

Virtual Asset Service Providers Licence Application Guidelines



FINANCIAL SERVICES AUTHORITY

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1. INTRODUCTION

- 1.1. These guidelines have been prepared by the Financial Services Authority (“Authority/FSA”) to provide assistance in matters pertaining to the application and licensing of Virtual Asset Service Providers (“VASP”) under the Virtual Asset Service Providers Act, 2024 (“the Act”) and Regulations.
- 1.2. These guidelines also provide a summary of the Act; thus, it is not intended to be comprehensive nor replace or override any legislative provisions.
- 1.3. Applicants and licensees are therefore advised to read these guidelines in conjunction with the Act and regulations
- 1.4. Enquiries relating on licensing related matters should be forwarded to the Authority:

By Post: Manager of Virtual Asset Services Supervision Section
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2. SCOPE OF THE ACT

2.1 *Definition of Virtual Asset Service Providers*

- 2.1.1 Per the definition of the Act, a Virtual Asset Service Provider means a person that conducts one or more of the activities listed under the First Schedule.
- 2.1.2 For the purpose of the Act, only a company incorporated or registered under the Companies Act, 1972 or an International Business Company (“IBC”) incorporated, continued or converted under the International Business Companies Act, 2016 are eligible to apply for a VASP licence.
- 2.1.3 Individuals are deemed ineligible for a VASP licence.

2.2 *Types of Virtual Asset Service Providers*

- 2.2.1 Applicants may apply for a VASP licence, for undertaking of one or a combination of the permissible activities which include:

- (a) Virtual Asset Wallet Service Providers
- (b) Virtual Asset Exchange
- (c) Virtual Asset Broking
- (d) Virtual Asset Investment Providers

2.2.2 Upon the successful processing of an application, the Authority may grant, restrict or issue the licence with conditions pursuant to section 8 of the Act.

3. REFUSE, REJECT OR GRANT

- 3.1 Upon the submission of an application, the Authority shall assess whether the application has been completed in its entirety. Same refers to the inclusion of all necessary forms, manuals and other required documentation.
- 3.2 Dependent on the nature, volume and level of reliance; where the Authority deems that not all required information was provided, the application shall be deemed incomplete. The Authority shall **refuse** the application, and the corresponding application fee shall be forfeited, where the omission is one which is not so egregious as to call into question the applicants understanding and level of commitment to the Authorization process. However, where the deficiencies are of such a nature as to render the entire application impossible to review, same shall be rejected, with the application fee forfeit and a 'freeze out' from resubmitting an application for 6 months.
- 3.3 The onus rests on the applicant to ensure that the application pack, including the supporting documentation have been carefully compiled in line with the requirement for licensing. Whilst the Authority may afford an opportunity to submit any missing information, where an application is woefully incomplete and where a refusal is deemed insufficient, the application shall be rejected, so as to ensure that sufficient time is taken to complete and compile the application pack.
- 3.4 Where an application is categorized to be complete at the initial stage, the Authority shall inform the applicant that its application for a license will proceed to the assessment stage and that a final determination as to the issuance of a licence will be relayed to the applicant.
- 3.5 The Authority may, after assessing the submitted documents, request for additional information and clarification. Applicant will be provided with a deadline within which to respond. An extension for submission may be requested, and will only be granted if the accompanying reasons to grant such an extension is just and reasonable. Where an applicant has failed to meet the required deadline, and failed to make such a request for an extension or to show justifiable reason as to why they could not meet the deadline; it shall be inferred that the applicant no longer wishes to proceed with their application and refuse same and the fee shall be forfeit.
- 3.6 Upon the assessment of an application, should the Authority be satisfied, it may **grant** a licence with or without restrictions as issued in writing to the applicant.
- 3.7 On the other hand, where the Authority finds due cause as to why an applicant should not be granted a licence, it may **reject** an application and in writing inform the applicant of its decision and reasons therein.

- 3.8 It is important to note that, where an application for a VASP licence has been rejected, the applicant shall be barred from re-submitting another application for a period of six months from the date the application was rejected.

NB: Where a pre-existing entity with operational history prior to the commencement of the Virtual Asset Service Providers, 2024 i.e. 1st September 2024 will subsequently be required to cease or suspend all activities until such time as an application can be resubmitted. Alternately, until such time as the operations are migrated out of the Seychelles.

The Authority will cause to be published a public notice, pursuant to section 28 of the Financial Services Authority Act, 2013 to advise the public as to the status of the application, the entity and its permissibility to operate under the Virtual Asset Service Providers Act, 2024

4. PROHIBITION

- 4.1 No person shall carry on the business of virtual asset services in or from the Seychelles, unless that person is licensed to do so by the Authority under this Act. For the avoidance of doubt, a natural person shall not carry on the business of virtual asset services in or from the Seychelles.
- 4.2 Furthermore, no person shall, in or from the Seychelles, be permitted to operate a mining facility or a mixer or tumblr service.

