



PARQUET GÉNÉRAL  
DU GRAND-DUCHÉ DE LUXEMBOURG  
CRF - Cellule de renseignement financier

# *AML measures for crypto assets*

---

5<sup>TH</sup> LUXEMBOURG FINTECH CONFERENCE

OCTOBER 9<sup>TH</sup> 2019

# Regulation of virtual assets exchangers

---

# Regulation of virtual assets exchangers

---

THE CURRENT SITUATION IN LUXEMBOURG

# Regulation of virtual assets exchangers

## *The current situation in Luxembourg*

---



Virtual currency exchange companies have to register as **payment institution**

Law of 10 November 2009 on payment services  
transposition of Directives

- 2007/64/EC of 13 November 2007 on payments services in the internal market and
- 2009/110/EC of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions

# Regulation of virtual assets exchangers

## *The current situation in Luxembourg*

---



Virtual currency exchange companies have to register as **payment institution**

Law of 10 November 2009 on payment services transposition of Directives

**AML / TF legislation applies**

- 2007/64/EC of 13 November 2007 on payments services in the internal market and
- 2009/110/EC of 16 September 2009 on the taking up, pursuit and prudential supervision of the business of electronic money institutions

# Regulation of virtual assets exchangers

---

THE 5<sup>TH</sup> AMLD

# Regulation of virtual assets exchangers

## *The 5<sup>th</sup> AMLD*

---



“Virtual currencies” means a digital representation of value that is not issued or guaranteed by a central bank or a public authority, is not necessarily attached to a legally established currency and does not possess a legal status of currency or money, but is accepted by natural or legal persons as a means of exchange and which can be transferred, stored and traded electronically



Definition in line with:  
European Court of Justice Judgment C-264/14  
October 22<sup>nd</sup> 2015

# Regulation of virtual assets exchangers

## *The 5<sup>th</sup> AMLD*

---



Fall under AML/TF legislation:

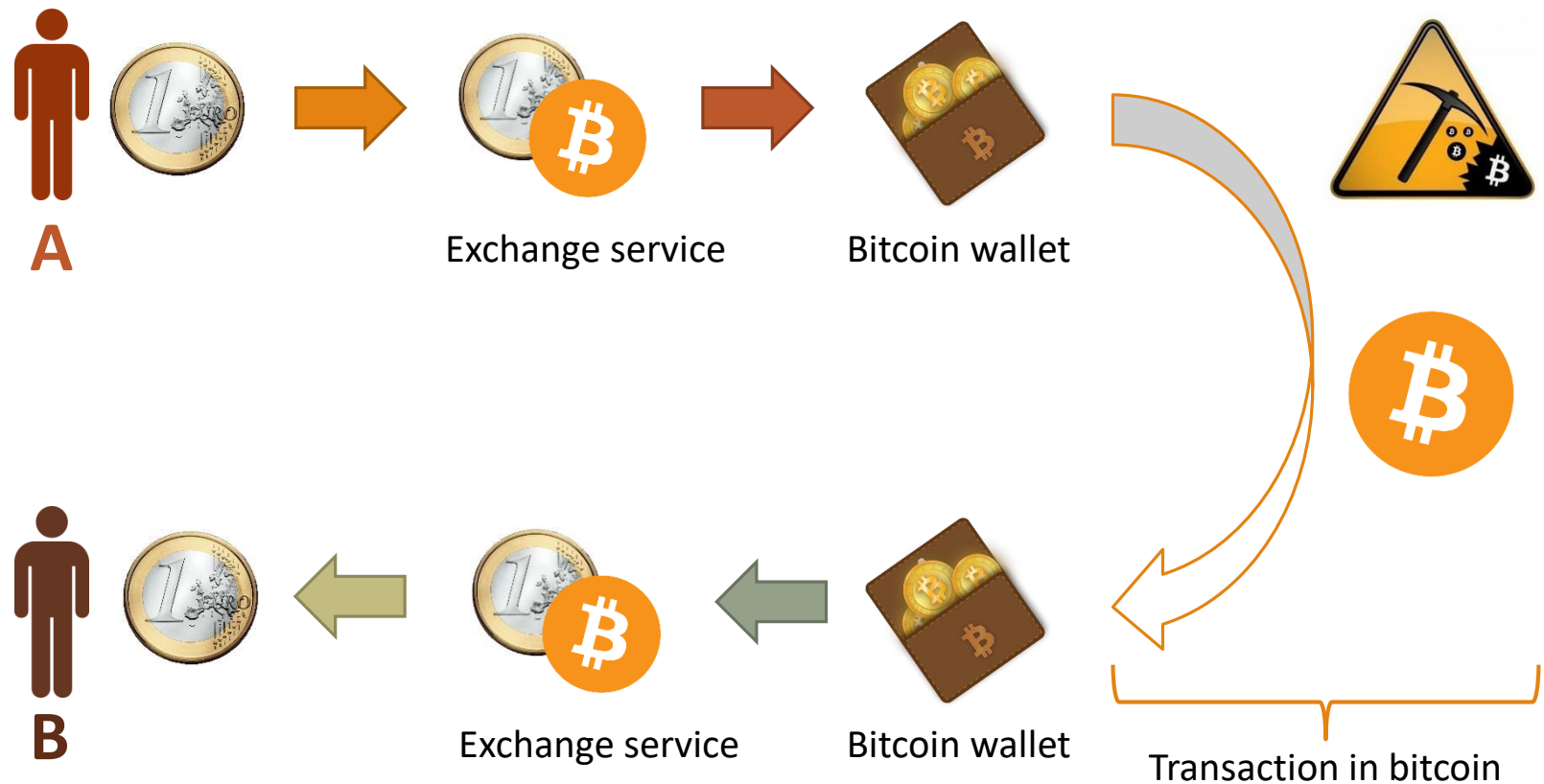
- providers engaged in exchange services between virtual currencies and fiat currencies
- custodian wallet providers



