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## PRESS RELEASE

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### **Bermuda Monetary Authority Advances Landmark Embedded Supervision Initiative to Architect Real-Time Regulatory Oversight for DeFi**

HAMILTON, BERMUDA – The Bermuda Monetary Authority (Authority or BMA) has welcomed the continued progress of its Embedded Supervision pilot, a landmark initiative designed to test how regulatory oversight can evolve through technology-enabled, real-time data infrastructures that underpin an increasingly decentralised and distributed financial ecosystem.

Earlier this year, the Authority issued a Request for Proposals (RFP) inviting participants to join the BMA’s Innovation Hub to test, collaborate and push the boundaries on new models of technology-enabled supervision. The initiative represents a first-of-its-kind regulatory experiment, designed to evaluate how supervisory requirements can be directly embedded within financial infrastructure—transforming regulation from a process of retrospective reporting into one of continuous, verifiable assurance in on-chain and distributed financial markets.

By convening a diverse ecosystem of participants, the BMA is positioning Bermuda at the frontier of next-generation financial oversight, where policy, code, and data interact seamlessly to create a transparent, accountable, and self-reinforcing framework for compliance. The initiative forms part of the BMA’s broader commitment to responsible innovation and its long-term vision to establish next-generation supervisory frameworks under Bermuda’s *Digital Asset Business Act (DABA)* and underscores Bermuda’s global leadership in building a regulatory environment that balances responsible innovation with rigorous supervision.

The first of these pilots constitutes a project with Chainlink Labs, Apex Group Ltd., Hacken, and Blueprint and is now underway. This proof of concept focuses on exploring how policy logic, compliance conditions, and assurance mechanisms can be expressed in verifiable, machine-readable form within blockchain infrastructure, enabling regulators to achieve real-time visibility without imposing additional reporting burden or compromising confidentiality.

“The Embedded Supervision pilot marks a critical inflection point in how regulatory oversight evolves alongside technology. By translating policy intent into verifiable, infrastructure-level logic, we are re-engineering how

compliance, assurance, and data integrity can coexist within decentralised systems in real time. This initiative embodies the BMA's commitment to responsible innovation, ensuring that as markets modernise, trust and transparency scale with them. Through our Innovation Hub, we intend to extend this foundation to future pilots that explore verticals, including on-chain reporting, tokenised financial instruments, and AI-driven analytics, advancing a future where supervision is not only adaptive and data-driven but seamlessly embedded into the very fabric of financial infrastructure. The outcomes of this Embedded Supervision pilot will directly influence our policy considerations for DeFi as we advance our digital asset regulatory regime.

The BMA's Innovation Hub continues to serve as a collaborative environment where industry, academia, and technology providers can test emerging solutions under real-world regulatory parameters. Through initiatives like Embedded Supervision, the Authority aims to bridge the gap between policy design and technical implementation, ensuring Bermuda's framework remains fit for purpose in a tokenised, interconnected global economy."- *Aqsa Zubair, Assistant Director, Digital Asset Supervision and lead for the Embedded Supervision Pilot and Innovation Hub*

"Embedded Supervision represents a pivotal step toward supervisory modernisation. It explores how policy can be rendered as verifiable logic, enabling regulators to obtain real-time assurance while preserving confidentiality and market integrity. The insights from this pilot will inform the BMA's broader strategy for data-driven oversight and our role in shaping globally interoperable and innovative regulatory frameworks."- *Moad Fahmi, Chief FinTech Officer*

Craig Swan, Chief Executive Officer of the Bermuda Monetary Authority, commented:

*"Innovation must always be accompanied by integrity. The Embedded Supervision initiative demonstrates how forward-thinking regulation can enhance market confidence while preserving financial stability. As global markets evolve toward real-time, technology-enabled systems, Bermuda remains committed to fostering an environment where innovation is responsibly guided by strong governance and public trust."*

The BMA's Embedded Supervision initiative represents a model for how jurisdictions can transition from retrospective compliance toward proactive, verifiable oversight, enabling regulators to gain real-time assurance on solvency, risk exposure, and transaction integrity across both centralised and decentralised ecosystems through data-driven and privacy-preserving regulatory supervision.

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