

**RESOLUTION 01-2019-03**

*Financial Institutions Commission*  
**REPUBLIC OF PALAU**

**WHEREAS**, the Governing Board of the Financial Institutions Commission has fully deliberated on the matter of new technologies affecting the financial sector and has reviewed the heightened risks associated with new technologies being used in transactions and other financial activities, including virtual assets and virtual currency service providers, “crypto-assets” and “crypto-currency”;

**WHEREAS**, the FIC has determined that newly created virtual assets and virtual currency service providers including crypto-assets and crypto-currencies that have emerged on block-chain technology platforms have become not only a new mechanism for transacting value, but an entirely new way to conduct worldwide business;

**WHEREAS**, the Commission has identified some of the key risks involved with this new technology to the financial sector, especially when used by existing financial institutions as well as potential new entrants into the Palau financial industry;

**WHEREAS**, the Financial Action Task Force (FATF) and Asia Pacific Group on Money Laundering (APG) have determined that crypto-currencies and virtual currency service providers are considered financial institutions for purposes of Anti-money Laundering and Counter Financing of Terrorism (AML/CFT) concerns and therefore should be licensed and regulated;

**NOW THEREFORE**, the Governing Board of the Financial Institutions Commission, under powers granted it under the Financial Institutions Act, hereby resolves to impose a moratorium on any new applicant whom wishes to engage in financial activities involving virtual assets and virtual currency service provision, crypto-assets and/or crypto-currencies; and

**FURTHERMORE**, the Financial Institutions Commission Governing Board resolves that the FIC shall advise all existing financial institutions that they must obtain formal written approval from the FIC for such an activity to be conducted, and that the FIC shall make this resolution an ongoing policy of this agency until such time as we have a suitable legal framework in place and that the FIC has determined that is able to adequately monitor, supervise, and regulate all financial institutions wishing to engage in transactions involving or utilizing crypto-asset and/or crypto-currency under this legal framework.

Adopted this 19th day of March 2019.

The Governing Board  
Financial Institutions Commission  
Republic of Palau

/s/

\_\_\_\_\_  
Tutii Chilton, Chairman

/s/

\_\_\_\_\_  
Jennifer K. Gibbons, Member

/s/

\_\_\_\_\_  
Kevin Mesebeluu, Member

/s/

\_\_\_\_\_  
Landisang Kotaro, Member

/s/

\_\_\_\_\_  
Vance Polycarp, Member

