

OAKMUN
2025



Background Guide **ECOSOC**

**Regulating Cryptocurrencies in Light of Their Role
in Money Laundering, Tax Evasion, and Terror**

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Letter from the Executive Board

Dear Delegates,

It is our privilege to welcome you to the Economic and Social Council (ECOSOC) at OAKRIDGE MODEL UNITED NATIONS 2025. Whether you're a first-time delegate or a seasoned one, we hope you have loads of fun and make new memories at this conference. We strongly encourage each and every delegate to speak up and collaborate with one another during what we anticipate will be a lively and fruitful session. This particular conference is definitely a unique one, as it marks Oakridge's first international conference. We hope to see furious debate and the formation of encouraging solutions that address the issues discussed in committee: the regulation of cryptocurrencies in light of their misuse.

In our committee, we expect delegates to come prepared not just with a basic understanding of their country's position, but with a deep, nuanced grasp of the issue. Therefore, during the conference, we expect you to come prepared with more than just a basic understanding of your country's position. Your goal is to contribute to purposeful debate, working with other delegates to draft and negotiate practical solutions in the form of resolutions. These solutions should be neither unrealistic nor should they fail to be executed in the real world, but instead be written based on real-world state practices, administrative feasibility, and legal precedent. Ultimately, we expect you to help create a final document that is both impactful and realistic, showcasing the careful deliberation and compromise that is key to successful diplomacy.

This background guide is a great starting point, but for a truly high-quality experience, we encourage you to go a step further. Your goal is to produce a resolution that isn't just a list of good ideas, but a practical and actionable plan. As aforementioned, we're looking for solutions that are grounded in real-world feasibility and legal precedent, and that can be immediately useful to national authorities. Thus, your preparation should include looking at primary legal sources and reports from international organizations to help you craft a document that is both specific in its design and realistic in its implementation.

In case you have any questions, you can always reach out to us at oakmun@oakridge.in with the subject line "ECOSOC_Questions" or visit the official conference website. We look forward to seeing your innovative and well-researched ideas in committee!

Regards,

Chairperson – Noel Ankit Nayak

Vice Chairperson – Suban Sudhakar

Moderator- Kaavya Bhardwaj

What is the United Nations?

The United Nations is an international organization founded in 1945 to maintain international peace and security, developing friendly relations among nations and promoting social progress, better living standards and human rights by 51 countries. The United Nations has 6 principal organs.

The UN has 4 main purposes:

1. To keep peace throughout the world;
2. To develop friendly relations among nations;
3. To help nations work together to improve the lives of poor people, to conquer hunger, disease and illiteracy, and to encourage respect for each other's rights and freedoms;
4. To be a centre for harmonising the actions of nations to achieve these goals.

How to prepare for the Model United Nations?

General Research and Preparation Guidelines:

There are three consistently significant aspects of representative planning: practical, meaningful, and positional preparation. Practical readiness equips representatives with essential tools, including a clear understanding of the rules necessary to perform effectively in committee. The meaningful aspect involves acquiring specific information relevant to the subject areas under discussion. Positional planning requires students to adopt and defend perspectives that are not their own. To support this process, the Executive Board provides three key resources: the Guide to Delegate Preparation, Background Guides, and Position Papers. Together, these materials will ensure that you are fully prepared for the conference. In addition to reading and understanding the provided content, gaining practical experience through debate, resolution drafting, presentations, and similar exercises will greatly enhance your readiness.

Meaningful Preparation

The Background Guides are the result of extensive research and effort by the Executive Board and serve as the foundation for substantive preparation in each committee. We strongly recommend that you read them thoroughly, discuss them with others, and revisit them multiple times. If a delegate has not read and absorbed the information contained in the Background Guide, they will not be able to contribute effectively to the committee's proceedings. Beginning your review of the Background Guides early will allow you to fully understand the topics at hand and begin developing your own ideas. Remember that your role is to act as a policymaker, analyzing the information provided and shaping it into coherent solutions and resolutions. Engaging in discussions with other delegates will further help you refine and expand your ideas. While the Background Guide will form the core of your substantive preparation, independent research remains a valuable, rewarding, and essential component of a successful conference experience.



