

In 2020, most jurisdictions will introduce the obligation for financial intermediaries to exchange customer data when transferring cryptocurrencies on behalf of their clients. The so-called “travel rule” is part of the global regulation against money-laundering. What has been standard to traditional payments for a long time, poses a challenge to the crypto-financial industry.

In the first few years after the Bitcoin white paper was published, hardly anyone imagined what a store of value it would become, nor the potential of cryptocurrencies to rival traditional payments. ‘Be careful what you wish for’, comes to mind when thinking about the regulatory attention the crypto space receives nowadays.

### **The Travel Rule for Cryptocurrencies**

Last June, the Financial Action Task Force (FATF) issued new requirements for cryptocurrencies to combat money laundering and terrorism

financing. The 37 member countries are expected to adopt these regulatory rules within one year.

The influential intergovernmental organization has had cryptocurrencies on its radar for quite a while. Last year, it started to include “virtual assets” in the regulatory framework and introduced the term “virtual asset service provider” (VASP, see box).

Yet the implementation of some of the most recent guidance is a challenge for the crypto-financial industry.

This is particularly true for Recommendation 16, often referred to as “travel rule”. It requires any VASP

to obtain, hold, and transmit originator and beneficiary information when transferring virtual assets to or from another VASP on behalf of their clients.

Under the new guidance, the sending customer’s name, address and account number must be transmitted as well as the name and account number of the recipient.

### **Not a new idea**

The travel rule is not a new invention. For most countries, it has been part of the regulation on wire transfers at least since the 1990s.