



Best Practices

Travel Rule Supervision



June 2025



The Financial Action Task Force (FATF) is an independent inter-governmental body that develops and promotes policies to protect the global financial system against money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction. The FATF Recommendations are recognised as the global anti-money laundering (AML) and counter-terrorist financing (CFT) standard.

For more information about the FATF, please visit www.fatf-gafi.org

This document and/or any map included herein are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

Citing reference:

FATF (2025), *Best Practices on Travel Rule Supervision*, FATF, Paris,
<https://www.fatf-gafi.org/content/dam/fatf-gafi/recommendations/Best-Practices-Travel-Rule-Supervision.pdf>

© 2025 FATF/OECD. All rights reserved.

No reproduction or translation of this publication may be made without prior written permission.

Applications for such permission, for all or part of this publication, should be made to

the FATF Secretariat, 2 rue André Pascal 75775 Paris Cedex 16, France

(fax: +33 1 44 30 61 37 or e-mail: contact@fatf-gafi.org)

Photocredit coverphoto: [Shutterstock.com](https://www.shutterstock.com)

Table of contents

1. Understanding the landscape	2
1.1. Background.....	2
1.2. Implementation of the FATF’s Travel Rule	3
1.3. Overall status of jurisdiction implementation since 2024.....	5
2. Evolution and challenges	7
2.1. The Sunrise issue	7
2.2. Unhosted Wallets	8
2.3. Capacity, risk understanding and training.....	9
2.4. Travel Rule tools: interoperability challenge and tool deficiencies	9
3. Good practices	10
3.1. Pre-implementation phase.....	10
3.2. Use of thematic reviews prior to enforcing Travel Rule compliance	12
3.3. Setting clear regulatory expectations	14
3.4. Building a risk-based supervisory lifecycle	18
3.5. Engagement with private sector	24

1. Understanding the landscape

1.1. Background

1. In 2019, the FATF agreed to extend that application of the FATF Standards to Virtual Assets (VAs) and Virtual Asset Service Providers (VASPs). In summary, through amendments to Recommendation 15 (R.15) and its Interpretative Note (R.15/INR.15), this required jurisdictions to:

- License or register VASPs¹ to prevent them from being misused by criminals or their associates
- Require VASPs to implement preventative measures, such as conducting customer due diligence and monitoring for suspicious activity
- Mandate an authority to apply risk-based supervision to VASPs to ensure they meet their obligations.

2. The aim of these changes was to help protect the financial system from ML/TF/PF risks by clarifying that similar preventive measures implemented by financial institutions (FIs) under the FATF standards should also apply to the VASP sector. One of those measures is referred to as the Travel Rule, which requires VASPs and FIs to obtain, hold, and transmit specific originator and beneficiary information immediately and securely when transferring VAs. This payment transparency underpins effective financial investigations and compliance with targeted financial sanctions amongst other efforts to identify and mitigate ML/TF/PF risks.

3. Implementation of the R.15 across the FATF Global Network has been lagging since 2019 and many jurisdictions have still not taken steps to regulate the sector. In addition, implementation of the Travel Rule remains inconsistent, even for countries that have implemented other requirements of R.15. Initially, lack of Travel Rule implementation was in part the result of technical constraints, and lack of regulatory capacity, which motivated some jurisdictions to either not implement the Travel Rule or implement it but not supervise VASPs compliance with the requirements. However, in recent years, a number of Travel Rule compliance tools have been developed (either newly and locally developed in-house, or by Travel Rule compliance tool providers), which has prompted implementation by some jurisdictions and supported VASP compliance with Travel Rule requirements. Nevertheless, further progress in terms of implementation and supervision is required to achieve the objectives of the Travel Rule.

4. The objective of this short report is to assist with the implementation of the Travel Rule by providing good practices on the various elements of Travel Rule supervision that jurisdictions may consider when developing their approaches. In this short guide, any reference to practices applied in a particular jurisdiction are provided by way of

¹ The FATF standards require jurisdictions to develop and implement jurisdictional approaches to VASPs either to permit the use of VA and VASPs or to partially or explicitly prohibit their use.

example only and should not be considered FATF-approved or an endorsement of the effectiveness of any jurisdictions system.

5. This targeted report should be read alongside the FATF's broader guidance and work on VAs available on the FATF Website: the *2021 Updated Guidance for a Risk-Based Approach to VA and VASPs* and the *Targeted Update reports* (2022, 2023, 2024, and 2025) issued since 2022. These annual updates have sought to monitor progress in Travel Rule implementation, identify key challenges and – to the extent possible - to provide guidance, such as through the identification of good practices in terms of assessing Travel Rule Compliance Tools.²

Table 1.1. Overview of FATF work on VAs and VASPs

2018	<ul style="list-style-type: none"> • Recommendation 15 amended
2019	<ul style="list-style-type: none"> • Adoption of Interpretive Note to R.15 • Creation of the FATF Virtual Assets Contact Group (VACG) • Initial guidance for regulators: A risk-based approach to VAs and VASPs (updated in 2021)
2020	<ul style="list-style-type: none"> • 12 month review of the new FATF Standards: 1st12-month review • Report to the G20: FATF Report to the G20 on So-called Stablecoins • Risk indicators: List of Red Flag Indicators of ML/TF through VAs
2021	<ul style="list-style-type: none"> • Updated guidance³: Updated Guidance for a Risk-Based Approach to VA and VASPs • 24 month review of the FATF Standards: 2nd12-month review
2022	<ul style="list-style-type: none"> • Report on R.15 compliance, with a particular focus on the Travel Rule, and emerging VA risks: Targeted Update on Implementation of the FATF Standards on VA and VASPs
2023	<ul style="list-style-type: none"> • Report on ransomware, with focus on VA risks and trends: Countering Ransomware Financing • Report on R.15 compliance, with a particular focus on the Travel Rule, and emerging VA risks: Targeted Update on Implementation of the FATF Standards on VA and VASPs
2024	<ul style="list-style-type: none"> • Status of implementation of Recommendation 15 by FATF Members and Jurisdictions with Materially Important VASP Activity
2025	<ul style="list-style-type: none"> • Report on R.15 compliance, with a particular focus on the Travel Rule, and emerging VA risks: Targeted Update on Implementation of the FATF Standards on VA and VASPs

1.2. Implementation of the FATF's Travel Rule

6. The Travel Rule applies the FATF's payment transparency requirements (FATF Recommendation 16) to the VA context. The Travel Rule requires VASPs and financial institutions to obtain, hold, and transmit specific originator and beneficiary information immediately and securely when transferring VAs.

² In addition to FATF's work on VAs, this report should be read alongside FATF's broader work on risk-based supervision, such as the guidance on [Guidance on Risk-Based Supervision \(2021\)](#) and [Effective Supervision and Enforcement by AML/CFT Supervisors of the Financial Sector and Law Enforcement](#) (2015)

³ The 2021 Guidance included updates focusing on the following six key areas: clarification of the definitions of virtual assets and VASPs; guidance on how the FATF Standards apply to stablecoins; additional guidance on the risks and the tools available to jurisdictions to address the ML/TF risks for peer-to-peer transactions; updated guidance on the licensing and registration of VASPs; additional guidance for the public and private sectors on the implementation of the Travel Rule; and principles of information-sharing and co-operation amongst VASP supervisors.

