

GUIDELINES ON THE SAFEKEEPING AND CUSTODY OF VIRTUAL ASSETS

(January 2026)

SUPERVISION DEPARTMENT

1. Application of Guidelines

Applies to VASPs providing custody/safekeeping, enabling control over virtual assets, or otherwise holding client virtual assets or keys.

2. Purpose

To set minimum expectations for custody arrangements, including segregation, key management, reconciliation, insurance, and incident reporting.

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 segregate client assets from proprietary assets and maintain clear books and records supporting segregation.
- Must implement robust key management (multi-sig, cold storage, secure key generation, access controls, and recovery procedures).
- Must perform timely and consistent reconciliations of client asset balances and provide verification mechanisms.
- Must implement controls over deposits/withdrawals, address management, and whitelisting, including fraud controls.
- Must maintain appropriate insurance coverage and disclose custody risks and limitations to clients.

5. Reporting, Notifications and Records

- Must report any unauthorized access, loss, or compromise affecting custody systems without delay.
- Must provide custody attestations and reconciliation evidence to VFSC on request and through quarterly returns.

6. Supervisory Approach and Enforcement

- VFSC may impose custody-specific licence conditions, require independent reviews, or restrict custody activities where safeguarding is inadequate.

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).

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Branan Karae
Commissioner

