



**fidinam**

**FinTech White Paper**  
**Guidelines for investors - 2024 Edition**

Switzerland | Hong Kong | Singapore | United Arab Emirates  
Cayman Islands | Republic of Seychelles | British Virgin Islands

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# Introduction

Blockchain-based technologies continue their disruptive journey in the financial services industry. Some jurisdictions more than others are taking the stage as Fintech power houses with transformative initiatives and a particular focus on digital assets.

Technology, favourable regulation and ecosystems attract investors and drive the market to innovative solutions. Regulators are addressing the risks while looking at the potential benefits of digital assets and their underlying technologies. The aim is the protection of consumers, investors and businesses, as well as maintaining the safety and soundness of the financial markets.

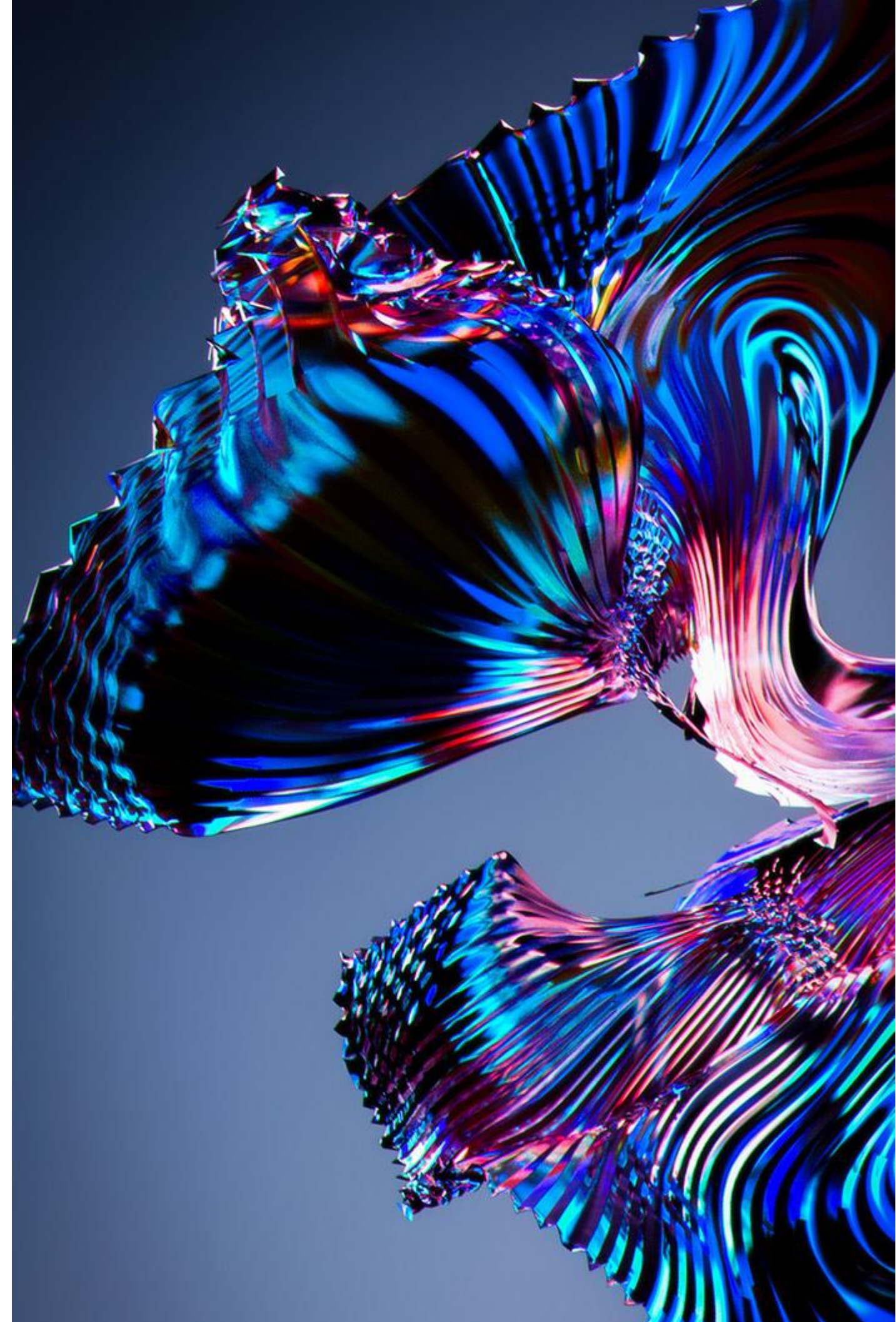
The regulatory framework is evolving rapidly, some jurisdictions have imposed outright bans while others are staunch advocates. Complete restrictions are rare and difficult to enforce, but regulators are struggling to set clear rules to a fast-changing industry.

Monetary and financial authorities around the world are willing to develop consistent compliance and tax frameworks, prevent scams and money laundering schemes, monitor risks and ultimately regulate the industry. Adding to the challenge is the ambiguous nature of digital assets themselves and the lack of standardized definitions.

The purpose of this White Paper is to summarize general guidelines on the most relevant jurisdictions involved in the development of the industry with a particular reference to compliance, taxation, reporting and corporate requirements. The list of countries analyzed include the followings:

- Switzerland;
- Hong Kong S.A.R.;
- Singapore;
- U.A.E.;
- Cayman Islands;
- Republic of Seychelles;
- British Virgin Islands.

In addition, the document includes a section with the definition of the most common terminology used in the FinTech industry by business players and regulators.





# List of definitions

**Blockchain** is a distributed database or ledger that is shared among the nodes of a computer network. As a database, a blockchain stores information electronically in digital format. Blockchains are best known for their crucial role in cryptocurrency systems, such as Bitcoin, for maintaining a secure and decentralized record of transactions. The goal of blockchain is to allow digital information to be recorded and distributed, but not edited. In this way, a blockchain is the foundation for immutable ledgers, or records of transactions that cannot be altered, deleted, or destroyed. This is why blockchains are also known as a distributed ledger technology (DLT).

**CeFi - Centralized Finance** when money is held by banks and third parties who facilitate money movement between parties, with each charging fees for using their services.

**Crypto-assets** are sometimes referred to as virtual assets. There's no universal definition for crypto-assets which have a wide range of variation in terms of structure, nature and usage.

**Cryptocurrency** is a decentralized medium of exchange or store of value designed to enable online transactions without the need for a trusted third-party intermediary. Instead, it uses cryptography to secure and verify transactions, as well as to control the creation of new units of a particular digital currency. Bitcoin is the most popular cryptocurrency, which has virtual tokens or coins that can be used to trade or make purchases.

**Custodial wallet providers** hold on to the private key, so it is responsible for safeguarding a user's funds.

**DeFi - Decentralized Finance** is a financial system enabled by public blockchains. Instead of relying on centralized intermediaries like banks, stock exchanges, or brokers, DeFi services use smart contracts—self-executing software of encoded rule sets that network participants can inspect and audit for authenticity—to record transactions and transfer funds.

**Digital assets** can be defined as anything that exists in a digital format. The phrase 'digital assets' has historically referred to media formats that were traditionally physical items, such as photos, videos, and documents, that began to being created, stored, and shared in a digital environment. However, since the emergence of blockchain technology, the term 'digital assets' has expanded to include investable asset types such as cryptocurrencies, NFTs, asset-backed tokens, and tokenized real estate. As these new blockchain-backed digital assets have become more widely adopted, the definition of the phrase has shifted to being primarily focused on assets that are backed by a distributed ledger, rather than digital media files. The terms virtual assets and digital assets are sometimes used interchangeably, but digital assets are a much broader category that includes virtual assets and other types of assets. All virtual assets are digital assets, but not all digital assets are virtual assets.

**Digital currencies** are a form of currency that is available only in digital or electronic form. It is also called digital money, electronic money, electronic currency, or cybercash. Typical digital currencies do not require intermediaries and are often the cheapest method for trading currencies. They can be regulated or unregulated currency. All cryptocurrencies are digital currencies, but not all digital currencies are cryptocurrencies.

**Digital Token** refers to any cryptographically-secured digital representation of value that can be transferred, stored or traded electronically.

**FinTech (Financial Technology)** is the technology-enabled innovation in financial services. It is commonly considered to cover the application of artificial intelligence, blockchain, cloud computing, and big data in areas such as payments, clearing and settlement, deposits, lending and capital raising, insurance, investment management, and market support.

**Metaverse** is a network of 3D digital spaces that combine aspects of social media, online gaming, augmented reality (AR), virtual reality (VR), and cryptocurrency to enable users to interact and transact in a rich virtual environment. You can experience the metaverse via a computer, virtual reality (VR) headset, or smartphone.

**Mining** is the process by which new cryptocurrency tokens or coins are generated. Digital currency miners use computers to solve cryptographic problems and receive a reward in the form of cryptocurrency.

**Non-custodian wallet providers** retain the full control of the private key to its users to gain access to their crypto assets and sole responsibility for protecting their holdings.

**Non-fungible tokens (NFTs)** are special tokens that represent unique, collectible items. They can represent digital media or real-world, tangible items like artwork and real estate, which makes buying, selling, and trading them more efficient. NFTs can also represent things like identities, property rights, or even a bundle of rights – all encoded into digital contracts or attestations.

