
TO : **Regulated Entities**

- i. **Cyprus Investment Firms ('CIFs')**
- ii. **Administrative Service Providers ('ASPs')**
- iii. **UCITS Management Companies ('UCITS MC')**
- iv. **Self-Managed UCITS ('SM UCITS')**
- v. **Alternative Investment Fund Managers ('AIFMs')**
- vi. **Self-Managed Alternative Investment Funds ('SM AIFs')**
- vii. **Self-Managed Alternative Investment Funds with Limited Number of Persons ('SM AIFLNP')**
- viii. **Companies with sole purpose the management of AIFLNPs**
- ix. **Small Alternative Investment Fund Managers ('Small AIFMs')**
- x. **Crypto Asset Service Providers**

FROM : **Cyprus Securities and Exchange Commission**

DATE : **18 July 2023**

CIRCULAR NO. : **C589**

SUBJECT : **MONEYVAL's report on money laundering and financing of terrorism risks in the world of virtual assets**

The Cyprus Securities and Exchange Commission ('CySEC') wishes with this Circular to inform the Regulated Entities that the MONEYVAL has published a [Report on money laundering and financing of terrorism risks in the world of virtual assets](#) ('Report').

The Report presents an overview of the money laundering and financing of terrorism risks in the world of virtual assets and their service providers in MONEYVAL members. It includes a horizontal analysis of MONEYVAL members' level of compliance with FATF Recommendation 15, an overview of the measures taken to regulate and supervise the virtual asset service providers (VASP) sector as well as some features of the identified risks that criminals use VASPs and virtual assets (VA) to launder proceeds of crime.

The Report integrates and analyses data obtained from MONEYVAL members across multiple issues relating a variety of subjects such as: 1) how members regulated the activity of issuance of VAs and operation of VASPs; 2) the types of VA platforms used for financial support of criminal activity; 3) examples of cases investigated by the relevant authorities with a description of criminal schemes involving the virtual asset elements that have been identified; and 4) other data relevant to the goals of the study.

The CySEC considers the Report to be of assistance to the Regulated Entities engaging or seeking to engage in VA activities, in understanding their AML/CFT risks and obligations and how they can effectively comply with these obligations. Hence, the CySEC expects that all Regulated Entities study the Report and take its content into account when assessing AML/CFT risks, thereby improving the effectiveness of the measures and procedures applied.

Sincerely,

Dr George Theocharides
Chairman, Cyprus Securities and Exchange Commission