# Regulation of virtual assets exchangers

## *The 5<sup>th</sup> AMLD*

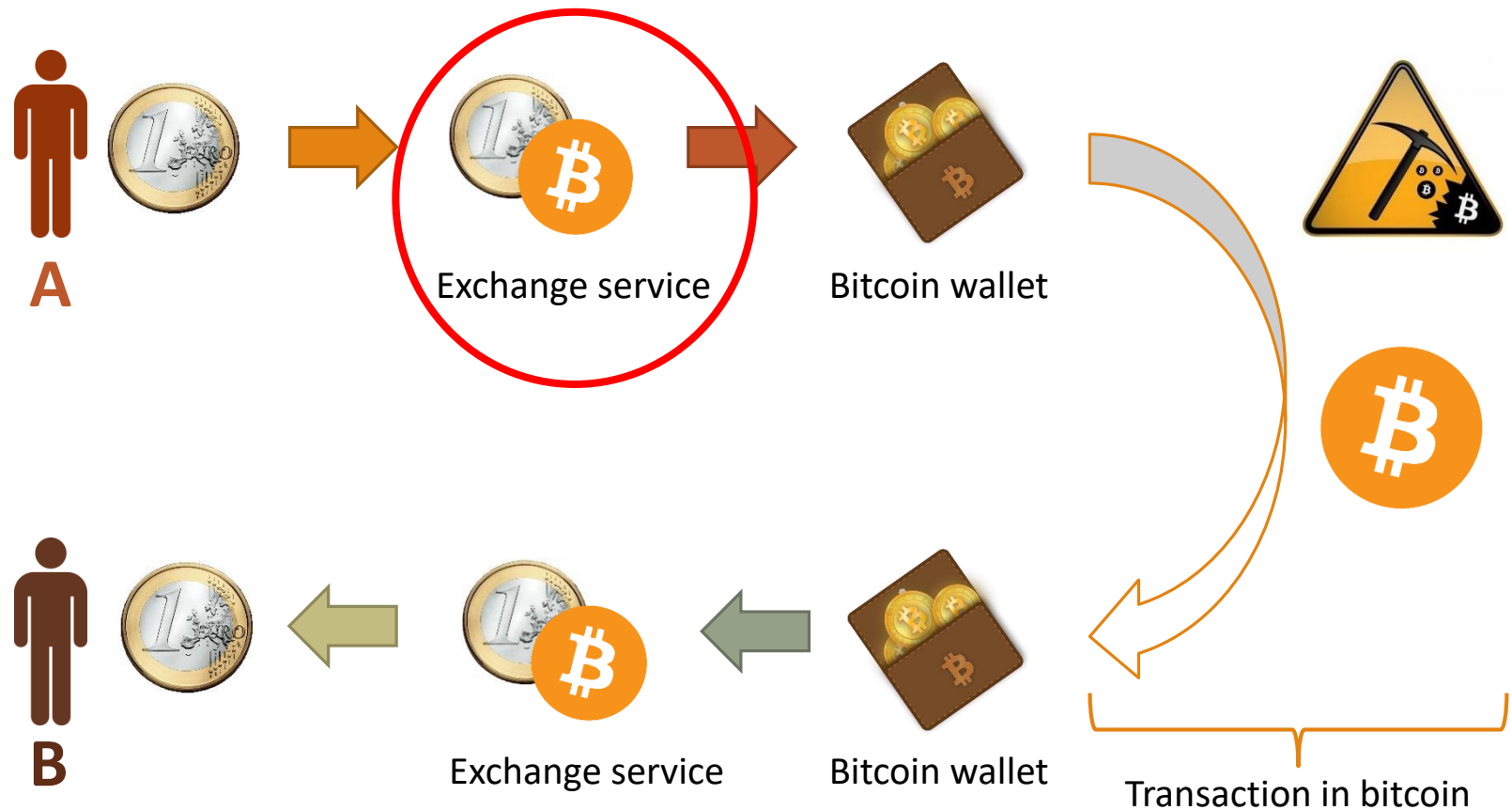
---



# Regulation of virtual assets exchangers

## *The 5<sup>th</sup> AMLD*

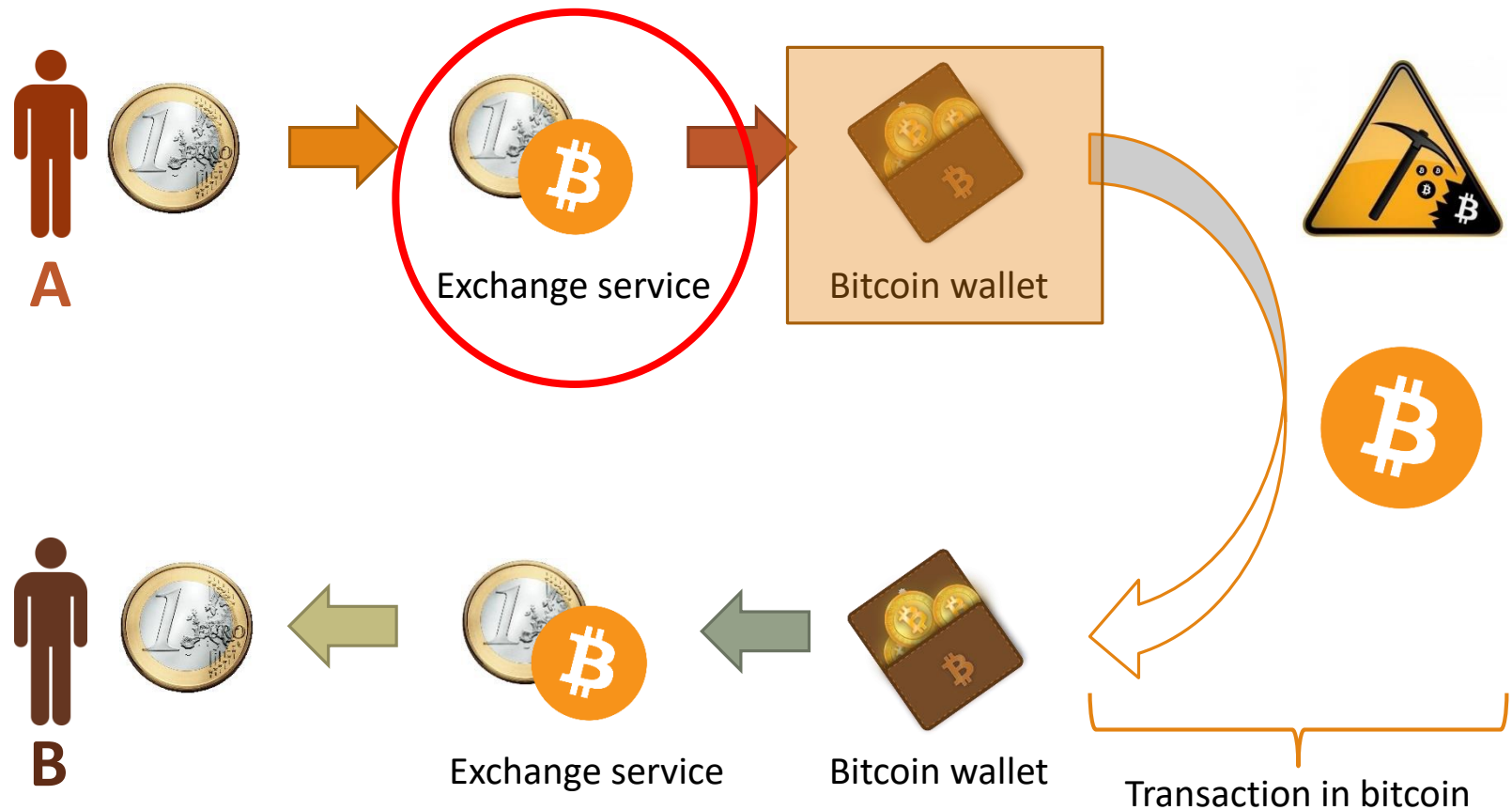
---



# Regulation of virtual assets exchangers

## *The 5<sup>th</sup> AMLD*

---

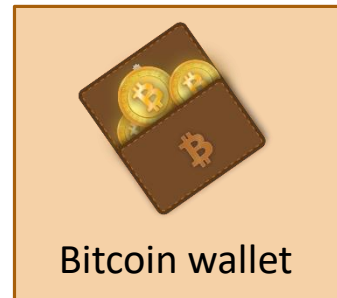


# Regulation of virtual assets exchangers

## *The 5<sup>th</sup> AMLD*

---

