CENTRAL BANK OF KENYA

VIRTUAL ASSETS SERVICE PROVIDERS (VASPs) LICENSING CHECKLIST

This guide provides the requirements for VASPS's licensing categories- Stablecoin issuers, Virtual Asset Payment Processors and Virtual Asset Wallet providers

STAGE 1: PRELIMINARY ENGAGEMENTS/REQUIREMENTS		CATEGORY APPLICABLE	COMMENTS
1.	a. Submit a letter addressed to the Director, Banking and Payment Services Department, Central Bank of Kenya, expressing your intention to apply for a **Virtual Asset Service Provider (VASP) licence**. The letter should clearly specify the Virtual Asset Service Provider activity(ies) for which the licence is being sought and be accompanied by a detailed business model presentation (see requirements below). The letter should also include the name, email address, and telephone number of the designated contact person for the application. The applicant should submit a signed hard copy to the Central Bank of Kenya and a soft copy to **vaspapplications@centralbank.go.ke** b. To determine if the proposed business falls under one or more permissible activities as outlined in the ***Virtual Asset Service Providers Act* 2025** and the ***Virtual Asset Service Providers Regulations 2026,*** the business model should demonstrate in detail: • Proposed Company name(s) and product name(s) • Proposed VASP activity (ies) and value proposition of the proposed activity(ies) • Target customer segments and the proposed products and services to be offered to each segment • Detailed three-year business plan and financial projections • Proposed organogram • End-to-end customer journey including transaction and funds flow • High level Risk Assessment • Full disclosure of cross-border operations, affiliates and regulatory status in other jurisdictions	***ALL***	
2.	The CBK shall invite the applicant to participate in an interview to obtain further information concerning its application or supporting information and records.	***ALL***	

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STAGE 2: COMPANY AND PRODUCT NAME APPROVAL DOCUMENTS			
SECTION 1: NAME APPROVAL REQUIREMENTS			
3.	Upon satisfactory completion of the preliminary engagement, the applicant shall submit: i) A letter addressed to the Director, Banking and Payment Services Department submitting three (3) proposed company names and product names (where applicable) to the CBK in descending order of preference. The proposed names should not; a) Be similar to or a derivative of the name of an already licensed VASP b) Have any religious or political connotation c) Mislead the public as to the size, geographical coverage or mission of the applicant ii) A copy of the business model iii) Evidence of sources and availability of capital as set out in the Fifth schedule of the VASPs Regulations 2026	***ALL***	
SECTION 2: APPLICATION FEE AND FORM			
4.	Duly filled application form as set out in the Second Schedule of the VASPs Regulations 2026.	***ALL***	
5.	Non-refundable application fee of Ksh 100,000 as prescribed in the First Schedule of the VASP regulations 2026 for each VASP activity applied for. The application fee shall be paid by Banker's Cheque or RTGS in favour of the Central Bank of Kenya, Account No. 1472200020001. Where payment is made by RTGS, proof of payment shall accompany the application form.	***ALL***	
STAGE 3: LICENSING PROCESS			
SECTION 1: COMPANY DOCUMENTS			
Upon receipt of name approval from the CBK, an applicant shall submit the following documents and particulars as prescribed in the sections below:			
6.	Certified copy of the Certificate of Incorporation or Certificate of Compliance from the Registrar of Companies (For Foreign companies).	***ALL***	
7.	Certified copy of the memorandum and articles of association or equivalent incorporation documents by which the applicant is constituted	***ALL***	
8.	Certified CR12 and Beneficial Owner Form1 (BOF1) prepared and issued by the Registrar of Companies.	***ALL***	
9.	Copy of PIN and Current tax compliance certificate from tax authorities.	***ALL***	
10.	Notarised copy of any other registration or licensing certificate from local or other jurisdiction (where applicable).	***ALL***	
11.	Current credit rating report from a credit reference bureau.	***ALL***	
12.	Details of physical business address including branches and agents, if any, as well as the website, postal address and email address.	***ALL***	
13.	Notarized copies of license(s) from other jurisdictions (where applicable)	***ALL***	
14.	Full disclosure of cross-border operations, affiliates and regulatory status in other jurisdictions	***ALL***	
SECTION 2: FINANCIALS AND EVIDENCE OF CAPITAL			
15.	Evidence that the VASP holds the requisite paid-up capital and liquid capital set out in the Fifth Schedule of the VASP Regulations, 2026.	***ALL***	

