## Highlights Seminar supervision

## of crypto service providers

On the 8th of November 2019, De Nederlandsche Bank (DNB) organized a seminar about integrity supervision for crypto service providers. 150 interested people attended the seminar and contributed to a successful event. This document provides a summary of the topics that were discussed and references to useful information. On our website, [Open Book Supervision (EN)](https://www.toezicht.dnb.nl/en/4/5/6/51-204662.jsp?s=n) and [Open Boek Toezicht (NL)](https://www.toezicht.dnb.nl/4/5/6/50-204662.jsp?s=n) we provide further information. You can reach us via: crypto@dnb.nl

**Which crypto service providers will be registered?**

DNB will be in charge of registering the crypto service providers. Two types of crypto service providers will be supervised:

1) Providers of exchange services between virtual currencies and fiat currencies.

2) Custodian wallet providers.

Entities providing services in the Netherlands from another Member State of the European Union, as well as a state not being a Member State of the European Union that is party to the Agreement on the European Economic Area (EEA) are also required to register. In principle, entities operating from another country that is not an EU Member State or an EEA country cannot register with DNB. The Anti-money Laundering and Terrorist Financing Act (Wet ter voorkoming van witwassen en financieren van terrorisme – Wwft) is expected to enter into force on 10 January 2020.

**What are the costs?**

Supervision fees and charges can be broken down into one-off charges and fees for regular supervision:

1) One-off charges apply to applications for registration as a crypto service provider and for fit and proper assessments.

2) The costs for regular financial supervision are passed on to the institutions that are subject to this supervision.

More information about the costs, when known, will be available on our website.

**What if my customer does not give consent to store personal data?**

The Wwft requires that institutions keep records of clients and transactions. If the customer does not give consent to store personal data, no services may be provided by the institutions. The Wwft takes into account the General Data Protection Regulation (AVG). An important principle of the AVG is the 'purpose limitation’ principle, which is elaborated in Article 34a, first paragraph, of the Wwft.

**What do the new requirements mean?**

The Wwft includes requirements on conducting customer due diligence and the reporting of unusual transactions. In addition, parties will have to carry out a risk analysis tailored to their business operations. Unusual transactions will have to be reported to FIU-the Netherlands. Business operations will need to be sound and ethical and fulfil requirements for a transparent control structure. Under the Sanctions Act (Sw) parties must screen clients and transactions against sanctions lists. After registration, the institutions will be subject to ongoing integrity supervision.

**Am I allowed to outsource customer due diligence?**

Article 10 of the Wwft offers the possibility to outsource parts of the customer due diligence process. However, the institution that has outsourced the process remains responsible for complying the customer due diligence requirements. When outsourcing to a third party, the institution must carry out a risk analysis. It is important that the institution not only records that the third party complies with the Wwft and where necessary with the policy rules of the institution, but that the institution also periodically checks and reports on this.

**What is the FATF?**

The Financial Action Task Force (FATF) is an intergovernmental organization. The FATF focuses on the international fight against money laundering and terrorism financing. Members of the FATF, which include the Netherlands, are bound by recommendations with regard to money laundering and terrorism financing. In July 2019, the FATF issued guidance on ‘Virtual Assets and Related Providers’, that is very likely to have an impact on the scope of the current legislative framework regarding crypto in the Netherlands.

**What is the assessment of policymakers and co-policymakers?**

A precondition for registration is that (co-) policymakers are assessed for fitness and propriety.

A fit and proper assessment for existing parties takes place during the registration phase. After that, such assesments take place when a supervised institution proposes to appoint a management or supervisory board member. This also applies when a previously assessed management or supervisory board member is given a different position or remit.



*Note: This information may be subject to changes as this information is based on the proposed Act implementing amendments to the Fourth Anti-Money Laundering Directive of 1 July 2019.*