

## **GFIN Member: Bermuda Monetary Authority (BMA)**

Location: Hamilton, Bermuda

### **About Us**

The BMA regulates Bermuda's financial services sector. The BMA develops risk-based financial regulations that it applies to the supervision of financial institutions, comprising of: Bermuda's banks, trust companies, investment businesses, investment funds, funds administrators, money service businesses, corporate service providers, (re)insurers and digital asset businesses.

### **Geographical Jurisdiction**

Bermuda

### **Industry Sectors We Regulate**

The Bermuda Monetary Authority regulates a multitude of sectors within Financial Services, inclusive of Insurance and Digital Asset Businesses, for which it maintains sandbox initiatives and focus for the purposes of GFIN. The BMA is open to advising and licensing innovative businesses within these sectors, as well as speaking to other innovative businesses looking for strategic guidance via its Innovation Hub.

#### **Fintech**

BMA's **Fintech Supervision** department regulates the following Digital Asset Business activities: issuing, selling or redeeming virtual coins, tokens or any other form of digital asset; operating as a payment service provider business utilising digital assets which includes the provision of services for the transfer of funds; operating as an electronic exchange; providing custodial wallet services; operating as a digital asset services vendor, operating as a digital asset benchmark administrator, operating as a digital asset derivative exchange provider, and operating as a digital asset trust services provider.

A company applying for a Digital Asset Business licence, can apply in two categories:

#### **Class M Licence**

A **Class M** licence is akin to a sandbox licence to operate as a temporary digital asset business in or from within Bermuda. This licence typically has a variable duration - ranging from six months to a year, is subject to certain restrictions imposed by the Authority based upon its evaluation of the risks, as well as routine regulatory supervision. The company must meet the Minimum Licensing Criteria as detailed in the Digital Asset Business Act 2018, however, the Authority maintains a flexible approach towards those intending to conduct a test in or from within the jurisdiction. Towards the expiration of the licence, the Authority and the company will discuss next steps, which can include a licence extension, application for a Class F licence, or cessation entirely.

#### **Class F Licence**

A **Class F** licence is a full licence to operate as a regulated digital asset business in or from within Bermuda. This licence does not have an expiration date, however, is subject to regular supervisory visits by the Authority's Fintech supervisory unit, Anti-Money Laundering unit, and Cybersecurity unit. A full licensee must meet all of the Minimum Licensing Criteria as detailed in the Digital Asset Business Act 2018, as well as any additional conditions set forth by the Authority at its discretion.

	<p><b><u>Insurance</u></b></p> <p>BMA’s <b>Insurance Supervision</b> department launched an Insurance Sandbox and Innovation Hub, both initially targeted at insurance technology (insurtech) companies.</p> <p><b>Regulatory Sandbox</b> - The regulatory sandbox is an innovation track for companies looking to test new technologies or business models to a limited number of clients in a controlled environment and for a limited period of time. The regulatory sandbox is reserved for companies that will be undertaking licensable activities as defined under the Insurance Act 1978.</p> <p><b>Innovation Hub</b> –The innovation hub is an alternative track for companies looking to test new technologies or business models, similar to the regulatory sandbox, but is applicable for companies that are either:</p> <ul style="list-style-type: none"> <li>• Not currently captured under either the Insurance Act (e.g. innovative product or service vendors)</li> <li>• Not yet ready for sandbox or are still developing their Proof-of-Concept</li> <li>• RegTech or SupTech business models are accepted</li> </ul>
<p><b>Types of Innovation Services we Offer</b></p>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> Guidance on the application of laws and rules to innovative business models</li> <li><input checked="" type="checkbox"/> Support with authorisation to operate in our jurisdiction</li> <li><input checked="" type="checkbox"/> Live Sandbox testing environment</li> <li><input checked="" type="checkbox"/> Waivers or exemptions, for any entity meeting certain criteria</li> <li><input checked="" type="checkbox"/> Engagement with firms on RegTech and SupTech solutions</li> <li><input checked="" type="checkbox"/> Engagement with innovators and/or other third parties (e.g. academics, consultants and other organisations)</li> </ul>
<p><b>GFIN Cross-Border Testing Participation?</b></p>	<p>Yes</p>
<p><b>Required Criteria for GFIN Cross-Border Testing</b></p>	<p>Business model must fall within the licenced activities of the Digital Asset Business Act as well as the Insurance Act (unless applying to the innovation hub). Below are some criteria of focus for operating in Bermuda beyond the requirements stipulated in the aforementioned acts;</p> <ul style="list-style-type: none"> <li>• Firm must have already commenced operations, or show operational readiness to commence operations in the short term</li> <li>• Board level oversight of business functions and operations</li> <li>• Local presence in Bermuda</li> <li>• Framework for Risk Management, inclusive of effective measures for: risk monitoring, identification, evaluation, mitigation</li> <li>• Managed by a minimum of two persons</li> </ul>
<p><b>Our Contact Information</b></p>	<p><a href="mailto:fintech@bma.bm">fintech@bma.bm</a></p>
<p><b>Website</b></p>	<p><a href="https://www.bma.bm/">https://www.bma.bm/</a></p>