



BORD TA' SORVELJANZA DWAR IS-SANZJONIJIET  
SANCTIONS MONITORING BOARD  
MALTA

Guidance Note concerning Restrictive  
Measures in view of Russia's actions  
destabilising the situation in Ukraine:  
Crypto-assets and Cryptocurrencies

Guidance Note

12 April 2023

# Crypto-Assets and Cryptocurrencies

## 1. Are crypto-assets and cryptocurrencies covered by EU sanctions?

In Council Regulation (EU) No 269/2014, the non-exhaustive definition of ‘funds’ covers crypto-assets, including cryptocurrencies, and the definition of ‘economic resources’ may also extend to certain crypto-assets.

Essentially, crypto-assets are covered by the relevant provisions on the asset freeze and prohibition to make funds or economic resources available to listed persons. For its part, Council Regulation (EU) No 833/2014 clarifies that ‘transferable securities’ include crypto-assets, but it adds ‘with the exception of instruments of payment’.

To summarise, all transactions prohibited in the Regulations are also prohibited if carried out in crypto-assets, and all transactions allowed in the Regulations remain allowed if carried out in crypto-assets. In addition, crypto-assets should not be used to circumvent any EU sanctions.

## 2. Do any EU restrictive measures target crypto-currencies?

In terms of Article 5b(2) of Council Regulation (EU) 2022/1909 of 6 October 2022 amending Regulation (EU) No 833/2014 concerning restrictive measures in view of Russia’s actions destabilising the situation in Ukraine it is prohibited to provide crypto-asset wallet, account or custody services to Russian nationals or natural persons residing in Russia, or legal persons, entities or bodies established in Russia.

## 3. How are Maltese VFASPs expected to comply with the above prohibition?

# Crypto-Assets and Cryptocurrencies

With regard to existing deposits belonging to a Russian national or natural person residing in Russia, or a legal person or entity or body established in Russia in a crypto-asset wallet or account on the day of entry into force of Council Regulation 2022/1909 of 6 October 2022, the relevant wallet or account must be closed, and the business relationship has to be terminated. Customers who are captured with this prohibition should be informed accordingly and provided sufficient time to react. Customers should also be advised that failure to react would result in the liquidation of the crypto-asset balances and the closure of the wallet or account, with any resulting balances being kept in the custody of the VFASP in Clients account, as indicated in (iii) below.

Compliance with this provision can be achieved in the following ways:

- (i) By transferring the crypto-assets to other addresses, crypto-asset wallets or accounts, held at other service providers outside the EU or under the customers' own direct control; OR
- (ii) Liquidating the crypto-assets into official currency and transferring the amount to the customer to designated bank accounts. Here one should note that other restrictive measures will apply, namely that the amount in FIAT currency should not exceed the EUR 100,000 deposit limited per EU institution for each customer.
- (iii) In cases where the customer is not responsive to the notification, the VFASPs should still liquidate the crypto-assets balances and keep such unclaimed balances in a designated clients account, ensuring that adequate records are kept of such transactions.



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The restrictive measures adopted by the European Union and the United Nations, including those on Russia following the aggression against Ukraine, may be consulted on the website of the Sanctions Monitoring Board on <https://foreign.gov.mt/smb>.

It is recommended that all persons in Malta remain informed of any updates made to applicable sanctions. To subscribe to the mailing list of the Sanctions Monitoring Board one may send an email to [updates.smb@gov.mt](mailto:updates.smb@gov.mt).

#### Sanctions Monitoring Board

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