**Regulatory Sandbox** is a controlled, time-bound, live testing environment, which may feature regulatory waivers at regulators' discretion. The testing environment may involve limits or parameters within which firms must operate.

**RegTech (Regulatory Technology)** is a class of software applications for managing regulatory compliance. Companies invest in RegTech as a way to save time and money, allowing resources that were once devoted to regulatory compliance to be diverted elsewhere, once RegTech takes over those functionalities.

**Sandbox** is a commonly used term in the field of software development. A sandbox refers to an isolated—but fully functional—testing environment where software, applications (apps), and programs can be tested. If a programmer writes a new piece of code, they may use a sandbox to test it.

**Tokenization** is the process of converting any rights or assets into a digital token that can then be used, owned and transferred by the holder through a blockchain, without the need for a third-party intermediary. These tokens can represent tangible assets like gold, real estate, and art, or intangible assets like voting rights, ownership rights, or content licensing.

**Virtual asset** is a digital representation of value that can be digitally traded, or transferred, and can be used for payment or investment purposes. Virtual assets do not include digital representations of fiat currencies and securities.

**Virtual currencies** are unregulated digital currencies controlled by developers or a founding organization consisting of various stakeholders involved in the process. Virtual currencies can also be algorithmically controlled by a defined network protocol. An example of a virtual currency is a gaming network token whose economics is defined and controlled by developers.

**Web3** refers to a decentralized, blockchain-based online ecosystem. Platforms and apps built on Web3 aren't owned or governed by a central authority, rather they are owned by network participants, who earn their ownership stake by helping to develop and maintain those services.





# Regulatory Framework

	SWITZERLAND	HONG KONG	SINGAPORE	UNITED ARAB EMIRATES	CAYMAN ISLANDS	REPUBLIC OF SEYCHELLES	BRITISH VIRGIN ISLANDS
<b>Regulatory Authority</b>	Swiss Financial Market Supervisory Authority (FINMA)	Securities and Futures Commission (SFC)	The Monetary Authority of Singapore (MAS)	Dubai Virtual Assets Regulatory Authority (VARA)  Dubai Financial Services Authority (DFSA)  Securities and Commodities Authority (SCA)  Financial Services Regulatory Authority (FSRA)	Cayman Islands Monetary Authority (CIMA)	Financial Services Authority (FSA)	Financial Services Commission (FSC)
<b>Digital Assets and Digital Assets Service Providers Regulatory Framework and Licensing</b>	<p>There is no specific regulatory framework for digital assets. However, financial intermediaries are regulated by FINMA.</p> <p>If you intend entering the financial market, the financial services you wish to provide may require FINMA authorisation. Individuals and legal entities must apply to FINMA to obtain authorisation for certain activities and, in some cases, for specific products.</p> <p>The most common type of authorisation granted by FINMA is a licence to engage in a given financial-market activity.<sup>1</sup></p> <p>You may need to have the following licenses to be able to operate:</p> <ul style="list-style-type: none"> <li>FinTech License – If you accept client deposits up</li> </ul>	<p>Most crypto/virtual assets are already covered by existing regulations including the Securities and Futures Ordinance (SFO), the Payment Services and Stored Value Facility Ordinance (Payment Systems and SVF Ordinance) and the Banking Ordinance.</p> <p>Depending on the nature of the proposed activity, it is possible that one or more licensing/registration requirements may be applicable. A detailed analysis is required to determine whether and how an activity may be regulated.</p> <p>Under the SFO and the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) (AMLO), centralized virtual asset trading platforms carrying on their</p>	<p>Crypto / virtual assets that are digital payment tokens (DPT) or facilitating the exchange of DPT, or transmission of DPTs between accounts, or provision of custodial services for DPT<sup>7</sup>, are regulated under the Payment Services Act 2019 ("PS Act"). It is the expectation that DPT service providers should not engage in marketing or advertising of DPT services to the public in Singapore.</p> <p>Crypto/virtual assets that are securities tokens (i.e., constitute a capital markets product) are regulated under the Securities and Futures Act (SFA).</p> <p>The licensing/approval requirements depend on the type of crypto/virtual asset and the nature of the business being carried out.</p>	<p>The Emirate of Dubai enacted Law No. 4 of 2022 on the Regulation of Virtual Assets (VAL). This excludes activities related to virtual assets in the Dubai International Finance Centre (DIFC) from its scope of application.</p> <p>The DIFC has its own regulatory framework for virtual assets under the jurisdiction of the DFSA. DIFC has enacted its own Digital Assets Law No. 2 of 2024 on 1 Mar 2024 to provide and clarify legal principles applicable to Digital Assets.<sup>8</sup></p> <p>The UAE SCA issued its regulation in 2020, which seeks to provide clarity as to how crypto and other digital assets may be used as a stored value when purchasing various goods and services. In 14 Apr 2023, UAE SCA issued a</p>	<p>Virtual Assets (Service Providers) Act (the "VASP Act") provides a registration and licensing regime for any person carrying on a "virtual asset service" in the course of business using a Cayman Islands entity or otherwise from within the Cayman Islands.</p> <p>A "virtual asset service" means the issuance of virtual assets or the business of providing one or more of the following services or operations for or on behalf of a natural or legal person or legal arrangement:</p> <ol style="list-style-type: none"> <li>exchange between virtual assets and fiat currencies;</li> <li>exchange between one or more other forms of convertible virtual assets;</li> </ol>	<p>A draft of the proposed Virtual Asset Service Providers Bill of 2023 has been circulated by the Ministry of Finance, for consultation purposes. The proposed bill is intended for licensing and regulating of virtual asset service providers in Seychelles.</p> <p>Once said bill is passed, licence shall be required for the following:</p> <ul style="list-style-type: none"> <li>VA Wallet Providers,</li> <li>VA exchanges,</li> <li>VA Broking,</li> <li>VA Payment Providers and</li> <li>VA Investment Providers operating in or from Seychelles.<sup>10</sup></li> </ul> <p>For Initial Coin Offering (ICO), digital assets permitted to be traded online with a Seychelles resident may bring this activity within the regulatory sphere of the</p>	<p>FSC has expanded its remit to include the supervision of Virtual Assets Service Providers (VASPs) through the passage of the Virtual Assets Service Providers Act, 2022.</p> <p>Following activities or operations for or on behalf of another person qualify or treated as VASP:</p> <ol style="list-style-type: none"> <li>exchange between virtual assets and fiat currencies;</li> <li>exchange between one or more forms of virtual assets;</li> <li>transfer of virtual assets, where the transfer relates to conducting a transaction on behalf of another person that moves a virtual asset from one virtual asset</li> </ol>

<sup>1</sup> <https://www.finma.ch/en/authorisation/fintech/>

<sup>7</sup> <https://www.mas.gov.sg/news/media-releases/2024/mas-expands-scope-of-regulated-payment-services>

<sup>8</sup> DIFC Announces Enactment of New Digital Assets Law, New Law of Security and Related Amendments to Select Legislation

<sup>10</sup> <https://fsaseychelles.sc/media-corner/white-papers-and-industry-comments/white-papers/virtual-asset-service-provider-draft-bill-for-consultation-2/viewdocument/729>

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	<p>to a maximum of CHF 100 million or take collective custody of crypto-based assets, and such deposits are not invested and neither is interest paid on them.</p> <ul style="list-style-type: none"> <li>License as a DLT Trading facility – if you operate a facility for DLT securities trading.</li> <li>Initial Coin Offering (ICO) – assessment of authorisation enquiries with regards to ICO involves analysing specific and isolated facts under financial market law. The analysis by FINMA is normally subject to a fee.<sup>2</sup></li> </ul> <p>According to the FINMA guidelines published on Published 16 February 2018<sup>3</sup>, financial intermediaries, which include below, are subject to the Swiss Act on Anti-Money Laundering (AMLA):</p> <ul style="list-style-type: none"> <li>issuing of payment tokens (synonymous with cryptocurrencies)</li> <li>exchange of a cryptocurrency for fiat money or a different cryptocurrency</li> <li>offering of services to transfer payment tokens if the service provider maintains the private key (custody wallet provider)</li> </ul>	<p>businesses in Hong Kong, or actively marketing their services to Hong Kong investors, are required to be licensed and regulated by the SFC.<sup>5</sup></p> <p>Furthermore, the SFC also regulates the following virtual asset-related SFC-licensed or registered intermediaries:</p> <ul style="list-style-type: none"> <li>Virtual asset fund managers - through the imposition of terms and conditions (Virtual Asset Fund Managers ("VAFM") Terms and Conditions) on their licences, addressing the specific risks posed by virtual assets.</li> <li>Intermediaries dealing in or advising on virtual assets - intermediaries may only partner with SFC-licensed virtual asset trading platforms for the provision of virtual asset dealing services, whether by way of introducing clients to the platforms for direct trading or establishing an omnibus account with the platforms.</li> <li>Intermediaries distributing virtual asset-related products<sup>6</sup> - all existing requirements</li> </ul>	<p>Licensing as a payment service provider under the PS Act may be required where the PS Act applies.</p> <p>Where the SFA applies, a capital markets service license or approval as an approved exchange or recognized market operator may be required.</p>	<p>Board Resolution no. (26/Chairman) of 2023 regarding the Regulation of Virtual Assets Platform Operators. This Resolution prohibits the trading of virtual assets in the UAE unless they are admitted to the official list of virtual assets of the virtual asset platform operators licensed by the SCA and/or the competent authority.<sup>9</sup></p> <p>FSRA of Abu Dhabi Global Market (ADGM) has become the first regulator in the UAE to issue comprehensive guidance and regulations on carrying out activities relating to cryptocurrencies. The FSRA regulates Initial Coin/Token Offerings and Digital Assets (under its Financial Services and Market Regulations).</p>	<ul style="list-style-type: none"> <li>c) transfer of virtual assets;</li> <li>d) virtual asset custody service; or</li> <li>e) participation in, and provision of, financial services related to a virtual asset issuance or the sale of a virtual asset.</li> </ul> <p>Cryptocurrency and other digital asset businesses that are not within the above categories may still be subject to regulation in the Cayman Islands.</p>	<p>Securities Act, the legislation which governs securities and investment products in Seychelles.</p> <p>All entities (including the crypto-related businesses) are subject to the Anti Money Laundering and Countering the Financing of Terrorism Act, 2020 (AML Act) which sets the reporting requirements for the companies to prevent, detect, and combat money laundering and terrorist financing.</p>	<p>address or account to another;</p> <ul style="list-style-type: none"> <li>d) safekeeping or administration of virtual assets or instruments enabling control over virtual assets;</li> <li>e) participation in, and provision of, financial services related to an issuer's offer or sale of a virtual asset.<sup>11</sup></li> </ul>