“custodian wallet provider” means an entity that provides services to safeguard private cryptographic keys on behalf of its customers, to hold, store and transfer virtual currencies.’

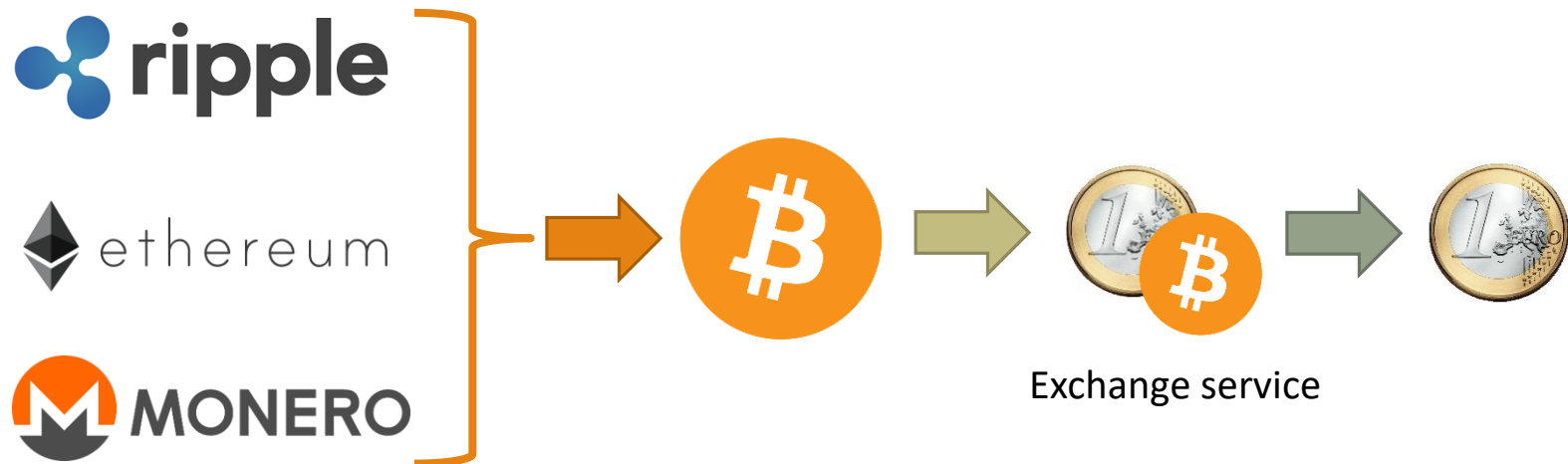


# Regulation of virtual assets exchangers

## *The 5<sup>th</sup> AMLD*

---

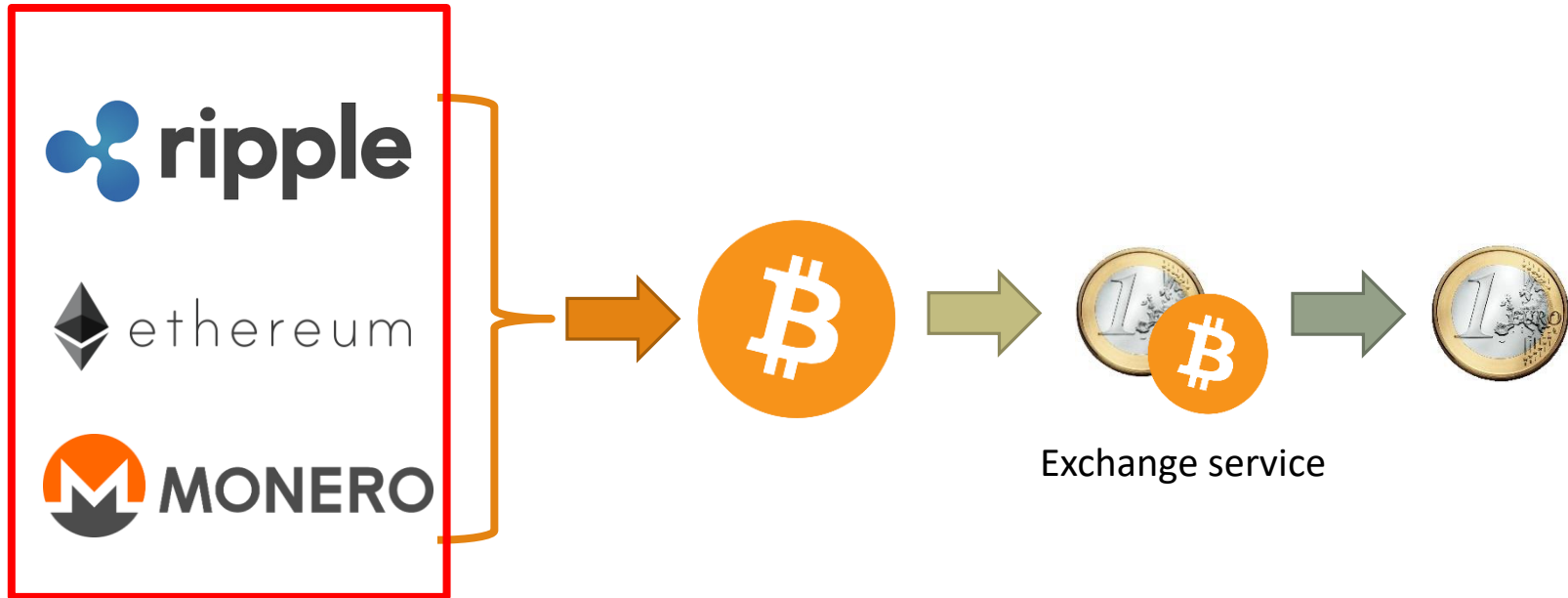
**What about crypto to crypto exchangers?**



# Regulation of virtual assets exchangers

## *The 5<sup>th</sup> AMLD*

---



What's going on here?