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	a) Paid-up capital as issued and fully paid-up ordinary shares paid by shareholders of the company.	***ALL***	
	b) Liquid capital should be reflected in an original and certified bank statement of a licensed bank or a deposit-taking microfinance institution indicating the isolated funds and/or Government of Kenya Treasury Bills and Bonds not under lien;	***ALL***	
	c) Evidence of capital should be in the name of the company applying for the VASP license	***ALL***	
16.	The promoters/ shareholders should give the Central Bank authority to verify the authenticity of the bank statement directly from the bank or microfinance institution.	***ALL***	
17.	Information on and documentary evidence of source of funds/capital. Details should be provided on the sources of capital contributed by each significant shareholder.	***ALL***	
18.	A sworn declaration by all the significant shareholders to the effect that the proposed capital is not from proceeds of crime should be provided through an Affidavit.	***ALL***	
19.	Evidence that the applicant has adequate insurance coverage as required under Regulation 88 of the VASPs Regulations, 2026.	***ALL***	
20.	The audited financial statements for three years prior to the submission of the application or, in the case of a newly incorporated applicant, the opening financial statements including financial projections verified by an auditor, as applicable;	***ALL***	
21.	Where the applicant is a subsidiary of a foreign incorporated parent entity, the audited consolidated financial statements of the parent entity for three years prior to the submission of the application.	***ALL***	
22.	Evidence of bank account in Kenya accompanied by an original letter from the said bank confirming the account details.	***ALL***	
SECTION 3: BUSINESS PLAN/ MODEL ASSESSMENT			
23.	In accordance with the Third Schedule of the VASP regulations 2026, an applicant shall submit a business plan detailing the following: Executive Summary a) Overview of the proposed VASP business b) Vision and mission statement c) Rationale for market entry	***ALL***	
24.	Corporate Governance Structure a) Proposed board structure and committees b) Board charter, including roles and responsibilities of the Board and its committees c) Comprehensive group wide organizational charts	***ALL***	
25.	Operational Plan a) Staffing and organisational structure b) Powers and duties of senior officers c) Premises and facilities d) Outsourcing arrangements (if any)	***ALL***	
26.	Description of Virtual Asset Services to be Offered a) Nature and scope of activities b) Operating model and service delivery channels c) Consumer onboarding and due diligence procedures d) Terms, conditions and charges for virtual asset services e) Registry of required blockchain networks, payment systems, clearing networks, or settlement rails	***ALL***	
27.	Technology and Security Infrastructure a) Description of the ICT systems, cybersecurity controls, network architecture diagram, data flow diagram, interactions with other key components, and the standards they conform to. b) Trading systems c) Wallet infrastructure and addresses (hot/cold storage) d) Data protection and privacy measures e) Disclosure templates for technical/ operational protocol events	***ALL***	