<sup>2</sup> <https://www.finma.ch/en/authorisation/fintech/unterstellungsanfragen-und-icos/>

<sup>3</sup> <https://www.finma.ch/en/~media/finma/dokumente/dokumentencenter/myfinma/1bewilligung/fintech/wegleitung-ico.pdf?la=en>

<sup>5</sup> <https://www.sfc.hk/en/Welcome-to-the-Fintech-Contact-Point/Virtual-assets/Virtual-asset-trading-platforms-operators>

<sup>6</sup> <https://www.sfc.hk/en/Welcome-to-the-Fintech-Contact-Point/Virtual-assets/Other-virtual-asset-related-activities>

<sup>9</sup> <https://www.sca.gov.ae/assets/e2284abc/26-2023-e.aspx>

<sup>11</sup> [https://www.bvifsc.vg/sites/default/files/virtual\\_assets\\_service\\_providers\\_act\\_2022.pdf](https://www.bvifsc.vg/sites/default/files/virtual_assets_service_providers_act_2022.pdf)

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	<p>However, decentralized trading platforms (a.k.a. decentralized exchange or DEX) are only subject to the AMLA if they have the possibility of intervening in the transactions of their users (e.g., blocking a transaction).</p> <p>Non-custodian wallet providers and miners are not subject to the AMLA.</p> <p>According to the AMLA, financial intermediaries have a duty to join a self-regulating organization (SRO) recognized by FINMA<sup>4</sup>. The SROs specify the due diligence obligations under AMLA regulations and carry out inspections to ensure that the member financial intermediaries comply with their obligations.</p>	governing the sale of investment products, including the complex product regime, apply to the distribution of virtual asset-related products.					
<b>Other Relevant Regulations / Guidelines</b>	<p>No specific crypto-related laws or regulations exist, however, follows the following legislations related to AML:</p> <ul style="list-style-type: none"> <li>▪ AMLA</li> <li>▪ FINMA-AML-Ordinance</li> </ul> <p>Depending on the structure (e.g. investment funds, securities, etc) of the asset, the company and its business model may be</p>	<p>Crypto assets that qualify as securities or crypto asset products that constitute other types of financial products and services are subject to all rules typically applicable to securities and financial products, as relevant.</p> <p>Licensed crypto or virtual asset service providers are required to comply with the AMLO or the industry-specific requirements that are determined by the</p>	<p>Relevant AML regulations are set out in the following:</p> <ul style="list-style-type: none"> <li>▪ MAS Notice PSN01 ("PSN01"), which applies to payment service providers that provide, among other things, account issuance services, domestic money transfer services or cross-border money transfer services</li> <li>▪ MAS Notice PSN02 ("PSN02"), which</li> </ul>	<p>VARA:</p> <ul style="list-style-type: none"> <li>▪ Virtual Assets and Related Activities Regulations 2023<sup>15</sup></li> <li>▪ Marketing Regulations<sup>16</sup></li> <li>▪ Cabinet Decision No. 111/2022 on the Regulation of Virtual Assets and Their Service Providers<sup>17</sup></li> <li>▪ Cabinet Decision No. 112/2022 on Delegating Certain Competencies related</li> </ul>	<p>Laws cryptocurrencies may fall into, based on its activities:</p> <ul style="list-style-type: none"> <li>▪ Mutual Funds Act; Mutual Funds (Amendment) Act 2020 (MFA)</li> <li>▪ Private Funds Act (as Revised) (PFA)</li> <li>▪ Virtual Asset (Service Providers) Act (as Revised) (VASP Act)</li> <li>▪ Securities Investment Business Law (SIBL)</li> </ul>	<ul style="list-style-type: none"> <li>▪ Anti-Money Laundering and Countering the Financing of Terrorism Act, 2020 (AML Act). A proposed revision of the AML Act is on its way regarding the AML/CFT obligations of virtual asset service providers.<sup>25</sup></li> <li>▪ Securities Act, 2007 (Securities Act)</li> </ul>	<p>Laws where crypto currency may fall into based on its activities:</p> <ul style="list-style-type: none"> <li>▪ Financial Services Commission Act, 2001</li> <li>▪ The Banks and Trust Companies Act, 1990 (BTCA) as amended;</li> <li>▪ The Financing and Money Services Act, 2009 (FMSA) as amended;</li> <li>▪ The Securities and Investment Business Act, 2010 (SIBA);</li> </ul>

<sup>4</sup> <https://www.finma.ch/en/authorisation/self-regulatory-organisations-sros/>

<sup>15</sup> <https://rulebooks.vara.ae/rulebook/virtual-assets-and-related-activities-regulations-2023>

<sup>16</sup> <https://rulebooks.vara.ae/rulebook/marketing-regulations-0>

<sup>17</sup> <https://rulebooks.vara.ae/rulebook/cabinet-decision-no-1112022-regulation-virtual-assets-and-their-service-providers>

<sup>25</sup> <https://fsaseychelles.sc/media-corner/white-papers-and-industry-comments/white-papers/proposed-revision-of-aml-cft-act-for-consultation-vasp/viewdocument/724>



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	<p>subject under the following rules and regulations:</p> <ul style="list-style-type: none"> <li>Banking Act/Ordinance (in the case of commercial acceptance of public contributions)</li> <li>Financial Market Infrastructure Act/Ordinance (FMIA) (qualification as securities, licensing requirement for trading systems, reporting requirements for derivatives, trading regulations)</li> <li>Financial Institutions Act (authorization requirements as securities dealer)</li> <li>Financial Services Act/Ordinance (obligation to issue prospectus for publicly offered securities, conduct rules)</li> <li>Collective Investment Schemes Act (licensing requirement for investment funds)</li> <li>Stock Exchange Ordinance (SESTO)<sup>12</sup></li> <li>Federal Law to Developments in Distributed Ledger Technology (the DLT Act)</li> </ul>	<p>relevant regulator.</p> <p>Existing regulations include the:</p> <ul style="list-style-type: none"> <li>Securities and Futures Ordinance (SFO),</li> <li>the Payment Services and Stored Value Facility Ordinance (Payment Systems and SVF Ordinance) and the Banking Ordinance.</li> <li>Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO)</li> </ul>	<p>applies to payment service providers that provide digital payment token (DPT) services.</p> <ul style="list-style-type: none"> <li>MAS Notice SFA04-N02, which applies to the securities tokens (i.e., constitute a capital markets product).</li> <li>MAS Guidelines on Consumer Protection Measures by DPT Service Providers [PS-G03]<sup>13</sup></li> <li>Guidelines to Notice PSN02 on Prevention of Money Laundering and Countering the Financing of Terrorism - Digital Payment Token Service<sup>14</sup></li> </ul> <p>MAS also published on May 2020 a Guide to Digital Token Offerings which details the regulations surrounding digital tokens and their applicability to securities, collective investments, derivative contracts and the determination of whether a token is a type of capital market product.</p>	<p>to the Regulation of Virtual Assets<sup>18</sup></p> <p>The UAE Securities and Commodities Authority ("SCA") is tasked with monitoring and regulating the UAE's financial markets.</p> <p>SCA:</p> <ul style="list-style-type: none"> <li>Decision No. 23 of 2020 Concerning Crypto Assets Activities Regulation (the SCA Virtual Asset Regulation), which regulates the offering, issuing, listing and trading of Crypto Assets in the State and related Financial Activities</li> <li>Cabinet Resolution No. 36 of 2022 issued on 11 April 2022 concerning Regulated Activity of the Crowdfunding Platform Operator' (the Crowdfunding Regulations).</li> <li>Guidelines for Financial Institutions adopting Enabling Technologies.<sup>19</sup></li> </ul> <p>ADGM:</p> <ul style="list-style-type: none"> <li>the Financial Services and Markets Regulations (FSMR);</li> <li>Guidance on Regulation of Digital</li> </ul>	<p>Apart from the specific regulation mentioned above, following are the relevant legislations:</p> <ul style="list-style-type: none"> <li>Anti-Money Laundering Regulations (as Revised)</li> <li>CIMA's Guidance Notes (Amendment) (No. 5)</li> <li>Rules and Regulations relating to AML, Combating Terrorist Financing (CTF), proliferation financing (PF) and targeted financial sanctions (TSF)</li> <li>AML Travel Rules</li> <li>The Cayman Islands Data Protection Act (as Revised) (DPA)</li> <li>Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS)</li> <li>Money Services Act</li> </ul>		<ul style="list-style-type: none"> <li>The Financing and Money Services Act, 2009 (FMSA)</li> </ul> <p>Apart from the specific regulation mentioned above, the following are the relevant legislations or guidance:</p> <ul style="list-style-type: none"> <li>Regulatory Code (as amended)</li> <li>BVI AML Law including AML/TF Code of Practice</li> <li>Proceeds of Criminal Conduct Act</li> <li>Economic Substance</li> <li>Beneficial Ownership Secure Search System Act 2017 (the BOSS Act)</li> <li>Foreign Account Tax Compliance Act (FATCA) and the Common Reporting Standard (CRS)</li> <li>Data Protection Act, 2021 (DPA)</li> <li>Electronic Transaction Act, 2019</li> <li>Guidance on Regulation of Virtual Assets in the BVI<sup>26</sup></li> </ul>

