

CAYMAN ISLANDS



VIRTUAL ASSET (SERVICE PROVIDERS) (AMENDMENT) BILL, 2020

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**A BILL FOR A LAW TO AMEND THE VIRTUAL ASSET (SERVICE PROVIDERS) LAW,
2020 TO PROVIDE FOR SAVINGS AND TRANSITIONAL MATTERS; AND FOR
INCIDENTAL AND CONNECTED PURPOSES**

PUBLISHING DETAILS

Sponsoring Ministry/Portfolio: Ministry of Financial Services and Home Affairs (FSHA)



**Memorandum of
OBJECTS AND REASONS**

The Bill seeks to amend the Virtual Asset (Service Providers) Law, 2020 (“principal Law”) to provide for savings and transitional matters and for incidental and connected purposes.

Clause 1 provides the short title of the legislation and the commencement provisions.

Clause 2 amends section 2 of the principal Law to amend the definition of the term “obliged entity” to include as an obliged entity, a financial institution that provides a virtual asset service that is licensed or registered and is supervised for virtual asset services by a government regulatory body in another non-high-risk jurisdiction.

Clause 3 amends section 7 of the principal Law to clarify the requirements for a registered person in relation to the issuance of virtual assets.

Clause 4 amends section 9 of the principal Law to include the requirement for a virtual asset service provider to be registered under the Securities Investment Business Law (2020 Revision) in order to engage in securities investment business.

Clause 5 amends section 15 of the Law to require an existing licensee to comply with any relevant provisions of the Law as the Authority may require.

Clause 6 amends section 39 of the principal Law to give the Cabinet the power to make Regulations to provide for savings, transitional and consequential provisions.

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Arrangement of Clauses

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(AMENDMENT) BILL, 2020**

A BILL FOR A LAW TO AMEND THE VIRTUAL ASSET (SERVICE PROVIDERS) LAW, 2020 TO PROVIDE FOR SAVINGS AND TRANSITIONAL MATTERS; AND FOR INCIDENTAL AND CONNECTED PURPOSES

ENACTED by the Legislature of the Cayman Islands.

Short title and commencement

1. (1) This Law may be cited as the Virtual Asset (Service Providers) (Amendment) Law, 2020.
- (2) This Law shall come into force on such date as may be appointed by Order made by the Cabinet and different dates may be appointed for different provisions of this Law and in relation to different matters.

Amendment of section 2 of the Virtual Asset (Service Providers) Law, 2020 - interpretation

2. The *Virtual Asset (Service Providers) Law, 2020* in this Law referred to as the “principal Law” is amended in section 2 in the definition of “**obliged entity**” by deleting the words “person or group of persons that provide” and substituting the words “financial institution, person or group of persons that provides”.

Amendment of section 7 - registered person: virtual asset issuance

3. The principal Law is amended in section 7 as follows —

- (a) by repealing subsection (1) and substituting the following subsections —
- “(1) A registered person shall not issue virtual assets directly to members of the public in excess of the prescribed threshold.
- (1A) A registered person shall, prior to issuing virtual assets, submit an issuance request to the Authority in the prescribed form and obtain the approval of the Authority prior to the issuance.”; and
- (b) in subsection (3), by deleting the words “(1) and (2)” and substituting the words “(1), (1A) and (2)”.

Amendment of section 9 - general requirements for virtual asset service providers

4. The principal Law is amended in section 9(6) by inserting after the words “the person is”, the words “registered or is”.

Amendment of section 15 - notice by existing licensee

5. The principal Law is amended in section 15 by inserting after subsection (5), the following subsection —
- “(5A) An existing licensee shall comply with any relevant provisions of this Law as the Authority may require.”.



Amendment of section 39 - regulations

6. The principal Law is amended in section 39 by inserting after subsection (3), the following subsections —

- “(4) Regulations made under this Law may provide for such savings, transitional and consequential provisions to have effect in connection with the coming into operation of any provision of this Law as are necessary or expedient.
- (5) Regulations made under subsection (4) may be given retrospective operation to a date that is not earlier than 31st October, 2020.
- (6) Regulations which are given retrospective operation shall not —
 - (a) affect in a prejudicial manner, rights existing before the date on which those regulations come into force; or
 - (b) impose liabilities in respect of anything done or omitted to be done before the date on which those regulations come into force.”.

Passed by the Legislative Assembly the day of , 2020.

Speaker

Clerk of the Legislative Assembly

