

“Challenging times ahead”

EU Restrictive Measures:

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CySEC Circular C489 Evolution of cryptos & the  
CySEC CASP registration

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# Topics

## 1. EU Restrictive Measures: CySEC Circular C489

- ✓ What are sanctions
- ✓ What sanctions have been imposed on Russia - Timeline
- ✓ How has Russia reacted to sanctions?
- ✓ CySEC's Circular C489
- ✓ What makes sanctions screening challenging?
- ✓ Why is sanction screening important?
- ✓ How can AGP assist you?

## 2. Evolution of cryptos & the CySEC CASP registration

- ✓ Are Cryptos here to stay?
- ✓ CySEC CASP registration
- ✓ Cryptocurrencies and AML risks
- ✓ How can AGP assist you?

# What sanctions have been imposed on Russia - Timeline

- **11.3.2022**, ban on the export of luxury goods to Russia and the U.S. import of signature Russia goods, as well as restricting U.S. investment in any sector of the Russian economy.
- **2/3.3.2022**, sanctions targeting Russia and Belarus, Russian individuals and entities, and banning Russian aircraft from U.S. airspace.
- **28.2.2022**, the U.S. announced that it would freeze Russian Central Bank assets that are held in the U.S. and impose sanctions on the Russian Direct Investment Fund.
- **26.2.2022**, the U.S. removes several Russian banks from the SWIFT financial messaging system.
- **25.2.2022**, the U.S. issued sanctions targeting individuals like the Russian President Vladimir Putin and Foreign Minister Sergei Lavrov.



# Sanctions targeting individuals

- Wealthy business leaders known as oligarchs, who are considered close to the Kremlin.
- Travel bans and asset freezes on former Russian president Dmitry Medvedev and defence minister Sergei Shoigu and on 386 members of the Russian parliament.

## Oil and gas

The US is banning all Russian oil and gas imports and the UK will phase out Russian oil by the end of 2022.



# Financial measures

- Suspension from the Bank for International Settlements - "the central bank for central banks" - to stop it using its services.
- The US, EU and UK have banned people and businesses from dealings with it.

Some Russian banks are being removed from the international financial messaging system Swift, which is used to transfer money across borders. This will delay payments Russia being paid for energy exports.