How to prepare for the Model United Nations?

Positional Preparation

We expect delegates to consistently uphold the position of their assigned country throughout the Model UN simulation. This is a crucial element of the “international” experience in MUN, as it compels delegates to critically examine the perspectives, challenges, and policies of a nation other than their own at a fundamental level. It is also one of the more difficult aspects of MUN, as students must confront and set aside their personal biases and national viewpoints in favour of accurate, informed representation. Position papers form the core of positional preparation prior to the conference. Though generally brief, we urge you to dedicate time and effort to researching and writing them thoroughly.

Materials provided by the Executive Board are not intended to replace your independent research. Rather, they serve as a starting point, encouraging you to ask critical questions about the issues at hand. The best-prepared delegates are those who treat the provided resources as the foundation of their research and delve deeper into the topic areas. Beyond these materials lies a wide range of information sources, beginning with official United Nations documents. UN resources often include detailed statistics, reports, and visual data such as charts and graphs, all of which may be useful in deepening your understanding of the issues. Many UN documentation centres maintain comprehensive records of past meetings, and one of the most effective ways to understand your country’s position is to observe it articulated directly by its diplomats.

Explicit assets to research include:

- **a) Yearbook of the United Nations:** The Yearbook serves as a useful starting point for your research. It provides an overview of actions taken on your topic during a given year, along with helpful references to past resolutions and documents.
- **b) United Nations Chronicle:** This publication offers general information about the workings of the UN. Pay special attention to feature articles related to your topic area, as they provide insights into the issue and the positions of various countries.
- **c) UN Document Index:** This comprehensive index covers all UN documents and is available in three versions: UNDI (1950–1973), UNDEX (1970–1978), and UNODC (1979–present). Depending on which version you use, you will find subject indexes, country files, and an alphanumeric listing of all published documents. This system is useful because each committee has a unique alphanumeric prefix, enabling you to locate all documents released by a committee in a specific year regardless of the topic.

How to prepare for the Model United Nations?

- **d) UN Resolutions:** This collection is both important and easy to use. It compiles all resolutions from 1946 onward, allowing you to consult the most recent index to find all resolutions related to your topic that the UN has ever passed.
- **e) Other UN Sources:** Depending on the subject, additional relevant UN materials may be available, such as books and special reports published by the World Health Organization (WHO). Beyond UN sources, explore your school and local libraries. Check journals, magazines, and newspapers for more current information, and do not hesitate to ask librarians for assistance.
- **f) Books:** Up-to-date books often provide depth and accuracy that UN documents or periodicals may lack. Be sure to search library catalogs for relevant print materials. However, book research can be time-consuming, so exercise discretion when selecting books.
- **g) Periodicals:** Periodicals are useful for straightforward, current information on topics (resources like Reader's Guide to Periodical Literature and InfoTrack serve as indexes for these materials). However, do not expect them to provide the level of detail necessary for the conference.
- **h) People:** An often-overlooked resource, individuals can greatly assist your research. Consider consulting librarians, experienced delegates, staff advisors, and your committee's Director, Moderator, and Assistant Directors. These individuals can not only help you locate information but may also recommend sources you had not considered. Feel free to contact your committee Director by phone or email.
- **i) Embassies and Consular Offices:** Reach out to the government or consular offices of the country you represent. These offices are usually willing to support your research by providing statistical data and other unclassified information via mail.

Introduction to the Economic and Social Council

The Economic and Social Council (ECOSOC) is the principal United Nations organ mandated to coordinate the economic, social, cultural, educational, and health work of the UN system. Established in 1945 under Chapters IX and X of the UN Charter, ECOSOC functions as a central forum for policy dialogue, standard-setting, and system-wide coherence across specialized agencies, programmes, funds, and regional commissions. It convenes Member States, intergovernmental organizations, and accredited non-governmental organizations to examine cross-border trends that affect development, public finance, labour markets, social protection, health systems, and technological change. ECOSOC's deliberations produce guidance that informs the activities of the wider UN development system and shapes the work of subsidiary bodies whose statistical, legal, and policy expertise underpins evidence-based decision-making.

