Digital & Analogue Partners

# Crypto regulation in Bahrain

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## Tokens and their issuance

- Tokens definitions and classification
- Digital tokens offering
- NFTs
- Stablecoins



# Crypto-asset service providers

- Regulated activities
- Licensing regime
- Crypto-asset custody



Mining



Decentralised Autonomous Organisations (DAOs)



Crypto Payments



#### **AML** Regulation

- National Regulation
- FATF Recommendations



**Taxation** 

#### Sources



#### Crypto Legislation

Crypto-Asset Module ("CRA Module")
 Volume 6 (Capital Markets)

#### AML Legislation

- Central Bank of Bahrain Volume 6 —
  Capital Markets. Anti-Money Laundering &
  Combating Financial Crime.
- FATF Standards on Virtual Assets and Virtual Asset Service Providers

#### Taxation

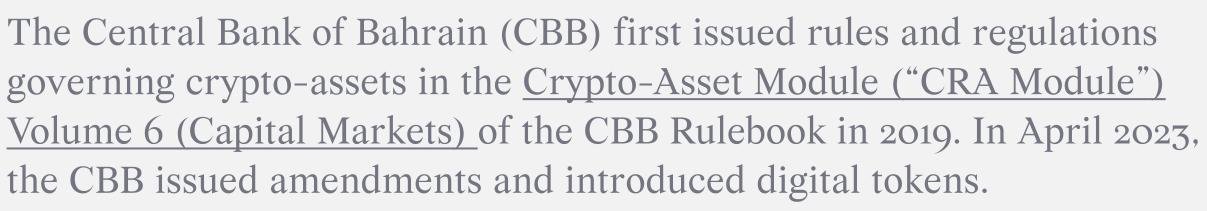
• VAT Financial Services Guide





# Overview

#### Overview



The rules cover types of crypto assets, licensing requirements for regulated crypto assets services, the conditions for the issuance and holding of the CBB license, minimum capital requirements, AML requirements, technology standards and in particular the cyber security risk management requirements, reporting, notifications and approval requirements, the conduct of business obligations, prevention of market abuse and manipulation, enforcement and the powers under the CBB Law for inspections and access.

However, regulations for the issuance of crypto-assets are not fully comprehensive. The CBB's rulebook only covers digital tokens - namely, asset or utility tokens that qualify as securities under CBB law.

Notably, crypto mining remains unregulated in Bahrain. Furthermore, there are no specific laws addressing Decentralised Autonomous Organisations (DAOs).



Status of regulation: positive

# Tips & Tricks by D&A Partners

Bahrain, strategically positioned in the MENA region, has developed a comprehensive approach to crypto legislation. The Central Bank of Bahrain (CBB) has been pivotal in shaping a regulatory framework that balances innovation-friendly policies with stringent measures to ensure market stability and investor protection. This framework includes licensing for crypto-related businesses, emphasising transparency, integrity, and

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One of the attractions of Bahrain's crypto market is its relatively low tax environment, appealing to businesses and investors alike. However, there are challenges in initiating a crypto project in Bahrain. Since only a few projects have been executed in the country, extensive communication with the regulator is essential to navigate the licensing process and understand

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