

## STATUTORY INSTRUMENTS

# 2017 No. 692

## The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017

### [<sup>F1</sup>PART 7A

#### Cryptoasset Transfers

#### [<sup>F1</sup>Chapter 2

#### Inter-cryptoasset business transfers

#### Textual Amendments

- F1** Pt. 7A inserted (1.9.2023) by [The Money Laundering and Terrorist Financing \(Amendment\) \(No. 2\) Regulations 2022 \(S.I. 2022/860\)](#), regs. 1(3), **5(5)**

#### Information accompanying an inter-cryptoasset business transfer

**64C.**—(1) In respect of an inter-cryptoasset business transfer, the cryptoasset business of the originator must ensure that the cryptoasset transfer is accompanied by the information specified in paragraph (5).

(2) Where paragraph (3) applies, if the cryptoasset business of the beneficiary makes a request for the information specified in paragraph (6), the cryptoasset business of the originator must, within three working days of the request, also provide the information specified in paragraph (6).

(3) This paragraph applies where each of the cryptoasset businesses executing the inter-cryptoasset business transfer (including any intermediary cryptoasset business) is carrying on business in the United Kingdom in respect of the transaction.

(4) Where paragraph (3) does not apply and the transfer is equal to or exceeds the equivalent in cryptoassets of 1,000 euros in value (taken together with any other cryptoasset transfer which appears to be linked), the cryptoasset business of the originator must ensure that the inter-cryptoasset business transfer is also accompanied by the information specified in paragraph (6).

(5) The information specified in this paragraph is—

- (a) the name of the originator and the beneficiary;
- (b) if the originator or beneficiary is a firm, the registered name of the originator or beneficiary (as the case may be), or if there is no registered name, the trading name; and
- (c) the account number of the originator and the beneficiary, or if there is no account number, the unique transaction identifier.

(6) The information specified in this paragraph is—

- (a) if the originator is a firm—
  - (i) the customer identification number; or

- (ii) the address of the originator’s registered office, or, if different, or if there is none, its principal place of business;
  - (b) if the originator is an individual, one of the following—
    - (i) the customer identification number;
    - (ii) the individual’s address;
    - (iii) the individual’s birth certificate number, passport number or national identity card number;
    - (iv) the individual’s date and place of birth.
- (7) In the case of a batch file transfer where the cryptoasset business of the beneficiary is carrying on business wholly outside the United Kingdom, paragraphs (1) and (4) do not apply to each of the individual business transfers, provided that—
- (a) the batch is accompanied by the information required by paragraphs (1) and (4); and
  - (b) each individual transfer within the batch is accompanied by the account number of the originator, or if there is no account number, the unique transaction identifier.
- (8) Information relating to the originator required under this regulation must have been verified by the cryptoasset business of the originator on the basis of documents or information in either case obtained from a reliable source which is independent of the person whose identity is being verified.
- (9) A cryptoasset business of an originator must not make an inter-cryptoasset business transfer before ensuring full compliance with this regulation.

**Missing or non-corresponding information: the cryptoasset business of a beneficiary**

- 64D.**—(1) When a cryptoasset business of a beneficiary receives a cryptoasset as part of an inter-cryptoasset business transfer it must, before making the cryptoasset available to the beneficiary, check whether—
- (a) it has received the information required by regulation 64C to be provided; and
  - (b) the information relating to the beneficiary corresponds with information verified by it under Part 3 (customer due diligence).
- (2) Where the cryptoasset business of the beneficiary becomes aware that any information required by regulation 64C to be provided is missing or does not correspond with information verified by it under Part 3, the cryptoasset business of the beneficiary must—
- (a) request the cryptoasset business of the originator to provide the missing information;
  - (b) consider whether to make enquiries as to any discrepancy between information received and information verified by it under Part 3; and
  - (c) consider whether—
    - (i) to delay making the cryptoasset available to the beneficiary until the information is received or any discrepancy resolved; and
    - (ii) if the information is not received or discrepancy resolved within a reasonable time, to return the cryptoasset to the cryptoasset business of the originator.
- (3) In deciding what action to take under paragraph (2)(c) the cryptoasset business must have regard to—
- (a) the risk assessments carried out by the cryptoasset business under regulations 18(1) (risk assessment by relevant persons) and 18A(1) (risk assessment by relevant persons in relation to proliferation financing); and
  - (b) its assessment of the level of risk of money laundering, terrorist financing and proliferation financing arising from the inter-cryptoasset business transfer.

(4) In assessing the level of risk for the purposes of paragraph (3)(b), the cryptoasset business must take account of factors including—

- (a) the purpose and nature of its business relationship with the beneficiary and of the inter-cryptoasset business transfer;
- (b) the value of the inter-cryptoasset business transfer and any cryptoasset transfer which appears to be linked;
- (c) the frequency of cryptoasset transfers made by or to the beneficiary via the cryptoasset business of the beneficiary; and
- (d) the duration of its business relationship with the beneficiary.

(5) The cryptoasset business of a beneficiary must report to the FCA repeated failure by a cryptoasset business to provide any information required by regulation 64C as well as any steps the cryptoasset business of the beneficiary has taken in respect of such failures.

#### **Missing information: intermediaries**

**64E.**—(1) When an intermediary cryptoasset business receives a cryptoasset as part of an inter-cryptoasset business transfer it must, before further transferring the cryptoasset, check whether it has received the information required by regulation 64C to be provided.

(2) Where an intermediary cryptoasset business becomes aware that any information required by regulation 64C to be provided is missing, the intermediary cryptoasset business must—

- (a) request the cryptoasset business from which it received the transfer to provide the missing information; and
- (b) consider whether—
  - (i) to delay the onward transfer of the cryptoasset until the information is received; and
  - (ii) if the information is not received within a reasonable time, to return the cryptoasset to the cryptoasset business from which it was received.

(3) In deciding what action to take under paragraph (2)(b) an intermediary cryptoasset business must have regard to—

- (a) the risk assessments carried out by the intermediary cryptoasset business under regulations 18(1) and 18A(1); and
- (b) its assessment of the level of risk of money laundering, terrorist financing and proliferation financing arising from the inter-cryptoasset business transfer.

(4) In assessing the level of risk under paragraph (3)(b) the intermediary cryptoasset business must take account of factors including—

- (a) the purpose and nature of the business relationship with its customer cryptoasset business, and of the inter-cryptoasset business transfer; and
- (b) the value of the inter-cryptoasset business transfer and any cryptoasset transfer which appears to be linked.

(5) An intermediary cryptoasset business must report to the FCA repeated failure by a cryptoasset business to provide any information required by regulation 64C as well as any steps the intermediary cryptoasset business has taken in respect of such failures.

#### **Retention of information with an inter-cryptoasset business transfer: intermediaries**

**64F.** An intermediary cryptoasset business must—

- (a) ensure that all the information that is provided in relation to an inter-cryptoasset business transfer pursuant to regulation 64C, including any that is requested to be provided before

the transfer is made under regulation 64E(2)(a), also accompanies the onward transfer (whether to another intermediary cryptoasset business or to the cryptoasset business of the beneficiary); and

- (b) send on to the relevant cryptoasset business, as soon as practicable, any information requested under regulation 64E(2)(a) which is received after it has transferred the cryptoasset to the relevant cryptoasset business.]

**Changes to legislation:**

There are currently no known outstanding effects for the The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017, Chapter 2.