REPUBLIC OF ESTONIA
FINANCIAL INTELLIGENCE UNIT

Inga Vaitkunskaitė

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Your ref 07.01.2021

Our ref 21.01.2021 no 1.2-2/3-2

Dear Mrs. Vaitkunskaite,

We thank you for your questions regarding Estonian Money Laundering and Terrorist Financing Prevention Act. We hereby give answers to your questions forwarded January 7^{th}.

You have brought out that your client has a currency operator license if you mean license for foreign exchange service than we would like to bring out that in order to provide services of virtual currency your client must apply for the license of virtual currency service provider. Information that is more detailed is available in paragraphs 70-75 of the Money Laundering and Terrorist Financing Prevention Act.

Your first question is regarding the reporting duty of transactions equal or exceeding 15 000 euros. There is no mandatory reporting duty related to the 15 000 euros. If possible can you please reference us the source of such information. The threshold of 15 000 euros is stipulated in paragraphs 19 and 31 of the Money Laundering and Terrorist Financing Prevention Act. Paragraph 19 stipulates regulation regarding applying due diligence measures in transactions that are done outside of a business relationship but this does not apply for virtual currency service provider. That is because of paragraph 25 of the Money Laundering and Terrorist Financing Prevention Act, which stipulates that, amongst others, virtual currency service providers must apply due diligence measures from smaller threshold (from zero regarding identification and other due diligence measures from 1000 euros).

Paragraph 31 stipulates that there is a possibility of identification of person using technology means and it is possible to the limit of 15 000 euros a month regarding natural persons. If the sum exceeds 15 000 the client must be identified with physical presence of the client. Reporting of the fact to the FIU is not required.

The duty to report to the FIU comes from paragraph 49 of the Money Laundering and Terrorist Financing Prevention Act. Obliged entity is required to report suspicion of money laundering or terrorist financing and failure of applying due diligence measures. The only report regarding thresholds is reports regarding cash transactions of sums equal or exceeding 32 000 euros.

Guidance papers, regarding due diligence and following AML regulation, can be accessed from the FIU-s website: https://www.fiu.ee/oigusaktid-ja-juhendid/juhendid or from the FSA-s website: https://www.fi.ee/sites/default/files/2018-11/FI_AML_Soovituslik_juhend.pdf (the document is for credit and financial institutions but there is a draft paper which would equalize virtual currency service providers with financial authorities http://eelnoud.valitsus.ee/main/mount/docList/f4deaf4f-7351-4384-b3ae-aaa9621bf050?activity=1#JFF1TZz2).

If you have any further questions regarding providing virtual currency services in Estonia please contact the FIU (contact information available at the bottom of the page), if you have questions regarding providing other financial services we would recommend you to contact the FSA (https://fi.ee/et/finantsinspektsioon/kontaktid).

Yours sincerely

Marget Lundava

Acting Head of FIU Estonia