

## CRYPTO-ASSETS

*RELEVANT PROVISION: ARTICLE 5b(2) OF COUNCIL REGULATION (EU) NO 833/2014*

FREQUENTLY ASKED QUESTIONS – AS OF 21 MARCH 2023

### **1. Are crypto-assets and in particular cryptocurrencies covered by these sanctions?**

*Last update: 21 March 2023*

In Council Regulation (EU) No 269/2014, the non-exhaustive definition of ‘funds’ covers crypto-assets, including cryptocurrencies, and the definition of ‘economic resources’ may also extend to certain crypto-assets. As such, crypto-assets are covered by the relevant provisions on the asset freeze and prohibition to make funds or economic resources available to listed persons. For its part, Council Regulation (EU) No 833/2014 clarifies that ‘transferable securities’ include crypto-assets, but it adds ‘with the exception of instruments of payment’. To summarise, all transactions prohibited in the Regulations are also prohibited if carried out in crypto-assets, and all transactions allowed in the Regulations remain allowed if carried out in crypto-assets. In addition, crypto-assets should not be used to circumvent any EU sanctions.

### **2. Article 5b(2) of Council Regulation (EU) No 833/2014 states that “It shall be prohibited to provide crypto-asset wallet, account or custody services to Russian nationals or natural persons residing in Russia, or legal persons, entities or bodies established in Russia”. Does this mean that European operators are expected to close the crypto accounts of their Russian customers and return their digital assets, or the freezing of these assets?**

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The prohibition means that no new services and/or accounts are allowed and existing services and/or accounts must be closed. In the latter case assets on the accounts and/or in the services should be returned to the Russian customer, or be converted into fiat currency or another asset category that is not subject to sanctions.

The provisions should be read in conjunction with the limit on deposits laid on in Article 5b of Council Regulation (EU) No 833/2014. To this extent, the converting of crypto-assets in fiat deposits would be permissible up to the amount allowed for deposits.

No freezing of assets is foreseen under this article.