<sup>12</sup> <https://www.jbs.cam.ac.uk/wp-content/uploads/2020/08/2019-04-ccaf-global-cryptoasset-regulatory-landscape-study.pdf>

<sup>13</sup> [https://www.mas.gov.sg/-/media/mas-media-library/regulation/guidelines/ps0/ps-g03-guidelines-on-consumer-protection-measures-by-digital-payment-token-service-providers/ps-g03\\_guidelines-on-consumer-protection-safeguards-by-dpt-service-providers\\_vf.pdf](https://www.mas.gov.sg/-/media/mas-media-library/regulation/guidelines/ps0/ps-g03-guidelines-on-consumer-protection-measures-by-digital-payment-token-service-providers/ps-g03_guidelines-on-consumer-protection-safeguards-by-dpt-service-providers_vf.pdf)

<sup>14</sup> <https://www.mas.gov.sg/-/media/mas-media-library/regulation/guidelines/amld/guidelines-to-notice-psn02-on-aml-and-cft---dpt/guidelines-to-psn02-dated-2-april-2024.pdf>

<sup>18</sup> <https://rulebooks.vara.ae/rulebook/cabinet-decision-no-1122022-delegating-certain-competencies-related-regulation-virtual>

<sup>19</sup> <https://www.sca.gov.ae/assets/747a7cdf/guidelines-for-financial-institutions-adopting-enabling-technologies-2021.aspx>

<sup>26</sup> [https://www.bvifsc.vg/sites/default/files/guidance\\_on\\_regulation\\_of\\_virtual\\_assets\\_in\\_the\\_virgin\\_islands\\_bvi\\_final.pdf](https://www.bvifsc.vg/sites/default/files/guidance_on_regulation_of_virtual_assets_in_the_virgin_islands_bvi_final.pdf)

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				<p>Securities Activities in ADGM;</p> <ul style="list-style-type: none"> <li>▪ Guidance on Regulation of Digital Security Offerings and Virtual Assets under the FSMR; and</li> <li>▪ Guidance on Regulation of Virtual Asset Activities in ADGM</li> </ul> <p>DIFC:</p> <ul style="list-style-type: none"> <li>▪ the Regulatory Law 2004 (as amended)<sup>20</sup>;</li> <li>▪ the Law Regulating Islamic Financial Business 2004 (as amended)<sup>21</sup>;</li> <li>▪ the Investment Trust Law 2006 (as amended)<sup>22</sup>;</li> <li>▪ the Collective Investment Law 2010 (as amended)<sup>23</sup>;</li> <li>▪ the Markets Law 2012 (as amended)<sup>24</sup></li> </ul>			

<sup>20</sup> [https://dfsaen.thomsonreuters.com/sites/default/files/net\\_file\\_store/DFSA1547\\_7446\\_VER290.pdf](https://dfsaen.thomsonreuters.com/sites/default/files/net_file_store/DFSA1547_7446_VER290.pdf)

<sup>21</sup> [https://dfsaen.thomsonreuters.com/sites/default/files/net\\_file\\_store/DFSA1547\\_7726\\_VER50.pdf](https://dfsaen.thomsonreuters.com/sites/default/files/net_file_store/DFSA1547_7726_VER50.pdf)

<sup>22</sup> [https://dfsaen.thomsonreuters.com/sites/default/files/net\\_file\\_store/DFSA1547\\_9630\\_VER50.pdf](https://dfsaen.thomsonreuters.com/sites/default/files/net_file_store/DFSA1547_9630_VER50.pdf)

<sup>23</sup> [https://dfsaen.thomsonreuters.com/sites/default/files/net\\_file\\_store/DFSA1547\\_14077\\_VER80.pdf](https://dfsaen.thomsonreuters.com/sites/default/files/net_file_store/DFSA1547_14077_VER80.pdf)

<sup>24</sup> [https://dfsaen.thomsonreuters.com/sites/default/files/net\\_file\\_store/DFSA1547\\_15937\\_VER70.pdf](https://dfsaen.thomsonreuters.com/sites/default/files/net_file_store/DFSA1547_15937_VER70.pdf)



# Regulatory Sandbox

	SWITZERLAND	HONG KONG	SINGAPORE	UNITED ARAB EMIRATES	CAYMAN ISLANDS	REPUBLIC OF SEYCHELLES	BRITISH VIRGIN ISLANDS
<b>Regulatory Framework</b>	<p>Under the Sandbox, the company can accept customer money, sell financial services, issue bank cards, and can carry out many other activities even before obtaining authorization from FINMA.</p> <p>FinTech companies that meet the following requirements qualify to get into the Sandbox:</p> <ul style="list-style-type: none"> <li>The total amount of assets received from clients (regardless of number) does not exceed CHF1 million (approx. USD1 million)</li> <li>The received funds are not invested, and interest is not paid.</li> </ul> <p>Depositors must be informed in advance that the company is not supervised by FINMA and their deposit is not protected under the Swiss depositor protection regime.</p> <p>There is no specific limit in time in terms of duration of the Sandbox.</p>	<p>The SFC Regulatory Sandbox has been established to provide a confined regulatory environment for qualified companies to operate regulated activities under SFO before FinTech is used on a fuller scale. SFC may impose licensing conditions on qualified firms, which may include limiting the types of clients that the firm may service, limiting the scope of business in regulated activities, etc.</p> <p>The SFC, the Hong Kong Monetary Authority (HKMA) and the Insurance Authority (IA) have launched their respective Sandboxes. If a company intends to conduct a pilot trial of a cross-sector FinTech product, it may apply to seek access to the Sandbox it considers most relevant. The regulator will act as the primary point of contact and assist in liaising with the other regulators for the firm to access the Sandboxes concurrently.</p> <p>There is no specific limit in time in terms of duration of the Sandbox.</p>	<p>The MAS FinTech Regulatory Sandbox framework, including Regulatory Sandbox (2016), Sandbox Express (2019), and Sandbox Plus (2022).</p> <p>The MAS has implemented a regulatory Sandbox to provide financial institutions and start-ups with a conducive regulatory environment for technological innovation.</p> <p>The Sandbox for each participant would have specified boundaries and duration. Depending on the proposed financial service, the applicant involved and the application made, MAS will determine the specific legal and regulatory requirements that it is prepared to relax for each case.</p> <p>Singapore is offering 3 Sandbox options:</p> <ol style="list-style-type: none"> <li>Sandbox – for more complex business models where customization is required to balance the risks and benefits. Based on the existing List of Sandbox experiments, the Sandbox duration provided is between 9 to 12 months.</li> <li>Sandbox Express – Fast-track approvals for activities where the risks are low and well</li> </ol>	<p>There are various regulatory Sandboxes in the UAE. Two well-known Sandboxes are as follows:</p> <ul style="list-style-type: none"> <li>ADGM RegLab – The first RegLab in the region. It provides a controlled environment for FinTech participants and is designed to foster innovation within the UAE financial services market for both new market entrants and existing financial institutions. To qualify, FinTech participants must demonstrate an innovative technological solution at a stage of development, ready for testing. The solution should also contribute to the development of the financial sector in the UAE.</li> </ul> <p>Sandbox duration is two years.</p> <ul style="list-style-type: none"> <li>DFSA Innovation Testing Licence (ITL) Programme – this provides a controlled environment for ITL holders to test new and innovative financial products, services and business models. Its objectives include providing a gateway to innovate the market participants and enhancing supervisory</li> </ul>	<p>Sandbox: The Virtual Asset (Service Providers) Law 2020 ("VASP Law") introduces the concept of a Sandbox licence that provides CIMA with the flexibility to regulate businesses that utilize innovative technologies or are engaged in activities that have the potential to benefit the financial services industry in the Cayman Islands.</p> <p>A Sandbox licence that will be issued by CIMA is a temporary licence granted for a period of up to one year.</p> <p>This framework however was recently introduced and therefore not yet fully established.</p>	<p>The "Financial Services Authority (Regulatory Sandbox Exemption) Regulations, 2019" (Regulations) introduced the Regulatory Sandbox (Sandbox), which allows for small-scale testing of innovative eligible financial services or products within a regulated environment with defined conditions and restrictions, and may obtain exemptions from licensing, disclosure and reporting requirements under the Securities Act. FSA however is currently carrying out a Risk Assessment on the Regulatory Sandbox. At the end of the assessment, clear guidelines and requirements for the application for the Regulatory Sandbox will be provided.</p> <p>Sandbox duration varies and can be up to a maximum period of 24 months.</p>	<p>In June 2020, enactment of the "Financial Services (Regulatory Sandbox) Regulations, 2020" created a mechanism established within the Financial Services Commission (FSC) to enable the processing and acceptance of participants into a Regulatory Sandbox.</p> <p>Participants testing an innovative financial services product or service within the Regulatory Sandbox do not have to comply with the provisions of any regulatory legislation listed in Part 1 of Schedule 2 of the Financial Services Commission Act, 2001 except for the Proceeds of Criminal Conduct Act, 1997 and its subsidiary legislation.</p> <p>Sandbox participants must also comply with the requirements of the Regulations and any guidelines the FSC issues in relation to the Regulations.</p> <p>Sandbox duration is 18 months with a possibility to be extended up to 6 more months in exceptional circumstances.</p>

