

NJORD Estonia: New rules coming up for cryptocurrency licensed businesses in Estonia

Amendments to the Money Laundering and Terrorist Financing Prevention Act (**MLTFPA**) were adopted by the Estonian parliament *Riigikogu* on 11 December 2019. The focus of the amendments is on cryptocurrency service providers. The main purpose of the amendments is to strengthen the position of the Estonian Financial Intelligence Unit (**FIU**) in its authorisation and supervision procedures for cryptocurrency-related businesses.

The main amendments are:

- the currently two different licenses are merged into one licence with two services;
- crypto-to-crypto exchange becomes regulated;
- the state fee for a new application increases from 345 to 3300 euros;
- the KYC and AML compliance requirements will be equalled to those of financial institutions;
- **registered office, actual business and the location of the management needs to be in Estonia;**
- the minimum share capital requirement is set to 12 000 euros (currently it is 2500 euros);
- the FIU will have 60 days with a possible extension of up to 120 days to render the decision whether to grant a license (30 days now);
- stricter due diligence of the management board members.

The amendments enter into force on 10 March 2020. Companies with existing licences must bring their operations in compliance with the new requirements by 1 July 2020.

We recommend that licensed businesses already active should start to plan how to adjust to the new rules now in due time before the summer. For companies in the process of applying for a licence, we recommend speeding up as there are good savings to be done by applying before 10 March to save on the higher state fee.



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