

Ireland to prepare new AML legislation on crypto assets ahead of December EU deadline

Insights - 12/12/2024

New EU legislation is in progress to reform anti-money laundering (AML) and counter-terrorist financing (CTF). Among these, one EU Regulation, aimed specifically at AML and CTF provisions for crypto assets, will apply from 30 December 2024.

As the deadline of 30 December 2024 approaches, Irish lawmakers intend to expedite the preparation of the Criminal Justice (Money Laundering and Terrorist Financing) (Amendment) Bill to include crypto assets under Irish AML requirements.

With the deadline in mind, this legislative framework had been included in the Autumn 2024 legislative session for priority publication. This was to amend the Criminal Justice Act 2010 to ensure that virtual asset service providers (VASPs) are covered by national law in relation to Ireland's existing AML and CTF regime. However, timing for publication of the Bill remains to be seen post Ireland's general election which took place at the end of November 2024.

| AML provisions

The EU's Wire and Cryptoasset Transfer Regulation (WCTR) was fast-tracked ahead of other AML and CTF legislation due to the urgent need to ensure the traceability of cryptoasset transfers. It will apply from 31 December 2024.

Under the WCTR, VASPs must adhere to strict reporting protocols for crypto transactions. Rigorous tracking of crypto transactions is introduced and all anonymous crypto payments are prohibited in an effort to prevent illicit financial flows. Reporting and information gathering obligations apply to VASPs of payers, payees, originators and beneficiaries as well as intermediary crypto asset providers. These provisions, as well as administrative and other sanctions for non-compliance, will need to be included in national legislation in Ireland, and they must apply from 30 December 2024.

With frictionless transactions and virtual anonymity, money laundering has continued to be a

concern of lawmakers as the digital asset industry has grown. This has been underscored by the resurgence of many crypto assets in 2024 leading to an overall crypto market capitalisation of US\$3.5 trillion at the time that this article was written. For context, that would place the crypto industry ahead of NVIDIA and behind only Apple in market cap among companies and behind only US, China, Japan and India among the world's countries.

Next steps

Ireland has emerged as an attractive destination for crypto firms setting up their European operations. By July 2024, Ireland's Central Bank had approved 15 VASPs, including several prominent names like Gemini, Ripple and Coinbase. This influx underscores Ireland's growing significance in the crypto market, though it also brings heightened concerns about potential money laundering risks associated with digital assets.

Given Ireland's status in the cryptoasset market, there is an urgent need to ensure the effective application and enforcement of the WCTR including the necessary adjustments to existing national laws. It remains to be seen what timing impact the dissolution of Dáil Éireann will have on this post general election. Assuming that Ireland meets the EU deadline of 30 December 2024, it may be that any national adjustments for the WCTR will need to be implemented by statutory instrument.

How Ogier can help

For queries related to cryptocurrency regulation, VASP registration or anti-money laundering, please contact a member of Ogier's Corporate team in Ireland via their contact details below.

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