	SWITZERLAND	HONG KONG	SINGAPORE	UNITED ARAB EMIRATES	CAYMAN ISLANDS	REPUBLIC OF SEYCHELLES	BRITISH VIRGIN ISLANDS
			<p>understood by the market. Based on the existing List of Sandbox Express experiments, the sandbox duration provided is around 9 months.</p> <p>3. Sandbox Plus – One-stop assistance in areas of regulatory support and financial grant. Available since 1 January 2022. As of this writing, there's no existing List of Sandbox Plus experiments and Sandbox duration is not explicitly defined.</p>	<p>understanding.</p> <p>Sandbox duration is between 6 and 12 months.</p> <p>VARA (the sole authority regulating virtual assets across Dubai's free zones and mainland, except within the jurisdiction of DFSA) has established a MetaHQ on the Sandbox metaverse platform. This will service as:</p> <ul style="list-style-type: none"> <li>○ a channel to initiate applications for virtual asset platforms, Virtual Asset Service Providers (VASPs) and all other matters related to virtual assets,</li> <li>○ enable younger licensees to enter the metaverse,</li> <li>○ openly share knowledge and experiences with consumers and peer regulators to raise awareness,</li> <li>○ enable safe adoption,</li> <li>○ facilitate collaborative engagement between global VASPs, industry thought leaders, and international regulatory authorities.</li> </ul>			



# Overview of common corporate structures

The following summary shows the general requirements of the most common entities that are used in FinTech-related investments as per our experience. Additional requirements may apply depending on the intended activities. This information is for illustration purposes only and does not mean to be exhaustive.

	SWITZERLAND	HONG KONG	SINGAPORE	UNITED ARAB EMIRATES	CAYMAN ISLANDS	REPUBLIC OF SEYCHELLES	BRITISH VIRGIN ISLANDS
<b>Common types of entities used to register the company</b>	Joint Stock Company	Private Limited Company	Private Limited Company	Limited Company	Limited Liability Company	International Business Company	International Business Company
<b>Registered Agent / Corporate Secretary</b>	It is not a required procedure to appoint a company secretary.	The company must have a Company Secretary in Hong Kong.	The company must have a Corporate Secretary in Singapore for all the company secretarial/filing matters.	The company must have a Corporate Secretary in Dubai.	The company must have a Registered Agent in Cayman for all the company secretarial/filing matters.	The company must have a Registered Agent in Seychelles for all the company secretarial/filing matters.	The company must have a Registered Agent in BVI for all the company secretarial/filing matters.
<b>Registered Office</b>	The registered office must be a physical address in Switzerland.	The registered office must be a physical address in Hong Kong.	The registered office must be a physical address in Singapore.	The registered office must be a physical address in Dubai. (Either a physical office or flex-desk type office)	The registered office must be a physical address in Cayman.	The registered office must be a physical address in Seychelles.	The registered office must be a physical address in BVI.
<b>Directors</b>	Minimum of 1 Director, can be of any nationality but need to be resident in Switzerland.	Minimum of 1 individual Director, can be of any nationality and does not need to be resident in Hong Kong. However, for an SFC-licensed company, at least 1 director needs to be an executive director resident in Hong Kong.  For a licensed company, it is required to obtain the prior approval of the SFC for the appointment of directors and must meet fit and proper criteria.	A minimum of 1 Director can be of any nationality but need to be resident in Singapore.  For a capital market service (CMS) licensed company, a minimum of 2 directors, and at least 1 must be resident in Singapore. It is required to obtain the prior approval of the MAS for the appointment of directors and must meet fit and proper criteria.	Minimum of 1 Director, can be of any nationality and does not need to be resident in Dubai.	Minimum of 1 Director, can be of any nationality and does not need to be resident in Cayman.	Minimum of 1 Director, can be of any nationality and does not need to be resident in Seychelles.	Minimum of 1 Director, can be of any nationality and does not need to be resident in BVI.
<b>Managers / Responsible Officer</b>	Minimum of 1 Manager, can be of any nationality but need to be resident in Switzerland.	For an SFC-licensed company, at least 2 Responsible Officers are required per each regulated activity.	For CMS company, it is required to have a CEO who is resident in Singapore and minimum of 2 full-time Singapore-based representatives for each regulated activity.	For a Freezone company, minimum of 1 Manager, can be of any nationality, and no need to be resident in Dubai.	N/A	N/A	N/A
<b>Shareholders</b>	Minimum of 1 Shareholder, can be of any nationality and does not need to be resident in Switzerland.	Minimum of 1 Shareholder, can be of any nationality and does not need to be resident in Hong Kong.  For a licensed company, the shareholder(s) must meet fit and proper criteria.	Minimum of 1 Shareholder, can be of any nationality and does not need to be resident in Singapore.  For a licensed company, the shareholder(s) must meet fit and proper criteria.	Minimum of 1 Shareholder, can be of any nationality and does not need to be resident in Dubai.	Minimum of 1 Shareholder, can be of any nationality and does not need to be resident in Cayman.	Minimum of 1 Shareholder, can be of any nationality and does not need to be resident in Seychelles.	Minimum of 1 Shareholder, can be of any nationality and does not need to be resident in BVI.

	SWITZERLAND	HONG KONG	SINGAPORE	UNITED ARAB EMIRATES	CAYMAN ISLANDS	REPUBLIC OF SEYCHELLES	BRITISH VIRGIN ISLANDS
<b>Minimum Share Capital</b>	Minimum share capital of CHF100,000 (approx. USD100,000). Minimum of CHF50,000 or 20% of the share capital must be paid up at the time of incorporation.	For an SFC-licensed company, minimum capital will depend on the type of regulated activity.	PS Act: Under PS Act, the corporate applicant must have the following minimum base capital: a. Standard payment institution license: SGD 100,000; b. major payment institution license: SGD 250,000  SFA: For SFA corporate applicant, minimum capital requirement depends on the business activities involved.	Minimum share capital of AED50,000	No minimum share capital. The company share capital may be expressed in any currency. Shares can be issued with or without a par value and do not need to be fully paid on issuance. Stamp duty may apply to certain documents, but the amounts are generally nominal.	No minimum share capital. The company share capital may be expressed in any currency. Shares can be issued with or without a par value and do not need to be fully paid on issuance.	No minimum share capital but for VASP, it must be able to demonstrate capital adequacy. Amongst other things, VASPs must consider nature, size, complexity and its operations. In reviewing adequacy of a VASP's proposed capital amounts, the FSC will give consideration to the inherent and operational risks associated with the VASP's business model <sup>27</sup> .
<b>Maximum Share Capital</b>	No maximum share capital and no maximum number of shares.	No maximum share capital and no maximum number of shares.	No maximum share capital and no maximum number of shares.	No maximum share capital and no maximum number of shares.	No maximum share capital and no maximum number of shares.	No maximum share capital and no maximum number of shares.	No maximum share capital and no maximum number of shares.
<b>Accounting</b>	The company is required to submit audited financial statements.	The company is required to submit audited financial statements.	The company is required to submit audited financial statements.	The company is required to submit audited financial statements.	All entities are legally required to maintain and provide accounting records relating to transactions or operations. The documents can be kept anywhere in the world. However, there is no obligation to file the Financial Statements with the tax authority and there is no audit requirement. However, for a licensed company (i.e., VASP company), audited accounts will need to be submitted annually to CIMA.	Pursuant to the legislative amendments to the International Business Companies Act 2016 that came into force on 1 January 2022, all entities are legally required to maintain and provide accounting records relating to transactions or operations to be kept in Seychelles at all times (electronic copies of accounting documents are also fine). However, there is no obligation to file the Financial Statements with the tax authority and there is no audit requirement.	The company is required to submit audited financial statements <sup>28</sup> .
<b>Anti-Money Laundering (AML) Compliance Duties</b>	AML Compliance can be outsourced, but the financial intermediary remains ultimately responsible for the proper fulfilment of the delegated duties.	Administrative duties can be outsourced to another licensed entity, provided that the organization proposing to outsource the services conducts sufficient due diligence and	It is possible for AML functions to be outsourced, but the licensed entity remains responsible and accountable for all outsourced AML functions.	AML Compliance can be outsourced, but the company remains ultimately responsible for the proper fulfilment of the delegated duties.	AML Compliance can be outsourced, but the company remains ultimately responsible for the proper fulfilment of the delegated duties.	For a licensed company, Compliance Officer needs to be resident in Seychelles.  The current AML Act has no provisions for the	Section 51 of the BVI FSC Regulatory Code, 2009 issued under section 41(1) of the FSC Act, prohibits the outsourcing of compliance functions.

