
To : **Regulated Entities**

- i. **CIFs**
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- ix. **Crypto Asset Service Providers**
- x. **Small AIFMs under Law 81(I)/2020**

From : **Cyprus Securities and Exchange Commission**

Date : **24 November 2021**

Circular No : **C476**

Subject : **Financial Action Task Force (FATF) Guidance on Risk-based Approach for Virtual Assets and Virtual Asset Service Providers**

The Cyprus Securities and Exchange Commission (“the CySEC”) wishes herein to inform the Regulated Entities that the Financial Action Task Force (FATF) has updated its 2019 Guidance for a Risk-Based Approach to Virtual Assets (VAs) and Virtual Asset Service Providers (VASPs).

This [updated Guidance](#) forms part of the FATF’s ongoing monitoring of the virtual assets and VASP sector. Among others:

- explains how the FATF Recommendations should apply to VA activities and VASPs;
- provides relevant examples and types of activities covered and/or excluded by the VASP definition;
- identifies obstacles to applying mitigating measures to the dangers deriving and associated with VA activities and VASPs;
- and offers potential solutions.

Essentially, it includes more detailed definitions of virtual asset and VASP than the 2019 Guidance. It also examines a non-exhaustive list of elements that need to be considered by VASPs when identifying, assessing, and determining how best to mitigate the ML/CFT risks associated with VA activities and the provision of VASP products or services.

The CySEC considers the FATF's updated Guidance to be of assistance to the Regulated Entities engaging or seeking to engage in VA activities, in understanding their AML/CFT obligations and how they can effectively comply with these obligations. Hence the CySEC urges the Regulated Entities to study the afore-mentioned Guidance.

Sincerely,

Dr George Theocharides
Chairman, Cyprus Securities and Exchange Commission