![BMA Bermuda Monetary Authority logo]

Frequently Asked Questions and General Overview
Anti-Money Laundering/Anti-Terrorist Financing Service Provider Training Course

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Introduction

The Bermuda Monetary Authority (Authority or BMA) is offering a Service Provider Training (SPT) Course designed to improve participants' knowledge of the AML/ATF regulatory framework and licensing process in Bermuda, under the Digital Asset Business Act 2018 (DABA).

Service providers refer to lawyers, compliance consultants, other financial service providers and/or professionals within an applicant's organisation who have ongoing responsibility for the AML/ATF compliance programme.

Service Provider Training (SPT) Course

1.   What course offerings are available?
There is one SPT Course with two tracks.

First Track – SPT Standard

Learning Objective
This track is open to service providers who want to reinforce and validate their knowledge of Bermuda's AML/ATF regime and the AML/ATF requirements when considering a Digital Asset Business (DAB) licence under DABA.

This track includes relevant tips for licensing and recommendations for producing supplementary documentation required for filing the AML/ATF component of a DAB licence application.

Second Track - SPT Advanced

Learning Objective
This track is for service providers with two or more years of AML/ATF compliance experience who want to reinforce and validate their knowledge of Bermuda's AML/ATF regime and the AML/ATF requirements when considering a DAB licence.

This track includes tips for licensing and recommendations for producing documentation required for filing the AML/ATF component of a DAB licence application. Participants must complete assignments to demonstrate their knowledge gained from the course.

*More information on the AML/ATF Advanced track programme can be found from question 15 onwards.

2.   Who should take this course?
The SPT Standard track is open to individuals seeking to enhance their knowledge of the AML/ATF regulatory regime including AML/ATF licensing and filing requirements.

The SPT Advanced track is intended for individuals with two or more years of AML/ATF compliance experience who want to qualify for the AML/ATF Advanced track licensing programme.

Both tracks are designed for service providers, existing Compliance Officers (CO), compliance consultants, and other industry professionals interested in compliance or a Compliance Officer function.

3.   How do I apply for the SPT Standard track?

SPT Standard track applicants must e-mail their full name, address, e-mail address and business telephone with 'SPT Standard Track' in the subject line to: spt@bma.bm. Successful candidates will receive a unique link to access the course.

4.   How do I apply for the SPT Advanced track?

Advanced track applicants must be CO, Money Laundering Reporting Officers (MLRO) or service providers with two or more years of AML/ATF compliance experience.

Applicants for this track must e-mail their full name, address, e-mail address, business telephone number, a description of their AML/ATF compliance experience and why they are a good fit for the course with 'SPT Advanced Track' in the subject line to spt@bma.bm. Successful candidates will receive a unique link to access the course.

5.   What are the benefits of taking the course?

The benefits for participants taking the SPT Standard track include a firm understanding of Bermuda's AML/ATF regulatory regime, detailed information for filing a successful AML/ATF submission as well as additional guidance and tips on the DAB licensing process.

Additionally, for those taking the SPT Advanced track, participants will benefit from eligibility for the AML/ATF Advanced track licensing programme. Following successful completion of the advanced course, the BMA may assess the scope of their work in relation to the AML/ATF requirements for a DAB licence application.

6.   Is there a fee for the course?

Currently, there is no fee the course.

7.   Are there limits to the number of individuals who may enroll in the course?

There are limits to course enrollment for both tracks. Anyone applying after those limits are reached will be placed on a waiting list.

8.   How is the course facilitated?

The course is delivered online and is self-paced. The content is presented in slide format with voiceovers using a learning management system called Tovuti. Participants will be given access to the platform once they have registered for the course.

9.   How is the course organised?

The course is organised into five modules. Each module contains multiple choice quizzes to assess participants' understanding of the learnings.

10. Can I seek assistance throughout the course?

Yes. The following email is available for those with queries relating to course content or platform navigation: spt@bma.bm.

11. Will SPT Course participants be able to view other participants' evaluations?

No. Results from evaluations are limited to individual participants and course administrators only.