7. The 2021 Updated Guidance for a Risk-Based Approach to VAs and VASPs provides additional granularity on how R.16 requirements should be understood in a VA context, including by clarifying, amongst others, the notions of *account number* (e.g., wallet address) or those of *immediately and securely*. Please see paragraphs 175 to 204 for further detail.

Box 1.1. What is the purpose of the FATF's Travel Rule?⁴

The Travel Rule is a key AML/CFT measure that enables VASPs and financial institutions to prevent terrorists, money launderers, proliferation financiers and other criminals (e.g., fraudsters) from accessing wire transfers to move their funds (including VA transfers, which are functionally analogous to wire transfers), and to detect such misuses when it occurs. Specifically, these requirements ensure that basic originator and beneficiary information is available to:

- **law enforcement authorities** to detect investigate and prosecute terrorists or other criminals and trace their assets
- **financial intelligence units** to analyse suspicious or unusual activity, and
- **ordering intermediary and beneficiary VASPs and financial institutions** to identify and report suspicious transactions and to freeze funds and prevent transactions with sanctioned persons or entities.

Travel rule obligations for VA transfers and VASPs are contained within the scope of INR.15, which cross-references R.16 (Payment Transparency) requirements in INR.15.7. (b) and states that:

R. 16 – Countries should ensure that originating VASPs obtain and hold required and accurate originator information and required beneficiary information⁴⁶ on VA transfers, submit⁴⁷ the above information to the beneficiary VASP or financial institution (if any) immediately and securely, and make it available on request to appropriate authorities. Countries should ensure that beneficiary VASPs obtain and hold required originator information and required and accurate beneficiary information on VA transfers and make it available on request to appropriate authorities. Other requirements of R.16 (including monitoring of the availability of information, and taking freezing action and prohibiting transactions with designated persons and entities) apply on the same basis as set out in R. 16. The same obligations apply to financial institutions when sending or receiving VA transfers on behalf of a customer.

FN 46 As defined in INR. 16, paragraph 9, or the equivalent information in a VA context.

FN 47 The information can be submitted either directly or indirectly. It is not necessary for this information to be attached directly to the VA transfers.

⁴ Source: FATF Recommendations, Interpretative Note to Recommendation 16 and Updated Guidance for a Risk-Based Approach to Virtual Assets and Virtual Asset Service Providers (2021).

1.3. Overall status of jurisdiction implementation since 2024

8. **Enactment of Travel Rule Legislation** - Jurisdictions continue to adopt a variety of approaches and timelines to implement the Travel Rule, many of which were detailed in the FATF's 2023 and 2024 Targeted Update reports⁵. The 2025 survey results illustrate progress in Travel Rule adoption.⁶ In 2025, 85 out of 163 surveyed jurisdictions reported having legislation passed to implement the Travel Rule, compared to just 65 jurisdictions in 2024. An additional 14 jurisdictions reported being in the process of implementing the Travel Rule. Similar to last year's result, the 2025 survey results show that among the 99 jurisdictions that have implemented or are in the process of implementing the Travel Rule, 9 are still following a phased implementation strategy. This includes, for example, applying the Travel Rule only under specific conditions, setting higher transaction thresholds for when compliance is required, or allowing manual data processing with brief delays. Some jurisdictions are also offering a grace period, during which compliance expectations for VASPs are more flexible or temporarily waived.

9. **Regional overview** - It is worth noting an increase in implementation identified in the 2025 survey across Moneyval and FATF member jurisdictions, partly due to the passing in the EU of the Markets in Crypto-Assets Regulation (MiCAR) and the revised Transfer of Funds regulation.⁷ This trend suggests a strong regional push to increase Travel Rule adoption. There were also substantial increases in Travel Rule adoption for CFATF countries.

10. As in 2024, certain jurisdictions also reported taking steps to restrict how domestic VASPs interact with their foreign counterparts, in order to reduce risks related to the inconsistent Travel Rule implementation. Of the 85 jurisdictions that have passed legislation enacting the Travel Rule, approximately half have measures in place to ensure domestic VASPs are only transacting with licensed/registered and/or Travel Rule-complaint counterparts, or are otherwise mitigating the risks (57%; 49 of 85). These measures are listed below. Some jurisdictions implement more than one measure while some the remaining

⁵ Source : <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/targeted-update-virtual-assets-vasps-2024.html>

⁶ FATF and the Global Network consist of 205 jurisdictions in total. 163 jurisdictions responded to the 2025 survey. For jurisdictions that did not respond to the FATF's survey, the FATF has assumed that they have not yet implemented the requirements. For Figure 1.1 on Travel Rule implementation, the data focuses on the 117 jurisdictions that have neither prohibited VASPs nor announced plans to do so.

⁷ The adoption of the Travel Rule for virtual assets in the EU has significantly accelerated with the implementation of the revised Transfer of Funds regulation, which now explicitly extends its scope to cover VA transfers. This expansion has taken place in parallel to the entry into force of EU's MiCAR, which introduces an EU-wide framework for VASPs.

36 jurisdictions implementing the Travel Rule do not place limitations on a VASP's foreign counterparties.

- Allowing transactions only with licensed/registered foreign VASPs (8 jurisdictions).
- Requiring foreign counterparts to be both licensed/registered and compliant with the Travel Rule (22 jurisdictions).
- Permitting transactions with VASPs that are licensed/registered in specific jurisdictions and/or comply with the Travel Rule (24 jurisdictions).
- Allowing interactions with unlicensed/unregistered foreign VASPs only when appropriate risk mitigation steps are taken (14 jurisdictions).

11. However, 9 of the jurisdictions that have enacted Travel Rule legislation permit domestic VASPs to transact with foreign VASPs, regardless of their licensing/registration status, compliance with the Travel Rule, or use of risk mitigation measures.

