Circular No. 5 of 2026

Date: 14th August 2026

Reminder of Restrictions under Section 5 of the International Business Companies Act, 2016

The Financial Services Authority ("FSA") wishes to draw the attention of all International Business Companies ("IBCs") incorporated under the International Business Companies Act, 2016 ("IBC Act"), to the restrictions set out under Section 5 of the IBC Act.

Current Situation

Through supervisory and monitoring activities, the FSA has identified instances where certain IBCs appear to be conducting regulated activities in foreign jurisdictions without the requisite licence, authorisation, registration, approval, or other legal permission required under the laws of those jurisdictions. In light of these observations, the FSA considers it necessary to remind IBCs of the statutory restrictions under Section 5 of the IBC Act and the importance of ensuring full compliance with all applicable legal and regulatory requirements.

Restrictions under Section 5 of the IBC Act

For ease of reference, under Section 5 an IBC is prohibited to conduct:

- Banking business
- Insurance business
- International corporate services, trustee services, and foundation services
- Securities business
- Mutual fund business
- Gambling business, including interactive gambling

in or outside Seychelles, unless they had obtained the requisite licence, authorisation, registration, approval, or other legal permission under the applicable laws of Seychelles or the relevant foreign jurisdiction, as the case may be.

Additionally, IBCs are also prohibited from engaging in virtual asset service activities, initial coin offerings, non-fungible tokens activities, and related activities regulated under the Virtual Asset Service Providers Act, 2024 (“VASP Act”). In particular, IBCs are prohibited from:

- carrying on mining or operate a mixer or tumblr services;
- undertaking the business of virtual asset services in or from Seychelles unless it is licensed under the VASP Act;
- issuing or purporting to issue an initial coin offering or a non-fungible token, or hold itself out as carrying on that activity, in or from Seychelles, unless the company is authorised to do so under the VASP Act; or
- carrying on or purporting to promote an initial coin offering or the sale of or investment in the development of non-fungible tokens, or hold itself out as carrying on that activity, in or from Seychelles, unless the company is authorised to do so under the VASP Act.

No regulatory status arises from incorporation

IBCs are reminded that incorporation or continued registration under the IBC Act does not constitute or substitute any licence, authorisation, registration, approval required to conduct a regulated activity in, from or outside Seychelles. Seychelles IBCs that conduct regulated activities outside Seychelles must clearly disclose with clients, potential clients, and the public about the authority under which they are carrying out those activities. Such disclosure should be prominently included in websites, client agreements, marketing materials, and any other communications relating to the provision of services.

Where applicable, IBCs should also expressly state that the company is merely incorporated in Seychelles and that such incorporation does not constitute a licence, authorisation, approval, supervision, or endorsement by the FSA to carry out regulated activities in, from or outside Seychelles. That said, IBCs must not state or create the impression that, solely by virtue of being incorporated in Seychelles, they are licensed, authorised, approved, supervised, or endorsed by the FSA to conduct regulated activities.

Action required

IBCs should review the nature of their activities and any related website, marketing material or public representation. Where a potential contravention is identified, IBCs should immediately cease the relevant activity or representation and take all necessary corrective action.

Consequences of non-compliance

The FSA reminds all IBCs that a contravention of section 5 of the IBC Act may constitute an offence under the Act and may, upon conviction, be liable to a fine not exceeding USD 50,000. Additionally, a contravention to section 5 of the VASP Act, which prohibits the carrying on of virtual asset services without a licence constitutes an offence under section 33, for which the IBC may be liable to a fine not exceeding SCR 5,250,000. Subsequently, section 27 of the VASP Act, prohibits any person from issuing, or purporting to issue, initial coin offerings or non-fungible tokens without the appropriate registration. A contravention of this provision constitutes an offence under section 33, for which IBC may be liable to a fine not exceeding SCR 5,250,000.

FINANCIAL SERVICES AUTHORITY