



FINTECH SANDBOX UTILITY APPLICATION GUIDELINES

Revised Version (January 2026)

SUPERVISION DEPARTMENT

1. Application of Guidelines

Applies to sandbox applicants and operators, and to any VASP using the sandbox to test novel products, delivery channels, or supervisory technology.

2. Purpose

To set expectations for applicants seeking permission to operate within a regulated sandbox, including testing scope, safeguards, reporting and exit arrangements.

3. Legal Basis

These Guidelines are issued under section 59 of the Virtual Asset Service Providers Act No. 3 of 2025 (the Act), and support VFSC's licensing, supervision and enforcement functions.

4. Core Regulatory Expectations

- Must provide a testing plan that defines hypotheses, success metrics, customer limits, transaction limits, and risk mitigants.
- Must demonstrate consumer safeguards (clear disclosures, complaint channels, restrictions on leverage or high-risk products, and refund/exit processes).
- Must implement minimum AML/CTF/PF and sanctions controls appropriate to the test and risk profile.
- Must implement minimum cybersecurity and operational resilience controls, including incident reporting and business continuity.
- Must provide an exit strategy (transition to full licence, extension request, or orderly termination).

5. Reporting, Notifications and Records

- Must provide periodic sandbox progress reports as set out in licence conditions (at least monthly unless otherwise agreed).
- Must notify VFSC immediately of any material incident, consumer harm, or breach of limits.

6. Supervisory Approach and Enforcement

- VFSC may vary, suspend or terminate sandbox permissions where risks are not controlled or limits are breached.

- VFSC may require customer remediation and may restrict marketing during the sandbox period.

7. Benchmarking Consistency (non-exhaustive)

- BMA Bermuda: Digital Asset Business Operational Cyber Risk Management Code of Practice (cyber and operational resilience baseline).
- FSC Mauritius: AML/CFT Guidance Notes for VASPs and IITOs (risk-based AML/CFT and supervisory expectations under VAITOS).
- CIMA Cayman Islands: Rule and Statement of Guidance - Market Conduct for VASPs (conduct, custody, disclosures, incident reporting).
- FSRA Saint Lucia: Virtual Asset Business Regulations (licensing, operational capability, cyber and AML/CFT expectations).
- MFSA Malta: VFA Rulebook Chapters (governance, systems audits, custody/ITA certification, and conduct obligations).

Please contact the following person should you have any questions:

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Branan Karae
Commissioner

