

Saatja: Nikita Veremeev <nv@veront.com>

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Adressaat: Rahapesu <rahapesu@fiu.ee>

Teema: Official inquiry regarding the possibility of making an online payments in connection with virtual currency services

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TÄHELEPANU! Tegemist on väljastpoolt asutust saabunud kirjaga. Tundmatu saatja korral palume linke ja faile mitte avada!

Dear representatives of the Estonian Financial Intelligence Unit,

Veront Solutions OÜ, (hereinafter also referred to as "**The Company**"), company number: 14993973, has a license of Virtual currency services provider (license number: FVT000245), which was issued by the Estonian Financial Intelligence Unit (hereinafter also referred to as "Authority").

Information about Company's licence is available on the Authority official website: https://mtr.mkm.ee/taotluse_tulemus/541584?backurl=%40juriidiline_isik_show%3Fid%3D285628 NOTE: The Company does not have any other licenses, including those on providing payment services in the sense of Estonian Payment Institutions and E-money Institutions Act.

The Company would like to address you with a question relating to the provision of online payments in connection with virtual currency services – within the scope of permitted activities under The Company's license (license number: FVT000245):

- 1) Providing services of exchanging a virtual currency against a fiat currency;
- 2) Providing a virtual currency wallet service;
- 3) Providing services of exchanging a virtual currency against a virtual currency.

The company performed a thorough analysis of the law regarding the possibility of making online payments in connection with virtual currency services, and because of insufficient legal regulation of this area, the Company considers it necessary to send to your Authority this inquiry (request), which consists of: 1) the detailed description of the situation (analysis of the situation); 2) regarding regulation (the analysis of the law); 3) the questions, and finally 4) the proposed solution, which will be described below in this request:

1) The detailed description of the situation (analysis of the situation)

The Company describes the onboarding, underwriting and other processes regarding of making online payments through our client's (e-merchant's) website in connection with virtual currencies below:

For the purposes of this request, e-merchants means the legal entities or entrepreneurs, which concluded Virtual currency wallet agreement and the agent agreement (or cooperation agreement), sell goods or provides services online through its Internet website to its customers (hereinafter – „**Payers**“).

The subject of such contracts will be opening virtual currency wallet and providing a payment form solution (API) to the e-merchants. The Company's payment form intends to provide e-merchants with the possibility to accept payments in virtual currency from their Payers.

After concluding above mentioned agreements, The Company intends to post on the e-merchant's website the possibility of paying for e-merchant's services through The Company (i.e., the Payer makes an online payment for e-merchant services using a virtual currency services of The Company).

For this purpose, the Payer will be required to complete the quick registration process on the e-merchant's website (if necessary, he/she will be redirected to the website of The Company to finish the registration and identification process in accordance with AML law). If all the identification and registration process of the Payer was successful, The Company will open a virtual currency wallet for such a Payer. In other words, the Payer will become also the client of The Company in the process of transaction with e-merchant.

Payment options:

1. After Payer has become a client of The Company, he will be offered with option to top-up virtual currency wallet of e-merchant with virtual currency funds using his/her payment card in amount equal to the price of products or services offered by e-merchant.
2. The Company considers as an additional and secondary option the opportunity to top-up the virtual currency wallet of the Payer (if the Payer will become also client of The Company in the proces of transaction), with the need to subsequently forwarding virtual currencies from the virtual currency wallet of the Payer to the virtual currency wallet of the e-merchant.

Top-up in both cases specified above will be conducted for the purposes of payment for the services and/or products provided by e-merchant to the Payer.

2) Regarding regulation (the Analysis of the law):

For the correct interpretation and effective and proper application of the legal norms governing the above-mentioned legal relations, the Company itself conducted a legal analysis of the situation mentioned above, and came to the conclusion that all relevant information about the regulation of virtual currencies at this moment is mentioned in the clause 9 of the paragraph 3 of the Money Laundering and Terrorist Financing Prevention Act (hereinafter – “**AML law**”). That is why in order to avoid misinterpretation and incorrect application of the law, the Company considers it necessary to clarify the above-mentioned circumstance and to get the answers (responses) from your Authority to our questions mentioned below. This need is primarily due to the absence, insufficiency and incompleteness of the legal provisions provided for in the law regulating the above-mentioned legal relations.

3) The questions:

1. May the Company carry out all of the activities and services described in the paragraph 1 of this request (The detailed description of the situation (analysis of the situation)) and conduct both payment options?
2. If it is not possible to conduct both of payment options specified in this request, may The Company conduct one of them? (Please also specify any legal obstacles and restrictions not allowing to provide one of these payment options).

3. Proposed solution:

The Company believes, that based on its license (available on the Authority official website: https://mtr.mkm.ee/taotluse_tulemus/541584?backurl=%40juriidiline_isik_show%3Fid%3D285628), it may carry out all of the activities described in the paragraph 1 of this request (The detailed description of the situation (analysis of the situation)) and conduct both payment options described in this request. Accordingly, the Company may enter into the contract with its e-merchants, as well as its Payers.

Both the options comply with the requirements of the law and which one to choose depends on the discretion and business interests of the Company itself.

Kind Regards,



Nikita Veremeev
CEO, Veront Solutions

+372 634 6499 | nv@veront.com

www.veront.com

Parda 3, Tallinn, Harju maakond Estonia

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