5. OFFENCES

Any person who carries on the business of virtual asset services in or from the Seychelles, unless that person is licensed to do so by the Authority under the Act commits an offence and is liable on conviction:

- (a) in the case of an individual, to a fine not exceeding SCR 2,250,000 or to imprisonment not exceeding 15 years or both;
- (b) in the case of a company, to a fine not exceeding SCR 5,250,000.

6. APPLICATION AND LICENSING OF VIRTUAL ASSET SERVICE PROVIDERS

To be able to engage in virtual asset service business in Seychelles, a license from the Authority is obligatory.

6.1 Corporate structure

6.1.1 Companies already licensed by the Authority

- 6.1.1.1 Should the applicant be presently licensed and regulated by the Authority, the applicant shall complete the “Existing Licensees Application Declaration Form” which requires the licensee to provide the Authority with only the required

documents which shall be taken into consideration as part of the VASP licence application.

6.1.1.2 Existing entities wishing to rely on documents previously submitted e.g. if a company already licensed intends to become a dual licensee and apply for a VASP licence, documents of incorporation will not be required to be resubmitted, provided they are up to date and remain accurate. However, in this instance addendums and supplementary information/ documentation that is specific to the intended VASP activity must be submitted.

6.1.1.3 Where documents are outdated, or a change has occurred for which the Authority has not received notice and/or no submission has been made as at the date of this declaration; same must not be selected and the updated information/ documentation to be provided within and in accompaniment of the application form.

6.1.1.4 Note that should a document be found to be out of date or inaccurate and the applicant has not submitted an updated copy, for which it has been indicated within the declaration form to be to the contrary; the Authority shall categorise the application as being incomplete and will be refused with the application fee forfeited

6.1.2 ***New entities***

A new entity that wishes to apply for a VASP licence shall submit a complete application form and all the required documents as listed below.

6.2 *Application for virtual asset service provider licence*

6.2.1 An application submitted to the Authority for a VASP licence must comprise of the following **searchable** documents which shall be submitted digitally:

- (a) A cover letter¹ signed by the applicant
- (b) A completed Application Form
- (c) The relevant application fee - SCR 75,000²
- (d) Proof of payment
- (e) Certified true copies of the constitutional documents of the applicant (refer to Appendix 1)
- (f) Personal Questionnaire Forms completed by each Director, compliance officer, information security officer and key individuals of the application (refer to Appendix 2)
- (g) Curriculum Vitae or resumes of the proposed compliance officer and the alternate compliance officer under the Anti-Money Laundering and Countering the Financing

¹ The cover letter must include reasons the applicant is applying for the licence and a list of all the documents that have been included in the application pack.

² Request for invoice may be directed to the email vass@fsaseychelles.sc

of Terrorism Act, 2020 (“AML/CFT Act”)

- (h) Questionnaire Form for Shareholders and Beneficial Owners completed by each shareholder and beneficial owner that hold no management position in the proposed virtual asset service provider (refer to Appendix 2)
- (i) Audited Financial Statements of the applicant for the past 2 years if the applicant has been operating as a VASP prior to the introduction of the law OR the financial forecast if newly incorporated or has no history of operating as a VASP
- (j) Proof of source of funds or wealth
- (k) Proof of Physical Place of Business (Title Deed of Premises or Lease Agreement for premises or Sub Leasing Agreement and consent letter from the owner of the premises stipulating that the lessee can sublease)
- (l) A detailed Business Plan or an updated business plan for existing entities presently licensed and regulated by the Authority.
- (m) A copy of the insurance quotation (appropriate to the proposed nature and size of the business) of the applicant and/ or the required approval as to such exemption having been granted allowing for the insurance policy to be sourced from a foreign jurisdiction or such alternative arrangement as may be proposed for approval by the Authority (refer to Appendix 3).
- (n) Certified true copies of the proposed Auditor’s certificate of membership, qualifications and licence as applicable.
- (o) If a Financial Institution, the authorization letter duly issued by the Central Bank of Seychelles for the entity to undertake any of the permissible activities under the Virtual Asset Services Provider Act, 2024.
- (p) Certified current valid licence or other authorization to conduct such business under the laws of a recognized jurisdiction if the applicant is operating outside Seychelles.
- (q) A copy of the service level agreement (e.g. Cloud Storage Solutions, Platforms or such other technology-based solutions etc.)
- (r) A copy of the below listed manuals and policies³ (refer to Appendix 4):
 - i. Internal Procedure Manual;
 - ii. Client Service Agreement;
 - iii. Conflict of Interest Policy;
 - iv. Compliance Manual;
 - v. AML/CFT Compliance Manual;
 - vi. Complaints Handling Manual;
 - vii. Business Continuity Plan;
 - viii. Institutional Risk Assessment;
 - ix. Segregation of asset policy;
 - x. Record keeping policy; and
 - xi. Cyber Security Policy.