# Regulation of virtual assets exchangers

## *The 5<sup>th</sup> AMLD*

---



Tools are available to analyse transactions conducted in these VC



# Regulation of virtual assets exchangers

## *The 5<sup>th</sup> AMLD*

---



Anonymous / privacy coins  
Tools under development / analysis  
possible, but more difficult



# Regulation of virtual assets exchangers

## *The 5<sup>th</sup> AMLD*



## Info

Vendor: [MikeDelacruz](#) ★★★★★ (0)

Any questions about the offer?

- ⊖ Ships from: TW
- ⊖ Ships Worldwide
- ↔ Multisig, Escrow
- ☑ Auto-Accept



★ Add to favorites

Amount

1

 Buy

Scroll down for prices

## German National ID (PHYSICAL FAKE ID)

**i** Description

[Refund policy & Vendor information](#)

[>>] PROMO UNTIL THE END OF THIS MONTH

[>>] BUY 2 IDs GET 1 FREE !!

This is for 1x Fake German National ID (valid until 2020).

# Regulation of virtual assets exchangers

## *The 5<sup>th</sup> AMLD*

---

Choose a crypto currency



**Leading coin** Bitcoin is the mother of all coins. Bitcoin is by far the most popular currency.

**Traceable** Bitcoin has become a very known financial system, but anonymity is limited. Companies and governments can easily track the whole network.

Choose a trading method:

 Classic Escrow

**Easy** The classic Escrow method is both, safe and fast. You transfer your money to a address that we manage.

 Multisig

**+++ Recommended +++**

**Safe** The Multisignature Method is an Extension, which makes it possible for you, as well as for the vendor and WSM to transfer money safely without **any** risk.

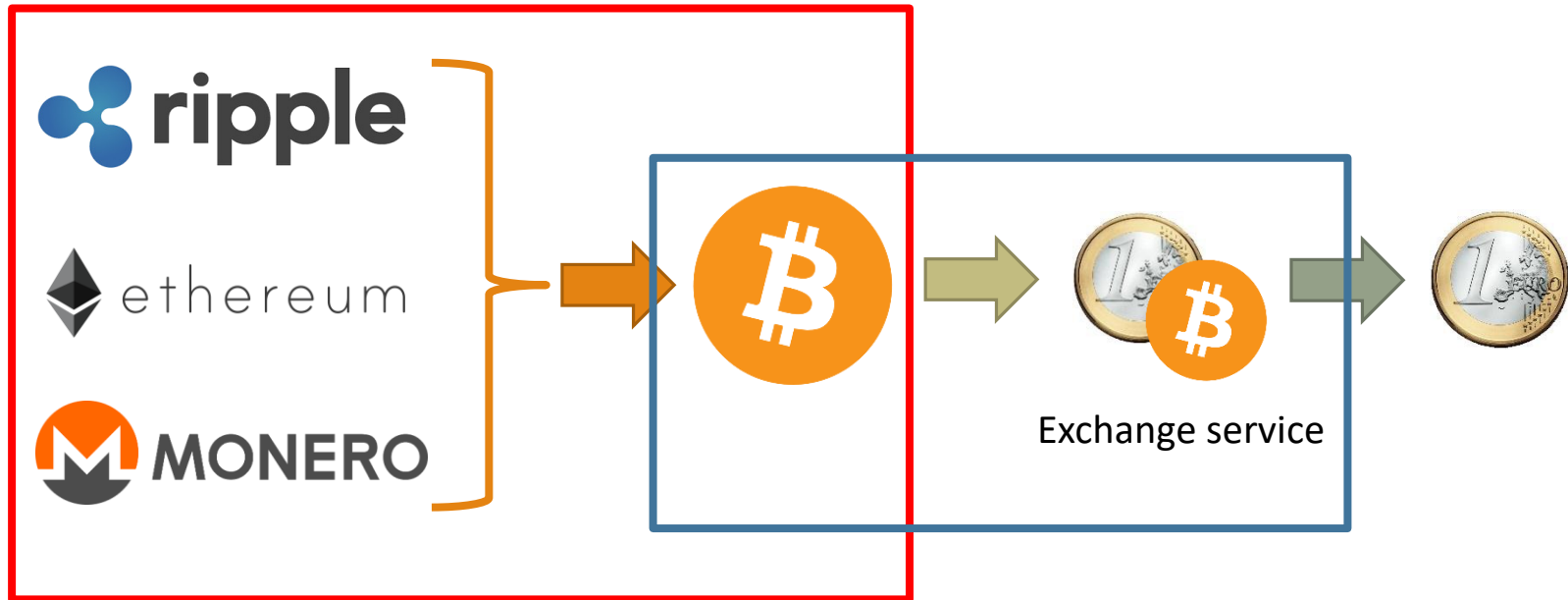
**Complicated** To use Multisig, you must know the **public key** of your Bitcoin-address. [More Info](#).

**No monero support** Monero does not support segit *currently*. It is planned, but not implemented yet.

# Regulation of virtual assets exchangers

## *The 5<sup>th</sup> AMLD*

---



# Regulation of virtual assets exchangers

---

NEW FATF RECOMMENDATIONS

# Regulation of virtual assets exchangers

## *New FATF recommendations*

---



Countries should apply the relevant measures under the FATF Recommendations to virtual assets and virtual asset service providers (VASPs)



# Regulation of virtual assets exchangers

## *New FATF recommendations*

---



Countries should apply the relevant measures under the FATF Recommendations to virtual assets and virtual asset service providers (VASPs)

A virtual asset is a digital representation of value that can be digitally traded, or transferred, and can be used for payment or investment purposes. Virtual assets do not include digital representations of fiat currencies, securities and other financial assets that are already covered elsewhere in the FATF Recommendations.

# Regulation of virtual assets exchangers

## *New FATF recommendations*

---



Countries should apply the relevant measures under the FATF Recommendations to virtual assets and virtual asset service providers (VASPs)

Virtual asset service provider:

- i. exchange between virtual assets and fiat currencies;
- ii. exchange between one or more forms of virtual assets;
- iii. transfer of virtual assets;
- iv. safekeeping and/or administration of virtual assets or instruments enabling control over virtual assets; and
- v. participation in and provision of financial services related to an issuer's offer and/or sale of a virtual asset.



# Regulation of virtual assets exchangers

## *New FATF recommendations*

---

<https://www.fatf-gafi.org/>





# Regulation of virtual assets exchangers


---

WHAT'S NEXT IN LUXEMBOURG?

