Virtual Assets Service Provider (VASP) – Travel Rule Updates

Summary by Limitless Consulting

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UAE Virtual Assets Travel Rule Updates

Summary of Key Findings

This document provides a comprehensive and detailed summary of the UAE Virtual Assets Travel Rule, issued under Cabinet Decision No. 134/2025. The purpose of this summary is to support Virtual Asset Service Providers (VASPs) in understanding and ensuring timely compliance with all regulatory notice requirements.

Regulatory Background and Applicability

All VASPs operating in the UAE (including Free Zones and Financial Free Zones). Transaction fees (commonly referred to as gas fees) are explicitly excluded from the scope of the Travel Rule.

1. Scope & Core Obligations

- ❑ Data Collection: VASPs must collect, verify, and securely transmit originator and beneficiary details (full legal names, account/wallet numbers, or unique references) before processing transfers.
- ❑ Originator Requirements: The originating VASP must retain the originator's address, national ID/passport number, and date/place of birth.
- ❑ Batching: For batched transfers, full information must be maintained for every individual transaction within the batch.

2. Counterparty & Intermediary Due Diligence

- ❑ VASP Verification: Before execution, VASPs must confirm that counterparty VASP are properly licensed and regulated. Transfers to unregulated entities is prohibited.
- ❑ Intermediaries: Verify regulatory status of both the originator and beneficiary VASPs and ensure all data is passed seamlessly along the transaction chain.

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- <u>Domestic Transfers:</u> For UAE-to-UAE transfers, limited data may be sent initially, provided full information is available within 3 working days upon request.

3. Inbound Transfer Monitoring

- <u>Domestic Transfers:</u> For UAE-to-UAE transfers, limited data may be sent initially, provided full information is available within 3 working days upon request.
- <u>Detection Systems:</u> Receiving VASPs must implement real-time or post-event monitoring to identify missing originator/beneficiary info.
- <u>Thresholds:</u> Beneficiary identity verification is mandatory for aggregated daily transfers of AED 3,500 or more.
- <u>Systemic Failures:</u> Receiving VASPs must report counterparty VASPs to Supervisory Authority if they demonstrate repeated failures to provide data.

4. Risk Management & Prohibitions

- <u>Un-hosted Wallets:</u> VASPs must apply Enhanced Due Diligence (EDD), including verifying the source of funds for all transfers involving un-hosted wallets.
- <u>Privacy Tokens:</u> The execution of transfers involving Privacy Tokens is strictly prohibited due to their inherent anonymity risks.
- <u>Missing Information:</u> VASPs must adopt a risk-based approach to missing data, which may include rejecting, delaying, or returning transfers and filing suspicious transaction reports (STRs) where necessary.

5. Compliance & Governance

- <u>Record Keeping:</u> Data must be retained in accordance with UAE AML/CFT law.
- <u>Governance:</u> Update internal policies, technology systems, and control frameworks to align with any guidance issued by Supervisory Authorities.