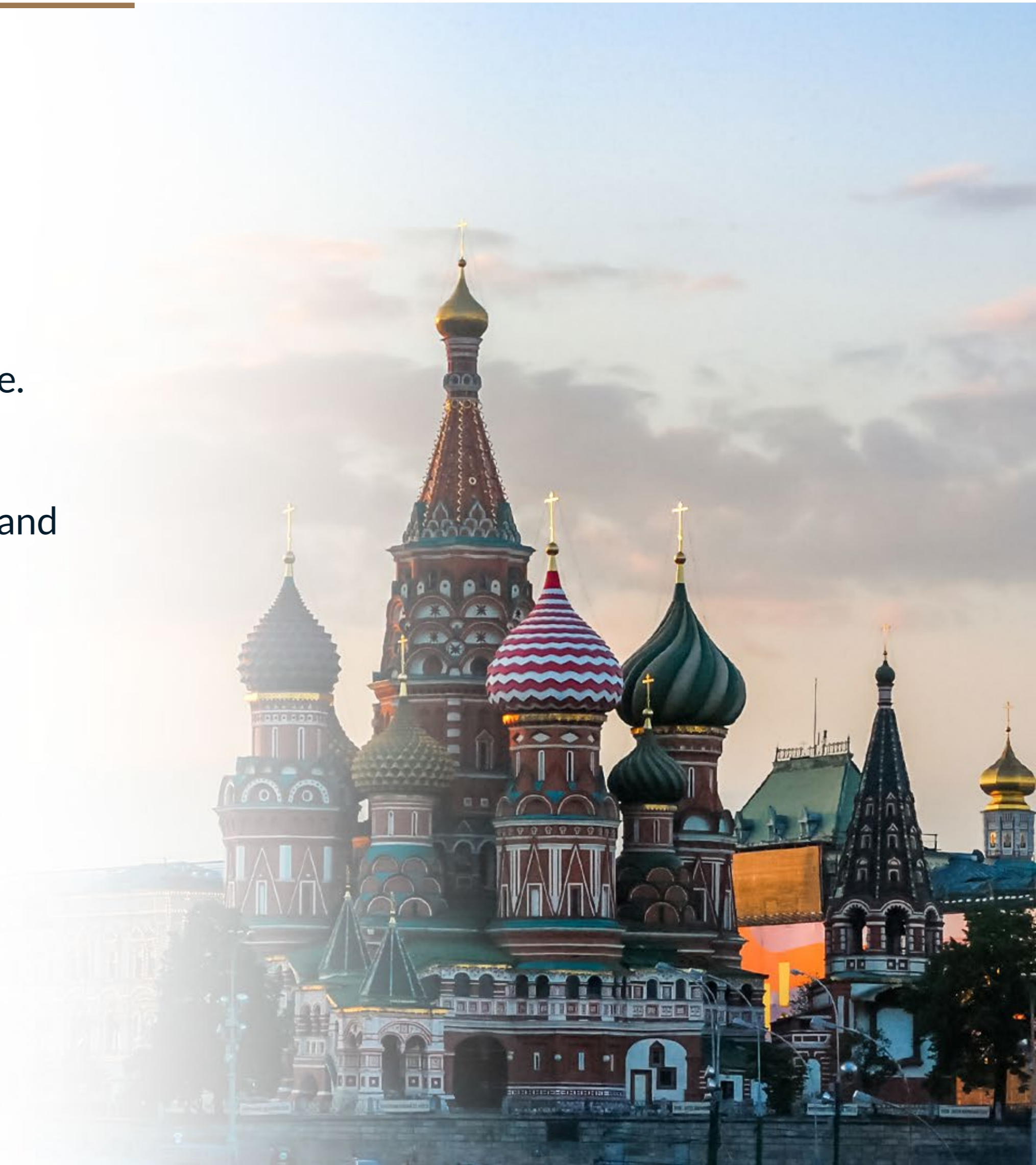
# Restrictions on providing credit rating services

- Credit rating services, and any subscription services in relation thereto, to any Russian national or natural person residing in Russia or any legal person, entity or body established in Russia.
- This prohibition does not, however, apply to nationals of a Member State or natural persons having a temporary or permanent residence permit in a Member State.



# How has Russia reacted to sanctions?

- Russia has banned exports of more than 200 products until the end of 2022.
- It includes telecoms, medical, vehicle, agricultural, electrical equipment.
- It has also more than doubled its key interest rate to try to stop the decline of the rouble.
- It has stopped foreign investors who hold billions of dollars worth of Russian stocks and bonds from selling them.
- Russia has also warned that it could shut off gas supplies in response to oil sanctions.



# CySEC's Circular C489

- Regulated entities must implement appropriate **actions/measures and/or freeze immediately all funds and/or economic resources** on the designated persons or on behalf of other persons associated with the business relationship.
- **Regulated entities had to inform CySEC**, by Thursday, 3 March 2022, whether they have business relationships with designated persons or not. This notification should have included the name of all designated persons that are subject to the restrictions, the type of the assets (e.g. cash, financial instruments) and their total value.
- In the case of further **Restrictive Measures/Sanctions against Russia** in response to the crisis in Ukraine, all Regulated Entities must inform CySEC within a reasonable timeframe.





# Sanctions screening

## What makes sanctions screening challenging?

- Sanctions lists change every day
- Sanctions are becoming more complex
- Sanctioning bodies are increasing

