

COMMAND RIDGE VIRTUAL ASSET AUTHORITY

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Command Ridge Virtual Asset Authority Act 2025

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Command Ridge Virtual Asset Authority Act 2025

TABLE OF AMENDMENTS

The Command Ridge Virtual Asset Authority Act 2025 No 25 was certified and commenced on 17 June 2025.

Amending Legislation	Certified	Date of Commencement
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An Act to provide for the Command Ridge Virtual Asset Authority, the regulation of Virtual Asset Service Providers, virtual assets and for other related purposes.

Enacted by the Parliament of Nauru as follows:

PART 1 — PRELIMINARY

1 Short title

This Act may be cited as the *Command Ridge Virtual Asset Authority Act 2025*.

2 Commencement

This Act commences on the date it is certified by the Speaker.

3 Objectives

The purpose of this Act is:

- (a) to establish a competitive, future-oriented digital economy;
- (b) for Nauru to be a jurisdiction for virtual asset innovation and operations;
- (c) to enable the operation of secure, transparent, and efficient virtual asset markets;
- (d) to provide a framework of consumer and investor protection in virtual assets;
- (e) to establish a regulatory framework for the operations of virtual asset services and associated technologies; and
- (f) to establish the Command Ridge Virtual Asset Authority, its functions and powers.

4 Interpretation

‘AML-CFT compliance programme’ has the meaning given to it under the *Anti-Money Laundering and Targeted Financial Sanctions Act 2023*;

‘Authority’ means the Command Ridge Virtual Asset Authority established under Section 6;

‘beneficiary’ means any individual or entity with ownership rights over a Virtual Asset held by a VASP;

‘complaint redress system’ means a system prescribed by Regulations to provide redress for complaints received against VASPs;

‘data sovereignty’ means ensuring compliance with any written law regarding data storage, security and access;

‘Distributed Ledger Technology’ or **‘DLT’** includes blockchain and other decentralised protocols that allow for secure digital record keeping;

‘DeFi’ means decentralised finance system;

‘FATF’ means the Financial Action Task Force;

‘IOSCO’ means the International Organisation of Securities Commissions;

‘licence’ means a licence or authorisation granted by authority to conduct a Virtual Asset business activity;

‘Minister’ means the Minister responsible for this Act;

‘NFT’ means non-fungible tokens;

‘Smart Contract’ means automated code on a blockchain that self-executes under defined conditions;

‘Virtual Asset’ has the meaning given to it under the *Anti-Money Laundering and Targeted Financial Sanctions Act 2023*;

‘Virtual Asset Platform’ means any centralised or decentralised infrastructure for issuance, trading, exchange, or safekeeping of Virtual Assets;

‘Virtual Asset Service’ means the regulated services under Section 15;

‘Virtual Asset Service Provider’ or **‘VASP’** means an individual, corporation, or entity licenced under this Act to conduct a Virtual Asset business activity and includes a digital Bank dealing with virtual currencies;

‘Virtual Asset Wallet’ means any software or hardware system that enables secure storage and transfer of Virtual Assets; and

‘Virtual Token’ means a subset of Virtual Assets that represents a specific use, function, or entitlement within a blockchain or smart contract framework.

5 Application of the Act

This Act applies to all persons or entities engaging in or carrying out activities with Virtual Assets within, from, or targeted at the Republic, including cross-border transactions and digital or virtual asset services.

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PART 2 — COMMAND RIDGE VIRTUAL ASSET AUTHORITY

6 Establishment of the Command Ridge Virtual Asset Authority

- (1) The Command Ridge Virtual Asset Authority is established.
- (2) The Authority shall act independently in performing its functions.
- (3) The Authority shall comprise of 3 members who shall in relation to virtual assets:
 - (a) hold relative qualifications;
 - (b) have at a minimum of 5 years' experience in a field dealing with regulation or monitoring of virtual assets and services; and
 - (c) have adequate knowledge with respect of the operation of virtual assets.
- (4) The Authority shall be a body corporate with perpetual succession and may:
 - (a) sue and be sued;
 - (b) acquire, hold and dispose of property;
 - (c) enter into any contract, agreement or any other transaction; and
 - (d) do all other acts that may be done in law by a body corporate.
- (5) The Authority shall have a common seal, which shall be affixed for the purposes of executing any correspondence, document or instrument to bind the Authority.
- (6) The Courts, judges and persons acting judicially shall:
 - (a) take notice of the common seal of the Authority affixed to a document; and
 - (b) presume the seal was duly affixed.