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28.	Risk Management Framework a) A risk register identifying key risks (market, operational, technology, liquidity, custody, fraud, etc.) and risk mitigation strategies including the inherent and residual risks. b) Business continuity and disaster recovery plan.	***ALL***	
29.	Compliance and Internal Controls a) AML/CFT/CPF framework b) Compliance monitoring plan	***ALL***	
30.	Financial Projections a) Revenue model and cost structure b) Capital adequacy and liquidity plans c) 3- to 5-year financial projections including Income Statements, statement of financial position and Cash Flow statement projections.	***ALL***	
31.	Market Analysis a) Technical product specification (product streams) b) Target market segmentation c) Competitor landscape d) Expected market share and growth strategy e) Identification of market needs	***ALL***	
32.	Fees and Charges Structure a) Trading fees b) Transfer fees c) Commissions d) Management fees e) Other charges	***ALL***	
33.	Consumer Assets and Safeguarding Arrangements a) Segregation of consumer and firm assets including procedures for identifying separate accounts for each individual consumer b) Insurance/compensation arrangements c) Mechanisms put in place to protect consumers' funds in the eventuality of system failure, revocation/suspension of license/insolvency of the entity/discontinuation of business.	***ALL***	
34.	Implementation Plan a) Timelines for rollout of virtual asset services b) Key milestones c) Resource allocation d) Indicate envisioned rollout plan for the first three years	***ALL***	
SECTION 4: PROGRAM OF OPERATIONS			
35.	Policies, systems and controls for the safekeeping and management of consumer assets including valuation policies and procedures for the valuation of virtual asset holdings. The safeguarding framework should demonstrate segregation of client virtual assets from the applicant's own holdings and other non-client assets.	***ALL***	
36.	Liquidity management framework including liquidity risk management policy, liquidity stress testing results, contingency funding plan and details of liquidity sources	***ALL***	
37.	Custody and Private Key Management Policy including technical architecture document detailing hot/cold storage	***(Holding client assets)***	
38.	Customer due diligence, Onboarding and management procedures including identification and verification of customers and beneficial owners.	***ALL***	
39.	Data Protection and Privacy Policy which demonstrates compliance with the Data Protection Act 2019		

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40.	Cybersecurity and ICT policy including but not limited to a) Vulnerability and Penetration Test report b) Cybersecurity Strategy aligned to both the business Strategy and NPS Strategy c) Cybersecurity Policy d) IT system audit report by a qualified, professional and reputable audit firm e) Information Systems and Security Policy f) Information storage/Data storage/Data Retention/Data Destruction/Encryption Policies g) IT Infrastructure Architecture and network diagram h) IT Organogram i) Patch and Vulnerability management j) Anti-Malware Policies k) Change Management l) Access Controls m) Software Development Lifecycle	***ALL***	
41.	Business Continuity Management and Disaster Recovery Plan including but not limited to a) Incident handling, escalation and response policies and procedures b) Backup and recovery policies and procedures c) Recovery and Wind down planning document with detailed financial components, liquidity analysis for wind down scenarios, asset return plan for clients and funding plan for wind-down costs. d) Business impact analysis with clearly defined Recovery Time Objectives and Recovery Point Objectives e) Contingency funding plan f) Resilience test logs	***ALL***	
42.	Registry of required blockchain networks, payment systems, clearing networks or settlement rails.	***ALL***	
43.	Risk Management Framework to include: g) Risk Management Policy h) Risk Appetite Statement i) Risk Assessment Report j) Risk Register k) Stress testing and scenario analysis reports l) Information on control arrangements and internal control mechanisms m) Compliance manual and monitoring plans	***ALL***	
44.	AML/CFT/CPF policies detailing the internal control mechanisms which the applicant has established as set out in the *AML/CFT Laws and Regulations* including and not limited to: a) Detection and prevention of financial crime policy (in particular, money laundering and terrorist financing, sanctions evasion, fraud); b) Details of Customer Due Diligence processes (including enhanced due diligence); c) Transaction monitoring procedures and transaction monitoring system description; d) Suspicious Activity Report (SAR) filing procedures; e) Appointment and terms of reference of a Money Laundering Reporting Officer (MLRO) f) Targeted Financial Sanctions (TFS) obligations g) AML/CFT training program; h) Independent audit reports of AML/CFT controls i) Record-keeping requirements j) Controls prohibiting mixer/tumbler services and anonymity-enhancing services k) Procedures for seizing or freezing virtual assets when required l) Enterprise-wide ML/TF/PF risk assessment covering among others customers, countries or geographical areas, products, services transactions or delivery channels	***ALL***	
45.	Organizational measures and tools for the prevention of fraud	***ALL***	
46.	Complaints Management Policy and Procedures	***ALL***	

