

# Bird & Bird & Crypto Service Providers & Sanctions

*Digital providers of cryptocurrency exchanges and/or wallets must register themselves in the Netherlands in conformity with the Anti-Money Laundering and Anti-Terrorist Financing Act. A successful registration includes demonstrating adequate internal measures and controls regarding compliance with EU and national (Dutch) sanctions, effectively ensuring such providers are vigilant about conducting rigorous diligence on their transactions and being compliant with sanctions laws.*

## Registration

As of 21 May 2020, professional and commercial based cryptocurrency exchange and wallet providers (“crypto service providers”) seeking to engage or continue to perform their services in or from the Netherlands can solely do so once having been registered respectively having requested registration at the Dutch Central Bank (“DNB”).

The registration is mandatory for those crypto service providers engaged in:

- i) services for the exchange between virtual and fiduciary currencies; and/or
- ii) services offering custodian wallets.

## Sanctions compliance

The EU and national sanctions prohibit among others providing access to funds, financial resources, financial services or assistance to certain entities, bodies and individuals designated as sanctioned parties on the EU and national sanctions lists.

Conducting direct or [indirect](#) trade with sanctioned parties, and hence, violating EU sanctions, results in (criminal) liability and may lead to financial penalties or even imprisonment.

Such sanctioned parties can also be identified through digital cryptocurrency or wallet addresses, effectively prohibiting transactions and related services involving such addresses associated with sanctioned parties.

One of the key elements of the DNB related registration requires describing the implemented policy and readily accessible measures and procedures guaranteeing compliance with the objectives, provisions and sanctions listings of the various EU and national (Dutch) sanctions.

This includes having among others:

- sanctions compliance related measures embedded in your administrative organisation and internal controls;
- comprehensive and up-to-date inventory of services being provided;
- procedures regarding accessibility and distribution of up-to-date international, EU and national (Dutch) sanctions lists;
- ongoing measures for checking of new and established relations, including their ultimate beneficial owners, against such sanctions lists;
- adequate procedures on checking incoming and outgoing transactions and related compliance measures such as red flagging, blocking of services as well as timely reporting of sanction hits to DNB, etc.

Failure to demonstrate adequate sanctions compliance measures and procedures can lead to denial of the registration and, as consequence, prohibition to provide the crypto services in and from the Netherlands.

*If you want to know more or need any practice related guidance, please feel free to contact directly one of our expert team members.*

## Our team

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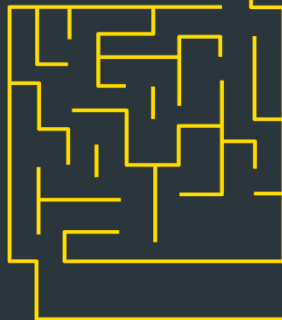
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