



# **An overview of the regulation of virtual assets in Grenada**

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# 1. Virtual asset laws and regulations in Grenada

In 2018, Grenada began exploring digital versions of its currency, led by the Eastern Caribbean Central Bank (**ECCB**), focusing on the Eastern Caribbean Dollar. This wasn't directly linked to cryptocurrencies like Bitcoin.

In 2019, the Financial Action Task Force (**FATF**) set guidelines for virtual assets, and Grenada, a member of the Caribbean Financial Action Task Force (**CFATF**), had to comply. Though no specific laws regulated virtual assets initially, the Financial Intelligence Unit (**FIU**) issued warnings about associated risks.

The turning point was the introduction of the **Virtual Asset Business Act, 2021**, establishing a legal framework for virtual asset businesses. It defines terms, sets licensing and registration requirements, and addresses anti-money laundering and counter-terrorism financing. The regulatory body that oversees the Virtual Asset Business Act, 2021 is the Grenada Authority for the Regulation of Financial Institutions (**GARFIN**). GARFIN is responsible for registering and supervising virtual asset businesses, ensuring compliance, and enforcing penalties.

Grenada has shifted from a cautious stance, as indicated by the FIU's advisory, to a regulated environment with the Virtual Asset Business Act, 2021.

## **What is considered a virtual asset in Grenada?**

According to the Virtual Asset Business Act, 2021, a "virtual asset" refers to a digital representation of value that can be traded or transferred digitally and can be used for payment or investment purposes. It does not include digital representations of fiat currency or securities.

Furthermore, the Virtual Asset Business Act, 2021 provides examples of virtual assets such as "digital currencies, digital coins, and digital tokens, among other representations of digital value."

## **What are the relevant laws and regulations?**

Grenada has implemented regulations for virtual assets and digital currency businesses, with the passage of the Virtual Asset Business Act in July 2021.

The Act mandates the registration and supervision of virtual asset businesses operating in Grenada, and requires registrants to comply with Anti-Money Laundering and Combating the Financing of Terrorism (**AML/CFT**) regulations and maintain relevant records. It also lays out requirements for the registration process, a code of conduct for registrants, and provisions for penalties and sanctions for non-compliance.

## **Who do such laws and regulations apply to?**

The Virtual Asset Business Act, 2021 applies to businesses operating in or from Grenada that conduct one or more of the following activities involving virtual assets on behalf of another person:

- i. Exchange between virtual assets and fiat currencies.
- ii. Exchange between one or more forms of virtual assets.
- iii. Transfer of virtual assets.
- iv. Safekeeping or administration of virtual assets or instruments enabling control over virtual assets.
- v. Participation in and provision of financial services related to an issuer's offer and/or sale of a virtual asset.

These activities cover a broad range of virtual asset-related businesses, including cryptocurrency exchanges, virtual asset custodians, and other service providers that facilitate the buying, selling, transferring, or storing of virtual assets. The Act requires these businesses to obtain a license from the FSRC and comply with various regulatory requirements, such as AML/CFT measures and consumer protection provisions.

## **Who are the relevant regulatory authorities in relation to virtual assets in Grenada?**

The GARFIN is the regulatory authority in Grenada in relation to virtual asset businesses. GARFIN is responsible for registering and supervising virtual asset businesses, ensuring compliance with the Virtual Asset Business Act, 2021, and enforcing penalties where necessary. The Act sets out the legal framework and establishes the requirements for virtual asset businesses in Grenada, including AML/CFT regulations.

The Eastern Caribbean Central Bank (**ECCB**) is the monetary authority for Grenada and other Eastern Caribbean countries. In 2021, the ECCB launched a pilot for its Central Bank Digital Currency (**CBDC**) project, known as DCash. DCash is a digital version of the Eastern Caribbean Dollar and is intended to be used alongside physical cash, but it's not related to the regulation of decentralised cryptocurrencies. In summary, GARFIN is the main regulatory authority for virtual asset businesses in Grenada.

