

# Virtual Assets Services



The Isle of Man and Cayman Islands

**Affinity**  
GROUP

# Isle of Man



The Isle of Man has positioned itself at the forefront of establishing and adopting regulatory frameworks around nascent disruptive business sectors and distributed ledger technology is another such business.

Using flexible licencing arrangements and conditions where possible, the Isle of Man allows blockchain based and/or virtual assets based businesses to explore opportunities and adapt as the technology evolves.

The Island also provides a financially rewarding base for your business, with 0% standard rate of corporate tax, no capital gains tax and personal tax rates that are among the lowest in Europe.



# Isle of Man

---

The Isle of Man Financial Services Authority (“IOMFSA”) looks to substance rather than form: it will regulate entities undertaking activity with Virtual Assets that have the characteristics of securities or electronic money to the same extent as if they were issued in other forms.

Entities undertaking certain activities with Virtual Assets that fall outside the regulatory perimeter – including cryptocurrencies and NFTs – do not require financial services licences but must register with the IOMFSA as “Designated Businesses” and comply with Anti-Money Laundering and Countering the Financing of Terrorism requirements.

**Affinity**  
GROUP

# Isle of Man

---

**“Designated Business Registration”**- Businesses that fall under the definition of Virtual Assets businesses must register as a Designated Business. Each Designated Business must have two Manx resident directors, a Money Laundering Reporting Officer and the management and control must be in the Isle of Man.

The Designated Business Registration is an oversight and monitors those businesses in relation to their Anti-Money Laundering and Countering the Financing of Terrorism (“AML/CFT”) provisions. All persons carrying out designated business are required to comply with AML/CFT legislation.

The Designated Business legislation captures any exchange of virtual assets, including crypto currencies (both crypto-to-crypto and crypto-to-fiat) and NFTs as well as Initial Coin Offerings.





# Isle of Man



**Our Isle of Man office offers all the services required to incorporate a Designated Business:**

- Company Incorporation
- Provision of Registered Office
- Provision of Local Directors
- Provision of Money Laundering Reporting Officer
- Preparation of Designated Business Application
- Preparation of AML/CFT Policies and Procedures
- Opening Corporate Bank Accounts
- Introductions to Government Agencies / Law Firms / Key Local Contacts

**Affinity**  
GROUP



# Cayman Islands

---

The Cayman Islands has developed a legal framework for virtual assets that strikes the right balance between risk-based regulation and innovation. In 2020, the Cayman Islands introduced The Virtual Asset (Service Providers) Act (VASPs), a legislative framework for the registration and licensing of virtual asset services from a Cayman Islands entity or from within the Cayman Islands.

The Cayman Islands also offers a unique entity named the Cayman Islands Foundation Company which are well suited for DAOs, NFTs and Defi.

The Cayman Islands has a number of other benefits such no withholding tax on dividends, interest, royalties, or fees for technical service in the Cayman Islands, and no branch remittance.

# Cayman Islands

---

The regulatory framework for the VASP Act captures:

- (a) exchange between virtual assets and fiat currencies;
- (b) exchange between one or more other forms of convertible virtual assets;
- (c) transfer of virtual assets;
- (d) virtual asset custody service; or
- (e) participation in, and provision of, financial services related to a virtual asset issuance or the sale of a virtual asset. This includes issuers of virtual assets, virtual asset custodians, virtual asset trading platforms, as well as entities providing financial services related to the sale of a virtual asset such as virtual asset dealers.



# The Cayman Islands

---

**Cayman Islands Foundation Companies** are hybrid corporate vehicles unique to the Cayman Islands with separate legal personality and limited liability. Importantly for decentralised projects, a foundation can cease to have members (i.e. shareholders) making it an ownerless vehicle. A number of DAO, Defi and NFTs projects have benefited from using a Cayman Island Foundation Company.

## Benefits of Cayman Islands Foundation Company:

- Ownerless
- Corporate Status
- Flexible Control Mechanisms
- Speed
- Recognised Structure
- Clear Regulatory Regime
- Bylaws
- Tax Advantages



# Cayman Islands

---

**Our Cayman office offers all the services required to setup a Cayman entity:**

- Company / Foundation Incorporation
- Provision of Registered Office
- Provision of Local Directors
- Provision of Money Laundering Reporting Officer
- Preparation of VASP Application
- Preparation of AML/CFT Policies and Procedures
- Opening Corporate Bank Accounts
- Introductions to Government Agencies / Law Firms / Key Local Contacts

**Affinity**  
GROUP

# Contact Us

---

**Mark O'Neill**  
**Group Commercial Manager**  
[mark@affinityco.com](mailto:mark@affinityco.com)  
**+44 7624 310692**

**Gary Harrison**  
**Head of Group Business Development**  
[garyh@affinityco.com](mailto:garyh@affinityco.com)  
**+44 7624 302844**

**Affinity**  
GROUP