Figure 1.1. Jurisdictional implementation of the Travel Rule

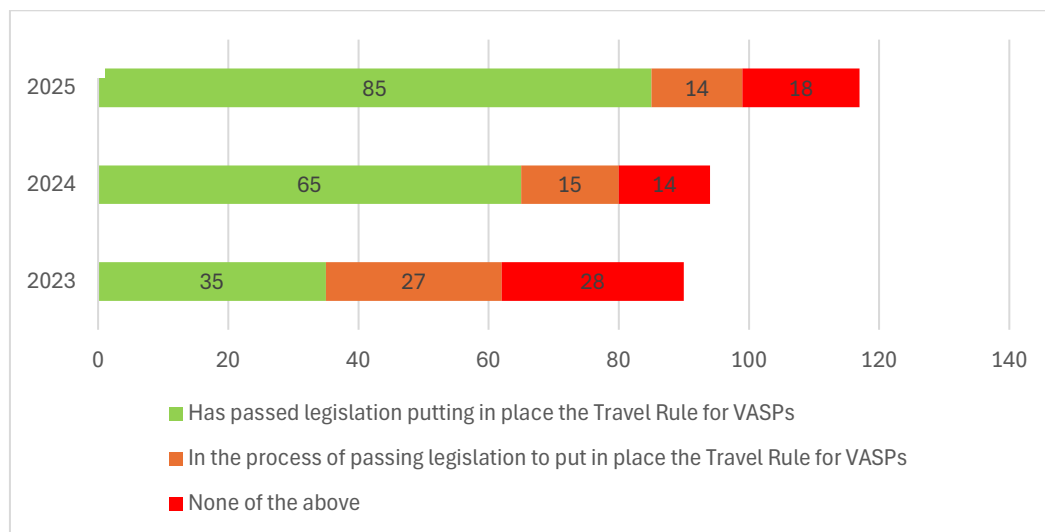
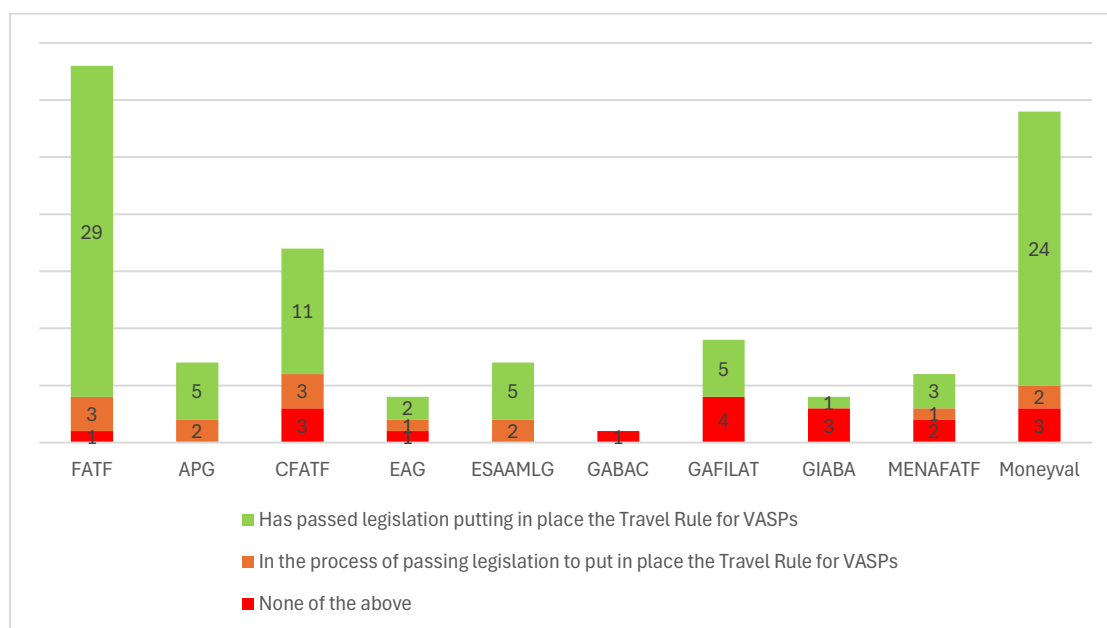


Figure 1.2. Jurisdictional Implementation of the Travel Rule by over the Global Network for 2024



2. Evolution and challenges

12. Challenges in Travel Rule obligations continue to exist for VASPs as well as for the authorities responsible for supervising VASPs compliance.

2.1. The Sunrise issue

13. In its 2021 Updated Guidance for a Risk-Based Approach to VAs and VASPs, the FATF encouraged countries to overcome the core transitional challenge posed by the *Sunrise Issue* by implementing the Travel Rule as soon as possible. It further recommended that jurisdictions ascertain the implementation status of counterpart jurisdictions when applying compliance measures, including, where appropriate, the application of risk-based mitigation measures on VASPs in jurisdictions that have not yet implemented the Travel Rule.⁸

⁸ For further detail, please see paragraphs 200-201 of the 2021 Updated Guidance.

Box 2.1. What's the Sunrise Issue?

In the context of VA regulation, the 'Sunrise Issue' refers to the uneven adoption of the Travel Rule across jurisdictions, arising from delays and/or inconsistent standards.

Compliance with the Travel Rule requires VASPs to ensure that certain information requirements accompany payment flows. However, given lack of consistent implementation between jurisdictions, it may not always be the case that both VASPs involved in a transaction will be required by their respective national authorities to comply with the Travel Rule. Ordering institutions can require Travel Rule compliance regardless of regulation in the beneficiary jurisdiction. Nonetheless, until all VASPs implement the Travel Rule (i.e., there is global compliance), VASPs operating in, or from, compliant jurisdictions will continue to face challenges executing all transactions in a compliant manner.

14. Jurisdictions continue to take a range of approaches to deal with the Sunrise Issue, many of which were covered in detail in the FATF's 2023 and 2024 Targeted Update reports⁹. As of 2025, the survey results indicate that 99 out of 164 jurisdictions have implemented the Travel Rule or are in the process of doing so. This demonstrates a substantial improvement over 2024. Importantly, the increasing number of implementing jurisdictions can greatly reduce the Sunrise Issue and provide additional incentives for industry to accelerate the development of effective tools and comply with Travel Rule obligations.

2.2. Unhosted Wallets

15. While peer-to-peer (P2P) transfers (e.g., VA transfers between two unhosted wallets whose users are acting on their own behalf) are not explicitly subject to AML/CFT controls under the FATF, the 2021 Updated Guidance for a Risk-Based Approach to VAs and VASPs makes clear that jurisdictions and VASPs must nonetheless mitigate the relevant risks, where appropriate. It sets out that VASPs should collect the required originator and beneficiary information even when conducting a transfer between their customer and an unhosted wallet. It also calls for authorities to impose risk-based mitigating measures and to ensure supervisors assess and address these risks proportionately.¹⁰

16. Many jurisdictions allow VASPs to undertake transfers to unhosted wallets. However, jurisdictions do not consistently require VASPs to collect information on the counterparty unhosted wallet, partly because of the difficulties in doing so. The FATF recognises that unhosted wallets and P2P transactions could pose specific ML/TF risks, as they can potentially be used to avoid AML/CFT controls in the FATF Standards. While P2P

⁹ <https://www.fatf-gafi.org/en/publications/Fatfrecommendations/targeted-update-virtual-assets-vasps-2024.html>

¹⁰ For further detail, please see paragraphs 37-41 of the 2021 Updated Guidance.

transactions are also used for licit activity, illicit actors can exploit the lack of obliged intermediaries to apply preventive measures in P2P transactions and obscure the proceeds of crime.

17. Considering these risk factors, jurisdictions that allow VASPs to undertake such transfers should assess the risks as part of their sectoral risk assessment and based on the risks, implement risk mitigation measures for transactions with unhosted wallets that are commensurate with their risk assessment.¹¹

2.3. Capacity, risk understanding and training

18. As VASP supervision is relatively nascent globally, it takes time to develop technical expertise and supervisory and enforcement capacity. Furthermore, individuals with the combination of skills and knowledge necessary for VASP supervision are also currently difficult to recruit. The highly technical nature of the Travel Rule has made this common shortcoming more acute in the context of Travel Rule supervision. A related challenge is the lack of common understanding between competent authorities and VASPs on the risks arising from weak implementation of the Travel Rule, related vulnerabilities and the readiness of the supervised population to comply. The absence of a strong understanding of the importance of carrying out due diligence on counterparty VASPs or an incomplete assessment of risks, can lead to ineffective and inadequate risk assessment and a lack of risk-based measures.

