SANCTIONS 60

74. Administrative sanction....60
75. Freeze order....62

PART VII - MISCELLANEOUS 63

76. Appeals....63
77. Administrative proceedings and reviews....63
78. Exemptions and modifications. 63
79. Fees....64
80. Rules....64
81. Regulations....65
82. Minister may amend schedule by Order. 65
83. Guidelines....65
84. Directives....65
85. Repeal....65
86. Consequential amendments....66
87. Savings and transitional....66

No. 40 of 2024

DIGITAL ASSETS AND REGISTERED EXCHANGES ACT, 2024

AN ACT TO REGULATE THE ISSUANCE, SALE AND TRADE OF DIGITAL ASSETS IN OR FROM WITHIN THE BAHAMAS AND TO REPEAL AND REPLACE THE DIGITAL ASSETS AND REGISTERED EXCHANGES ACT, 2020

[Date of Assent - 26th July, 2024]

Enacted by the Parliament of The Bahamas

PART I - PRELIMINARY

1. Short title and commencement.

(1) This Act may be cited as the Digital Assets and Registered Exchanges Act, 2024.

(2) This Act shall come into operation on such date as the Minister may appoint by notice published in the *Gazette*.

2. Interpretation.

(1) In this Act, unless the context otherwise requires —

"accredited investor" means any person who comes within any of the following categories, or whom the digital asset issuer, exchange or persons selling digital assets reasonably believes comes within any of the following categories, at the time of the issue, transfer or sale of digital asset to that person —

(a) any bank licensed under the Banks and Trust Companies Regulation Act *(Ch. 316)* or licensed and operating outside of The Bahamas, whether acting in its individual or fiduciary capacity;

(b) any registered firm or company registered to conduct securities business and operating outside of The Bahamas, acting for its own account or in a fiduciary capacity;

(c) any insurance company registered under the Insurance Act *(Ch. 347)* or licensed and operating outside of The Bahamas;

(d) any investment fund licensed under the Investment Funds Act or regulated and operating outside of The Bahamas;

(e) any employee benefit plan if the investment decision is made by a plan fiduciary, which is —

(i) a bank or trust company licensed under the Banks and Trust Companies Regulation Act *(Ch. 316)*;

(ii) an insurance company registered under the Insurance Act *(Ch. 347)*;

(iii) a registered firm; or

(iv) an employee benefit plan with total assets in excess of five million dollars;

(f) any director, senior officer or general partner of a digital asset exchange or an issuer of digital assets being offered or sold;

(g) any individual whose individual net worth at the time of the purchase exceeds one million dollars;

(h) any individual who had an individual income in excess of two hundred thousand dollars in each of the two most recent years and has a reasonable expectation of reaching the same income level in the current year;

(i) any person, other than an individual, with total assets in excess of five million dollars not formed for the specific purpose of acquiring the digital assets being offered;

(j) any entity in which all of the equity owners are accredited investors;

(k) the Government or any public body established in The Bahamas;

(l) the government of any foreign jurisdiction, or any agency of that government;

(m) any person purchasing on behalf of an account that is managed on a fully discretionary basis by that person, if that person is registered to carry on business as a manager of digital assets under this Act or in a foreign jurisdiction;

(n) any person residing outside of The Bahamas who qualifies as an accredited investor, however defined, or has similar status,

under the securities legislation of that person's country of residence, or who meets the criteria specified in paragraph (g) or (h) and is otherwise lawfully entitled to purchase the digital asset under the digital asset legislation applicable to such purchase; or

(o) any person that is recognised or designated by the Commission as an accredited investor;

"Anti-Terrorism Act" means the Anti-Terrorism Act, 2018 *(No. 27 of 2018)*;

"approved auditor" means —

(a) a professionally qualified accountant; or

(b) an accountant licensed under The Bahamas Institute of Chartered Accounts Act *(Ch. 364)*; and

(c) approved by the Commission to act on behalf of a registrant or issuer;

"asset" means movable and immovable property of any kind;

"asset token" means a digital asset that represents a claim against the issuer that —

(a) is intended to represent an asset and is embedded with underlying assets;

(b) derives its value by reference to an underlying asset; or

(c) is secured by an underlying asset;

(d) is backed by assets held as collateral for the primary purpose of encouraging price stability;

"beneficial owner" means a natural person —

(a) who ultimately owns or controls, a customer or the natural person;

(b) on whose behalf a transaction is being conducted; or

(c) who exercises effective control over a legal person or legal arrangement;

"Carbon Credit Trading Act" means the Carbon Credit Trading Act, 2022 *(No. 36 of 2022)*;

"compliance officer" means a member of the senior management of a registrant who is appointed in accordance with section 34;

"consensus mechanism" means the rules and procedures by which an agreement is reached, among DLT network nodes, with regards to the state of a distributed ledger;

"counsel and attorney" has the same meaning assigned to it under section 2 of the Legal Profession Act *(Ch. 64)*;

"digital asset" means a digital representation of value or a right which may be transferred and stored electronically, using distributed ledger technology or similar technology;

"digital asset business" has the meaning assigned to it in section 6;

"digital asset derivative" means an option, a swap, a future, a contract for difference or any other contract or instrument whose market price, value or delivery or payment obligations are derived from, referenced to or based on a digital asset underlying interest;

"digital asset derivative exchange" means a system or platform which facilitates the issuance, distribution, sale, trading or exchange of digital asset derivatives;

"digital asset exchange" or **"exchange"** means a system or platform which facilitates the sale, trading or exchange of digital assets for fiat currency or digital assets;

"digital asset structured product" means a digital asset which is associated with a pool of digital assets entitling the digital asset holder to receive regular payments that depend on the income flow from the underlying digital assets;

"digital currency" means a digital form of currency issued by a government or a central bank;

"distributed ledger" means an information repository that keeps records of transactions and that is shared across, and synchronised between, a set of DLT network nodes using a consensus mechanism;

"Distributed Ledger Technology" or **"DLT"** means a technology that enables the operation and use of distributed ledgers;

"DLT network node" means a device or process that is part of a network and that holds a complete or partial replica of records of all transactions on a distributed ledger;

"electronic money" means electronically stored monetary value as represented by a claim on the issuer, which is issued on receipt of funds for the purpose of making payment transactions and which is accepted as a means of payment by persons other than the issuer, and includes monetary value stored magnetically or in any other tangible or intangible device but does not include —

(a) monetary value stored on instruments that can be used to acquire goods or services only —

(i) in or on the electronic money issuer's premises; or

(ii) under a commercial agreement with the electronic money issuer, either within a limited network of

service providers or for a limited range of goods or services;

(b) monetary value that is used to make payment transactions executed by means of any telecommunication, digital or IT device, where the goods or services purchased are delivered to and are to be used through a telecommunication, digital or IT device, provided that the telecommunication, digital or IT operator does not act only as an intermediary between the payment service user and the supplier of the goods and services;

"fiat currency" means coin and money of a jurisdiction that is designated by the government of that jurisdiction as legal tender;

"Financial and Corporate Service Providers Act" means the Financial and Corporate Service Providers Act, 2020 *(No. 27 of 2020)*;

"Financial Intelligence Unit" means the Financial Intelligence Unit established in section 3 of the Financial Intelligence Unit Act *(Ch. 367)*;

"Financial Transactions Reporting Act" means the Financial Transactions Reporting Act, 2018 *(No. 5 of 2018*);

"founder" means any person who beneficially owns or is entitled to a significant interest in the issuer or organiser;

"identified risk framework" has the same meaning assigned to it in section 2 of the Proceeds of Crime Act, 2018 (*No. 4 of 2018*);

"Investment Funds Act" means the Investment Funds Act, 2019 *(No. 2 of 2019)*;

"issuer" means the entity contractually responsible for issuing the digital asset;

"law administered by the Commission" means –

(a) this Act;

(b) the Securities Industry Act;

(c) the Investment Funds Act;

(d) the Financial and Corporate Service Providers Act;

(e) the Carbon Credit Trading Act;

(f) in respect to the powers bestowed to the Commission in respect of its persons registered or licensed with the Commission –

(i) the Financial Transactions Reporting Act;

(ii) the Anti-Terrorism Act;

(g) any other law which the Commission is empowered to administer or enforce;

"legal entity" means an entity incorporated, registered, continued or otherwise established in accordance with —

(a) the Companies Act *(Ch. 308)*; or

(b) the International Business Companies Act *(Ch. 309)*;

"Minister" means the Minister of Finance;

"money laundering reporting officer" means a member of the senior management of a registrant who is appointed in accordance with section 35;

"non-fungible token" means a digital asset which is not interchangeable with any other type of digital asset, and which may represent rights or assets which are not fungible;

"offering memorandum" means a document, whether a notice, circular, advertisement, or whitepaper issued to the public or accessible electronically inviting applications or offers to subscribe for or purchase digital assets or offering digital assets for subscription or purchase;

"originator" means the person who allows a transfer of digital assets from his account, or where there is no account, the person that instructs a financial institution to perform the transfer;

"organiser" if different than the issuer, means a person who, acting alone or in conjunction with one or more other persons, procures the organisation and formation of an issuer and the promotion and issuance of digital assets through an issuer;

"person" includes a natural person, a legal entity, trust, association and any other entity or unincorporated body;

"privacy token" means any digital asset that enables or allows in any way reduced transparency and increased obfuscation of its source or destination in respect of a transaction undertaken in connection with such digital asset, including by way of the hiding, anonymising, obscuring or preventing the tracing through distributed public ledgers or discovery of any of the following information —

(a) a transfer of such digital asset;

(b) the identity of the current or former holder of such digital asset;

(c) the wallet address associated with the holder or the parties to a transaction concerning such digital asset;

(d) the identity of parties to a transaction concerning such digital asset;

(e) the value of the digital asset transaction; or

(f) the beneficial owner of such digital asset;

"Proceeds of Crime Act" means the Proceeds of Crime Act, 2018 *(No. 4 of 2018)*;

"registered firm" has the same meaning assigned to it in section 2 of the Securities Industry Act;

"registrant" means a person that is registered under section 9;

"reserves" or **"reserve assets"** means the assets backing the value of a stablecoin;

"securities" has the same meaning assigned to it in section 2 of the Securities Industry Act;

"Securities Commission" or **"Commission"** means the Securities Commission of The Bahamas continued under section 10 of the Securities Industry Act;

"Securities Industry Act" means the Securities Industry Act *(Ch. 363)*;

"Securities Industry Regulations" means the Securities Industry Regulations *(S.I. No. 1 of 2012)*;

"significant interest" means beneficial interests cumulatively representing more than ten percent of the issued and outstanding equity interests of the organiser or issuer;

"smart contract" means a computer protocol or an agreement concluded wholly or partly in an electronic form, which is automatable and enforceable by computer code;

"stablecoin" means an asset token designed to or that purports to have its value fixed or pegged relative to one or more reserve assets, including fiat currency, legal tender, commodities, or digital assets, for the primary purpose of encouraging price stability;

"staking" means the process of locking up digital assets for a certain period of time in return for a reward or for interest;

"supervisory authority" includes —

(a) the Commission;

(b) the Central Bank of The Bahamas preserved and continued under section 3 of the Central Bank of The Bahamas Act, 2020 *(No. 24 of 2020)*;

(c) the Compliance Commission continued under section 31 of the Financial Transactions Reporting Act;

(d) the Insurance Commission of The Bahamas established under section 4 of the Insurance Act *(Ch. 347)*; and

(e) the Gaming Board for The Bahamas continued under section 3 of the Gaming Act *(Ch. 388)*;

"supervisory law" means an enactment administered or enforced by a supervisory authority;

"The Bahamas Institute of Chartered Accountants" means the Institute continued under section 3 of The Bahamas Institute of Chartered Accountants Act *(Ch. 364);*

"token offering" means an offer by an issuer to the public for the sale of a digital asset in exchange for fiat currency or another digital asset and includes an initial, registered or subsequent token offering;

"transfer" means to conduct a transaction on behalf of another person that moves a digital asset from one digital asset address or account to another;

"utility token" means a right of access or a discount represented in binary format to an application, utility or service but which does not, directly or indirectly, provide the holders thereof with any of the following contractual or legal rights —

(a) ownership or equity interest in the issuer or in any person or pool of assets;

(b) entitlement to a share of profits, losses, assets or liabilities of the issuer or any other person or pool of assets, except in the event of the liquidation of the issuer, to receive a portion of the original subscription price paid at the time of the token offering;

(c) legal status as a creditor; or

(d) entitlement to receive distribution of profits, revenues, assets or other distributions from the issuer or any other person or pool of assets.

(2) For the purposes of this Act —

(a) in determining whether a person is fit and proper, in addition to considering any other relevant matter including a decision made in respect of the person by the Commission, or other regulator, court or tribunal wherever located, the Commission shall have regard to —

(i) the financial status or solvency of the person;

(ii) the educational or other qualifications and experience of the person, having regard to the nature of the role or functions that, if the application is allowed or granted, the person will perform;

(iii) the ability of the person to carry on the regulated activity competently, honestly and fairly;

(iv) the ability of the person to ensure a satisfactory standard of governance organisation and operational conduct; and

(v) the reputation and character of —

(A) where the person is an individual, the individual himself; or

(B) where the person is a legal entity, the legal entity and any director, shareholder, chief executive officer and any other officer;

(b) a person carries on digital asset business —

(i) in The Bahamas, if irrespective of physical location, the person offers digital asset business services to a person who is not an accredited investor residing in The Bahamas; and

(ii) from within The Bahamas, if the person, whether or not a legal entity offers digital asset business services to persons from or through a place in The Bahamas; and

(c) a person shall not be deemed to be carrying on digital asset business in or from within The Bahamas solely due to the presence of data servers or physical maintenance of other parts of a digital asset exchange in The Bahamas.

3. Application of Act.

(1) This Act shall apply to —

(a) any person who as organiser, issuer, founder, purchaser or investor participates in the formation, promotion, maintenance, organisation, sale or redemption of a token;

(b) any person carrying on a digital asset business irrespective of the physical location from which the activity is carried out;

(c) subject to subsection (2)(b), a security token which is a digital asset derivative.

(2) This Act shall not apply to —

(a) a person who is involved in a digital asset business only by reason of his acting in a professional capacity on behalf of persons engaged in procuring the organisation, promotion, issuance, sale or trade of digital assets;

(b) a security token which is a digital asset and when issued or traded, has one or more of the characteristics of a "security" as defined in Part I of the First Schedule of the Securities Industry Act;

(c) transactions of digital assets in which a person grants a value as part of an affinity or rewards program, which value cannot be taken from or exchanged with the person for legal tender, bank credit or any digital asset;

(d) a digital representation of value issued by or on behalf of the publisher and used within an online game, game platform, or family of games sold by the same publisher or offered on the same game platform;

(e) a non-fungible token which, by its nature and function rather than the designation given by its issuer, is not used for payment or investment purposes, and is not a digital representation of any other financial asset;

(f) electronic representations of a fiat currency, security or any other financial asset;

(g) a digital asset which when issued or traded has one or more of the same characteristics as electronic money; or

(h) a digital currency.

PART II - ADMINISTRATION OF ACT

4. Securities Commission to administer Act.

This Act shall be administered by the Securities Commission of The Bahamas which shall be responsible for the orderly development and continuation of digital asset activities in The Bahamas.

5. Functions and powers of Commission.

(1) For the purposes of this Act, the functions of the Commission are to —

(a) regulate, monitor and supervise the issuance of digital assets and the conduct of digital asset business in or from within The Bahamas;

(b) develop rules, guidance and codes of practice in connection with the conduct of digital asset business and token offers;

(c) advise the Minister on all matters relating to —

(i) digital assets and ancillary technology and services; and

(ii) digital asset business;

(d) promote public education on digital assets including awareness of the benefits and risks of —

(i) investing in different kinds of digital assets;

(ii) receiving services from a digital asset business; and

(iii) other conditions that facilitate innovation and development of digital asset businesses within The Bahamas;

(e) reduce systemic risk;

(f) provide protection to investors from unfair, improper or fraudulent practices; and

(g) reduce the extent to which it is possible for a digital asset business to be used for a purpose connected with financial crime.

(2) For the purpose of the discharge of its functions under subsection (1), the Commission shall have the power to —

(a) register a digital asset business;

(b) regulate the digital asset market;

(c) register and regulate initial, registered and subsequent token offerings;

(d) to monitor the solvency of digital asset businesses and any other persons regulated under this Act;

(e) take measures to protect the interests of clients and others where the solvency of any digital asset business is in doubt;

(f) adopt measures to supervise and minimise any conflict of interests that may arise;

(g) make and issue rules on the conduct of digital asset businesses and issuers;

(h) take enforcement action against any person for failing to comply with or contravening this Act;

(i) publish notices, guidelines, bulletins, and policies regarding the interpretation, application or enforcement of the Act;

(j) make recommendations to the Minister for regulations;

(k) prescribe fees payable to the Commission for the purposes of carrying out its functions under this Act;

(l) do all things, and take all actions, which may be necessary or expedient or are incidental to the discharge of any function or power given to the Commission.

(3) The Commission shall, in the exercise of its functions, take into consideration whether a registrant or applicant is in compliance with —

(a) the Financial Transactions Reporting Act;

(b) the Anti-Terrorism Act; and

(c) any other law administered by the Commission that applies to the establishment and operation of the registrant or applicant.