6.2.2 Existing licensees submitting updated documents/ manuals may either resubmit the amended documents which must include a cover page indicating where the relevant VASP considerations have been addressed or, in the alternative, only submit a

³ Note manuals may be consolidated into a single document for the purpose of including all AML/CFT related matters, or be housed within separate documents addressing each consideration on its own. Regardless of the chosen format, the appropriate level of care and details must be included for each category.

supplementary document addressing their VASP activities.

- 6.2.3 The Authority will only process an application completed in its entirety, which shall include all of the above listed documents submitted in searchable format. Any incomplete application will be refused by the Authority and the corresponding application fee will be forfeited.
- 6.2.4 The Authority will only process an application if the application fee and the complete application has been submitted.
- 6.2.5 During processing of the application, the Authority may request for additional information or supporting documents for the purpose of determining the application. Requests for additional information will be subject to a delivery deadline. Failure to meet same, may result in the application being refused or rejected.
- 6.2.6 A person who supplies, to the Authority, information in connection with an application which he knows or reasonably knows is false or misleading, is guilty of an offence and liable to conviction to a fine of:
 - (a) SCR 75,000 or imprisonment not exceeding 5 years or both in the case of an individual
 - (b) SCR 1,500,000 or imprisonment not exceeding 15 years or both in the case of a company.

6.3 *Submission of Application*

- 6.3.1 All applications seeking the approval of the Authority must be uploaded within the VASP tab "[Submit your application](#)" tab on the FSA website.
- 6.3.2 All application forms and other documents are available from the Authority's website ([Apply for License \(fsaseychelles.sc\)](#))
- 6.3.3 Request for an invoice through email vass@fsaseychelles.sc

6.4 *Administrative process of licence applications⁴*

Step 1: Acknowledge receipt of the application.

Step 2: Carry out an initial review of the application to assess whether the application submitted is complete according to the requirements detailed herein. (refer to Virtual Asset Service Provider application Checklist in point 8.2 of this document)

Step 3: Inform the applicant that the Authority will proceed to assess the application as it is deemed complete or that the Authority has refused the application as it is deemed to be incomplete.

⁴ Note that a person who supplies, to the Authority, information in connection with an application which he knows or reasonably knows is false or misleading, is guilty of an offence as per section 33 of the Act.

Step 4: Begin to process the application.

Step 5: Request for additional information or supporting documents for consideration of the application, if necessary. Applicants may be required to attend an interview or provide appropriate demos.

Step 6: Inform the applicant of the Authority's decision of whether the application has been approved or rejected.

6.5 *Service Standards*

6.5.1 The Authority's current Service Standards for processing the application for a virtual asset service provider, from receipt of a completed application for consideration by the Authority, may range from 3 months to 2 years depending on the complexity of the application provided.

6.5.2 The Authority will advise an applicant within 90 working days whether or not an application is incomplete and therefore refused.

6.5.3 It is important to note that this service standard will only be achievable if all the requisite information/documents are provided at the time the application is lodged. The following is to be further noted:

- (a) The Authority will only process complete applications. Applications that are deemed to be incomplete will be refused and returned to the applicant with the application fee forfeited.
- (b) Where the information absent from the application is such that it would render the Authority incapable of assessing an application which may result in a rejection, and the applicant shall not re-submit another application for a period of six months from the date the application was rejected.

This document is not exhaustive or binding on the Authority. The licensing regime requires the Authority to exercise discretion. How the Authority does this will depend on the applicant's particular circumstances.

7. GRANTING OF LICENCE

7.1 When dealing with an application, the Authority will not grant a licence unless it is satisfied that the applicant:

- (a) Is a company incorporated or registered under the Companies Act, 1972 (excluding an overseas company); or an International Business Company incorporated, continued or converted under the International Business Companies Act, 2016.
- (b) Has at least 2 (two) natural persons appointed as fit and proper directors.
- (c) Has the minimum paid up capital as per the VASP (Capital and other Financial requirement)

Regulations 2024.

- (d) Satisfies the Authority that it is able to meet the substance requirements set out in the Third Schedule of the Act.
- (e) Satisfies the Authority that if licensed, the company will be able to comply with any financial resources, inclusive of but not limited to, insurance, capital and solvency requirements under section 16.⁵
- (f) Satisfies the Authority that its directors, principal officers and any other person required are fit and proper person as per the criteria set in the code for fit and proper.
- (g) Meets the cyber security measures as prescribed in section 22 and relevant regulations.
- (h) Has specified premises or data solutions that the Authority has deemed suitable for accessing and retaining records and other documents.
- (i) Satisfies the Authority that approval is in the public interest having regards to the size, scope and complexity of the applicant.