12. How long does each track take to complete?

As a self-paced course, the time spent to complete it will vary from participant to participant, depending on their knowledge and experience of the subject matter. Notwithstanding, the Standard track is approximately 50 hours and the Advanced track is approximately 65 hours to complete.

13. What do I receive upon successful completion?

Participants successfully completing either track are notified that they have completed the relevant course. Participants who complete the Advanced track become eligible to submit AML/ATF policies and procedures required for the DAB application through the AML/ATF Advanced Track licensing programme.

14. I have completed the SPT Standard track and now want to take the SPT Advanced track. May I complete the Advanced track by just completing the final assignments?

Yes, participants may complete the SPT Advanced track within three months of completing the SPT Standard track by completing the Advanced track assignments only. If it has been longer than three months since completion of the Standard track, the entire Advanced track must be taken (i.e., the course and assignments).

15. How may I make suggestions on the course?

All feedback is welcome. Feedback should be sent to spt@bma.bm.

16. What is AML/ATF Advanced Track Licensing Programme?

The AML/ATF Advanced track licensing programme is aimed at reducing the processing time for the AML/ATF portion of the DAB licensing application. Eligible individuals who completed the SPT Advanced track can submit AML/ATF documentation through the AML/ATF Advanced track.

In accordance with Schedule 1 of DABA and as described in Appendix C (see below) the minimum licensing requirements must be met by applicants prior to licensing.

Once the DAB licence is approved, the Authority works with the applicant to ensure the AML/ATF documentation is submitted within timeframes agreed upon by the Authority.

17. What are the requirements and parameters of the AML/ATF Advanced Track Licensing Programme?

a) Entry Requirements

To qualify for the AML/ATF Advanced track licensing programme, service providers preparing and submitting the AML/ATF requirements of a DAB licence application must successfully complete the SPT Standard track. Additionally, the appointed CO/MLRO for the entity must successfully complete the SPT Advanced track. This will ensure that requisite documentation, policies and procedures subscribe to international standards and best practices; and licence expectations are fully met.

See Appendix B and C for more details on the AML/ATF Advanced track programme.

b) Which DAB licence applications are eligible for the AML/ATF Advanced track licensing?

AML/ATF Advanced track licence applications will be available for DAB T, M and F licence classes. See Appendix A for further information on these licence classes.

In the case of applications that trigger other licensing regimes beyond DAB, the Authority will review those applications on a case-by-case basis for eligibility for the AML/ATF Advanced track.

c) Licensing and vetting – AML/ATF

Prior to approval for an application under the AML/ATF Advanced track licensing programme, the Authority vets the application and meets with the applicant to ensure immediate post-licensing risks of the business activity, products and services are understood and the operationalisation of policies and procedures is planned appropriately.

To obtain a licence, the applicant must meet all statutory requirements and sign an attestation that the applicant will fully comply with all the requirements of the AML/ATF Advanced track licensing process as set out in this document. The scope of AML/ATF documentation expected at the time of application will be in keeping with the licence and the level of risk attached to the business. AML/ATF documentation requirements under the AML/ATF Advanced track licensing programme consider the risk and type of DAB activity and are listed in Appendix C by licence type.

In keeping with risk-based regulatory regime, the AML/ATF policies and procedures must align with the assessed Money Laundering/Terrorist Financing (ML/TF) business risks to ensure the level of detail and controls meet the minimum criteria for licensing.

For Class F (full) licences, AML/ATF and sanctions policies and procedures, ML/TF customer risk assessments and all remaining requirements must be developed fully prior to commencing the business.

18. What is expected pre- and post-licensing for each T, M and F licence class?

The pre-licensing submissions by licence class can be found in Appendix C.

In addition to the pre-licensing requirements by licence class outlined in Appendix C, the Authority works collaboratively with the licensee during the post-licensing phase to ensure documents and reports are submitted as required.

For more information on the process and the Authority's expectations, see Appendix D and E.

19. What if pre-licence submissions to the AML/ATF Advanced track licensing programme are unsuitable?

The applicant must ensure the objective, principles and governance of AML/ATF Advanced track licensing programme are satisfied before submitting an application form.