PART III - REGISTRATION AND REGULATION OF DIGITAL ASSET BUSINESSES

DIGITAL ASSET BUSINESS

6. Digital asset businesses.

(1) A digital asset business includes a business conducting any of the following activities —

(a) operating a digital asset exchange;

(b) exchanging digital assets for fiat currency;

(c) exchanging digital assets for other digital assets;

(d) operating as a payment service provider business involving digital assets;

(e) executing orders for digital assets;

(f) issuing a stablecoin;

(g) placing digital assets;

(h) providing the reception and transmission of orders for digital assets;

(i) providing transfer services;

(j) providing the custody of digital assets;

(k) providing advice on digital assets;

(l) providing management of digital assets;

(m) providing DLT network node services;

(n) providing anonymity-enhancing services;

(o) providing digital asset derivative services;

(p) providing staking services; and

(q) any other activity which may be prescribed by regulations.

(2) For the purposes of subsection (1) —

"operating a digital asset exchange" means the operation or management of a digital asset exchange;

"exchanging digital assets for fiat currency" means concluding purchase, sale, loan, collateralisation or other contracts concerning digital assets with third parties against fiat currency;

"exchanging digital assets for other digital assets" means concluding purchase, sale, loan, collateralisation or other contracts concerning digital assets with third parties against other digital assets;

"payment service provider business involving digital assets" means a business providing payment services by way of transfer of digital assets;

"executing orders for digital assets" means concluding agreements to buy or to sell a digital asset or to subscribe for a digital asset on behalf of third parties;

"issuing a stablecoin" means the process of creating or minting a new stablecoin;

"placing of digital assets" means the marketing of digital assets to purchasers, on behalf of, or for the account of the issuer, or of a party related to the offeror;

"the reception and transmission of orders for digital assets" means the reception from a person of an order to buy or to sell a digital asset or to subscribe for a digital asset and the transmission of that order to a third party for execution;

"providing transfer services" means to transfer, on behalf of a natural or legal person, digital assets from one distributed ledger address or account to another;

"providing the custody of digital assets" means the controlling, on behalf of third parties, digital assets or the means of access to such digital assets, where applicable in the form of private cryptographic keys, for the purposes of safekeeping or administration of such digital assets;

"providing advice on digital assets" means offering, giving or agreeing to give personalised or specific recommendations to a third party, either at the third party's request, or on the initiative of the digital asset business providing the advice, concerning the acquisition or the sale in respect of a transaction relating to digital assets, or the use of digital asset services;

"providing management of digital assets" means managing digital assets belonging to a third party in circumstances involving the exercise of discretion, including management of portfolios in accordance with mandates given by clients on a discretionary client-by-client basis where such portfolios include one or more digital assets;

"providing DLT network node services" means the operation or management of one or more DLT network nodes;

"providing anonymity-enhancing services" means offering, facilitating or executing transactions either —

(a) denominated in digital assets, and such service has the effect or intention of concealing information otherwise generally

available through the digital asset's native distributed public ledger; or

(b) denominated in privacy tokens but does not include tumblers or mixers;

"providing digital asset derivative services" means conducting any of the following activities —

(a) operation or management of a digital asset derivative exchange;

(b) providing the services of creating, selling or otherwise entering into digital asset derivatives contracts;

(c) providing the services of clearing and settlement of digital asset derivatives;

"providing staking services" means conducting any of the following activities —

(a) staking digital assets belonging to third parties; or

(b) operation or management of a staking pool, through which a third party may participate in staking by depositing digital assets into a pool of digital assets belonging to other third parties.

(3) The development and dissemination of software does not in and of itself constitute a digital asset activity.

7. Prohibition to carry on unregistered digital asset business.

No person shall carry on a digital asset business in or from within The Bahamas, or purport to do so, unless that person is a legal entity registered under section 9.

8. Prohibition on mining of digital assets.

(1) No person shall carry on the mining of digital assets as a business in or from within The Bahamas, or purport to do so, except where the —

(a) mining is ancillary to a digital asset business registered under section 9;

(b) person carries on proprietary mining of digital assets.

(2) For the purposes of this section —

"mining of digital assets" means the process by which digital assets are awarded for validating the state of the distributed ledger in the context of the distributed ledger's consensus mechanism;

"proprietary mining" refers to mining of digital assets on a person's own behalf.

9. Registration of a digital asset business.

(1) Subject to subsection (2), a legal entity intending to provide or which is providing services as a digital asset business shall apply to be registered under the provisions of this Act by submitting to the Commission, the following —

(a) completed Form 1 set out in the *First Schedule;*

(b) completed Form 2 set out in the *First Schedule* in respect of each founder, beneficial owner, security holder, director and officer of the applicant;

(c) completed Form 3 set out in the *First Schedule* with respect to the appointment of the chief executive officer, compliance officer and money laundering reporting officer;

(d) the application fee as prescribed by the Commission; and

(e) any other document or information the Commission may require.

(2) An applicant who is desirous of registering a digital asset business —

(a) as an additional activity to his principal business, shall comply with section 11;

(b) providing advice on digital assets or providing management of digital assets shall, in addition to complying with subsection (1), also comply with section 19;

(c) providing staking services shall, in addition to complying with subsection (1), also comply with section 20;

(d) operating as a digital asset exchange, shall in addition to complying with subsection (1), also comply with section 21.

(3) Upon filing of a complete application for registration, the Commission may investigate the financial responsibility, financial and business experience, and adherence to a high standard of professional conduct of the applicant and of its chief executive officer, compliance officer and money laundering reporting officer.

10. Appointment of CEO.

Every registrant shall appoint a chief executive officer who is —

(a) suitably educated, qualified and experienced, having regard to the nature of the digital asset business activity or activities to be performed by the registrant; and

(b) able to demonstrate a meaningful understanding of the registrant's business model and governance mechanisms, the sector in which it operates, and the risks relevant to the registrant.

11. Digital asset business as additional activity.

(1) An applicant who is desirous of carrying on a digital asset business as an additional activity and is —

(a) registered under the Securities Industry Act;

(b) licensed under the Investment Funds Act; or

(c) licensed under the Financial and Corporate Service Providers Act;

(d) registered under the Carbon Credit Trading Act,

shall apply to be registered under this Act for the additional activity of carrying on a digital asset business by submitting the completed Form 4 set out in the *First Schedule.*

(2) In addition to the requirement under subsection (1), an applicant who is a marketplace or registered firm under the Securities Industry Act, shall comply with regulations 27(1)(a) and 53(1)(a) of the Securities Industry Regulations.

(3) A registrant who is desirous of carrying on an additional digital asset business activity shall –

(a) obtain the approval of the Commission under section 17; and

(b) make an application in accordance with subsection (1).

12. Approval or refusal of application.

The Commission may approve an application for the registration of a digital asset business where satisfied that an applicant —

(a) is a legal entity;

(b) is fit and proper; and

(c) has sufficient capacity and resources to conduct an activity under this Act;

(d) has satisfied all of the requirements for registration as a digital asset business;

(e) has demonstrated to the Commission that it has —

(i) appropriate and sufficient systems and controls to perform its functions and manage its risks;

(ii) implemented the appropriate market surveillance tools which addresses at minimum —

(A) the ensuring of the timeliness of surveillance of transactions and order to prevent market abuse;

(B) the controls to take prompt remedial actions upon discovery of market abuse;

(C) a system for sharing information related to suspected market abuse between digital asset markets;

(D) systems to detect and report suspicious transactions; and

(E) systems to identify malicious actors from a cyber and market integrity standpoint;

(iii) the ability to meet solvency standards and levels of capital as may be prescribed in regulations; and

(iv) designed a digital asset framework which addresses but is not limited to the following —

(A) technology and security;

(B) governance;

(C) identified risk framework; and

(D) data protection and storage.

13. Renewal of registration.

(1) Every registrant shall ensure that its registration is renewed by the 31st day of January of each year and for such renewal, a registrant shall —

(a) pay the annual registration fee as prescribed by the Commission; and

(b) submit its annual update and declaration on Form 6 as set out in the *First Schedule*; and

(c) where applicable, submit a current copy of the registrant's professional indemnity insurance policy to the Commission; and

(d) submit such other documents as may be required by the Commission.

(2) If a person registered under this section fails to submit all documents and fees required under subsection (1) on or before the 31st day of January, the person shall be required to pay an additional fee equal to ten per centum of the annual fee for each month or part thereof during which any document required under subsection (1) remains unsubmitted, and the annual fee required under subsection (1) and any additional fee imposed under this subsection remains unpaid, up to the 1st day of April of the relevant year.

(3) Where a person registered under this Part has failed to submit the documents required under subsection (1) and pay the required fee required under subsection (1) and any additional fee imposed under subsection (2) on or before the 1st day of April of the relevant year, the Commission may revoke the registration.

(4) The Commission may, for good cause, waive any additional fee imposed under subsection (2).

14. Commission to maintain register of digital asset businesses.

(1) The Commission shall establish and maintain a register of digital asset businesses which shall —

(a) be kept in electronic format and any other format as the Commission may determine;

(b) include in respect of every digital asset business —

(i) the name and address of the digital asset business;

(ii) the regulatory licenses or registrations held by the business including any foreign licenses or registrations;

(iii) the type of activity conducted by the registrant;

(iv) the name and details of its principals, directors, chief executive officer or other person with management control;

(v) any conditions imposed by the Commission;

(vi) any other information deemed relevant by the Commission;

(c) be searchable by any digital asset business, entity or person referred to in paragraph (b)(iv); and

(d) be accessible for viewing on the Commission's website.

(2) Where the Commission considers it necessary, it may establish and maintain a separate register for any digital asset business, and the provisions of subsection (1)(a) and (b) shall apply with necessary modifications.

(3) Notwithstanding subsection (1), the Commission may redact any personal details or contact information of an individual referred to in subsection (1)(b)(iv).

15. Financial and other reporting requirements of digital asset businesses.

(1) The Commission may prescribe the financial requirements to be met by registrants.

(2) The Commission, in the exercise of its power under subsection (1), shall determine the financial requirements based on the assessment of the specific risks applicable to each registrant or category of registrant.

(3) For the purposes of subsection (2), the Commission may prescribe requirements for a specific category of registrant or a specific registrant, and, in so doing, may consider a variety of factors, including but not limited to —

(a) the composition of the registrant's total assets, including the position, size, liquidity, risk exposure, and price volatility of each type of asset;

(b) the composition of the registrant's total liabilities, including the size and repayment timing of each type of liability;

(c) the actual and expected volume of the registrant's digital asset business activity;

(d) whether the registrant is already licensed or regulated by the Commission, and whether the registrant is in good standing in such capacity;

(e) the amount of leverage employed by the registrant;

(f) the liquidity position of the registrant;

(g) the financial protection that the registrant provides for its customers through a trust account or bond;

(h) the types of entities to be serviced by the registrant; and

(i) the types of products or services to be offered by the registrant.

(4) Every registrant shall —

(a) meet the financial requirement applicable to its digital asset business;

(b) prepare annual financial statements or accounts as required by this Act in respect of all transactions and balances relating to its business;

(c) appoint an approved auditor who shall audit the financial statements or accounts of the registrant in accordance with generally accepted international standards on auditing or such standards as the Commission may recognise, and shall provide the Commission with an auditor's report in respect thereof;

(d) file with the Commission a copy of its annual audited financial statements certified by an approved auditor not later than four months following the end of its fiscal year; and

(e) keep a copy of the most recent audited financial statements together with a copy of the auditor's report thereon or accounts as the case may be, at its head office for a period of not less than five years beginning with its filing date.

(5) Every registrant shall —

(a) at all times, maintain liquid capital which is not less than the required liquid capital as may be prescribed by the Commission;

(b) for the purposes of calculating its liquid capital and required liquid capital, account for all its assets, liabilities and transactions in

accordance with any rules as may be prescribed by the Commission;

(c) in respect of each month at the end of which it remains a registrant, submit to the Commission no later than three weeks after the end of the month concerned, a return which is in the prescribed form and includes the registrant's liquid capital computation as at the end of the month, and any other information as may be required by the Commission.

(6) If a registrant becomes aware of its inability to maintain, or inability to ascertain whether it maintains, the liquid capital that it is required to maintain under subsection (5)(a), it shall as soon as reasonably practicable notify the Commission in writing of that fact, including full details of the matter, the reason thereof, and any steps it is taking, has taken or proposes to take to redress the inability.

(7) A registrant must notify the Commission in writing within one business day of becoming aware that —

(a) its liquid capital falls below 120% of its required liquid capital;

(b) its liquid capital falls below 50% of the liquid capital stated in its last return submitted to the Commission under subsection (5)(c);

(c) any information contained in its last return submitted to the Commission pursuant to subsection (5)(c) has become materially false or misleading;

(d) the aggregate of the amounts it has drawn down on any loan, advance, credit facility or other financial accommodation provided to it exceeds the aggregate of the credit limits thereof;

(e) it has been or will be unable, for three consecutive business days, to meet in whole or in part any calls or demands for payment or repayment, from any of its lenders, credit providers or financial accommodation providers;

(f) any of its lenders or any person who has provided credit or financial accommodation to it (hereinafter referred to as the "lending person") has exercised, or has informed it that the lending person will exercise, the right to liquidate security provided by it to the lending person in order to reduce its liability or indebtedness to the lending person under any outstanding loan, advance, credit facility balance or other financial accommodation provided to it by the lending person;

(g) any other event as may be prescribed by the Commission.

(8) Where a registrant notifies the Commission in accordance with subsection (7), it must include in the notice full details of the matter, including details

of any steps it is taking, has taken, or proposes to take to prevent its liquid capital from falling below its required liquid capital or to improve its liquidity, or confirmation that no steps need to be taken for the registrant to meet its obligation under subsection (5)(a).

(9) The Commission may prescribe rules for the advance reporting of material events of the registrant which has the potential to impact the Commission's ability to effectively carry out its functions under section 5(1).

16. Duty to notify Commission of certain changes.

A registrant shall immediately notify the Commission, by submitting Form 7 as set out in the *First Schedule,* of any change relevant to its application for registration concerning —

(a) address for service;

(b) contact information, including email address and phone or fax numbers;

(c) physical business address;

(d) insurance coverage; and

(e) attorneys or corporate officers.

17. Commission's prior approval required for certain changes.

(1) A registrant who is desirous of making a change referred to in subsection (2), shall, as soon as practicable, but no less than twenty-eight days before the intended implementation of the proposed change —

(a) apply in writing to the Commission for approval of the proposed change; and

(b) pay the fee as prescribed by the Commission.

(2) For the purposes of subsection (1), the changes for which a registrant shall seek approval include —

(a) a material change or expansion of the registrant's scope of activities;

(b) the merger, acquisition or sale of all or a substantial part of its assets to another entity;

(c) the issue, transfer or other disposal of its shares;

(d) the appointment of a new —

(i) director;

(ii) officer;

(iii) chief executive officer;

(iv) compliance officer;

(v) money laundering reporting officer;

(e) a change of its shareholders or beneficial owners;

(f) a change or modification of its trading name; or

(g) the appointment of an auditor.

(3) Notwithstanding subsection (1), where the holder of a post referred to in subsection (2)(d) or (g) ceases to hold that post, the registrant shall —

(a) immediately notify the Commission of the vacancy by submitting Form 7 as set out in the *First Schedule* to the Commission;

(b) apply for the approval of the new holder of the post within fourteen days of giving notice of the vacancy.

(4) A registrant seeking to change or expand the scope of its activities shall submit a written plan describing the proposed materially new product, service, activity, or the proposed material change, including —

(a) a detailed description of the business operations;

(b) compliance policies;

(c) the impact on the overall business of the registrant; and

(d) such other information as requested by the Commission.

(5) Prior to a merger, acquisition or sale of all or a substantial part of the assets of a registrant, the registrant or its acquiring entity must submit a written plan of merger or acquisition that shall —

(a) identify each entity to be merged, the surviving entity, or the entity acquiring all or substantially all of the assets of the registrant;

(b) describe the terms and conditions of the merger or acquisition and the mode of carrying the merger or acquisition into effect; and

(c) be in form and substance satisfactory to the Commission.

(6) Where a registrant intends to issue a stablecoin, such issuance shall qualify as an event of material change or expansion in the scope of the business' activities under subsection (2)(a) and Part IV shall apply to that registrant as an issuer of stablecoins.