### **What are the penalties for breaches of virtual asset laws and regulations in Grenada?**

The Virtual Asset Business Act, 2021 sets out criminal penalties, administrative penalties, and registration revocation or suspension for breaches of virtual asset laws and regulations in Grenada. Here is a summary of the penalties:

Criminal penalties: A person who is convicted on indictment for an offense under the Act is liable to a fine not exceeding \$250,000 and to imprisonment for a term not exceeding 7 years. A person who is convicted on summary conviction for an offense under the Act is liable to a fine not exceeding \$50,000 and to imprisonment for a term not exceeding 2 years.

Administrative penalties: A registrant who fails to comply with any provision of the Virtual Asset Business Act, 2021 or any request for relevant information by the GARFIN may become liable to pay an administrative penalty set by the respective authority, which is imposed by a notice in writing.

Registration revocation or suspension: If a registrant contravenes a provision of the Virtual Asset Business Act, 2021, makes a false declaration in an application for registration, or is no longer considered a fit and proper person to be a registrant, the GARFIN may revoke or suspend their registration.

## **2. Regulation of virtual assets and offerings of virtual assets in Grenada**

### **Are virtual assets classified as 'securities' or other regulated financial instruments in Grenada?**

The Virtual Asset Business Act, 2021 of Grenada does not explicitly classify virtual assets as 'securities' or other regulated financial instruments. However, it does provide a framework for regulating various activities involving virtual assets, which could indirectly imply their classification based on the specific nature and use of the asset.

The Virtual Asset Business Act, 2021 defines a virtual asset business as an entity that conducts one or more activities or operations for, or on behalf of, another person. These activities include:

(a) Exchange between a virtual asset and fiat currency; (b) Exchange between one or more forms of virtual assets; (c) Transfer of a virtual asset whether or not for value; (d) Safekeeping or administration of a virtual asset or instruments enabling control over a virtual asset; and (e) Participating in and provision of financial services related to an issue or sale of a virtual asset.

Although the Virtual Asset Business Act, 2021 does not provide a clear classification for virtual assets, it is possible that some virtual assets could fall under existing classifications of securities or other financial instruments depending on their characteristics and functions. For instance, if a virtual asset represents an ownership interest in a company or entitles the holder to a share of profits, it might be considered a security.

To determine whether a particular virtual asset would be classified as a security or another regulated financial instrument in Grenada, a case-by-case analysis would be necessary. This would involve examining the specific features and purposes of the virtual asset in question, considering aspects such as its creation, issuance, and intended use.

### **Are stablecoins and NFTs regulated in Grenada?**

The Virtual Assets Business Act 2021 of Grenada does not explicitly mention Non-Fungible Tokens (NFTs) or stablecoins. However, its regulatory framework for virtual assets, covering activities like exchange and financial services related to virtual assets, suggests that stablecoins and NFTs may be regulated based on their specific characteristics and use cases. A case-by-case analysis is needed to determine their regulatory status.

### **Are decentralised finance (DeFi) activities (e.g. lending virtual assets) regulated in Grenada?**

The Virtual Asset Business Act, 2021 in Grenada encompasses DeFi activities, such as lending virtual assets, within its regulatory framework. It defines virtual asset business as the conduct of one or more activities or operations for or on behalf of another person, which includes participating in and providing financial services related to an issue or sale of a virtual asset. DeFi activities, such as lending virtual assets, fall within this definition when conducted for or on behalf of another person.

Under the Virtual Asset Business Act, 2021, any person who offers or operates a Virtual Asset Business in or from Grenada is required to be registered, with certain exceptions. This requirement applies to DeFi activities as well, provided they are conducted for or on behalf of another person. Those already operating a virtual asset business are allowed to continue their operations for 60 days from the date of commencement of the Virtual Asset Business Act, 2021, after which they must be registered to continue their activities.