19. To address this gap in understanding and bolster the relationship between VASPs and supervisors, both VASPs and supervisors should ensure continuous training of their staff to promote a robust familiarity with the ML-TF risks in the VA sector. To promote Travel Rule compliance, VASPs should explain the objectives of the Travel Rule and the role it plays in detecting potential illicit activity. To promote effective supervision, supervisors should be trained on how to clearly articulate obligations and address deficiencies. Given that in many jurisdictions, Travel Rule implementation is a more recent obligation, ongoing dialogue and even joint training may assist to ensure that industry and supervisors have a common understanding of the relevant obligations. This report also introduces a number of practices supervisors can take to enhance their understanding of their supervised population during the pre and implementation phases.

2.4. Travel Rule tools: interoperability challenge and tool deficiencies

20. While the FATF Standards do not require interoperability between Travel Rule compliance tools, a lack of interoperability can present frictions and reduce a VASPs' ability to fully comply with Travel Rule

¹¹ Please see paragraph 106 of the 2021 updated VASP for a non-exhaustive list of potential mitigating measures.

requirements.¹² While wider interoperability may further facilitate compliance, in practice, many VASPs achieve sufficient compliance capability through the deployment of several systems, even though this approach is not without its own challenges (e.g. data interoperability between multiple tools). In deciding which Travel Rule compliance tool to adopt, VASPs should consider the interoperability of the tools. Adopting a Travel Rule compliance tool that can interoperate as much as possible will improve the VASP's ability to transact with more counterparties in a Travel Rule-compliant manner and ultimately reduce the need for having multiple Travel Rule tools. Beyond interoperability, some Travel Rule tools have gaps or deficiencies that complicate VASPs' compliance with the Travel Rule.¹³

3. Good practices

3.1. Pre-implementation phase

21. Jurisdictions continue to face challenges in rolling out risk-based supervision of VASPs and particularly ensuring that VASPs can meet their Travel Rule obligations. This may be due to supervisors not knowing in advance what level of understanding of Travel Rule obligations exists within their VASP sectors and what steps the industry has taken to comply.

22. Some jurisdictions have sought to overcome these challenges by gaining a robust understanding of their VASP population, including size, risk, and compliance capabilities, ahead of supervising for compliance with Travel Rule requirements. As indicated by the case examples below, this could be conducted through requests to specific VASPs, conducting surveys through industry groups, or other methods. Collected information could include the VASP's understanding of Travel Rule obligations; trading volumes (incl. exposure to jurisdictions that have not implemented yet the Travel Rule); Travel Rule policies and processes; and Travel Rule compliance tools used. This understanding has allowed jurisdictions to categorise VASPs by risk and to support the effective allocation of supervisory resources.

23. These efforts are in addition to engaging with the private sector ahead of implementation including, amongst others, introducing self-regulation before enacting Travel Rule legislation, and to communicate Travel Rule requirements and set regulatory expectations. Amongst many

¹² It could also lead to an increase in the use of unhosted wallets to circumvent Travel Rule requirements (i.e. transfer from originator VASP to unhosted wallet to beneficiary VASP), which might create specific ML risks.

¹³ For example, the FATF Targeted Updates since 2022 have identified specific deficiencies like failures to transmit information immediately with a transfer or inability for a VASP to appropriately conduct customer due diligence. Please see the [Targeted Update 2023](#) for further detail on FATF's work on Travel Rule Compliance Tools (e.g., guiding questions for engaging with Travel Rule Compliance Tool providers).

engagement types, expectations can be set through public documents or circulars, trainings, engagement with industry groups, and other methods. See 3.3 section for further discussion of setting regulatory expectations.

Box 3.1. Reinforcing risk understanding ahead of implementation

Example 1: Building a stronger understanding of the Travel Rule landscape (Singapore)

Singapore's Monetary Authority of Singapore (MAS) introduced the Payment Services Act in January 2020 to license and regulate VASPs in Singapore. All licensed VASPs are subjected to AML/CFT requirements, including the Travel Rule.

In order to facilitate implementation of the Travel Rule domestically, MAS:

- a) engaged with available Travel Rule Compliance tool providers in order to gain a better understanding of the different tools available;
- b) took steps to raise industry's awareness of the Travel Rule via industry engagement sessions. The objective was to explain the requirements and MAS' supervisory expectations, as well as to gather feedback on the possible challenges faced by VASPs;
- c) issued additional guidance to the sector in March 2021, which included further clarity on supervisory expectations on the Travel Rule and the enhanced risk mitigating measures that should be considered. The guidance took into consideration the feedback received during the industry engagement sessions; and
- d) supported the industry's initiative to help its members comply with AML/CFT requirements. Specifically, in 2020, a crypto-currency industry association conducted an independent evaluation on the available Travel Rule compliance tool providers. The objective of the industry initiative was to encourage its members to duly assess which provider would be most suitable for them.

As part of MAS' ongoing monitoring of the sector, all licensed VASPs are required to submit regular data on the number and value of transactions that are facilitated between obliged entities as well as to un-hosted wallets. This information allows the supervisor to maintain an understanding of the implementation of the Travel Rule and monitor the risk of the sector on an ongoing basis.

Example 2: Building a risk understanding ahead of implementation (United Kingdom)

Prior to requiring compliance with the Travel Rule, UK's Financial Conduct Authority (FCA) set out objectives to build a strong understanding of its supervised population and their capacity to comply with the upcoming requirements.¹⁴ The ultimate objective was to enable focusing resources on a risk-based manner.

¹⁴ VASPs in the UK have been required to comply with the Travel Rule since [September 2023](#).

Key information was collected through multiple information requests in 2023, with the FCA engaging early with registered VASPs for the identification of implementation barriers. The requests asked for information on:

- interaction of their business models with Travel Rule requirements;
- trading volumes;
- relevant policies and procedures; and
- any challenges VASPs had identified, including how they were planning to deal with the Sunrise Issue, or how to implement their risk-based approach.

Building on the outcome of this exercise, the FCA divided the VASP population into three groups: high, medium and low risk, allowing it to initially allocate most supervisory resources to category 1 firms, deemed most material over their significance (e.g. due to size, scale, or impact nature of business). For high-risk firms, the FCA undertook intensive supervisory action, including firm visits where in-depth walkthroughs were requested.

3.2. Use of thematic reviews prior to enforcing Travel Rule compliance

24. Supervisors may also use thematic reviews based on supervisory information to understand the degree to which VASPs are prepared to comply with Travel Rule requirements. This could be conducted before the Travel Rule is enforced to enable targeted engagement and remediation. This work could be desk-based or could include direct, on-site, engagement with VASPs. This type of engagement can also assist in understanding how the vulnerabilities identified in national or sectoral risk assessments are being addressed by VASPs.

