PUBLIC HEARING ON 'THE TRAVEL RULE GUIDELINES'
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OPENING REMARKS

by Carolin Gardner (Head of AML/CFT Unit)
02

THE EBA’S AML/CFT ROLE AND OBJECTIVES

What are the EBA responsibilities in the EU?
The EBA’s AML/CFT Role and Objectives

2010

The beginning
Come into being as of 1 January 2011.

Taken over all existing and ongoing tasks and responsibilities from the Committee of European Banking Supervisors (CEBS).

Our mission
Hub and spoke network of EU and national bodies safeguarding public values such as the stability of the financial system, the transparency of markets and financial products and the protection of depositors and investors.

AML/CFT powers
In 2019, the European legislature consolidated the AML/CFT mandates of all 3 European supervisory authorities within the EBA.

The law implementing these powers and this mandate came into effect on 1 January 2020.
The EBA’s AML/CFT Role and Objectives

Article 1(5)(fb) of the EBA Regulation:

‘The Authority shall, within its respective competences, contribute to [...] preventing the use of the financial system for the purposes of ML/TF.’

Article 9a(1) of the EBA Regulation:

The Authority shall […] take a leading, coordinating and monitoring role in promoting integrity, transparency and security in the financial system by means of adopting measures to prevent and counter ML/TF in that system.
The EBA’s AML/CFT Role and Objectives

EBA legal instruments on AML/CFT

Policy Objective:
A proportionate, risk-based approach that is based on cooperation and information-sharing and that is applied effectively and consistently by financial institutions and supervisors across the EU.

* This is not a comprehensive list of publications.
'THE TRAVEL RULE GUIDELINES'

What is this document about?
'THE TRAVEL RULE GUIDELINES’

Background

Why is the EBA working on the Guidelines?
- Mandate in Article 36 first and second subparagraph of Regulation (EU) 2023/1113.

What is the main objective?
To promote the development of a common understanding of effective procedures to detect and manage transfers of funds and crypto-assets that lack the information on the payer, originator, payee or beneficiary required by Regulation (EU) 2023/1113.

Who are the addressees?
- PSPs and IPSPs.
- CASPs and ICASPs.
- Competent authorities responsible for supervising PSPs, IPSPs, CASPs and ICASPs for compliance with their obligations under Regulation (EU) 2023/1113.
'THE TRAVEL RULE GUIDELINES’

* Final report to be published

Consultation Paper

Guidelines on preventing the abuse of funds and certain crypto-assets transfers for money laundering and terrorist financing purposes under Regulation (EU) 2023/1113

["The Travel Rule Guidelines"]
'THE TRAVEL RULE GUIDELINES’

Link with the 2017 Guidelines

What are the main differences between the 2 Guidelines?

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<th>JC/GL/2017/16</th>
<th>EBA/CP/2023/35</th>
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<tbody>
<tr>
<td>Year of publication</td>
<td>2017</td>
<td>2023</td>
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<td>Owner</td>
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<td>Subject</td>
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<td>Transfer of funds and crypto-assets</td>
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<tr>
<td>Addressees</td>
<td>PSPs, IPSPs, National Competent Authorities</td>
<td>PSPs, IPSPs, CASP, ICASP, National Competent Authorities</td>
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<tr>
<td>Mandate</td>
<td>Regulation (EU) 2015/847</td>
<td>Regulation (EU) 2023/1113</td>
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The EBA will repeal the ESA’s 2017 TFR Guidelines and replace them with new Guidelines.

To do so, the EBA is proposing to:

- **Extend** the scope of the existing guidelines on transfer of funds to the transfers of crypto-assets, where applicable;
- **Amend** existing guidelines where this is necessary to reflect the technical particularities of crypto-assets and the developments in transfer of funds;
- **Add** new guidelines specific to crypto-assets transfers.
THE TRAVEL RULE GUIDELINES

Scope

Factors that PSPs, IPSPs, CASPs, ICASPs should consider when establishing effective procedures to detect and manage transfer lacking the required information on the payer, originator, payee or beneficiary;

Steps PSPs, CASPs, IPSPs and ICASPs should take to manage the risk of ML/TF where the required information on the payer, originator, payee or beneficiary is missing or incomplete;

Technical aspects of the application of Regulation (EU) 2023/1113 to direct debits.

