



22 February 2022

NOTICE

RE: Travel Rule Requirements for Virtual Assets Service Providers

The Cayman Islands Monetary Authority (the "Authority") hereby advises that PART XA of the Anti-Money Laundering (Amendment) (No. 2) Regulations, 2020 ("AMLRs"), will commence effective 1 July 2022. Part XA of the AMLRs sets out the identification and record-keeping requirements relating to transfers of virtual assets.

Financial Action Task Force ("FATF") Recommendation 16 prescribes that originating virtual asset service providers ("VASPs") must obtain, and hold required and accurate originator information along with the required beneficiary information on virtual asset transfers. These requirements apply to VASPs whenever their transactions (in fiat currency or virtual assets) involve: (a) a traditional wire transfer, (b) a virtual asset transfer between a VASP and another obliged entity or (c) a virtual asset transfer between a VASP and a non-obliged entity. The application of the FATF's wire transfer requirements in the virtual asset context is known as the "*Travel Rule*".

Part XA of the AMLRs contains definitions and provisions pertaining to the identification, verification, production, record-keeping and other relevant obligations relating to transfers of virtual assets including the Travel Rule requirements for VASPs.

Given that Part XA of the AMLRs will be effective from 1 July 2022, all VASPs registered or in the process of registering with the Authority are required to advise the Authority on how they will comply with the Travel Rule related provisions as outlined in the AMLRs, by submitting details of their compliance arrangements, including the relevant policies and procedures and the use of resources (including technological tools) via email to vaspinfo@cima.ky by 31 March 2022.

Subsequent to the date of this Notice, new applicants for VASP registrations/licences are required to indicate in their applications how they will comply with the Travel Rule related provisions as part of their compliance arrangements. This information should be included as an attachment when submitting their policies pertaining to Anti-Money Laundering/Counter Terrorist Financing via the REEFs application, APP 101-84 (Schedule E).