

# **REGULATION ON OFF-SITE AND ON-SITE SUPERVISION TO VIRTUAL ASSET SERVICE PROVIDER'S OPERATIONS**

## **ONE. GENERAL PROVISIONS**

- 1.1 The purpose of this Regulation is to govern relations related to the Financial Regulatory Commission (hereinafter referred to as "Commission") supervision and valuation of Virtual Asset Service Providers (hereinafter referred to as "VASP") compliance with the Law on Virtual Asset Service Providers, Law on Combating money laundering and terrorism financing and implementation of the requirements and regulations set by laws, and take measures to eliminate any violations identified.
- 1.2 The general relations related to the supervision to the VASP operations shall be governed by the "Rule on off-site and on-site supervision to the non-banking sector reporting entities in the field of Combating money laundering and terrorism financing" approved by the Commission, specific relations shall be governed by this Regulation.
- 1.3 The respective department or unit responsible for combating money laundering and financing terrorism of the Commission shall be responsible for compilation and record keeping of the VASP supervision and risk assessment dossier.
- 1.4 The Commission shall comply with the principles set forth in the "Financial Regulatory Commission supervision framework" while conducting supervision activities.

## **TWO. TYPES OF SUPERVISION**

- 2.1 The supervision by the Commission shall have following types:
  - 2.1.1 Off-site supervision;
  - 2.1.2 On-site supervision.
- 2.2 The supervision shall be conducted by state supervisors. Onsite supervision shall be conducted or working group can be lead only by supervisors with license certifying him/her as state supervisor. If deemed necessary, other relevant officers can work as a member of the working group.
- 2.3 State supervisors shall conduct supervisions within the scope of the laws and regulations, Rule on state supervisor of Financial Regulatory Commission, Rule on off-site and on-site supervision to the non-banking sector reporting entities in the field of Combating money laundering and terrorism financing and this regulation.

## **THREE. OFF-SITE SUPERVISION**

- 3.1 Offsite supervision shall be conducted with the purpose to prevent risks by monitoring, evaluating and drawing conclusions on whether VASPs are compliant with laws and regulations, and implementing relevant requirements and procedures.

3.2 Off-site supervision shall be conducted as follows:

3.2.1 Risk assessment, through questionnaire;

3.2.2 Use of specialized program;

3.2.3 Based on report, information submitted by VASP's or other reporting entities;

3.2.4 other forms or methods permitted by law.

3.3 Within the specified period VASP's shall be required to submit to the Commission the following information and reports required for off-site supervision and evaluation in accordance with the form specified in the Annex to this regulation.

3.3.1 The trading information shall be provided in electronic form on a monthly basis and must be submitted within the 10<sup>th</sup> day of the next month by filling the form in Annex 1 of this regulation.

3.3.2 The information on customers shall be provided in electronic form on a monthly basis and must be submitted within the 10<sup>th</sup> day of the next month by filling the form in Annex 2 attached to this regulation.

3.3.3 Bi-annually submit the completed risk assessment questionnaire on money laundering and terrorism financing in electronic form in accordance with provision 4.9 of the "Rule on off-site and on-site supervision to the non-banking sector reporting entities in the field of combating money laundering and terrorism financing" approved by the Committee within the 10<sup>th</sup> of July of the respective year and the 10<sup>th</sup> January of the next year.

3.4 The submitted information and reports shall meet the following requirements:

3.4.1 Shall submit accurate information within the specified period in accordance with the Annexes attached;

3.4.2 The information and reports, if were previously submitted must correspond with the previously submitted ones, in the event of changes the explanations and clarifications must be justifiable.

3.5 The Commission may request from VASP additional information, clarifications and explanations in relation to the submitted information and reports.

#### **FOUR. ON-SITE SUPERVISION**

4.1 The Commission may conduct full or partial on-site supervision.

4.2 In accordance with the approved guidance, the working group shall conduct planned or un-planned on-site supervision.

4.3 The on-site supervision shall be conducted upon the following grounds:

4.3.1 Offsite supervision conclusion;

4.3.2 Upon request, conclusion and complaint received from relevant government bodies or natural persons, with appropriate evidence;

4.3.3 Failure to comply and meet the requirements set forth in the Articles 8.2 and 8.3 of the Law on Virtual Asset Service Provider;

4.3.4 Follow up on compliance and execution of duties, tasks given during previous supervision;

4.3.5 VASP financial audit reports and recommendations;

4.3.6 Failure to comply with requirements set forth in Articles 3.3, 3.4, 3.5 of this regulation.

4.4 An authorized official of the VASP shall be present during the on-site supervision, failure to attend by such an authorized person shall not be the ground for postponing the supervision.

4.5 The working group shall present the on-site supervision report to VASP management for authentication and signature.

4.6 Supervisors can introduce supervision report to VASPs.

4.7 Based on the on-site supervision report and/or the official demand of the State supervisor shall assign timely orders and instructions to eliminate violations and shortcomings identified as a result of on-site supervision, or if necessary, an infringement case shall be filed.