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BAHAMIAN DOLLAR DIGITAL CURRENCY REGULATIONS, 2021

Arrangement of Regulations

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MINISTRY OF FINANCE

S.I. No. 88 of 2021

CENTRAL BANK OF THE BAHAMAS ACT (NO. 24 OF 2020)

BAHAMIAN DOLLAR DIGITAL CURRENCY REGULATIONS, 2021

In exercise of the powers conferred by section 15 of the Central Bank of The Bahamas Act, 2020 (*No. 24 of 2020*), the Central Bank of The Bahamas makes the following regulations —

PART I - PRELIMINARY

1. Citation and commencement.

- (1) These Regulations may be cited as the Bahamian Dollar Digital Currency Regulations, 2021.
- (2) These Regulations shall come into force on such date as may be appointed by the Minister by notice published in the *Gazette*.

2. Interpretation.

In these Regulations —

“**Act**” means the Central Bank of The Bahamas Act, 2020 (*No. 24 of 2020*);

“**agent**” means a person that has been contracted by a wallet provider to perform customer identification obligations and distribute Bahamian Dollar Digital Currency wallets on behalf of such institution in its name and on its behalf;

“**Bahamian Dollar Digital Currency**” or “**BDDC**” means an electronic version of the Bahamian Dollar issued by the Central Bank pursuant to the authority conferred upon it by the Act, fully backed by reserves held by the Central Bank and which represents a direct claim against the Central Bank;

- “Bahamian Dollar Digital Currency wallet”** means a digital wallet issued by a wallet provider that holds BDDC”;
- “Banks and Trust Companies Regulation Act”** means the Banks and Trust Companies Regulation Act, 2020 (*No. 22 of 2020*);
- “Basic or Tier I wallet”** means a Bahamian Dollar Digital Currency wallet held by an individual or natural person;
- “Central Bank”** means the Central Bank of The Bahamas preserved and continued pursuant to section 3 of the Act;
- “commercial bank”** has the same meaning assigned by section 2 of the Act;
- “electronic money”** has the same meaning assigned by section 29 of the Payment Systems Act, 2012 (*No. 7 of 2012*);
- “Enterprises and organizations or Tier III wallets”** means an BDDC wallet held by public sector entities and agencies, for profit and not for profit organizations, sole proprietorships and other private entities;
- “fiat currency”** means coin and notes of any jurisdiction that is designated by the issuing monetary authority or central bank of such country as legal tender;
- “Minister”** means the Minister responsible for Finance;
- “Payment Systems Act”** means the Payment Systems Act, 2012 (*No. 7 of 2012*);
- “Premium or Tier II wallet”** means a BDDC wallet held by an individual or natural person;
- “QR code”** means a universal matrix bar code which is a device readable optical label that contains pertinent information about the payment transaction to which it is attached;
- “virtual currency”** has the same meaning as in the Financial Transactions Reporting Act, 2018 (*No. 5 of 2018*);
- “wallet holder”** means a person to whom wallet services are provided;
- “wallet provider”** means a commercial bank, a co-operative credit union, a money transmission service provider, a money transmission agent, or a payment institution, licensed or registered under any other written law administered by the Central Bank, which is registered by the Central Bank pursuant to these Regulations to provide wallet services; and
- “wallet services”** means the provision of BDDC wallets by use of a software program that interfaces with fiat currencies, stores private and public keys and interacts with distributed ledger technology to enable users to send, receive and monitor their BDDC.

3. Derogation.

- (1) The obligations, requirements, powers and regulatory schemes established under or pursuant to the provisions of these Regulations shall be in addition to, and shall not derogate from —
 - (a) the obligations, requirements, powers and regulatory schemes established under or pursuant to any other written law; and
 - (b) the powers conferred on the Central Bank by the Act, the Payment Systems Act, or by any other written law for the time being in force.
- (2) The provisions of these Regulations shall be read and construed in conformity with the Act and the Payment Systems Act.