7.2 The Authority has discretion in granting or refusing a licence. The Authority may in dealing with an application take into consideration matters other than those mentioned above including, but not limited to, ensuring that all other parties to an application (e.g. legal advisors and company secretaries) are of satisfactory repute. In the event that the application is successful and the licence is issued, the Authority shall publish on its website or other publications the name of the licensee and contact details.

7.3 *Conditions attached to the licence*

7.3.1 Upon assessment of the application, the Authority may grant a VASP licence with such conditions as it may deem fit which includes but is not limited to:

- (a) Limiting the number of clients to whom the licensee may provide services;
- (b) Limiting the licensee to providing services only to the clients named in the licence or a schedule to the licence; or
- (c) Setting the minimum value of an individual client's investment.

7.3.2 Should the application be successful, the Authority will issue the licence (with any conditions) upon payment of the relevant annual licence fee as prescribed under the Second Schedule of the Act.

7.4 *Fitness and Propriety*

When considering the fitness and propriety of the applicant the Authority shall have regard to the applicant's:

- (a) financial status;
- (b) educational or other qualifications or experience having regard to the nature of

⁵ Regulation 5(3), 6(3) and 7 of the VASP(Capital and other Financial Requirements) Regulation 2024, provide that the paid up capital, reserve assets or monies and administrative expenses shall be maintained in:

- a bank licensed under the Financial Institutions Act; or
- a financial institution, excluding alternative money solutions, licensed in a country which complies with, at a minimum, the Basel II Requirement as approved by the Authority.

- the application;
- (c) ability to perform his proposed function competently, honestly and fairly;
- (d) reputation, character, financial integrity and reliability; and
- (e) satisfactory completion of any examination requirements prescribed by the Authority.

8. ANNUAL LICENCE FEE AND SUBMISSIONS

- 8.1 A VASP licence granted under the Act is valid from the date of issue until such time that it is revoked, suspended or surrendered.
- 8.2 The licensee shall in January of each year –
- (a) pay the annual licence fees as set out in the Second Schedule of the Act
 - (b) lodge with the Authority a compliance form as prescribed by the Authority
 - (c) lodge with the Authority a substance requirement report in the form prescribed by the Authority
 - (d) lodge a cyber security report in accordance with section 22
 - (e) submit such additional information as may be specified by the Authority.
- 8.3 If a licence under this Act is not first granted in the month of January, February or March, the first annual licence fee payable under this Act shall be reduced on a quarterly pro-rata basis, calculated having regard to the quarter in which the licence was first granted.
- 8.4 A licensee who fails to make the above submissions has acted in contravention of the Act and the Authority shall take enforcement action as it deems necessary under section 32 of the Act, inclusive of revocation of the licence.

9. COMPLIANCE OFFICER

- 9.1 Pursuant to section 23 of the Financial Services Authority Act, 2013, each licensee should appoint a compliance officer who will be responsible for the maintenance of adequate systems and controls to ensure compliance with the Act, regulations, codes, guidelines and directives issued by the Authority.
- 9.2 The appointed compliance officer may be a member of the board of directors.
- 9.3 ***As part of a license application, an applicant shall in line with section 7.2 above submit a personal questionnaire form and supporting documents for the proposed compliance officer, unless the individual in question is known to the FSA and the relevant declaration has been made.***
- 9.4 Upon licensing, a VASP shall be a reporting entity under the AML/CFT Act and will be subject to the requirements of the AML/CFT Act and the Anti-Money Laundering and Countering the Financing of Terrorism Regulations, 2020 (“AML/CFT Regulations”).

- 9.5 In accordance with section 34 (1) of the AML/CFT Act, every reporting entity shall appoint a senior official at management level or employee, with such qualifications and experience as prescribed in the AML/CFT Regulations, as the compliance officer who shall be responsible for ensuring the compliance with the provisions of the AML/CFT Act.
- 9.6 Pursuant to the provisions of section 34 (3) of the AML/CFT Act, every reporting entity shall appoint a senior official at management level or employee with the same qualifications prescribed for the compliance officer as an alternate compliance officer to act in the absence of the compliance officer.
- 9.7 A VASP who has not more than five staff members is **not** exempt from the requirement to appoint an alternate compliance officer under the AML/CFT Act.
- 9.8 ***As part of the license application, a VASP applicant shall submit the Curriculum Vitae or resume for the proposed compliance officer and alternate compliance officer for the purposes of the AML/CFT Act.***

10. AUDITOR

- 10.1 A VASP is required to have its accounts audited annually by an auditor. The Auditor has to be a member (and in good standing) of an accountancy body in compliance with section 2 (a) of the Act or a member of any other accountancy body as approved by the Authority.
- 10.2 The licensee must appoint an Auditor within 30 days of being licensed under the Act, who is acceptable to the Authority. A director, officer, employee, shareholder or partner of the licensee or a partner or employee of such a person shall not be eligible for appointment as an auditor.
- 10.3 Upon application, the applicant must notify the Authority of their proposed Auditor.