ADDITIONAL REQUIREMENTS FOR CERTAIN DIGITAL ASSET BUSINESSES

18. Requirements of business providing the custody of digital assets.

(1) A digital asset business registered to provide the custody of digital assets shall —

(a) segregate holdings of digital assets on behalf of their clients from their own holdings or property, and from any other non-client digital assets;

(b) ensure that on the relevant distributed ledger, their clients' digital assets are held on separate addresses from those on which their own digital assets or any other non-client digital assets are held;

(c) with respect to any internal ledger accounts, maintain separate accounts for their clients' digital assets and their own digital assets or any other non-client digital assets;

(d) obtain explicit client consent prior to holding digital assets on behalf of such clients in one or more omnibus accounts, or under any other arrangement where client assets are not held in separate accounts for each individual client under that client's name;

(e) maintain appropriate procedures to ensure that the digital assets held in custody shall at all times be separate and insulated from the digital asset business' estate such that creditors of the digital asset business have no recourse on the digital assets held in custody, in particular in the event of insolvency;

(f) maintain clearly documented policies and procedures with respect to its compliance with paragraphs (a) – (e);

(g) not lend, re-use, re-hypothecate, pledge or otherwise use or encumber client assets that have been entrusted to it for safekeeping without —

(i) receiving the prior consent from the client concerned;

(ii) providing the client concerned with clear, concise and non-technical prior disclosure about the risks of these types of activities, including the potential loss of the client's entire digital asset holdings; and

(iii) complying with any other requirement as prescribed by the Commission;

(h) subject to paragraph (g), structure custodial arrangements in a manner that preserves the client's equitable and beneficial interest in the client's digital assets and shall not employ such assets for the digital asset business' own use;

(i) enter into an agreement with their clients to specify their duties and their responsibilities;

(j) make its standard disclosures and standard customer agreement readily accessible to clients on such digital asset business' website and such disclosures shall be made in clear, concise and non-technical language and to include any risks arising from the entity's handling or moving of digital assets on behalf of the client;

(k) maintain in its custody, a sufficient amount of each type of digital asset in order to meet its obligations to clients;

(l) ensure that necessary procedures are in place to return digital assets held on behalf of their clients or the means of access as soon as possible to those clients;

(m) establish, maintain, enforce, and regularly test reasonably designed written policies, procedures, and arrangements in order to —

(i) identify, in advance, the steps it intends to take in the wake of certain events that could affect the digital asset business' custody of the digital assets, including malfunctions of the distributed ledger, 51% attacks, hard forks, airdrops, or any other events as prescribed by the Commission;

(ii) enable the digital asset business to comply with orders of the Supreme Court to seize or freeze digital assets;

(iii) enable the transfer of digital assets held by the digital asset business to another appropriate person, including another digital asset business, a trustee, receiver, or liquidator, in the event the digital asset business can no longer continue as a going concern or is subject to a formal bankruptcy, receivership, liquidation or similar proceedings;

(iv) remedy mistaken, fraudulent or otherwise unauthorised transactions;

(v) otherwise ensure the continued safekeeping and accessibility of digital assets in the event of unexpected disruptions to the digital asset business' control over its clients' digital assets, the rights related to those digital assets, or the means of access to the digital assets, or any other circumstance as prescribed by the Commission;

(n) maintain and keep up to date a register of positions which records each client's rights to the digital assets in the control of the digital asset business;

(o) provide their clients, at least once every three months and at each request of the client concerned, with a statement of position of the digital assets recorded in the name of those clients;

(p) if it makes use of other entities for the custody of digital assets —

(i) only make use of other digital asset businesses which are registered under this Act or operating under a license issued in a prescribed jurisdiction for the custody of digital assets;

(ii) register the use of other entities for the custody of digital assets as a material change under section 17(4) and comply with such requirements; and

(iii) disclose to their customers the terms and conditions associated with such arrangement with the other entity for the custody of digital assets and the material risks of the arrangement;

(q) appoint an independent auditor to conduct a review, at least once per year, of such digital asset business' systems, processes, procedures and other controls with respect to its compliance with the requirements of this section;

(r) comply with any other requirements as may be prescribed by the Commission with respect to the safeguarding and control of digital assets on behalf of third parties.

(2) Where a digital asset business holds digital assets on behalf of its clients —

(a) in one or more omnibus accounts; or

(b) under any other arrangement where client assets are not held in separate accounts for each individual client under that client's name,

it must maintain appropriate procedures and up-to-date records in order to identify, at all times, the digital assets belonging to each individual client and to account for all client transactions.

(3) The agreement referred to in subsection (1)(i), shall include —

(a) the general terms and conditions regarding custody of the client's digital assets;

(b) how the digital asset business segregates and accounts for the client's digital assets under subsection (1)(a) – (g);

(c) the beneficial and equitable interests the client retains in their digital assets;

(d) how the digital asset business may use custodied digital assets while in possession of such digital assets; and

(e) the limitations on the use of custodied digital assets by the digital asset business.

(4) For the purposes of subsection (1)(o), the statement of position shall state at the minimum the digital assets concerned, their balance, their value and the transfer of digital assets made during the period concerned.

19. Requirements of business providing advice on and management of digital assets.

(1) An applicant desirous of registering as a digital asset business providing advice on digital assets or providing management of digital assets shall satisfy the Commission that it —

(a) is capable of complying with the capital, assets and organisational requirements;

(b) has sufficient experience;

(c) is suitably qualified for the performance of its functions; and

(d) is of good repute,

to the standard prescribed by the Commission.

(2) A digital asset business registered to provide advice on digital assets or to provide management of digital assets shall —

(a) assess, and obtain from the client or potential client—

(i) the necessary information to assess, whether the digital asset services or digital assets are suitable for the clients or potential clients, considering the clients' or potential clients' knowledge and experience in digital assets;

(ii) their objectives including risk tolerance; and

(iii) their financial situation including their ability to bear losses;

(b) for each client, regularly review the assessment referred to in paragraph (a) at least every two years after the initial assessment made in accordance with that paragraph;

(c) warn clients or potential clients that due to their nature —

(i) the value of digital assets might fluctuate;

(ii) the digital assets might be subject to full or partial losses of value;

(iii) the digital assets might not be liquid;

(iv) where applicable, the digital assets are not covered by any investor compensation schemes.

(3) A digital asset business registered to provide management of digital assets shall provide periodic statements to the clients which shall —

(a) detail the management activities carried out on behalf of that client;

(b) contain a fair and balanced review of the activities undertaken and of the performance of the client's digital assets or portfolio of digital assets during the reporting period;

(c) provide an updated statement of how the activities undertaken meet the client's preferences, objectives and other characteristics of the client based on the assessment referred to in subsection (2)(a) or its review under subsection (2)(b); and

(d) any other information as prescribed by the Commission.

(4) Where clients do not provide the information required pursuant to subsection (2), or where a digital asset business registered to provide

advice on or management of digital assets considers that the digital asset service or digital asset is not suitable for the clients, it shall not recommend such digital asset service or digital asset.

20. Requirements of business providing staking services.

(1) An applicant desirous of registering as a digital asset business providing staking services shall provide to the Commission —

(a) a summary of the terms of the agreement between the digital asset business and its clients specifying its duties and responsibilities of the digital asset business;

(b) details of the staking protocol including, where applicable, an explanation of the consensus mechanism of the relevant DLT network;

(c) details of how digital assets are staked, including how, and the period of time for which, digital assets are staked or locked up, such that the digital assets are not available for withdrawal by or on behalf of the client;

(d) details of the rewards or interest to be earned by staking participants, including the form of the rewards, and how the rewards may be redeemed by the client;

(e) details of how staked digital assets may be redeemed by the client to whom the digital assets belong;

(f) details of any penalties which may be imposed on staking participants, for example penalties as a consequence of inactivity, of validating a dishonest transaction on a DLT network, or any other malicious behaviour, and the likelihood of incurring such penalties;

(g) where applicable, details of how staking participants are chosen for the purposes of validating a transaction on a DLT network; and

(h) any other document or information the Commission may require.

(2) An applicant desirous of providing staking services in a manner which involves the provision of custody of digital assets on behalf of third parties shall be subject to all requirements applicable to digital asset businesses providing custody of digital assets under this Act, including the registration requirements under section 9 and the ongoing requirements under section 18.

(3) A digital asset business registered to provide staking services —

(a) must provide the information as set out in subsection (1), to its clients or potential clients —

(i) prior to onboarding a client; and

(ii) upon a client's request;

(b) shall warn clients or potential clients that —

(i) the staked assets might be subject to full or partial losses of value;

(ii) the staked assets might be lost or stolen, for example as a result of a hack;

(iii) earnings from participating in staking may give rise to tax liabilities;

(iv) where applicable, the digital assets are not covered by any insurance protection;

(c) shall immediately notify the Commission and its clients of any material change relevant to the details previously disclosed to the Commission and its clients referred to in subsection (1).

21. Requirements of a digital asset exchange.

An applicant desirous of establishing or operating a digital asset exchange shall in addition to making an application in accordance with section 9, submit to the Commission, Form 5 as set out in the *First Schedule.*

22. Adequate systems and controls for digital asset exchanges.

A digital asset business registered to operate a digital asset exchange shall —

(a) ensure that the systems and controls used in its activities are adequate and appropriate for the scale and nature of its business, including systems and controls which adequately and appropriately address —

(i) the recording, storing, protecting and transmission of information;

(ii) the effecting and monitoring of transactions;

(iii) the operation of the arrangements made for securing the timely discharge, whether by performance, compromise or otherwise, of the rights and liabilities of the parties to transactions;

(iv) the safeguarding and administration of assets belonging to investors; and

(v) in the event of disruption, business continuity and planning;

(b) maintain operating rules to ensure that transactions executed on the digital asset exchange are settled in a timely fashion;

(c) make available to its clients, the price, volume and time of transactions executed on the digital asset exchange in respect of

such client, on an ongoing basis and as close to real-time as is technically possible;

(d) maintain up to date records of off-chain transactions which it facilitates and make the records readily accessible to the Commission; and

(e) ensure that the market surveillance tools required by section 12(e)(ii), takes into account the off-chain transactions facilitated by the digital asset business.

23. Digital asset exchange to satisfy ongoing requirements.

(1) A registrant registered to operate a digital asset exchange shall —

(a) ensure that it maintains in The Bahamas, assets at the value equivalent to at least twelve months of its operating expenses;

(b) maintain appropriate rules for admission to list digital assets on the exchange; and

(c) satisfy any ongoing requirements as may be prescribed.

(2) For the purposes of subsection (1)(a), the assets maintained by a registrant authorised to operate a digital asset exchange shall —

(a) be beneficially owned by the registrant; and

(b) be sufficiently liquid.

24. Digital asset exchange providing custody of digital assets.

A digital asset business which operates an exchange providing custody of digital assets, shall be subject to all requirements of a digital asset business providing custody of digital assets under section 18.

SUSPENSION, REVOCATION OR SURRENDER OF REGISTRATION

25. Suspension or revocation of registration.

(1) The Commission may suspend or revoke the registration of a digital asset business where —

(a) the digital asset business is unable to meet the requirements for continued operation or has failed to comply with the provisions of this Act;

(b) suspension or revocation would be in the public interest;

(c) the digital asset business is being marketed or advertised in a manner that is fraudulent or misleading;

(d) any operator of the digital asset business is convicted of a criminal offence involving fraud or dishonesty;

(e) the digital asset business is declared bankrupt, goes into liquidation, makes a composition with its creditors or is otherwise dissolved;

(f) at the written request of another competent regulatory authority which is carrying out regulatory functions in relation to the relevant registrant;

(g) the digital asset business is being conducted in breach of this Act or in breach of any other law of The Bahamas;

(h) any information furnished to the Commission to obtain registration and during the course of such registration is false or misleading;

(i) if the registration has been obtained by fraud; or

(j) in the case of a digital asset exchange —

(i) the Commission considers that the person operating the exchange is no longer a fit and proper person to provide the service;

(ii) the Commission has been furnished with information by or on behalf of the exchange, which is false, inaccurate or misleading;

(iii) the exchange has not commenced the services it has been authorised to provide within twelve months from the date of issue of the registration; or

(iv) the exchange has ceased to provide digital exchange services.

(2) Where the Commission decides to suspend or revoke a registration, it shall notify the registrant in writing of —

(a) the decision, within at least fourteen days prior to the effective date of the suspension or revocation;

(b) the registrant's opportunity to respond to the suspension or revocation within seven days from the date of receipt of the notice made in accordance with paragraph (a).

(3) Notwithstanding subsection (2), the Commission may —

(a) suspend the registration of the digital asset business without prior notice where the Commission deems that an immediate suspension of the registration of the digital asset business is necessary to protect the public; or

(b) revoke the registration of a digital asset business —

(i) without suspension, where the digital asset business has voluntarily surrendered its registration; or

(ii) without suspension, where any of the matters referred to in subsection (1), is of such a nature that it is in the best interest of the public to revoke the registration; or

(iii) where, having had its registration suspended, the registrant has failed to comply with any conditions imposed or directions given by the Commission within the stipulated timeline.

(4) Where the Commission has suspended the registration of a digital asset business, the Commission may impose such conditions upon or give such directions to the registrant, including the timeline for compliance, with which conditions or directions the registrant must comply.

(5) The Commission may reinstate a suspended registration where satisfied that the digital asset business has met the conditions imposed or the directions given at the time of suspension.

(6) The Commission may reinstate a suspended registration with or without conditions.

(7) Upon the revocation of a licence issued under the provisions of this Act, the Commission shall notify —

(a) any relevant licensing or regulatory authority; and

(b) members of the public, by notice posted on the Commission's website and published in the *Gazette*.

26. Surrender of registration.

(1) A registrant who is desirous of surrendering its registration shall apply in writing to the Commission for approval to surrender the registration.

(2) Where the Commission approves a surrender of registration —

(a) the surrender shall be irrevocable; and

(b) the provisions of section 28 shall apply.

27. Winding up after surrender of registration.

(1) The registrant shall, within seven days of surrendering its registration in accordance with section 26, submit a written plan to the Commission detailing the steps the registrant will follow to cease its operations.

(2) The plan required under subsection (1) shall stipulate and provide the details with respect to —

(a) the identity of the individual who will manage the registrant's cessation of business operations;

(b) the length of time required to cease business operations;

(c) the manner in which client files will be closed and secured;

(d) client notification procedures;

(e) client transfer procedures where applicable; and

(f) any other information the Commission may require.

(3) Upon the Commission's approval of a plan submitted by the registrant, the Commission —

(a) shall supervise the execution of the plan; and

(b) may give directions to the registrant to protect the interest of investors or purchasers.

28. Winding up or dissolution.

Where the Commission has suspended or revoked a licence in any of the circumstances under section 25(1), the Commission may apply to the Supreme Court for the —

(a) registrant to be wound up or dissolved; or

(b) supervision of any application by the registrant for winding up or dissolution.

DATA PROTECTION

29. Record keeping and prevention of unauthorised data access.

(1) A registrant shall implement and maintain where applicable, record keeping measures for the accurate collection of information and documents related to the originator and beneficiary of digital assets.

(2) Every registrant shall implement and maintain data protection measures consistent with the Data Protection (Privacy of Personal Information) Act *(Ch. 324A)* concerning the protection of personal data relative to its customers and as may be prescribed.

CONDUCT AND COMPLIANCE

30. Duty to maintain professional conduct.

Every registrant shall, in conducting its business activities, and to the Commission's satisfaction —

(a) act honestly and fairly;

(b) act with due skill, care and diligence;

(c) observe and maintain a high standard of professional conduct;

(d) refrain from engaging in any improper or illegal conduct;

(e) maintain adequate financial resources and solvency;

(f) have effective arrangements in place for the protection of client assets and money;

(g) have effective corporate governance arrangements consistent with guidelines issued by the Commission;

(h) have systems in place to prevent, detect and disclose money laundering, terrorism financing, proliferation of terrorism and suspicious transactions pursuant to the provisions of —

(i) this Act;

(ii) the Proceeds of Crime Act;

(iii) the Anti-Terrorism Act;

(iv) the Financial Transactions Reporting Act;

(i) have in place market surveillance tools, systems and controls to prevent, detect and disrupt market abuse; and

(j) have and employ effectively, the resources and procedures that are necessary for the proper performance of its business activities.

31. Conflicts of interest.

(1) Every registrant shall, in conducting its business activities, and to the Commission's satisfaction —

(a) take all reasonable steps to identify and avoid conflicts of interest, including, where appropriate, in connection with the registrant's relationships with other persons which might reasonably be expected to give rise to a shared interest between them and as a result involve a conflict of interest situation that may adversely affect the interest of clients of the registrant;

(b) where the registrant cannot avoid acting in any actual or potential conflict of interest situation —

(i) take all reasonable steps to manage, minimise and monitor the conflict and ensure fair treatment of its clients; and

(ii) disclose those conflicts of interest in order to prevent them from adversely affecting the interests of its clients;

(c) establish clear policies which set out the circumstances under which the acceptance of gifts, rebates or benefits from clients or other persons by the registrant or its staff is permitted;

(d) ensure that key duties and functions are appropriately segregated, particularly those duties and functions which, when performed by the same individual, may result in potential conflicts of interest which may expose the registrant or its clients to inappropriate risks, including, *inter alia* —

(i) front office functions and back office functions should be carried out by different staff with separate reporting lines; and

(ii) compliance and internal audit functions should —

(A) be segregated from and independent of the operational functions mentioned in subparagraph (i);

(B) be separated from each other; and

(C) report directly to the senior management of the registrant;

(e) not engage in market making activities unless approved by the Commission; and

(f) comply with any other requirement as may be prescribed by the Commission.

(2) For the purpose of this section —

"back office functions" includes the functions of staff responsible for handling client assets, settlement and accounting;

"front office functions" includes the functions of sales staff, and staff responsible for handling client orders.

32. General duty to comply and co-operate.

(1) Every digital asset business and issuer shall comply with this Act and to the Commission's satisfaction, shall —

(a) deal openly and honestly and co-operatively with the Commission;

(b) duly provide information relevant to the operations of the digital asset business as the Commission may require;

(c) submit to on-site or off-site examinations of the digital asset business as required by the Commission in the exercise of its functions; and

(d) comply with any rules, guidelines or directives made and issued by the Commission.