PART II – REGISTRATION OF WALLET PROVIDERS

4. Persons that may provide wallet services.

No person may provide wallet services (whether or not such business is carried on in or from within The Bahamas) unless that person is a wallet provider, which has been registered with the Central Bank to provide such services.

5. Register of wallet providers.

- (1) The Central Bank shall maintain a register of every person who has been registered as a wallet provider and its agent, under these Regulations.
- (2) The Central Bank shall make the register of wallet providers publicly available for inspection and accessible online.
- (3) The register of wallet providers shall contain the name of the wallet provider and its agent, the date of registration, and any other particulars relating to the wallet provider and its agents which the Central Bank may require to be provided with.
- (4) The Central Bank shall —
 - (a) update the register of wallet providers as frequently as is necessary; and
 - (b) provide a certified copy of such register, or any part of it, to any person who asks for it —
 - (i) on payment of the prescribed fee (if any) fixed by the Central Bank; and
 - (ii) in a form whether written or electronic and legible to the person requesting it.

6. Application for registration.

- (1) Any person who desires to be registered as a wallet provider, shall make application to the Central Bank.
- (2) An application made pursuant to paragraph (1) shall be in writing and contain or be accompanied by the information and documents prescribed in regulation 7.
- (3) An applicant may withdraw the application, by giving the Central Bank notice in writing, at any time before the Central Bank finally determines such application for registration.

7. Documents to be submitted.

An applicant for registration under regulation 6(1), shall submit the following information and documents —

- (a) a description of the nature and scope of the services to be offered and how these services fit in with its overall strategy to distribute wallet services to residents in the Central, South Eastern and North Western Bahamas;
- (b) a description of the criteria for the selection of agents and/or the outsourcing of parts of the applicant's information technology systems, where applicable, and copy of any agency or outsourcing agreement, as appropriate;
- (c) a signed document detailing the features and operational modalities of all information technology systems used or proposed to be used, including the operating systems, software and interfaces explaining at a minimum, the following —
 - (i) a description (including diagrams) of the configuration of any information technology and operating system used by the applicant and its capabilities showing —
 - (aa) how such system is linked to other host systems or the network infrastructure in the applicant wallet provider's electronic systems infrastructure;
 - (bb) how transaction and data flow through the network, settlement process and timing;
 - (cc) what types of telecommunication channels and remote access capabilities (such as direct modem dial-in, internet access, or both) exist; and
 - (dd) the security controls or measures installed;
 - (ii) a list of software and hardware components indicating the purposes of the software and hardware in the infrastructure; and

- (iii) how the system is interoperable with other existing information technology and operating systems;
- (d) such further or additional information or documents as the Central Bank may require for the purposes of considering such application.

8. Conditions for registration.

No applicant may be registered or no wallet provider having been registered may continue to be so registered under these Regulations, unless it has satisfied the Central Bank that it complies with the following minimum conditions —

- (a) it has adequate software and hardware components;
- (b) it has taken adequate measures for the purpose of safeguarding the funds of wallet holders;
- (c) it has clear rules to resolve disputes associated with the provision of wallet services;
- (d) it has a safe and reliable information technology system and adequate interfaces to ensure interoperability, access and data protection, as well as robust contingency and disaster recovery procedures;
- (e) it has effective arrangements in place for the protection of client assets and money arrangements consistent with any prescribed rules or guidelines issued by the Central Bank;
- (f) it has effective corporate governance arrangements consistent with any prescribed rules or guidelines issued by the Central Bank;
- (g) it has systems in place to prevent, detect and disclose money laundering and terrorist financing;
- (h) it is compliant with the provisions of these Regulations or any written law administered by the Central Bank or relating to compliance with anti-money laundering or countering the financing of terrorism and proliferation financing requirements;
- (i) it is and remains compliant with the provisions relating to the fit and proper requirements under the Payment Instruments (Oversight) Regulations, 2017 (*S. I. No. 53 of 2017*) and the Banks and Trust Companies Regulation Act;
- (j) it has met the interoperability standards established by the Central Bank, which include but are not limited to standards which enable wallet holders to send and receive funds by means of —
 - (aa) a unique user alias independent of the registered domain of the wallet provider;
 - (bb) a standard, universal, unique account number, independent of the domain of the wallet provider; and
 - (cc) a QR code scanning to send and receive payments;

