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Bermuda Launches ICO and Digital Assets Legislative Framework

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The Government of Bermuda has tabled the Companies and Limited Liability Company (Initial Coin Offering) Amendment Act 2018 (the “ICO Act”), introducing a statutory framework for the offering of digital assets by Bermuda companies. The ICO Act provides that offerings of digital assets (“ICOs”) will be treated as a Restricted Business Activity, subject to approval by the BMA Advisory Committee upon application and submission of an offering document. Digital asset offerings will be conducted in accordance with the requirements of published regulations as well as ongoing supervision and compliance requirements, including AML/ATF.

The ICO Act is part of a wider initiative to provide regulatory certainty and a reliable legal framework with a view to creating an environment within which companies focused on blockchain, virtual currencies and other digital assets will thrive, whilst also implementing the highest standards of corporate governance, transparency and consumer and market protections.

As part of this ambitious agenda, it was announced that further legislation would be introduced over the course of coming months, including the Virtual Currency Business Act 2018 to be tabled in early May 2018, a Bermuda digital identification platform (E-ID) in July 2018, and Virtual Currency Exchange targeted for September 2018.

The Virtual Currency Business Act 2018 (the “VCB Act”) along with published regulations and a code of conduct, will establish a licensing and supervisory regime for entities engaged in virtual currency business and the provision of services related to digital currencies and assets, including custody and exchange activities. The VCB Act has now been published in draft form, along with a consultation paper and is available for [download here](#).

The Bermuda government emphasised its commitment to this space, highlighting the collaborative approach to the development of the digital assets regulatory framework. The framework was described as the product of work across multiple government ministries and departments, and the focused engagement of the Bermuda Monetary Authority as well as internationally recognised advisors and industry experts. The stated aim of the Bermuda Government and regulator is to be a leader, setting the standard for market best practices and effective, efficient regulation and supervision of digital assets and related businesses.

Taylor's partner Ariane West acts as counsel to fintech and blockchain companies and is a member of the working group advising on the development of Bermuda's digital assets regulatory framework.



Contacts

For further information please contact



Natalie Neto
Partner - Bermuda
T. +1 441 242 1533
M. +1 441 525 1533
E. natalie.neto@walkersglobal.com



Rachel Nightingale
Associate - Bermuda
T. +1 441 242 1520
E. rachel.nightingale@walkersglobal.com



Benjamin Green
Associate - Bermuda
T. +1 441 242 1514
M. +1 441 525 1514
E. benjamin.green@walkersglobal.com

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