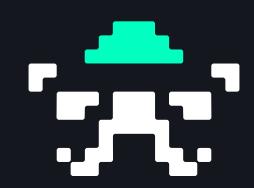


Travel Rule Course



Jurisdictions and requirements

Module 3 explores the regulatory landscape for the Travel Rule across different regions, highlighting the importance of ensuring compliance to prevent illicit financial activities and promote transparency in global transactions. We examine the stringent regulations and comprehensive frameworks where robust AML/CFT measures are at the forefront of regulatory efforts.

The interactive country requirements database can be found [here](#).

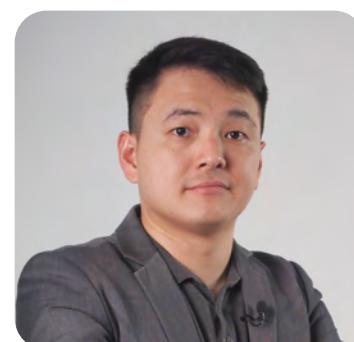
Module 3 covers the following areas:

- EU and UK
- APAC
- MEA
- LATAM and Caribbean
- US and Canada

Your hosts:



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Session 1

EU and UK

This section covers how Virtual Asset Service Providers (VASPs) ensure due diligence on counterparties when transferring virtual assets under the Travel Rule, focusing on distinguishing VASPs from unhosted wallets.

Identifying counterparty VASPs vs. unhosted wallets

1) Challenge: It is difficult to determine if a transaction involves a VASP or an unhosted wallet due to pseudonymous addresses and the lack of standardized global systems

2) Solution: Use a combination of self-declaration and advanced blockchain analytics to enhance accuracy

The Financial Action Task Force (FATF) offers guidance on counterparty due diligence, particularly under Recommendation 16 of its standards for virtual assets. For more information, visit [FATF's official website](#).

Managing undiscovered wallets

Identifying whether a crypto wallet is unhosted or simply undiscoverable presents a significant challenge for Virtual Asset Service Providers (VASPs) under the Travel Rule.

1) Challenge: Inability to determine if a wallet is unhosted or simply undiscoverable

2) Solution: Conduct risk assessments, implement risk mitigation measures, and communicate with the counterparty. Consult regulatory authorities for further guidance

The Financial Action Task Force (FATF) offers guidance on counterparty due diligence, particularly under Recommendation 16 of its standards for virtual assets. For more information, visit [FATF's official website](#).

Distinguishing between counterparty entities

VASPs often face challenges in distinguishing between counterparty entities within the same corporate group, especially when these entities operate in different jurisdictions.

1) Challenge: Difficulty in distinguishing entities within the same holding group across different jurisdictions

2) Solution: Direct contact and thorough due diligence, including the use of Legal Entity Identifiers (LEIs) if available

European Union (EU)