- (k) it has dealt openly and honestly and cooperatively with the Central Bank; and
- (l) it has provided information relevant to its operations as the Central Bank may require from time to time.

9. Decision to grant or refuse registration.

- (1) The Central Bank may, if satisfied that the information and evidence accompanying the application for registration as a wallet provider complies with all of the conditions specified in regulation 8, register an applicant as a wallet provider, subject to such terms and conditions, if any, as the Central Bank deems necessary.
- (2) Where the Central Bank decides to grant its approval to register an applicant as a wallet provider, it must give the applicant notice in writing of —
 - (a) its decision that the registration has been granted;
 - (b) any conditions pursuant to which such registration has been granted and;
 - (c) the date on which the approval takes effect.
- (3) The Central Bank may, by notice in writing, at any time after approving registration pursuant to paragraph (2), impose, vary or amend any conditions pursuant to which approval was given, provided that before taking such action, the Central Bank shall provide the wallet provider with an opportunity to make written representations regarding any proposed action within such time as may be specified in the notice, but not being less than seven days.
- (4) Subject to paragraph (5) of this regulation, where the Central Bank proposes to refuse to grant its approval to register an applicant, it must give the applicant notice in writing of its intention to refuse, setting out a statement of the reasons for the proposed refusal and specifying a period not less than seven days, within which the applicant may make submissions in writing in relation to the proposed refusal.
- (5) Whenever the Central Bank considers it to be in the public interest, the Central Bank may refuse to grant approval for an applicant to be registered as a wallet provider and shall not be required to give reasons for such refusal.
- (6) Where the Central Bank refuses to register an applicant as a wallet provider on grounds other than those mentioned in paragraph (5), the person may re-apply if it is able to remedy the particulars of its application that gave cause for such decision.

- (7) A person that is registered as a wallet provider under these Regulations shall provide the services and execute the activities permitted in its registration and may do so from any location listed in its registration.
- (8) A wallet provider shall notify the Central Bank of any change in any location where it offers wallet services (including the establishment of any new location), within seven days of such change.
- (9) Where a wallet provider withdraws wallet services from a location or where such services are not offered within six months of the date of the commencement of these Regulations, the Central Bank, in its sole discretion and in the discharge of its functions under these Regulations and the Act, may by notice published in the *Gazette*, designate a wallet provider to provide wallet services and the mobile application through which such services must be provided.

10. Suspension and cancellation of registration.

- (1) Subject to paragraph (4) the Central Bank may at any time, cancel the registration of any person registered as a wallet provider on being satisfied on reasonable grounds that the person —
 - (a) has not distributed BDDC within twelve months of the date on which the registration was approved;
 - (b) has obtained approval for registration through false statements or any other irregular means;
 - (c) ceases to meet the criteria set out in regulation 8;
 - (d) is contravening the provisions of these Regulations or any other law of The Bahamas;
 - (e) is carrying on its business in a manner which is detrimental to the public interest or to the interests of its wallet holders;
 - (f) is contravening any term or condition subject to which the registration was granted;
 - (g) fails to comply with a direction of the Central Bank pursuant to regulation 22;
 - (h) is or is likely to become insolvent, is wound up or is dissolved;
 - (i) requests, or consents to, cancellation of its registration as a wallet provider;
 - (j) ceases to engage in any business activity for more than six months;
 - (k) is convicted of a crime, including but not limited to, one involving fraud, dishonesty, money laundering or the financing of terrorism or proliferation financing; or

