

CAGAYAN ECONOMIC ZONE AUTHORITY (CEZA) OFFSHORE FINANCIAL TECHNOLOGY LICENSING RULES AND REGULATIONS

Pursuant to Republic Act No. 7922 or “The Cagayan Special Economic Zone Act of 1995”, BE IT ADOPTED by the Board of Directors of the Cagayan Economic Zone Authority (CEZA), as follows:

Rule I – Preliminary Provisions

Section 1. **Title** – These Rules and Regulations shall be cited as the Cagayan Economic Zone Authority (CEZA) Offshore Financial Technology Licensing Rules and Regulations or the “CEZA OFTLRR”, for brevity.

Section 2. **Application and Objectives** – This CEZA Offshore Financial Technology Licensing Rules and Regulations (OFTLRR) will govern all business activities of the CEZA Offshore Financial Technology Licensees and the CEZA Central Audit System, domiciled within the Cagayan Special Economic Zone and Freeport (CSEZFP) and shall apply to all CEZA Offshore Financial Technology business-related activities with the support of Authorized Service Providers that have the Certificate of Registrations (COR) issued by CEZA.

This CEZA OFTLRR, as amended, shall have the following objectives:

- a. To provide a lawful basis for registration and control of Offshore Financial Technology business-related activities as a means of attaining the objectives of Republic Act No. 7922 and of promoting and preserving economic development, self-sufficiency, peace and order, and good government;
- b. To ensure the fair, honest, and responsible conduct of Offshore Financial Technology business-related activities;
- c. To ensure verifiable and secure financial transactions which can aid the proper audit and collection of license fees, levies, and taxes as may be assessed in the conduct of Offshore Financial Technology business-related activities;
- d. To ensure that adequate safeguards are established and enforced to prevent Offshore Financial Technology business-related activities to be used as conduits for money laundering activities or otherwise being associated in any way with crime or criminality;

- e. To ensure fair treatment of participants of Offshore Financial Technology activities; and
- f. To aid the preventive measures for digital financial fraud and protect persons from other potential harms of Offshore Financial Technology business-related activities.

Section 3. **Definition of Terms** – For purposes of this CEZA OFTTLRR, as amended:

“Administrator” means the Administrator of the Cagayan Economic Zone Authority;

“Approved Form” means a form approved by the CEZA for use herein;

“Asset-Backing Auditor” means a person who has been accredited by CEZA to act as such person, including to perform the functions described;

“Asset-Backing Certification” in relation to a Digital Asset, means a certification made by an Asset-Backing Auditor of the matters set out in Schedule 2 in accordance with Section 49.03;

“Asset-Backing Disclosure” in relation to a Digital Asset, means a public disclosure by the Issuer of the Digital Asset of the matters set out in Schedule 2;

“Asset-Backing Representation” in relation to a Digital Asset, means any statement or conduct which would reasonably cause a person to believe one or more of the following:

- (i) the value or liquidity of the Digital Asset is supported by other assets of any kind; or
- (ii) a holder of the Digital Asset has a legal right to exchange it for other assets of any kind held by another person;

“Authorized Representative” of an applicant for a license, means:

- a. A director or an executive officer of the applicant; or
- b. A shareholder of the applicant; or
- c. A person who CEZA reasonably believes will, if a license is granted to the applicant, be associated with the ownership or management of the licensee's operations;

“Authorized Service Provider (ASP)” means a locally registered company with a certificate of registration (COR) issued by CEZA, created specifically to provide support services to Offshore Financial Technology Licensees. Support services may include the following:

- a. Customer support services;
- b. Server and website management and maintenance;
- c. Transaction monitoring and reporting;
- d. Data Center;
- e. Telecommunications;
- f. Security Services (Electronic and Physical);
- g. Software Development Services and
- h. Hosted Office Solutions Services;

“Blockchain” means a digital ledger or database of transactions relating to Digital Assets which are recorded chronologically and capable of being audited;

“Cagayan Economic Zone Authority (CEZA)” means the governing body of the CSEZFP, its board of directors, charged to exercise the powers of the CSEZFP pursuant to Section 7 in relation to Section 6 of Republic Act No. 7922;

“CEZA Central Audit System” is a system equipped with distributed ledger technology to ensure the proper audit, collection, and payment of all license fees, taxes levies, and other remunerations due CEZA and the Philippine Government for the privilege of operating CEZA Offshore Financial Technology business activities within the Zone;

“Certificate of Registration (COR)” means the certificate issued by CEZA to a foreign or local registered company applying to do business in the CSEZFP as a Licensee or as an Authorized Service Provider for Offshore Financial Technology business-related activities;

“Code of Practice” means a code of conduct issued by CEZA under Section 53;

“Collateral Asset” means the asset against which a Digital Asset is backed;

"Conduct" includes promote, organize, trade, exchange, and or operate;

"Control System" means a system of internal controls and administrative and accounting procedures for the conduct of Offshore Financial Technology business-related activities by a Licensee;

“Cryptocurrency” is a digital or virtual form of currency that uses cryptography for security. Unlike traditional currencies issued by governments like fiat currencies, cryptocurrencies operate on decentralized networks based on blockchain technology;