

(Provisional translation)

March 31, 2021

To: Chairman, Japan Virtual and Crypto Assets Exchange Association

Director-General of the Strategy Development and Management Bureau
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Request for Notification of Originator and Beneficiary Information
upon Crypto Assets Transfer (the travel rule)

1. Overview

Cooperation among jurisdictions around the world is critical in implementing anti-money laundering and counter terrorist financing (AML/CFT) measures, and the Financial Action Task Force (FATF) has developed international standards (FATF Standards) for the implementation of these measures.

In Japan, following the FATF Standards, the Act on Prevention of Transfer of Criminal Proceeds and the Guidelines for Anti-Money Laundering and Combating the Financing of Terrorism require crypto-asset exchange service providers (CESPs) to take various measures. Article 23, Paragraph 1, Item 1 of the “Cabinet Office Ordinance on Crypto-Asset Exchange Service provider” based on Article 63-10 of the Payment Services Act also requires them to establish a regime that is necessary for the proper and secure conduct of the crypto-asset businesses.

Under such circumstances, the FATF Standards were amended in June 2019, requiring the member jurisdictions to introduce and implement a regulation to require the CESP used by the originator to obtain information on the originator and beneficiary upon the transfer of virtual assets and give notice of such information to the CESP used by the beneficiary (the travel rule).

2. Request

From the perspective of implementing effective AML/CTF measures through international cooperation, Japanese CESPs are also required to appropriately implement a framework to fulfil the notification of information on the crypto assets transfer, i.e. the so-called Travel Rule.

We understand that your association is also considering the introduction of self-regulatory rules regarding notification of crypto assets transfer (i.e. the travel rule) by April 2022. From the perspective of ensuring the proper and secure conduct of crypto asset businesses, we request that CESPs promptly proceed with consideration to the appropriate implementation of the notification of information associated with crypto assets transfer (i.e. the travel rule) in order to solve technical and operational challenges, and swiftly establish a regime. We therefore request that you keep the member firms of your association well informed on this matter and that your association provides support for the member firms in making efforts in this area.