Jersey Financial Services Commission

Feedback from our Travel Rule supervisory engagement

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Executive summary

In 2025, we worked with a sample of virtual asset service providers (**VASPs**) to understand their progress on applying the Travel Rule. We previously assessed this in 2024, after it was introduced into Jersey's legislation.

Overall, implementation has improved across the sector. Firms now have policies, procedures and controls in place, and Travel Rule requirements are increasingly embedded in daily operations. VASPs showed a good understanding of their obligations and could clearly explain how they meet the requirements.

Although firms have made significant progress, some practical challenges remain. These mainly reflect broader developments in the virtual asset sector and varying levels of Travel Rule adoption and implementation in other jurisdictions

Observations

Interoperability

Firms continue to report challenges because different Travel Rule solutions are being adopted across the virtual asset sector, particularly when those solutions do not work together.

The choice of solution provider often depends on where they operate and local market adoption, the solutions used by their counterparties, and factors such as cost and scalability within their business model.

We observed that:

- Travel Rule solutions do not always interact seamlessly with one another
- compatibility challenges result in firms relying on manual processes
- delays in information sharing can impact funds being made available to customers

In response to these challenges, we saw firms take the following steps:

- periodically assessing the jurisdictions, counterparties and customers they interact with, and considering whether additional solutions may be appropriate
- adoption of Travel Rule solutions which are appropriate to the firm's size and business model, aligned to transaction volumes and customer profiles, and reviewed on an ongoing basis to ensure continued adequacy and suitability
- apply risk-based procedures and document the rationale for proceeding or rejecting the transaction
    - where Travel Rule information cannot be exchanged or obtained through automated channels variables such as jurisdiction, customer and VASP profiles are considered

Cross-border implementation ('sunrise issue')

Differences in Travel Rule implementation across jurisdictions continues to create operational challenges. Whilst the implementation of the Travel Rule has increased, jurisdictions continue to show differing levels of supervisory maturity, enforcement and operational readiness.

We observed that:

- firms continue to encounter challenges due to differences in implementation and information requirements of the Travel Rule across different jurisdictions

- although Travel Rule legislation is becoming more widely implemented, the ability of some counterparties to operationalise and exchange the required information is still inconsistent because jurisdictions are at different stages of implementation of the Travel Rule

In response to these challenges, we saw firms take the following steps:

- keeping up to date on the jurisdictions and counterparties they work with, including how advanced their Travel Rule implementation is and any associated risks
  - this helps firms proactively assess and manage Travel Rule compliance challenges, apply a risk-based approach at the point of transaction, and determine whether transactions involving non-compliant or higher-risk jurisdictions should be subject to enhanced scrutiny, mitigation measures, or avoided altogether
- use approved-counterparty and whitelisting arrangements to facilitate transactions with customers, wallets and VASPs which have already been assessed and where beneficiary and originator information is available for sharing
- where firms cannot get information from counterparties, they carry our reviews and risk assessments to meet Travel Rule obligations
  - it is recognised that these reviews, risk assessments and documentation require additional resources undertake

Application of requirements

There is still some uncertainty about how the Travel Rule applies in practice.

We observed that:

- some senior management representatives indicated that information collected during standard onboarding and customer due diligence was enough to meet the Travel Rule requirements, drawing limited distinction between the specific requirements of each and how they apply
- some senior management representatives indicated differing interpretations of how the Travel Rule applies to certain transaction types, including intermediary VASP business models, demonstrating the need for additional training

In response to these challenges, we saw firms take the following steps:

- embedding Travel Rule considerations within wider compliance and risk management arrangements, including business risk assessments, compliance monitoring activities and transaction processing and monitoring processes to reduce risk of misapplication
- periodically assessing their policies, procedures, and staff training against our Travel Rule guidance and any updated publications to ensure Travel Rule obligations are understood and consistently applied

We continue to work with firms to understand their respective business models, in scope transactions and publish further guidance to ensure compliance with the Travel Rule. We published updated Travel Rule guidance on 14 November 2025.