# Regulation of virtual assets exchangers

## *What's next in Luxembourg*

---



7467 - Projet de loi portant transposition de certaines dispositions de la directive (UE) 2018/843 du Parlement européen et du Conseil du 30 mai 2018 modifiant la directive (UE) 2015/849 relative à la prévention de l'utilisation du système financier aux fins du blanchiment de capitaux ou du financement du terrorisme ainsi que les directives 2009/138/CE et 2013/36/UE ; et portant modification de:

- a) la loi modifiée du 12 novembre 2004 relative à la lutte contre le blanchiment et contre le financement du terrorisme ;
- b) la loi modifiée du 9 décembre 1976 relative à l'organisation du notariat;
- c) la loi modifiée du 4 décembre 1990 portant organisation du service des huissiers de justice ;
- d) la loi modifiée du 10 août 1991 sur la profession d'avocat ;
- e) la loi modifiée du 10 juin 1999 portant organisation de la profession d'expert-comptable ;
- f) la loi modifiée du 23 juillet 2016 relative à la profession de l'audit.

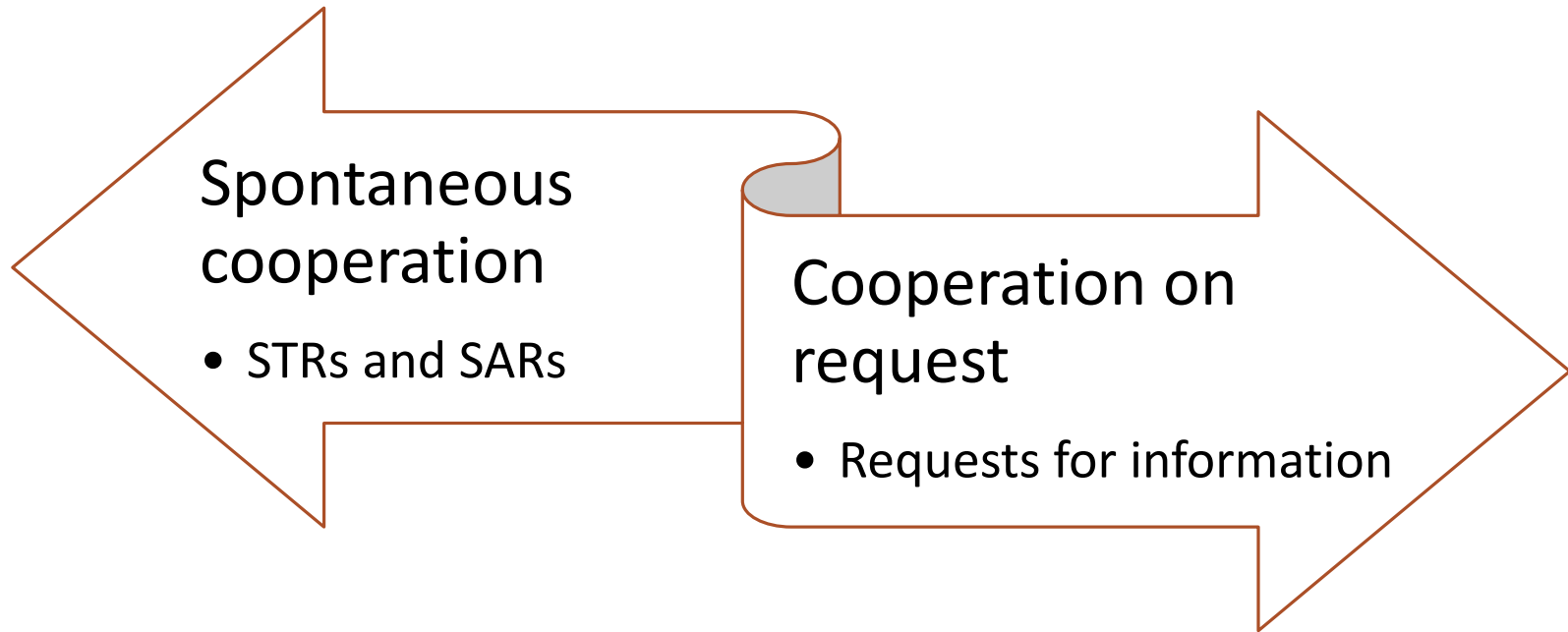
# Reporting obligations

---

# Reporting obligations

## *Overview*

---

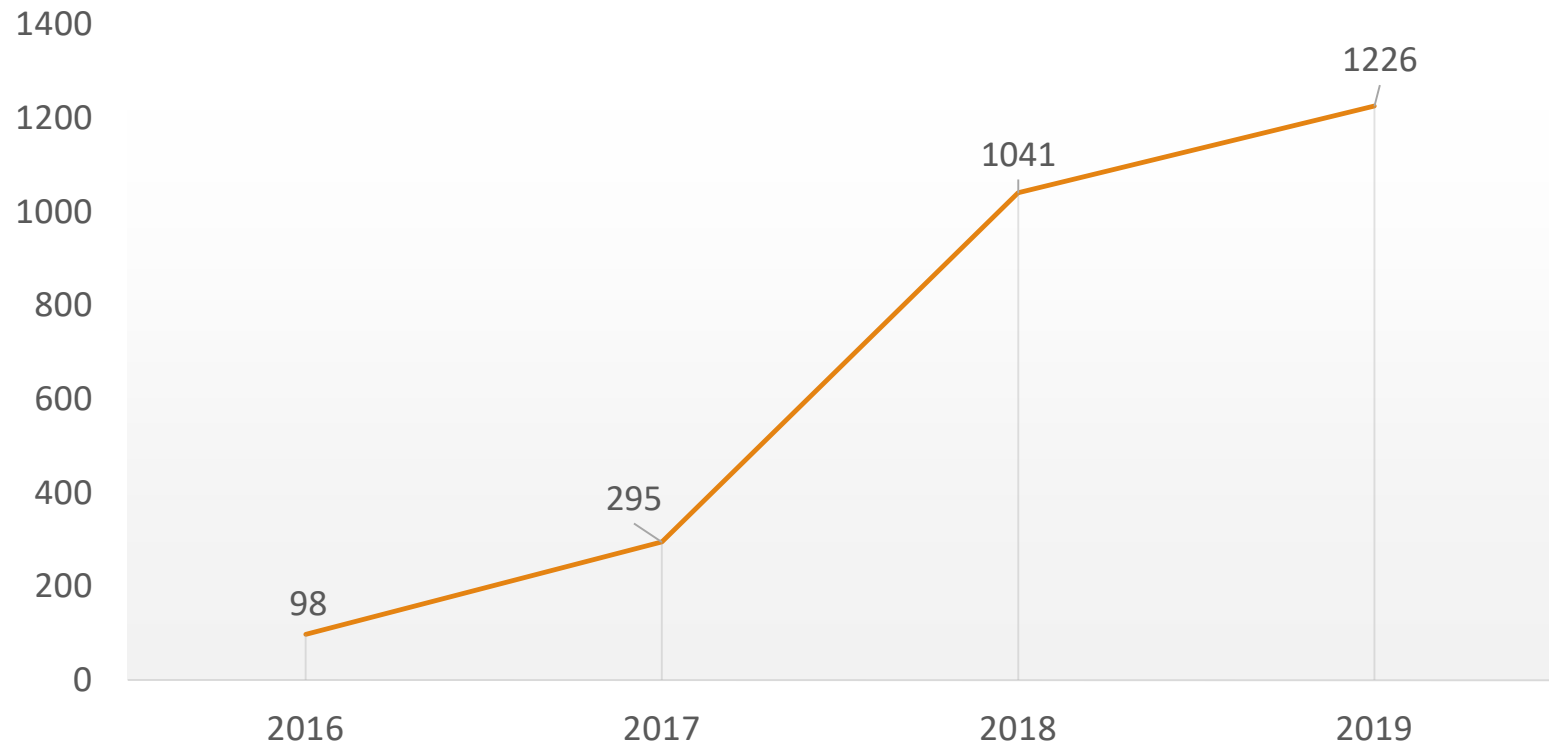


# Reporting obligations

## *Spontaneous cooperation*

---

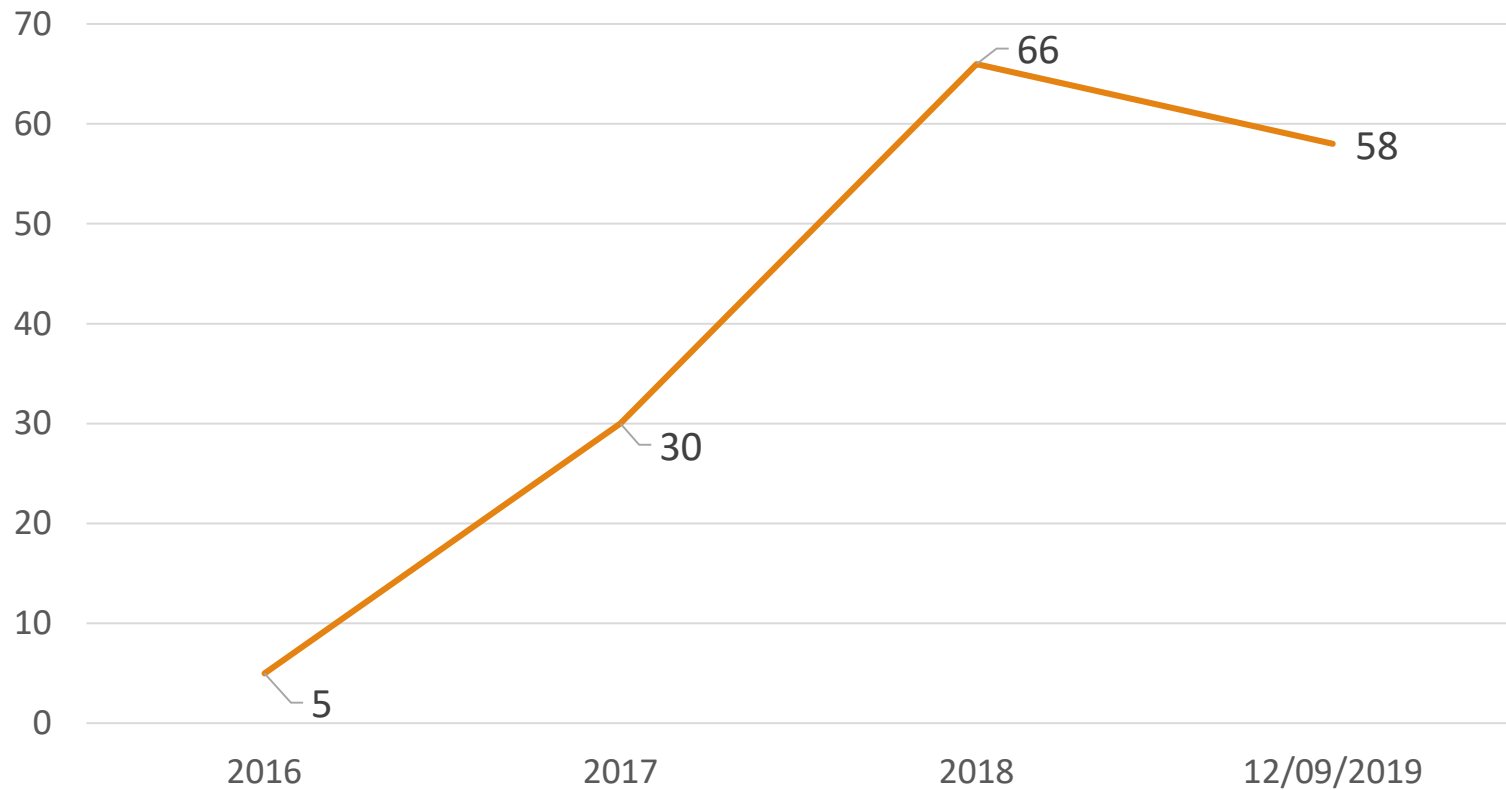
