Travel rule implementation

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Both hubs require financial intermediaries to transmit originator and beneficiary information with crypto transfers. Both extend the duty to transfers to and from unhosted wallets, although in different ways. Switzerland requires identification of the wallet holder and proof of control for transfers to or from unhosted wallets, applying Art. 10 AMLO-FINMA without a threshold. Singapore's PSN02 requires full originator and beneficiary information for value transfers and reduced information below S$ 1,500, with risk-based measures for unhosted wallets.[1] The practical problem is the "sunrise" issue: a counterparty in a jurisdiction without a travel rule cannot receive or send the data. The checklist assumes the business uses one of the industry messaging protocols and treats counterparties without one as higher risk.

Checklist

- Select the messaging protocol or provider (TRP/OpenVASP, Notabene, Sumsub, Sygna or equivalent) and document the counterparties reachable through it.

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- Define the data set transmitted: originator name, account or wallet identifier, address or national identity number or date and place of birth; beneficiary name and wallet identifier.
- Define the procedure for outgoing transfers to counterparties that cannot receive the data: block, treat as unhosted, or permit on enhanced review.
- Define the procedure for incoming transfers with missing or incomplete data: hold, return, request, or accept with documentation.
- Define the unhosted wallet procedure: verification of the client's control through a signed message or micro-transaction, identification of the counterparty if a third party, risk scoring, limits.
- Build the counterparty due diligence process: licence status of the counterparty VASP, jurisdiction, AML programme attestation, sanctions exposure, refresh frequency.
- Align the Swiss and Singapore thresholds in a single operational rule set, applying the stricter rule group-wide where feasible.
- Document the data protection basis for transmitting personal data to foreign counterparties (FADP Art. 16 ff. in Switzerland; PDPA transfer limitation obligation in Singapore).
- Test the implementation with sample transfers in each direction and with a counterparty on a different protocol.
- Train the operations team on the manual fallback and the escalation path.
- Report the implementation to the SRO or MAS as part of the AML audit.

Notes

1. AMLO-FINMA Art. 10; FINMA Guidance 02/2019 of 26 August 2019 on payments on the blockchain; MAS Notice PSN02, paragraphs on value transfers; see Part F, Chapter IV and Part L, Chapter III. ↩

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