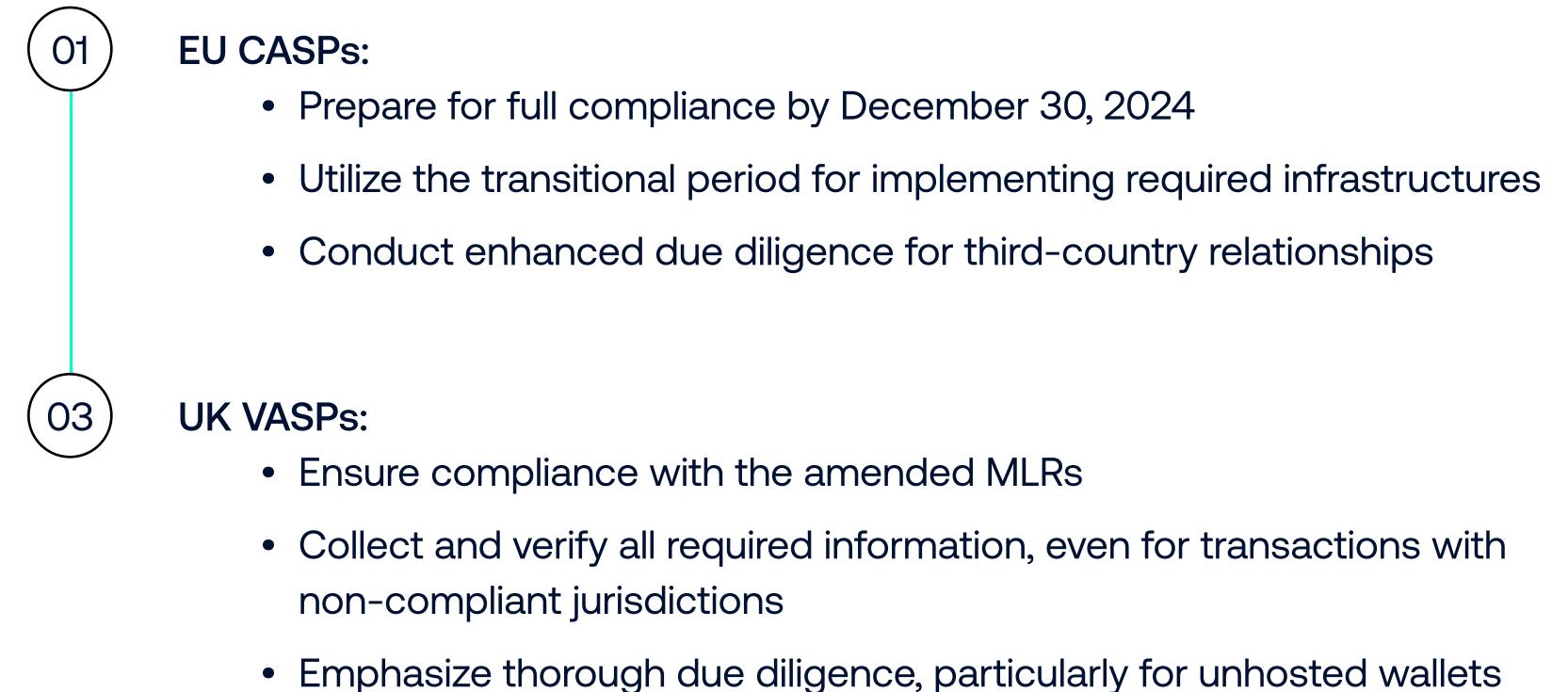
Interactive country requirements database

Status	In force.
Regulation	European Parliament legislative resolution of 20 April 2023 on the proposal for a regulation of the European Parliament and of the Council on information accompanying transfers of funds and certain crypto-assets (recast)
Enforcement/application date	June 9, 2023, but it shall apply from December 30, 2024
Threshold	No threshold.
VASP Due Diligence	Required on VASPs established in third countries.
Data to be shared	<p>Originator:</p> <ul style="list-style-type: none">a) Full name;b) Distributed ledger address (or Account number) (or unique transaction identifier);c) Address, including the name of the country, official personal document number and customer identification number, (or Date and place of birth);d) Subject to the existence of the necessary field in the relevant message format, and where provided by the originator to its crypto-asset service provider, the current LEI or, in its <p>Beneficiary:</p> <ul style="list-style-type: none">e) Full name;f) Distributed ledger address (or Account number) (or unique transaction identifier);g) Subject to the existence of the necessary field in the relevant message format, and where provided by the originator to its crypto-asset service provider, the current LEI or, in its absence, any other available equivalent official identifier of the originator.
Domestic vs cross-border transfers	No difference.
Self-hosted wallet verification	Required for transactions exceeding EUR 1,000.

UK

Status	In force.
Regulation	MLR 2017 (amended in 2022) FCA expectations JMLSG Guidance (Sector 22 and Sector 22 Annex I)
Enforcement/application date	September 1, 2023
Threshold	No threshold.
VASP Due Diligence	According to FCA Expectations, the firm is expected to take all reasonable steps and exercise all due diligence to comply with the Travel Rule.
Data to be shared	<p>Originator:</p> <p>a) Full name (if legal entity: registered name or trading name); b) Account number (or the unique transaction identifier).</p> <p>Legal Entity:</p> <p>(c) One of the following: (i) the customer identification number; or (ii) the address of the originator's registered office, or, if different, or if there is none, its principal place of business.</p> <p>Natural Person:</p> <p>(d) One of the following: (i) the customer identification number; (ii) the individual's address (iii) the individual's birth certificate number, passport number or national identity card number; (iv) the individual's date and place of birth.</p> <p>Beneficiary:</p> <p>e) Full name (if legal entity: registered name or trading name); f) Account number (or the unique transaction identifier).</p>
Domestic vs cross-border transfers	There is a difference. Domestic: a), b), e), f); but c) and d) should be provided within 3 days after request. Cross-border: <ul style="list-style-type: none">• If more than EUR 1,000: a), b), c), d), e), f);• If less than EUR 1,000: a), b), e), f).
Self-hosted wallet verification	Recommended (in higher risk cases - JMLSG).