A licence will not be issued if applications, forms and/or documents lacks clarity or is missing information. If so, the submission is rejected.

20. What if submissions to the AML/ATF supervision team post-licensing are unsuitable?

Individuals that have made unsuitable AML/ATF submissions to the Authority will be deemed ineligible to submit further applications under the AML/ATF Advanced Track licensing process until they successfully retake the SPT Advanced track.

Appendices

Sandbox environment – Class T and M Licences

The Class T licence is used to test a new business model, product or service or run a pilot project in or from Bermuda. This licence is valid for three to 12 months, with a possible extension and is subject to certain restrictions imposed by the Authority. Prior to expiry, the DAB and the Authority typically meet to discuss the next steps in terms of licensing (i.e., the class of licence the licensee intends to seek next) or if it intends to wind down the licence.

The Class M licence allows entities to transition from testing a proof-of-concept under a T licence (or other testing environment) to a full or Class F licence. Under the M licence, the DAB develops its compliance programme to ensure its effectiveness at scale. During this time, the entity should prepare a roadmap and submit key indicators to evaluate the growth of the business, risks and compliance with policies and procedures.

This licence is typically 12 months and is subject to certain restrictions imposed by, and supervisory visits from, the Authority. Approaching expiry, the Authority and DAB will discuss the next steps to determine if the DAB has demonstrated its ability to maintain an effective compliance programme and meets the minimum licensing criteria for a Class F licence.

Regular environment – Class F licence

The Class F licence permits full operation as a regulated DAB in Bermuda. Under this licence, the entity meets minimum licensing criteria under the DABA and any additional conditions imposed by the Authority. While the licence does not have an expiration date, there are regular supervisory visits by the Authority's FinTech supervisory unit, Anti-Money Laundering unit and Cyber Risk unit.
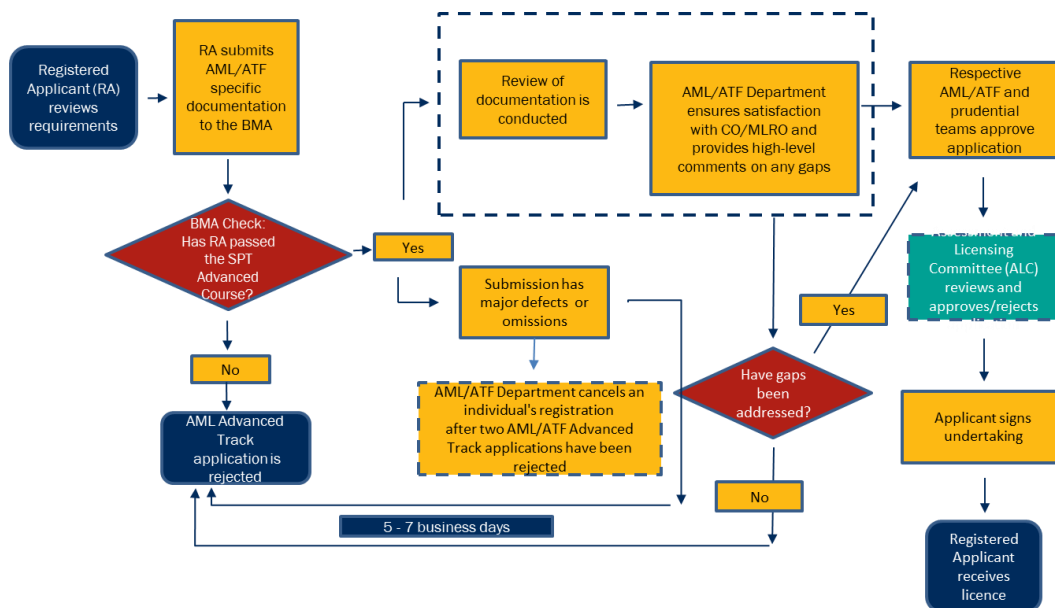
AML/ATF Advanced Track Licensing

To qualify for the AML/ATF Advanced track licensing programme, regulated entities must have the AML/ATF portion of their application prepared by an individual who passed the SPT Advanced track. In the diagram above, these entities are indicated by the term 'eligible applicant'.

