

**BERMUDA**

**VIRTUAL CURRENCY BUSINESS (PRUDENTIAL  
STANDARDS) (ANNUAL RETURN) RULES 2018**

**BR / 2018**

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The Bermuda Monetary Authority, in exercise of the power conferred by section 7 of the Virtual Currency Business Act 2018, makes the following Rules:

**Citation**

1 These Rules may be cited as the Virtual Currency Business (Prudential Standards) (Annual Return) Rules 2018.

**Interpretation**

2 In these Rules—

“the Act” means the Virtual Currency Business Act 2018;

“financial year” , means the period not exceeding fifty- three weeks at the end of which the balance of the virtual currency business accounts is struck or, if no such balance is struck or if a period in excess of fifty-three weeks is employed, then calendar year;

**Annual return**

3 (1) A licensed undertaking shall file with the Authority an annual return in accordance with the requirements of section 7 of the Act.

(2) The annual return shall contain information in respect of the matters set out in the Schedule, as such matters stood when the annual return is filed.

(3) The annual return shall also be accompanied by a copy of the —

- (a) audited financial statements prepared in accordance with section 31 of the Act;
- (b) business plan for the next financial year;
- (c) certificate of compliance prepared in accordance with section 66 of the Act;
- (d) any applicable Rule or return required to be prepared by a licensed undertaking under section 7.

**Declaration**

4 A licensed undertaking shall, at the time of filing its annual return, file with the Authority a declaration signed by two directors or a director and a senior executive, that to the best of their knowledge and belief, the information in the annual return is fair and accurate.

## **SCHEDULE**

(section 7)

### **MATTERS TO BE INCLUDED IN ANNUAL RETURN**

1. The following information is required in an annual return—
  - (a) name of licensed undertaking and parent company name where different from that of licensed undertaking;
  - (b) in relation to directors provide:
    - (i) official name and any given or used names where appropriate;
    - (ii) type of directors (i.e., whether executive, non- executive, independent);
    - (iii) confirmation of primary residence;
    - (iv) a copy of a circum vitae or professional qualifications and experience;
  - (c) in relation to officers and senior executives provide:
    - (i) official name and any given or used names where appropriate;
    - (ii) confirmation of primary residence;
    - (iii) role or job title
    - (iii) a copy of a circum vitae or professional qualifications and experience
  - (d) details of the virtual currency services provided;
  - (e) organizational and group structure;
  - (f) business strategy and risk appetite;
  - (g) products and services;
  - (h) number of client accounts and in the aggregate composition of client balances (i.e., in aggregate fiat currency, securities, virtual currency and virtual currency type);
  - (i) geographical profile of clients (i.e., aggregate number of client accounts by territory; aggregate client account balances by territories where clients reside; aggregate fiat currency, securities and virtual currency type);
  - (j) risk self-assessment and risk management policies;
  - (k) copies of cyber security program policy and customer private key storage policy;
  - (l) copies of the Proceeds of Crime Anti Money Laundering (Supervision and Enforcement) Act 2008 policies. Where such policies have not changed from the previous year (i.e., there is no amendment from previous submissions); then confirmation of such shall be required to be provided in the declaration.
  - (m) total transaction volume by virtual currency type (i.e., where a licensed undertaking carries on the virtual currency business activities under sections 2 (2) (a), (b) and (c) of the Act;
  - (n) names of outsourcing partners, copies of service level agreements

setting out the roles, duties and functions of outsourced partners; including third parties or affiliates of outsourced partners performing customer asset storage, cyber security, compliance, asset custody and other key functions of the licensed undertaking.

- (o) details of arrangements implemented in accordance with protection of client assets under section 18.

Made this            day of            2018

Chairman  
The Bermuda Monetary Authority