Measures in relation to the identification and assessment of the risks of ML/TF associated with the transfer of crypto-assets directed to or originating from a self-hosted address.
Methodology and information sources

A Call for input was issued to collect feedback on the 2017 Joint Guidelines to prevent the abuse of fund transfers for ML/TF purposes.

An External Expert Group on AML/CFT and CASPs ("TEG-CASPs/AML") was created to provide practical input and technical advice on relevant issues that refer to CASPs.

A Technical Expert Group on AML/CFT CASPs supervision ("TEG-Sup") was created and composed of staff from competent authorities who have experience in the AML/CFT supervision of CASPs.

Analysis of internal information collected in the scope of the 2017 Guidelines on the repeatedly failing PSPs or IPSPs and steps taken (Article 8(2) and Article 12 (2) of Regulation (EU) 2015/847).

Exchanges with industry bodies.

Internal process with discussions and reviews of EBA and ESMA colleagues and committees, not only from an AML/CFT perspective but also from other policy areas.

Emerging best practice set out by the FATF in its 2021 Updated Guidance for a Risk-Based Approach for Virtual Assets and Virtual Asset Service Providers.
## THE TRAVEL RULE GUIDELINES

*Structure*

1. General provisions

2. Exclusion from the scope of Regulation (EU) 2023/1113 and derogations
   2.1. Determining whether a card, instrument or device is used exclusively for the payment of goods or services
   2.2. Linked transfers in relation to the 1000 EUR threshold

3. Transmitting information with the transfer
   3.1. Messaging systems
   3.2. Multi-intermediation and cross-border transfers
   3.3. Batch transfers

4. Information to be transmitted with the transfer
   4.1. Providing the payment account number
   4.2. Providing the name
   4.3. Providing the address, including the name of the country, official personal document number, and the customer identification number or, alternatively, date and place of birth
   4.4. Providing an equivalent Identifier to the LEI

5. Detecting missing information
   5.1. Procedures to detect missing information
   5.2. Admissible characters or inputs checks on transfers of funds
   5.3. Monitoring of transfers
   5.4. Missing information checks
### Structure

<table>
<thead>
<tr>
<th>Section</th>
<th>Subsections</th>
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| 6. Transfers with missing or incomplete information | 6.1. Risk-based procedures for determining whether to execute, reject or suspend a transfer  
6.2. Rejecting or returning a transfer  
6.3. Requesting required information  
6.4. Executing a transfer  
6.5. Detecting missing or incomplete information after executing a transfer  
6.6. Contacting the prior PSP, IPSP, CASP and ICASP in the transfer chain |
| 7. Repeatedly failing PSPs, CAPSs, IPSP or ICASPs | 7.1. Treatment of repeatedly failing PSPs, CAPSs, IPSP or ICASPs  
7.2. Reporting repeatedly failing PSPs, CAPSs, IPSP or ICASPs to the competent authority |
| 8. Transfers of crypto-assets made from or to self-hosted addresses | 8.1. Individually identify transfers from or to self-hosted addresses  
8.2. Transfers of crypto-assets made from or to self-hosted addresses  
8.2.1. Identification of a transfer from or to self-hosted address  
8.2.2. Identification of the originator and beneficiary in a transfer from or to a self-hosted address  
8.2.3. Transfers above 1 000 EUR and proof of ownership or controllership of a self-hosted address  
8.2.4. Mitigating measures to put in place regarding transfers from or to a self-hosted address |
| 9. Obligations on the payer’s PSP, payee’s PSP and IPSPs where a transfer is a direct debit |  |
NEXT STEPS

What are the next steps before the publication of the final report?
Timeline

Consultation paper published for public consultation

Final day to provide responses to the consultation

Final report is published

The EBA will analyse the responses to the consultation version and implement the necessary changes as deemed feasible.
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Questions
QUESTIONS

Have a look at the EBA AML/CFT landing page (link here)

Subscribe to the Newsletter (link here)
Thank you!