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Part 09

Crypto in the AML Spotlight

Why crypto is *now*
at the center of
AML/CFT

AML-Insight-Hub



Crypto Basics – simply explained



Crypto-assets

Digital assets based on blockchain (e.g. Bitcoin, Ethereum) – transferable without traditional banks



CASP (Crypto-Asset Service Provider)

Crypto service providers (e.g. exchanges, brokers)



MiCAR (Markets in Crypto-Assets Regulation)

EU regulation, establishing a harmonized framework for licensing and supervising crypto asset activities.



Transfer of Funds Regulation (TFR)

Traceability of crypto transfers – “who sends what to whom”



Wallet

Digital “storage” for crypto-assets – access point to transactions (not a bank account)



What are the AML challenges in crypto?



Borderless -
across jurisdictions



Real-time -
requires effective controls



Pseudonymity -
Obstructs clear attribution of transactions to identified persons and complicates tracing of the source of funds



New technologies
(DeFi, NFTs, cross-chain) → new ML/TF risks



Regulatory gaps,
lack of international harmonized standards

**The faster and more opaque
→ the higher the ML/TF risk**



What does the new AML framework change?

From partially coverage



Full Integration

BEFORE

NOW



National implementation
due to the 5th AML-Directive:
Fragmentation, gaps,
inconsistencies

1 harmonized
Single Rule Book
(AML Regulation),
stipulating requirements
within the EU

Coverage only of
selected crypto players, i.e.
fiat-crypto exchanges,
custodian wallet providers

Expansion to other Crypto-Asset
Service Providers (CASPs),
i.e. crypto-to-crypto-exchanges

Announcement of new AMLA-
guidelines according to AMLR,
e.g. for self hosted wallets



Which CASPs are in scope?

All CASPs are covered – not just traditional exchanges – including e.g.

- **Crypto Brokers / Intermediaries**
(e.g. OTC desks facilitating crypto transactions)
- **Trading platforms, incl. Crypto-to-Crypto exchange services** (including platforms without fiat involvement)
- **Execution and transfer services**
(execution of orders and transfer of crypto-assets)
- **Expanded custody-related services**
(beyond pure wallet functionality)
- **Further crypto-asset services under MiCAR**
(resulting in broader AML/CFT coverage across the crypto ecosystem)



Self-Custody Wallets in the Spotlight

Self-Custody Wallets =

users hold their own crypto (no intermediary)

AML challenges

- No central counterparty
- Limited traceability of ownership
- Increased risk of misuse

Requirements under AMLR

Definition of strategies, controls and procedures, as well as at least one of the following measures:

- Risk-based verification of ownership/control
- Additional information on the origin/use of crypto-assets
- Measures to mitigate AML/CFT and sanctions risks

AMLA's role

Issuance of guidance on risk mitigation for self-custody wallets
by 10 July 2027



Crypto = Top priority for AMLA

AMLA outlined the following key points regarding the crypto sector in their Single Programming Documents



Classification of the crypto sector as a high-risk with immediate priority



Focus on harmonized supervision (no jurisdiction shopping)



Day-1 AML compliance expected upon MiCAR licensing



Establishment of an FIU crypto network exchange best practices



Drafting of risk analyses & reports



What must crypto providers do now?

Conduct an AMLR Gap Assessment focusing on

1

KYC & Customer Risk Classification

→ Identification, verification, customer risk classification

2

End-to-End transaction monitoring

→ Including blockchain analytics & cross-chain tracking

3

Operationalize the Travel Rule

→ Collect, transmit, verify data

4

Strengthen of the governance & AML framework

→ Clear roles, responsibilities, policies, controls

5

Leverage data & technology

→ AI, analytics, automation as must-have, not optional



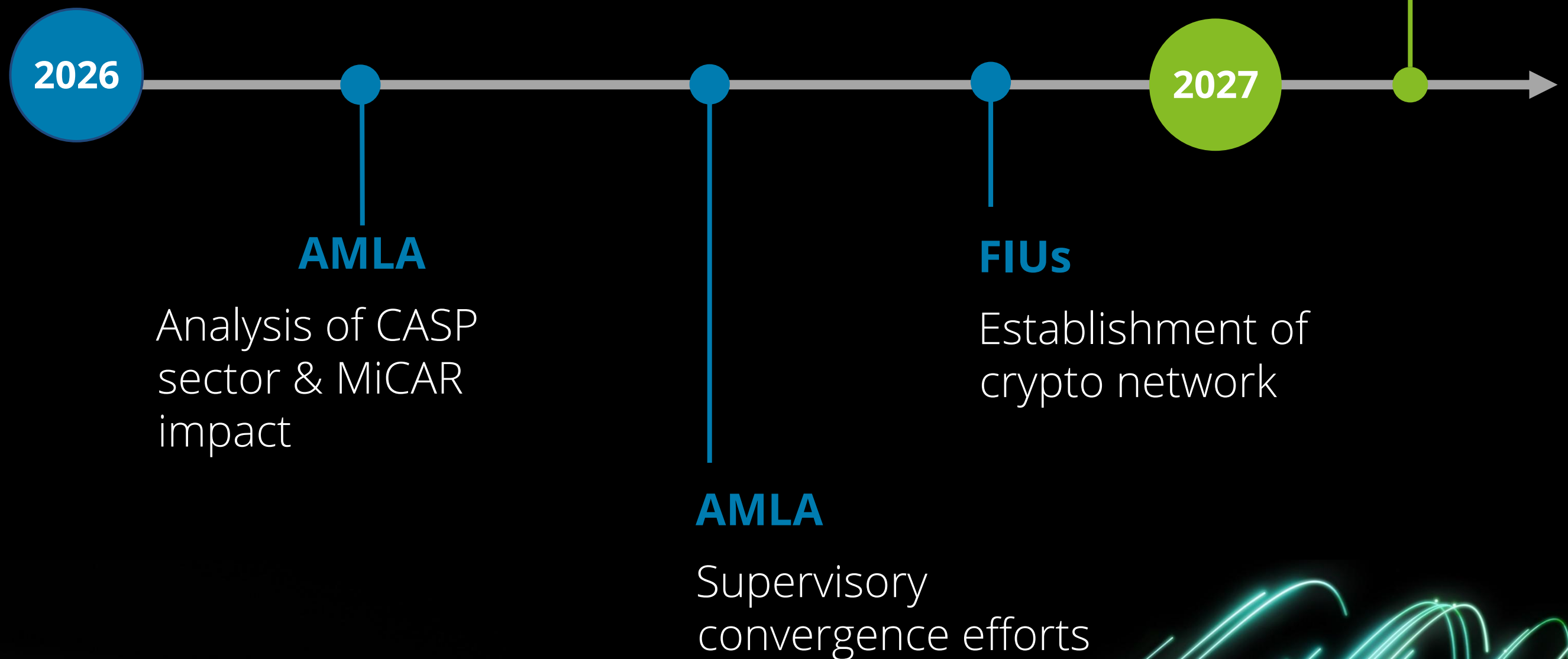
Key timeline

BY 10 JULY 2027

AMLA guidelines on self-hosted wallets & risk mitigation (Art. 40 AMLR)

10 JULY 2027

AML Regulation becomes applicable



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Contacts:

We remain at your disposal.

**Now is the time to position yourself strategically –
well ahead of 2027.**



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