



Virtual asset service providers – Travel Rule

In Q2/Q3 2024 we undertook thematic assessment visits of virtual asset service providers (VASPs) to understand:

- the progress they have made in implementing systems and controls
- the Travel Rule system solutions VASPs are adopting
- the measures VASPs are taking when sending virtual assets to a jurisdiction without the Travel Rule'

We published our [Travel Rule guidance note](#) in February 2024 and expected the VASPs to have reflected this in policies and procedures and taken reasonable steps to comply.



Good practice we observed

- ▶ Detailed policies and procedures in place setting out measures to comply with the Travel Rule including for identifying aggregate transactions, in and out of scope transfers and Jersey VASP transfers to/from non-VASPs.
- ▶ Documented decision-making processes for onboarding a solution to send data securely between parties, including assessment of different options and how the preferred solution adequately satisfied the Travel Rule requirements.
- ▶ Procedures in place to monitor Travel Rule implementation globally to ensure the VASPs were sending/receiving virtual assets with jurisdictions subject to the Travel Rule and could obtain the required accurate originator/beneficiary information.



Areas of improvement we identified

- ▶ Some VASPs did not have adequate systems and controls (including policies and procedures) in place such as documented assessment and rationale for determining whether transactions were in/out of scope and procedures in place where a jurisdiction had not implemented the Travel Rule.
- ▶ A number of VASPs were unable to demonstrate their understanding of “intermediary VASPs”, and had not implemented appropriate systems and controls (including policies and procedures), nor considered the scenarios set out in section 3.8 of the [Travel Rule guidance note](#).



Key considerations

- ▶ Have you considered the good practice and areas for improvement highlighted in this paper and the [Travel Rule guidance note](#) and reflected this in your business practices?
- ▶ Does your compliance monitoring plan periodically assess your adherence with the Travel Rule requirements and the effectiveness of your corresponding controls? Are the results reported to the Board and any remedial actions undertaken in a timely manner?