7 Functions

The functions of the Authority are to:

- (a) promote Nauru as a progressive, internationally recognised jurisdiction for virtual assets and Web innovation;
- (b) promote sustainable digital economic growth, entrepreneurship, and fintech investment;
- (c) ensure financial system integrity, consumer protection, and market stability;
- (d) ensure compliance by the VASPs with the FATF Standards;
- (e) ensure compliance by the VASPs with international data protection standards;
- (f) liaise with international standard-setting bodies such as FATF and IOSCO to ensure compliance with standards set by such bodies;
- (g) grant, suspend, vary or revoke licences;
- (h) establish permissible and prohibited Virtual Asset activities;
- (i) conduct risk-based supervision, inspections, and enforcement;
- (j) regulate token issuance, exchange, staking, DeFi activities, and Non Fungible Token marketplaces;
- (k) define cybersecurity and data standards for all VASPs;
- (l) publish codes of conduct, circulars, and compliance guidance;
- (m) establish licencing categories;
- (n) cooperate with foreign regulators and participate in global frameworks;

- (o) establish a Virtual Asset Innovation Sandbox for emerging technologies; and
- (p) virtually establish and maintain a virtual asset register.

8 Powers of the Authority

The Authority shall have the power to do all things necessary or convenient to be done for the performance of its functions under this Act or any other written law.

9 Chief Executive Officer of the Authority

- (1) There shall be a Chief Executive Officer of the Authority.
- (2) The Chief Executive Officer shall be appointed by the Minister in consultation with the Cabinet.

10 Functions of the Chief Executive Officer

- (1) The Chief Executive Officer shall be the administrative head of the Authority and shall perform all functions as directed by the Authority.
- (2) The Chief Executive Officer shall report to the Authority.

11 Powers of the Chief Executive Officer

The Chief Executive Officer shall have the power to do all things necessary or convenient to be done for the performance of his or her functions under this Act or any other written law.

12 Staff of the Authority

- (1) The Authority may appoint any person as a member of the staff of the Authority.
- (2) In appointing the staff, the Authority may determine that the terms and conditions under the *Public Service Act 2016* are applicable to such appointments.

13 Funds of the Authority

The funds of the Authority shall consist of monies:

- (a) appropriated by Parliament;
- (b) fees payable under this Act; and
- (c) grants, partnerships and innovation fund contributions.

[The next page is 961,301]

PART 3 — LICENCING AND CONDUCT OF VASPs

14 Prohibition of person from operating a Virtual Asset service in the Republic without a licence

- (1) No person or entity may offer or operate a Virtual Asset service in the Republic without a licence from the Authority.
- (2) A person who contravenes subsection (1) commits an offence and shall be liable upon conviction to:
 - (a) in the case of an individual, a fine not exceeding \$20,000 or an imprisonment term not exceeding 3 years; or
 - (b) in the case of a body corporate, a fine not exceeding \$100,000.

15 Regulated Virtual Asset Services

The following Virtual Asset Services shall be regulated:

- (a) operation of centralised or decentralised Virtual Asset Platforms;
- (b) exchange of Virtual Assets or fiat currencies;
- (c) custodial and non-custodial wallet services;
- (d) token issuance, including Initial Coin Offering and Non-Fungible Token minting;
- (e) lending, staking, yield farming, and Decentralised Finance services;
- (f) stablecoin issuance and cross-border payment solutions; and
- (g) any other services that may be prescribed by Regulations.

16 Application for a licence

- (1) A person may apply to the Authority for a licence to conduct a Virtual Asset service provided for under Section 15.
- (2) An application under subsection (1) shall be made in the prescribed form and accompanied by the prescribed fee.

17 Adequate controls required as part of licencing requirements

- (1) An applicant for a licence under this Act shall ensure there are adequate controls in place in relation to the following:
 - (a) capital adequacy and risk management;
 - (b) fit-and-proper persons requirements for directors and senior officers;
 - (c) AML-CFT compliance program;
 - (d) information security and data sovereignty;
 - (e) transparent governance and reporting; and
 - (f) on-chain auditability and smart contract transparency.
- (2) The Authority may establish standards to be met by an applicant in relation to the controls under subsection (1).
- (3) The Authority may reject an application for failure to meet the requirements under this Section.

18 Authority's supervisory, compliance and enforcement powers

The Authority may:

- (a) conduct audits, penetration tests, and system checks;

- (b) freeze, suspend, or terminate suspicious activities;
- (c) issue, cease and desist orders;
- (d) penalise non-compliance with fines, bans or legal proceedings; and
- (e) report suspected criminal activities to the Nauru Police Force.

19 Consumer Protection and Prohibited Activities

The Authority shall:

- (a) maintain a registry of approved and blacklisted persons or entities;
- (b) establish a complaint redress system;
- (c) prohibit high-risk schemes or deceptive practices including ponzi schemes, rug pulls or wash trading; and
- (d) ensure full disclosure of risk by VASPs to clients.