<sup>27</sup> [https://www.bvifsc.vg/sites/default/files/guidance\\_-\\_application\\_for\\_vasp\\_registration\\_0.pdf](https://www.bvifsc.vg/sites/default/files/guidance_-_application_for_vasp_registration_0.pdf)

<sup>28</sup> [https://www.bvifsc.vg/sites/default/files/virtual\\_assets\\_service\\_providers\\_act\\_2022.pdf](https://www.bvifsc.vg/sites/default/files/virtual_assets_service_providers_act_2022.pdf)



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		<p>monitoring of the third-party service provider undertaking the AML activities on its behalf.</p> <p>The regulatory responsibility for compliance with AML obligations including the filing of any Suspicious Transaction Reports (STRs) and other requirements cannot be outsourced.</p>	<p>The outsourcing of AML functions will likely constitute a material outsourcing arrangement under the MAS Guidelines on Outsourcing, and the licensed entity should comply with the requirements under the MAS Guidelines on Outsourcing, including conducting a robust assessment of the service provider and establishing mechanisms to monitor and control the outsourcing arrangement on an ongoing basis.</p>			outsourcing of compliance activities.	

# Taxation Framework

	SWITZERLAND	HONG KONG	SINGAPORE	UNITED ARAB EMIRATES	CAYMAN ISLANDS	REPUBLIC OF SEYCHELLES	BRITISH VIRGIN ISLANDS
<b>Tax Provisions</b>	<p>Legal entities holding cryptocurrencies are subject to the following tax:</p> <ul style="list-style-type: none"> <li>Annual Capital tax – Legal entities have to declare cryptocurrencies in their tax assessment at cost of acquisition or, if this value is lower converted at the year-end exchange rate provided by Federal Tax Administration. Cryptocurrencies with no market value provided by the FTA are to be declared at acquisition costs.</li> <li>Corporate income tax – This is on any net taxable earnings from the sale of cryptocurrencies. Non-realized gains are only subject to corporate income tax in case of a mark-to-market accounting in the Swiss GAAP accounts of the corporate investor.</li> <li>Value Added Tax (VAT) – cryptocurrencies are treated the same way as legal tender, meaning that the trading or exchange activities of cryptocurrencies and additional services related to such trading or exchange activities are exempt from VAT.</li> </ul>	<p>Currently, Hong Kong has no specified tax laws that govern the taxation of digital assets but relies on the general provisions of the Inland Revenue Ordinance (Cap. 112). To provide general guidance and share lights of its viewpoints on taxation of digital assets as reference for the taxpayers, the Hong Kong Inland Revenue Department issued the revised Departmental Interpretation Practice Notes No. 39 in March 2020.</p> <p>In general, for investors who hold digital assets for long-term investment purposes, the proceeds will be capital gains and not taxed in Hong Kong. For the taxpayer who carries on a trade, profession or business in Hong Kong, which derives Hong Kong-sourced profits from digital assets, will be subject to Hong Kong Profits Tax under the two-tiered profits tax rates regime* (First HKD2million taxable profit at 8.25% and the remaining at 16.5%).</p> <p>* A group of connected entities can only nominate one entity within the group to enjoy the two-tiered tax rates for a given tax year. Otherwise, the taxable</p>	<p>Legal entities holding cryptocurrencies may be subject to Corporate Income Tax and GST.</p> <p>Corporate Income Tax:</p> <p>The purchase of Digital Tokens is not a taxable event as they are viewed as Intangible Property by IRAS. However, the Disposal of Digital Tokens would be considered a trading activity taxable/claimable based on gain/loss.</p> <p>The transaction will be considered a barter trade when virtual currencies are used to buy goods or services. Therefore, the value taxed would be at the point of the transaction using a verifiable exchange rate on payment exchange platforms.</p> <p>Gains on the disposal of holdings of digital tokens would not be taxed unless it is the company's main source of income and it would be considered as revenue.</p> <p>GST:</p> <p>The use of digital payment tokens as payment for goods or services will no longer give rise to a supply of those tokens. That is, if you use digital payment tokens to pay for the purchase of goods or</p>	<p>There is no regulation or guidance on corporate or income tax, and value-added tax (VAT) for cryptocurrencies in the UAE.</p> <p>The UAE has implemented a federal corporate tax (CT) system, applicable to financial years strting on or after 1 June 2023. This currently applies broadly to:</p> <ul style="list-style-type: none"> <li>UAE companies and other juridical persons that are incorporated or effectively managed and controlled in the UAE; and</li> <li>Non-resident juridical persons (foreign legal entities) that have a Permanent Establishment in the UAE.</li> </ul> <p>CT will be levied at a headline rate of 9% on Taxable Income exceeding AED 375,000. Taxable Income below this threshold will be subject to a 0% rate of Corporate Tax. However, a Free Zone Person that meets the conditions to be considered a Qualifying Free Zone Person can benefit from a CT rate of 0% on their Qualifying Income.<sup>29</sup></p>	<p>There is no income, inheritance, gift, capital gains, corporate, withholding or other such taxes imposed in the Cayman Islands, including with respect to the issuance, holding or transfer of digital assets.</p>	<p>There is no regulation or guidance on the taxation of cryptocurrencies gains in digital assets in Seychelles.</p>	<p>There are no specific taxes levied against cryptocurrencies and they don't have any withholding tax, capital gain taxes, income tax, or corporate taxes for cryptocurrencies.</p>

<sup>29</sup> <https://mof.gov.ae/corporate-tax/>



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		profit will be taxed at 16.5%.	<p>services, you don't need to account for GST on the use. However, if you are receiving digital payment tokens in return for your supply of goods or services and you are GST-registered, you would have to account for output tax on your supply of goods or services (unless the supply is an exempt, zero-rated or out-of-scope supply).</p> <p>The exchange of digital payment tokens for fiat currency or other digital payment tokens is an exempt supply. However, stable currencies may be taxed if the aim is to avoid arm's length transactions that are subject to the GST (7% at time of writing, 8% from 1 January 2023).</p>				

# Regulatory trends

## Switzerland

The regulatory landscape for crypto assets in Switzerland has undergone significant developments and initiatives. There is a full agenda for regulatory and legislative action in 2024, with a focus on the lessons to be learned from the Credit Suisse crisis and other important topics requiring attention.

### 1 Regulatory consequences to the failure of Credit Suisse

The government-supported takeover of Credit Suisse by UBS had a significant impact on the regulatory agenda in Switzerland. As a response to the failure of Credit Suisse, regulatory initiatives and legislation have been pressed to expand the regulation and supervision of banks further. Additionally, the situation with Credit Suisse has underscored the need for a pragmatic awareness and an understanding of the resilience of financial markets.

### 2 Initiatives in the field of FinTech and Crypto

The Swiss Financial Market Supervisory Authority (FINMA) has been focusing on responding to new technological trends in the fields of Decentralized Finance and crypto assets (i. Asset-referenced tokens (ARTs) that aim to maintain a stable value by being pegged to various assets, ii. E-money tokens (EMTs) designed for transactions iii. Utility tokens that grant access to services within a DLT system).<sup>30</sup>

Regulatory developments include the issuance of permits for crypto market participants and the regulation of novel issues in the crypto market.

The Federal Government's Distributed Ledger Technology (DLT) Act has enabled FINMA to issue licenses for DLT trading systems.

### 3 Other developments

The Swiss National Bank (SNB) joined other central banks around the world in tightening its monetary policy to curb inflation, ending Switzerland's seven-year run of negative interest rates<sup>31</sup>.

<sup>30</sup> <https://pixelplex.io/blog/cryptocurrency-regulation-news/>

<sup>31</sup> <https://caplaw.ch/2024/the-regulatory-agenda-for-2024-in-switzerland/>

## 4 Plan B, Lugano

Lugano's Plan B is a joint initiative between the City of Lugano and Tether to accelerate the use of and leverage bitcoin technology as the foundation to transform the city's financial infrastructure. The project enters its second-year anniversary, brimming with new initiatives and collaboration ready to propel the crypto revolution forward.