- (1) is marketing or advertising its business, in a manner that is fraudulent, misleading or otherwise injurious to the public.
- (2) A request for cancellation of a person's registration under paragraph (1)(i) must be made in such manner as the Central Bank may from time to time determine and subject to such conditions as the Central Bank may impose in its sole and absolute discretion.
- (3) At any time after receiving a request under paragraph (1)(i) and before making a determination, the Central Bank may require the person making the request to provide it with such further information as it reasonably considers necessary, to enable it to determine the request.
- (4) Whenever the Central Bank is of the opinion that any action under paragraphs 1(d), (e) or (f) should be taken in respect of a person mentioned in paragraph (1), the Central Bank —
 - (a) may forthwith suspend the person's registration as a wallet provider;
 - (b) shall, before taking action pursuant to paragraph (1), give that person notice in writing of its intention to do so, by setting out in such notice, the grounds on which it proposes to act and shall afford the person within such time as may be specified therein, not being less than seven days, an opportunity to submit to the Central Bank, a written statement of objection to such action, and thereafter, advise the person in writing of its decision.
- (5) The Central Bank shall, having considered any representations made pursuant to paragraph (4), give the person notice in writing of its final decision.
- (6) A suspension notice may state the conditions for reinstatement and the time line in which the conditions must be met.
- (7) Any suspension of registration under paragraph (4) shall be for a period of up to thirty days, or until the Bank takes action under paragraphs 1(d), (e) or (f) or until the Central Bank notifies the person concerned that the suspension is removed, whichever period is shorter.
- (8) Where a wallet provider has met the conditions for re-instatement to the register of wallet providers following a suspension of its registration, and in accordance with the Central Bank's satisfaction, the Central Bank may reinstate the wallet provider subject to such conditions as the Central Bank deems fit.
- (9) Where the Central Bank suspends or cancels the registration of a wallet provider, the Central Bank may cause notice of such suspension or cancellation to be published on its website or in such other manner as the Central Bank may determine.

11. Record keeping, reporting and security audits-

- (1) A wallet provider shall establish and maintain where applicable —
 - (a) record keeping measures for the accurate collection of information and documents, as may be required by —
 - (i) any Act or regulation relating to compliance with anti-money laundering or countering the financing of terrorism and proliferation financing requirements, or
 - (ii) the Central Bank from time to time;
 - (b) procedures to safeguard the client's assets against unauthorized data access by third parties;
 - (c) a framework with appropriate mitigation measures and control mechanisms to manage the operational and security risks, relating to the wallet services that it provides; and
 - (d) as a part of the framework referred to in subparagraph (c), effective incident management procedures, for the detection and classification of major operational and security incidents.
- (2) For the purposes of paragraph (1)(a)(ii), each wallet provider shall submit to the Central Bank a report at such intervals, and in such form containing such particulars, as the Central Bank may require but at a minimum to include —
 - (a) financial inclusion data including but not limited to data on gender and island of residency of wallet holders, and
 - (b) economic data and statistics.
- (3) For the purpose of paragraph (1)(b), the procedures to be established and maintained shall include but not be limited to, taking measures to —
 - (a) assess and address all security risks; and
 - (b) address —
 - (i) the use of encrypted communications;
 - (ii) assignment of client-only passwords; and
 - (iii) the installation of hardware and software appropriate to the level of security risks.
- (4) For the purposes of paragraph (1)(c), every wallet provider shall, on an annual basis, cause to be conducted an audit that assesses —
 - (a) the operational and security risks relating to the wallet services provided by the wallet provider, and
 - (b) the adequacy of the mitigation measures and control mechanisms implemented in response to those risks.

