

## **POLICY STATEMENT**

**Release Reference: FSC/CPR/001-15**

**SUBJECT: Regulatory Classification of Contracts for Differences Referencing Digital Assets (Crypto CFDs)**

**APPLICABILITY: Firms Registered under the Securities Industry Act, 2021 (SIA) to Trade in Securities as Principal or Agent (Applicable Firms)**

**EFFECTIVE DATE: March 31, 2026**

### **I. Introduction**

As discussed in further detail in Section II, the expiration of the virtual asset ban under the Financial Services Commission Act, 2023 (FSCA) is a material consideration informing the Commission's position.

Section 81 of the Financial Services Commission Act, Act No. 8 of 2023, established a statutory framework under which specified virtual asset activities were unlawful unless licensed by the Commission. Section 81(3) further provided that no licences would be issued in respect of such activities on or before 31 December 2025. The combined effect of these provisions was to preclude the lawful conduct of such activities during that period. Section 81 expired by operation of law on 31 December 2025, thereby removing the statutory constraint on the Commission's ability to consider licensing of such activities. The Commission's prior Public Notice issued pursuant to section 81 accordingly ceased to have effect upon its expiry. Any supervisory or enforcement actions taken on the basis of section 81, including directions requiring cessation of activities, are to be read in light of that expiry.

To promote regulatory clarity and provide Applicable Firms with a clear understanding of the FSC's regulatory expectations and supervisory approach in relation to Crypto CFDs, the FSC is issuing this Policy Statement. For the reasons set out herein, the FSC has determined that Crypto CFDs fall within the definition

of securities instruments for the purposes of the SIA. This determination is declaratory in nature and clarifies the existing application of the SIA to Crypto CFDs and does not introduce new licensing categories nor alter existing obligations beyond those arising under the SIA.

## **II. Discussion**

### **A. Expiration of the Virtual Asset Ban under the FSCA**

Section 81 of the FSCA imposed a temporary prohibition on specified virtual asset activities, including restrictions that were interpreted by the Commission as extending to instruments synthetically replicating exposure to virtual assets, including Crypto CFDs. That prohibition expired on 31 December 2025.

Upon expiry of section 81, the statutory basis for maintaining such restrictions ceased. Accordingly, the Commission cannot continue to treat Crypto CFDs as prohibited instruments on the basis of that provision.

The expiry of section 81 does not constitute deregulation but rather necessitates the application of existing securities legislation to products previously captured by the prohibition.

In light of the above, it is appropriate to clarify the regulatory classification of Crypto CFDs under the existing securities legislative framework.

## **III. Conclusions and Regulatory Determination**

### **A. Regulatory Classification of Crypto CFDs**

In applying the Securities Industry Act, 2021 to the products described above, and having regard to the expiry of section 81 of the FSCA, the Commission determines that Crypto CFDs constitute securities for the purposes of the SIA.

This determination is based on the features of Crypto CFDs as derivative instruments that provide contractual exposure to price movements in an underlying asset and are typically leveraged. These features are consistent with established categories of contract for difference and other derivative securities within the scope of the SIA when referencing traditional asset classes.

This classification is without prejudice to the application of other regulatory frameworks to activities involving digital assets directly.

## **B. Regulatory Expectations for Applicable Firms**

In light of the above determination, the FSC expects Applicable Firms that intend to commence trading in Crypto CFDs to:

- Notify the FSC in advance of commencing dealing in Crypto CFDs by submitting a notice to [securitiesregistration@belizefsc.org.bz](mailto:securitiesregistration@belizefsc.org.bz). This notification is for supervisory awareness only and does not constitute an application for authorisation. The FSC may raise objections where a firm does not hold the appropriate registration under the SIA;
- Ensure that their activities are conducted in compliance with the SIA and all applicable regulatory requirements;
- Assess whether their existing registration appropriately covers the provision of Crypto CFDs or whether additional authorisations are required;
- Maintain systems, controls, and risk management arrangements that are demonstrably commensurate with the risks associated with leveraged derivative instruments, including those referencing digital assets; and
- Ensure that communications, disclosures, and marketing materials relating to Crypto CFDs are clear, fair, and not misleading, and are consistent with the nature and risks of leveraged derivative products.

## **IV. Forthcoming Regulations**

The FSC advises Applicable Firms that it intends to develop and introduce regulations governing the conduct of business in respect of contracts for difference and other leveraged products, regardless of the nature of the underlying reference asset.

The purpose of these forthcoming regulations will be to establish consistent conduct standards applicable to all CFD-type instruments, including, but not limited to, matters relating to disclosure, marketing and promotion, risk management, leverage, and operational controls. The FSC considers that a harmonised conduct framework is necessary to support market integrity, mitigate risks to investors, and promote consistent supervisory outcomes.

At this stage, the FSC is issuing this notice solely to provide advance visibility of its regulatory intentions. The FSC does not propose to implement such regulations without prior engagement with market participants. The Commission intends to engage with relevant stakeholders and may seek industry input prior to the finalisation and enactment of such regulations.

Further details will be communicated, where appropriate.

## **FINANCIAL SERVICES COMMISSION**

31 March 2026