Registrants must maintain adequate accounting records and prepare financial statements for each financial year, keeping these records and statements at their place of business in Grenada. Additionally, registrants must implement and maintain policies to ensure the legitimate collection, storage, use, and disclosure of clients' personal information related to their virtual asset business.

Regarding the prospectus for the issue or sale of virtual assets, registrants must not participate in or provide financial services related to the issue or offer for sale of a virtual asset without submitting a prospectus to the GARFIN for review and receiving a statement of no objection. The prospectus must be prepared in accordance with the requirements set out in Schedule 3 of the Virtual Asset Business Act, 2021 and submitted to the GARFIN for review.

### **Are there any restrictions on issuing or publicly offering virtual assets in Grenada?**

Yes, there are restrictions and requirements on issuing or publicly offering virtual assets in Grenada under the Virtual Asset Business Act, 2021. Here are some of the key points:

- i. A registrant shall not participate in or provide financial services related to the issue or offer for sale of a virtual asset without submitting a prospectus to the GARFIN for review at least 14 (fourteen) days before the proposed date of its publication.
- ii. The prospectus shall be prepared in English and shall include items, such as a background of the registrant and virtual asset business involved, information on the amount and currency of the issue or sale, the payment terms for subscription or purchase, and financial information of the registrant.
- iii. The GARFIN may order an amendment to a prospectus, suspend an issue or offer for sale where an order for amendment is made subsequent to the provision of a statement of no objection to a prospectus, or suspend or cancel an issue or offer for sale of a virtual asset if in the public interest.
- iv. Failure to comply with the requirements for a prospectus or contravening any other provision related to the issue or offer for sale of virtual assets may result in penalties, including summary conviction to a fine of \$10,000 and imprisonment of 2 years.

### **Are there any exemptions to the restrictions on issuing or publicly offering of virtual assets in Grenada?**

Yes, there are certain exemptions to the restrictions on issuing or publicly offering of virtual assets in Grenada. Here are some key points to keep in mind:

#### Exemptions to Registration Requirements:

- i. **Non-Grenadian Business:** According to Section 4(3) of the Virtual Asset Business Act, 2021, a person who operates a virtual asset business outside of Grenada and only occasionally carries on virtual asset business in or from within Grenada is exempt from the registration requirement, provided that the person is registered or licensed under the laws of a country or territory outside of Grenada.

- ii. **Financial Institutions:** Section 4(4) of the Virtual Asset Business Act, 2021 states that a financial institution regulated under any other enactment in Grenada is exempt from the registration requirement if it carries on virtual asset business incidental to its business as a financial institution.
- iii. **Designated Non-Financial Businesses and Professions:** Section 4(5) of the Virtual Asset Business Act, 2021 exempts designated non-financial businesses and professions listed in Part I of Schedule 2 from the registration requirement, provided that they carry on virtual asset business incidental to their main business.

#### Exemptions to Prospectus Requirements:

- i. Section 13(2) of the Virtual Asset Business Act, 2021 exempts certain virtual asset offerings from the prospectus requirement. These exempt offerings include:
- ii. Offerings where the total consideration payable for the issue or sale of the virtual assets is less than \$500,000.
- iii. Offerings made to not more than 50 persons in Grenada or elsewhere.
- iv. Offerings made to professional investors only.

### 3. Regulation of VASPs in Grenada

#### **Are VASPs operating in Grenada subject to regulation?**

The Virtual Asset Business Act, 2021 of Grenada regulates VASPs operating in or from Grenada. It provides the regulatory framework for the registration and supervision of virtual asset business from Grenada and with persons in Grenada.

The Virtual Asset Business Act, 2021 applies to any person who, whether before or after the commencement of the Act, offers or operates virtual asset business in or from Grenada. The Virtual Asset Business Act, 2021 defines a virtual asset as any digital representation of value that can be digitally traded or transferred and can be used for payment or investment purposes, but does not include digital representations of fiat currencies or securities.

The Virtual Asset Business Act, 2021 requires any person who wishes to be registered to offer or operate virtual asset business to apply to the GARFIN for registration. The person shall make an application for registration in writing and provide the relevant details. The GARFIN reviews the application and considers whether to grant or refuse registration.