(2) For the purpose of subsection (1), compliance with this Act shall be considered a part of the minimum criteria for continued registration.

AML AND CFT PREVENTION MEASURES

33. Prevention of money laundering and terrorism financing.

Every registrant shall, with respect to its own activities and such digital assets, for the purpose of risk management and the prevention of money laundering and terrorism financing —

(a) conduct a risk assessment that considers legal, compliance, financial, and reputational risks associated with the registrant's activities, services, customers, counterparties, and geographic location and shall establish, maintain, and enforce an anti-money laundering program based thereon;

(b) implement and maintain policies and procedures to ensure compliance with provisions of —

(i) this Act;

(ii) the Proceeds of Crime Act;

(ii) Anti-Terrorism Act;

(iii) the Financial Transactions Reporting Act;

(iv) the rules, policies and guidelines made and issued by the Commission on risk management and the prevention of money laundering and terrorist financing;

(c) conduct follow-up risk assessments on an annual basis, or more frequently as risks change, and shall modify its anti-money laundering program as appropriate to reflect any such changes;

(d) appoint a compliance officer; and

(e) appoint a money laundering reporting officer.

34. Compliance officer.

(1) Subject to the approval of the Commission, every registrant shall appoint a compliance officer who shall—

(a) have the knowledge, skills and experience necessary to identify, assess and manage the risks of money laundering and terrorist financing to which the registrant is exposed, and to implement the relevant policies, controls and procedures;

(b) have a good understanding of the registrant's business model, the sector in which it operates, and the extent to which this business model exposes the registrant is exposed to risks of money laundering and terrorist financing;

(c) be sufficiently senior in the organisational structure of the registrant to exercise the authority necessary to carry out his functions and duties; and

(d) ensure that the registrant is in compliance with —

(i) this Act;

(ii) the Financial Transactions Reporting Act;

(iii) the Anti-Terrorism Act;

(iv) the Proceeds of Crime Act;

(v) any policies, guidelines and directives made by the Commission on risk management and the prevention of money laundering and terrorism financing.

(2) A compliance officer may carry out the functions of a money laundering reporting officer.

(3) A registrant may only outsource the functions of a compliance officer with the approval of the Commission as may be prescribed.

35. Money laundering reporting officer.

(1) Subject to the approval of the Commission, every registrant shall appoint a money laundering reporting officer who shall—

(a) be sufficiently senior in the organisational structure of the registrant to exercise the authority necessary to carry out his functions and duties;

(b) have responsibility for making suspicious transactions reports to the Financial Intelligence Unit regarding money laundering, and the financing of terrorism and the financing of proliferation.

(2) The duties and functions of a money laundering reporting officer may only be delegated to a compliance officer.

(3) A registrant may only outsource the functions of a money laundering reporting officer with the approval of the Commission as may be prescribed in rules.

PART IV - TOKEN OFFERING

36. Token offerings.

(1) No issuer shall issue a digital asset in or from within The Bahamas except in compliance with this Act.

(2) A digital asset is issued —

(a) in The Bahamas, if irrespective of physical location, the issuer offers digital assets to Bahamian residents, whether natural persons or entities, from anywhere in the world; and

(b) from within The Bahamas, if the issuer, whether or not a legal entity registered or incorporated under the laws of The Bahamas, offers digital assets to persons outside or within The Bahamas from or through a place in The Bahamas.

(3) An issuer intending to offer digital assets for sale in, from within or through The Bahamas through an initial token offer shall —

(a) be fit and proper;

(b) subject to subsection (4), prepare an offering memorandum in accordance with section 39; and

(c) comply with any regulations, directives, rules or guidelines made under this Act.

(4) The requirement to prepare an offering memorandum shall not apply where —

(a) the digital assets are distributed as a reward for the maintenance of the DLT or the validation of transactions;

(b) the digital assets are offered to fewer than one hundred fifty natural or legal persons;

(c) the offer of the digital assets is solely addressed to qualified purchasers and the digital assets can only be held by those qualified purchasers;

(d) the digital assets are offered as compensation to employees, directors, general partners, consultants and advisors, or officers and the amount of the offering does not exceed ten million dollars;

(e) the digital assets can be used only to allow the digital asset holder to acquire goods or services only from the issuer or for goods and services only within a limited network of merchants with contractual arrangements with the issuer.

(5) An issuer who intends to use or uses an exemption under subsection (4) shall —

(a) no later than five days prior to the first sale of digital assets;

(b) within five days after the first sale of digital assets,

file the information as may be required by the Commission.

(6) For the purposes of this Act, the issuance of a stablecoin is an token offering.

(7) For the purposes of subsection (4), **"qualified purchaser"** means any person who, at the time of the sale of the digital asset to that person, comes within any of the following categories, or whom the issuer reasonably believes comes within any of the following categories, —

(a) any individual whose individual net worth at the time of the purchase exceeds one million dollars;

(b) any individual who had an individual income in excess of two hundred thousand dollars in each of the two most recent years and has a reasonable expectation of reaching the same income level in the current year;

(c) any person, other than an individual, with total assets in excess of five million dollars not formed for the specific purpose of acquiring the digital assets offered;

(d) any legal entity in which all of the equity owners or members, or, in the case of a trust, all of the beneficiaries, fall within one or more paragraphs of this subsection; or

(e) any person that is recognised or designated by the Commission as a qualified purchaser.

(8) The Commission may prescribe financial requirements to be met by issuers of digital assets, including minimum capital and liquid capital requirements.

37. Method of issue of digital assets.

An issuer may issue digital assets in or from within The Bahamas by —

(a) airdrop or any other similar mechanism through which digital assets are transferred to the wallet addresses of predetermined recipients;

(b) admission to a digital asset exchange;

(c) smart contracts; or

(d) any other method not prohibited by the Commission.

38. Privacy tokens.

(1) No issuer shall offer privacy tokens for sale in or from within The Bahamas.

(2) Nothing in subsection (1), shall be construed as exempting a digital asset business that provides services or facilitates activities involving privacy tokens from its obligations under this Act by reason of its provision of services or facilitation of activities involving privacy tokens.

(3) The requirements of this Act shall, with respect to digital asset structured products, apply at the product level and not at the level of the individual component of the digital asset.

39. The offering memorandum.

(1) An issuer preparing an offering memorandum shall have a duty to —

(a) provide full and accurate disclosure of all information which would allow potential purchasers to make an informed decision; and

(b) publish the offering memorandum by posting a copy of the memorandum on a website operated and maintained by the issuer, which is readily accessible to and downloadable by potential purchasers for the duration of the offer period and for no less than fifteen days after the offer period ends.

(2) Every offering memorandum published in connection with a token offering shall —

(a) be signed by every founder and member of the issuer's board; and

(b) address the matters specified in Part B of the *Second Schedule*.

(3) Where any of the disclosures required under Part B of the *Second Schedule* cease to be accurate in a material particular prior to the end of the offer period for the token offering, the issuer shall —

(a) immediately and in any event within one day of becoming aware of the inaccuracy, notify the Commission of the token offering, providing —

(i) details of the inaccuracy; and

(ii) the appropriate amendment to the offering memorandum; and

(b) within five days of notifying the Commission of the inaccuracy, publish a notice on its website to notify subscribers to the memorandum, and include in the published notice the issuer's amendment to the offering memorandum rectifying the inaccuracy.

40. Offer period.

Where applicable, the offering period shall be stipulated in the offering memorandum.

41. Classification of tokens.

(1) An issuer shall identify in the offering memorandum, the class or classes of digital assets which will be available for subscription.

(2) No issuer shall change the class or classes of digital assets to be offered except with prior written approval of the Commission.

(3) Where the Commission has approved a change of class of digital assets, the issuer shall amend the offering memorandum accordingly.

(4) Every issuer shall —

(a) obtain from a counsel and attorney, a written legal opinion concerning the classification of the issuer's digital assets; and

(b) file the opinion with the Commission.

42. Registration of token offering.

(1) An issuer shall apply for registration of a token offering no later than forty-five days before the start of the offer period.

(2) The application referred to in subsection (1), shall be —

(a) submitted on the Form set out in Part A of the *Second Schedule*;

(b) accompanied by —

(i) the written legal opinion obtained in accordance with section 41(4);

(ii) the offering memorandum or the information required by the Commission in accordance with section 36(5), as applicable; and

(iii) the application fee set as prescribed by the Commission.

(3) The Commission shall determine whether the application meets the requirements of this Act and that determination shall include an assessment of the opinion on the assessment of the classification of the token.

(4) Where the Commission assesses that a digital asset is a security, the issuer shall withdraw its application for registration of the digital asset and may proceed to have the digital asset registered under the provisions of the Securities Industry Act.

43. Voluntary registration of issuer outside of The Bahamas.

An issuer who —

(a) has issued; or

(b) intends to issue,

a digital asset neither in or from within The Bahamas may voluntarily apply to register under this Part if it satisfies the requirements under this Act as if it is an issuer of digital assets in or from within The Bahamas.

44. Approval of application.

Where, following a review of the application and documents submitted in relation to a token offering, the Commission does not object to the application for registration, the Commission shall thereafter approve and register the token offering.

45. Advertisement of token offering.

Any advertisement relating to a token offering shall be —

(a) accurate and not misleading;

(b) clearly identifiable as an advertisement;

(c) consistent with the information contained in the offering memorandum; and

(d) compliant with any requirements prescribed by the Commission.

46. Powers of Commission in connection with a token offering.

The Commission may —

(a) order the amendment of an offering memorandum to include supplementary information;

(b) suspend any token offering with notice in writing to the issuer if the Commission reasonably suspects that the offering is being conducted in breach of this Act or in a manner that is injurious to the public;

(c) require the amendment or removal of any advertisement, material or publication on the issuer's website concerning the offering which the Commission considers as inaccurate or misleading; and

(d) publish a notice advising the public of any action taken pursuant to this section.

47. Token register.

The Commission shall keep a register of token offerings and shall include in respect of every token offering —

(a) the name and address of the issuer;

(b) any local or foreign regulatory licenses or registrations held by the issuer;

(c) the name and symbol of the digital asset created;

(d) the exchange or platform on which the digital asset is traded;

(e) any condition imposed by the Commission, including conditions concerning the sale or redemption of the digital asset;

(f) any other information deemed relevant by the Commission.

48. Continuing obligations of an issuer to disclose.

(1) Where an issuer, during the relevant period, becomes aware of any information which could affect the interests of purchasers, the issuer shall immediately —

(a) notify the Commission of that information; and

(b) disclose that information in a supplement to the offering memorandum.

(2) For the purposes of subsection (1) —

"information which could affect the interests of purchasers" shall include any event that has or is likely to have a significant impact on the value of the digital asset; and

"the relevant period" means —

(a) the period of time after the offering memorandum has been issued but before the close of the offer period; or

(b) the entire period for which the digital asset is still being issued.

STABLECOINS

49. Requirements relating to issuers of stablecoins.

(1) No person shall issue a stablecoin that aims or purports to maintain a stable value by way of protocols that provide for the increase or decrease of the supply of that stablecoin or other digital assets in response to changes in demand.

(2) In addition to the documents required under section 39(2)(b), an application for registration of a token offering of a stablecoin shall be accompanied by —

(a) the investment policies of the reserve assets and an assessment of how such investment policy can affect the value of reserve assets;

(b) the issuer's redemption policies.

(3) A stablecoin issuer shall, in addition to the requirements of section 39(2), include in its offering memorandum —

(a) the method and all factors used to calculate the value of reserve assets;

(b) the initial value and composition of the reserve assets;

(c) the conditions and the procedure to purchase stablecoins and redeem such stablecoins against reserve assets;

(d) details of the stabilisation mechanism;

(e) a summary of the investment policies referred to in subsection (2)(a) and an explanation of how such investment policy can affect the value of reserve assets;

(f) details of the arrangements for custody and management of the reserve assets;

(g) the rights provided to holders of the stablecoin;

(h) a summary of the redemption policies referred to in section 53;

(i) any other information as required by the Commission.

50. Stablecoin reserve assets.

(1) The issuer of a stablecoin shall —

(a) fully back such stablecoins with reserve assets, such that the value of the reserve assets shall at all times be at least equal to the nominal value of all outstanding units of the stablecoin;

(b) only issue stablecoins whose reserve assets consist of one or a combination of —

(i) fiat currencies;

(ii) legal tender;

(iii) commodities;

(iv) digital assets; or

(v) any other form of reserve asset not prohibited by the Commission;

(c) ensure that reserve assets are held in custody and managed —

(i) where reserve assets take the form of digital assets, by a digital asset business registered under this Act, or by itself in compliance with subsection (2);

(ii) where reserve assets take any other form, by registrant registered to custody and manage such reserve assets under this Act or in a prescribed jurisdiction;

(iii) in accordance with any rules as prescribed by the Commission;

(d) ensure that reserve assets of each stablecoin are segregated from the operating assets of the issuer and the reserve assets of any other stablecoins;

(e) make reserve assets available for examination and for verification of the issuer's disclosures upon request of the Commission or as otherwise prescribed by the Commission;

(f) ensure that the reserve assets are sufficiently liquid to enable the issuer to fund redemption requests in accordance with section 53;

(g) for the purposes of complying with its obligations under this section, employ methods of calculating the valuation of reserve assets which are in accordance with generally accepted international standards on auditing or such standards as the Commission may recognise;

(h) maintain appropriate procedures to ensure that the reserve assets shall at all times be separate and insulated from issuer's estate such that creditors of the issuer have no recourse on the reserve assets held in custody, in particular in the event of insolvency.

(2) A stablecoin issuer who self-custody's reserve assets in the form of digital assets shall —

(a) ensure that in complying with the requirement to segregate reserve assets from the issuer's own assets or the assets of any other stablecoins in subsection (1)(d) —

(i) the reserve assets are held on separate addresses from those on which the issuer's own digital assets or the reserve assets are held; and

(ii) with respect to any internal ledger accounts, separate accounts are maintained for —

(A) reserve assets;

(B) the issuer's own digital assets;

(C) the reserve assets of another stablecoin; or

(D) any other digital assets;

(b) have systems, policies, and procedures to conduct regular and frequent reconciliations of reserve assets;

(c) establish, maintain, enforce, and regularly test reasonably designed policies, procedures, and arrangements in order to ensure the continued safekeeping and accessibility of reserve assets in the event of unexpected disruptions to —

(i) the issuer's control over the reserve assets;

(ii) the rights related to those reserve assets; or

(iii) the means of access to the reserve assets;

(d) maintain clearly documented policies and procedures with respect to its compliance with this subsection.

(3) The issuer of a stablecoin shall —

(a) for the purposes of the issuer's duty to publish the offering memorandum in accordance with section 39(1), ensure that the offering memorandum remains accessible for the duration that the relevant stablecoin is in public circulation;

(b) publish as soon as possible on its website —

(i) any changes to the information referred to in section 48;

(ii) any event that has or is likely to have a significant impact on the value of the stablecoin or on the reserve assets;

(iii) any other event as may be prescribed by the Commission.

51. Audits, review and reports.

The issuer of a stablecoin shall appoint an approved auditor to —

(a) conduct an annual review of its systems, process and procedures and other internal controls with respect to its compliance with the requirements of section 50(2);

(b) on a quarterly basis, conduct an examination of the issuer's reserve assets with respect to its compliance with section 50(1), and provide a proof of reserve report by an independent approved auditor to the Commission within six weeks of each quarter end;

(c) conduct, on an annual basis, a review of the issuer's —

(i) redemption policies to determine whether the policies meet the requirements of section 53(2); and

(ii) compliance with its redemption policies.

52. Commission may delist, halt, etc., stablecoin.

The Commission may, prohibit or otherwise limit the issuance or use of a stablecoin before or after an issuer which has been approved in accordance with section 44, issues such stablecoin, and may require that any such issuer delist, halt, or otherwise limit or curtail activity with respect to such stablecoin.

53. Redemption of stablecoins.

(1) Redemption of stablecoins shall be subject to the issuer's terms and conditions as approved by the Commission.

(2) The redemption policies referred to in section 49(2)(b) shall —

(a) be clear and conspicuous;

(b) confer on any holder of a stablecoin, a right to redeem units of the stablecoin from the issuer in a timely fashion at a 1:1 exchange rate for the underlying unit of fiat currency, legal tender, commodity, or digital asset (net of ordinary, well-disclosed fees);

(c) clearly disclose the meaning, timing and conditions of redemption.

(3) The issuer of a stablecoin shall —

(a) before allowing the redemption of a stablecoin, conduct the appropriate customer due diligence measures to verify the identity of the holder of a stablecoin to satisfy the issuer of the identity of the holder of the stablecoin; and

(b) not redeem a stablecoin until the issuer has verified the identity of the holder of the stablecoin in accordance with paragraph (a).

PURCHASERS' RIGHTS

54. Purchaser's right to rescission or damages.

Where an issuer publishes an offering memorandum or any amendment thereto which contains a material misrepresentation relating to any of the requirements set out in Part B of the *Second Schedule*, a purchaser shall have a right of action against the issuer for —

(a) the rescission of the subscription; or

(b) damages.

55. Purchaser's right of withdrawal.

(1) A purchaser of a token offered under the provisions of this Act shall be entitled to withdraw his purchase by written notice to the issuer.

