



Monero Policy Working Group (MPWG)

[MoneroPolicy.org](https://moneropolicy.org)

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Response to the Proposal for a  
REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL  
establishing the Authority for Anti-Money Laundering and Countering the Financing of  
Terrorism and amending Regulations (EU) No 1093/2010, (EU) 1094/2010, (EU) 1095/2010

**Submitted by:** Monero Policy Working Group

**Authors:** Jayson Benner, CPA, CA; Dr. F. X. Cabañas; Dr. J. Dubois-Lacoste;  
Deanna MacDonald; Justin Ehrenhofer;  
Dr. R. Renwick; Asst. Prof. Dr. A.J. Santos.

**Contact:** [policy@getmonero.org](mailto:policy@getmonero.org)

### **Introduction**

1. The Monero Policy Working Group (MPWG) is a loosely formed quorum of individuals that contribute to the Monero<sup>1</sup> open-source project. Monero is a permissionless, privacy-preserving cryptocurrency network. The goal of MPWG is to work with regulators, policy makers, and the wider financial services sector to ensure a broad understanding of Monero, and other privacy-preserving cryptocurrencies, is communicated. We have specific interest in interacting with entities so they may understand Monero's component technologies, especially in the context of evolving regulatory and compliance requirements.
2. We would like to take the opportunity to acknowledge the proposed package. It is far reaching and substantially developed, and we welcome the ability to respond to five concurrent public consultations on the matter.
3. We would also like to thank the Commission and DG-FISMA for the ample consultation time. It allows a multitude of stakeholders to provide opinion, perspective, and expertise on such intricate and wide-ranging legislative changes. Of course, the consultation phase also allows for due consideration of potential impacts, risks, the weighing of proportionality and necessity, as well as providing for a general level of transparency and accountability fitting of the industry.
4. We would like to draw attention to the fact that we have provided a response to four of the five public consultations. Our responses, though partitioned, should be read in aggregate and considered - where applicable - as a congruent whole.

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<sup>1</sup> see The Monero Project, <https://github.com/monero-project> and <https://getmonero.org>.

### **Preventing money laundering and terrorist financing – new EU authority**

5. We welcome the disposition within Article 3 Paragraph 2 of the proposed Regulation that bestows the Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA) with the most extensive legal capacity accorded to legal persons under national law. We feel this is particularly beneficial, given the activities of which it has been delegated responsibility, should the AMLA be party to litigation.
6. The MPWG feels it worth noting the powers afforded to the AMLA concerning regulatory technical standards and supplementary implementing technical standards, bestowed onto it through Article 6 Paragraph 4. Harmonisation of technical implementation is paramount in order to achieve the broad, simultaneous goals of anti-money laundering regulation and data protection regulation. We feel it is beneficial that a body will be tasked with the responsibility of ensuring such. However, we would hope that efforts will be done in an open and transparent manner (as communicated) - especially given the impact any instruments may have on the fundamental rights of data subjects. This request seems, on the surface, to be buttressed by Article 38 that obliges the AMLA to conduct public consultations, including full cost/benefit analyses. We would like to take this opportunity to remind the Commission that broad and accurate cost/benefit analysis is critical to proper understanding of policy change, both intended and unintended impacts. We have pointed to prior deficiencies in this regard, as included in a previous response to the Commission<sup>2</sup> (Paragraph 9). We feel this is of utmost importance to consider.
7. Further to the above, we urge the Commission to communicate to the wider public the proposed standards roadmap, to aid certainty and clarity in the sector and to communicate the general direction of the proposed body and its functions concerning such. This openness will allow the sector to understand the direction of the Commission with regards to evidential frameworks, information sharing, increasing traceability and linkability of financial transactions, impositions regarding digital identity, the emergence of proposed European Central Bank Digital Currencies, and the degree of transparency and/or privacy they will or will not afford.
8. The MPWG broadly welcomes the supervision (both selected and non-selected) of entities. It has been widely publicised (and recognised) that previously trusted financial service providers are often the most obliging of money-laundering practices. Increasing the levels of direct supervision over these entities should increase the effectiveness of the proposed AML package. However we have a few minor points in this regard:

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<sup>2</sup> Response to Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, Paragraph 9, available at: [https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13146-Preventing-money-laundering-and-terrorist-financing-new-rules-for-the-private-sector/F2749046\\_en](https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/13146-Preventing-money-laundering-and-terrorist-financing-new-rules-for-the-private-sector/F2749046_en)

- a. We propose a higher threshold for administration sanctions. It would seem that selected entities have an upper limit of the higher of 10% of turnover or €10million. We propose that upper limits in Article 21 should be a percentage of worldwide turnover, with no maximum euro amounts. We feel that a very large multinational entity would be able to absorb any potential fine, and so more exacting responses should be afforded to the AMLA.
  - b. We welcome the selected supervision of certain entities, but advise a lower threshold of inclusion, and presume this will be forthcoming in the regulatory standards proposed within Article 12(5). On this matter we would also like the Commission to provide further, more exacting, communication on how it will deal with new entrants, conglomerates, entities created through mergers and acquisitions, subsidiaries located within and without the Union, or any other complex ownership arrangements that are commonplace in the sector, such as (but not limited to) holding companies, secretariats, and joint-ventures.
9. Article 40 provides a three month window for regulatory standard objection. We feel that a wider window may be more beneficial, given the complexities and nuances that may emerge with new technologies and the specifications accompanying such. This is especially the case for technologies that may include complex algorithms, extremely large data sets, or the combining of public and proprietary data sets - all whilst intersecting with regulatory instruments at both European and Member State level.

### **Conclusion**

10. We thank you for the opportunity to respond to the Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL establishing the Authority for Anti-Money Laundering and Countering the Financing of Terrorism and amending Regulations (EU) No 1093/2010, (EU) 1094/2010, (EU) 1095/2010. We hope you will consider the points we raise in an open and transparent manner. We give consent for our contribution to be publicly published in full, and are at your disposal, through the email address provided above, should we be required to clarify any aspects of this response.