The Authority reviews each eligible licensing package to ensure there are no major omissions or defects. In addition to reviewing the application and AML/ATF documents, the Authority must be satisfied with the capabilities of compliance officer (CO) and Money Laundering Reporting Officer (MLRO) responsible for the operationalization of policies and procedures, and provides guidance on gaps in the submission. Once this is remediated, the Authority reviews revised submissions to determine if defects are addressed appropriately.

Once the requirements are satisfactorily met, the application is submitted to the Authority's Assessment and Licensing Committee for final approval. If gaps or omissions persist and requirements are unsatisfactorily met, the application will be rejected.

As there can be significant ramifications for the regulated entity if its AML/ATF policies and procedures and AML/ATF risk framework is insufficient, once the Authority rejects two AML/ATF Advanced track licensing packages from an entity, the SPT Advanced track must be repeated and assurance provided that AML/ATF obligations are understood and operationalised before submitting further licensing packages to the Authority through the AML/ATF Advanced track licensing programme.

	Sandbox environment		Regular environment
Licence class	**Class T (Test)**	**Class M (Modified)**	**Class F (Full)**
Documents required to obtain the licence	Application & Institutional Questionnaire and Personal Questionnaires for the Directors, Officers and Controllers (fit and proper test).	Application & Institutional Questionnaire and Personal Questionnaires for the Directors, Officers and Controllers (fit and proper test).	Application & Institutional Questionnaire and Personal Questionnaires for the Directors, Officers and Controllers (fit and proper test).
	Business Plan: Include the nature and scale of the business activity (under the license type).	Business Plan: Include the nature and scale of the business activity (under the license type).	Business Plan: Include the nature and scale of the business activity (under the license type).
	1) A Business Risk Assessment (BRA) document that states the applicant's assessment of the ML/TF and sanctions risk based on the entity's business model and scope of their activities. Note: this should reference the internal controls to be implemented based on the actual ML/TF and sanctions risks arising from the operation of the T-licence based on the risk profile of the entity. The BRA should include: • The current/proposed customer base (types of customers e.g., retail or corporate/institutional customers). • The geographic location of the current/proposed customer base and where products and services are intended to be marketed. • The products/services the company intends to offer its customer base. • The current/proposed methods of engagement with its customer base e.g., online, face-to-face, via intermediaries and agents etc.	1) A Business Risk Assessment (BRA) document that states the applicant's assessment of the ML/TF and sanctions risk based on the entity's business model and scope of their activities. Note: this should reference the internal controls to be implemented based on the actual ML/TF and sanctions risks arising from the operation of the T-licence based on the risk profile of the entity. The BRA should include: • The current/proposed customer base (types of customers e.g., retail or corporate/institutional customers). • The geographic location of the current/proposed customer base and where products and services are intended to be marketed. • The products/services the company intends to offer its customer base. • The current/proposed methods of engagement with its customer base e.g., online, face-to-face, via	1) A Business Risk Assessment (BRA) document that states the applicant's assessment of the ML/TF and sanctions risk based on the entity's business model and scope of their activities. Note: this should reference the complete suite of internal controls to be implemented based on the actual ML/TF and sanctions risks arising from the operation of the F-licence based on the risk profile of the entity. The BRA should include: • The current/proposed customer base (types of customers e.g., retail or corporate/institutional customers). • The geographic location of the current/proposed customer base and where products and services are intended to be marketed. • The products/services that the company intends to offer its customer base. • The current/proposed methods of engagement with its customer base e.g., online, face-to-face, via intermediaries and agents etc.

- The current/proposed transactional methods available to customers like, debit/credit card, bank account, etc.

- Describe the specific ML/TF risks that the business operating under its T licence could face – highlighting specific policies it has taken to avoid such risks.

2) Policies and procedures that provide an overview and description of AML/ATF compliance, sanctions and risk management programme including control measures to mitigate identified ML/TF and sanctions risks.