- (5) Every wallet provider shall not later than seven days following the completion of the audit, submit to the Central Bank a certificate from its auditor in the manner specified in the form of the *Schedule*.
- (6) For the purposes of paragraph (4), the audit shall be conducted by an independent third-party auditor that has the necessary experience and skills acceptable to the Central Bank.
- (7) For the purpose of paragraph (1)(d) a wallet provider shall —
 - (a) give the Central Bank immediate written notification of any major operational and security incidents; and
 - (b) perform a root cause analysis of any cybersecurity incident, and submit to the Central Bank a report on the findings of such analysis, in such format as may be prescribed by the Central Bank.

PART III – ISSUE AND DISTRIBUTION OF BAHAMIAN DOLLAR DIGITAL CURRENCY

12. Authority to Issue.

- (1) The Central Bank has the sole right and authority to issue BDDC in accordance with the Act.
- (2) Any electronic money that is issued by the Central Bank in accordance with paragraph (1), shall constitute legal tender in The Bahamas at its face value, for the payment of any amount.

13. Issuance of Bahamian Dollar Digital Currency.

- (1) Pursuant to the authority conferred upon the Central Bank by the Act, the Central Bank may issue any amount of BDDC as the Central Bank shall deem fit, having regard to its obligations under the Act to promote and ensure the oversight of a safe, sound and efficient national payment system.
- (2) No person other than the Central Bank, may issue in The Bahamas, the currency of The Bahamas as electronic money.
- (3) The aggregate amount of electronic money in circulation as issued by the Central Bank, shall appear as a liability in a statement of the accounts of the Central Bank.

14. Distribution of Bahamian Dollar Digital Currency.

- (1) The Central Bank may, in the discharge of its functions under these Regulations, open one or more accounts for, accept deposits from, and

collect money for or on account of, any wallet provider for the purposes of facilitating the distribution by such wallet provider of BDDC.

- (2) Every wallet provider shall, without delay, distribute BDDC upon receipt of, and in exchange for, the equivalent value in fiat currency, other electronic money or virtual currency which are acceptable to such provider.
- (3) Every wallet provider is prohibited from distributing or redeeming BDDC at the request of a wallet holder, other than in exchange for the equivalent value in fiat currency at a ratio of 1:1.

15. Prohibition of interest payments.

Every wallet provider shall not award —

- (a) interest in respect of the holding of BDDC; or
- (b) any other benefit related to the length of time during which a wallet holder holds BDDC.

16. Fees on distribution and redemption.

The distribution of BDDC by wallet providers and the redemption of BDDC by a wallet holder, shall be at par with the Bahamian Dollar and no fees or services charges shall be levied by any wallet provider in connection with the distribution or redemption of BDDC.

17. Limits on money in circulation.

The Central Bank in its sole and absolute discretion, shall determine the amount of BDDC in circulation at any time and particularly, shall determine in its sole and absolute discretion, the amount of BDDC distributable by any wallet provider from time to time.

18. Suspension and limit on withdrawal of deposits.

- (1) Where the Central Bank is of the view that continued cash withdrawals of deposits settled or transferred in BDDC, poses risks to the stability of the financial system of The Bahamas, the Central Bank may —
 - (a) suspend the withdrawal of such deposits; or
 - (b) limit the maximum amount of withdrawals, from any wallet provider or a group of wallet providers.
- (2) Where the Central Bank suspends the withdrawals specified in paragraph (1), the duration of the suspension shall not exceed seven days.

- (3) Notwithstanding paragraph (2), the Central Bank may, following consultation with the Minister, extend the duration of the period of suspension for such further period not exceeding fourteen days.

