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New regulation on virtual asset service

According to the amendment to Recommendation 15 of the International standards on Combating money laundering and financing of terrorism & proliferation (FATF 40 recommendations), dated October 2018, the terms “virtual asset” and “virtual asset service providers” have been added to the general glossary of FATF recommendations and the “virtual asset” has become subject to anti-money laundering and counter-terrorist financing system of countries. The virtual asset, as defined in the glossary, is a digital representation of value that can be digitally traded or transferred and can be used for payment or investment purposes. This includes cryptocurrencies that work through a distributed ledger technology.

Mongolians have already started trading cryptocurrencies of their choice such as bitcoin through websites, however, relations in connection with virtual assets, their services and licensing have not been regulated yet. That individuals and legal entities conduct activities related to virtual assets in the absence of a legal environment put Mongolia and the participants in this relation at risk, as well as it is potential of bringing negative consequences such as creating conditions for money laundering, terrorism financing and proliferation of weapons of mass destruction. These prerequisites show an urgent need to regulate this kind of relations.

Read more

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