25. Based on selected entity-level risk assessments and ongoing monitoring, a thematic review exercise generally prioritises entities that supervisors have assessed to have heightened exposure to the planned thematic risk focus area. As described in the example below, one jurisdiction used a Travel Rule thematic review to better understand the VASP sector's compliance before strengthening their Travel Rule requirements. In practice, this means that the reviewed population might also include firms that otherwise might have a lower ML/TF risk profile overall, creating an opportunity to raise awareness on the risks and compliance obligations for all entities that are covered by the theme.

Box 3.2. Use of thematic reviews in pre-implementation

Example 3: Use of thematic reviews in the pre-implementation phase (Gibraltar)

The Gibraltar Financial Services Commission (GFSC) has integrated the use of thematic reviews as part of its supervisory strategy. The GFSC plans its thematic

reviews based on the risks identified by its national risk assessment, guidance issued by international bodies, such as the FATF and Moneyval, and its analysis of its supervisory returns and inspection efforts.

Thematic reviews allow the GFSC to:

- Improve the GFSC's understanding of the threats and vulnerabilities in specific sectors.
- Gather sector-specific information on the effectiveness of its regulatory approach.
- Identify emerging threats and trends through comparative analysis across multiple firms. This includes the opportunity to issue individual feedback to all examined firms.

GFSC can use the results of its findings to place firms on a specific supervisory plan or, where particularly serious issues are identified, place them on an intensive supervisory remedial action plan. GFSC can also provide sector-specific guidance, including providing granular regulatory expectations per area, and highlighting good practices and poor practices.

Thematic reviews can be leveraged before moving to enforce Travel Rule obligations, as this dimension may have featured less prominently in previous supervisory work and reporting.

For example, in 2024 Gibraltar's GFSC launched a thematic review focused on Travel Rule compliance in anticipation of strengthening its Travel Rule regime:

- Q4 2024 - implementation of a Travel Rule solution as a condition for authorisation; and
- Q3 2025 - requirement to be extended to all registered VASPs, also requiring full Travel Rule compliance in transactions with jurisdictions that have implemented the Travel Rule (e.g., UK and EU).

The review was desk-based and driven primarily by the submission of a dedicated Travel Rule supervisory return. The return focused on the implementation of Travel Rule solutions and the practical receipt and issuance of originator and beneficiary information in accordance with the applicable framework. These returns allowed the authority to obtain a snapshot of the situation across the entire VASP sector, including:

- the average number of Travel Rule compliant transactions;
- how many VASPs had chosen and started to implement a Travel Rule solution;
- whether these solutions were enabling them to meet all key regulatory expectations (e.g. transmission of the information prior or simultaneously to a transfer); and
- what obstacles for full Travel Rule implementation had been identified by firms.

Going forward, the GFSC seeks to build on this snapshot to build-in this type of

reporting into its regular supervisory returns. Potential inclusions include (1) proportion of transactions deemed Travel Rule compliant (value and number) and (2) exposure to unregulated counterparty VASPs and self-hosted wallets (both detailed by value and number).

Example 4: Thematic Inspections of VASPs (Singapore)

To raise the awareness of this newly regulated sector towards ML/TF risk and AML/CFT obligations, MAS conducted thematic inspections of selected entities of higher risk in 2022-2023. The thematic inspections focused on assessing the key AML/CFT controls of VASPs, including the measures VASPs had taken to comply with the Travel Rule. Specifically, MAS reviewed the VASPs' AML/CFT policies and procedures and sought to understand the VASPs' considerations behind their selection of Travel Rule technological solutions.

MAS found that while the entities had AML/CFT controls in place, the controls could be further strengthened in some areas, such as enhanced CDD measures for higher risk customers and the assessment of ML/TF risks arising from new products.

To further embed the sector's risk awareness, MAS regularly engages the entities through industry townhalls, outreach sessions and webinars since 2019, and issued a guidance paper in March 2021 to provide additional information to facilitate their implementation of AML/CFT controls. MAS will also be issuing additional guidance detailing key observations from the thematic inspections, including VASPs' Travel Rule controls and implementation of risk mitigation measures, so that the industry can conduct a self-assessment of their controls and strengthen them where relevant.

3.3. Setting clear regulatory expectations

26. Countries are encouraged to establish clear and comprehensive guidance—whether through regulations, advisories, or frameworks—to assist both the public and private sectors in effectively implementing the Travel Rule, while also setting out well-defined regulatory expectations.

27. Effective guidance should:

- be based on a clear understanding of the ML/TF risks identified;
- be targeted, practical, up-to-date, and actionable (e.g., informed by the results of review exercises and supervisory actions);
- outline supervisory expectations (e.g., good practices, bad practices, high-risk areas); and
- be effectively disseminated to the VASP community through, amongst others, ongoing dialogue and as many different channels as possible.

28. In terms of regulatory expectations, jurisdictions have shared different approaches to developing actionable and specific guidance (Hong Kong China - Gibraltar - UK - Singapore), including how the publication of

lists of equivalent countries can help navigate challenges like the Sunrise Issue (Japan).

Box 3.3. Setting clear regulatory expectations

Example 5: Actionable guidance in challenge areas (Hong Kong China)

Hong Kong, China (HKC) has enhanced its AML/CFT requirements in June 2023 which includes the issuance of VA specific guidance to support Travel Rule implementation. The guidance addresses critical operational areas, including regulatory expectations on information requirements and the due diligence expected on Travel Rule solutions. This includes:

- clarification that where a VASP chooses to adopt a Travel Rule solution, the responsibility for ensuring Travel Rule compliance lies with the VASP, thus reinforcing the importance of exercising due skill, care and diligence when choosing a solution provider; and
- details on how to meet Travel Rule obligations in transactions involving unhosted wallets. This includes setting out that VASPs should obtain information from their customers that is comparable to that expected in transactions with AML-obliged entities. VASPs are also obliged to verify ownership of unhosted wallets (before conducting any transfers involving unhosted wallets and on a periodic and risk-sensitive basis for whitelisted unhosted wallets) and implement adequate transaction monitoring measures to ensure the integrity and traceability of virtual asset transfers.

Example 6: Growing granularity in sector-specific guidance (Gibraltar)

Gibraltar's GFSC revised in 2024 its AML/CFT guidance to include sector-specific guidance on the application of Travel Rule requirements. Building on its supervisory findings, GFSC is currently working on providing more granular guidance to clarify regulatory expectations around (i) counterparty VASP due diligence measures; (ii) transactions with self-hosted wallets; and (iii) transactions with jurisdictions that are not Travel Rule compliant. This will be part of a further iteration set for release in late 2025 following private sector consultation.

