

**By e-mail:** Commissioner Financial Services, financial stability & CMU, McGuinness  
Chair of the Financial Stability Board, Knot  
President of the Financial Action Task Force, Pleyer  
Chair of the U.S. Securities and Exchange Commission, Gensler  
Executive Board of the ECB, c/o Elderson  
Chair of the European Securities and Markets Authority, Ross  
Secretary General International Organization of Securities Commissions, Moloney

The Hague, 3 March 2022

Our ref: 2022061.EN/GEAJK

Re: sanction compliance in the crypto environment

Dear Madam or Sir,

We, as European Investors-VEB [for a brief introduction, please see p 3 of this letter], and the investor community we represent, are horrified indeed by the Russian invasion of Ukraine, and worried about further escalation. Alongside companies, also investors are subject to legislation on the prevention of money laundering, financing of terrorism and tax evasion. European Investors-VEB shall, in her day-to-day activities, persistently hold parties thinking they may take this lightly to account. This also requires action from supranational, intergovernmental, and international institutional organisations, governments, national supervisory authorities, and exchanges.

Where we talk about impact investing, this often implies the impact on people and the environment. But the impact of investments also encompasses the beneficial owners. These are generally bona fide, but may also concern mala fide regimes financing their terrorism – now or in the future – with funds put at their disposal.

The sanction measures which are imposed leave little room for frivolous interpretation. An important concern investors have is whether they may stay active in the crypto markets whilst retaining their clean conscience. To this, one may add the consideration that the crypto market is untransparent and indeed derives its raison d'être from the anonymity and geographic tax neutrality it offers.

It is these features that have caused the great popularity of crypto assets among Russian parties. Investors are duly aware that each crypto transaction possibly violates the prohibition of money laundering and financing of terrorism. Investors realise that these days the spotlight is on such transactions. Investors have a strong wish they may exclude with certainty that their counterparty is on a sanctions list. Unfortunately, it may be doubted that the prevailing systems infrastructure enables making that confirmation.

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**European Investors-VEB**

P.O. Box 240, 2501 CE The Hague, The Netherlands | Amaliastraat 7, 2514 JC The Hague, The Netherlands T +31 (0)70 313 00 00

I [www.europeaninvestors.eu](http://www.europeaninvestors.eu)  
E [info@europeaninvestors.eu](mailto:info@europeaninvestors.eu)

I [www.veb.net](http://www.veb.net)  
E [info@veb.net](mailto:info@veb.net)

IBAN NL58 ABNA 0429655002  
BIC ABNANL2A

CC 40408053  
VAT NL002602702B01

Ukraine's vice prime minister Mykhailo Fedorov has asked crypto exchanges for a Russian blockade. Such blockade would make the evasion of American and European sanctions more difficult. To our annoyance and dismay, crypto exchanges like Binance, Coinbase, Kraken and FTX have promptly made it known they do not wish to block Russian accounts. This is unacceptable as much as it may be explained, as the Administrative Organisation and Internal Control of crypto exchanges is incapable of knowing the underlying parties with transactions.

Anybody can establish a crypto wallet outside a regulated crypto exchange. This implies that, even with the full cooperation of crypto exchanges, crypto currencies render evading sanctions easy. The essential fundament of anti-money laundering legislation – establishing, beyond doubt, the identities of such parties originating and ultimately benefitting from the transfer of value – is incapable of being attained. In view of the above, investors in crypto may easily be implicated in the financing of terrorism. This exposes them – unknowingly and unwillingly – to great risks, risks to which they are insufficiently alerted by the providers of crypto instruments.

We appeal to you decisively to act to remind everybody of their responsibilities. We wish to hear from you whether you accept the hereto sacrimonious, evasive replies from the crypto exchanges which consist of their refusal to block Russian accounts (irrespective of whether individuals are on Sanctions lists). Should your reply be negative, do you see this as a refusal from the crypto exchanges to comply with the sanctions measures, or as their confirmation of their impossibility to do so?

European Investors-VEB makes a pressing request to you to assure investors that you will apply all legal and enforcement measures conducive to a satisfactory reaction on the concerns presently raised, thus warranting that transactions in crypto assets may not range to serve or to advantage such Russian parties as are subject to sanctions.

Should this mean that you propose a temporary generic ban on crypto trading in an international perspective, you may count on our support.

We should be pleased further to clarify our position any time you wish.

European Investors-VEB will publish this letter.

Yours sincerely  
European Investors-VEB

Gerben Everts  
CEO

For almost a century, European Investors-VEB aims to strengthen the representation of investors in Europe by the following activities:

- I. Engaging with listed companies at their AGMs and in one-on-ones, representing long-term investors, based on our inhouse analyses which include qualitative criteria;
- II. Representing investors in legislative and regulatory discussions within Europe on areas which directly impact their legal position and their investments.
- III. Initiating legal proceedings to bring about governance changes and to have compensation awarded to investors that have incurred losses on their investments due to fraud, deceit or mismanagement from the part of companies listed in Europe, banks, accountants and (former) directors; and

Please visit our website [www.europeaninvestors.eu](http://www.europeaninvestors.eu) for more information on our activities.