(2) A purchaser's notice of withdrawal shall be made no later than seventy-two hours after the date of the agreement to purchase the token.

(3) Where a purchaser has exercised the right of withdrawal, all funds paid by the purchaser shall be paid over by the issuer to the purchaser within two days of the purchaser's request.

PART V – INVESTIGATION, MONITORING AND COOPERATION

56. Power to inspect and investigate.

(1) The Commission shall have power to conduct —

(a) on-site or off-site inspections of any registrant to determine whether the registrant is complying with —

(i) this Act;

(ii) the Financial Transactions Reporting Act;

(iii) any anti-money laundering or counter-financing of terrorism laws; or

(iv) any other relevant law.

(b) investigations as it considers necessary for the purpose of satisfying itself that —

(i) a registrant is complying with paragraph (a); or

(ii) no unregistered persons are engaged in an activity regulated by this Act.

(2) The Commission shall implement systems to identify any person who is not registered under section 9 of this Act and who —

(a) is carrying on digital asset business activities; or

(b) who purports to carry on digital asset business activities.

57. Agents to conduct inspections and investigations.

(1) The Commission may, at the expense of the registrant, engage as an agent, a qualified person to conduct an inspection or investigation on behalf of and on the direction of the Commission in accordance with section 56.

(2) An agent referred to in subsection (1) shall, at the conclusion of an inspection or investigation, produce and submit to the Commission, a written report of the findings of the inspection or investigation.

58. Power to compel.

Where the Commission has reason to believe that a person is or may be in possession of relevant information, it may summon and require that person to —

(a) attend before it at a specified time and place to answer questions under oath or affirmation that the statements that the person will make will be true;

(b) produce, or procure the production of specified documents or documents of a specified description;

(c) give an explanation of or further particulars regarding any information or document produced under paragraphs (a) and (b).

59. Uncooperative witness liable for contempt.

A person summoned under section 58 who neglects or refuses to —

(a) attend;

(b) give evidence; or

(c) produce a document in the custody, possession or control of that person,

shall be liable, on application by the Commission to the Supreme Court, to be committed for contempt, as though the neglect or refusal was a breach of an order or judgment of the Supreme Court.

60. Co-operative power.

(1) The Commission may, at the request of a domestic regulatory authority, exercise its powers under this Act to assist with the performance by that domestic regulatory authority of its functions.

(2) Notwithstanding section 21 of the Securities Industry Act, the Commission may provide information, documents or material it has acquired in the exercise of its functions under this Act to any other domestic regulatory authority where the Commission considers such information may be relevant to the functions of such other domestic regulatory authority or as a necessary part of a framework for consolidated supervision, oversight or regulation of the financial services sector.

(3) The Commission may provide assistance to an overseas regulatory authority where satisfied that —

(a) such assistance may be relevant to the functions of the overseas regulatory authority and is intended to enable such authority to carry out the supervision, investigation or enforcement to which the request relates;

(b) overseas regulatory authority has given a written undertaking that any material obtained pursuant to its request shall not, except with the approval or consent of the Commission be —

(i) used for any purpose other than a purpose that is specified at the time of the request; and

(ii) disclosed to any third party, other than a designated third party;

(c) the material requested is of sufficient importance to the carrying out of the supervision, investigation or enforcement to which the request relates and cannot reasonably be obtained by any other means;

(d) the matter to which the request relates is of sufficient gravity; and

(e) the provision of the requested assistance will not be contrary to the national interest of The Bahamas or the interest of the investing public.

(4) The Commission may, in determining whether to provide assistance to an overseas regulatory authority, consider whether —

(a) the act or omission that is alleged to have breached the law or regulatory requirement to which the request relates would, if it had occurred in The Bahamas, be enforceable under this Act;

(b) the overseas regulatory authority has given or is willing to give an undertaking to the Commission to —

(i) comply with a future request by the Commission to the overseas regulatory authority for similar assistance; and

(ii) contribute towards the costs of providing the assistance that the overseas regulatory authority has requested.

(5) Pursuant to subsection (3), and notwithstanding any obligations as to secrecy or restrictions on the disclosure of information by virtue of any written law, any rule of law, any contract or any rule of professional conduct, the Commission may, in relation to a request from an overseas regulatory authority —

(a) transmit to the overseas regulatory authority, any material in the possession of the Commission that is requested by the authority;

(b) order any person to furnish the Commission with any material that is requested by the overseas regulatory authority, that the Commission may then transmit to that authority;

(c) order any person to give the Commission assistance in connection with a request made by an overseas regulatory authority; or

(d) order any person to make an oral statement to the Commission on any information requested by the overseas regulatory authority, record such statement, and transmit the recorded statement to that authority.

(6) A person shall not be required to disclose information or produce a document which that person would be entitled to refuse to disclose or produce on the grounds of legal professional privilege in court proceedings, and the information or documents shall be deemed to be privileged if it was given to the person as a professional legal advisor —

(a) by, or by a representative of, a client of the advisor in connection with the giving of legal advice to the client;

(b) by, or by a representative of, a person seeking legal advice from the advisor; or

(c) by any person —

(i) in contemplation of, or in connection with, legal proceedings; and

(ii) for the purpose of those proceedings.

(7) Where a person in possession of any document required to be produced in response to an order made under subsection (5), claims a lien on the document —

(a) the requirement to produce the document shall not be affected by the lien;

(b) no fees shall be payable for or in respect of the production; and

(c) the production shall be without prejudice to the lien.

(8) No civil or criminal proceedings, except for an offence under subsection (9), shall lie against any person, who in compliance with an order made under subsection (5) —

(a) furnishes the Commission with any information or material in any form, including any document or copy thereof;

(b) makes a statement to the Commission in good faith; or

(c) gives assistance to the Commission by doing or omitting to do any act, the doing or omission of the act is done in good faith.

(9) It shall be an offence, punishable on summary conviction to a fine not exceeding one hundred thousand dollars, for any person, in response to an order made under subsection (5), to —

(a) without reasonable excuse, refuse or fail to comply with the order;

(b) knowingly furnish the Commission with any false or misleading information or material in any form, including any document or copy thereof; or

(c) knowingly make a statement to the Commission that is false or misleading in a material particular.

(10) In the exercise of its cooperative power under this section, the Commission shall have authority to enter into memoranda of understanding with overseas regulatory authorities subject to the following —

(a) the memoranda of understanding shall be —

(i) for the mutual and reciprocal assistance of an overseas regulatory authority, or any designated third party, in carrying out supervision, investigation or enforcement functions;

(ii) related to the consolidated supervision with an overseas regulatory authority, or designated third party; or

(iii) for the purpose of the Commission's supervision, investigation or enforcement functions under this Act, or any other lawful purpose;

(b) the scope of the memoranda of understanding shall not exceed the Commission's powers under the provisions of this section; and

(c) notice of the memoranda of understanding is issued to the Ministry of Finance and published on the Commission's website and in the *Gazette*.

(11) For the purpose of this section —

"designated third party" includes —

(a) a person or body responsible for supervising the relevant regulatory authority;

(b) any authority responsible for carrying out the supervision, investigation or enforcement of laws alleged to have been breached; or

(c) any authority of the foreign jurisdiction, other than the requesting overseas regulatory authority, exercising a function that corresponds to a regulatory function of the Commission under this Act;

"domestic regulatory authority" means the body or person in The Bahamas that exercises regulatory, supervisory, enforcement or similar functions as the Commission, and includes —

(a) a regulator supervising a financial institution;

(b) a securities exchange;

(c) a self-regulatory organisation;

(d) a law enforcement agency; and

(e) other governmental or regulatory agency or Competent Authority; and

(f) any other Bahamian authority, as prescribed;

"enforce" means to enforce through criminal, civil or administrative proceedings;

"material" means any document or information in any form;

"overseas regulatory authority" means an authority in a jurisdiction outside The Bahamas that exercises similar functions as the Commission regulating digital asset businesses and activities, and includes a designated third party;

"supervision" in relation to an overseas regulatory authority, means the taking of any action for the supervision of —

(a) a digital exchange or any other person regulated or supervised by the overseas regulatory authority; or

(b) the issue of or trading in digital assets in the foreign jurisdiction of the overseas regulatory authority.

PART VI – ENFORCEMENT, OFFENCES, PENALTIES AND SANCTIONS

ENFORCEMENT

61. Compliance order.

(1) The Commission may, where at any time it appears to it that a person has failed to comply with any requirement of this Act, the Commission may by written notice, order that person to —

(a) comply with the requirements within such period and on such terms and conditions as the Commission shall specify;

(b) cease and desist carrying on digital asset business or their involvement in a digital asset business;

(c) cease and desist any activity which purports that the person is carrying on a digital asset business in or from within The Bahamas.

(2) An order made under subsection (1), (a "compliance order"), shall be made without prejudice to any action that may be instituted or taken against a person who has failed to comply with any requirement of this Act.

62. Penalty for failure to comply.

(1) Any person who fails to comply with —

(a) a compliance order made under section 61; or

(b) any directive of the Commission made under section 84,

within the time period specified in the compliance order or directive, shall be subject to a penalty of up to one hundred thousand dollars for each contravention.

(2) The Commission shall not impose a penalty under subsection (1) unless it notifies the person in writing of—

(a) the contravention;

(b) the Commission's intention to impose a penalty,

and invites the person to make a representation in writing within a period specified by the Commission, providing reasons why the Commission should not impose a penalty.

(3) Where after considering the representation made or after the specified period for doing so has elapsed, the Commission imposes a penalty, it shall notify the person in writing of the Commission's decision and specify the period within which the penalty shall be paid.

OFFENCES AND PENALTIES

63. Offence.

A person who fails to comply with the provisions of this Act commits an offence.

64. Failure to cooperate or obstruction of Commission.

(1) A person, including any digital asset business or any of its employees, managers, officers or other connected persons, who —

(a) fails to cooperate with the Commission; or

(b) obstructs or assaults any person appointed by or acting on behalf of the Commission in the conduct of an examination, inspection or an investigation,

commits an offence and is liable on summary conviction to a fine not exceeding twenty-five thousand dollars.

(2) For the purposes of subsection (2), it shall not be relevant whether the employee, manager, officer or connected person was acting on specific instruction of any individual having control or responsibility for the management or operation of the digital asset business.

65. Liability of officer, director, etc.

Where an offence under this Act has been committed and it is proved that the offence occurred with the consent or connivance or gross negligence of any officer, director, manager, partner, or person purporting to act in any such capacity, each such person shall also be deemed as committing that offence.

66. General penalty.

Any person who commits an offence under this Act for which no penalty is provided shall be liable on indictment or summary conviction to a fine not exceeding five hundred thousand dollars or imprisonment up to five years or both a fine and imprisonment.

67. Misrepresentation.

Any person who —

(a) wilfully makes any misrepresentation in any document required to be filed or submitted under this Act;

(b) wilfully makes any statement or gives any information required for the purpose of this Act which he knows to be materially false or misleading; or

(c) knowingly fails to disclose any fact or information required to be disclosed for the purposes of this Act,

commits an offence and shall be liable on indictment or summary conviction to a fine not exceeding five hundred thousand dollars in respect of each instance or imprisonment up to ten years or to both fine and imprisonment.

68. Inside information.

(1) For the purposes of this Act, **"inside information"** means —

(a) information of a precise nature, which has not been made public, relating, directly or indirectly, to an issuer or person seeking admission to trading, or to a digital asset, and which, if it were made public, would likely have a significant effect on the price of the digital asset or a related digital asset;

(b) in respect of a person responsible for the execution of orders for digital assets on behalf of clients, information of a precise nature conveyed by a client and relating to the client's pending orders in digital assets, relating, directly or indirectly, to an issuer or person seeking admission to trading or to a digital asset, and which, if it were made public, would likely have a significant effect on the price of the digital assets or a related digital asset.

(2) For the purposes of subsection (1), information shall be deemed to be of a precise nature if —

(a) it indicates a set of circumstances which exists or which may reasonably be expected to come into existence, or an event which has occurred or which may reasonably be expected to occur, where it is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of digital assets;

(b) in the case of a protracted process that is intended to bring about, or that results in, particular circumstances or a particular event, those future circumstances or that future event, and also the intermediate steps of that process which are connected with bringing about or resulting in those future circumstances or that future event, may be deemed to be precise information.

(3) An intermediate step in a protracted process shall be deemed to be inside information if, in and of itself, it satisfies the criteria of inside information referred to in subsection (2).

(4) For the purposes of subsection (1), information which, if it were made public, would likely have a significant effect on the prices of digital assets shall mean information that a reasonable holder of digital assets would likely use as part of the basis of the holder's investment decisions.

59. Prohibition of insider dealing.

(1) Any person who engages in, or attempts to engage in insider dealing or recommends or induces another person to engage in insider dealing commits an offence and shall be liable —

(a) on summary conviction, to a fine not exceeding two hundred fifty thousand dollars, or to imprisonment for a term of five years, or to both such fine and imprisonment;

(b) on conviction upon information, to a fine not exceeding five hundred thousand dollars or to imprisonment for a term of ten years or to both such fine and imprisonment.

(2) Insider dealing arises where a person possesses inside information and uses that information to —

(a) acquire or dispose of digital assets to which that information relates for its own account or for the account of a third party, whether directly or indirectly;

(b) cancel or amend an order concerning a digital asset to which the information relates where the order was placed before the person concerned possessed the inside information;

(c) submit, modify or withdraw a bid by a person for its own account or for the account of a third party.

(3) The use of a recommendation or inducement as referred to in subsection (1), amounts to insider dealing where the person using that recommendation or inducement knows or ought to know that it is based on inside information.

(4) This section applies to any person who possesses inside information as a result of —

(a) being a member of the administrative, management or supervisory bodies of the issuer;

(b) having a holding in the capital of the issuer;

(c) having access to the information through the exercise of an employment, profession or duties or in relation to its role in the distributed ledger technology or similar technology; or

(d) being involved in criminal activities;

(e) circumstances other than those referred to this paragraph where that person knows or ought to know that it is inside information.

(5) Where person referred to in subsection (1), is a legal entity, this section shall apply to the natural person who participates in the decision to carry out the acquisition, disposal, cancellation or amendment of an order for the account of the legal person concerned.

70. Prohibition of unlawful disclosure of insider information.

(1) No person in possession of inside information shall unlawfully disclose inside information to any other person, except where such disclosure is made in the normal exercise of an employment, a profession or duties.

(2) The onward disclosure of recommendations or inducements referred to in section 68, is for the purposes of this Act, an unlawful disclosure of inside information where the person disclosing the recommendation or inducement knows or ought to know that it was based on inside information.

71. Prohibition of market manipulation.

(1) No person shall engage in or attempt to engage in market manipulation.

(2) For the purposes of this Act, **"market manipulation"** includes —

(a) unless carried out for legitimate reasons, entering into a transaction, placing an order to trade or engaging in any other behaviour which —

(i) gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a digital asset;

(ii) secures, or is likely to secure, the price of one or several digital assets at an abnormal or artificial level;

(b) entering into a transaction, placing an order to trade or any other activity or behaviour which affects or is likely to affect the price of one or several digital assets, while employing a fictitious device or any other form of deception or contrivance;

(c) disseminating information through the media, including the internet, or by any other means, which gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of one or several digital assets, or secures or is likely to secure, the price of one or several digital assets, at an abnormal or artificial level, including the dissemination of rumours, where the person who engaged in the dissemination knew, or ought to have known, that the information was false or misleading.

(3) The following behaviour shall, *inter alia*, be considered market manipulation —

(a) securing a dominant position over the supply of, or demand for, a digital asset, which has, or is likely to have, the effect of fixing, directly or indirectly, purchase or sale prices or creates, or is likely to create, other unfair trading conditions;

(b) the placing of orders to a trading platform for digital assets, including any cancellation or modification thereof, by any available means of trading, and which has one of the effects referred to in subsection (2)(a), by —

(i) disrupting or delaying the functioning of the trading platform for digital assets or engaging in any activities that are likely to have that effect;

(ii) making it more difficult for other persons to identify genuine orders on the trading platform for digital assets or engaging into any activities that are likely to have that effect, including entering orders which result in the destabilisation of the normal functioning of the trading platform for digital assets;

(iii) creating a false or misleading signal about the supply of, or demand for, or price of, a digital asset, in particular by entering orders to initiate or exacerbate a trend, or engaging in any activities that are likely to have that effect;

(c) taking advantage of occasional or regular access to the traditional or electronic media by voicing an opinion about a digital asset, while having previously taken positions on that digital asset, and profiting

subsequently from the impact of the opinions voiced on the price of that digital asset, without having simultaneously disclosed that conflict of interest to the public in a proper and effective way.

72. Offender to pay penalty on gains or loss avoided.

(1) A person who contravenes sections 69, 70 or 71, shall return any gains made or loss avoided from contravention of the sections, and if the court so directs, pay a penalty not to exceed twice the amount of such gains or loss avoided.

(2) A person who contravenes section 69 commits an offence and shall be liable on conviction on information to a fine of one hundred fifty thousand dollars or to imprisonment for a term of two years or to both such fine and imprisonment, and if the Supreme Court so directs, pay a penalty not to exceed twice the amount of the unlawful gains made or losses avoided by the person.