Example 7: Issuing pre-implementation guidance on challenging areas (UK)

In the UK, The Joint Money Laundering Steering Group (JMLSG) whose membership comprises of industry trade groups, provides interpretive guidance on AML/CFT obligations to financial services firms. Their guidance is given a formal approval by His Majesty's Treasury. In 2023, JMLSG published new guidance on VA transfers, providing firms with an actionable set of regulatory expectations ahead of the Travel Rule coming into effect in September 2023. The UK's Financial Conduct Authority (FCA) also published their expectations for VASPs complying with the Travel Rule, in particular on how to deal with the "Sunrise Issue".

The FCA has continued identifying areas of the regulatory framework that could benefit from additional clarification. From September 2023, under Regulations 64D (5) and 64E (5) of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs), VASPs representing the beneficiary or intermediary are obligated to report to the FCA any "repeated failure by 'another' cryptoasset business to provide any information required by

regulation 64C as well as the steps the cryptoasset business has taken in respect of such failures”.

In May 2025, the FCA outlined its expectations for firms regarding compliance with the Travel Rule Reporting Requirement both in terms of the specific nature of the information and the mechanism through which to report.

Example 8: Navigating the Sunrise Issue through the use of equivalent jurisdictions’ lists (Japan)

The Japanese Financial Services Agency (JFSA) requires its firms to comply with Travel Rule obligations in those transfers involving VASPs in jurisdictions that already have regulations equivalent to Japan’s. This seeks to provide Japanese VASPs with clarity on their Travel Rule obligations when dealing with countries or regions lacking sufficient Travel Rule implementation over the Sunrise Issue.

To assist obliged entities, the JFSA publishes annually a list of equivalent jurisdictions. This exercise is informed, amongst others, by FATF Mutual Evaluation Reports, legal and regulatory developments, open-source information, and, if necessary, direct contact with relevant authorities in the counterparty country. As of April 2025, 28 equivalent jurisdictions have been identified as compliant with Travel Rule.

As to the criteria for assessing equivalence, these include:

1. Laws and regulations requiring originator VASPs to transmit to beneficiary VASPs at the time of transfer, the relevant originator and beneficiary information.
2. Compliance is required for overseas remittances.
3. Scope of transmission includes key data elements.

Example 9: Providing additional guidance to facilitate the implementation of Travel Rule (Singapore)

MAS published a set of guidance in March 2021 to raise ML/TF risk awareness amongst VASPs and provide additional guidance on MAS’ supervisory expectations to support their implementation of effective controls, including Travel Rule.

Specifically, the guidance sets out that:

- VASPs are expected to evaluate the technical solutions available and assess if these solutions are suitable for use in complying with the Travel Rule.
- Where VASPs in Singapore require more time to be fully Travel Rule-compliant, MAS expects these VASPs to (a) conduct a risk-based analysis, taking into account the risk profiles of its customers and counterparties, and (b) apply effective risk mitigation measures accordingly. One example of such risk mitigation measures is for the VASP to restrict its transactions to a closed loop within its own customer base, where only verifiable first party transfers for VA transactions are allowed outside the closed loop and enhanced monitoring is done on those transactions.

Following thematic inspections of VASPs in the sector, MAS will be issuing additional guidance on key observations and supervisory expectations, including on the implementation of the Travel Rule.

3.4. Building a risk-based supervisory lifecycle

Travel Rule compliance as a condition for registration/licensing

29. As part of a jurisdiction's approach to implementing effective AML/CFT controls, authorities may consider making compliance with the Travel Rule a prerequisite for the licensing of VASPs. This measure can assist in ensuring that any active VASPs are able to demonstrate required technical and operational capacity to comply with Travel Rule obligations prior to commencing operations. This entry requirement helps mitigate ML/TF risks at the outset rather than allowing for significant issues to be discovered at a later stage. The FATF has identified several jurisdictions that are already implementing this approach.

30. Jurisdictions have shared different approaches considering Travel Rule compliance at the licensing or pre-licensing stage, ranging from live demonstrations (Bahamas), regulatory sandboxes (Kazakhstan), and the early use of onsite reviews (i.e., at licensing) by specialised teams (HKC, Singapore).

Box 3.4. Travel Rule compliance as a condition for licensing/registration

Example 10: Live demonstrations in the licensing phase (the Bahamas)

On the basis of an off-site review of applicants' policies and procedures, relevant individuals from the applying VASPs may be required to have an initial meeting with the supervisor to demonstrate their operational capabilities and technological solutions, including their ability to comply with the Travel Rule.

Example 11: Use of regulatory sandboxes (Kazakhstan)

All VASPs operating within the Astana International Financial Centre (AIFC) are encouraged to go through the Astana Financial Services Authority (AFSA) regulatory sandbox to test their business models against the AIFC Regulation Act.

Each VASP has a dedicated AFSA case officer who engages with VASPs and evaluates the implementation of AML/CFT obligations, including specific provisions related to the Travel Rule. The case officer builds on this engagement to highlight identified shortcomings for the firm to address.

For VASPs to exit the regulatory sandbox and obtain a full license, AFSA has developed a detailed checklist outlining the required policies, systems, and controls. Among these, the checklist requires the effective implementation of the Travel Rule, which must be embedded within the VASP's AML/CFT policies and systems. In order for VASPs to graduate from the regulatory sandbox into a full

license, AFSA conducts pre-authorisation inspections ("graduation inspections").

Furthermore, AIFC rules on digital asset activities require that applicants for a full authorisation must provide AFSA with evidence of the availability of a blockchain analytics tool. This is done through:

- Checks on the evidence of purchase of the tool; and
- Requiring a demonstration to AFSA's inspection teams of the KYC/CDD/ongoing transition monitoring procedures and tools of a VASP, including the use of blockchain analytic tool(s).

Example 12: Engage specialised team for conducting reviews during licensing process (Hong Kong China)

HKC's Securities and Futures Commission (SFC) has a dedicated specialised team to review the AML controls of VASP applicants. Once an application is submitted, the specialised team will assess the readiness of the applicant, by conducting off-site reviews of policies and procedures, including Travel Rule. These are followed by on-site "processes walkthroughs" and system demonstrations with key persons in the VASP. These demonstrations cover areas such as the applicant VASP's core AML/CFT processes, Travel Rule compliance, sanctions screening, Know Your Transaction (KYT) and Know Your Address (KYA).

This approach has been instrumental in identifying whether applicants have the requisite knowledge and capacity as well as appropriate systems and controls. Written observations identified from the specialised team's review are provided to the applicants, who would formulate rectification plan to address all issues before the granting of a conditional license. The knowledge developed during this walkthrough/demonstration stage also informs later licensing and supervisory activity.¹⁵

Use of third parties

31. To complement expertise and optimise the use of in-house resources, supervisors may use third parties (such as external consultants or auditors) to support their AML/CFT functions. This includes requiring VASPs to obtain an independent audit/test of their policies, procedures and controls or for following-up on the adequacy of undertaken remediation, with the findings being provided to the supervisor to inform its assessment. While these third parties can provide useful expertise and conserve key resources for the most important functions, ultimately the responsibility

¹⁵ Singapore's MAS has implemented a similarly front-loaded approach to integrating Travel Rule compliance as part of its licensing process. In this context, license applicants have to evidence their AML/CFT controls, including Travel Rule, as part of on-site visits at pre-licensing stage. As part of this process, applicants will need to demonstrate how they will comply with the TR, as well as the enhanced risk mitigating measures that will be taken (e.g. for transfers to un-hosted wallets). This is often done via "walk-through" discussions with the VASPs and review of their existing policies and procedures. Common deficiencies include lack of (i) understanding of Travel Rule requirements, (ii) willingness/ability to put in place adequate measures to comply, or (iii) awareness of the limitations of certain Travel Rule solutions chosen.

remains with supervisors to supervise VASPs for compliance with their obligations.¹⁶

32. It is essential to strike the right balance between internal capacity building and use of third parties. The priority should be building the internal capacity of the supervisory authorities to fulfil their functions effectively and independently. For instance, Hong Kong China's SFC has leveraged the use of external assessors in key phases of its licensing value chain. Singapore has also done so.

