CAPITAL MARKETS AUTHORITY RWANDA

TERMS OF REFERENCE FOR AN INDIVIDUAL CONSULTANT TO SUPPORT THE IMPLEMENTATION AND OPERATIONALIZATION OF VIRTUAL ASSETS BUSINESS IN RWANDA

1. Introduction

The Capital Market Authority of Rwanda (CMA) is a regulatory authority mandated to develop and regulate capital markets in Rwanda with focus on promoting an orderly, fair, transparent and efficient market. In addition, the CMA has recently been vested with the authority to regulate virtual assets business in Rwanda.

The vision of CMA is to be a key contributor to Rwanda becoming a leading and competitive financial center through mobilization of long-term capital. In pursuit of this vision, the CMA is responsible for creating a conducive environment for entities to raise capital to expand their business, licensing market players, market supervision and inspection, investor protection, monitoring market performance, enhancing public education and promoting responsible fintech innovation.

2. Virtual Asset Business in Rwanda

Globally, the adoption of virtual assets has grown significantly in recent years, and its global market capitalization has reached approximately to USD 2.58 trillion, reflecting growing investor participation and market depth.

Virtual assets business introduces a new and complex market ecosystem with key challenges arising from the underlying technologies and protocols, their classification given their hybrid and complex nature, their valuation, issuance and admission to trading, custody arrangements, as well as licensing and supervision of virtual asset service providers.

Rwanda’s parliament recently approved the draft law regulating virtual asset business, following extensive consultations, stakeholders’ engagement and legislative drafting processes, and the law has subsequently been published into the Official Gazette. The development of the law was informed among others, by the recommendations arising from the National Risk Assessments on Virtual Assets and Virtual Asset Service Providers.

The law establishes the foundation for a comprehensive regulatory framework aligned with the recommendations issued by key global standard-setting bodies, including the Financial Action Task Force (FATF), International Organization of Securities Commission (IOSCO) and Financial Stability Board (FSB).

The regulatory framework is designed to promote responsible innovation within the virtual asset space while addressing a broad range of risks associated with virtual asset business, including:

1. Money Laundering, Terrorism Financing and Proliferation Financing, particularly on compliance with Travel Rules requirements relating to the sharing of originator and beneficiary information during virtual assets transactions;
2. Investor and consumer protection risks given the speculative nature of most of the virtual assets that attracts high level of investor participation;
3. Market integrity and transparency risks, including market manipulation practices, insider trading, fraud and inadequate disclosures;
4. Financial stability and systemic risks arising from the interconnectedness between virtual asset ecosystem and financial sector, including potential impacts on monetary sovereignty and other macroeconomic concerns;
5. Risk arising from virtual assets service providers that combine multiple functions that may lead to conflict of interest and regulatory complexities;
6. Cyber security, data protection, business continuity, technology and operational resilience.

Following the adoption of the law by parliament and publication into Official Gazette, the next phase requires the drafting of regulations and implementation of virtual assets business in Rwanda.

In line with the above, the Capital Market Authority seeks to hire a highly qualified and experienced technical consultant to support the implementation of virtual assets business in Rwanda.

3. Objectives of the assignment

The objectives of the assignment include:

1. Supporting the development of regulations governing virtual asset business in Rwanda;
2. Providing technical support for licensing, approval and supervision of virtual asset business activities;
3. Strengthening institutional and industry capacity building in relation to virtual assets business;
4. Provide strategic, technical and operational support to establish a credible, innovation friendly and internationally aligned virtual assets business in Rwanda;

4. Scope of Work

The consultant shall be engaged on a full-time basis and be primarily based at the Capital Market Authority premises, unless otherwise agreed by both parties. The consultant shall dedicate their full professional time to the assignment and work closely with the designated team to support the implementation of the Virtual Asset Regulatory Framework.

Payment shall be made on a monthly basis, subject to the submission and approval of monthly progress reports detailing activities undertaken, outputs delivered, and progress against the agreed work plan.

The consultant shall undertake the following tasks:

1. Drafting the implementing regulations covering:
    a. The licensing and operations of Virtual Asset Service Providers
    b. The issuance and admission to trading of virtual assets including:
        i. unbacked virtual assets;
        ii. stablecoin; and
        iii. tokenized real-world assets.
2. Advise on classification of virtual assets and categorization of virtual asset service providers;
3. Advise on virtual assets services that can be combined or not under a single virtual assets service providers based on recommendations from relevant standard setting bodies;
4. Support the CMA in reviewing and assessing:
    a. Applications for licensing of Virtual Asset Service Providers;
    b. Applications for approval of the issuance and admission to trading of virtual assets including:
        i. Initial virtual assets offering for the unbacked virtual assets;
        ii. Admission to trading of unbacked virtual assets issued outside Rwanda;
        iii. Issuance of stablecoins;
        iv. Admission to trading of stablecoin issued outside Rwanda;
        v. Tokenization of real-word assets;
        vi. Admission to trading of tokens representing real world assets issued outside Rwanda;
5. Advise on and support the implementation of monitoring, analytics, and supervisory tools for virtual asset transactions and activities.
6. Deliver institutional and industry capacity-building initiatives relating to virtual asset business
7. Provide strategic, technical, and operational advisory support on the implementation of the virtual assets' regulatory framework.