11. AUDITED ACCOUNTS

- 11.1 A licensed VASP must have its accounts audited annually in accordance to the International Financial Reporting Standards.
- 11.2 All licensees must submit to the Authority its audited accounts within 6 months of the end of each financial year or within such extension period allowed by the Authority.
- 11.3 Under section 23(4), the authority has the power, at any time, to direct a Virtual Asset Service Provider to have its accounts audited and submitted to the Authority.

12. CHANGE IN OWNERSHIP OF A LICENSED VIRTUAL ASSET SERVICE PROVIDER

- 12.1 Section 20 of the Act provides that no shares in a licensee shall be issued, and no issued shares shall be voluntarily transferred or disposed of (including the transfer or disposal of the legal or the beneficial interest in the shares or interests) without the Authority's approval.
- 12.2 The Authority may exempt from the provisions a licensee whose shares or interests are publicly traded on a Seychelles Stock Exchange or a recognized overseas stock exchange. Any exemption shall be subject to a condition that the licensee shall as soon as reasonably practicable notify the Authority of the acquisition as per section 20(2) of the Act.

13. NOTIFICATION TO THE AUTHORITY

- 13.1 As per section 18(1) of the Act, the Authority must be notified, in writing, within 72 hours where a director becomes aware or has reasons to believe that –
- (a) the licensee has become insolvent or there is a likelihood of it becoming insolvent;
 - (b) the licensee has failed to comply substantially with a provision of this Act or such other relevant and applicable laws or a condition imposed upon it by the Authority;
 - (c) the licensee has failed to comply with a modified provision, or with a condition, being a provision or condition specified in a direction given to it by the Authority;
 - (d) the licensee has become involved in any criminal proceedings whether in Seychelles or outside Seychelles;
 - (e) where the licensee is an international business company, that the registered agent of the licensee has notified the licensee of its intention to resign as registered agent;
 - (f) that the licensee is being sued civilly for virtual assets, initial coin offerings and non-fungible token recovery;
 - (g) the licensee has ceased to carry on business for which it was licensed and authorized;
 - (h) the directors or principal officers have resigned or ceased to be fit and proper; or
 - (i) a cyber-security event has occurred.

13.2 Material changes to business

Furthermore, section 19 of the Act provides that no licensee shall effect or permit a material change unless it has notified the Authority in writing and the Authority has notified the licensee in writing that it has no objection to the licensee effecting the material change. (refer to Notification forms).

14. SUBSTANCE REQUIREMENTS

In order to meet the substantial activity requirements, the Core Income Generating Activities of the virtual asset service provider must be undertaken in a physical office in Seychelles by:

- (a) Have at least one resident person as director on its board of directors;
- (b) Operating a fully manned office in Seychelles;

- (c) employing an adequate number of suitably qualified persons to carry out the core income generating activities;
- (d) ensuring that all records and documentation required to be kept by the licensee under the Act and regulations are available and accessible from the office;
- (e) undertaking complaint handling in Seychelles;
- (f) annually holding at least 2 meetings of its board of directors in Seychelles; and
- (g) annually holding at least 4 management meetings in Seychelles.

15. RECORDS TO BE KEPT

- 15.1 As per the Third schedule of the Act, every licensee shall ensure that all records and documentation required to be kept by the licensee under this Act and relevant Regulations are available and accessible at its principal place of business for a period of not less than 7 years beginning from the date the transaction occurred.
- 15.2 Where the Authority requires, the licensee shall provide the Authority with online or automated real time read-only access to both its client and its own virtual asset transaction records.
- 15.3 The Authority maintains separate registers for each type of virtual asset service provider, initial coin offering and non-fungible token licensed and registered under the Act. An updated copy of the register shall be published on the Authority's website. The registers are open to public inspection during ordinary office hours upon payment of the relevant fees set out in Schedule 2 of the Act.

16. BUSINESS TAX

A licensed VASP can benefit from a tax rate of 1.5% on the assessable income.

17. ROLE OF THE AUTHORITY

- 17.1 The Authority is conferred powers of supervision over the virtual asset service providers by the Acts under the Authority's purview, which include the AML/CFT Act and AML/CFT Regulations, and may in carrying out its supervisory functions:
- (a) issue directions, directives and take such enforcement actions against a licensee as may be deemed necessary;
 - (b) issue and publish notices, guidelines and guidance notes regarding the implementation of the Acts;
 - (c) provide feedback to licensees and registered initial coin offering and non-fungible tokens to assist them in detecting and reporting suspicious activity and application of measures to combat money laundering and financing of terrorism and proliferation financing;
 - (d) request information or documents from licensees;
 - (e) revoke or suspend a virtual asset service providers Licence;
 - (f) remove the fit and proper status granted to an individual in a specific role;
 - (g) impose further conditions on a virtual asset service providers Licence;

- (h) appoint a person to advise a licensed virtual asset service provider on the proper conduct of its business;
- (i) investigate instances where a licensee or individual may have contravened the Act;
- (j) appoint a person to assume the control of the affairs of the licensee relating to the licensed business.

