

Announcement

The Cyprus Securities and Exchange Commission (the CYSEC) welcomes the publication of the [3rd Enhanced Follow-up Report](#), by the Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism¹ (the MONEYVAL), for the assessment of Cyprus' technical compliance to counter Money Laundering and the Financing of Terrorism (AML/CFT).

This is the third Follow-up Report on the Republic of Cyprus, during which MONEYVAL experts assessed the level of technical compliance established by the Republic to counter money laundering (ML) and terrorism financing (TF), in relation to Recommendations 8 and 15 of the Financial Action Task Force (the FATF). The Report assessed the level of technical compliance of all the involved Cyprus Authorities, including the CySEC.

The Chairman of the Cyprus Securities and Exchange Commission, Dr George Theocharides said: *“The MONEYVAL’s upgrade is a clear vote of confidence in the effectiveness of financial regulation in Cyprus, particularly in relation to Crypto-Asset Services Providers.”*

“CySEC put in place significant measures to assess and reduce risks in the field of crypto-assets and improve the level of compliance among providers. We continue to work with other authorities in Cyprus towards ensuring full compliance with the Financial Action Task Force Recommendation 15, reaffirming the Republic of Cyprus’s commitment to stepping up the effort against money laundering and terrorist financing. CySEC is also implementing the National Action Plan, based on recommendations arising from the National Risk Assessment to further strengthen Cyprus’s ML/CTF regime.”

The Report demonstrates the progress the Republic of Cyprus has made in terms of technical compliance with the FAFT Recommendations and especially in relation to Recommendation 15 (New Technologies). According to a [Press Release](#) issued yesterday by the Council of Europe, since November 2022, Cyprus has improved the virtual asset service providers regime with only a few minor deficiencies remaining. The country has been re-rated on Recommendation 15 from ‘Partially Compliant’ to ‘Largely Compliant’. It also noted progress towards improving its level of compliance with Recommendation 8 (non-profit organisations).

¹ MONEYVAL is a permanent monitoring body of the Council of Europe.

Upgrade of the Republic's assessment in relation to Recommendation 15

The upgrade of the assessment for Recommendation 15, reflects the significant progress made and measures adopted by CySEC and the other Authorities to prevent and suppress money laundering and terrorist financing in the field of Crypto-Assets.

FATF Recommendation 15 concerns the international standards based on which States must apply AML/CFT measures concerning new technologies and mainly in relation to Crypto-Asset Services Providers (the CASPs). MONEYVAL assessed the level of technical compliance of the relevant Cyprus Authorities, and particularly of CySEC as the Competent Authority for the prevention and suppression of money laundering and terrorist financing in relation to the activities of the CASPs.

MONEYVAL states that Cyprus has made clear progress towards improving the key deficiencies in Recommendation 15, particularly by undertaking and adopting a National Action Plan (based on the [National Risk Assessment with respect to Virtual Assets and Virtual Asset Service Providers](#) - the 'NRA') to address the risks of ML and TF, in relation to Crypto-Assets and Crypto-Asset Service Providers as well as the issuance by the CySEC of a Guidance document on matters relating to the prevention and suppression of terrorist financing in the context of crypto-asset activities.

As a result of the upgrade, Cyprus has now achieved 'Compliance' or 'Large Compliance' on 37 out of the 40 FATF Recommendations. Cyprus has reached the general expectation of having remedied most of the technical compliance deficiencies at the end of its 3rd year of follow-up. Cyprus is expected to report back by May 2025.

In particular, the Report examined a series of legislative, regulatory and other measures taken by the Cyprus Authorities in relation to CASPs. Both the CySEC and the other Cypriot Authorities have taken further measures and actions, with the aim of improving the level of compliance of the sub-criteria of Recommendation 15. Among others, CySEC has taken measures to assess and reduce risks in the field of CASPs, using Crypto-Asset data analysis tools 'blockchain analytical tools' at the initial stage of applications for CASPs seeking registration, as well as at the stage of examining subsequent substantial changes and the supervision of CASPs.

The publication of Report follows the Parliament's approval of Law 98(I)/2023, which amends the Prevention and Suppression of Money Laundering Activities Law of 2007 (L. 188(I)/2007), to bring the AML/CFT Law in alignment with the recommendations of the MONEYVAL Committee and FATF standards. In addition, for this purpose, a relevant amendment was made to the CySEC Directive on the CASPs Register². These legislative changes, which demonstrate the commitment of the Republic of Cyprus towards full compliance, are expected to be taken into account during the next evaluation of Recommendation 15.

CySEC wishes to thank all involved Cyprus Authorities for the collaboration, especially the Cyprus Financial Intelligence Unit, as well as the evaluation team and the MONEYVAL Committee.

Nicosia, 3 May 2024

² Directive for the prevention and suppression of money laundering and terrorist financing (Register of Crypto Asset Service Providers). Available at: <https://www.cysec.gov.cy/en-GB/legislation/financial-crimes/%CE%94%CE%95%CE%A5%CE%A4%CE%95%CE%A1%CE%9F%CE%93%CE%95%CE%9D%CE%97%CE%A3-%CE%9D%CE%9F%CE%9C%CE%9F%CE%98%CE%95%CE%A3%CE%99%CE%91/>.