Box 3.5. Use of third parties

Example 13: Integrating external assessors to enhance the quality of the licensing process (Hong Kong China)

Once a VASP is granted a conditional license, it is required to appoint an external assessor within 6 months to prepare an external assessment report. The review is required to be a direct assurance engagement and signed off by a practising certified public accountant which enhances the robustness and usefulness of the external assessment.

The independent assessment evaluates whether the licensee's policies and procedures are suitably designed and implemented in compliance with relevant rules and regulations. The review is governed by a tripartite agreement between the HKC SFC, the licensee and the external assessor, and the three parties would agree on the terms and scope before commencing the assessment. The SFC supervises the external assessment process, clarify regulatory requirements and offer feedback on the assessment findings.

This approach, amongst others, provides the supervisor with additional level of assurance on the suitability of the design and implementation of the licensee's systems and controls to ensure compliance with relevant rules and regulations, including the Travel Rule.

33. The use of third parties can also be leveraged as part of the risk assessment process, for example, to support sectoral reviews. At present, the Bahamas has engaged a third-party firm to conduct a bespoke sectoral review of the risks and compliance, including Travel Rule requirements, at registration and monitoring phases. Aggregate findings will be published to provide further clarity of regulatory expectations and foster a shared understanding.

34. Other jurisdictions have sought to leverage these external resources to enhance the quality of VASP compliance and their post-licensing reporting. For example, HKC's SFC requires licensed VASPs to engage an independent professional firm to conduct an annual review of their activities and operations and report on their compliance with licensing

¹⁶ See R.17 and INR17 of the FATF Standards

conditions and all relevant legal and regulatory requirements, including Travel Rule.

Overcoming capacity and training gaps

35. To mitigate capacity and training gaps, HKC's SFC has established a specialised team, largely comprised of officials with supervision and AML/CFT expertise. In addition, the SFC has sought to reinforce their knowledge of blockchain and VAs by procuring training from external providers as well as through on-the-job training and ongoing engagement with VA related solution providers. This has helped ensure that team members have a shared sector understanding as a starting point. Similar teams have been set up in other areas relevant to the licensing process, such as cybersecurity. As mentioned above, Singapore has sought to strengthen its understanding of Travel Rule compliance tools through direct engagement with providers and industry.

36. Other supervisors are ensuring the availability of key tools for ongoing supervision, such as blockchain analytics tools for sample testing of transaction data. While delegations agreed that blockchain analytics tools can be useful for supporting Travel Rule supervision, as in the context of assessing compliance with regards to transfers to or from unhosted wallets, many indicated that they did not use blockchain analytics in Travel Rule supervision. The Bahamas is prioritising the roll-out of these tools for on-site examinations with a view to integrating them also in off-site monitoring activities in the medium-term.

37. In Gibraltar, the GFSC is leveraging the use of blockchain analytics tools to assess transaction exposure at both entity and jurisdiction levels, which has proved instrumental in serving as an additional data point for risk assessments. These insights have also enabled targeted supervisory actions when material changes in exposure have been detected. Other jurisdictions, such as El Salvador, are also leveraging blockchain analytics tools for entity-level assessments as well as for enabling enforcement (e.g. detecting unlicensed VASPs).

Ensuring an up-to-date risk understanding going forward

38. Effective supervision requires an up-to-date understanding of the risks within the VASP sector, including those related to Travel Rule compliance. Building a robust risk understanding should not be limited to a one-off exercise or confined to the initial implementation phase. Ensuring an updated understanding requires supervisors to ensure that early efforts are systematised in existing reporting, monitoring and enforcement structures. Such feedback loops assist in ensuring that supervisory approaches adapt as risks evolve. Failure to keep a current risk understanding could ultimately erode the effectiveness of supervision.

Box 3.6. Ensuring an up-to-date risk understanding

Example 14: post-implementation – use of multi-firm reviews (United Kingdom)

In January 2025, the UK's FCA launched a multi-firm review to assess and test the AML/CFT frameworks of a selected sample of firms, including Travel Rule compliance. The review, which is still ongoing:

- considered the VASPs' relevant AML/CFT policies and procedures;
- tested different AML/CFT tools and systems, through walkthroughs and demonstrations (where relevant); and
- involved independent testing on transaction data, including the firms' ability to leverage on data obtained through multiple Travel Rule solutions where applicable.

The review culminated in the issuance of feedback letters where applicable, outlining areas where firms needed to make improvements or address issues.

For the remaining population, supervisory resources continue to be deployed when applicable (e.g. risk factors identified).

The issuance of expectations on the Travel Rule Reporting Requirement is expected also to enable the FCA's to conduct more independent testing outside of multi-firm reviews engagement

Remedial actions and sanctions

39. The FATF Recommendations require that supervisors should have a sufficient range of sanctions available that can be applied proportionately to greater or lesser breaches of supervisory requirements. This range should extend from taking remedial actions to taking formal enforcement actions (e.g. sanctions). This applies to VASPs in the same way it does for other obliged entities and equally to failings relating to Travel Rule compliance.

40. Due to a number of jurisdictions still being in the process of implementing supervisory regimes for VASPs, and the persistence of the Sunrise Issue, enforcement cases are often more limited in number in the VA sector than in other sectors. Some jurisdictions indicated that this may be the result of focusing supervisory efforts in early stages on engaging and educating VASPs rather than on taking enforcement action. It could also indicate that jurisdictions may be at the stage of working with VASPs to remediate shortcomings, rather than at the point of taking enforcement action for ongoing or significant failures, which may have been identified and addressed at the licensing stage. Still, the low number of enforcement actions may also reflect the challenges identified in this report with regards to Travel Rule supervision. Nevertheless, there is a growing body of examples of enforcement action, including in relation to Travel Rule compliance, in jurisdictions with more mature VASP supervision frameworks.

Publication of actions and case studies

41. In assessing the appropriate remedial actions or sanctions to apply in a risk-based supervision approach, supervisors should consider publishing the results of the supervisory actions, including those related to Travel Rule deficiencies. Providing information on the relevant entities' deficiencies can help address risks across the sector as other entities often analyse the details of failings and use them to check their systems against similar shortcomings.