STRs and SARs to FIU Luxembourg



# Reporting obligations

## *Cooperation on request*

---

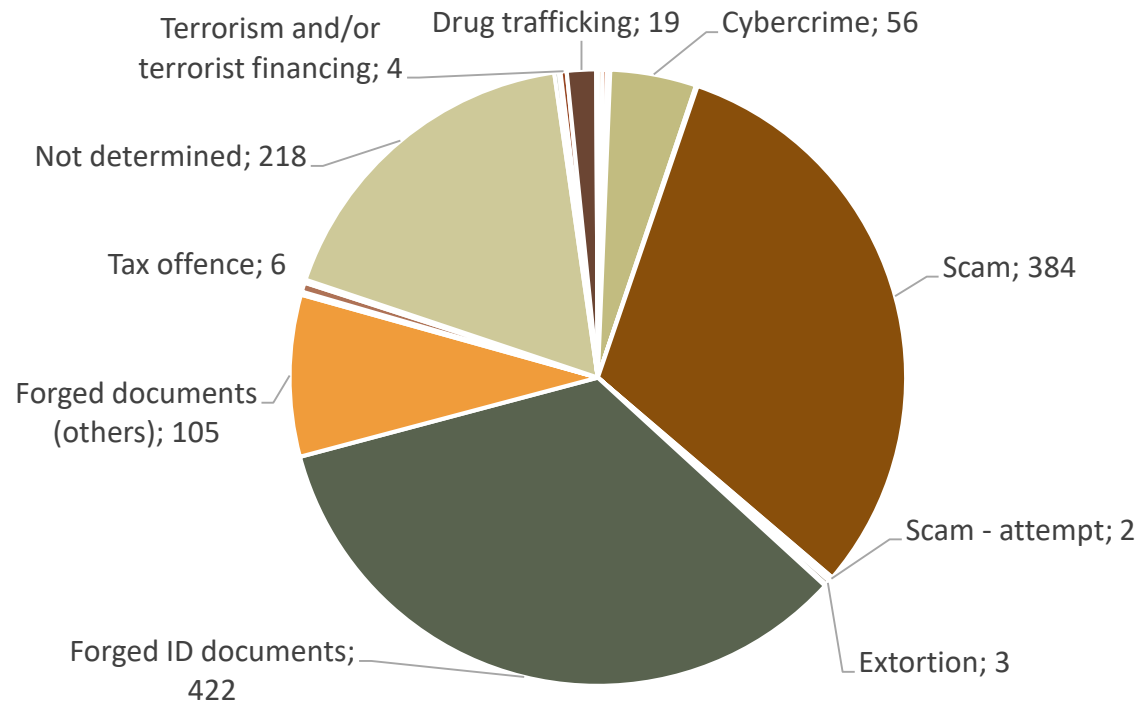


# Reporting obligations

## *Predicate offenses*

---

Most reported predicate offenses in 2019

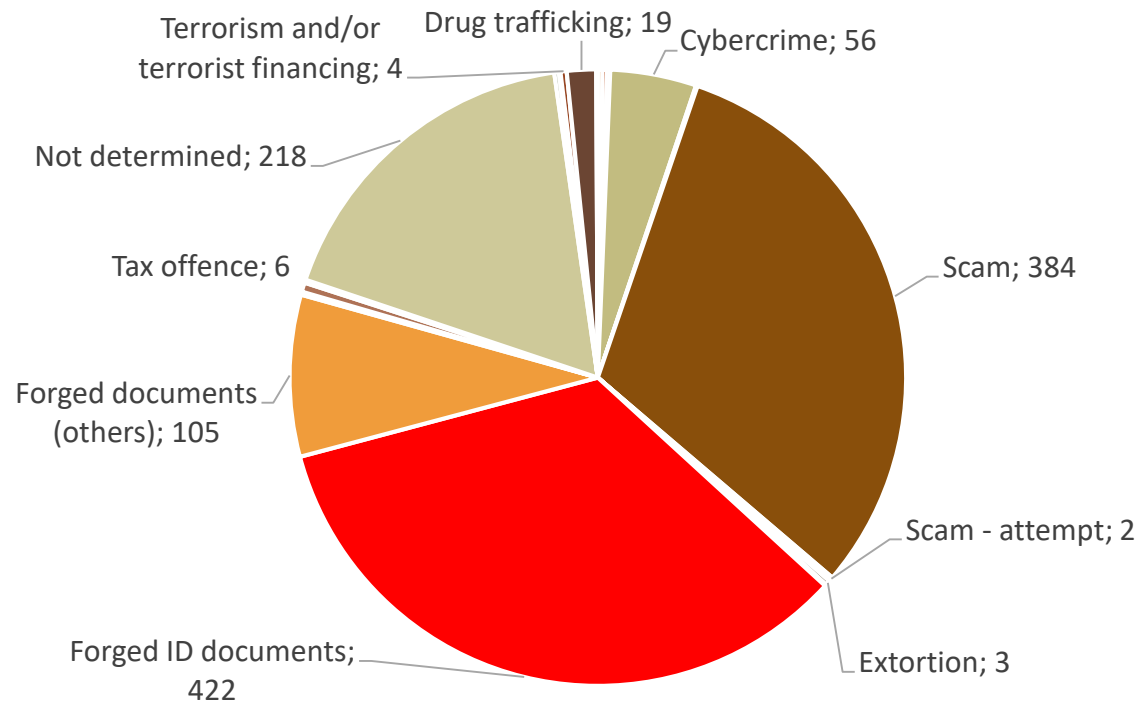


# Reporting obligations

## *Predicate offenses*

---

Most reported predicate offenses in 2019





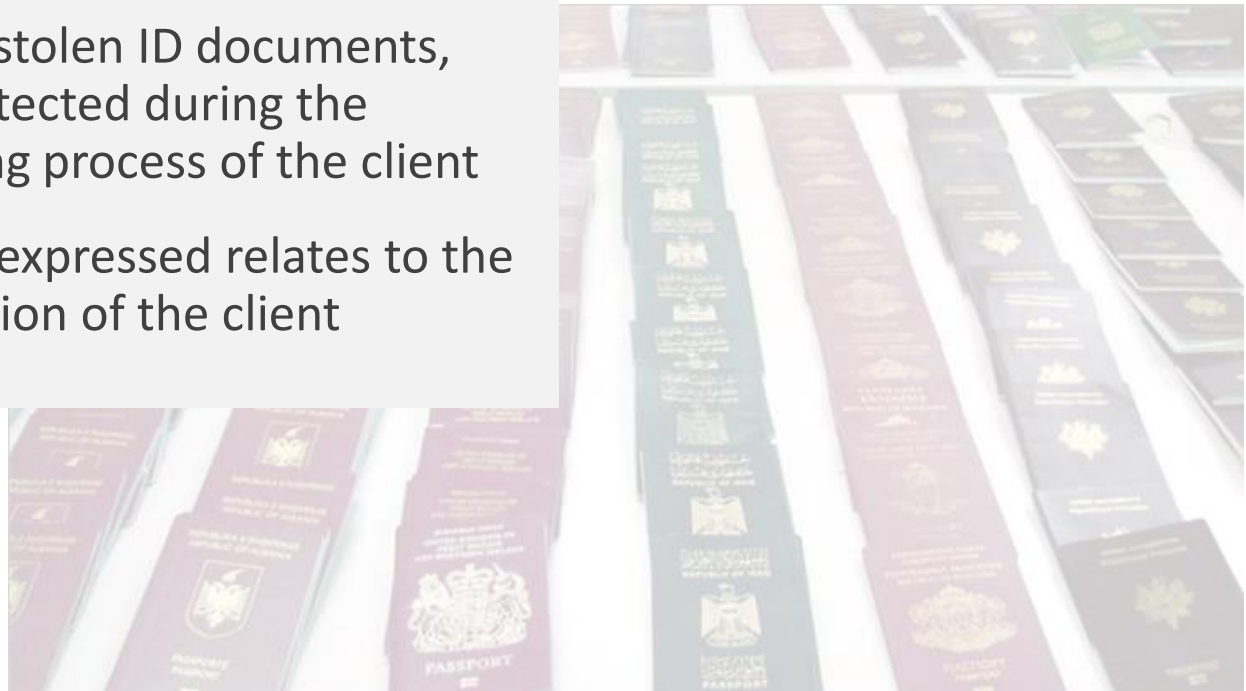
# Reporting obligations

## *Predicate offenses*

---

### **Forged documents:**

- forged or stolen ID documents, mainly detected during the onboarding process of the client
- suspicion expressed relates to the identification of the client