ECOSOC's purposes include initiating studies, making recommendations, and preparing draft conventions for the General Assembly; promoting respect for human rights and fundamental freedoms; and coordinating the activities of its subsidiary bodies and the broader UN family on economic and social matters. It administers consultative arrangements with civil society through a structured accreditation regime that enables technical input while preserving intergovernmental control. Through these functions, ECOSOC provides a predictable venue for consideration of emerging economic and social issues that cut across jurisdictions and policy domains.

A. Partnerships and International Cooperation

ECOSOC operates through a broad constellation of partnerships that includes its functional commissions and regional commissions, the specialized agencies, and the UN development system, alongside international financial institutions and standard-setting bodies. This ecosystem encompasses UNDP, UNCTAD, the World Bank Group, the International Monetary Fund, and technical agencies such as the International Telecommunication Union and the World Health Organization. ECOSOC also engages with regional organizations and development banks to align analytical work, financing practices, and capacity-building efforts across regions.

Through consultative status, accredited non-governmental organizations and research institutes contribute data, technical commentary, and field experience to the work of ECOSOC and its subsidiaries. These arrangements, together with participation by national administrations and regulators, support informed discussion on supervisory practices, transparency frameworks, statistical comparability, and monitoring of illicit financial flows, while maintaining the Council's intergovernmental character.

Introduction to the Economic and Social Council

B. Mandate and Operational Framework

ECOSOC's operational framework derives from Chapters IX and X of the Charter, General Assembly assignments, and the Council's rules of procedure. The Council holds an annual substantive session and management segment, organizes integration and coordination segments, and oversees subsidiary bodies whose expert outputs provide the analytical and statistical base for intergovernmental consideration. Subsidiaries include the Statistical Commission, the Commission on Narcotic Drugs, the Commission on Crime Prevention and Criminal Justice, the Commission for Social Development, the Commission on Science and Technology for Development, and the five regional commissions. ECOSOC also provides oversight to the Development Cooperation Forum and the Financing for Development Forum, which review international commitments and system-wide performance.

In administering consultative status and structuring its agenda, ECOSOC provides predictable channels for Member States, UN entities, and accredited stakeholders to table reports, submit inputs, and review progress. The Council's documentation standards, reporting lines, and election of members to subsidiary bodies facilitate continuity of expertise and transparent oversight within the limits of its recommendatory authority under the Charter.

C. Key Initiatives and Strategic Priorities

ECOSOC's current architecture incorporates policy platforms with direct relevance to financial governance and digitalization. The Financing for Development Forum reviews measures to reduce illicit financial flows, strengthen domestic resource mobilization, and improve international cooperation on tax matters, asset recovery, and information exchange. The Statistical Commission advances methodological norms on national accounts, price statistics, classifications, and the measurement of the digital economy. The Commission on Science and Technology for Development examines the development implications of frontier technologies, data governance, and digital infrastructure, while the Commission for Social Development addresses distributional impacts and inclusion.

ECOSOC aligns its work with the 2030 Agenda through policy integration, system-wide coordination, and measurable follow-up. It convenes Member States, UN entities, and external partners to consider administrative feasibility, fiscal impacts, and supervisory implications of regulatory choices affecting markets and public finance. Within its mandate, the Council promotes coherence across the UN system and with external standard setters by encouraging consistent use of definitions, interoperable data frameworks, and robust peer-learning arrangements that improve national implementation and comparable global reporting.

Introduction to Agenda

“Regulating Cryptocurrencies in Light of Their Role in Money Laundering, Tax Evasion, and Terror Financing”

Cryptocurrencies and related crypto-assets have evolved from niche payment instruments into a significant component of global value transfer, investment, and financial infrastructure. The ecosystem now spans decentralized networks, stablecoins pegged to fiat currencies, centralized and decentralized exchanges, custodial and non-custodial wallets, cross-chain bridges, and tokenized instruments with varying governance and transparency. While these technologies enable faster settlement and broaden market access, their pseudonymous architecture, high-velocity cross-border reach, and fragmented supervision have also been exploited to obscure proceeds of crime, evade tax obligations, and channel funds to proscribed entities. This agenda situates the phenomenon within ECOSOC’s remit over development finance, statistical comparability, regulatory coherence, and institutional capacity building across the UN system.