5. Deliverables

1. Prepare and submit an inception report outlining the consultant's understanding of the assignment, proposed implementation approach, and work plan.
2. Draft implementing regulations for virtual asset business including:
    a. Regulation on licensing and operations of virtual assets service providers;
    b. Regulation on issuance and admission to trading of virtual assets (unbacked virtual assets, stablecoins, and tokenized real-world assets);
    c. Associated application forms, templates and supporting regulatory annexes;

3. Drafting a harmonized set of external facing guidance materials for market participants, investors and consumers including:
    a. Licensing and operational guidance for VASPs, including conducts and AML/CFT expectations;
    b. Guidance on issuance and admission to trading of virtual assets including unbacked virtual assets, stablecoin and tokenization of real-world assets;
    c. Guidance on tokenization framework explaining the process, ecosystem, eligible and non-eligible assets for tokenization;
    d. Guidance with detailed explanation on classification of virtual assets, virtual asset services and related prohibitions;
    e. Investor and consumer protection guidance on the operations of VASPs and Issuers including their rights and safeguards
    f. Simplified explanatory materials and Frequent Asked Questions (FAQs) related to virtual asset business.
4. Drafting internal virtual asset regulatory implementation toolkit
5. Implementation of technological analytics tools for monitoring of virtual asset transactions and prevention of illegal activities, aligned with AML/CFT requirements, market integrity, investor and consumer protection;
6. Institutional capacity building with structured knowledge sharing during regulatory processes, demonstrated by staff performing virtual asset core regulatory activities with reduced external reliance.
7. Monthly and quarterly reports on implementation progress and status;

6. Qualification and Experience

The individual consultant should possess demonstrated expertise in blockchain technology, regulation, licensing and supervision of virtual asset service providers as well as issuance of virtual assets.

Specifically, the consultant should possess the following qualifications and experience:

1. A master's degree in Law, or Finance, Economics, Business Administration, Information Technology, Blockchain Technology, Financial Technology or any other related field;
2. Professional certifications in blockchain, virtual assets, AML/CFT or cybersecurity will be an added advantage;
3. At least 10 years of relevant professional experience in financial sector, fintech, blockchain innovation, virtual assets, capital markets regulatory framework or related regulatory and supervisory functions;

4. Strong understanding of tokenization of real-world assets, issuance of stablecoin, initial virtual asset offering and broader virtual asset market infrastructure.
5. Proven technical and operational understanding of blockchain technology, distributed ledger technology, smart contracts and related protocols, token standards, on chain governance mechanisms, interoperability protocols and blockchain security considerations;
6. Demonstrate expertise in virtual assets regulations and supervision of virtual asset service providers and issuers of virtual assets.
7. Proven experience in drafting regulations and supervisory frameworks;
8. Experience in supporting licensing of virtual assets service providers, approving issuance and admission to trading of virtual assets specifically the initial virtual asset offering, issuance of stablecoin and tokenization of real-world assets;
9. Demonstrated understanding of recommendations by Financial Action Task Force (FATF), International Organization of Securities Commission (IOSCO), Financial Stability Board, and other global best practices relating to virtual assets;
10. Experience in AML/CFT compliance relating to virtual assets including blockchain analytics, transaction monitoring, Travel Rule implementation, fraud prevention and virtual assets risk management;
11. Experience in policy formulation, designing and implementation of virtual asset regulatory framework preferable within advanced markets with well-established and successful virtual assets ecosystem;
12. Excellent analytical, drafting, communication and stakeholders' engagement skills with ability to prepare high quality report, policy papers, regulatory instruments, guidance papers and other relevant documents;
13. Demonstrated ability to engage effectively with regulators, policymakers and virtual asset ecosystem players;

7. Reporting arrangements

The Consultant shall report to the Head of Market Infrastructure and Fintech Innovation, who shall serve as the focal point for coordinating the assignment and facilitating engagement with relevant stakeholders.

8. Duration of the assignment

The assignment shall be carried out over a period of twelve (12) months from the date of contract signature. The consultant shall provide the required services and deliverables within the duration of the contract.

9. Evaluation criteria

Requirement	Evidence	Points
Academic Qualifications & Professional Certifications	1. Academic qualification demonstrated by relevant academic certificates (10 pts) 2. Professional certifications demonstrated by relevant professional certificates (10 pts)	20
Experience in financial sector, and technical expertise in fintech innovation, blockchain technology, tokenization of real-world assets, virtual assets smart contracts, interoperability and security	1. Years of experience in similar role (8.5 pts) 2. At least two (2) references from institutions you worked with confirming the required experience or confirming that you carried out similar assignments (8.5 pts) 3. CV demonstrating the experience required (8pts)	25
Experience in virtual asset regulation, designing regulatory frameworks, policy and guidance paper drafting, licensing and supervision of virtual assets, and knowledge of recommendations related to virtual assets by international standards including FATF for AML/CFT, IOSCO, FSB and IMF	1. Evidence of working with financial sectors regulators or international financial centres (8.5pts); 2. At least two (2) references from institutions you worked with confirming the required experience or confirming that you carried out similar assignments (8.5 pts); 3. CV demonstrating the experience required (8 pts);	25
Technical proposal demonstrating the clear understanding of the role and expectation with adequate approach and methodology to carry out the assignment	1. Demonstrated clear understanding of the role and expectations (15 pts) 2. Adequate and structured approach and methodology (15 pts)	30
Total		100