## Why is sanction screening important?

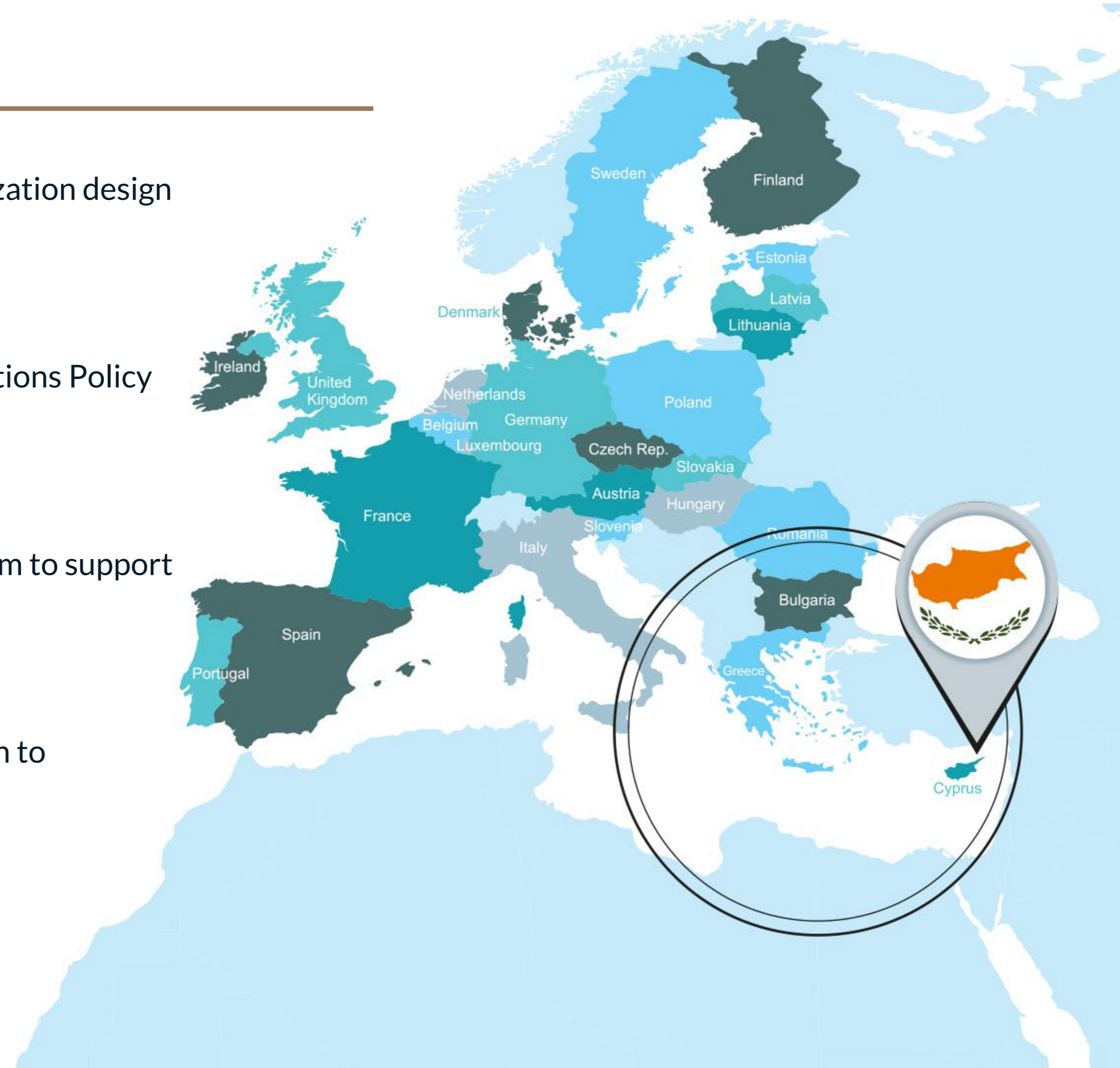
- They are the first line of defence, allowing you to identify criminal fugitives before doing business with them.
- Failing to identify such customers pre-emptively can have devastating consequences.
- If you're business was to unwittingly aid the work of terrorists or money launderers it would likely spell the end.

S A N C T I O N S

# How can AGP assist you

AGP offers a wide range of support services that will help your organization design and execute an effective approach to AML :

- ✓ Undertake the preparation and establishment of the relevant Sanctions Policy and Sanctions Compliance Program
- ✓ Assist you in designing an effective Anti-Money Laundering Program to support your organization's compliance and regulatory obligations.
- ✓ Assist you in understanding best practices and guidelines in relation to sanctions, money laundering, and terrorist financing issues.