Illicit finance in this domain typically materializes through on- and off-ramp vulnerabilities and opaque intermediaries. Risks arise when virtual asset service providers operate without licensing or weak customer due diligence, when self-hosted wallets transact peer-to-peer outside regulated perimeters, and when privacy-enhancing tools, mixers, tumblers, chain-hopping, and cross-chain swaps complicate provenance tracing. Decentralized finance protocols introduce additional layers through automated market makers and lending pools that lack identifiable accountable entities. Jurisdictional arbitrage, inconsistent implementation of the “travel rule,” inadequate beneficial ownership registries, and gaps in international cooperation further hinder supervision, investigations, and asset recovery.

The consequences for public finance and security are non-trivial. Under-reported gains, capital flight through stablecoin rails, and use of crypto-assets to disguise cross-border income weaken domestic resource mobilization and erode tax morale. Criminal enterprises, ransomware operators, and sanctioned actors exploit rapid settlement and global liquidity to launder proceeds, while terror-linked fundraising leverages small-value transfers and online solicitation to bypass traditional gatekeepers. These dynamics strain financial integrity frameworks, undermine statistical transparency, and impose compliance burdens that are unevenly distributed across Member States, particularly those with constrained supervisory capacity.

Introduction to Agenda

The subject therefore demands careful delineation of scope, definitions, and interfaces with existing financial regulation. Distinguishing between permissionless crypto-assets, fiat-referenced stablecoins, and tokenized traditional financial instruments is central to risk assessment and comparability of national reporting. Equally important is the interface between virtual asset markets and banking, payments, and securities regimes, where prudential, conduct, and market-integrity standards already operate. The agenda requires close attention to data architecture, auditability, and cross-border information exchange so that authorities can reconcile technological features with legal obligations while avoiding duplicative or conflicting mandates across agencies.

A substantial body of international instruments and standards provides a baseline for coordinated action, even as technology evolves. Relevant frameworks include obligations addressing the suppression of terrorist financing, measures against money laundering and proceeds of crime, cooperation in transnational organized crime and corruption cases, targeted financial sanctions pursuant to Security Council mandates, and emerging multilateral standards for cross-border tax transparency and crypto-asset reporting. At the same time, definitional variance, uneven transposition of standards into domestic law, and rapid innovation in privacy tools and decentralized infrastructures have created persistent gaps that complicate supervision, enforcement, and mutual legal assistance.

Accordingly, this agenda calls for rigorous examination of regulatory architecture, institutional roles, and implementation challenges across diverse legal systems. Delegates are expected to engage with the technical realities of blockchain analytics, supervisory perimeters for virtual asset service providers, reporting and record-keeping obligations relevant to tax enforcement, mechanisms for freezing, seizing, and managing digital assets in criminal and terror-financing contexts, and the statistical foundations necessary for consistent international reporting. The committee's work should remain grounded in legal precision, administrative feasibility, and respect for due process, with attention to safeguarding legitimate innovation and financial inclusion while addressing systemic risks to financial integrity and public revenue.

Case Studies

- 1) DPRK-linked laundering through virtual asset mixers and subsequent sanctions designations

Background, dates, actors, outcomes: In May 2022 the U.S. Department of the Treasury's Office of Foreign Assets Control designated Blender.io, the first-ever virtual currency mixer sanctioned for its role in laundering proceeds for DPRK cyber actors. On 8 August 2022 OFAC designated Tornado Cash, citing its use to launder more than USD 7 billion since 2019, including over USD 455 million stolen by the DPRK-linked Lazarus Group in a major bridge hack. OFAC later replaced the initial Tornado Cash designation in November 2022 as part of an updated sanctions action, while continuing to target DPRK laundering channels and, in November 2023, additional mixer infrastructure. The outcome was to extend sanctions compliance obligations to mixer services and signal a perimeter of accountability for facilitators of high-risk anonymisation.