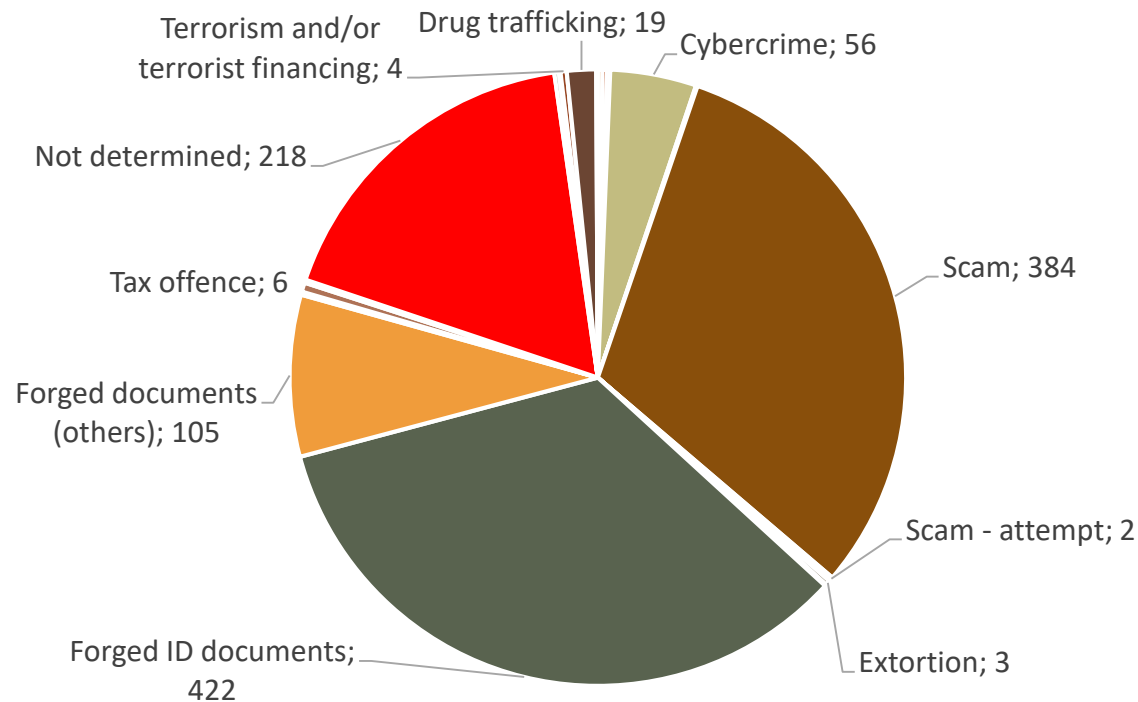


# Reporting obligations

## *Predicate offenses*

---

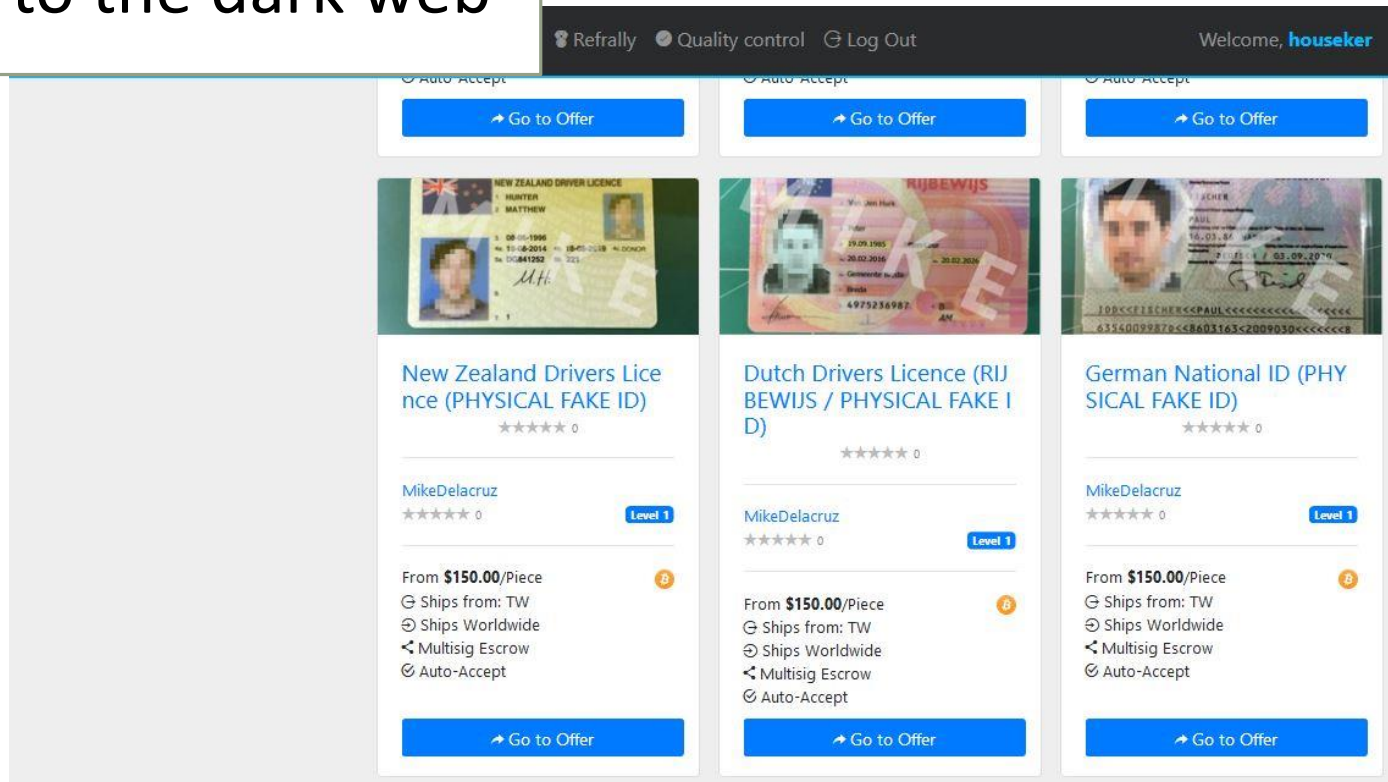
Most reported predicate offenses in 2019



# Reporting obligations

## *Predicate offenses*

# Link to the dark web





Download this presentation:  
[www.fintech.blanchiment.lu](http://www.fintech.blanchiment.lu)

---

ANY QUESTIONS OR COMMENTS?