

Crypto assets: deal on new rules to stop illicit flows in the EU

- First EU rules for tracing transfers of crypto-assets like bitcoins and electronic money tokens
- Ensuring crypto-assets can be traced in the same way as traditional money transfers
- The legislation is part of the new EU anti-money laundering package and will be aligned with the Markets in Crypto-assets rules (MiCA)

Transfers of crypto-assets will be traced and identified to prevent money laundering, terrorist financing, and other crimes, says the new legislation agreed on Wednesday.

Parliament and Council negotiators reached a provisional deal on a new bill aiming to ensure that crypto transfers can always be traced and suspicious transactions blocked.

Traceability from the first euro sent

The agreement extends the so-called “travel rule”, already existing in traditional finance, to cover transfers in crypto assets. This rule requires that information on the source of the asset and its beneficiary travels with the transaction and is stored on both sides of the transfer. Crypto-assets service providers (CASPs) will be obliged to provide this information to competent authorities if an investigation is conducted into money laundering and terrorist financing.

As crypto-asset transactions easily circumvent existing thresholds that would trigger traceability requirements, Parliament negotiators assured that there is no minimum thresholds nor exemptions for low-value transfers, as originally proposed.

Regarding protecting personal data, including a name and an address required by the travel rule, negotiators agreed that if there is no guarantee that privacy is upheld by the receiving end, such data should not be sent.

Curbing money laundering and terrorism financing

Before making the crypto-assets available to beneficiaries, providers will have to verify that the source of the asset is not subject to restrictive measures or sanctions, and there are no risks of money laundering or terrorism financing.

Negotiators agreed that the set-up of a public register for non-compliant and non-supervised CASPs, with which EU CASPs would not be allowed to trade, will be covered in the Markets in

Crypto-assets rules (MiCA), currently being negotiated.

Un-hosted wallets

The rules would also cover transactions from so-called un-hosted wallets (a crypto-asset wallet address that is in the custody of a private user) when they interact with hosted wallets managed by CASPs.

In case a customer sends or receives more than 1000 euros to or from their own un-hosted wallet, the CASP will need to verify whether the un-hosted wallet is effectively owned or controlled by this customer.

The rules do not apply to person-to-person transfers conducted without a provider, such as bitcoins trading platforms, or among providers acting on their own behalf.

Quotes

[Ernest Urtasun](#) (Greens/EFA, ES), co-rapporteur for ECON said: “This new regulation strengthens the European framework to fight money-laundering, reduces the risks of fraud and makes crypto-asset transactions more secure.

The EU travel rule will ensure that CASPs can prevent and detect sanctioned addresses and that transfers of crypto-assets are fully traceable.

This regulation introduces one of the most ambitious travel rules for transfers of crypto assets in the world. We hope other jurisdictions will follow the ambitious and rigorous approach the co-legislators agreed today.”

Co-rapporteur for LIBE [Assita Kanko](#) (ECR, BE) said: “For too long, crypto-assets have been under the radar of our law enforcement authorities. Terrorists used crypto for fundraising, to access to child pornography and criminals laundered their proceeds through it. This has really harmed people’s lives and raised doubts about the crypto sector.

Today, we have taken a big step to address these problems. It will be much harder to misuse crypto-assets and innocent traders and investors will be better protected. The extended travel rule will make that world safer”.

Next steps

Further information

[Steps of the procedure](#)

[Committee on Economic and Monetary Affairs](#)

[Committee on Civil Liberties, Justice and Home Affairs](#)

Contacts

Dorota KOLINSKA

Press Officer

☎ (+32) 2 28 32787 (BXL)

☎ (+33) 3 881 76725 (STR)

☎ (+32) 498 98 32 80

✉ dorota.kolinska@europarl.europa.eu

✉ econ-press@europarl.europa.eu

🐦 [@EP_Economics](https://twitter.com/EP_Economics)
