



GUIDANCE NOTES ON FIT AND PROPER CRITERIA

Revised Version (January 2026)

SUPERVISION DEPARTMENT

1. Application of Guidelines

Applies to applicants and licensees and to all key persons (beneficial owners, controllers, directors, managers, compliance and AML officers, MLRO/Deputy MLRO, CTO, and any person exercising significant influence).

2. Purpose

To provide VFSC's fit and proper expectations for owners, controllers, directors, senior management and key function holders (including AML/CFT and technology roles).

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 demonstrate honesty, integrity and reputation: no relevant criminal, fraud, dishonesty or regulatory findings; disclose all matters.
- Must demonstrate competence and capability: demonstrated experience relevant to the business model, including technology and compliance competence.
- Must demonstrate financial soundness: ability to meet obligations and support prudent operations.
- Must disclose any ongoing obligation: notify VFSC of any event that may affect fitness and propriety without delay.

5. Reporting, Notifications and Records

- Must provide updated police clearances, CVs, and declarations as required by VFSC.
- Must notify VFSC of changes to key persons before appointment, where required by the Act or licence conditions.

6. Supervisory Approach and Enforcement

- VFSC may object to appointments, require removal of persons, impose conditions, or suspend/revoke licences where fit and proper standards are not maintained.

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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Dated this 29th day of January 2026


Branan Karae
Commissioner