The Plan B Forum was organized and saw the city of Lugano embrace the future of finance by allowing tax / fee payments via Bitcoin, Tether, and LGVA. This bold decision sends a powerful message, solidifying Lugano's position as a pioneer in crypto integration.

In 2024, the momentum shows no signs of slowing. The doors of the new work hub will swing open, inviting a vibrant community of entrepreneurs and innovators to collaborate and push the boundaries of what's possible<sup>32</sup>

## Singapore

### 1 Regulatory outlook 2024

Reports suggest that regulators in Singapore remain cautious of retail crypto speculation but continue to offer a well-regulated environment for institutional players leveraging the technology. Singapore's regulatory framework for stablecoins is noted to offer a potentially compelling opportunity for firms seeking to launch stablecoins from Singapore. The country's single-regulator approach and collaborative efforts with industry players are seen as significant steps toward fostering responsible innovation and protecting investors.

### 2 Implications and future developments

Industry experts convened during the DACOM (The Digital Asset Compliance & Market Integrity Summit) Singapore 2024 to discuss the evolving sentiment towards regulation in the crypto industry. The panel discussion highlighted the importance of regulatory clarity and the collaborative efforts between industry and regulators in shaping a coherent regulatory framework. It concluded with a sense of cautious optimism, highlighting the promising path towards a coherent regulatory framework for the crypto space through collaborative efforts between industry and regulators. The ongoing need

<sup>32</sup> <https://planb.lugano.ch/lugano-plan-%E2%82%BF-2023-a-year-of-collaborative-milestones-and-growing-momentum/>

for regulatory clarity, particularly in areas such as DeFi, presents opportunities for responsible innovation and progress in creating a framework for a vibrant and responsible crypto market in 2024.

## United Arab Emirates

### 1 Regulatory advancements

The United Arab Emirates (UAE) has made significant strides in embracing cryptocurrency and blockchain technology. The UAE's commitment to innovation and the establishment of a clear regulatory framework for cryptocurrency and blockchain businesses demonstrates its intention to position itself as a global leader in cryptocurrency adoption and innovation.

On 14 January 2023, Cabinet Decision No. 111/2022 on the Regulation of Virtual Assets and Their Service Providers came into force. It provided some helpful clarification on the scope of which assets are subject to the regulation of the UAE Central Bank and how the remit of the Virtual Assets Regulatory Authority (VARA) will interact with the Securities and Commodities Authority (SCA).

On 7 February 2023, following hot on the heels of the Federal legislation, VARA published its Virtual Assets and Related Activities Regulations 2023. The Regulations set out the regulatory framework governing Virtual Assets and all related activities in Dubai (excluding DIFC), including the general and specific supervision and enforcement powers of VARA.

On 12 February 2023, the UAE Central Bank launched its Financial Infrastructure Transformation Programme to accelerate the digital transformation of the financial services sector. The Programme comprises nine key initiatives to enable the UAE's competitiveness to become the financial and digital payment hub and a center of excellence for innovation and digital transformation. Most eye-catchingly, one of the nine key initiatives is the proposed launch of the Central Bank Digital Currency for both cross-border payments and domestic usage in order to address the problems and inefficiency of cross-border payments and help drive innovation for domestic payments respectively. Whilst many jurisdictions are exploring the possibilities of central bank digital currency,

<sup>33</sup> <https://medium.com/@mkotoky90/navigating-the-current-landscape-of-cryptocurrency-in-the-uae-3725b9a04423>

this would be another significant first for the region and the eyes of the world will be watching.

- The UAE has set a clear regulatory framework for cryptocurrency and blockchain businesses, with regulations governing Initial Coin Offerings (ICOs) and digital assets issued by the Securities and Commodities Authority (SCA) in 2019.
- The Dubai Multi Commodities Centre (DMCC) launched the "DMCC Crypto Centre," providing a regulatory framework for companies operating in the cryptocurrency and blockchain space.<sup>33</sup>

### 2 Strategic partnerships and digital transformation initiatives

The UAE actively fosters collaborations with renowned blockchain and cryptocurrency firms, promoting collaboration and knowledge exchange. The UAE's vision for a digital economy fuels the integration of blockchain and cryptocurrency into government services and business operations, exemplified by initiatives such as the Dubai Blockchain Strategy and the Smart Dubai initiative.

### 3 Challenges and considerations<sup>34</sup>

- Regulatory Evolution: Ongoing regulatory evolution and adaptation are necessary as the cryptocurrency industry evolves. Regulatory clarity around taxation, licensing requirements, and investor protection is crucial for creating a conducive environment for cryptocurrency businesses and investors.
- Risk Management: Investors and businesses must implement robust risk management practices due to inherent risks such as price volatility, security vulnerabilities, and regulatory uncertainties.
- Education and Awareness: There is a need for greater education and awareness among the public and businesses to demystify cryptocurrency, encourage responsible investment practices, and foster confidence and adoption within the UAE.

## British Virgin Islands

### 1 Regulatory Sandbox and FinTech innovation

The BVI has established a regulatory sandbox that allows companies to develop, promote, and implement new technology in the financial services sector under reduced

<sup>34</sup> <https://medium.com/@mkotoky90/navigating-the-current-landscape-of-cryptocurrency-in-the-uae-3725b9a04423>



regulatory requirements. This initiative fosters an environment conducive to fintech innovation, particularly in response to evolving trends such as token offerings, decentralized finance, non-fungible tokens, and play-to-earn products.

## 2 Virtual Asset Service Providers Act (VASP Act)

Introduced in 2022, the VASP Act marks the BVI's commitment to meeting international anti-money laundering and counter-terrorism financing (AML/CFT) standards. It provides for the comprehensive regulation, registration, and licensing of virtual asset service providers, including crypto businesses. This alignment with Financial Action Task Force (FATF) guidelines enhances transparency and scrutiny of financial operations.

## 3 Crypto-friendly regulatory environment

The BVI's appealing tax laws and welcoming policy have attracted a considerable number of crypto businesses, including well-known projects like Gemini, Bittrex, Huobi, and Alameda Research, indicating the jurisdiction's status as a chosen destination for crypto companies.

## Republic of Seychelles

### 1 Seychelles' Crypto License

The Financial Services Authority (FSA) of Seychelles has introduced a comprehensive regulatory framework for crypto firms, known as the Seychelles' Crypto License. To operate legally, firms must adhere to stringent Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) regulations, maintain a physical presence within Seychelles, and meet high technical security standards. Registration as a Virtual Asset Service Provider (VASP) and robust transaction monitoring are mandatory, underscoring the country's alignment with Financial Action Task Force (FATF) guidelines<sup>35</sup>.

### 2 Legal status and tax treatment

While cryptocurrencies are allowed in Seychelles, they are not recognized as legal tender by the central bank. The country's tax-friendly policies, with lower income tax ranges and no capital gains or inheritance taxes, have made it an appealing choice for crypto firms.

<sup>35</sup> <https://cointelegraph.com/learn/crypto-regulations-in-the-seychelles>

<sup>36</sup> <https://www.mondaq.com/financial-restructuring/1458438/the-seychelles-enhancing-the-proposed-framework-for-virtual-asset-service-providers->

## 3 Government's regulatory commitment

The Seychelles government has demonstrated its commitment to ensuring transparency and accountability in the crypto industry by adopting pertinent financial principles designed to combat fraud, money laundering, and terrorist financing. This includes confining complaint handling and onboarding activities to Seychelles, thereby ensuring compliance and distinguishing the jurisdiction from its peers<sup>36</sup>.

## Cayman Islands

### 1 Virtual Asset Service Providers (VASP) Act

The Cayman Islands has implemented the Virtual Asset (Service Providers) Act (VASP Act) to regulate virtual asset activities as a business, aiming to promote the use of new technology while complying with international standards set by the FATF.<sup>37</sup> This Act covers all cryptocurrencies, security tokens, utility tokens, and other digital assets, providing a flexible yet robust regulatory foundation.

### 2 Technology-neutral regulatory Sandbox

The introduction of a technology-neutral regulatory sandbox is anticipated to attract companies operating in the fast-moving fintech and crypto sector to establish themselves in the Cayman Islands, fostering innovation and regulatory certainty.

### 3 Collaboration and innovation in FinTech

Cayman Finance, representing the financial services sector, has established an innovation lab to promote the development and use of new technologies. This reflects a strong commitment to fostering a collaborative environment between fintech and incumbent financial institutions<sup>38</sup>.

### 4 Growth of the Decentralized Finance (DeFi) sector

The Cayman Islands has become a popular destination for decentralized finance (DeFi) protocols, witnessing a notable increase in awareness and understanding among corporate service providers catering to entities registered in Cayman and utilizing DeFi protocols. This growth underscores the jurisdiction's appeal as a leading destination for technology-driven ventures, particularly in fintech.

<sup>37</sup> [https://www.stuartslaw.com/site/resources/publications\\_legal\\_updates/latest\\_news/doing-business-in-the-cayman-islands-digital-assets](https://www.stuartslaw.com/site/resources/publications_legal_updates/latest_news/doing-business-in-the-cayman-islands-digital-assets)

<sup>38</sup> <https://www.mondaq.com/caymanislands/fin-tech/1430314/overview-of-fintech-laws-and-regulations-in-cayman-2024->

## Hong Kong

The regulatory crypto trends in Hong Kong demonstrate the jurisdiction's commitment to promoting responsible innovation in the crypto industry through robust regulation. In 2024, Hong Kong has established itself as a leader in promoting responsible innovation by opening a pathway for highly regulated retail crypto trading services to operate in the region, providing increased confidence to the industry to make Hong Kong their regional home.

