

**The Hon. Walter H. Roban, JP, MP
Deputy Premier of Bermuda**

REMARKS

**Tuesday, 10 September, 2019 – 10:50 am
Bitt's Central Bank Meets Blockchain Conference**

DIGITAL ASSET BUSINESS ACT 2018 (DABA)

Good morning.

It is a pleasure to be here – on behalf of the Bermuda Government I would like to thank BITT for invitation.

This is indeed an important event for the region and I am quite happy to have this opportunity to talk about Bermuda's Digital Asset Legislation.

The world is at a crossroads. With the introduction of JP Morgan's cryptocurrency, Facebook's Libra proposal and Bitt's digital currency pilot with the Eastern Caribbean Central Bank, it has become clear to regulators and legislators around the world that cryptocurrencies and blockchain are not simply a passing fad but a technology that will shape our future.

Programmable money will reshape the rules that govern exchange of value between individuals in new ways that are only just being

conceived. There is a growing awareness globally of the power of this technology and a variety of approaches being undertaken that are illustrating the potential directions that can be taken.

From the Bermuda perspective, this technology requires progressive, thoughtful leadership and a willingness to take measured and calculated risks that will unlock the possibilities of the future.

Our regulatory framework is built around our expertise developed with the insurance industry. We recognized that in order to foster innovation, it is necessary to provide a flexible regulatory environment while also keeping a keen eye on the risks.

Our approach is to establish key principals and guidelines that can provide regulatory clarity but to avoid the rule based approach that has restricted the ability for companies to think outside of the box in other jurisdictions.

We recognize that you can't simply paint innovative new financial concepts into traditional regulatory structures and as such that this

industry needs regulations that focus on the risks introduced by the application of technology to finance.

These key risks are around compliance in identifying the policies and procedures in place to ensure that we continue to lock bad actors out of the financial system and provide a fair and level playing field.

It is also around cybersecurity as the complexity of technology has meant that it is no longer a question of - if you'll get hacked but when, with an important focus being placed around the policies of how you mitigate as well as react to events.

Custody of assets are another key area of concern in that in order for this industry to grow there needs to be clarity and confidence in relying on a business to hold your assets for you. And general business risks are a factor and consideration as it needs to be clear that you have considered and mitigated risks associated with your business approach.

We have built this framework to help provide clarity and distinguish our brand so that companies that are regulated under our framework by the Bermuda Monetary Authority can demonstrate to their customers

and business partners that they've met a high standard that can drive confidence in their business.

Why did we take the decision to do something so pioneering?

Our Premier has a background in technology and set forth a vision to turn Bermuda into a tech and innovation sandbox. Bermuda has prided itself on our sterling reputation for excellence that we developed as an innovative and pioneering jurisdiction in the insurance space and we wanted to repeat and build on that model.

We recognized that there is an opportunity with Fintech to leverage our strengths to provide clarity, certainty and a path forward that can help businesses innovate, lower costs of and increase access to financial services worldwide. We are pleased to play a role in making that a reality.

We developed our digital asset regulatory framework in a similar way to how we developed our insurance framework 30 years ago. We established a close relationship between the industry, policy makers and regulators to provide the right kind of guidance needed to establish a high standard that would be in line with our ethos. We met key

players in the developing industry and invited them to come to Bermuda to work closely with us to map out the kind of regulation and guidance that the industry needs.

We are very pleased with the success and traction of the industry so far. Our focus is on attracting quality players that are looking for a high standard environment that they can use to demonstrate to other foreign regulators that they can have confidence in the businesses their building and can follow a similar model.

We have quite a few promising companies in the pipeline and we are developing a strong reputation as a jurisdiction that fits companies that want a high standard that is aligned with global commerce and regulatory requirements.

Bermuda has been fortunate in that we have attracted key players like Circle to the island who have highlighted the strength and clarity of our approach in U.S. Senate Banking Committee hearings. These kinds of allocates help develop our brand as a showcase of where major markets like the U.S. can look to replicate and it establishes us as a destination for those businesses that want the flexibility to innovate

but also the opportunity to demonstrate the benefits of their innovations to U.S. Regulators in a means that can provide future market access.

Bermuda has also been praised by SEC Commissioner Hester Peirce for our innovative and forward thinking approach to crypto custody guidelines as something the US can learn from. These forms of recognition bolster our efforts and cement our positioning as a leading light for how the risks associated with this industry can be managed.

So what is next for Bermuda?

We recognize that in order for this industry to grow we need to encourage the development of programmable money to unlock the potential of this technology and identity to reduce some of the burdens of compliance. As such we are exploring ways that we can leverage our strengths as a progressive regulatory jurisdiction to provide the right environment for the industry to solve these sorts of challenges.

Bermuda We are leveraging our ability to be nimble, our experience in crafting and enacting quality regulation, and our business-friendly environment to continue to deliver to the world a prime jurisdiction for digital financial assets.

I'd like to thank you all again, and may this event prove productive.

Thank you.