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FCA sets out expectations for UK cryptoasset businesses complying with the Travel Rule

Of particular interest to: cryptoasset businesses

In brief

From 1 September 2023, cryptoasset businesses in the UK will be required to collect, verify and share information about cryptoasset transfers, known as the 'Travel Rule'.

The Travel Rule is designed to bring greater transparency to cryptoasset transfers, making it harder for criminals to use cryptoassets for illicit activity.

FCA Statement

On August 17th, 2023, the FCA published a statement on their website outlining their expectations for cryptoasset businesses on how to comply with the Travel Rule, a pivotal provision in the money laundering legislation enacted by the UK government in June 2022 as a result of the Financial Action Task Force (FATF) recommendation.

The expectations for firms include:

- Take all reasonable steps and exercise all due diligence to comply with the Travel Rule.
- Firms remain responsible for achieving compliance with the Travel Rule, even when using third-party suppliers.
- Fully comply with the Travel Rule when sending or receiving a cryptoasset transfer to a firm that is in the UK, or any jurisdiction that has implemented the Travel Rule.
- Regularly review the implementation status of the Travel Rule in other jurisdictions and adapt business processes as appropriate.

When sending a cryptoasset transfer to a jurisdiction without the Travel Rule:

- Firms must take all reasonable steps to establish whether the firm can receive the required information.
- If the firm cannot receive the necessary information, the UK cryptoasset business must still collect and verify the information as required by the Money Laundering Regulations (MLRs) and should store that information before making the cryptoasset transfer.

When receiving a cryptoasset transfer from a jurisdiction without the Travel Rule:

- If the cryptoasset transfer has missing or incomplete information, UK cryptoasset businesses must consider the countries in which the firm operates and the status of the Travel Rule in those

countries.

- The UK cryptoasset business should take these factors into account when making a risk-based assessment of whether to make the cryptoassets available to the beneficiary.

We can help

If you need need support with any of the elements discussed above or with your wider AML/CTF/CPF and sanctions program, get in touch with our expert team or your usual Optima contact.

Useful Links

[Cryptoassets: AML / CTF regime - Registering with the FCA](#)

[FCA sets out expectations for UK cryptoasset businesses complying with the Travel Rule](#)

[JMSLG Sectoral Guidance – Cryptoassets Transfer – Travel Rule](#)

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