### 1 Stablecoins regulatory regime for issuance and offers

The Hong Kong Monetary Authority ("HKMA") and the Financial Services and the Treasury Bureau ("FSTB") are proposing a licensing and regulatory regime for fiat-referenced stablecoins, which are crypto assets that purport to maintain a stable value relative to one or more fiat currencies. The regime is intended to address the monetary policy, financial stability and investor protection concerns associated with fiat-referenced stablecoins while encouraging the responsible development of the virtual asset market in Hong Kong\*. It builds on other key regimes, including the new licensing regime for virtual asset exchanges that went live on 1 June 2023.

In summary, Hong Kong's stablecoin proposal contains two key components:

1. **FRS issuer licensing and conditions.** Issuers of fiat-referenced stablecoins ("FRS" or "In-Scope Stablecoins") in Hong Kong must obtain a license from the HKMA and comply with comprehensive licensing conditions and requirements relating to, among other things, the issuer, its financial and other resources, the FRS it issues as well as the reserve assets and stabilization mechanism supporting the FRS.
2. **FRS offering and marketing restrictions.** Only certain regulated entities and platforms can offer FRS in Hong Kong or actively market them to the public of Hong Kong. Furthermore, only FRS that are issued by HKMA-licensed issuers can be offered to retail investors. Other FRS can only be offered to professional investors.<sup>39</sup>

The Hong Kong Monetary Authority (HKMA) has also presented its plan for a regulatory framework for entities providing governance services, issuing tokens and providing cryptographic wallet for stablecoins (Regulated Services) by 2023-2024.

<sup>39</sup> <https://www.kwm.com/cn/en/insights/latest-thinking/stablecoins-hk-proposes-regulatory-regime-for-issuance-and-offers.html>

Through a mandatory licensing regime, an entity will be required to obtain a license from HKMA if it conducts a Regulated Activity in Hong Kong; actively markets the Regulated Services to the Hong Kong public; or conducts Regulated Activities relating to an HKD-linked stablecoin arrangements, as per page 3 of the Conclusion of Discussion Paper on Crypto-Assets and Stablecoins by HKMA. The licensed entities will be subject to the supervision, and potential enforcement by the HKMA if it fails to meet the stipulated requirements concerning its financial resources, risk management, user protection and scope of principal business.

### 2 AML and CTF regulations

Hong Kong has been strengthening its anti-money laundering (AML) and counter-terrorist financing (CTF) regulations to address the potential risks associated with cryptocurrency transactions.

### 3 Security Token Offerings (STOs) regulation

On 2 November 2023, the Securities and Futures Commission (SFC) published two circulars that outlined and updated regulatory framework for security token offerings in Hong Kong, aiming to bring clarity to the issuance and trading of security tokens.

The first circular generally addresses the updated regulatory approach for intermediaries engaging in tokenized securities-related activities. The circular characterizes tokenized securities as traditional financial instruments such as bonds or funds which use distributed ledger technology in their security lifecycle. These are fundamentally traditional securities with a tokenization wrapper.

The second circular addressed the requirements for authorization by the SFC for the tokenization of investment products. The key change is that the SFC will now allow primary dealing of tokenized SFC-authorized investment products, as long as the underlying product can meet the usual product authorization requirements and additional safeguards relating to the tokenization arrangement prescribed by the SFC.<sup>40</sup>

### 4 Proposed regulation on provision of VA OTC trading services

The proposed regulatory framework for over-the-counter (OTC) trading of virtual assets (VA) in Hong Kong is more extensive than anticipated by industry stakeholders. The FSTB released a consultation paper on this legislative proposal, aiming to regulate VA OTC

<sup>40</sup> <https://www.tannerdewitt.com/the-regulatory-framework-for-security-token-offerings-in-hong-kong/>

service providers by amending the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO).<sup>41</sup>

Proposed regulatory framework highlights:

1. Licensing Regime for VA OTC Service Providers

- The FSTB aims to introduce a new licensing regime for VA OTC service providers, supervised by the Hong Kong Commissioner of Customs and Excise (CCE).

2. Scope of Regulation

- The proposed regime will cover VA spot trading services, requiring licensing for businesses providing these services in Hong Kong, irrespective of whether they are conducted through physical outlets or digital platforms.

3. Regulatory Gap Closure

- This framework seeks to close the regulatory gap for unregulated VA OTC dealers, including brokers, VA ATMs, and digital platforms facilitating VA trading.

4. Next Steps for Banks

- Banks interested in providing digital asset custody services, and selling and distributing tokenized products, should discuss with the Hong Kong Monetary Authority (HKMA) and demonstrate their ability to comply with the requirements set out in the recent guidance.

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<sup>41</sup> [https://www.shlegal.com/docs/default-source/news-insights-documents/2024/briefing-note---regulation-of-provision-of-va-otc-trading-services-v6.pdf?sfvrsn=9489cb5b\\_0](https://www.shlegal.com/docs/default-source/news-insights-documents/2024/briefing-note---regulation-of-provision-of-va-otc-trading-services-v6.pdf?sfvrsn=9489cb5b_0)



# Fidinam Services

Fidinam professionals have been serving individuals and corporate clients in a wide range of projects including trading of digital assets (i.e. digital currencies, NFT), digital asset custody, intermediary for over-the-counter transactions of digital assets, investment holding companies, affiliate marketing, provision of platforms of online advertising services, IT solutions development and "LinkedIn of the Metaverse" connecting guilds, games and scholars.

We assist FinTech-related projects from our offices in Switzerland, Hong Kong, Singapore and the UAE. Our experienced professionals support clients to develop and scale-up their businesses in a compliant and tax-efficient way.

- Business consulting
- Tax consulting
- Digital consulting
- Licensing and Compliance
- Wealth and Estate planning
- Real Estate consulting

# Our Team in Asia and the Middle East

## Hong Kong



**Alessandro Pedrinoni**  
CEO Asia Pacific

Mr. Pedrinoni is a senior executive with more than 20 years of experience in strategy, business consulting, financial analysis and corporate services. He has worked in Italy, the United Kingdom, mainland China, Hong Kong and Vietnam. His academic credentials include an Executive MBA at Instituto de Empresa (IE Business School).



**Irene Tchedre**  
Managing Director French Desk APAC

Ms. Tchedre has 15+ years of experience in supporting international business expansion. Specializing in navigating regulatory complexities, understanding cultural nuances, and overcoming operational challenges, she assists investors in developing profitable international strategies, managing cross-cultural teams, and optimizing operational processes. She holds a Master's in Management from a Belgian business school.

## UAE



**Stefano Menotti**  
Managing Director Fidinam DMCC

Mr. Menotti is a senior consultant with 15+ years of experience in business consultancies, focusing on corporate structuring, cross border transactions, wealth planning, and direct/indirect taxation. Mr. Menotti holds a master degree in Economics from the Catholic University of Milano (Italy) and obtained qualification from the Italian professional accounting association of Certified Public Accountants, Auditors and Advisors (ODCEC).

## Singapore



**Sara Silenzi**  
Equity Partner and Head of Desk

Ms. Silenzi is experienced in International Corporate and Tax law. She holds a law degree from the University of Parma (Italy) and a second Level Master in Business and Company Law from LUISS University Guido Carli (Rome). She passed the Italian Bar Exam in 2015.



**Jema Baluran**  
Head of Compliance Desk

Ms. Baluran has 20+ years of experience across the field of compliance, internal audit and accounting in different industries in Asia. She holds a Diploma in International Financial Reporting Standards from the Institute of Accounting Technicians (Canada), Executive Certificate in Finance and Compliance, and Executive Diploma in Anti-Money Laundering and Counter-Terrorist Financing from HKU SPACE.



**Marta Giordano**  
Managing Director Fidinam Singapore

Ms. Giordano has 15+ years' experience in the Corporate Services Industry. She has in-depth experience in the professional and business consultancy environment, managing a portfolio of blue-chip clients across a range of industries and regions. She graduated in Business Management & Administration from Catholic University of the Sacred Heart in Milan and is a professional Chartered Accountant.



Fidinam is a private consulting firm founded in Switzerland in 1960. We offer tax advisory, business consulting, real estate services, wealth and estate planning, licensing and compliance, crypto and digital consulting.

Our clients include individuals, SMEs and multinational companies in a wide range of industries.

With 280 employees in 18 locations and an extensive network of business partners in 90 jurisdictions, Fidinam provides innovative, personalized service and local expertise on a global scale.

Fidinam has more than ten years of presence in Asia Pacific, with offices in Hong Kong, Singapore, China, Vietnam and Australia.

We provide our clients a one-stop-shop solution to set up and grow their business in the region.

Our strength is our people: a multicultural and multidisciplinary team of professionals capable to assist clients with a tailored, dedicated and boutique-style approach to their needs. Our team is up-to-date on evolving regulations, emerging markets and new technologies.

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