Framework breached or challenged: The conduct implicated counter-proliferation and anti-money laundering controls, sanctions evasion prohibitions, and duties to prevent the laundering of proceeds of cyber-enabled theft attributable to a UN-sanctioned state actor. The mixer model challenged conventional definitions of “financial institution,” the identification of beneficial owners, and traceability needed for targeted financial sanctions implementation.

Implications for the committee: The case illustrates supervisory and definitional issues around privacy-enhancing technologies, including how sanctions implementation interacts with AML obligations for service providers and developers, and how cross-border typologies require interoperable data and common nomenclature for high-risk services to support consistent reporting and enforcement.

Case Studies

• 2) ChipMixer takedown and coordinated criminal enforcement

Background, dates, actors, outcomes: On 15 March 2023 German law enforcement, with U.S. authorities and Europol support, dismantled the infrastructure of ChipMixer, seizing servers and millions of euros in bitcoin. U.S. filings alleged processing for ransomware groups and laundering of funds linked to the 2022 Ronin and Horizon bridge heists associated with DPRK actors. The takedown removed a large-scale anonymisation service from the market and preserved data relevant to parallel investigations.

Framework breached or challenged: The matter engaged AML program obligations, money laundering offences, handling of criminal property, and conspiracy counts, while testing the evidentiary use of blockchain analytics and server-side artefacts to attribute flows to predicate offences.

Implications for the committee: The case highlights the operational value of joint investigations, the role of forensic standards in cross-jurisdictional prosecutions, and the need for compatible legal bases to seize, manage, and dispose of digital assets while maintaining chain-of-custody integrity for evidentiary use.

3) Terrorist financing campaigns disrupted through cryptocurrency seizures

Background, dates, actors, outcomes: In August 2020 the U.S. Department of Justice announced the disruption of three terrorist financing campaigns involving Hamas's al-Qassam Brigades, al-Qaeda, and ISIS, describing it as the largest-ever seizure of cryptocurrency in a terrorism context. The operation combined forfeiture complaints, undercover capabilities, and blockchain tracing to seize accounts and associated infrastructure. Subsequent actions have continued, including court-authorized seizures in March 2025 targeting USDT intended for Hamas-linked activity.

Framework breached or challenged: The conduct implicated offences related to providing material support to designated terrorist organisations, sanctions violations, and the evasion of AML/CFT controls through online solicitation and small-value transfers designed to avoid detection thresholds.

Case Studies

Implications for the committee: The case demonstrates the interaction between criminal law, targeted financial sanctions, and supervisory expectations for virtual asset on- and off-ramps, and underscores requirements for data retention, rapid freezing, and information-sharing arrangements that preserve due process while enabling timely interdiction.

4) Systemic compliance failures at a global exchange and post-settlement supervision

Background, dates, actors, outcomes: On 21 November 2023 Binance entered coordinated resolutions with U.S. authorities, including DOJ, FinCEN, and OFAC, acknowledging violations of the Bank Secrecy Act and apparent sanctions breaches. Treasury announced the largest settlements in its history for a virtual asset firm, with civil penalties and a multi-year monitorship overseen by FinCEN, while leadership changes occurred at the exchange. The resolutions cited failures to prevent transactions involving sanctioned jurisdictions and terrorist organisations, as well as broader programmatic AML deficiencies.

Framework breached or challenged: The matter engaged statutory AML program requirements, suspicious activity reporting, customer due diligence, and sanctions screening obligations applicable to money services businesses and similar entities operating virtual asset markets. It also raised questions regarding extraterritorial supervision of cross-border platforms that serve users in multiple jurisdictions.

Implications for the committee: The case underscores the importance of licensing, ongoing supervision, record-keeping, and remedial monitorships for large virtual asset service providers and highlights how deficiencies at scale can propagate systemic illicit finance risk across jurisdictions absent coordinated oversight and reporting standards.

