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## Travel Rule Update

September 2021

# Travel Rule - Current State

- **Five components to think about**
  1. P2P Onboarding
  2. VASP Discovery
  3. Data Format
  4. Protocol Selection
  5. Data Storage
- **Components solved**
  1. Data Format – IVMS101
  2. Data Storage – BitMEX Travel Rule Data Storage Principles
- **Components in progress**
  1. P2P Onboarding – GDF AML Working Group Wolfsberg-Style Due Diligence Questionnaire
- **Issues remaining**
  1. No single method of VASP discovery
  2. No single protocol or protocol-wide interoperability

# Travel Rule - FATF and Regulators

1. Countries are accelerating implementation for regulation and enforcement of AML requirements for VASPs, including Travel Rule
2. Some countries will make it mandatory for VASPs to only transact with counterparties that have implemented Travel Rule, regardless of if the counterparty is domestic or not
3. The FATF will produce the final guidance for Virtual Assets and VASPs in November 2021
4. The FATF is currently considering the method of ongoing engagement with the industry

# Travel Rule - Mythbusting

1. A VASP should only transact Travel Rule data with counterparties it has onboarded
2. A VASP should not rely on counterparty onboarding provided by a Travel Rule Solution Provider (i.e. the VASP still owns the risk)
3. Originator VASPs do not need to verify the Beneficiary's details for accuracy
4. Beneficiary VASPs do not need to verify the Originator's details for accuracy
5. The Beneficiary VASP does not need to send the Beneficiary's details to the Originator VASP (from a data privacy and security perspective, it is better if it is not sent)
6. Both VASPs should perform sanctions screening on the parties' names to the transaction, in addition to blockchain analytics screening on the wallet addresses



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