Saint Lucia’s Virtual Asset Business (VAB) Legal Framework

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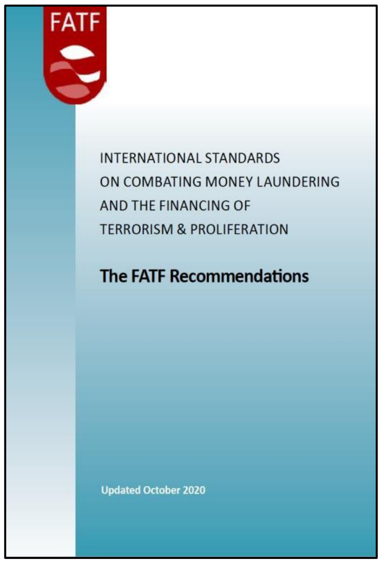
AGENDA

1. **Definition Virtual Asset and Key Terminologies**

2. **Virtual Asset Business Act, No. 24 of 2022**

3. **Virtual Asset Business Regulations, No.37of 2025**

FATF Definitions Virtual Assets



FATF

INTERNATIONAL STANDARDS
ON COMBATING MONEY LAUNDERING
AND THE FINANCING OF
TERRORISM & PROLIFERATION

The FATF Recommendations

Updated October 2020

A 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, securities and other financial assets covered elsewhere in the FATF Recommendations

KEY TERMINOLOGIES

Fiat Currency

Government issued currency that is designated as legal tender in its country of issuance through government law.

E-money

A digital representation of Fiat Currency used to electronically transfer value denominated in Fiat Currency.

Digital currency

Can mean a digital representation of either:

- Virtual currency (non-fiat); or
- e-money (fiat)

Digital Assets

A digital asset is any item of value that exists in digital form and can be owned or transferred electronically.

Crypto Assets

A **crypto asset** is a type of digital asset that relies on **cryptography** and **distributed ledger technology (DLT)**,

Cryptocurrency

Are a digital currency class that does not possess a legal status of currency or money but can be accepted by natural and legal persons as a means of exchange and can be transferred, stored and traded electronically.

Overview of Saint Lucia's Virtual Asset Framework

Saint Lucia has now implemented a comprehensive legal and supervisory framework for virtual asset businesses (VABs). This framework aligns with global standards while reflecting our local financial sector realities.

It consists of three core pillars:

- The Virtual Asset Business Act, No. 24 of 2022 (VABA)
- The Virtual Asset Business (Amendment) Act, No. 1 of 2025
- The Virtual Asset Business Regulations, No.37 of 2025 FSRA Guidelines on Virtual Asset Business (Circulated Draft in October 2025).

Virtual Asset Business Act, No.24, 2022

- Came into effect **December 2022**

- **Amendment Act 2025**
  - Expanded definition of 'person' to include natural persons (sole traders)
  - New Section 4(6A): FSRA must actively monitor compliance
  - Strengthened FSRA's power to require reports and intervene in the public interest
  - Enhances oversight and closes implementation gaps

- **Scope:** Applies to any person (individual or legal) offering or operating a VAB in or from Saint Lucia
  1. Exchange between fiat and virtual assets
  2. Exchange between virtual assets
  3. Transfer,
  4. Custody, or
  5. Issuance (ICOs, stablecoins)

Virtual Asset — a digital representation of value that can be traded, transferred, or used for payment or investment, but not fiat currency or a security.

Virtual Asset Business Act, No.24, 2022

- **Licensing:** FSRA licence required (Sec. 4)- a person shall not offer or operate in or from Saint Lucia, a virtual asset business without being licensed under this Act.

- **Fit and Proper:** Applies to UBO, shareholders, directors, senior officers, and principal representatives

- **Client protection:** Capital, Escrow Accounts, and Audits

- **FSRA Guidelines** issued under Section 22 (binding)

Virtual Asset Business Regulations, No.37 of 2025

Operationalizes the Act — converts broad principles into enforceable standards

Application process & timelines:

- Prescribed form and documents (Reg. 3 & Schedule 1)
- FSRA may impose risk-based conditions or time-limited restrictions

Prudential & risk requirements:

- Capital & Liquidity (Reg. 10)
- Custody (Reg. 14)
- Safeguarding & Ring-Fencing (Reg. 25)
- Cybersecurity & IT Audits (Reg. 22)
- Insurance (Reg. 29)

Market integrity & Travel Rules:

- Rules on disclosure, recordkeeping (Regs. 12–28)
- Originator/beneficiary data for transfers (Regs. 16–17)

FSRA Supervisory Role

- Licensing Gatekeeper: Evaluates applications, applies fit-and-proper tests
- Ongoing Supervision: Monitors capital, liquidity and cybersecurity
- Consumer Protection: Maintains register of licensees and revoked entities
- Enforcement: Can impose conditions, suspend, or revoke licences
- Global Alignment: FATF Rec. 15, IOSCO crypto standards, Basel principles

Thank You
Q&A