47.	Market Conduct Policy	***ALL***	
48.	Consumer Protection Policy	***ALL***	
49.	Conflict of Interest Policy including internal policy on employee trading, related party transactions and disclosure frameworks for conflicts.	***ALL***	
50.	Operational Controls a. Information on control arrangements and internal control mechanisms (e.g., Internal Control Framework document); b. Internal audit charter and recent audit reports; c. Compliance manual and monitoring plans	***ALL***	
51.	Corporate Governance Policy	***ALL***	
52.	Code of Conduct	***ALL***	
53.	Standard agreements, Standard disclosures and Terms and Conditions applicable for each proposed activity	***ALL***	
54.	Demonstrate the separation of virtual asset business by the applicant in a separate business unit from its other business units, including maintaining and keeping separate books of account.	***ALL***	
55.	Cross-border service provision policy	***ALL***	
56.	Reconciliation procedures document	***ALL***	
57.	Outsourcing / Third Party Services including:		
	a) Outsourcing policy including third-party risk management	***ALL***	
	b) Draft outsourcing contract;	***ALL***	
	c) Due diligence report on proposed third parties including the IT Platform/Connectivity provider (if any) (Where third parties are relied on for customer due diligence, the applicant should demonstrate that ultimate responsibility remains with the VASP)	***ALL***	
	d) Register of all outsourcing arrangements for regulated activities and material business relationships with third party providing ancillary business activities	***ALL***	
	e) Roles and Responsibilities of the parties involved and adherence to the established Service Level Agreements	***ALL***	
	f) Contingency plans for forced replacement of outsourcing and material ancillary business providers.	***ALL***	
	Due diligence report should encompass		
	i. The scope of third party / outsourced services;	***ALL***	
	ii. Third party suitability assessment;	***ALL***	
	iii. Approval process for third party service providers;	***ALL***	
SECTION 5: GOVERNANCE AND INTERNAL CONTROL MECHANISMS			
58.	The applicant shall provide: a) Clearly defined and documented organisational structure including ownership, oversight including of AML/CFT/CPF obligations and management structure b) Group structure where the applicant is a member of a group including jurisdictions of incorporation c) Board Charter, including Board's responsibility for ensuring that directors, senior officers and other relevant persons remain fit and proper on an ongoing basis in line with Section 18 of VASP Act, 2025.	***ALL***	