73. Whistleblowers.

(1) No person may be subject to any legal, administrative or employment related sanction, regardless of any breach of a legal or employment related obligation, for releasing information on wrongdoing, as long as he acted in good faith and in the reasonable belief that the information was substantially true and disclosed evidence of wrongdoing.

(2) For the purposes of subsection (1), "wrongdoing" includes —

(a) the commission of any offence under this Act;

(b) a criminal offence;

(c) the failure to carry out a legal obligation;

(d) consumer protection concerns; and

(e) a breach of privacy and personal data.

SANCTIONS

74. Administrative sanction.

(1) Subject to subsection (3), the Commission may impose an administrative sanction under this section —

(a) notwithstanding any other action taken by the Commission;

(b) without prejudice to any other action the Commission may take,

against a person who has failed to comply with this Act.

(2) An administrative sanction imposed under this section may include, *inter alia* —

(a) issuing a public reprimand;

(b) banning a registrant from carrying on certain activities or operations;

(c) setting conditions or restrictions on a registrant;

(d) issuing an order —

(i) requiring that a registrant complies with a direction issued by the Commission;

(ii) withdrawing an exemption or waiver;

(iii) prohibiting a person from acting as a director, partner, or officer of a legal entity;

(iv) prohibiting a person from being appointed as auditor;

(v) requiring a registrant to make changes to its practices and procedures;

(vi) for restitution;

(vii) for the registrant to temporarily suspend a manager;

(viii) for the registrant to remove a director, officer or other senior manager of general partner; or

(ix) for disgorgement of profits or unjust enrichment;

(e) appointing a person, at the expense of the registrant, to —

(i) oversee the affairs of the registrant and report to the Commission; or

(ii) assume control of a registrant's affairs who shall, subject to necessary modifications, have all of the powers of a person appointed as a receiver or manager of a business appointed under the law governing bankruptcy or winding up;

(f) applying to the Supreme Court for an order to take such action as the Commission considers necessary to protect the interest of clients or creditors of a registrant;

(g) with respect to subsection (1)(d)(ix), requiring a registrant to pay an administrative penalty not exceeding twice the amount of such profits or unjust enrichment;

(h) revoking a licence pursuant to section 25; or

(i) imposing any other penalties, sanctions, or remedies as the circumstances of the case may require.

(3) The sanctions under subsection (2) may be imposed by the Commission where satisfied that a registrant has —

(a) breached any provisions of this Act;

(b) failed to comply with the Financial Transactions Reporting Act; or

(c) failed to comply with any guidelines issued by the Financial Intelligence Unit pursuant to section 15 of the Financial Intelligence Unit Act.

(4) Where the Commission imposes a sanction it shall notify the registrant in writing of —

(a) the breach committed by the registrant; and

(b) the sanction imposed by the Commission.

(5) Where the sanction imposed by the Commission is a Supreme Court order under subsection (2)(f), the Commission shall in addition to the notice referred to in subsection (4), give the registrant a copy of the application for the order and the subsequent order granted.

(6) An order referred to in subsection (2)(d) shall be enforceable as though it were an order of the Supreme Court.

75. Freeze order.

(1) If the Commission considers it in the public interest to do so, the Commission may for the administration of digital asset laws or to assist in the administration of the digital assets legislation of another jurisdiction, by order for a period not to exceed five days, direct —

(a) a person having on deposit, under control or for safekeeping any funds, digital assets or other property of the person named in the order to hold them; or

(b) a person —

(i) not to withdraw any funds, digital assets or other property from any person having them on deposit, under control or for safekeeping; or

(ii) to hold all funds, digital assets or other property of a client of that person, or of others, in the person's possession or control in trust for a receiver, receiver-manager, trustee or liquidator appointed under an enactment of The Bahamas.

(2) An aggrieved person may apply to a judge in chambers to discharge the order of the Commission under this section and shall serve notice on the Commission to join in the proceedings, but the order of the Commission shall remain in effect until the judge determines otherwise.

(3) Unless expressly stated, an order made under subsection (1), does not apply to funds, digital assets or other property in the process of transfer.

PART VII - MISCELLANEOUS

76. Appeals.

(1) Any person aggrieved by a decision of the Commission may within thirty days of the decision, apply to the Supreme Court to appeal that decision.

(2) The lodging of an appeal shall not stay the decision unless the Supreme Court, on application by the aggrieved person, orders that the decision be stayed pending the disposition of the appeal.

(3) The Secretary to the Commission shall certify to the Supreme Court —

(a) the Commission's decision, together with a statement of reasons for that decision; and

(b) the record of correspondence or other material between the Commission that is relevant to the appeal.

(4) The judgment of the Supreme Court shall not preclude the Commission from making any further decisions upon new material or a significant change in the relevant circumstances.

77. Administrative proceedings and reviews.

(1) Any person directly affected by a decision of the Executive Director or any employee exercising delegated authority from the Commission shall be entitled to a hearing and review of that decision.

(2) A request for the hearing and review of a decision shall be made by notice in writing to the Commission within thirty days after the date the decision was issued.

(3) Upon a hearing and a review, the Commission may by order, confirm the decision under review or make such other decision as the Commission considers proper.

(4) Notwithstanding the fact that a person requests a hearing and review under subsection (3), the decision under review takes effect immediately but the Commission may grant a stay until disposition of the hearing and review.

78. Exemptions and modifications.

The Commission may prescribe that —

(a) a person or class of persons is exempt from all or specified provisions of this Act; or

(b) a digital asset or a type of digital asset are exempt from all or specified provisions of this Act; or

(c) this Act applies as if specified provisions were omitted, modified or varied as prescribed.

79. Fees.

(1) The Commission shall prescribe fees in rules and such rules shall have effect for the fees payable in respect of the matters listed therein.

(2) The fees payable under this Act shall —

(a) be payable to the Securities Commission of The Bahamas;

(b) not form part of the Consolidated Fund; and

(c) be applied by the Commission for the purpose of exercising its powers and performing its functions and duties under this Act.

80. Rules.

(1) In carrying out the purposes of this Act, the Commission may make rules providing for such matters as may be necessary or expedient for giving effect to such purposes, functions and responsibilities.

(2) The Commission may make Rules to apply and disapply the application of this Act to —

(a) a person or class of persons;

(b) a digital asset or class of digital assets; or

(c) a digital asset business or class of digital asset businesses.

(3) The Commission shall publish, in a daily newspaper of general circulation in The Bahamas and on its website, at least sixty days or some shorter period before the proposed effective date thereof —

(a) a copy of any proposed rule; and

(b) a concise statement of the substance and purpose of the proposed rule.

(4) In publishing rules under this Act, the Commission shall give interested parties a reasonable opportunity to make representation with respect to the proposed rules.

(5) Notwithstanding the requirement to publish and the time period set out in subsection (3), the Commission is not required to comply where —

(a) the rule makes no material substantive change in an existing rule;

(b) the rule only grants an exemption or relieves a restriction and is not likely to have substantial impact on the interests of persons other than those who benefit under it;

(c) the Commission, for good cause finds that compliance is impracticable or unnecessary and publishes a concise statement of the reasons for it; or

(d) the Commission concludes that there is an urgent need for the proposed rule and compliance would be prejudicial to the public interest.

(6) The Commission shall furnish the Minister with a copy of the final rule or amendment and where no objection to the rule is made by the Minister within thirty days after the rule was furnished, subsection (8), shall apply.

(7) Where the Minister objects to a rule or any amendment to a rule, the Commission shall be provided with notice in writing of the reasons for the objection.

(8) A rule, or any amendment thereof, shall be effective on the date it is published in the *Gazette* or such later date as may be specified in the rule or amendment.

81. Regulations.

The Minister may, after consultation with the Commission, make regulations necessary or expedient for carrying out the purposes of this Act and giving effect to the functions and responsibilities of the Commission under this Act.

82. Minister may amend schedule by Order.

The Minister may by order, amend the *First Schedule*.

83. Guidelines.

The Commission may publish guidelines regarding any regulations or rules made pursuant to this Act provided that such guidelines shall not be taken as having the force of law.

84. Directives.

The Commission may issue directives to registrants or issuers regarding the interpretation, application, or enforcement of the provisions of this Act, including directions to undertake specific actions in order to comply with the duties, requirements and standards with which they shall comply under this Act.

85. Repeal.

Subject to section 87, the Digital Assets and Registered Exchanges Act, 2020 *(No. 28 of 2020)* is repealed.

86. Consequential amendments.

The enactments specified in the first column of the table shown in the *Fifth Schedule* shall be amended to the extent specified in the second column of that table.

87. Savings and transitional.

(1) Notwithstanding the provisions of any other law but subject to subsections (2) and (3), any person who immediately before the commencement of this Act was engaged in any activity or business regulated under this Act shall —

(a) be deemed to be engaged in such activity under the provisions of this Act; and

(b) apply to the Commission for registration within ninety days of the commencement of this Act.

(2) Any person licenced as financial services provider under the Financial and Corporate Service Providers Act for providing "custody of digital assets" immediately before the commencement of this Act shall be deemed to be registered under this Act as a digital asset business providing custody of digital assets and shall comply with all requirements applicable to digital asset businesses registered to provide the custody of digital assets under this Act within ninety days of the commencement of this Act.

(3) The Third Schedule to the Digital Assets and Registered Exchanges Act, 2020 *(No. 28 of 2020)* shall apply in respect of the fees chargeable under this Act in respect of an application made under this Act until fees are prescribed pursuant to section 79.

FIRST SCHEDULE

FORM 1
(section 9)
Application for Registration as Digital Asset Business

1. Name of Applicant
State full legal name of the Applicant.

2. Type of Registration Application
Indicate the digital asset business for which registration is sought by selecting all activities that apply —

operating a digital asset exchange	
exchanging digital assets for fiat currency	
exchanging digital assets for other digital assets	
operating as a payment service provider business involving digital assets	
executing orders for digital assets	
placing digital assets	
providing the reception and transmission of orders for digital assets	
providing transfer services	
providing the custody of digital assets	
providing custodial wallet services	
providing advice on digital assets	

providing management of digital assets	
providing DLT network node services	
providing anonymity-enhancing services	
providing digital asset derivative services	
providing staking services	
Other	

3. Full Business Contact Details of Applicant

State the applicant's principal business address in The Bahamas, including website, and provide email address, and telephone numbers. If the applicant operates more than one address, provide details for each office.

4. Full Details on Founders, Beneficial Owner, Security Holder, Directors and Officers

Provide completed Form 2 for each founder, beneficial owner or security holder, director, and officer of the applicant.

Note that where the applicant is a publicly traded entity in The Bahamas or elsewhere, Form 2 is only required to be provided for significant interest holders of the applicant.

If the digital assets of the applicant are traded on another digital asset exchange in any jurisdiction, provide full details of the listing.

Provide a list of all affiliates of the applicant and indicate the nature of the relationship, businesses the affiliates is in, where incorporated, etc.

5. Full Details on Persons to be Carrying on Digital Asset Business

Provide completed Form 3 for each person who is to carry on digital asset business on behalf of the applicant including the chief executive officer, compliance officer and money laundering reporting officer.

6. Discipline History

State whether the applicant or any founder, director, officer, security holder of the applicant has ever been —

	Yes	No
(a) disciplined by any stock exchange, digital asset exchange, regulatory authority or professional association in any jurisdiction or been denied admission, registration or renewal or had its membership or registration revoked		
(b) declared bankrupt, been convicted of a crime or been sued under any commercial law, securities law, companies law or law concerning fraud		
(c) involved with an application for regulatory approval in any jurisdiction where that application has been refused or withdrawn		
(d) dismissed from any office or employment or barred from entry to any profession or occupation		
(e) compulsorily wound up or made any compromise or arrangement with its creditors or ceased trading in circumstances where its creditors did not receive or have not yet received full settlement of their claims		

If so, please provide full details.

7. Operational Capabilities

Provide a detailed description of the applicant's operational capabilities, including the physical premises, cybersecurity protocols, data management systems, data protection systems, risk management systems, banking, digital clearing and digital custody arrangements, communication capabilities, as applicable.

Provide names and addresses of principal bankers, digital custodians, digital asset service providers and other service and technical providers, as applicable.

8. Policies and Procedures

Provide a summary of the applicant's written supervisory, internal controls and risk management policies and procedures, including digital asset management, cybersecurity operations, operational controls, AML/CFT policies and controls, reporting policies, code of conduct, etc. as applicable.

Attach a complete copy of these policies and procedures.

9. Financial Statements

The following must be submitted —

Where the applicant has been established within six months of the date of the application and the applicant has not commenced operations —

(a) a statement from the Chief Executive Officer of the applicant confirming that the applicant has not commenced trading since the date of establishment and that no financial statements have been produced or dividends declared;
(b) statements of financial position, of the applicant from the establishment of the applicant to the current date; and
(c) no more than three-year financial projections of the applicant.

For all other applicants —

(a) audited financial statements for the two financial years immediately prior to the date of the application or, if shorter, since the date of establishment;

(b) the auditor's report accompanying the audited financial statements; and

(c) the interim financial statements of the applicant for the prior two quarters, certified by the Chief Executive Officer to be true and complete.

If the applicant has any significant interest holders that are companies, the applicant must also submit for each such significant interest holder —

(a) audited financial statements for the two financial years immediately prior to the date of the application or, if shorter, since the date of establishment;

(b) the auditor's report accompanying the audited financial statements; and

(c) the most recent interim financial statements signed by the Chief Executive Officer (or equivalent), and the Financial Controller to be true and complete.

10. Other Regulatory Approvals

If the applicant is registered, licensed or authorised by any other regulatory authority in The Bahamas or elsewhere, provide details of that status, including name of authority, type of registration, license or authorisation, date of approval, registration number, etc.

11. Business Plan

Provide a copy of the applicant's detailed and up to date business plan, inclusive of financial and operational projections, staffing requirements, a description of products and/or services offered, target market, and technological requirements, etc.

12. Contact Person at Applicant

Give the name, business telephone number, and email address of a senior official of the Applicant who is knowledgeable about the application and who may be contacted to discuss it.

13. Certification and Signature

Certification and signature of two senior officers

(Name and position)
(Name and position)
Date:

We, the undersigned, hereby affirm that to the best of our information, knowledge and belief that —

(a) the Applicant is currently in compliance with all the applicable provisions of the Act; and

(b) the contents of this form and any attachments provided with this form are true, correct and not misleading.

WARNING: Intentional misstatement or failure to disclose information may constitute an offence.

Required attachments:

1. Copy of the applicant's written supervisory, internal controls and risk management policies and procedures.
2. A copy applicant's detailed and up to date business plan, inclusive of financial and operational projections, staffing requirements, a description of products and/or services offered, target market, and

technological requirements, etc.

3. Copies of required financial statements.
4. Evidence that the applicant has adequate insurance and regulatory capital.
5. An organisational chart for the applicant together with job descriptions for each position. (Include total number of employees in the company and names of individuals in management roles).
6. If a company, evidence of the applicant's good standing in accordance with section 277 of the Companies Act *(Ch. 308).*
7. A certified copy of the applicant's Memorandum and Articles of Association, or equivalent incorporation documents.
8. A schedule of proposed fees for services rendered by the business.
9. Evidence of the applicant's registration with any other regulatory authority, if applicable.
10. Completed **Form 2** of the *First Schedule* in respect of each founder, beneficial owner, significant interest holder, director and officer of the applicant digital asset business.
11. Completed **Form 3** for the Chief Executive Officer, Compliance Officer, and Money Laundering Reporting Officer.
12. Names and addresses of service providers (i.e., banks, audit firms, attorneys, and custodians, etc.)
13. Copies of outsourcing or service level agreements (if applicable).

FORM 2

(section 9)

Personal Questionnaire for Representative of Digital Asset Business

(to be completed by Director, Founder, Beneficial Owner, Officer, and Significant Interest Holder of a digital asset business)

General Instructions:

If insufficient space is provided, please attach a separate sheet of paper.

WARNING: Intentional misstatement or failure to disclose information may constitute an offence.

