

# HCS OFFSHORE

## CIMA Amendments to the Virtual Asset (Service Providers) Act

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The Cayman Islands Monetary Authority (the “Authority”) announced that Phase Two of the Virtual Asset Service Providers (VASP) legislative framework would take effect on 1 April 2025.

Phase Two has introduced broader changes for all VASPs, including updated definitions of covered services, enhanced prudential requirements, requirement for a minimum of three directors, non-refundable application and licensing fees, and clarifications on incidental and connected activities.

### What Services Require a Licence?

Licences are now mandatory for:

- **Custody services:** The safekeeping or administration of virtual assets or the tools used to control them.
- **Trading platforms:** Platforms that facilitate virtual asset-to-fiat or virtual asset-to-virtual asset exchanges on behalf of clients and either hold custody or act as intermediaries.

Platforms that only offer peer-to-peer forums without custody or transaction control do not require licensing.

All other virtual asset services still require registration under the VASP Act unless the provider qualifies for a waiver as a supervised person. If a business carries out both licensable and registrable activities, only a license is required.

### Licensing Requirements for Currently Registered VASPs

Registered VASPs currently providing services that now require a licence such as virtual asset custody or trading platform services must apply for a licence within 90 days of the commencement of the 2024 VASP Amendment Act, in line with Section 6(6A) of the VASP Act.

This also applies to pending applications submitted before 1 April 2025 for licensable activities that have not yet been approved.

To complete the application, VASPs must submit:

- The documents listed in Schedule 1A of the 2025 Regulations
- A completed VASP Licensing Transition Checklist (provided by the Authority)

Previously submitted, valid documents do not need to be resubmitted—simply note this in the checklist.

The Authority will contact affected VASPs directly with the checklist and secure submission instructions. Operations may continue during the review period.

Following approval, a licence will be issued and the previous registration cancelled. If an application is declined, a written explanation will be provided.

### **New VASP Licensing Applicants (From 1 April 2025)**

All new applicants seeking to offer custody or trading platform services must now apply for a licence via the REEFS online portal.

Required submissions include:

- Documents listed in Schedule 1A of the 2025 Regulations
- A completed and signed VASP Licensing and Waiver Application Checklist
- The relevant AML/CFT form (linked in REEFS or provided separately by the Authority)
- Any additional documentation as requested by the Authority

For ease of reference, checklists have been created to help ensure complete and accurate submissions.

### **Waivers under the VASP Act**

Entities already licensed or registered by the Authority under other regulatory laws—but not under the VASP Act—maybe eligible for a waiver under Section 16 of the VASP Act.

The Authority may grant a waiver if:

- The virtual asset service does not significantly change the nature of the entity's current regulated activity; and
- Existing regulatory oversight is sufficient to cover the virtual asset service.

To apply, supervised persons must submit a waiver application via the REEFS online platform, including:

- An independent legal opinion clearly supporting the waiver request and confirming that the virtual asset service does not materially alter the regulated business;
- Required documents as listed in the VASP Licensing and Waiver Application Checklist (to be submitted along with the completed and signed checklist).

Entities considering a waiver are encouraged to schedule a meeting with the Authority before applying.

## New Applications

Applicants are strongly encouraged to:

- Meet with the Authority (CIMA) ahead of submitting their application
- Review the Regulatory Policy on VASP registration and licensing
- Understand the applicable Rule and Statement of Guidance for custody and trading platform services:
  - Rule – Virtual Asset Custodians and Virtual Asset Trading Platforms
  - Statement of Guidance – Virtual Asset Custodians and Virtual Asset Trading Platforms

Once submitted, the Authority will issue written notice of either approval or refusal (with reasons where applicable). The process for registration-only applications remains unchanged.

## Fees and Compliance

Applicants must pay two separate fees in line with the 2025 VASP Amendment Regulations:

- An application fee for registration or licensing
- A grant fee upon approval of the registration or licence

Additional fees may apply for local companies as defined under the Local Companies (Control) Act (2025 Revision).

Entities offering virtual asset services in or from the Cayman Islands without proper registration, licensing, or a waiver will be in breach of the VASP Act and may face regulatory action, including penalties and cease-and-desist orders.

To support a smooth transition, CIMA will issue further guidance in the coming months.

For more information, visit the Authority's VASP FAQs page [here](#).

For specific advice on the above matters, please contact us below.

## CONTACT US



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