17.2 The Act also imposes duties on the Authority, most notably, the duty not to disclose any information to a third party except where authorised under a written law.

Appendix 1

LIST OF CONSTITUTIONAL DOCUMENTS

Certified true copies of the following documents:

- (a) Certificate of Incorporation
- (b) Memorandum and Articles of Association
- (c) Notice of Situation of Registered Office or any change thereof
- (d) Particulars of Directors and Secretaries
- (e) Audited financial statements for the past 2 years where an entity has been operating as a VASP, in the alternative a financial forecast
- (f) Certified true copy share Register.

Appendix 2

DUE DILIGENCE REQUIREMENTS

1. The completed **Personal Questionnaire** Forms by all directors, compliance officer and key persons (Information security officer, chief executive officer, any person/role that can exercise significant power in the business) in connection with the application, should be accompanied by:
 - (a) 1 certified true copy of passport(s)
 - (b) 1 recent passport-sized photograph signed at the back by the certifier
 - (c) 1 certified proof of residential address that is not older than three months e.g. utility bill (water and/or electricity) and/or bank statement and/or tenancy agreement
 - (d) 1 original bank reference from each bank with which you are affiliated and/or a report from Credit Rating Agency from Country of Residence (if available)
 - (e) Copy of the applicant updated resume
 - (f) Certified copies of stated higher academic qualifications
 - (g) Certified copies of stated professional qualifications
 - (h) Certified copies of stated membership to professional bodies
 - (i) Detailed job description of your proposed role or position
 - (j) Latest Employment references (if applicable)
 - (k) A list of directorships, partnerships, other business interests or affiliations (if applicable)
 - (l) Original Police Character Reference/certificate not older than three (3) months from the Country in which the applicant resides or its equivalent
 - (m) Tax Clearance Certificate from the Country in which the applicant resides or its equivalent
 - (n) Politically Exposed Person Self-Declaration Form
2. The completed Questionnaire Form for Shareholders and Beneficial Owners by all shareholders and beneficial owners who do not have a management position in the company should be accompanied by:
 - (a) 1 certified true copy of passport(s)
 - (b) 1 recent sized passport photograph signed at the back by the certifier
 - (c) Proof of Appointment as Nominee E.g. Declaration of Trust, Deed of Indemnity or its equivalent
 - (d) 1 certified proof of residential address that is not older than three months e.g. utility bill (water and/or electricity) and/or bank statement and/or tenancy agreement
 - (e) 1 original bank reference from each bank with which you are affiliated and/or a report from Credit Rating Agency from Country of Residence (if available)
 - (f) A list of directorships, partnerships, other business interests or affiliations (if applicable)
 - (g) Original Police Character Reference/certificate not older than three (3) months from the Country in which the applicant resides or its equivalent
 - (h) Tax Clearance Certificate from the Country in which the applicant resides or its equivalent
 - (i) Politically Exposed Person Self-Declaration Form
 - (j) Evidence of source of fund/wealth

3. Due Diligence documents for entity shareholders should include the following:

(a) Companies

- i. Certificate of Incorporation
- ii. Memorandum and Articles of Association
- iii. Notice of Situation of Registered Office or any change thereof
- iv. Particulars of Directors and Secretaries
- v. Register of Beneficial Owners/ Register of Members
- vi. Audited financial statements for the past 3 years
- vii. Certificate of Good Standing

(b) Listed Companies

- i. Certification that the listed company is subject to adequate disclosure requirements in terms of transparency of beneficial ownership in the jurisdiction where it is listed.⁶

(c) Foundations

- i. Foundation Charter
- ii. Register of Founder(s), Counsellor(s), Beneficiaries and Protector(s) (if applicable)
- iii. Register of Beneficial Owners
- iv. Certificate of Good Standing

(d) Trusts

- i. Trust Deed
- ii. Declaration of Trust
- iii. Register of Trustee(s), Settlor, Beneficiaries and Protector(s) (if applicable)
- iv. Register of Beneficial Owners

(e) Limited Partnerships

- i. Limited Partnership agreement
- ii. Register of General Partner(s) and Limited Partner(s)
- iii. Register of Beneficial Owners

⁶ In the instance that a listed company that does not meet the adequate disclosure requirements in terms of transparency of beneficial ownership, it have to comply with all the provisions of the BO Act.