PART IV – TRANSACTIONS IN BAHAMIAN DOLLAR DIGITAL CURRENCY

19. Wallet limits.

- (1) The maximum amount of BDDC that an BDDC wallet may hold at any one time shall be limited to such amounts as the Central Bank may determine by notice published in the *Gazette*, and shall vary in accordance with the level of customer due diligence which a wallet provider shall undertake when opening an account for or otherwise establishing a business relationship with a wallet holder.
- (2) For the purposes of this regulation, Bahamian Dollar Digital Currency wallets, shall be subject to, the provisions of the Financial Transactions Reporting Act, 2018 (*No. 5 of 2018*) and the Financial Transactions Reporting Regulations, 2018 (*S. I. No. 35 of 2018*) and, the following levels of customer due diligence, in accordance with regulatory guidance on customer due diligence requirements issued by the Central Bank —
 - (a) basic or Tier I wallets subject to the lowest level of customer due diligence;
 - (b) premium or Tier II wallets, subject to additional specified customer due diligence;
 - (c) enterprises and organizations or Tier III wallets, for use by public sector entities and agencies, for profit and not for profit organizations, sole proprietorships and other private entities.
- (3) Each wallet specified in paragraph (1) shall have a transactional limit in such amount as the Central Bank may determine by Notice published in the *Gazette*.
- (4) The transactional limit specified in paragraph (3), shall be fixed against —
 - (a) the greater amount of the sum of all payments and transfers into the wallet; or
 - (b) all payments and transfers out of the wallet for the period specified.
- (5) For the purpose of paragraphs (1) and (3), where any limit prescribed by Notice is exceeded, a wallet provider shall —
 - (a) in the case of holding limits;

- (i) deposit the excess amount into a deposit account designated by the wallet holder for such purpose; or
 - (ii) return the excess amount to the wallet holder; and
 - (b) in the case of transactional limits —
 - (i) not carry out the transaction; and
 - (ii) return the excess amount to the wallet holder.
- (6) Notwithstanding any provision of these Regulations, a wallet provider may not issue more than one Basic or Tier I wallet to any person.
- (7) No transaction fees shall be levied on the holders of Tier I and Tier II wallets for funds received into or remitted from such wallets.
- (8) Every wallet provider may charge other fees in connection with other services attached to Tier I and Tier II wallets, provided that the wallet holder subscribes to such services.
- (9) For the avoidance of doubt, the provisions of this regulation, shall not apply with regard to the Bahamian Dollar Digital Currency wallets held by wallet providers.

PART V – OVERSIGHT OF BAHAMIAN DOLLAR DIGITAL CURRENCY

20. Cryptography.

Any person shall not, without first obtaining the consent of the Central Bank, seek to decrypt or decode or otherwise penetrate the security or secrecy of communication of transactions in respect of BDDC or the distributed ledger technology platform generally.

21. Central Bank to promulgate codes, guidelines.

- (1) The Central Bank may, as and in such manner as it considers appropriate, issue and publish such codes, rules, guidelines, policy statements and practice notes for the imposition of rules and standards concerning the imposition of limits or restrictions on wallet balances and transaction values for different categories of wallet holders and otherwise providing guidance and in —
 - (a) furtherance of its regulatory objectives;
 - (b) relation to any matter relating to any of the functions of the Central Bank under any of the provisions of these Regulations; and
 - (c) relation to the operation of any of the provisions of these Regulations.

- (2) Subject to paragraph (3), the Central Bank may, in such manner as it thinks fit, revoke, vary, revise or amend the whole or any part of a code, rule, guideline, policy statement or practice note issued under this Regulation.
- (3) This paragraph shall apply in the same manner to a code, rule, guideline, policy statement or practice note, both before and after its variation, revision or amendment and any reference in these Regulations to such code, guideline, policy statement or practice note however expressed shall, unless the context otherwise requires, be a reference to it as so varied, revised or amended.
- (4) A code, rule, guideline, policy statement or practice note —
 - (a) may be of a general or specific application; and
 - (b) may specify that its different provisions apply to different circumstances or provide for different cases or classes of cases.