If registration is granted, the registrant must comply with various requirements and obligations, including the appointment and obligations of a principal representative, requirements for a registrant, and obligations to provide adequate accounting records and prepare financial statements, keep assets in escrow, and report quarterly to the GARFIN.

The Virtual Asset Business Act, 2021 also regulates prospectuses for the issue or sale of a virtual asset, including the requirement to submit a prospectus to the GARFIN for review and to publish the prospectus prior to the issue or offer for sale.

The Virtual Asset Business Act, 2021 sets out a wide range of powers for the GARFIN, including the power to examine or cause an examination of a registrant. Failure to comply with the Virtual Asset Business Act, 2021 may result in penalties.

#### **Are VASPs providing virtual asset services from offshore to persons in Grenada subject to regulation in Grenada?**

Yes, VASPs providing virtual asset services from offshore to persons in Grenada are subject to regulation under the Virtual Asset Business Act, 2021 in Grenada.

The Virtual Asset Business Act, 2021 applies to any person who offers or operates virtual asset business in or from Grenada, whether before or after the commencement of the Act. Therefore, virtual asset service providers operating from offshore and offering their services to persons in Grenada are required to register with the GARFIN under this Act and comply with all its provisions.

### **What are the main requirements for obtaining licensing / registration as a VASP in Grenada?**

Under the Virtual Asset Business Act, 2021, any person who, whether before or after the commencement of the Act, offers or operates virtual asset business in or from Grenada is required to register with the GARFIN.

To register, a person shall make an application in writing and provide the name and address of the registered office of the person, the address of the place of business in Grenada, a statement setting out the nature and scope of the virtual asset business, including but not limited to the date operations commenced, and the name of the application and website address where the person conducts virtual asset business from or intends to conduct virtual asset business from.

Applicants shall also provide a risk assessment of the products and services to be provided, written policies, rules, and procedures for anti-money laundering and counter-financing terrorism measures, data management and protection, security access control, and cyber-security safeguards. Additionally, they must provide any other information the GARFIN may reasonably require for the purpose of determining the application and whether a person is fit and proper.

A registrant is also required to appoint and have at all times in place a principal representative who is ordinarily resident in Grenada to be accountable for the daily management of the place of business in Grenada, acts as a liaison between clients of the registrant and other offices of the registrant or its affiliates, acts as a liaison between the registrant and the GARFIN on all matters arising in connection with the virtual asset business in Grenada, advises and guides the registrant as to its responsibilities and obligations to ensure compliance with the Virtual Asset Business Act, 2021 and any guidelines or regulations issued under it.

Furthermore, the Virtual Asset Business Act, 2021 requires a registrant to place in escrow, with a registered trust company or with an entity or person whose business is the provision of trust or custodial services, assets to discharge financial obligations to clients of the registrant, subject and on terms to be approved by the GARFIN. Along with the above obligations, VASPs must also pay registration fees prescribed in Schedule 1 and renew the registration annually.

The registration fees prescribed in Schedule 1 of the Act are as follows:

- i. Application Fee - \$2,500
- ii. Registration Fee - \$10,000
- iii. Late Fee - \$2,500

Fees under the Virtual Asset Business Act, 2021 shall be payable to the Government of Grenada, and proof of payment shall be submitted to the GARFIN.

It's worth noting that a registrant may also be subject to seal up, search, and seizure, prohibition, or restriction from operating a virtual asset business and may also be liable to a penalty of up to \$250,000 or imprisonment for up to 10 years.

Finally, the GARFIN may publish on its website or through any other media, a list of all registrants and former registrants, the nature and scope of their virtual asset business, and any other information about the virtual asset business that the GARFIN considers appropriate.