Appendix 3

Insurance

The Authority has not restricted the type of insurance coverage required by a VASP, however the policy must be commensurate so as to provide sufficient cover and protection to the risks which is associated to operating within the VASP sector. This shall include, at a minimum, professional indemnity insurance and such other protection as may be necessary. However, the entity must demonstrate to the Authority why the chosen insurance policy is sufficient to cover risks.

If the entity is part of a group structure, they may fall under the insurance cover for the group. The applicant can submit the quote or executed policy of the group and must ensure that the domestic VASP company is listed within the schedule of the policy, as well as clearly providing for the nature and scope of cover afforded to the Seychelles entity.

Instances where the applicant wishes to seek for an insurer outside of Seychelles to insure its assets⁷ in or within Seychelles, an exemption is required as per the requirement of the Insurance Act. However, the quote obtained must clearly provide the name of the insurance company and the jurisdiction from which they are licensed to offer their services.

In the event that a company could not obtain an insurance coverage either domestic or foreign, the applicant has to successfully demonstrate to the Authority that it has exhausted all means in obtaining a policy. To the Authority's satisfaction the applicant shall make a proposal for approval by the Authority in respect of alternative means to cover the business in a manner in which sufficient safeguards will be taken in line with services, risk and scale of business.

⁷ As per the Insurance (Restriction of Insurers) Regulations, 2012 states that *assets* "means real or personal assets of persons whose principal place of business or residence is in Seychelles including ships and aircrafts registered and operating in or within Seychelles. In addition, it is also stated that a person shall not enter into an insurance contract with an insurer, other than an insurer licensed in Seychelles to cover the risks relating to assets situated in Seychelles except if an exemption is granted by the Authority where the circumstances and the nature of the relevant risk cannot be insured with an insurer licensed in Seychelles"

Appendix 4

Manuals and policies

Please be reminded that the documents submitted must be searchable.

Should the applicant be an existing entity, presently licensed and regulated by the Authority, they are permitted to submit supplementary documents that relates to VASP activities as long as they provided the date which the whole document was previously updated.

Applicant are permitted to submit consolidated manuals as long as they include a cover page indicating the location e.g. page number and paragraph that are relevant to the proposed VASP activity and the corresponding manuals.

It is the responsibility of the applicant to demonstrate through the listed manuals and policies how it intends to mitigate risk identified and safeguard client's asset and right to their virtual asset. The applicant must adequately explain to the Authority through their manuals and policies submitted why they believe that the measure proposed to be put in place are appropriate and sufficient with consideration made to the services to be offered and the size of the entity.

i. Internal Procedure Manual

The document shall contain all the systems and controls that are to be put in place within the business in regard to the established guidelines for decision and action of departments within the entity. The applicant must demonstrate to the Authority that they have sufficient control and reporting mechanisms for the type of activity they are applying for.

Existing entities presently licensed and regulated by the Authority may submit an updated Internal Procedure Manual.

ii. Client Service Agreement

This refers to the agreement that VASP intends to have a client sign before commencement of service that outline the exchange of services for compensation. This document shall include a detailed description of the service, price, assurances and contact details of both parties.

iii. Conflict of Interest Policy

This document shall detail the controls in place to adequately mitigate conflict of interest that may arise from day-to-day operations and employee interactions. It shall also detail the disclosure procedures and resolution mechanisms to be implemented in the event that conflict of interest arises.

The applicant shall demonstrate to the Authority the mechanism that is to be put in place to reduce the risk of conflict of interest.

iv. Compliance Manual

Existing entities presently licensed and regulated by the Authority, may submit an updated compliance manual. For clarification purposes, the manual

v. Anti – Money Laundering Manual

Applicants shall submit an AML/CFT Manual reflecting at a minimum:

- The obligation to identify, assess, understand and monitor the money laundering and terrorist financing risks and take appropriate measures to mitigate the risks identified.
- The requirement to establish and maintain Internal control systems, policies and procedures which shall include the following but not limited to:
 - (a) Screening procedures for employees
 - (b) Training programmes
 - (c) Independent audit arrangements to test the procedures and systems
 - (d) Onboarding procedures
 - (e) Customer Due Diligence measures (“CDD”)
 - (f) Enhance Due Diligence measures (“EDD”)
 - (g) Measures for onboarding and monitoring customers who are Politically Exposed Persons (“PEPs”)
 - (h) Reliance on third parties (counterparties and vendors/contracts)
 - (i) Monitoring and ongoing monitoring mechanisms and controls, including but not limited to monitoring customer activities and transactions, inclusive of volumes of activity
 - (j) Financial Crime Preventive measures/framework including electronic signature
 - (k) Record keeping procedures, including data storage and information retention, pursuant to the Section 47, under the AML/CFT Act
 - (l) Investigation procedures including freezing and seizure of assets
 - (m) Cyber security measures
 - (n) Suspicious Transaction Report/Suspicious Activity Report procedures- Refer to the Guidelines for suspicious transactions reporting on the Authority’s website in order to adequately compile the procedure.
 - (o) Travel Rule requirements, including for vendors
 - (p) Sanctions procedures/policy
 - (q) Tipping off procedures
 - (r) List of VASP's that are absolute No-go's- Refer to the High-Risk Jurisdictions subject to a Call for Action ("black list") on the FATF’s website for further guidance.