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59.	Details of: a) Board of Directors in line with Regulation 42 of the VASP Regulations 2026. b) The Chief Executive Officer in line with Regulation 44 of the VASP Regulations, 2026. c) Money Laundering Reporting Officer in line with Regulation 12 of POCAML regulations ,2023 d) The Chief Information Security Officer (CISO) or the equivalent with oversight over its cybersecurity systems in line with Regulation 96 of the VASP Regulations, 2026. e) Persons responsible for the management of finance function and the internal audit function who are members of good standing in the Institute of Certified Public Accountants of Kenya (ICPAK) or an equivalent international professional body recognised by ICPAK in line with Regulation 45 of the VASP Regulations, 2026. f) A compliance officer who shall monitor compliance with the regulatory requirements in line with Regulation 39 of the VASP Regulations, 2026.	***ALL***	
60.	Complete Fit and Proper form as provided in the fourth schedule of the VASP Regulations, 2026 for Significant Shareholders, Beneficial Owners, Directors, CEO and Senior Management. The Fit and Proper form shall be accompanied by: a) Curriculum Vitae and certified copies of academic and professional certificates b) Certified copies of National Identity Card or valid Passport c) Personal Identification Number (PIN) certificate and current Tax Compliance Certificate. d) Current credit rating report from a credit reference bureau. e) Certified CR12 and BOF1 for corporate shareholders (or equivalent for foreign corporate shareholders). f) Certified Police Clearance Certificate g) Original and certified current bank statements for the shareholders/director for at least six months (relevant financial strength documentation) h) Contact details (postal and e-mail addresses, phone contacts of at least three independent referees, one of whom should be the immediate previous employer). i) Copies of work permits where any of the Senior management are foreigners, and details of any business interests in Kenya, where any of the proposed directors/shareholders are foreigners.	***ALL***	
SECTION 6: ADDITIONAL REQUIREMENTS FOR VIRTUAL ASSET OFFERING PROVIDER - STABLECOIN ISSUANCE			
61.	The investment policies of the reserve assets and an assessment of how such investment policy can affect the value of reserve assets including: - a. Reserve Management Policy b. Stress testing methodology c. Internal Reconciliation Policy and procedures d. Custody policies, procedures and contractual arrangements e. Reporting procedures	***Stablecoin issuers***	
62.	The redemption policies setting out; a. the conditions, including thresholds, periods and timeframes, for a holder of a stable coin to exercise such right of redemption; b. the mechanisms and procedures to ensure the redemption of the stable coin; c. the valuation, or the principles of valuation, of the stablecoin and of the reserve assets when the right of redemption is exercised by the holder of stablecoin; d. the conditions for settlement of the redemption; e. measures that the stablecoin issuer takes to adequately manage increases or decreases in the reserve of assets in order to avoid any adverse impacts on the market of the reserve assets.	***Stablecoin issuers***	

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63.	A white paper containing the information specified under regulation 68 of the VASP Regulations, 2026.	***Stablecoin issuers***	
64.	Establishment of a trust;	***Stablecoin issuers***	
	a) A copy of the trust deed.		
	b) A certified copy of the management agreement		
	c) Details of the bank(s) where the trust fund will be held in a local bank;		
	d) Employ risk mitigation strategies to ensure that the funds held in the Trust Fund are sufficiently diversified and placed in licensed commercial banks – proposed trust fund protection scheme/arrangement;		
	i. Principal characteristics of the service provided pursuant to the Trust;		
	ii. Details of how the fund shall be held		
	iii. Procedures for nomination of the Trustees;		
	iv. Duties, responsibilities and the extent of liability of Trustees;		
	v. Provisions on discontinuation or termination of the Trust and subsequent handling of the Trust Fund		
	vi. Procedure for handling dormant accounts;		
	vii. Procedure of handling accounts of deceased persons;		
	viii. Rights of system participants and beneficiaries;		
	ix. Applicable law and mode of resolution of disputes;		
	x. Where the trustee is a company, duties of the management company and key particulars of the management arrangement;		
STAGE 4: ISSUANCE OF THE LICENCE			
65.	Upon assessment and fulfilment of all the requirements in Stage Two and three and where the CBK is satisfied that the applicant has met all the application requirements, the CBK shall: - a. Issue a letter of intent requiring the applicant to pay the licence fee as outlined in the First Schedule b. Carry out an inspection of the premises prior to commencement of operations c. Thereafter, the licence will be issued to the applicant, thereby legally permitting the applicant to commence business of a virtual asset service provider. Where the CBK does not approve an application for a licence, the decision shall be communicated to the applicant citing the reasons for its decision. The CBK may, upon rejection of an application, impose conditions to be complied with by the applicant before the applicant can resubmit the application for consideration.	***ALL***	
STAGE 5: RENEWAL OF THE LICENCE			
66.	An application for renewal of a virtual asset service provider licence shall be submitted to CBK at least two months before the expiry of the current licence and shall be: i. made using the Application Form for Renewal of Virtual Asset Service Provider Licence set out in the First Schedule; ii. accompanied by any other information that the CBK may require; and submitted together with the annual renewal fee set out in the First Schedule.	***ALL***	
The Central Bank may request additional information during the review process. **Please note that the submission of an application does not guarantee approval.**			

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