# CRYPTOS

## The evolution of cryptocurrency

- 2009 Bitcoin is created
- Secure & anonymous way to transfer currency
- Been regarded as “digital gold”

Cryptocurrencies facilitate international payments and have the potential to provide payment services to populations that do not have access or limited access to regular banking services.

However, other characteristics of cryptocurrencies, coupled with their global reach, present potential **AML/CFT risks, such as:**

- the anonymity provided by the trade in cryptocurrencies on the internet
- the limited identification and verification of participants
- the lack of clarity regarding the responsibility for AML/CFT compliance, supervision and enforcement for these transactions that are across several countries
- the lack of a central oversight authority



# Looking ahead

The beginning of a new phase of technology-driven markets that have the potential to disrupt conventional market strategies, longstanding business practices and established regulatory perspectives.

- Access to a global payment system—anywhere, anytime—in which participation is restricted only by access to technology

Will cryptocurrency survive?

- Consumers
  - Tech developers
  - Investors
  - Financial institutions, and regulators—will play a critical role in this process
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- El Salvador was the first country to recognise cryptocurrency as legal tender
  - China and Turkey have banned cryptocurrency declaring all related transactions illegal



# Looking ahead NFTs

NFTs are already changing the world as we know it.

A non-fungible token is a non-interchangeable unit of data stored on a blockchain, a form of digital ledger, that can be sold and traded. Types of NFT data units may be associated with digital files such as photos, videos, and audio.

- NFTs (Non-fungible tokens)
- They have grabbed headlines for their role in driving stratospheric prices for digital art. But beyond promoting crypto artworks, they are doing something much more exciting: minting new paradigms for life and investment



# Are Cryptocurrencies here to stay?

Last September, the CySEC issued a Policy Statement regarding the registration and activities of crypto-asset service providers and within 2022 will create the electronic Register of Crypto-Asset Service Providers.

The first applications have already been submitted, pending authorisation.

- the Cyprus Securities and Exchange Commission (CySEC) announced the Crypto-Asset Services Providers (CASP) regime in September 2021 as a way to introduce a new asset class – crypto-assets.
- The much-anticipated DLT bill will not only legally define smart contracts but also help regulate records and transactions taking place through Distributed Ledger Technology platforms.



# How can AGP help you?

AGP is in the strong position to discuss the AML/CFT requirements and to provide advice as to:

- ✓ which requirements are necessary
- ✓ drafting relevant policies and procedures
- ✓ the implementation of the requirements.



# Crypto-Asset Services Providers (CASP) registration

## *Is Cyprus a crypto-friendly environment? Yes!*

- ❖ **Crypto-asset services providers (CASP)** regime introduced by the Cypriot regulator CySEC, which allows for crypto-businesses from exchanges to wallet providers to officially register.
- ❖ Access to a high-quality talent pool of professionals with a rare mix of disciplines and cultures.





# CASP Registration & Notification

- New businesses must submit an application to register with CySEC before commencing their operations in or from Cyprus.
- Any CASP established in the EEA and registered with the respective AML/CFT national supervisor must submit a notification to CySEC and provide evidence in relation to their valid registration for each service or activity. In cases where these services or activities are not covered by the framework that governs their CASP registration for AML and CFT purposes, an application should be submitted for registration as a CASP with CySEC.

# Which businesses should obtain a CASP registration under CySEC?

## Crypto-business models and cases:

- ❖ **Cryptocurrency exchanges**
- ❖ **Crypto Wallet businesses** and anyone that provides management, administration, transmission, transfer, retention, custodianship and safekeeping of crypto-assets or cryptographic keys or means which allow for the exercise control in crypto-assets.
- ❖ **ICO**
  - ❖ all initial offerings, offerings and/or sale of crypto-assets.
  - ❖ participation and/or provision of financial services related to the distribution, offering and/or sale of crypto-assets.