N.B: A full AML/ATF and sanctions policy and procedure proportionate to the risks of the business is expected prior to licensing for review and must be produced at any time, at the Authority's discretion.

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intermediaries and agents etc.

- The current/proposed transactional methods available to customers like, debit/credit card, bank account, etc.

- Describe the specific ML/TF risks that the business operating under its T licence could face – highlighting specific policies it has taken to avoid such risks.

2) Policies and procedures that provide an overview and description of AML/ATF compliance, sanctions and risk management programme including control measures to mitigate identified ML/TF and sanctions risks.

N.B: A full AML/ATF and sanctions policy and procedure proportionate to the risks of the business is expected prior to licensing for review and must be produced at any time, at the Authority's discretion.

- The current/proposed transactional methods available to customers like debit/credit card, bank account, etc.

- Describe the specific ML/TF risks that the business operating under its F licence could face – highlighting specific policies it has taken to avoid such risks.

2) Policies and procedures that provide an overview and description of AML/ATF compliance, sanctions and risk management programme including the control measures to mitigate the identified ML/TF and sanctions risks (e.g. pre-selected customer, closed-loop for digital assets within the F-licence) and the steps it will take to manage any actual risk.

At a minimum, the document will describe the controls for the following processes:

- Customer onboarding and screening process.

- Customer due diligence and enhanced due diligence procedures to meet the standards required in the regulations.

- Transaction and ongoing monitoring procedures.

- Record-keeping and recording procedures.

N.B: A full AML/ATF and sanctions policy and procedure proportionate to the risks of the business is expected prior to licensing and must be available for review prior to licensing and must be produced at any time, at the Authority's discretion.

	Attestation: See Appendix F.	Attestation: See Appendix F.	Attestation: See Appendix F.

Appendix D: **Pre-Licensing – T and M Licences**

For pre-licensing AML/ATF requirements, for T and M licences refer to Appendix C.

Supervision Process – T and M Licences

Monthly check-point meetings and reporting requirements under T & M Licences
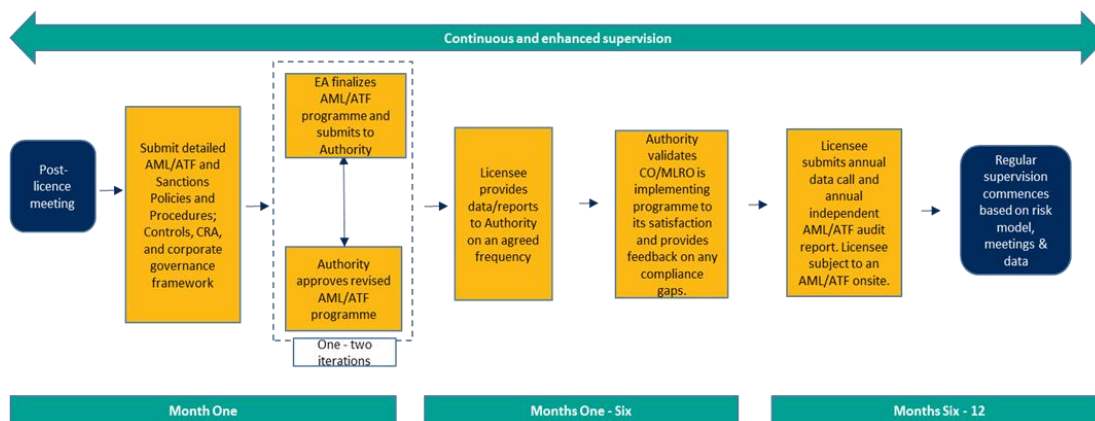
After granting a licence, the following requirements will apply:

a) Continuous and enhanced supervision through monthly meetings.

b) Submission of detailed AML/ATF and sanctions policies and procedures, internal controls and Customer Risk Assessment (CRA) in keeping with the licence class and proportionate to the ML/TF and sanctions risks of the business activities within the first month.

c) Submission of a detailed Corporate Governance Framework within the first month.

