



GUIDELINES ON UN SANCTIONS SCREENING AND PROLIFERATION FINANCING CONTROLS

(January 2026)

SUPERVISION DEPARTMENT

1. Application of Guidelines

Applies to all VASPs and other licensees under the Act, including where services are provided cross-border and via technology providers.

2. Purpose

To set expectations for targeted financial sanctions screening, wallet screening and proliferation financing controls in the VASP sector.

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 implement sanctions screening for customers, beneficial owners, counterparties and transactions using up-to-date lists (including UN lists and any domestic implementation).
- Must screen relevant wallet addresses and on-chain exposure where appropriate, including exposure to sanctioned entities and PF typologies.
- Must maintain escalation, decisioning, freezing and reporting procedures consistent with law and FIU guidance.
- Must implement staff training and quality assurance over screening systems to reduce false negatives and manage false positives.

5. Reporting, Notifications and Records

- Must report positive matches and freezing actions in accordance with law and to the FIU/VFSC as required.
- Must include sanctions screening metrics and material issues in quarterly reporting.

6. Supervisory Approach and Enforcement

- VFSC may require system enhancements, impose restrictions, or take enforcement action for sanctions screening failures.

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).

References (benchmarking sources)

- Bermuda Monetary Authority (BMA) - Digital Asset Business: Operational Cyber Risk Management Code of Practice (January 2024; uploaded March 2025) and related DAB guidance.
- Financial Services Commission, Mauritius - AML/CFT Guidance Notes for Virtual Asset Service Providers and Issuers of Initial Token Offerings (February 2022) and VAITOS framework.
- Cayman Islands Monetary Authority (CIMA) - Rule and Statement of Guidance: Market Conduct for Virtual Asset Service Providers (latest available).
- Government of Saint Lucia / FSRA - Virtual Asset Business Regulations (March 2025) and related guidance pages.
- Malta Financial Services Authority (MFSA) - Virtual Financial Assets Rulebook (selected chapters on governance, custody and systems audits).

Please contact the following person should you have any questions:

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Dated this 29th day of January 2026



Branan Karae
Commissioner