Action steps for VASPs

- 
- 01 EU CASPs:
 - Prepare for full compliance by December 30, 2024
 - Utilize the transitional period for implementing required infrastructures
 - Conduct enhanced due diligence for third-country relationships

 - 03 UK VASPs:
 - Ensure compliance with the amended MLRs
 - Collect and verify all required information, even for transactions with non-compliant jurisdictions
 - Emphasize thorough due diligence, particularly for unhosted wallets

Conclusion

The EU and UK are setting high standards for Travel Rule compliance with stringent regulations and proactive measures. These frameworks ensure secure and transparent operations for VASPs, aligning with global AML/CFT efforts.

Session 2

APAC

[Interactive country requirements database.](#)

Number of countries:

Approximately 35 to 40 in the APAC region.

Regulatory stance:

[According to the FATF 2024 update](#), 6 of 17 respondents permit the use of virtual assets and VASPs, four have prohibitions, and seven are undecided.

Travel Rule implementation:

Progress has been slow, with only five out of seven respondents enacting legislation, one in the process, and one undecided.

Countries implementing the Travel Rule

1) Implemented or in process: Singapore, South Korea, Japan, Philippines, New Zealand, Hong Kong, Malaysia, India, Indonesia, Mongolia, Marshall Islands, Australia, and Vanuatu

2) Research variability: Data from Sumsup indicates these countries, which slightly differs from the FATF survey

Regional leaders in Travel Rule implementation →

Japan

Status	In force.
Regulation	Act on Prevention of Transfer of Criminal Proceeds Enforcement Act SFA Scheme Designation of a country or region based on the provisions of Article 17-2 and Article 17-3 of the Enforcement Order of the Act on Prevention of Transfer of Proceeds from Crime
Enforcement/application date	JVCEA introduced a travel rule as a self-regulatory rule from April 1, 2022. However, amendments to the AML Act entered into force in June, 2023.
Threshold	No threshold.
VASP Due Diligence	No requirement.
Data to be shared	Originator Natural person: a) Full name; b) Residence or customer identification number, etc; c) Blockchain address or number that can identify the address. Legal person: d) Name; e) Location of head office or principal office or customer identification number, etc; f) Blockchain address or number that can identify the address. Beneficiary Natural person: g) Full name; h) Blockchain address or number that can identify the address. Legal person: i) Name; j) Blockchain address or number that can identify the address.
Domestic vs cross-border transfers	If the transaction is carried out with a foreign VASP, the Travel Rule applies only to countries and regions specified by the Financial Services Agency (United States of America, Albania, Israel, Canada, Cayman Islands, Gibraltar, Singapore, Switzerland, Serbia, The Republic of Korea, Germany, Bahamas, Bermuda, The Philippines, Venezuela, Hong Kong, Malaysia, Mauritius, Liechtenstein, Luxembourg).
Self-hosted wallet verification	No requirement.

Singapore

Status	In force.
Regulation	<u>MAS Notice 2022</u> <u>MAS Guidelines</u>
Enforcement/application date	February 28, 2020
Threshold	SCG 1,500
VASP Due Diligence	No requirement.
Data to be shared	<p>If more than S\$ 1,500:</p> <p>Originator:</p> <ul style="list-style-type: none">a) Full name;b) Account number (or unique transaction reference number); <p>And any of the following (when exceeding S\$ 1,500):</p> <ul style="list-style-type: none">c) The value transfer originator's —d) Residential address, ore) Registered or business address, and if different, principal place of business;f) Unique identification number (such as an identity card number, birth certificate number or passport number, or where the value transfer originator is not a natural person, the incorporation number or business registration number); org) Date and place of birth, incorporation or registration of the value transfer originator. <p>Beneficiary:</p> <ul style="list-style-type: none">h) Full name;i) Account number (or unique transaction reference number). <p>If less than S\$ 1,500: a), b), h), i).</p>
Domestic vs cross-border transfers	No difference.
Self-hosted wallet verification	Required.

South Korea

Status	In force.
Regulation	<u>Act on reporting and using specified financial transaction information (1)</u> with enforcement decree <u>(2)</u>
Enforcement/application date	March 25, 2022
Threshold	KRW 1,000,000
VASP Due Diligence	No requirement.
Data to be shared	Originator: a) Full name (or name of the corporation or organization and the name of the representative); b) Virtual asset addresses. Beneficiary: c) Full name (or name of the corporation or organization and the name of the representative); d) Virtual asset addresses.
Domestic vs cross-border transfers	No difference.
Self-hosted wallet verification	No requirement.

