

CARIBBEAN FINANCIAL ACTION TASK FORCE



**Bulletin – Revisions to the FATF  
Recommendations – June 2019**

June 25<sup>th</sup>, 2019  
*Port of Spain, Trinidad and Tobago*

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## Introduction

1. At the FATF Plenary meeting which took place in Orlando, United States of America 16-21 June 2019, the Plenary adopted the following Interpretive Note to Recommendation 15.
2. The Interpretive Note elaborates how the FATF requirements should be applied in relation to virtual assets and follows the amendment to Recommendation 15 and the Glossary in October 2018.
3. The next steps will be the revision of the FATF Methodology which is expected to occur in October 2019.

## Interpretive Note to FATF Recommendation 15 – adopted June 2019

1. For the purposes of applying the FATF Recommendations, countries should consider virtual assets as “property,” “proceeds,” “funds,” “funds or other assets,” or other “corresponding value.” Countries should apply the relevant measures under the FATF Recommendations to virtual assets and virtual asset service providers (VASPs).
2. In accordance with Recommendation 1, countries should identify, assess, and understand the money laundering and terrorist financing risks emerging from virtual asset activities and the activities or operations of VASPs. Based on that assessment, countries should apply a risk-based approach to ensure that measures to prevent or mitigate money laundering and terrorist financing are commensurate with the risks identified. Countries should require VASPs to identify, assess, and take effective action to mitigate their money laundering and terrorist financing risks.
3. VASPs should be required to be licensed or registered. At a minimum, VASPs should be required to be licensed or registered in the jurisdiction(s) where they are created.<sup>1</sup> In cases where the VASP is a natural person, they should be required to be licensed or registered in the jurisdiction where their place of business is located. Jurisdictions may also require VASPs that offer products and/or services to customers in, or conduct operations from, their jurisdiction to be licensed or registered in this jurisdiction. Competent authorities should take the necessary legal or regulatory measures to prevent criminals or their associates from holding, or being the beneficial owner of, a significant or controlling interest, or holding a management function in, a VASP. Countries should take action to identify natural or legal persons that carry out VASP activities without the requisite license or registration, and apply appropriate sanctions.
4. A country need not impose a separate licensing or registration system with respect to natural or legal persons already licensed or registered as financial institutions (as defined by the FATF Recommendations) within that country, which, under such license or registration, are permitted to perform VASP activities and which are already subject to the full range of applicable obligations under the FATF Recommendations.
5. Countries should ensure that VASPs are subject to adequate regulation and supervision or monitoring for AML/CFT and are effectively implementing the relevant FATF Recommendations, to mitigate money laundering and terrorist financing risks emerging from

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<sup>1</sup> References to creating a legal person include incorporation of companies or any other mechanism that is used.





virtual assets. VASPs should be subject to effective systems for monitoring and ensuring compliance with national AML/CFT requirements. VASPs should be supervised or monitored by a competent authority (not a SRB), which should conduct risk-based supervision or monitoring. Supervisors should have adequate powers to supervise or monitor and ensure compliance by VASPs with requirements to combat money laundering and terrorist financing including the authority to conduct inspections, compel the production of information, and impose sanctions. Supervisors should have powers to impose a range of disciplinary and financial sanctions, including the power to withdraw, restrict or suspend the VASP’s license or registration, where applicable.

6. Countries should ensure that there is a range of effective, proportionate and dissuasive sanctions, whether criminal, civil or administrative, available to deal with VASPs that fail to comply with AML/CFT requirements, in line with Recommendation 35. Sanctions should be applicable not only to VASPs, but also to their directors and senior management.

7. With respect to the preventive measures, the requirements set out in Recommendations 10 to 21 apply to VASPs, subject to the following qualifications:

(a) R. 10 – The occasional transactions designated threshold above which VASPs are required to conduct CDD is USD/EUR 1 000.

(b) R. 16 – Countries should ensure that originating VASPs obtain and hold required and accurate originator information and required beneficiary information<sup>2</sup> on virtual asset transfers, submit<sup>3</sup> the above information to the beneficiary VASPs or financial institution (if any) immediately and securely, and make it available on request to appropriate authorities. Countries should ensure that beneficiary VASPs obtain and hold required originator information and required and accurate beneficiary information on virtual asset transfers and make it available on request to appropriate authorities. Other requirements of R. 16 (including monitoring of the availability of information, and taking freezing action and prohibiting transactions with designated persons and entities) apply on the same basis as set out in R. 16. The same obligations apply to financial institutions when sending or receiving virtual asset transfers on behalf of a customer.

8. Countries should rapidly, constructively, and effectively provide the widest possible range of international cooperation in relation to money laundering, predicate offences, and terrorist financing relating to virtual assets, on the basis set out in Recommendations 37 to 40. In particular, supervisors of VASPs should exchange information promptly and constructively with their foreign counterparts, regardless of the supervisors’ nature or status and differences in the nomenclature or status of VASPs.

*CFATF Secretariat*  
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<sup>2</sup> As defined in INR. 16, paragraph 6, or the equivalent information in a virtual asset context.

<sup>3</sup> The information can be submitted either directly or indirectly. It is not necessary for this information to be attached directly to the virtual asset transfers.

