

Bermuda digital assets – December 2025 update

Briefing Summary: Our Bermuda update highlights key enhancements that the Bermuda Monetary Authority has made to regulations to extend the scope of the Digital Asset Regimes and ensure it remains relevant in combatting fraud, money-laundering and terrorist financing whilst promoting consumer protection.

Sector: Blockchain, Digital Assets and Tokenisation, Fintech and Regtech

Location: Bermuda

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Bermuda continues to retain its reputation as one of the leading jurisdictions for establishing digital asset products and services business. Benefitting from the world's first fully comprehensive digital asset sector specific regulatory framework introduced in 2018, Bermuda has continued to attract the most legitimate and credible companies to its shores. As Bermuda's sole financial services regulator, the Bermuda Monetary Authority (**BMA**) is globally recognised for its insurance and reinsurance regulatory oversight of one of the world's largest and most successful insurance and reinsurance markets, after only Lloyds of London and New York, and has successfully used its experience and expertise to adapt and apply prudent, proportionate and risk related regulation to the digital asset sector.

The Digital Asset Business Act 2018 (**DABA**) and related regulations have provided the fintech industry with regulatory and legal certainty for over seven years. Together with the Digital Asset Issuance Act 2020 (**DAIA**), which established a regime to regulate initial coin or token offerings (the **Digital Asset Regimes**), Bermuda's legal and regulatory fintech framework is designed to ensure fintech business in and out of Bermuda is conducted in accordance with recognised international standards and best practice.

The BMA has continued to enhance and update applicable rules, regulations, codes of practice, statements of principles, and guidance to extend the scope of both Digital Asset Regimes and ensure it remains relevant and innovative in combatting fraud, money-laundering, terrorist financing and promotion of consumer protection.

During 2025 the BMA:

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- Published the Digital Asset Business (Custody of Client Assets) Rules 2025 following consultation with industry. The Custody Rules introduce rules and obligations for digital asset businesses who are licenced under DABA to provide custodial wallets services to enhance and provide greater clarity to existing custody requirements. The Custody Rules will be of particular interest to and will directly affect all asset backed token issuers, including stable and yield coins, as well as exchanges licenced under DABA.
- Published the Digital Asset Business Guidance for Prospective Applicants for Licensing 2025 which formally sets out clear expectations for applicants seeking a licence under the DABA. These guidance notes include frequently asked questions as well as information around the type and level of detail required in application documents as they relate to the business architecture and operations, governance and three lines of defence as well as business model-specific considerations amongst other matters.
- Issued a Discussion Paper on the proposal to introduce a comprehensive, modernised and future proof payments regulatory framework for Payment Service Providers. The proposal includes replacing the Bermuda Money Service Business Act 2016 and streamlining the process for firms seeking multiple licences as is the case for other regulated financial services regimes as well as introducing principles of proportionality and a risk-based approach to regulation, whilst encouraging technological advancements and sustainable innovation. This is of importance to the digital asset sector in Bermuda as the new framework proposes to cover digital wallet providers who otherwise do not provide custody services.
- Issued a Call for Proposals for embedded supervision in the context of decentralised finance. Suitable proposals made to the BMA form part of a pilot project aimed at testing and developing suitable regulatory supervision of decentralised finance projects by use of embedded supervision (i.e. the direct integration of regulatory oversight, compliance checks and reporting mechanisms into the technology used for regulated digital asset business so that supervisory requirements are monitored and enforced in real-time).
- Released a Consultation Paper on a proposed Operational Resilience and Outsourcing Code supported by the Operational Resilience and Outsourcing Guidance Notes. It is expected that the final version of the code and guidance notes will be issued later in 2025, and digital asset businesses will be expected to be in compliance by 31 March 2028. In the meantime, digital asset businesses are to consider and appropriately implement the BMA's expectations on operational resilience and outsourcing set out in the existing codes, rules and guidance issued in relation to DABA.

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