Hong Kong

Status	In force.
Regulation	Anti-Money Laundering and Counter-Terrorist Financing (Amendment) Ordinance 2022 AML/CFT Guideline
Enforcement/application date	June 1, 2023
Threshold	HKD 8,000
VASP Due Diligence	Required.
Data to be shared	<p>If more than HKD 8,000:</p> <p>Originator:</p> <ul style="list-style-type: none">a) Full name;b) Account number (or a unique reference number);c) Address, customer identification number or identification document number or, date and place of birth. <p>Beneficiary:</p> <ul style="list-style-type: none">d) Full name;e) Account number (or a unique reference number). <p>If more than HKD 8,000: a), b), d), e).</p>
Domestic vs cross-border transfers	No difference.
Self-hosted wallet verification	Required.

Action steps for VASPs:

Compliance preparation:

- Stay updated on specific country regulations and compliance deadlines
- Implement processes to collect and transmit required data for transactions
- Ensure due diligence, especially when dealing with cross-border transactions

Conclusion

The APAC region shows varied progress in implementing the Travel Rule, with several leaders, such as Japan, Singapore, South Korea, and Hong Kong, making significant strides. However, the broader region continues to face challenges in fully aligning with FATF standards.

Session 3

MEA

[Interactive country requirements database.](#)

Region:

Approximately 72 countries in the MEA region

Regulatory approach:

Varies widely, with a trend towards prohibitive measures in the MENA region.

FATF targeted update 2024:

- **MEA region:** 7 out of 24 respondents prohibit virtual assets and VASPs
- **Broader MEA region:** 16 out of 32 respondents undecided on their regulatory stance

Travel Rule implementation

1) Legislation: 8 out of 10 respondents from the MEA region have enacted Travel Rule legislation

2) Countries implementing/progressing:

- **UAE:** Robust regulatory framework at federal and emirate levels
- **Bahrain:** Comprehensive crypto asset regulations by the Central Bank of Bahrain
- **Nigeria:** SEC regulations in 2022 mandate AML/CFT compliance, including the Travel Rule
- **South Africa:** Directive 9 issued for consultation in 2024 to align with FATF Recommendation 16

[Country highlights →](#)

UAE

Status	Enforcement/application date: March 31, 2022
Regulation	<u>Central Bank of The UAE Rulebook</u> <u>Cabinet Decision No. (10) of 2019 Concerning the Implementing Regulation of Decree Law No. (20) of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Illegal Organisations</u>
Enforcement/application date	March 31, 2022
Threshold	Threshold: AED 3,500
VASP Due Diligence	No requirement.
Data to be shared	Originator: a) Full name; b) Account number (or a unique transaction reference number); c) Address; identity number or travel document; date and place of birth. Beneficiary: d) Full name; e) Account number (or a unique transaction reference number).
Domestic vs cross-border transfers	Domestic: a), b), c) unless this information can be made available by other means. If it's possible, provide b), but other data should be provided within 3 days after request. Cross-border: If more than AED 3,500: a), b), c), d), e); If less than AED 3,500: a), b), c), d), e) but without the need to verify the accuracy of the data referred to, unless there are suspicions about committing a crime.
Self-hosted wallet verification	No requirement.

Bahrain

Status	In force.
Regulation	<u>Transfers of Crypto-assets</u> <u>AML-2A AML-2A: Money Transfers and Accepted Crypto-asset Transfers</u>
Enforcement/application date	January 01, 2020 for crypto-asset licensees. January, 2024 for investment firm licensees.
Threshold	No threshold.
VASP Due Diligence	No requirement.
Data to be shared	Originator: (a) Full name; (b) Account number; (c) Address, or national identity number, or customer identification number, or date and place of birth; Beneficiary: (d) Full name; and (e) Account number.
Domestic vs cross-border transfers	No difference. All transfers of accepted crypto-assets as cross-border transfers should be considered as cross-border transfers rather than domestic transfers.
Self-hosted wallet verification	No requirement.

Nigeria

Status	In force.
Regulation	<u>Securities and Exchange Commission (capital market operators anti-money laundering and combating the financing of terrorism) Regulations, 2022</u>
Enforcement/application date	May 12, 2022
Threshold	\$ 1,000
VASP Due Diligence	No requirement.
Data to be shared	Originator: a) Full name; b) Wallet address; c) Physical address or national identity number or, where the originator is not a natural person, the incorporation number or business registration number. Beneficiary: d) Full name; e) Wallet address.
Domestic vs cross-border transfers	No difference.
Self-hosted wallet verification	No requirement.