The manual, and the internal control systems, policies, and procedures outlined within, shall have senior management approval, which shall be recorded in the document.

Applicants shall refer to the AML/CFT Act and AML/CFT Regulations for further guidance, as necessary.

vi. Complaints Handling Manual

The Authority strongly encouraged companies to become familiar with the Financial Consumer Protection Act, 2022 in order to understand their obligations and demonstrate to the Authority what measures are to be put in place to handle complaints in Seychelles with the maintenance of the register of complaints, in Seychelles as well.

If a licensee chooses to have an attached entity to undertake the handling of complaints, the personnel in Seychelles will remain liable for the function. The onus is placed on the applicant to adequately explain how complaint handling will be performed.

vii. Business Continuity Plan

Refer to the Business Continuity Plan Guidelines on the Authority's website.

Existing entities presently licensed and regulated by the Authority may submit an updated Business Continuity Plan.

viii. Institutional Risk Assessment (IRA) pursuant to the AML/CFT Act

Refer to the Institutional Risk Assessment Guidelines on the Authority's website.

Applicants shall submit an Institutional Risk Assessment reflecting at a minimum:

- Consideration of the risk level reported in the 2022 Overall National Risk Assessment (ONRA) and the 2024 ONRA refresh, concerning potential financial crime risks linked to virtual assets (VA) and virtual asset service providers (VASPs)
- The AML/CFT IRA guidelines issued by the FSA
- Assessment of the risks categories specified under section 32 (2) of the AML/ CFT Act, including cross border, wallet, financial crime, conduits and sanction risks.
- Assigned risk ratings of all the above-mentioned factors utilizing a risk matrix ranging from low to high.
- Overall risk rating of the entity.
- Controls applied to mitigate the risks it has identified and assessed, including all technology used as part of its control framework, and any outsourcing of these activities inside a group which the applicant belongs or an external party; and
- Consideration has been given to ensuring that the controls applied meet the requirements of Seychelles' AML/CFT requirements and are not simply a description of control requirements required by another jurisdiction.⁸

ix. Segregation of asset policy

As per VASP (Safekeeping and Management of Client Asset) Regulation, 2024, a licensed virtual asset service provider shall establish policies for the safekeeping and management of client assets.

The document shall include details of how the business intends to segregate its assets and that of clients, safeguard client's ownership rights, mitigate the risk of loss or diminution on the value of client's asset.

The applicant should be able to explain on a risk basis why it believes that the proposed arrangement is sufficient to meet the custody requirement and that the measure being proposed to be in place will effectively mitigate the risk of comingling of funds.

⁸ The requirements, which should not be limited to, obligation to monitor customer activities and transactions, obligation to report suspicious transaction

x. Record keeping policy

As per the Third schedule of the VASP Act, every licensee shall ensure that all records and documentation required to be kept by the licensee under this Act and regulations are available and accessible at its principal place of business for a period of not less than 7 years beginning from the date the transaction occurred if so maintained in physical copy.

The records required to be kept by VASPs under the AML/CFT Act **shall** be kept for a period of 30 years in digital form, from the date on which the business relationship ceases.

The policy shall document the procedure to be implemented in regard to record keeping, including the format in which it will be kept and the access of records in the event that the Authority wishes to inspect its registers and transaction records.

The responsibility rests with the applicant to demonstrate that there are sufficient safeguards and measures in place to avoid any commingling of funds and maintain accurate records as to ownership of client's assets, with same having considerations to relevant Data Protection Laws.

xi. Cyber Security Policy

As per section 22 of the Act and the VASP (Cyber security requirements) Regulations, 2024 a licensee shall have appropriate and effective cyber security measures.

A cyber security policy shall set out the standardized practices and procedures designed to protect a business network from cyber security risk and the intended response of the business to limit damage in the event of risk materializing. The document shall include details of the system or processes of third-party suppliers, agents and intermediaries if applicable.

The document shall include data protection measures that will be put in place as well as a business continuity plan of the business in the event of a breach. Please be reminded that the Authority shall be notified of any attempted cyber security risk or event that emerged within 24 hours. As such, procedures to notify the Authority of the above shall be included in the document.

It is the responsibility of the applicant to demonstrate to the Authority how it intends to manage cyber security and operational risk that can arise from inadequacies of failures in its processes and systems. In cases where a licensee forms part of a group, the Authority may consider the cyber security strategy and policy of the parent company provided that same extends and encapsulated the operationalities of the licensee.