A. Personal Details	
1. Name of the applicant in connection with which this questionnaire is being completed.	
2. Full legal name of representative Surname, Given names.	
3. List of any previous names or aliases of the representativea	
4. Indicate role(s) in which representative will be acting	Director: ( ) Founder: ( ) Beneficial Owner: ( ) Officer: ( ) Significant Security Holder: ( )
5. Home addresses during the last ten years (list current address and provide relevant dates)	Previous Address 1: Date at this Address: Previous Address 2: Date at this Address:
6. Date of Birth Place of birth (including town, state and country)	
7. Country of Citizenship	
8. Identification (e.g., Passport No., Voters Registration No., National Identification No., Social Security No.)	Identification No.: Identification Type:

B. Employment & Education History	
9. Current occupation or employment information including: (a) the name and address of the employer (b) the nature of business (c) title of position held; and (d) relevant start date Provide the name, position and telephone number of a referee at this place of employment	
10. Prior occupations and employment information during the last ten years, including: (a) the name and address of the employer (b) the nature of business (c) title of position held, and (d). relevant dates (leave no period unaccounted for)	
11. List companies of which the representative is (a) currently acting as director or is holding significant interest in (b) has been a director or significant held significant interest at any time during the last ten years (Specify the name of the entity, the country of incorporation, and the nature	
Significant interest holder means a person who holds, cumulatively, ten per centum or more of the beneficial ownership in an entity	
12. Describe the formal education or training the representative has in digital asset business (including professional qualifications or degrees and year in which they were obtained). Please provide evidence of status with any professional membership indicated.	
13. Are you or have you ever been a director, officer, held significant interest holder, or been an employee of any other	No ( ) Yes ( ) If yes, please provide full details.

entity registered with the Commission	
14. Have you been licensed, registered or otherwise authorised to work in a similar capacity in any other jurisdiction?	No ( ) Yes ( ) (if yes, attach full details, including copy of evidence of such registration or license)
C. Discipline History	
15. Have you or any person with which you were associated as a director, manager, officer or significant interest holder, in any jurisdiction, been disciplined by any stock exchange, securities regulatory body or professional association or been denied admission, registration or renewal or had a membership or registration revoked?	No ( ) Yes ( ) (if yes, attach full details,)
16. Have you or any person with which you were associated as a director, manager, officer or significant interest holder, in any jurisdiction, ever been declared bankrupt, been convicted of a crime or been sued under any commercial law, securities law, companies law or law concerning fraud?	No ( ) Yes ( ) (if yes, attach full details)
17. Have you submitted an application for regulatory approval in any jurisdiction where that application has been refused or withdrawn?	No ( ) Yes ( ) (if yes, full details)
18. Have you, in any jurisdiction, been dismissed from any office or employment or barred from entry to any profession or occupation?	No ( ) Yes ( ) (if yes, full details)
19. Has any person with which you were associated as a director, manager, officer or significant interest holder, in any jurisdiction been compulsorily wound up or made any arrangement with its creditors or ceased trading in circumstances where its creditors did not receiver or have not yet received full settlement of their claims, either while you were associated with it or within one year after you ceased to be	No ( ) Yes ( ) (if yes, full details)

associated with it?	
20. In carrying out your duties will you be acting on the directions or instructions of any other person?	No ( ) Yes ( ) (if yes, full details)

I, the undersigned, hereby affirm that to the best of my information, knowledge and belief the contents of this form and any attachments provided with this form are true, correct and not misleading and that I am in compliance with all the applicable provisions of the Act. I undertake that as long as I continue to be a director, significant interest holder, manager, or officer of the registered person named in item 1, I will

(a) continue to comply with all the applicable provisions of the Act, and

(b) notify the Commission immediately of any material changes affecting the completeness of the answers to any of the questions above.

I also hereby authorise the Commission to make such enquiries and seek such further information as it thinks appropriate in verifying the information given in this Personal Questionnaire, or in any other documents submitted as part of this application, for the purposes of performing its due diligence and background checks. I understand that the results of these checks may be disclosed to the person who submitted this application.

Date:	Signature:

Documents to be attached:

(1) For non-Bahamian citizens, a copy of Work Permit or Permanent Residence Permit.

(2) A copy of the relevant pages of the representative's passport showing the representative's name, date of birth, nationality, signature, expiration date and photograph).

(3) A character certificate (not more than six months old) issued in accordance with section 124 of the Police Force Act *(Ch.205)* or an affidavit in acceptable form, from both applicant's home country and The Bahamas (if currently residing in The Bahamas) if a character certificate is not available.

(4) One original financial reference.

(5) Copy of any relevant degree, educational courses passed, and professional qualifications.

(6) Proof of Address
(7) Organisational chart of the digital asset business reflecting reporting lines.
(8) Evidence of Board approval of the appointment of the representative.
(9) The prescribed application fee.

FORM 3

(section 9, 34 and 35)

Application for Approval of Appointment as Chief Executive Officer (CEO), Compliance Officer or Money Laundering Reporting Officer (MLRO) of a Digital Asset Business

General Instructions:

If insufficient space is provided, please attach a separate sheet of paper.

WARNING: Intentional misstatement or failure to disclose information may constitute an offence.

A. Personal Details	
1. Name of the applicant or registrant in connection with which this questionnaire is being completed.	
2. Full legal name of representative:	
3. List any previous names of the representative	
4. Indicate role(s) for which representative is applying	CEO: ( ) Compliance Officer: ( ) MLRO: ( ) Other: _____
5. Indicate if this is an application for reinstatement of a previous appointment	No ( ) Yes ( ) (if yes, attach full details)
6. Home address	
7. Previous home addresses during the last ten years (with relevant dates)	Previous Address 1: Date at this Address: Previous Address 2: Date at this Address: Additional as applicable
8. Date of Birth Place of birth (including town, state and country)	
9. Citizenship	The Bahamas ( ) Other: _____
10. Identification (Passport No., Number: Voters Registration No., National Identification No., Social Security No., Type: Tax Identification No. or specify other type_	Identification No: Identification Type:
B. Employment & Education History	

11. Present occupation or employment including: i. the name and address of the employer ii. the nature of business iii. title of position held, and iv. relevant start date For each employer, provide the name, position & telephone number of a reference.	
12. Prior occupations and employment during the last ten years, including: i. the name and address of the employer ii. the nature of business iii. title of position held, and iv. relevant dates (leave no period unaccounted for). For each employer, provide the name, position & reference.	
13. List companies of which the Applicant is: (a) Current director or holding significant interest holder; (b) has been a director or significant interest holder at any time during the last ten years (Specify the name of the entity, the country of incorporation, and the nature of business in each case) *Significant interest as defined in section 2 of the Bill.	
14. Describe the formal education or training the applicant has in digital asset business (including professional qualifications or degrees and year in which they were obtained).	Please provide evidence of status with any professional membership indicated.
15. Are you or have you ever been a director, officer, held significant interest holder, or been an employee of any other entity registered with the Commission?	No ( ) Yes ( ) If yes, please provide full details.

16. Have you been licensed or registered to work in a similar capacity in any other jurisdiction?	No ( ) Yes ( ) (if yes, attach full details, including copy of evidence of such registration or license)
C. Discipline History	
17. Have you or any person with which you were associated as a director, manager, officer or significant interest holder, in any jurisdiction, been disciplined by any stock exchange, securities regulatory body or professional association or been denied admission, registration or renewal or had a membership or registration revoked?	No ( ) Yes ( ) (if yes, attach full details)
18. Have you or any person with which you were associated as a director, manager, officer or significant interest holder, in any jurisdiction, ever been declared bankrupt, been convicted of a crime or been sued under any commercial law, securities law, companies law or law concerning fraud?	No ( ) Yes ( ) (if yes, attach full details)
19. Have you at any time been involved with an application for regulatory approval in any jurisdiction where that application has been refused or withdrawn?	No ( ) Yes ( ) (if yes, attach full details)
20. Have you, in any jurisdiction, been dismissed from any office or employment or barred from entry to any profession or occupation?	No ( ) Yes ( ) (if yes, attach full details)
21. Has any person with which you were associated as a director, manager, officer or significant interest holder, in any jurisdiction been compulsorily wound up or made any arrangement with its creditors or ceased trading in circumstances where its creditors did not receive or have not yet received full settlement of their claims, either while you were associated with it or within one year after you ceased to be associated with it?	No ( ) Yes ( ) (if yes, attach full details)

22. In carrying out your duties will you be acting on the directions or instructions of any other person?	No ( ) Yes ( ) (if yes, attach full details)

Date:	Signature of applicant:

I, the undersigned, hereby affirm that to the best of my information, knowledge and belief the contents of this form and any attachments provided with this form are true, correct and not misleading and that I am in compliance with all the applicable provisions of the Act. I undertake that as long as I continue to be a director, significant interest holder, manager, or officer of the registered person named in item 1, I will –

(a) continue to comply with all the applicable provisions of the Act, and

(b) notify the Commission immediately of any material changes affecting the completeness of the answers to any of the questions above.

I also hereby authorise the Commission to make such enquiries and seek such further information as it thinks appropriate in verifying the information given in this Personal Questionnaire, or in any other documents submitted as part of this application, for the purposes of performing its due diligence and background checks. I understand that the results of these checks may be disclosed to the person who submitted this application.

Provide Intended Date of Employment of the applicant:	
Notice: The Registered Digital Asset Business is required to give immediate notice to the Commission if the Applicant does not commence employment with the Digital Asset Business on the date above.	
Authorisation from Chief Executive Officer (or equivalent) or Director of Registered Digital Asset Business	
Date:	Signature: Title:

Other documents to be attached:

1. A copy of Work Permit or Permanent Residence Permit (for Non-Bahamian citizens).

2. A copy of the relevant pages of the applicant's passport (to include name, date of birth, nationality, signature, expiration date and photograph).
3. Applicant's current Police Certificate (not more than six months old) or an affidavit in acceptable form, from both applicant's home country and The Bahamas (if currently residing in The Bahamas) if the Police Certificate is not available.
4. One original financial reference.
5. Copy of any relevant degree, educational courses passed, and professional qualifications.
6. Proof of Address
7. Organizational chart reflecting reporting lines.
8. Evidence of Board approval of the appointment.
9. Executed Job Description
10. An application fee to be submitted with this application as prescribed.

FORM 4

(section 11)

Application to carry on digital asset business as additional business activity

1. Name of Applicant

2. Current Registration

Indicate the category of business for which the applicant is currently registered, and/or whether the applicant has either a Financial and Corporate Service Providers license, an Investment Funds license, or a Carbon Credit Trading license:

Securities Industry Act	
Licence/Registration No.	
Category of Business	
Dealing as agent only, including underwriting	
Dealing as agent or principal, including underwriting	
Dealing as agent or principal, including underwriting, restricted to CFDs	
Arranging deals in securities	
Managing securities on a discretionary basis	
Advising on securities	
Market Place or Clearing Facility	

Financial and Corporate Service Providers Act
Licence/Registration No.
List the licensed activities

Investment Funds Act	
License/Registration No.	
Unrestricted Fund Administrator	
Restricted Fund Administrator	

Carbon Credit Trading Act	
License/Registration No.	
Carbon Trading Business	
Exchange	
Registry	

Digital Asset Business and Registered Exchanges Act	
Registration No.	
Type of business registered for	
Digital Asset Business Services	
Operating a Digital asset Exchange	
Exchanging digital assets for fiat currency	
Exchanging a digital asset for other digital assets	
Operating as a Payment service provider business involving digital assets	
Executing orders for digital assets	
Issuing stablecoins	
Placing digital assets	
Providing the reception and transmission of orders for digital assets	
Providing transfer services	

Providing the custody of digital assets	
Providing custodial wallet services	
Providing advice on digital assets	
Providing management of digital assets	
Providing DLT network node services	
Providing anonymity-enhancing services	
Providing digital asset derivative services	
Providing staking services	
Other (specify)	

3. Types of Digital Asset Business Services Applying For

Indicate the type(s) of digital asset business service(s) the Applicant wishes to engage in:

Operating a Digital asset Exchange	
Exchanging digital assets for fiat currency	
Exchanging a digital asset for other digital assets	
Operating as a Payment service provider business involving digital assets	
Executing orders for digital assets	
Issuing stablecoins	
Placing digital assets	
Providing the reception and transmission of orders for digital assets	
Providing transfer services	
Providing the custody of digital assets	
Providing custodial wallet services	
Providing advice on digital assets	
Providing management of digital assets	
Providing DLT network node services	

Providing anonymity-enhancing services	
Providing digital asset derivative services	
Providing staking services	
Other (specify)	

4. Current Regulatory Capital

Please provide evidence:

(a) that the applicant meets its current regulatory capital requirements calculated in accordance with the applicable rules;

(b) how the applicant will meet the additional regulatory capital required for the Digital Asset Business services it intends to provide.

If the capital does not meet the minimum capital requirement for the proposed activity(s) under the law, the applicant must, prior to approval for the proposed digital asset business, provide evidence to the Commission as to how the applicant will increase its regulatory capital to satisfy the minimum capital requirement.

5. Any Other Relevant Details

Include any other information relevant to the Commission's consideration of this application.

6. Contact Person

Give the name, business telephone number and email address of a senior official (CEO or equivalent) of the applicant who is knowledgeable about the application and who may be contacted to discuss it.

7. Date the Application

_____

8. Certification and Signature

We, the undersigned Chief Executive Officer and Treasurer, hereby affirm that

to the best of our information, knowledge and belief that

(a) the Applicant is currently in compliance with all the applicable provisions of the Securities Industry Act, the Investment Funds Act, and the Financial and Corporate Service Providers Act,under which they are registered, as well as the Digital Assets and Registered Exchanges Act; and

(b) the contents of this form and any attachments provided with this form are true, correct and not misleading.

Chief Executive Officer
Treasurer

WARNING: Intentional misstatement or failure to disclose information may constitute an offence.

Required attachments:

1. Copy of the Applicant's updated and detailed business plan, including financial and operational projections, staffing qualifications and requirements, and technological requirements.
2. A schedule for the proposed fees for the digital asset business services to be rendered.
3. An application fee must be submitted with this application. The appropriate fee can be found in the Fee Rule.
4. Where the Applicant intends to operate a digital asset exchange, in addition to the attachments previously listed, the following must be provided:
5. Rules of the exchange, including rules for admission to listing of digital assets on the exchange.
6. Evidence of the applicant's good standing in accordance with section 277 of the Companies Act *(Ch. 308)*.
7. Certified copy of the applicant's Memorandum and Articles of Association, or equivalent constitutive documents.
8. Evidence of the applicant's registration with any other regulatory authority, if applicable.
9. Completed form with respect to each founder, beneficial owner, security holder, director and officer of the applicant's digital asset business.

FORM 5

(section 21)

Application for Registration of Digital Asset Exchange

1. Name of Applicant
State the full legal name of the Applicant.

2. Full Business Contact Details of Applicant
State the Applicant's principal business address and provide email addresses), telephone numbers. If the Applicant operates at more than one address in The Bahamas, provide details for each office.

3. Full Details on Security Holders, Directors and Officers, the securities or digital assets of the applicant, securities or digital exchange in any jurisdiction.

Provide completed **Form 2** for each security holder, director and officer of the Applicant and a completed **Form 3** for the Chief Executive Officer, Compliance Officer and Money Laundering Reporting Officer.

If the securities of the Applicant are traded on a securities exchange in any jurisdiction, provide full details of the listing.

Provide a list of all affiliates of the Applicant and indicate nature of relationship, business the affiliate is in, where it is incorporated etc.

5. Discipline History

State whether the Applicant or any director, officer or significant security holder of the Applicant has ever been:

	Yes	No
(a) disciplined by any stock exchange, regulatory authority or professional association in any jurisdiction or been denied admission, registration or renewal or had its membership or registration revoked;		
(b) declared bankrupt, been convicted of a crime or been sued under any commercial law, securities law, companies law or law concerning fraud;		
(c) involved with an application for regulatory approval in any jurisdiction where that application has been refused or withdrawn;		
(d) dismissed from any office or employment or barred from entry to any profession or occupation; and		
(e) compulsorily wound up or made any arrangement with its creditors or ceased trading in circumstances where its creditors did not receive or have not yet received full settlement		

of their claims. If so, please provide full details.		

6. Operational Capabilities

Provide a detailed description of the Applicant's operational capabilities, including the physical premises, trading system, clearing and settlement systems, security, communication and market surveillance systems, and staff resources, as applicable.

7. Policies and Procedures

Provide a summary of the Applicant's written Commission, internal controls and risk management policies and procedures. Attach a complete copy of these policies and procedures.

8. Rules

Provide a summary of the Applicant's rules/proposed rules including rules regarding membership, listing, business conduct and clearing and settlement, as applicable. Attach a complete copy of these rules.

9. Financial Statements

The following must be submitted:

Where the Applicant has been established within six months of the date of application and the Applicant has not commenced operations:

(a) a statement from a senior officer of the Applicant confirming that the Applicant has not commenced trading since the date of establishment and that no financial statements have been produced or dividends declared; and
(b) a statement of financial position, showing the minimum financial resources required as at a date not more than 21 days before the date of the application.

For all other Applicants:

(a) financial statements for the two financial years immediately prior to the date of the application or, if shorter, since the date of establishment; and
(b) the most recent interim financial statements certified by the Chief Executive Officer and the Treasurer to be true and

complete.

If the Applicant has any significant security holders that are companies, the Applicant must also submit for each such security holder(a) financial statements for the two financial years immediately prior to the date of the application or, if shorter, since the date of establishment; and (b) the most recent interim financial statements certified by the Chief Executive Officer and the Treasurer to be true and complete.

10. Proposed Fees

Provide a summary of the proposed fee schedule, including, as applicable, fees for membership, listing, execution of trades, clearing and settlement and any other charges. Attach a copy of the complete schedule.

11. Other Regulatory Approvals

If the Applicant is registered, licensed or authorised by any other regulatory authority in The Bahamas or elsewhere, provide details of that status, including the name of the regulatory authority, type of registration, license or authorisation, date of approval, registration number, etc.

12. Business Plan

Provide a summary of the Applicant's business plan for the next three years, which shall include financial and operational projections, staffing requirements and listing projections, as applicable.

13. Contact Person at Applicant

Give the name, business telephone number and email address of a senior official of the Applicant who is knowledgeable about the application and who may be contacted to discuss it.

14. Certification and Signature by the Chief Executive Officer and Treasurer

We, the undersigned Chief Executive Officer and Treasurer, hereby affirm that to the best of our information, knowledge and belief that

(a) the Applicant is currently in compliance with all the Digital Assets and Registered Exchanges Act; and

(b) the contents of this form and any attachments provided with this form are true, correct and not misleading.

