HMRC internal manual

Cryptoassets Manual

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CRYPTO100350 - Compliance: regulation and anti-money laundering

As of 10 January 2020 the Financial Conduct Authority (FCA) is the anti-money laundering supervisor for businesses performing certain activities. The regulations under the amended Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 (referred to below as the new AML legislation). The activities that come under the regulatory perimeter are:

- Cryptoasset exchange provider
- Cryptoasset ATM
- Peer to Peer providers
- Issuing new cryptoassets
- Custodian wallet providers

These categories of business will become ‘obliged entities’ under the new AML legislation, bringing them into line with traditional financial institutions such as banks. This means businesses in this sector will be obliged to implement measures to counter money laundering. Some examples are:

- Undertake customer due diligence, also known as Know Your Customer (KYC)
- Ongoing monitoring to ensure that all transactions are consistent with the business's knowledge of the customer, the customer's business and risk profile
- Transaction monitoring and the reporting of suspicious transactions through Suspicious Activity Reports
- Take steps to identify and assess risks of money laundering

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