

March 23, 2023

bitFlyer, Inc.

Implementation of the Travel Rule

In accordance with updates to the Act on Prevention of Transfer of Criminal Proceeds, cabinet orders, regulation enforcement, administrative guidelines (hereafter collectively, the "Laws") that are scheduled for May or June of this year, new regulations such as the travel rule will be implemented for crypto asset transfer requests from our customers.

When we perform crypto asset transfers that our customers request, the following measures will apply in accordance with the Laws.

1. If we are requested to transfer crypto assets to an account managed by a crypto asset exchange that is registered with the authorities of a specific country or region, including Japan, we will be legally required to send information about the sender and the recipient such as customer information and the name of the recipient to the crypto asset exchange receiving the transfer before the transfer can be sent. In some cases, the notification system required for crypto asset exchange operators may cause us to be unable to accept crypto asset transfer requests.
2. For crypto assets transfers to crypto asset exchanges and unhosted wallets that do not fall under the requirements above, we will generally accept requests for transfers in the same way as before.

We will announce the specific changes to the crypto asset transfer procedure in accordance with the implementation of the travel rule once they have been decided.

Please read the announcement from the Japan Virtual and Crypto assets Exchange Association (JVCEA) for more information.

As a crypto asset exchange operator and a type 1 financial instruments business operator, we will continue to contribute to the further development of the crypto asset and blockchain industries in order to provide an environment where customers can trade crypto assets more safely and securely.

We appreciate your continued support.

What is the travel rule?

The travel rule states that a crypto asset exchange operator sending crypto assets at the request of a user shall provide specific information on the sender and the recipient to the exchange operator receiving the transfer. The FATF (Financial Action Task Force) has requested the regulatory authorities of corresponding countries to adopt the travel rule as part of their international standards for money laundering and terrorist financing prevention.

What is the purpose of the travel rule?

The purpose of the travel rule is to prevent the ability for terrorists and other criminals from using digital fund transfer systems as well as track unauthorized use.

● References:

Japan Virtual and Crypto assets Exchange Association (JVCEA): Request for members regarding users transferring crypto assets

<https://jvcea.or.jp/news/main-info/20230322-001/>

Financial Services Agency: Draft cabinet order for partial revision of the Enforcement Order of the Act on Prevention of Transfer of Criminal Proceeds

<https://www.fsa.go.jp/news/r4/sonota/20230203-2/20230203-2.html>

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