

Virtual currency and custodian wallet providers must register as of 21 May 2020

May 22, 2020

Providers engaged in exchange services between virtual and fiat currencies, as well as custodian wallet providers, will have to apply to the Dutch Central Bank (DNB) for registration. This new requirement has been introduced to implement the amended Fourth Anti-Money Laundering Directive. To be eligible for registration, providers must have their corporate seat in an EU member state or have an EU branch. DNB will register providers within two months of the application date.

All virtual currency and custodian wallet providers will also have to observe Dutch anti-money laundering legislation and adjust their operations to ensure compliance.

Integrity and suitability

As part of the registration process, which can take up to two months and in effect amounts to a licensing regime, the provider's policymakers are tested by DNB on integrity and suitability. In addition, shareholders with a qualifying holding (10% or more of capital or voting rights) in a virtual currency or custodian wallet provider, are tested on integrity. If a shareholder is a legal entity, the integrity of their directors is tested. A ministerial decree sets out further information requirements and registration formalities.

CDD

Providers must perform client due diligence before supplying their services, and they must report unusual transactions to FIU-the Netherlands.

Central register

DNB will hold a central list of registered providers that the public can view [online](#). The following details will be available: the provider's name, address and corporate seat, the date of DNB registration, and the provider's trade register number.

Transitional arrangements

New providers may only start providing services after registration with DNB, and they must start the business that they are registered for no later than six months after registration. Existing providers may continue their services for a period of six months as from 21 May 2020, provided that they apply for registration with DNB before 21 May 2020.

Upcoming legislation

Please note that further legislation is planned that will also introduce an integrity and suitability test for the ultimate beneficial owners (UBO) of virtual currency and custodian wallet providers. If you have any questions, contact Birgit Snijder-Kuipers at our AML practice group.
