



Virtual Asset Service Providers are subject to AML/CFT requirements for the first time

23 April 2021 Press Release

- Virtual Asset Service Providers ('VASPs') in Ireland are now required to comply with Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) obligations.
- VASPs are required to register with the Central Bank for AML/CFT purposes.
- VASP AML/CFT registration information is available on the Central Bank website.

The European Union's Fifth Anti-Money Laundering Directive ('5AMLD') has been transposed into Irish law today (23 April 2021) by way of the Criminal Justice (Money Laundering and Terrorist Financing) (Amendment) Act 2021.

For the purposes of the legislation, VASPs are firms that provide any of the following services relating to virtual assets:

- a) exchange between virtual assets and fiat currencies;
- b) exchange between one or more forms of virtual asset;
- c) transfer of virtual assets, that is to say, to conduct a transaction on behalf of another person that moves a virtual asset from one virtual asset address or account to another;
- d) custodian wallet provider; and
- e) participation in, and provision of, financial services related to an issuer's offer or sale of a virtual asset or both.

VASPs are required to register with the Central Bank for AML/CFT purposes only. VASPs established in Ireland and carrying on business as a VASP immediately prior to the 2021 Act coming into force, have three months to apply to the Central Bank for registration. It will be a criminal offence to operate as a VASP in Ireland in the absence of registration.

Information on the registration process is now available on the Central Bank website [here](#).

Notes to editors

- The 2021 Act extends the Criminal Justice (Money Laundering and Terrorist Financing) Acts 2010 to 2021 to VASPs. The provisions of the Act that relate to VASPs commence today, 23 April 2021.
- VASPs are “designated persons” for the purposes of the legislation and are required to comply with the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) obligations contained under Part 4 of the Act.
- Further information on the FATF Guidance for a risk-based approach to virtual assets and virtual assets service providers is available on the Central Bank’s website.
- Further information on the Central Bank’s Anti-Money Laundering and Countering the Financing of Terrorism Guidelines for the Financial Sector is available on the Central Bank’s website.
- Find out more about the Central Bank’s Fitness and Probity Regime.

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Virtual Asset Service Providers ('VASPs')

Regulation of providers of services relating to virtual assets

The European Union's Fifth Anti-Money Laundering Directive ('5AMLD') extended Anti-Money Laundering and Countering the Financing of Terrorism ('AML/CFT') obligations to entities that provide certain services relating to virtual assets.

Ireland transposed 5AMLD into Irish law by way of the Criminal Justice (Money Laundering and Terrorist Financing) (Amendment) Act 2021 ('2021 Act') and the provisions of the 2021 Act that relate to VASPs commenced on 23 April 2021.

The 2021 Act extends the Criminal Justice (Money Laundering and Terrorist Financing) Acts 2010 to 2021 ('CJA 2010 to 2021') to VASPs. For the purposes of the legislation, VASPs are firms that provide any of the following services relating to virtual assets:

1. exchange between virtual assets and fiat currencies;
2. exchange between one or more forms of virtual assets;
3. transfer of virtual assets, that is to say, to conduct a transaction on behalf of another person that moves a virtual asset from one virtual asset address or account to another;
4. custodian wallet provider; and
5. participation in, and provision of, financial services related to an issuer's offer or sale of a virtual asset or both.

What does this mean for VASPs?

VASPs are "designated persons" for the purposes of the CJA 2010 to 2021 and are required to comply with the Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) obligations contained under Part 4 of the CJA 2010 to 2021. VASPs will also be subject to the following requirements:

1. Registration with the Central Bank for AML/CFT purposes

All VASPs established in Ireland are required to register with the Central Bank for AML/CFT purposes only.

Firms not established in Ireland and/or not carrying on business as a VASP immediately prior to the 2021 Act coming into force must be registered with the Central Bank prior to the commencement of any services relating to virtual assets from Ireland.