South Africa

Status	Not in force.
Regulation	<u>Directive 9 concerning the implementation of the "Travel Rule" relating to crypto asset transfers in accordance with the Financial Action Task Force Recommendations</u>
Enforcement/application date	TBD
Threshold	A consultation was held. We will update the details as soon as the final document is released.
VASP Due Diligence	
Data to be shared	
Domestic vs cross-border transfers	
Self-hosted wallet verification	

Mauritius

Status	Not in force.
Regulation	<u>VIATOS Act</u> <u>AML/CFT Guidance Notes for Virtual Asset Service Providers & Issuers of Initial Token Offerings</u>
Enforcement/application date	February 7, 2022
Threshold	No threshold.
VASP Due Diligence	Required.
Data to be shared	Originator: a) Full name; b) Account number (or a unique transaction reference number); Any of the following information: c) Physical address; d) National Identity Card number or passport number; e) Customer identification number; or f) Place of birth; Beneficiary: g) Full name; h) Account number (or a unique transaction reference number).
Domestic vs cross-border transfers	No difference.
Self-hosted wallet verification	No requirement.

Conclusion

While the UAE, Bahrain, Nigeria, and South Africa are making significant strides towards compliance, the broader MEA region still faces challenges in fully implementing FATF standards, including the Travel Rule.

Action steps for VASPs

- Stay informed: Keep up-to-date with the regulatory changes in each country
- Compliance preparation: Implement required AML/CFT measures and Travel Rule compliance
- Enhanced due diligence: Apply thorough checks, especially in cross-border transactions

Session 4

LATAM and Caribbean

[Interactive country requirements database](#)

Region:

33 countries and territories.

Regulatory approach:

Vary widely, from recognizing virtual assets as legal tender to prohibitions.

FATF targeted update 2024:

- **Virtual Assets and VASPs:** 13 of 25 respondents permit, two prohibit, and ten undecided
- **Travel Rule implementation:** Eight of 14 respondents have implemented the Travel Rule, four are in process, and two undecided

Countries implementing or progressing

1) **Caribbean:** Bahamas, Bermuda, BVI, Cayman Islands, Cuba

2) **Latin America:** El Salvador, Venezuela, Argentina

3) **Research by Sumsub:** Continuous updates on Travel Rule implementation.

Bermuda

Status	In force.
Regulation	Sector-Specific Guidance Notes for Digital Asset Business (DAB) Guidance Notes for AML/ATF Regulated Financial Institutions
Enforcement/application date	January 1, 2018
Threshold	USD 1,000
VASP Due Diligence	Required in relation to non-Bermudian counterparty.
Data to be shared	<p>Originator Natural Person: a) Full name; b) Address (or date and place of birth, customer identification number or national identity number); c) Account number (or unique identifier).</p> <p>Legal Entity: a) Full name; b) Address; c) Account number (or unique identifier).</p> <p>Beneficiary: d) Full name; e) Account number (or unique identifier).</p>
Domestic vs cross-border transfers	<p>There is a difference.</p> <p>Domestic: The following data needs to be transferred regardless of the threshold: c), but other data should be provided within 3 business days after the request.</p> <p>Cross-border: If more than USD 1,000: a), b), c), d), e).</p>
Self-hosted wallet verification	No requirement.

Cayman Islands and British Virgin Islands (BVI)

Status	In force.
Regulation	Anti-Money Laundering and Terrorist Financing (Amendment) Code of Practice, 2022 FSC Guide
Enforcement/application date	December 1, 2022
Threshold	No threshold.
VASP Due Diligence	Required.
Data to be shared	Originator: a) Full name; b) Address; c) Account number (or a unique identifier); d) Date and place of birth; or the customer identification number or national identity number of the payer. Beneficiary: e) Full name; f) Account number (or a unique identifier).
Domestic vs cross-border transfers	No difference.
Self-hosted wallet verification	No requirement.

El Salvador

Status	In force.
Regulation	<u>Normas Técnicas para Facilitar la Participación de las Entidades Financieras en el Ecosistema Bitcoin (Technical Rules)</u>
Enforcement/application date	September 7, 2021
Threshold	USD 1,000 or equivalent in Bitcoin
VASP Due Diligence	No requirement.
Data to be shared	<p>Originator:</p> <ul style="list-style-type: none">a) Full name;b) Account number;c) Address (when available);d) Identification of the financial institution;e) Negotiated amount;f) Execution date. <p>Beneficiary:</p> <ul style="list-style-type: none">g) Full name;h) Address (when available);i) Identification of the financial institution;j) Account number;k) Any other identifying information of the recipient (When available).
Domestic vs cross-border transfers	No difference.
Self-hosted wallet verification	No requirement.

