



# FIAU

## Consultation on the Application of the FATF Recommendation 16 to the Virtual Financial Assets Sector

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The Financial Intelligence Analysis Unit (“FIAU”) has today issued a Consultation Document setting out a proposal for subsidiary legislation providing for the application of FATF Recommendation 16, more commonly referred to as the ‘Travel Rule’, to transfers of virtual financial assets. While usually applicable within the more traditional sphere of transfer of funds, the FATF has revised the said recommendation and extended its scope so as to also cover transfers of virtual financial assets.

FATF Recommendation 16 imposes a number of requirements on service providers involved in the transfer process, the key objective being that of preventing terrorists and other criminals from having unfettered access to transfer services for moving their funds, including virtual financial assets, and for detecting such misuse when it occurs. To this end, data on the identity of the originator and the beneficiary of any transfer of virtual financial assets has to be transmitted simultaneously or concurrently therewith. Different obligations have to be met by service providers depending on the stage at which they become involved in the transfer process. These obligations are intended to ensure that correct and complete data is transmitted by the originator’s service provider and is then received by the beneficiary’s own service provider.

The proposed subsidiary legislation was drafted following consultations with the Malta Financial Services Authority. Copy of the consultation process is available on the FIAU’s website - <https://fiaumalta.org/consultations/>. The consultation process runs until Friday, 18 September and interested parties can submit any feedback via email on [consultations@fiaumalta.org](mailto:consultations@fiaumalta.org).

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