Chief Executive Officer
Treasurer

WARNING: Intentional misstatement or failure to disclose information may constitute an offence.

Required attachments:

1. Copy of the Applicant's written Commission, internal controls and risk management policies and procedures.
2. Evidence of the Applicant's good standing with the Registrar of Companies.
3. Certified copy of the Applicant's Memorandum and Articles of Association, or equivalent incorporation documents.
4. Copies of required financial statements.
5. Copy of the rules of the digital asset exchange or clearing facility, including rules regarding membership, listing, business conduct, and clearing and settlement, as applicable.

6. A schedule of the proposed fees, including fees for membership, listing, execution of trades, clearing and settlement and any other charges.
7. Evidence of the Applicant's registration with any other regulatory authority, if applicable.
8. Copy of the Applicant's detailed business plan for the next three years, including financial and operational projections, staffing requirements and listing projections, as applicable.
9. A completed Form 4 for each security holder, director and officer.
10. Application fee must be submitted with this application.

FORM 6

ANNUAL INFORMATION UPDATE

Please complete or update the information outlined below to reflect the position of the digital asset business as at 31st December.

Section A – Details of the Registrant			
Name:			
Digital Asset Activity(s):			
Operating a digital asset exchange		Providing the custody of digital assets	
Exchanging digital assets for fiat currency		Providing custodial wallet services	
Exchanging a digital asset for other digital assets		Providing advice on digital assets	
Operating as a payment service provider business involving digital assets		Providing management of digital assets	
Executing orders for digital assets		Providing DLT network node services	
Placing digital assets		Providing anonymity-enhancing services	
Issuing stablecoins		Providing digital asset derivative services	
Providing the reception and transmission of orders for digital assets		Providing staking services	
Providing transfer services		Other (specify)	
Principle Address:			
Website:			
P.O. Box:			
Telephone:	Email:		
Section B – Registration Details			

Chief Executive Officer:		
Direct Line:	Email:	
Date Appointed:	Permanent Address:	
Compliance Officer:		
Direct Line:	Email:	
Date Appointed:	Permanent Address:	
Money Laundering Reporting Officer:		
Direct Line:	Email:	
Date Appointed:	Permanent Address:	
Direct Line	Email:	
Affiliate Companies:		
Section C – Other Registrations		

License/Registration Category	Licensing Body and Jurisdiction	Date Licensed

Exchange Listing:		
Jurisdiction:	Date Listed:	Contact:
Exchange Listing:		
Jurisdiction:	Date Listed:	Contact:

Section D - Directorship / Ownership Details
Names of Directors and Address:

Shareholders and Address:
Section E – General Information
Regulatory Capital:
Business License Number:
Date of Latest Submission of Audited Financial Statement:

Fiscal Year End:		Number of Employees:	
Name of Insurance Provider:			
Indemnity Coverage Period:	From:	To:	Amount:

Section F – Service Providers Information

Auditor:	
Address:	
Phone:	Email:
Attorney:	
Address:	
Phone:	Email:
Banker:	
Address:	
Phone:	Email:

Custodian:	
Address:	
Phone:	Email:

Section G – Outsourcing Arrangements

Provider/Entity service being provided to:
Nature of outsourced service:
Date of commencement:
Provider/Entity service being provided to:
Nature of outsourced service:
Date of commencement:
Provider/Person service being provided to:
Nature of outsourced service:
Date of commencement:
Provider/Entity service being provided to:
Nature of outsourced service:
Date of commencement:
Provider/Entity service being provided to:
Nature of outsourced service:
Date of commencement:

Please indicate any additional changes with respect to the company that the registrant considers important or appropriate.

Declaration:

I, the undersigned, hereby affirm that to the best of my information, knowledge and belief —

(a) the contents of this form and any attachments provided with this form are true, correct and not misleading; and

(b) all of the information filed with the Commission by the Registered Firm is current and applicable.

Signature: _____

Name (Chief Executive Officer): _____

[Print]

Date: _____

Guidance Notes

1. For the intent and purposes of the Digital Assets and Registered Exchanges Act ("the Act"), this Form should be completed by such authorised person upon being satisfied that the information contained therein reflects:

    (a) current information related to the registration details of the business and any other material changes regarding the affairs of the company; and

    (b) current information related to the chief executive officer, compliance officer and money laundering reporting officer of the business and any other material changes requiring an amendment to the initial application. This would also include information relating to the termination, resignation or retirement of any registered or licensed individual employed with the Firm, as the case may be.

2. A copy of the business' indemnity insurance policy must be provided for the purposes of satisfying the Commission that the appropriate indemnity coverage has been maintained.

3. The Form must be submitted at the time annual fees for the current period are received.

4. This Form must be signed personally by the chief executive officer or managing officer (as applicable), to be true and complete.

5. In accordance with section 13 of the Act, this form is required to be submitted to the Commission annually no later than the 31st January.

I. Calendar Year

This is the period between 1st January and 31st December (12 months).

FORM 7

(section 16)

Notice of Change of Information

WARNING: Intentional misstatement or failure to disclose information may constitute an offence.

1. Name and Registration Number

State full legal name and registration number of the registrant to whom this notice relates.

2. Full Business Contact Details

State the registrant's principal business address and provide email address(es), telephone and fax numbers.

3. Category of Registration

State the registrant's category or categories of registration held under the Act.

4. Full Details of Changes Giving Rise to Notice

Information on Application Form: Attached and marked as an exhibit to this notice is a statement of particulars of any change to any information set out in the person's application to the Commission for registration or licensing, including any claims or changes to the registrant's or licensee's insurance coverage.

5. Contact Person

Give the name, business telephone number and email address of a senior official of the registered or licensed person who is knowledgeable about the notice and who may be contacted to discuss it.

6. Certification and verification

Include the signature of a senior officer certifying the following statement-

I, the undersigned, hereby affirm that to the best of my information, knowledge and belief the contents of this form and any attachments provided with this form are true, correct and not misleading.

Name and position	Name and position
Date	Date

WARNING: Intentional misstatement or failure to disclose information may constitute an offence.

SECOND SCHEDULE

PART A

(section 42 and 54)

Application for Registration of Token Offering

GENERAL INFORMATION	
Project Name	
Company name	
Type of entity	
Addresses of the company	
Email	
Website	
Names and details of project operators (Attach CV/Background)	
Addresses of the project operators	
B. DETAILS OF FOUNDER, ISSUER, ETC.	
Details of -	
Founder	
Issuer	
Token seller	
Advisors	
Secondary trading participants (platform, TO organiser, etc.)	
Person endorsing	
Offering Memorandum *(Attach the offering memorandum)*	
Regulatory licenses held by the Issuer, Founder, advisors and Exchanges (if any)	
Evidence of Good Standing with Regulatory Body (if applicable)	
C. PROJECT DESCRIPTION	
Project name, goals and project plan/timeline-roadmap	
Key features of the service to be	

developed (industry)	
Profile of investors i.e. accredited vs non-accredited	
Residence restrictions on investors (US, China, etc.)	
Project organization and planning (timing of the various TO phases milestones, etc.)	
Technologies used (DLT, new techno, open source, etc.)	
Method of payment accepted: (types of digital assets and currencies)	
Projected raised total in fiat currencies and digital assets	
Please indicate whether the funds have been allocated to a specific project/operational investment and how will the surplus funds be allocated	
D. ISSUANCE OF DIGITAL ASSET	
Name/symbol of digital asset created	
Technological methods and standards for creation (ERC 20 etc)	
Wallet IS of the TO (if already in existence)	
At which point by whom an in which manner will the token by transferred to the investors? Price of token during pre/public sale) and price setting mechanism	
Which functionalities will be embedded in the token/what will be the uses of the token?	
At which point will the functionalities planned apply?	
Will a regulated financial intermediary commissioned to meet the AML due diligence requirements? If so, according to which law.	
Provide detailed description on the KYC/AML processes applies (PEPs,	

sanction, high risk industries, etc.)	
E. TRANSFER AND SECONDARY MARKET	
Describe how the token be transferred (compatible wallets, technical standards)	
Indicate whether the token is already functional at the time of the transfer and, if yes, to what extent	
Indicate where the token can be acquired or sold after the issuance (what are the secondary market platforms)?	
Will it be possible to use the tokens to buy goods or services or make payments to third parties?	
Are there plans for the project operator/issuer to buy back tokens?	
F. VESTING OF DIGITAL ASSETS (UTILITY TOKENS)	
How can the token be transferred (Compatible wallets/technical standards)?	
Date of Application	
Signature	
Name *(Print)*	

PART B

(section 39)

Contents of an Offering Memorandum

Matters to be specified in a offering memorandum of an issuer and requirements for its approval and publication.

General

1. Every offering memorandum should contain the following statement:

   "The Securities Commission of The Bahamas has not expressed any opinion of the merits of these digital assets or determined that this offering memorandum is accurate or complete. It is illegal for anyone to make any representations in this regard."

2. The offering memorandum shall contain the information which, according to the nature of the issuer and of the digital assets offered to the public, is necessary to enable investors to make an informed assessment of the prospects of the issuer, the proposed project and of the features of the digital asset. This information shall be presented in plain English with no over-reliance on technological terms unless such terms are clearly explained.

3. Certain information specified in this Schedule may be omitted from the offering memorandum if —

   (a) disclosure of such information would be seriously detrimental to the issuer, provided that the omission would not be likely to mislead the public with regard to facts and circumstances essential for an informed assessment of the prospects of the issuer, the proposed project and of the features of the digital assets to which the offering memorandum relates; or
   (b) such information is largely irrelevant and would not taking into account reasonable factors influence an informed assessment of the prospects of the issuer, the proposed project and of the features of the digital assets to which the offering memorandum relates.

4. The offering memorandum shall be drafted in the English language and any additional languages, at the issuer's discretion.

5. The offering memorandum shall include a summary which shall, in brief and in

non-technical language, provide key information in relation to the offering. The format and content of the summary of the offering memorandum shall provide, in conjunction with the offering memorandum, appropriate information about essential elements of the digital assets concerned in order to aid investors consideration of whether to invest in such digital assets. The summary shall also include a warning that—

(a) it should be read as an introduction to the offering memorandum;
(b) any decision to invest in the digital assets should be based on consideration of the offering memorandum as a whole by the investor;
(c) the offering of digital assets does not constitute an offer or solicitation to sell a digital asset which is an asset token that has been has been deemed by the Commission to be a security, and that any such offer of an asset token that is deemed by the Commission to be a security will be made only by means of a prospectus or other offering documentation as provided by the Securities Industry Act;

Specific matters to be included.

6. The persons responsible for the publication of the offering memorandum.

7. Names, functions and declarations by the persons responsible for the offering memorandum that —

"I, the undersigned hereby affirm that to the best of my information knowledge and belief the contents of this form and any attachments provided with this form are true, correct and not misleading."

Provided that the Commission shall have the power to waive or modify any of the above requirements within the context of a particular initial digital offering on application by the issuer, at least, and to the extent it is applicable, the following information on the offer shall be provided in the offering memorandum —

(a) description of the purpose for the initial token offering;
(b) detailed technical description of the protocol, platform and, or application, as the case may be, and the associated benefits;
(c) detailed description of any secondary platform where the token is either currently or will trade;
(d) disclosure and description of number and type of token held by

each development team member and rights or protocols to receive tokens in the future;

(e) intended time frame for network to reach maturity;

(f) disclosure procedure when a team member sells five per centum or more of originally issued tokens;

(g) detailed description of all intended efforts to create liquidity for subscribers once tokens are sold;

(h) detailed description of the business' source code and transaction history;

(i) detailed description of the sustainability and scalability of the proposed project;

(j) associated challenges and risks as well as mitigating measures related to the issuer's business;

(k) detailed description of the characteristics and functionality of the digital assets being offered;

(l) detailed description of the issuer, development team, advisors and any other service providers that may be deployed for the realisation of the project;

(m) detailed description of the issuer's wallet/s used;

(n) description of the security safeguards against cyber threats to the underlying protocol, to any off-chain activities and to any wallets used by the issuer;

(o) detailed description of the life cycle of the initial token offering and the proposed project;

(p) detailed description of the past and future milestones and project financing;

(q) detailed description of the targeted investor base;

(r) exchange rate of the digital assets;

(s) description of the underlying protocol's interoperability with other protocols;

(t) description of the manner funds raised through the initial token offering will be allocated;

(u) the amount and purpose of the issue;

(v) the total number of digital assets to be issued and their features;

(w) the distribution of digital assets;

(x) the consensus algorithm, where applicable;

(y) incentive mechanism to secure any transactions, transaction and/or any other applicable fees;

(z) in the case of a new protocol, the estimated speed of transactions;

(aa) any applicable taxes of the issuer;

(ab) any set soft cap and hard cap for the offering;

(ac) the period during which the offer is open;
(ad) any person underwriting or guaranteeing the offer;
(ae) any restrictions on the free transferability of digital assets being offered and the DLT platform's on which they may be traded, to the extent known by the issuer;
(af) methods of payment;
(ag) specific notice that investors participating in the initial token offering will be able to get their contribution back if the softcap is not reached at the end of the offering and detailed description of the refund mechanism, including the expected time-line of when such refund will be completed;
(ah) detailed description of the risks associated with the digital assets and the investment therein;
(ai) the procedure for the exercise of any right of pre-emption;
(aj) detailed description of the smart contract/s, if any, deployed including *inter alia* the adopted standards, its/their underlying protocol/s, functionality/-ies and associated operational costs;
(ak) if any smart contract/s is/are deployed by the issuer, details of the auditor who performed an audit on it/them;
(al) description of any restrictions embedded in the smart contract/s deployed, if any, including *inter alia* any investment and/or geographical restrictions;
(am) the program agents used to obtain data and verify occurrences from smart contracts (also known as "oracles") used and detailed description of their characteristics and functionality thereof;
(an) bonuses applicable to early investors including *inter alia* discounted purchase price for digital financial assets;
(ao) the period during which voluntary withdrawals are permitted by the smart contract, if any;
(ap) description of the issuer's adopted white-listing and anti-money laundering and counter financing of terrorism procedures in terms of the Financial Transactions Reporting Act, 2018 *(No. 5 of 2018)* and the Anti-Terrorism Act, 2018 *(No. 27 of 2018)*;
(aq) intellectual property rights associated with the offering and protection thereof; and
(ar) the methods of and time-limits for delivery of the digital assets.

Details of the issuer

8. The following details of the issuer —
(a) Name;
(b) Registered address and registration number;
(c) Date of registration;

(d) The issuer's object(s);
(e) Where applicable, the group of undertakings to which the issuer belongs.

9. Disclose at least the following information of any security holder who beneficially owns 10% or more of any class of shares of the issuer —
(a) name of the holder;
(b) class and number of any securities held;
(c) nationality or jurisdiction of incorporation or registration.

10. Where securities are held under a nominee name or trustee arrangement, state that fact and —
(a) the issuer's principal activities; and
(b) description of the issuer's principal activities including the disclosure of any legal proceedings having an important effect on the issuer's financial position.

The issuer's operators

11. Names, addresses and functions of operators.

Benefits for third parties and other expenditure

12. The amount or estimated amount of preliminary expenses and the persons by whom any of those expenses have been paid or are payable, and the amount or estimated amount of the expenses of the issue and the persons by whom any of those expenses have been paid or are payable.

13. Any amount or benefit intended to be paid or given to any person endorsing the offering, and the consideration for the payment or the giving of the benefit.

Issuer's financial track record

14. Where the issuer has been established for any period not exceeding three years, details of its financial track record for the period from the date the issuer was registered or established, otherwise, where the issuer has been established for a period of three years or more, annual financial statements shall be produced.

Validity of an Offering memorandum, Arrangements for Approval and Publication of an Offering memorandum

15. An offering memorandum shall be valid for 6 months after its approval for offers to the public.

Significant new factors, material mistakes or inaccuracies

16. Every material change, material mistake or inaccuracy relating to the information included in the offering memorandum which is reasonably capable of affecting the assessment of the digital assets and which arises or is noted between the time when the offering memorandum is approved and the final closing of the offer to the public, whichever occurs later, shall be mentioned in a supplement appended to the offering memorandum. Such a supplement shall be approved in the same way and published in accordance with at least the same arrangements as were applied when the original offering memorandum was published. The summary, and any translations thereof, shall also be supplemented, if necessary, to take into account the new information included in the supplement.

17. Investors who have already agreed to purchase or subscribe for the digital assets before the supplement is published shall have the right to withdraw their acceptance within two working days after the publication of the supplement, provided that the material change, mistake or inaccuracy referred to in paragraph (16) arose before the final closing of the offer to the public and the delivery of the digital assets. That period may be extended by the issuer in which case the smart contract, if any, shall be updated accordingly. The final date of the right of withdrawal shall be stated in the supplement.

THIRD SCHEDULE

(section 86)

First column	**Second Column**
Enactment	*Extent*
Financial and Corporate Service Providers Act, 2020 *(No. 27 of 2020)*	Section 2 of the Financial and Corporate Service Providers Act is amended in — (a) in subsection (1), by the deletion of the terms "custody of digital assets" and "wallet services provider" and their accompanying definitions; (b) in subsection (2)(b), by the deletion of subparagraphs (xi) and (xii).