### **What are the main ongoing requirements for VASPs regulated in Grenada?**

The ongoing requirements for VASPs regulated in Grenada are as follows:

- i. A registrant must appoint a Principal Representative who is ordinarily resident in Grenada and who will be responsible for the daily management of the place of business in Grenada, act as a liaison between clients of the registrant and other offices of the registrant or its affiliates, other than offices located in, or affiliates incorporated in, Grenada, and act as the liaison between the registrant and the GARFIN.

- ii. A registrant is required to lodge any software source code and associated materials supporting the virtual asset business with a software escrow agent upon approval of the GARFIN.
- iii. A registrant shall maintain adequate accounting records and prepare financial statements in respect of each financial year in accordance with generally accepted accounting principles and keep a copy of such accounting records and financial statements at its place of business in Grenada.
- iv. A registrant is required to lodge assets to discharge financial obligations to clients of the registrant in escrow, with a registered trust company or with an entity or person whose business is the provision of trust or custodial services, and such assets shall be equivalent to 40 percent of the total value of client funds held by the registrant.
- v. A registrant needs to write to the GARFIN for approval of any changes in the business of the registrant including:
  - names of any director, officer, principal representative or significant shareholder;
  - nature and scope of the virtual asset business; and
  - address and contact information of the registered office and any other place of business within and outside the jurisdiction of Grenada.
- vi. A registrant needs to submit quarterly reports providing the number of accounts held by the registrant, the value of the accounts held by the registrant, and a statement of the assets held in escrow.
- vii. Registrants are required to have written policies, rules, and procedures for AML/CFT measures. Additionally, registrants are required to comply with the requirements of the [Proceeds of Crime Act, 2012](#), and must institute procedures to ensure that accounting records and business operations comply with the Proceeds of Crime Act, 2012.

### **What are the main restrictions on VASPs in Grenada?**

The Virtual Asset Business Act, 2021 of Grenada imposes several restrictions on Virtual Asset Service Providers (VASPs) operating in or from Grenada. Here are the main restrictions and obligations:

- i. Registration: VASPs must register with the GARFIN before offering or operating any virtual asset business in or from Grenada.
- ii. Compliance with AML/CFT measures: VASPs are required to implement and maintain written policies, rules, and procedures for anti-money laundering and counter-financing terrorism measures.
- iii. Data management and protection: VASPs must have policies and procedures in place to ensure the proper management and protection of client data, including measures to prevent unauthorised access, disclosure, or loss.
- iv. Security and cybersecurity safeguards: VASPs must implement appropriate security and cybersecurity measures to protect their systems, networks, and virtual assets from unauthorised access, theft, or manipulation.
- v. Principal representative: VASPs must appoint a principal representative who is ordinarily resident in Grenada and responsible for managing daily operations, ensuring compliance with the Virtual Asset Business Act, 2021, and acting as a liaison between clients, other offices, and the GARFIN.
- vi. Escrow: VASPs must place assets in escrow with a registered trust company or a custodial service provider to discharge financial obligations to clients, subject to terms approved by the GARFIN.
- vii. Enforcement and penalties: VASPs may be subject to seal up, search, and seizure, prohibition, or restriction from operating a virtual asset business, and may be liable to penalties or imprisonment according to Section 18 of the Virtual Asset Business Act, 2021.

### **What are the main information that VASPs have to make available to its customers?**



The Virtual Asset Business Act, 2021 of Grenada does not explicitly specify the information that Virtual Asset Service Providers (VASPs) must make available to their customers. However, it implies certain requirements and best practices that VASPs should follow to ensure transparency and customer protection. Here are some key pieces of information that VASPs may be expected or encouraged to provide to their customers:

- i. Terms and conditions: VASPs should provide clear and comprehensive terms and conditions governing the use of their services, including details about fees, transaction limits, and any other relevant policies.
- ii. Risk disclosure: VASPs should inform their customers about the risks associated with virtual assets, such as market volatility, cybersecurity threats, and potential loss of funds.
- iii. Privacy policy: VASPs should disclose their privacy policies, explaining how they collect, use, store, and share customer data, as well as the measures they take to protect customer information.
- iv. AML/CFT policies: VASPs should inform customers about their AML/CFT policies, including customer due diligence requirements, transaction monitoring, and suspicious activity reporting.
- v. Fees and charges: VASPs should clearly disclose all fees and charges associated with their services, such as trading fees, deposit and withdrawal fees, and any other applicable charges.
- vi. Dispute resolution: VASPs should provide customers with information about their dispute resolution process, including how to file a complaint and the steps involved in resolving disputes.
- vii. Contact information: VASPs should provide customers with their contact information, including their registered office address, telephone number, email address, and any other relevant communication channels.
- viii. Service availability: VASPs should inform customers about their operating hours, any scheduled maintenance or downtime, and the availability of customer support.
- ix. Escrow arrangements: VASPs should disclose information about their escrow arrangements, including the terms and conditions under which customer assets are held in escrow and the registered trust company or custodial service provider used for this purpose.

### **What market misconduct legislation/regulations apply to virtual assets?**

The Virtual Asset Business Act, 2021 of Grenada does not explicitly address market misconduct related to virtual assets. However, it does establish certain requirements for VASPs that can help prevent market misconduct and promote market integrity. Some of these requirements include:

- i. Prospectus Review and Approval: VASPs must not participate in or provide financial services related to the issue or offer for sale of a virtual asset without submitting a prospectus to the GARFIN for review at least 14 days before the proposed date of its publication.
- ii. Clear Communication: VASPs must ensure that all information regarding their virtual asset business operations is communicated in a complete, accurate, and comprehensible manner to enable clients to evaluate the features, costs, and risks of the virtual asset business.
- iii. Escrow Requirements: VASPs must place assets equivalent to 40% of the total value of client funds held by the VASP in escrow with a registered trust company or an entity whose business is the provision of trust or custodial services to guarantee the discharge of financial obligations to clients.
- iv. Registration Suspension and Revocation: The GARFIN maintains registers of registrants whose registrations have been suspended or revoked. VASPs with revoked registrations cannot participate in or provide financial services related to virtual asset business.
- v. Registration Requirement: Participating in or offering virtual asset business in or from Grenada without being registered under the Virtual Asset Business Act, 2021 is considered an offense.
- vi. AML/CFT Compliance: VASPs are required to implement and maintain AML/CFT measures, including customer due diligence, ongoing monitoring, and suspicious transaction reporting, in accordance with Grenada's AML/CFT regulations.

## 4. Regulation of other crypto-related activities in Grenada

### **Are managers of crypto funds regulated in Grenada?**

Yes, managers of crypto funds in Grenada are regulated. The Virtual Asset Business Act, 2021 applies to any person who offers or operates virtual asset business from Grenada or with persons in Grenada. A virtual asset business includes operating a virtual asset fund, virtual asset custody service, virtual asset wallet service, or any other virtual asset service prescribed. Therefore, managers of crypto funds fall under the scope of the Virtual Asset Business Act, 2021 and are required to register with the GARFIN. Registrants are required to provide information including the name and address of the directors, beneficial owners, and significant shareholders, as well as written policies and procedures for AML/CFT measures.

In addition to registration, the Virtual Asset Business Act, 2021 prescribes certain obligations for registrants, including the requirement to have a principal representative who is ordinarily resident in Grenada and responsible for the daily management of the place of business in Grenada. Furthermore, registrants are required to implement and maintain policies for the virtual asset business to ensure compliance with AML/CFT measures, as well as data management and protection, security access control, and cyber-security safeguards

### **Are distributors of virtual asset funds regulated in Grenada?**

Yes, distributors of virtual asset funds are regulated in Grenada by the Virtual Asset Business Act, 2021, which applies to any person offering or operating virtual asset business from Grenada or with persons in Grenada.