22. Power to issue directions.

- (1) The Central Bank may issue written directions of a general or specific nature to any wallet provider in any case where the Central Bank is of the opinion that —
 - (a) it is necessary or expedient for ensuring the integrity or proper management of BDDC and the technology platform;
 - (b) it is necessary or expedient for the effective administration of these Regulations;
 - (c) it is otherwise in the interests of the public;
 - (d) a person is engaged in, or is about to engage in, any unsafe, unsound or unfair practice with respect to BDDC; or
 - (e) a person has contravened or failed to comply with, or is likely to contravene or fail to comply with, the provisions of these Regulations or any codes, rules, guidelines, policy statements and practice notes given under it or any other written law which, in the opinion of the Central Bank, relates to systems or any category of systems.
- (2) Without prejudice to the generality of paragraph (1) —
 - (a) any written direction issued by the Central Bank may relate to —
 - (i) the appropriate actions to be taken by the wallet provider;
 - (ii) the appointment of a person approved by the Central Bank to advise a wallet provider on the proper conduct of its business;

- (iii) the conditions that will apply if any function of a wallet provider is outsourced; and
 - (iv) such other matters as the Central Bank may consider necessary or expedient or in the interests of the public or a section of the public;
 - (b) the Central Bank may by a written direction, specify that a wallet provider shall, within such time frame as the Central Bank considers necessary —
 - (i) cease or refrain from engaging in an act or course of conduct; or
 - (ii) perform such acts as in the opinion of the Central Bank, are necessary in the public interest.
- (3) A person or class of persons to whom the Central Bank issues directions hereunder, shall comply with such directions.
- (4) The person to whom the Central Bank gives a written direction under paragraph (2) shall, within thirty days after implementing the direction and completing any actions required to be taken in connection with it, notify the Central Bank that the direction has been implemented and the action completed.
- (5) Any person who fails to comply with a direction issued by the Central Bank hereunder, commits an offence and shall be liable on summary conviction to a fine not exceeding fifty thousand dollars and, in the case of a continuing offence, to a further fine not exceeding five hundred dollars for each day or part of a day during which the offence continues after conviction.

23. Procedure for issuance of directions.

- (1) The Central Bank shall, prior to issuing a direction under regulation 22, consult the person to whom it is directed, and such interested persons as the Central Bank considers appropriate, with respect to the content and the effect of the direction.
- (2) Every direction issued by the Central Bank under regulation 22 shall be —
 - (a) communicated to the person to whom it is directed and come into operation from the date of its communication;
 - (b) binding on the person to whom it is directed and contain a statement of the penalty prescribed for non-compliance pursuant to regulation 22(5).

24. General oversight authority.

The Central Bank shall have oversight of wallet providers distributing BDDC pursuant to these Regulations, whether provided directly or through agents.

25. Publication of information.

The Central Bank may prepare and publish consolidated statements aggregating any information provided under these Regulations for statistical purposes and other statements that relate to or are derived from any information provided under these Regulations.

26. Authority to perform inspections.

- (1) The Central Bank may, at any reasonable time, enter and inspect the premises and observe the business activities of—
 - (a) an applicant for registration under these Regulations;
 - (b) a wallet provider;
 - (c) an agent appointed by a wallet provider; or
 - (d) an entity to which a licensed wallet provider has outsourced any of its business activities, in order to satisfy itself that the provisions of these Regulations, the relevant anti-money laundering and countering the financing of terrorism laws or any other relevant law is being complied with and that the wallet provider is in a sound financial position.
- (2) The Central Bank may require any person on the premises of a wallet provider to provide an explanation of any document or to state where it may be found or to give such explanation as the Central Bank may reasonably require in the exercise of its functions under these Regulations.
- (3) The Central Bank may appoint an auditor or other party, at the expense of the wallet provider, to conduct an examination pursuant to paragraph (1) and may require the auditor or other party to report to the Central Bank on their findings.
- (4) The Central Bank or a person appointed by the Central Bank pursuant to paragraph (4), may inspect and retain any books, accounts, records, vouchers, documents, cash, access devices, equipment, (or interview staff) or other items as the Central Bank may reasonably, for the purpose of enabling the Central Bank to perform its functions under these Regulations.