[The next page is 961,801]

PART 4 — INTEGRITY AND DISPUTE RESOLUTION

20 Market integrity and transparency

- (1) A VASPs shall:
 - (a) implement real-time transaction monitoring;
 - (b) enable traceability of transfers;
 - (c) disclose beneficial ownership structures; and
 - (d) participate in national and international data-sharing protocols.
- (2) A VASP that contravenes subsection (1) commits an offence and shall be liable upon conviction to a fine not exceeding \$100,000.

21 Grievance redress and appeals

- (1) A decision of the Authority may be appealed to the District Court.
- (2) The District Court shall have jurisdiction to hear, try and determine any civil or criminal proceedings instituted in respect of any contravention, offence or other matter arising under this Act.
- (3) In addition to any other penalty that it may impose for a breach of a provision of this Act, the court may, where it deems fit order the cancellation or suspension of a licence issued under this Act.

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PART 5 — MISCELLANEOUS

22 Data protection and cybersecurity

A VASP shall comply with written law regulating the protection of data including ensuring cross border data transfers are compliant with the FATF Standards.

23 Confidentiality of information

- (1) Subject to subsection (2), (3), (4) or (5) a person performing a function or exercising a power under this Act, shall not disclose any information, document or other data of a confidential nature that is obtained by virtue of the person's functions or powers to any person.
- (2) The Authority may designate any information, document or other data as confidential and in doing so may exempt general summaries of aggregated information from confidentiality requirements.
- (3) The Authority may authorise in writing any person to:
 - (a) receive or access any confidential information, document or other data; or
 - (b) access or restrict access to such premises holding the confidential information, document or other data as he or she may designate.
- (4) Any information, document or data may be disclosed to the extent:
 - (a) that the disclosure is authorised or required under this Act or any other written law regulating the protection of data;
 - (b) that the person providing the information authorised its disclosure; or
 - (c) necessary to enable advice to be given to the Minister or the Cabinet.
- (5) Any person or law enforcement agency who has requested and has been provided information under this Act shall ensure that such information obtained is kept confidential.
- (6) A person who contravenes the requirements of this Section, commits an offence and is liable upon conviction:
 - (a) for an individual, to a fine not exceeding \$20,000 or an imprisonment term not exceeding 3 years or both; or
 - (b) for a corporation, to a fine not exceeding \$100,000.

24 Protection from liability

The Minister, Authority, members of the Authority, Chief Executive Officer and authorised officers and members of the staff shall not be liable for any loss or damage arising from or subject to, any criminal prosecution and civil claims for the exercise of a power or performance of a function in good faith under this Act or any other written law.

25 International cooperation

- (1) The Authority may cooperate with foreign governments and international organisations on matters related to its functions or powers, including to:
 - (a) request information;
 - (b) receive requests for information; and

- (c) receive or provide information.
- (2) The Authority shall not refuse a request for assistance from a foreign government or international organisation on any of the following grounds:
 - (a) the request is considered to involve fiscal matters;
 - (b) laws require reporting entities to maintain secrecy or confidentiality, except where the relevant information that is sought is held in circumstances where legal professional privilege or legal professional secrecy applies;
 - (c) there is an inquiry, investigation or proceeding underway in the requesting country, unless the assistance would impede that inquiry, investigation or proceeding; and
 - (d) the nature or civil, administrative, law enforcement or other status of the requesting counterpart authority is different from that of its foreign counterpart.
- (3) The Authority may refuse a request for cooperation where in the opinion of the Authority the requesting foreign government or international organisation is not adequately able to protect the confidentiality of any information that has been requested.

26 **Innovation incentives**

The Authority may coordinate with the Foreign Investment Authority under the *Foreign Investment Act 2025*, the offering of incentives to encourage pilot programs for, cross border remittances and green tokenisation projects.

27 **Application of the *Anti-Money Laundering and Targeted Financial Sanctions Act 2023***

A VASP issued a licence and registered under this Act, shall be subject to the requirements of the *Anti-Money Laundering and Targeted Financial Sanctions Act 2023*.

28 **Regulations**

- (1) The Cabinet may make regulations to prescribe matters that are required or permitted by this Act to be prescribed or are necessary or convenient to be prescribed, for carrying out or giving effect to this Act and generally for achieving the purposes of this Act.
- (2) Without limiting subsection (1), the Cabinet may make Regulations to prescribe:
 - (a) a complaint redress system and related matters;
 - (b) the Complaint Redress Committee to deal with complaints;
 - (c) the functions and powers of the Complaint Redress Committee;
 - (d) conduct that amount to breach and incidental fines that may be issued by the Authority; and
 - (e) what constitutes as fit and proper persons and related matters.