d) The compliance officer/MLRO must be prepared to explain the current ML/TF and sanctions risks of the business and how it is implemented and operationalized in the policies and procedures; and internal controls as written.

e) Submission of monthly KPIs, explaining any compliance gaps (See BMA Template). This is to include periodic information on corporate governance and risk management from board meetings, committee meetings, etc.

f) Submission of Know your client (KYC) and Customer Due Diligence (CDD) documentation for review, particularly, customer onboarding in accordance with its policies and procedures. Feedback will be provided on any areas of non-compliance as required. The Authority will select a sample selection where it feels it is warranted.

g) Towards the end of a T or M licence, the service provider must provide written confirmation that an AML/ATF programme has been developed and operationalised proportionate to the risks of the current licence. Once completed, the entity can apply for the next licence class.

a) As part of the Advanced track AML/ATF licensing process, the Authority will restrict the F licensees from conducting business if any of the AML/ATF programme requirements are not met.

b) These conditions will include, but are not limited to, submission of adequate AML/ATF documents (as described in Appendix C).

Supervision Process

After granting a licence, the following requirements will apply:

Reporting under an F licence

a) Submission of detailed AML/ATF and sanctions policies and procedures; internal controls and CRA in keeping with the licence class and proportionate to the ML/TF and sanctions risks of the business activities within the first month.

b) Submission of a detailed Corporate Governance Framework within the first month.

c) The Compliance Officer/MLRO must be prepared to explain the ML/TF and sanctions risks of the business and how he/she intends to operationalize and implement the policies, procedures and controls as written.

d) Submission of monthly KPIs, with feedback provided on any compliance gaps. (Existing BMA Template to be used). This should include periodic information on corporate governance and risk management from board meetings, committee meetings, etc.

e) Prior to conducting business, the licensee must have developed a detailed Business Risk Assessment (BRA), CRA, AML/ATF and sanctions policies and procedures; internal controls manual and Corporate Governance Framework.

f) Prior to conducting business, the licensee must demonstrate that it understands the ML/TF and sanctions risks of the business and can operationalize and implement its written AML/ATF and sanctions policies, procedures and controls.

g) Consideration can be given to amending the meeting and reporting schedule to a quarterly period where AML/ATF and FinTech Management feel this is appropriate.

Onsite Visits (F licence)

In the first year of operation, F licensees are subject to an AML/ATF onsite and are required to submit:

a) An annual data call.
b) An annual (at minimum) independent AML/ATF audit report.

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DAB AML/ATF Advanced Track Licensing Application

1.   I declare, for and on behalf of the applicant, that the applicant will be conducting the following specific activity that is regulated by Bermuda Monetary Authority (Authority or BMA), as set out in the DABA Application Form (please check only one box):

☐ DABA Class F (Full) Licence – Regular environment
☐ DABA Class M (Modified) Licence – Sandbox environment
☐ DABA Class T (Test) Licence – Sandbox environment

2.   ☐ I declare, for and on behalf of the applicant, that the applicant has met the licensing requirements and the service provider and compliance officer/MLRO have taken the AML/ATF Advanced track course.

3.   ☐ I declare, for and on behalf of the applicant, that the applicant has a complete Policy and Procedure document proportionate to the business risk.

4.   ☐ I declare, for and on behalf of the applicant, that the information furnished in the fit and proper declaration submitted with the DAB application form in respect of each key stakeholder is true to the best of my/our knowledge and that I/we have not suppressed any material fact.

5.   ☐ I declare, for and on behalf of the applicant, that the applicant has met the AML/ATF requirements of the AML/ATF Advanced track licensing programme as set out in this document.

6.   ☐ I declare, for and on behalf of the applicant, that the applicant will not conduct any other activity regulated by the BMA, not currently included in the licensing application. If an applicant applies for multiple licences, this AML/ATF Advanced track process only applies to the Authority's determination regarding the issuance of the DAB licence.

Signed:

_____   _____
Service Provider   (Print Name, Title, Company Name)

_____   _____
CO/MLRO   (Print Name, Title, Company Name)