PART VI – GENERAL PROVISIONS

27. Offences.

- (1) Any person who fails to comply with the provisions of these Regulations commits an offence and shall be subject to fine and imprisonment or both.
- (2) Notwithstanding paragraph (1), where an offence under these regulations has been committed by a body corporate and the offence is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of an officer, director, manager, partner, or person purporting to act in any such capacity, each such person as well as the body corporate commit the offence and is liable to be proceeded against and punished accordingly.
- (3) For the purposes of this regulation, any person who commits an offence under these Regulations for which no penalty is provided, is liable on summary conviction to a fine not exceeding fifty thousand dollars or imprisonment for a term not exceeding six months or to both.

28. Misrepresentations.

Any person who —

- (a) willfully makes any misrepresentation in any document required to be filed or submitted under these regulations;
- (b) willfully makes any statement or give any information required for the purpose of these regulations which he knows to be materially false or misleading; or
- (c) knowingly fails to disclose any fact or information required to be disclosed for the purposes of these regulations or any relevant regulations,

shall be guilty of an offence and shall be liable on summary conviction to a fine not exceeding two thousand dollars in respect of each instance or imprisonment up to six months.

29. Administrative sanctions.

Notwithstanding any other action which may be taken by the Central Bank for a breach of or failure to comply with any provisions of, or any regulations, rules or guidelines made under these Regulations, the Central Bank may impose an administrative sanction for such breach or failure, which sanction may include

- (a) issuing a public reprimand;
- (b) temporarily suspending a manager;

- (c) removing a director, officer, or other senior manager or general partner of an entity not licensed or registered under the Banks and Trust Companies Regulation Act;
- (d) an order —
 - (i) requiring that a wallet provider complies with a direction issued by the Central Bank;
 - (ii) withdrawing an exemption or waiver;
 - (iii) prohibiting a person from acting as a director, or officer of another entity not licensed or registered under the Banks and Trust Companies Regulation Act;
 - (iv) prohibiting a person from being appointed as an auditor of an entity not licensed or registered under the Banks and Trust Companies Regulation Act;
 - (v) requiring a wallet provider to make changes to its practices and procedures;
 - (vi) for restitution; or
 - (vii) for disgorgement of profits or unjust enrichment;
- (e) appointing a person, at the expense of the wallet provider, to —
 - (i) oversee the affairs of the wallet provider and report to the Central Bank; or
 - (ii) assume control of a wallet provider's affairs who shall, subject to necessary modifications, have all of the powers of a person appointed as a receiver or manager of a business appointed under the law governing bankruptcy or winding up;
- (f) applying to the court for an order to take such action as the Central Bank considers necessary to protect the interest of clients or creditors of a wallet provider;
- (g) with respect to paragraph (1)(d)(vii), requiring a wallet provider to pay an administrative penalty not exceeding twice the amount of such profits or unjust enrichment; or
- (h) cancelling the registration of a wallet provider hereunder.

SCHEDULE

(regulation 11)

AUDITOR'S CERTIFICATE

We, the undersigned auditors (the “auditors”) of **[NAME OF WALLET PROVIDER]**, hereby confirm that in relation to **[NAME OF WALLET PROVIDER]** we have caused to be conducted an audit during the period **[DATE]** that assesses:

- (a) the operational and security risks relating to the wallet services provided by **[NAME OF WALLET PROVIDER]**, and
- (b) the adequacy of the mitigation measures and control mechanisms implemented in response to those risks,

and certify that we have found same to be acceptable for the purposes of regulation 11(5) of the Central Bank of The Bahamas (Digital Currency) Regulations, 2021.

Signed: _____

Date: _____

AUDITORS

Dated this 18th day of August, 2021.

Signed

JOHN ROLLE

Governor

Central Bank of The Bahamas