VASPs established in Ireland and carrying on business as a VASP immediately prior to the 2021 Act coming into force, have 3 months to apply to the Central Bank for registration.

If a firm that is currently authorised by the Central Bank for prudential and/or conduct of business services is, or plans to also carry on business as a VASP, this firm is obliged to register with the Central Bank as a VASP.

In order for the Central Bank to approve a VASP's an application for AML/CFT registration, the Central Bank must be satisfied that:

- the firm's AML/CFT policies and procedures are effective in combatting the money laundering and terrorist financing (ML/TF) risks associated with its business model; and
- the firm's management and beneficial owners are fit and proper.

For details on the registration process, please see the Registration Page.

Please note that it is a criminal offence to carry on the business of a VASP in the absence of registration.

2. On-going AML/CFT Obligations

VASPs will be "designated persons" for the purposes of the CJA 2010 to 2021 and are required to comply with the AML/CFT obligations contained under Part 4 of the CJA 2010 to 2021 which include:

- carrying out an ML/TF risk assessment of their business;
- undertaking customer due diligence (CDD) of their customers;
- carrying out ongoing monitoring of customers and customer transactions;
- filing Suspicious Transaction Reports (STRs) with Financial Intelligence Unit (FIU) Ireland and the Revenue Commissioner in instances where money laundering or terrorist financing is known or suspected;
- maintaining and implementing AML/CFT policies, procedures and controls;
- retaining appropriate records; and
- providing AML/CFT training to all staff on an ongoing basis.

It is important to note that it is a criminal offence not to comply with the obligations set out under Part 4 of the CJA 2010 to 2021 and that a failure to do so may result in a fine, imprisonment or both. In addition, a breach of Part 4 of the CJA 2010 to 2021 may result in enforcement action under the Central Bank's Administrative Sanctions Procedure.

The Central Bank's approach to AML/CFT supervision

As the competent authority in Ireland for the AML/CFT supervision of VASPs, the Central Bank is responsible for monitoring firms' continued compliance with their AML/CFT obligations.

The Central Bank's AML/CFT supervisory approach to VASPs replicates our existing approach to the AML/CFT supervision of credit and financial institutions under the CJA 2010 to 2021.

The Central Bank implements a graduated approach to AML/CFT supervision. This means that higher intensity and intrusive supervisory measures (e.g. onsite inspections and review meetings) are used to monitor firms that present a higher risk of ML/TF. Other less intensive supervisory measures such as AML/CFT Risk Evaluation Questionnaires and outreach activities (e.g. presentations and seminars) are also used as part of the Central Bank's AML/CFT supervisory programme.

The frequency and intensity of the AML/CFT supervisory engagement model for an individual firm is dependent on its ML/TF risk rating.

Read more about our supervisory approach.

The Central Bank's approach to fitness and probity

The Central Bank's Fitness and Probity Regime was introduced by the Central Bank under the Central Bank Reform Act 2010 ('the 2010 Act').

The Fitness and Probity Regime applies to persons in senior positions (referred to in the legislation as Controlled Functions (CFs) and Pre-Approval Controlled Functions (PCFs) within regulated financial service providers (RFSPs).

A person performing a CF must have a level of fitness and probity appropriate to the performance of that particular function.

PCFs are a subset of CFs and the prior approval of the Central Bank is required before an individual can be appointed to a PCF role.

A firm must not permit a person to perform a CF unless:

1. the firm is satisfied on reasonable grounds that the person complies with the Central Bank's fitness and probity standards; and
2. the person has agreed to abide by the Central Bank's fitness and probity standards.

A firm must not appoint an individual to perform a PCF role until the Central Bank has approved the appointment in writing.

Access a complete list of CFs and PCFs .

Read more about the Central Bank's Fitness and Probity Regime .

In addition to the Central Bank's Fitness and Probity Regime for CFs and PCFs, the CJA 2010 to 2021 also places an obligation on the beneficial owners of VASPs to be fit and proper.