5) Cross-border tax transparency for crypto-assets: OECD CARF and the EU's DAC8

Background, dates, actors, outcomes: On 10 November 2023 a large group of jurisdictions issued a Joint Statement committing to implement the OECD Crypto-Asset Reporting Framework, aiming to commence exchanges in 2027 or 2028. In parallel, on 17 October 2023 the Council of the European Union adopted “DAC8,” extending administrative cooperation to include reporting and automatic exchange of information on crypto-asset transactions, imposing obligations on reporting crypto-asset service providers. These developments establish an international architecture for tax information exchange specific to crypto-assets.

Case Studies

Framework breached or challenged. Prior to these measures, crypto-asset gains and cross-border movements often eluded existing Common Reporting Standard coverage, creating gaps in taxpayer identification and income matching. CARF and DAC8 address definitional scope, reporting channels, and due diligence for customer identification in the crypto context, testing alignment with existing data standards and domestic confidentiality protections.

Implications for the committee: The case illustrates the interface between international tax transparency standards and virtual asset supervision, with consequences for statistical comparability, domestic resource mobilisation, and the capacity of administrations to reconcile reported data with national accounts, while avoiding duplicative or inconsistent reporting burdens across jurisdictions.

Legalities

Key Definitions and Legal References

i) Virtual Assets and Crypto-assets

Virtual assets are digital representations of value that can be digitally traded or transferred and used for payment or investment, irrespective of legal tender status. The term encompasses crypto-assets native to distributed ledgers as well as certain tokenized instruments. Authoritative usage follows the Financial Action Task Force (FATF) Glossary, which distinguishes virtual assets from digital representations of fiat currency. This definitional baseline underpins the application of anti-money-laundering and counter-terrorist-financing obligations to activities involving such assets.

ii) Virtual Asset Service Providers (VASPs)

VASPs are natural or legal persons that, as a business, conduct exchange between virtual assets and fiat currencies, exchange between one or more forms of virtual assets, transfer of virtual assets, safekeeping or administration of virtual assets or instruments enabling control over virtual assets, and participation in and provision of financial services related to an issuer's offer or sale of a virtual asset. The FATF Recommendations, particularly Recommendation 15 and its Interpretive Note, provide the operative definition and the associated licensing, supervision, and compliance expectations.

iii) Money Laundering involving Virtual Assets

Money laundering is the conversion or transfer of property, concealment or disguise of its true nature, or acquisition, possession, or use of property knowing it is the proceeds of crime. United Nations Convention against Transnational Organized Crime (2000) Article 6 codifies the offense and applies irrespective of the property's form, thereby encompassing virtual assets. The 1988 Vienna Convention Article 3 similarly links laundering to specified drug-related predicate offenses.

Legalities

Key Definitions and Legal References

iv) Terrorist Financing via Virtual Assets

Terrorist financing is the provision or collection of funds, by any means, with the intention that they be used, or in the knowledge that they are to be used, to carry out terrorist acts. The International Convention for the Suppression of the Financing of Terrorism (1999) Article 2 defines the offense, while Security Council resolutions, including 1373 and subsequent measures, require freezing without delay of funds and other assets, a formulation broad enough to include virtual assets.

v) Tax Evasion and Crypto-asset Reporting

Tax evasion denotes unlawful non-payment or under-reporting of taxes due under domestic law, including through non-disclosure of income, gains, or assets held via virtual assets. International cooperation frameworks relevant to detection and enforcement include the OECD's Multilateral Convention on Mutual Administrative Assistance in Tax Matters and the Common Reporting Standard, complemented by the Crypto-Asset Reporting Framework, which establishes due-diligence and automatic exchange modalities specific to crypto-assets.

vi) Stablecoins and Fiat-Referenced Crypto-assets

Stablecoins are crypto-assets designed to maintain a stable value relative to a reference, such as a fiat currency or asset basket. They raise prudential, conduct, and financial-integrity considerations due to redemption, reserve, and governance features. The Financial Stability Board's high-level recommendations and FATF guidance address oversight, governance, and the application of AML/CFT controls to arrangements with stabilization mechanisms.

vii) Decentralized Finance (DeFi) and Non-custodial Arrangements

DeFi refers to financial activities executed via smart contracts on distributed ledgers, including automated market making, lending, and derivatives, often without an identifiable centralized intermediary. FATF guidance clarifies that persons who maintain control or sufficient influence over protocol functions may fall within VASP scope, triggering compliance obligations notwithstanding decentralization claims.

