



TRANSFER OF VIRTUAL ASSETS AND TRAVEL RULE COMPLIANCE (FATF RECOMMENDATION 16)

Revised Version (January 2026)

SUPERVISION DEPARTMENT

1. Application of Guidelines

Applies to all VASPs executing or facilitating transfers of virtual assets, including transfers to or from self-hosted wallets, subject to risk-based measures.

2. Purpose

To set expectations for information collection, verification, and secure transmission when executing virtual asset transfers, and to ensure traceability aligned with FATF Recommendation 16.

3. Legal Basis

These Guidelines are issued under section 59 of the Virtual Asset Service Providers Act No. 3 of 2025 (the Act), and support VFSC's licensing, supervision and enforcement functions.

4. Core Regulatory Expectations

- Must collect and verify required originator and beneficiary information prior to executing transfers, proportionate to risk and thresholds.
- Must transmit required information securely to the beneficiary VASP and ensure end-to-end traceability.
- Must apply risk-based controls for transfers involving self-hosted wallets, including wallet screening, ownership verification where appropriate, and enhanced monitoring.
- Must implement controls for sanctions screening and PF red flags for transfers.
- Must apply record keeping requirements to ensure auditability of transfer information.

5. Reporting, Notifications and Records

- Must maintain transfer records and Travel Rule data for at least the minimum period required by law and VFSC direction.
- Must report suspicious transfers to the FIU and notify VFSC of systemic Travel Rule compliance failures.

6. Supervisory Approach and Enforcement

- VFSC may require remedial action plans, restrict transfer channels, or impose penalties for repeated non-compliance.

7. Benchmarking Consistency (non-exhaustive)

- BMA Bermuda: Digital Asset Business Operational Cyber Risk Management Code of Practice (cyber and operational resilience baseline).
- FSC Mauritius: AML/CFT Guidance Notes for VASPs and IITOs (risk-based AML/CFT and supervisory expectations under VAITOS).
- CIMA Cayman Islands: Rule and Statement of Guidance - Market Conduct for VASPs (conduct, custody, disclosures, incident reporting).
- FSRA Saint Lucia: Virtual Asset Business Regulations (licensing, operational capability, cyber and AML/CFT expectations).
- MFSA Malta: VFA Rulebook Chapters (governance, systems audits, custody/ITA certification, and conduct obligations).

Please contact the following person should you have any questions:

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Branan Karae
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