

April 2021

**Open letter**

**instituto**  
*new.economy*

**Comments on the draft revised VASP Guidance**

*On the draft revised Guidance for a risk-based approach to VA and VASPs*

Dear members of FATF's virtual assets work group,

Instituto New Economy is a non-profit association focused on promoting innovation related to the emergent digital economy in Portugal, but also globally. We strongly support FATF's Recommendations and Guidance to date, but now believe this revised Guidance is problematic and warrants further rounds of comments - especially as it is unclear and attacks fundamental rights to privacy unrelated to ML/TF.

As other peer organisations have noted in their responses to this public consultation<sup>12</sup>, the new proposed definitions have far-reaching implications for the development of virtual assets technology, while thwarting the ML/TF work that local regulators have been recently tasked with in that regard.

In addition, we note that in Portugal's case, Banco de Portugal, the institution in charge of monitoring virtual assets and virtual asset service providers, had already seemingly misinterpreted the previous guidance, which we considered to be quite appropriate. Consequently, the local virtual assets startup ecosystem has been severely impacted - as we detailed in our response<sup>3</sup> to a recent public consultation on the topic.

This leads us to believe this revised version will undoubtedly create even more perplexion among regulators and other market participants, and therefore we are looking forward to further engaging on FATF's own comments on the virtual assets community's responses to this public consultation, as its anticipated repercussions warrant an extended discussion.

Best regards,

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President

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<sup>1</sup> See <https://www.coincenter.org/app/uploads/2021/04/CoinCenterFATFGuidance.pdf>

<sup>2</sup> See <https://notabene.id/post/a-summary-of-fatfs-updated-guidance-for-virtual-assets>

<sup>3</sup> See <https://neweconomy.institute/#papers>