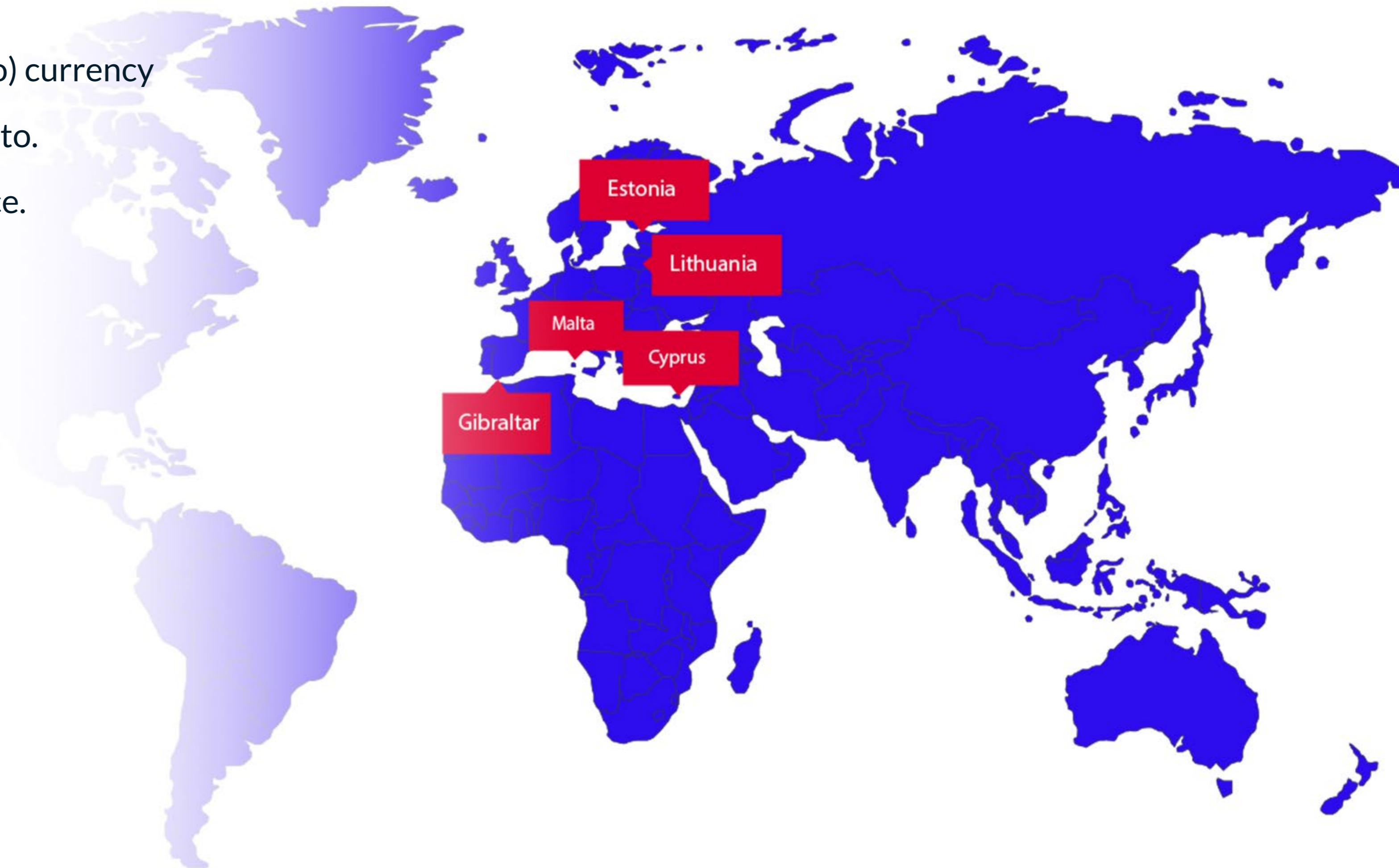
# Where else will AGP & Co get you a **Crypto** license?

## **Estonia** - Types of Licenses:

- ❖ Providers of a service of exchanging a virtual (crypto) currency against a fiat currency, vice versa and crypto to crypto.
- ❖ Providers of a virtual (crypto) currency wallet service.
- ❖ minimum share capital requirement is 12.000 EUR

## **Lithuania** - Types of Licenses:

- ❖ Cryptocurrency exchange operator
- ❖ Cryptocurrency depository wallet operator
- ❖ minimum share capital requirement is 2.500 EUR





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*Thank you!*

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