Box 3.7. Examples of enforcement actions

Example 15: publication of enforcement actions (Japan)

Japan's Financial Services Authority (JFSA) publishes summaries of its supervisory actions, when orders to improve processes (remediation) are issued, business is suspended, or licenses revoked or rejected. Feedback suggests that other VASPs find these publications useful as they set out clearly what the failings identified were and what the entity needs to do to rectify them.

In addition, findings from the JFSA's regular monitoring on the implementation status of the Travel Rule are regularly included in the JFSA's annual reports and shared during outreach to the private sector. These are instrumental in helping firms to identify bad practices. Examples of published findings include the following common issues:

- VASP A transferred VAs to another VASP/beneficiary that uses an incompatible Travel Rule solution without providing the required Travel Rule data.
- Upon receiving instructions from a customer to transfer VAs to an external party, VASP B transferred the VAs without submitting the required Travel Rule information to the counterparty VASP. In practice, VASP B treated the beneficiary wallet as an unhosted wallet, failing to take adequate steps to determine whether it was controlled by a foreign VASP and whether the VASP's jurisdiction had been deemed equivalent for Travel Rule purposes.
- VASP C required its customer to select the beneficiary VASP from a predetermined VASP list provided by its Travel Rule solution provider. However, VASP C took the list at face value and failed to independently verify whether it reflected the latest regulatory status. As a result, VASP C failed to submit the information to its counterparty VASP despite its jurisdiction having been deemed Travel Rule equivalent recently.

Examples 16: Building on its pre-implementation phase engagement (UK)

Building on its pre-implementation phase engagement, the UK's FCA identified a firm that was using only a Travel Rule solution that did not support a considerable amount of its listed tokens and that had limited interoperability with other tools.

Following an initial feedback form, the FCA agreed to a remediation plan requiring the firm to:

- integrate an additional Travel Rule solution that did not have the same interoperability concern;
- implement Travel Rule obligations into a compliant set of policies and procedures; and
- remediate back-book transactions that were not compliant.

One year later, another supervisory engagement confirmed that the firm had completed its remediation, with the only outstanding issues related to the Sunrise Issue.

Example 17 – strengthening rules through leveraging enforcement experience (Switzerland)

Swiss authorities identified a drug trafficking ring which used a local VASP to receive payments from its customers. In practice, customers used the VASP’s extensive crypto ATM operations to send VA payments to the ring. As a result of this investigation, Switzerland’s supervisor, FINMA intervened with the then self-regulatory body responsible for supervising the VASP and ensured that the VASP ceased all operations involving the exchange of VA at all its ATMs within Switzerland.

Building on this experience, Switzerland moved to strengthen its regulatory framework by further clarifying Travel Rule requirements:

- a) Applicability of the Travel Rule to transactions, clarifying that the EUR/USD/CHF 1000 threshold applies to not only individual transactions, but also to transactions that “appear to be linked”.
- b) From 2023, and in the case of cash payments or the acceptance of other anonymous means of payment for the sale or purchase of VAs, the FI shall take technical precautions to prevent the threshold value of EUR/USD/CHF 1000.- from being exceeded by linked transactions within 30 days.
- c) The FI must always identify the contracting party if there are suspicions of possible money laundering or terrorist financing.

In addition, the supervisor intensified its oversight of the Travel Rule through regular audits to monitor whether and how the Travel Rule has been implemented.

- In the event of non-compliance or if the Travel Rule has not been implemented correctly measures and deadlines for implementation are ordered (e.g. carry out tests, implement a process, ensure that the beneficiary and the originator are correctly identified, etc.) and deadlines are set to verify the extent to which implementation has taken place.
- If the VASP does not implement the travel rule correctly or not at all, enforcement measures will follow, which in serious cases can lead to license withdrawal or exclusion.

3.5. Engagement with private sector

42. To develop a good understanding of the risks facing supervised entities, supervisors should maintain ongoing engagement with the private sector. Regular information sharing, education and outreach with and

across the private sector to improve understanding of risks, including through public-private partnerships and other forms of structured dialogues or capacity building efforts by supervisors.

Box 3.8. Private sector engagement examples

Example 18: Industry engagements which led to industry initiatives to advance Travel Rule compliance (Singapore)

Singapore's MAS actively conducted industry engagements and engaged industry associations to raise risk awareness and share supervisory expectations on AML/CFT requirements and Travel Rule. These also led to industry initiatives by the industry association in consultation with MAS, to help its members comply with AML/CFT requirements, e.g. independent evaluations on Travel Rule Solution Providers against FATF R.16 and technology/ cybersecurity requirements. The scope of such evaluations included whether solutions supported industry messaging standards and if the information could be transmitted in a secure and timely manner. This provided early clarity to the industry, which found the initiative to be useful.

Example 19: Creation of dedicated working groups (India)

India has sought to establish permanent working groups with VASPs as a complement to existing public-private partnerships. India's FIU has leveraged this format to have periodic meetings with its local VASP community and raise issues related to the sector, including discussing monthly Travel Rule as a priority topic. It has proven useful also in identifying and analysing information on the challenges faced by the sector. The forum also serves to have targeted discussions with key stakeholder groups, such as Travel Rule solution providers.

Example 20: Supporting capacity building in the private sector (India)

India's FIU is leveraging on its ongoing engagement with industry associations to guide the establishment of an industry centre of excellence that would enable Indian VASPs to:

- Have access to different Travel Rule service providers;
- Organise awareness raising sessions on Travel Rule guidelines and implementation; and
- Provide VASPs with an established database to record cases of interoperability challenges.

Example 21: Ongoing engagement with private sector and expansion of existing Public Private Partnerships (PPPs) (Gibraltar).

Gibraltar has invested significant supervisory resources to the VASP sector since the regime's inception in 2018. This has been done through:

- Hosting annual AML clinics or workshops helping to ensure a minimum understanding of the framework in the sectors,
- The potential expansion of its first PPP (FLINT). Gibraltar is exploring to set up a second PPP with the local VASP sector. Lessons from the original PPP

indicate that the framework can be useful beyond facilitating the exchange of information or identified risks and typologies, having proved beneficial in facilitating strategic exchanges with the private sector.

- Leveraging on this strategic dialogue, Gibraltar’s GFSC has been able to engage directly obliged entities on common deficiencies and regulatory expectations. FLINT’s expansion is expected to play an important role in supporting VASP’s compliance with the Travel Rule, which will be enforced from Q3 2025.

Next steps

43. The FATF will continue monitoring updates in the VA ecosystem, including the implementation of the Travel Rule by jurisdictions.

44. Considering the persistence of the Sunrise Issue as the single largest obstacle to effectively implementing the Travel Rule, the FATF will explore potential next steps to promote consistent and timely implementation across all jurisdictions.

45. Under the FATF standards, Travel Rule obligations for VA transfers and VASPs are contained within the scope of INR.15, which cross-references the requirements set out in R.16 and its interpretative note. As part of its work on updating R.16, the FATF launched two public consultations (2024 and 2025) and adopted the revised R.16/INR.16 in June 2025. The revised R.16 will have implications for the VA sector, especially through the cross reference in INR.15.7. FATF will address in upcoming guidance how the new framework will apply to VAs and VASPs.