

# BLOCKCHAIN AND CRYPTO ASSETS

Giving you new and fresh perspectives

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**This is the power of being understood.**  
**This is the RSM experience and our commitment to you.**

## THE CHALLENGE



Everyone is talking about blockchain.



Everyone is talking about crypto.



Everyone is talking about the new and exciting world of opportunities that it creates.

It is evident that it has the potential to bring trust and transparency to all interactions across businesses and societies but on the same time, it can be hard to know where to start.

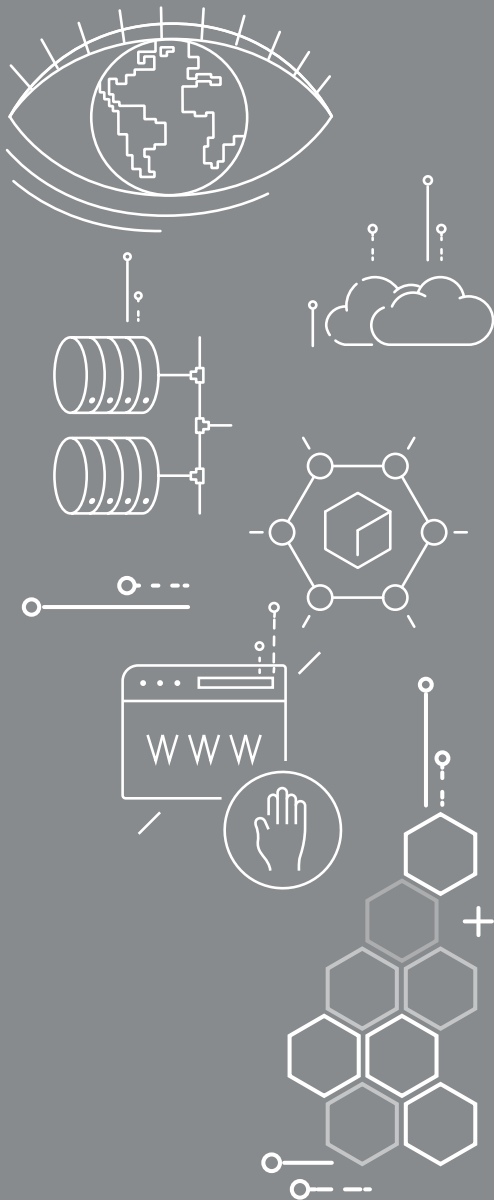
The RSM Team has the knowledge and expertise to help you move forward with confidence and explore if this technology can be beneficial for your organisation.

## RSM Team

The business world is evolving rapidly. In this fast-paced environment, you need an adviser that thinks ahead and rapidly responds to your changing needs. At RSM, we build strong relationships based on a deep understanding of what matters most to our clients.

Our Team have unparalleled financial services expertise. It is our strong, collaborative approach that differentiates us. We will strive to truly understand you, your strategies and your aspirations and endeavour to be considered the adviser of choice to your business.

By sharing the ideas and insights of our most senior professionals, we bring our expert local and global knowledge and resources to your environment, so you feel understood and empowered to move forwards with confidence.



## What is Blockchain?

A blockchain is a decentralized ledger of all transactions across a peer-to-peer network. Using this technology, participants can confirm transactions without a need for a central clearing authority. There are a lot of applications that blockchain can be used. Some recent examples include fund transfers, payments, medical records, voting, and many other. Collaborative technology, such as blockchain, is lowering the "cost of trust" since there are no intermediaries.

Blockchain is the technology that enables the existence of cryptocurrency (among other things). Bitcoin is the name of the best-known cryptocurrency, the one for which blockchain technology was invented. A cryptocurrency is a medium of exchange, such as the US dollar, but is digital and uses encryption techniques to control the creation of monetary units and to verify the transfer of funds.

## How Blockchain works ?

The 6 steps of the procedure:

1. A transaction is initiated.
2. The transaction is announced to a P2P network consisting of computers, known as nodes.
3. The network of nodes validates the transaction and the users status using known algorithms.
4. The transaction is completed/validated.
5. The new block is then added to the existing blockchain, in a way that is permanent and unalterable.
6. One verified, the transaction is combined with other transactions to create a new block of data for the ledger.



## What is Crypto Asset?

**Crypto Assets** means for the purposes herein such type of assets which can only and exclusively be transmitted by means of block-chain technology, including but not limited to digital coins and digital tokens and any other type of digital mediums of exchange, such as Bitcoin, Dogecoin, Litecoin.

## Cryptos in Cyprus

CySEC is the anti-money laundering and counter-terrorist financing (AML/CFT) supervisor for crypto-asset operations undertaken in or from Cyprus.

If you are a Crypto Asset Services Provider ("CASP"), within the meaning of the Prevention and Suppression of Money Laundering and Terrorist Financing Law ("AML/CFT Law"), that provides services in or from Cyprus, you must formally register with the Cyprus Securities and Exchange Commission ("CySEC").

If you are a CASP established in the EEA and registered with one or more EEA National Competent Authorities for AML/CFT purposes in relation to all services or activities undertaken or intended to be undertaken in Cyprus (i.e. involving Cypriot residents, including incorporated or unincorporated entities based in Cyprus), you must submit a notification, providing evidence in relation to your valid registration for each service or activity. Where these services or activities are not covered by the framework that governs your registration for AML/CFT purposes, you should submit an application to be registered as a CASP with CySEC.

## Regulatory Framework

The applicable regulatory framework (which is available [here](#)) is comprised of:

- The AML/CFT Law.
- The CySEC Directive for the register of crypto asset services providers.
- The CySEC directive for the prevention and suppression of money laundering and terrorist financing.

The regulatory framework includes rules, inter alia, in relation to:

- The fitness and probity of the CASP beneficiaries and persons holding a management position.
- The conditions in relation to CASPs registration.
- The organisational and operational requirements.
- Performing Know Your Client and other client due diligence measures.
- Drawing the economic profile of clients.
- Identifying the source of client funds.
- Monitoring the clients' transactions.
- Identifying and reporting suspicious transactions.

Undertaking a comprehensive risk assessment in relation to clients' activities and take proportionate measures per client, activity and crypto-asset in question.



# HOW CAN WE HELP YOU?



## CASP Licensing Services

- Consulting on the form of a groups' presence in Cyprus and the rest of the EU.
- Preparation of the CySec Application including an Organisational Structure that meets client-specific needs as well as the minimum operational regulatory requirements, Business Plan skeleton, Internal Operations Manual, AML Manual, other policies and procedures, preparation of due diligence questionnaires and CySec Application forms.
- Collation of any other relevant information and documentation.
- Liaising with CySec and other competent authorities during the Application process.

## Post Licensing Services:

- After obtaining the licence we support by assuming the role of the Risk Manager and or Internal Auditor.
- We are rendering also support services as a Compliance Officer and Anti-Money Laundering Compliance Officer.

In addition, we provide our clients with ongoing compliance support on regulatory topics and assistance in relation to:

- The Company's licence/authorisation with CySec.
- The Changes to the Company's shareholding and organising
- Regulatory update notification
- Prudential treatment of crypto assets; and
- Enhancement of Risk Management procedures associated with crypto assets.

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