Distributors of virtual asset funds are required to register with the GARFIN, and comply with the requirements of the Virtual Asset Business Act, 2021, which includes submitting quarterly reports, maintaining adequate accounting records and financial statements, and complying with anti-money laundering and counter-financing terrorism measures. Additionally, the Virtual Asset Business Act, 2021 regulates the issuing and sale of virtual assets, including the submission and review of a prospectus.

### **Are there requirements for intermediaries seeking to provide trading in virtual assets for clients or advise clients on virtual assets in Grenada?**

Yes, there are requirements for intermediaries seeking to provide trading in virtual assets for clients or advise clients on virtual assets in Grenada under the Virtual Asset Business Act, 2021. These requirements include:

- i. any person offering virtual asset-related services in Grenada, such as intermediaries, must register with the GARFIN;
- ii. intermediaries must provide information on their directors, beneficial owners, and significant shareholders;
- iii. intermediaries must maintain adequate accounting records and financial statements;
- iv. intermediaries must implement policies, rules, and procedures that comply with AML/CFT measures, as well as cybersecurity safeguards;
- v. intermediaries must submit quarterly reports providing information such as the number and value of accounts held and a statement of assets held in an escrow;
- vi. intermediaries must place assets in escrow with a registered trust company or entity providing trust or custodial services. The amount held in escrow must be equivalent to 40% of total client funds; and
- vii. a prospectus must be submitted and reviewed by the GARFIN before virtual assets can be issued or offered for sale.

## 5. Other relevant regulatory information

### **Are there any upcoming regulatory developments in respect of crypto-related activity in Grenada?**

The Virtual Asset Business Act, 2021, which regulates virtual asset business in Grenada, was passed in July 2021. At this time, there do not appear to be any upcoming regulatory developments specifically related to crypto-related activity in Grenada. However, the Virtual Asset Business Act, 2021 gives the GARFIN the power to issue guidelines and the Minister the power to make regulations related to virtual asset business, so it is possible that new regulations or guidelines regarding crypto-related activity could be introduced in the future.

### **Has there been any notable events in Grenada that has prompted regulatory change recently?**

There is no widely reported event in Grenada that has specifically prompted recent regulatory changes related to virtual assets or cryptocurrencies. The introduction of the Virtual Asset Business Act, 2021, which is the primary legislation governing VASPs and related activities in Grenada, appears to be part of an approach by the Grenadian government to establish a regulatory framework for the virtual asset industry.

## **6. Pending litigation and judgments related to virtual assets in Grenada (if any)**

There are currently no pending litigations or judgments in Grenada.

## **7. Government outlook on virtual assets and crypto-related activities in Grenada**

The passing of the Virtual Asset Business Act, 2021 in July 2021 suggests that the Grenadian government is taking steps to regulate the virtual asset industry and establish a legal framework for virtual asset businesses. It is possible that the government may issue guidelines or make further regulations related to crypto-related activity in the future.

The Virtual Asset Business Act, 2021 aims to ensure that VASPs adhere to certain standards, including AML/CFT measures, consumer protection, and market integrity requirements. By establishing a clear regulatory framework, the Grenadian government seeks to promote a secure environment for virtual asset businesses.

## **8. Advantages of setting up a VASP in Grenada**

Setting up a VASP in Grenada offers several potential advantages:

- i. Clear regulatory framework: The Virtual Asset Business Act, 2021, provides a well-defined legal environment for VASPs, ensuring regulatory clarity and confidence in operations.
- ii. Citizenship by Investment (CBI) program: Grenada's CBI program allows foreign investors to obtain Grenadian citizenship by making a significant investment, which can be attractive for VASP founders or investors.
- iii. Strategic location: Grenada's position in the Eastern Caribbean offers access to both North American and Latin American markets, benefiting businesses looking to expand in these regions.
- iv. English-speaking jurisdiction: Operating in an English-speaking country simplifies communication and understanding of the legal and regulatory environment for businesses setting up a VASP in Grenada.
- v. Fiscal incentives: Grenada offers various fiscal incentives for businesses, which could potentially benefit VASPs, although not specifically targeted at them.

## Disclaimer

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