Venezuela

Status	In force.
Regulation	<u>Normas relativas a la administración y fiscalización de los riesgos relacionados con la legitimación de capitales, el financiamiento del terrorismo y el financiamiento de la proliferación de armas de destrucción masiva, aplicables a los proveedores de servicios de activos virtuales y a las personas y entidades que proporcionen productos y servicios a través de actividades que involucren activos virtuales, en el Sistema Integral de Criptoactivos</u>
Enforcement/application date	2021
Threshold	EUR 1,000 or equivalent in local currency.
VASP Due Diligence	No requirement.
Data to be shared	<p>Originator:</p> <ul style="list-style-type: none">a) Full name;b) Account number or virtual wallet (or a unique reference number);c) Address or national identity number or the client's identification number or the date and place of his birth. <p>Beneficiary:</p> <ul style="list-style-type: none">d) Full name;e) Account number or virtual wallet (or a unique reference number).
Domestic vs cross-border transfers	No difference.
Self-hosted wallet verification	No requirement.

Argentina

Status	In force.
Regulation	Resolución 49/2024
Enforcement/application date	March 26, 2024
Threshold	Resolution establishes that the Obligated subjects must comply with the identification of the originator and the beneficiary of the transactions covered by the travel rule, in the terms established by the International Standards of the FATF and in the modality that the FIU establishes for the exchange and validation of said information.
VASP Due Diligence	
Data to be shared	
Domestic vs cross-border transfers	
Self-hosted wallet verification	Information will be updated when FIU publishes clarifications.

Key Points

- Bermuda: Sector Specific Guidance on Digital Assets (2018, updated 2021)
- Cayman Islands and BVI: AML/CFT frameworks incorporating Travel Rule since 2022
- El Salvador: Legal tender status for Bitcoin, specific transfer rules
- Venezuela: Comprehensive FATF-aligned regulations since 2021
- Argentina: Recent regulation in March 2024 enforcing Travel Rule compliance

Conclusion

The Latin American and Caribbean regions are making notable strides in implementing the Travel Rule, with several countries leading the way. However, a need for broader and more uniform adoption across the region remains.

Action steps for VASPs

- Stay informed: Keep up-to-date with evolving regulations in each country
- Compliance preparation: Ensure adherence to AML/CFT standards and Travel Rule requirements
- Enhanced due diligence: Apply thorough checks for all transactions, especially cross-border ones

Session 5

US and Canada

US

Status	In force.
Regulation	<u>FinCEN Guidelines 2019</u> <u>31 CFR § 1010.410 (e),(f)</u>
Enforcement/application date	2013
Threshold	USD 3,000 or equivalent in CVC.
VASP Due Diligence	No requirement.
Data to be shared	Originator: a) Full name; b) Account number; c) Address; d) Amount of the transmittal order; e) Execution date of the transmittal order. Beneficiary: f) Identity of the financial institution; g) Full name and address; h) Account number; i) Any other specific identifier.
Domestic vs cross-border transfers	No difference.
Self-hosted wallet verification	No requirement.

Canada

Status	In force.
Regulation	<u>PCMLTFR</u> <u>Fintrac Guidance 2021</u>
Enforcement/application date	June 1, 2021
Threshold	CAD 1,000
VASP Due Diligence	No requirement.
Data to be shared	Originator: a) Full name; b) Address; c) Account number or other reference number (if any) of the person or entity who requested the transfer (originator information). Beneficiary: d) Full name; e) Address; f) Account number or other reference number (if any) of the beneficiary.
Domestic vs cross-border transfers	No difference.
Self-hosted wallet verification	No requirement.

Conclusion

While both the USA and Canada have introduced strict Travel Rule requirements, significant issues remain, particularly regarding transactions involving unhosted wallets. Further clarification and guidance are necessary to ensure comprehensive compliance.

Action steps for VASPs

- Stay updated: Regularly review guidelines from FinCEN (USA) and FINTRAC (Canada)
- Compliance preparation: Ensure systems are capable of capturing and transmitting required transaction data
- Monitor developments: Be vigilant for updates or changes in regulations, especially concerning unhosted wallets



End-of-session quiz

Don't forget to take the quiz to test your knowledge!

Further Reading →

