



MEDIA RELEASE

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FOR IMMEDIATE RELEASE

“The Bahamas Introduces Transformative Digital Asset Legislation: The DARE Act 2024”

The Bahamas Leads with DARE Act 2024

Nassau, The Bahamas, Tuesday 30 July 2024 – The Securities Commission of The Bahamas (the Securities Commission) today announced the Digital Assets and Registered Exchanges Act, 2024 (DARE 2024) has been passed into law by the Parliament of The Bahamas, in a pacesetting move that solidifies the country’s position as a leader in digital asset regulation. Building upon the foundation laid by the DARE Act, 2020, the legislation introduces comprehensive reforms designed to address the evolving landscape of digital assets and cryptocurrency markets.

“DARE 2024 represents a new standard in digital asset regulation and is a testament to our commitment to robust risk management,” said Christina Rolle, Executive Director of the Securities Commission. “We have created a framework that not only focuses on investor protection, but also encourages responsible innovation, positioning The Bahamas at the forefront of digital asset regulation globally.”

The Securities Commission took a proactive approach with DARE 2024, ensuring its alignment with current international best practices and the recommendations of standard-setting bodies, including the International Organization of Securities Commissions’ standards for regulators regarding crypto and digital assets and the Financial Action Task Force Recommendations. The new legislation is also the product of focused benchmarking of global legislative and regulatory advances, evolution of emerging risks, and extensive stakeholder and industry consultation.

Key highlights of DARE 2024 include:

1. **Expanded Scope:** The law now encompasses a wider range of digital asset activities, including advisory or management services, digital asset derivatives and staking services. The Securities Commission also has the flexibility to add additional activities as the space evolves.
2. **Enhanced Digital Asset Exchange Requirements:** Digital asset exchanges must adhere to increased investor and consumer protection requirements including stringent systems and controls requirements, which enhance the integrity and security of transactions.
3. **Robust Custody Framework:** New provisions bring custody of digital assets or custodial wallet services under DARE 2024 and enhance the protection of client interests by requiring accessibility of digital assets, among other provisions.

4. **Staking Framework:** DARE 2024 introduces a first-of-its-kind disclosure regime for staking digital assets belonging to clients or the operation or management of a staking pool as a business.
5. **Comprehensive Stablecoin Framework:** The Act provides a clear definition for stablecoins, provides for the registration of existing stablecoins, specifies acceptable forms of reserve assets and establishes new requirements for custody and management, segregation, reporting and redemption of reserve assets. The issuance of algorithmic stablecoins is expressly prohibited.
6. **Digital Asset Issuers:** Investor protection measures are enhanced by the inclusion of fit and proper standards for digital asset issuers, in addition to new disclosure and financial reporting requirements.

Among the other notable provisions of DARE 2024 are robust standards addressing conflicts of interest and connected third-party relations. The new legislation also addresses the categorization of non-fungible tokens as either financial or consumer assets, provides for liquidity and reporting requirements, prohibits privacy token issuance and introduces certain restrictions on proof-of-work mining.

The implementation of DARE 2024 is expected to maintain a competitive, robust and pragmatic regulatory framework for new fintech entrepreneurs and established digital asset businesses in The Bahamas, further strengthening the country's position as a leading international financial centre. The new legislation represents a commitment to continue evolving the regulatory framework, offering enhanced protections for consumers and investors.

The Securities Industry Act 2024 was passed into law in The Bahamas simultaneously, with DARE 2024, updating the regulatory regime for the securities industry to ensure a robust and agile framework that remains compliant with global standards and international best practices.

For more information about DARE 2024 and its implications for the digital asset industry in The Bahamas, or the Securities Industry Act 2024, please visit: <https://www.scb.gov.bs/>.

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Editor's Information:

1. More information about the Digital Assets and Registered Exchanges Act, 2024 can be found on the Commission's website (www.scb.gov.bs/dare-act-2024-information/).
2. The Securities Industry Act, 2024 can be found on the Commission's website (www.scb.gov.bs/legislative-framework/acts-and-regulations/).
3. In addition to the SIA and DARE Act, the Commission administers the Investment Funds Act, 2019, the Financial and Corporate Service Providers Act, 2020 and the Carbon Credit Trading Act, 2022.