Legalities

Key Definitions and Legal References

viii) Privacy-Enhancing Tools and Anonymity-Enhancing Services

Mixers, tumblers, privacy wallets, zero-knowledge tools, chain-hopping, and cross-chain bridges are techniques or services that obfuscate transaction provenance. FATF's risk-based approach and interpretive notes recognize these as higher-risk features requiring enhanced measures by obliged entities, including mitigation of misuse for laundering and terrorist financing.

ix) Travel Rule and Originator–Beneficiary Information

The “travel rule” is the obligation to ensure that originator and beneficiary information accompanies transfers of value between obligated entities to enable screening and traceability. FATF Recommendation 16 and its Interpretive Note extend wire-transfer principles to virtual asset transfers between VASPs and between VASPs and other financial institutions, with record-keeping and transmission requirements adapted to the crypto context.

x) Freezing, Seizure, Confiscation, and Management of Digital Assets

States are required to enable freezing, seizure, and confiscation of proceeds and instrumentalities of crime and of funds or other assets related to terrorism. UNTOC Articles 12 to 14 provide the criminal-law basis for confiscation and international cooperation, while ICSFT Article 8 and Security Council obligations under 1373 require freezing without delay. These frameworks apply to digital assets, necessitating mechanisms for secure custody and disposal.

Legalities

Relevant International Legal Instruments and Articles

- i) International Convention for the Suppression of the Financing of Terrorism (1999), notably Articles 2, 4, 8, and 18, defining the offense, requiring domestic measures, freezing, and mutual legal assistance.
- ii) United Nations Convention against Transnational Organized Crime (2000), especially Articles 5, 6, 7, 12 to 14, and 18, addressing participation in organized criminal groups, money laundering, preventive measures, confiscation, and mutual legal assistance.
- iii) United Nations Convention against Corruption (2003), including Articles 14, 31, 36, 40, 43, 46, and 52, on preventive regimes, seizure and confiscation, specialized authorities, bank secrecy, international cooperation, mutual legal assistance, and due diligence for politically exposed persons.
- iv) UN Security Council resolutions relating to counter-terrorism and targeted financial sanctions, notably 1267/1989/2253 (ISIL and Al-Qaida sanctions) and 1373 (2001), as reinforced by 2462 (2019) on terrorist financing, imposing asset-freezing and related obligations.
- v) FATF 40 Recommendations and Interpretive Notes, with emphasis on Recommendations 10 (customer due diligence), 15 (new technologies and VA/VASPs), 16 (wire transfers and travel rule), and 24 (beneficial ownership), and the FATF Glossary and guidance on virtual assets and VASPs.
- vi) OECD instruments for tax transparency, including the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, the Common Reporting Standard, and the Crypto-Asset Reporting Framework establishing due-diligence and automatic exchange requirements for crypto-assets.
- vii) Financial Stability Board high-level recommendations on global stablecoin arrangements and international work on crypto-asset activities, informing oversight, governance, and cross-border consistency in regulatory approaches.
- viii) IOSCO policy recommendations on crypto-asset market integrity and investor protection, and guidance on DeFi, which inform securities-law treatment and supervisory expectations for market abuse, disclosure, and operational resilience.

Questions a Resolution Must Answer (QARMAs)

1. How should Member States establish shared definitions and scope for crypto-assets and service providers to ensure comparability of national frameworks and consistent enforcement?
2. What baseline requirements for authorization, supervision, and ongoing compliance are necessary to bring relevant intermediaries within a clear regulatory perimeter?
3. How should cross-border cooperation be organized to enable timely investigations, freezing, seizure, confiscation, and recognition of lawful orders involving digital assets?
4. What governance safeguards are required to balance financial inclusion, innovation, and privacy with the mitigation of money-laundering, tax-evasion, and terror-financing risks?
5. What are possible methods to track and verify transactions made with privacy coins?