



Cryptocurrency and Blockchain Regulation

Seychelles



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**Blockchain and Digital
Transformation in Africa.**



TABLE OF CONTENTS

04

Overview

05

Securities Act

06

Virtual Asset Service Providers
(VASPs)

07

Copyright and Disclaimer

08

References

Note: The information provided here implicitly highlights various regulations and laws in the country that can potentially impact digital asset service providers operating in the country's crypto and blockchain landscape. While these laws do not explicitly address cryptocurrencies, they provide a foundation upon which regulations can be modified or adapted to accommodate the evolving crypto and blockchain landscape in the nation.

Overview

Seychelles lacks Initial Coin Offering (ICO) legislation and a cryptocurrency legal framework. The Securities Act does not describe ICOs as "security businesses," but if digital assets may be traded online with Seychelles residents, ICOs may fall under its jurisdiction[1].

Thus, Central Bank of Seychelles-licensed financial institutions cannot accept cryptocurrencies as payment. However, virtual currencies and assets are growing in popularity worldwide, as are their risks and local effects.

The National Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Committee (NAC) is developing a country position on virtual assets and their service providers in line with Eastern and Southern Africa Anti-Money Laundering Group (ESAMLG) policies due to the popularity of digital currency activities.

[1] Danny Sanhye, "ML/TF OVERALL NATIONAL RISK ASSESSMENT for va & VASPS REPUBLIC of SEYCHELLES," 2022, <https://www.cbs.sc/Downloads/publications/aml/Report%20Seychelles%20ONRA%20ML-TF%20of%20VA%20and%20VASP%20-%202026.08.2022.pdf>.



Securities Act

A Seychelles Securities Exchange must authenticate offshore securities dealers' qualifications. This includes confirming they are licensed by a recognized overseas regulatory authority and members of a recognized overseas securities exchange. Any foreign securities dealer who loses their license or membership shall be expelled from the exchange. The Securities Authority must be notified immediately if a dealer is expelled. Overseas securities dealers are exempt under Act sections 57, 113, 114, 115, 116, 119, and 128[2]. The Securities Authority can restrict their activities, bar them from operating in Seychelles, or require them to seek for a securities dealer's license under the Act. Violation of these provisions is a crime.

[2] Law & Trust, "Seychelles Brokerage License," lawstrust.com, 2007, <https://lawstrust.com/en/licence/finance/broker-licenses/seychelles>.



Virtual Asset Service Providers (VASPs)

Seychelles wants to regulate Virtual Asset Service Providers (VASPs) to meet FATF criteria. VASPs permit the trading of virtual assets like cryptocurrency and non-fungible tokens. Seychelles lacks VASP regulation and supervision, according to a national risk assessment on virtual assets and service providers. VASPs should be licensed like banks to reduce risks and abuse. Currently, VASPs are unlicensed in Seychelles, which violates FATF recommendation 15[3]. VASPs, some of whom are under investigation, are drawn to Seychelles' secrecy and lack of laws. Banning VASPs or legalizing and regulating them are options. The Seychelles Financial Services Authority has found several VASPs registered as International Business Companies (IBCs) but needs further data to estimate the total number. Anti-money laundering reports designate Seychelles "non-compliant" without sufficient regulation. After the national risk assessment, the cabinet and National Assembly will approve an action plan.

[3] Danny Sanhye, "ML/TF OVERALL NATIONAL RISK ASSESSMENT for va & VASPS REPUBLIC of SEYCHELLES," 2022, <https://www.cbs.sc/Downloads/publications/aml/Report%20Seychelles%20ONRA%20ML-TF%20of%20VA%20and%20VASP%20-%2026.08.2022.pdf>.

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