

Press Release

VerifyVASP Becomes GLEIF Validation Agent to Increase Transparency in Crypto and Digital Asset Trading Markets

The inclusion of client LEIs in VerifyVASP's decentralized messaging service, assisted by its new Validation Agent role, delivers early FATF Travel Rule compliance for Virtual Asset Service Providers

25 May 2023 – Basel – The Global Legal Entity Identifier Foundation (GLEIF) today announces that VerifyVASP, a Singapore-based RegTech solution provider to Virtual Asset Service Providers (VASPs), has joined the Global LEI System as a Validation Agent.

VerifyVASP is the first Validation Agent to operate exclusively in the crypto and digital asset trading space. By assuming the role, VerifyVASP can now help obtain Legal Entity Identifiers (LEIs) for its VASP clients quickly and efficiently. VerifyVASP can then incorporate its clients' LEIs into its decentralized messaging service to provide the verified entity identification data needed for easy and early compliance with current and anticipated regulatory requirements, including the Financial Action Task Force's (FATF) Travel Rule. The net result is a new level of trading entity transparency in crypto and virtual assets that reaches across borders and jurisdictions.

The FATF Travel Rule (Recommendation 16) is a crucial part of the FATF's Recommendations, which set out a framework of measures that countries should implement in order to combat money laundering and terrorist financing, as well as the financing of proliferation of weapons of mass destruction. It obliges VASPs to 'obtain, hold, and submit required originator and beneficiary information associated with virtual asset transfers in order to identify and report suspicious transactions.'¹

The Travel Rule aims to mitigate the risks associated with the transfer of virtual assets, especially in ownership identification. It achieves this by mandating financial institutions and crypto firms involved in virtual asset transfers to acquire and exchange precise and reliable details of the originator and beneficiaries of the transaction before or during the transfer. Since the recommendation was published, the private sector and several jurisdictions globally have been working on implementing FATF's Travel Rule and establishing robust regulatory frameworks to prevent money laundering and ensure customer protection in virtual asset transfers.

By assuming the role of Validation Agent now, VerifyVASP will also help to increase adoption of the LEI ahead of forthcoming regulatory deadlines across the APAC region and beyond. Most recently, in May 2023, the European Union adopted the Markets in Crypto Assets (MiCA) regulation, bringing together crypto assets, crypto asset issuers and crypto asset service providers under a single regulatory framework, and extended the scope of Transfer of Funds Rule (TFR) to include transfers of crypto assets. By January 2025, Crypto Asset Service Providers (CASPs) must identify with the LEI when facilitating transactions. The LEI is also recommended for virtual asset traders.

¹ For further information please consult [The FATF Recommendations](#).

“As a Validation Agent, we can use LEI data to greatly streamline VASP identification and facilitate counterparty identification, while supporting our clients with early compliance to upcoming regulations,” comments Shihyun Chia, CEO at VerifyVASP. “Counterparty due-diligence is one of the main challenges VASPs face due to the level of information required by the FATF’s Travel Rule. The LEI helps to address this as it delivers consistent, high-quality, and globally recognized entity identification which greatly helps both financial market supervisors and participants to assess exposure across marketplaces.”

“The crypto industry is shaping markets across borders and expanding rapidly. It is highly expected that VerifyVASP, with its industry-leading technology and solutions, newly joining as an LEI Validation Agent, will enable VASPs and other market participants to build a solid foundation of trust in the global marketplace,” adds Sirgoo Lee, CEO of Dunamu, the operator of South Korea’s largest digital asset exchange Upbit.

Stephan Wolf, GLEIF at CEO, comments: “There is currently no way to determine if the same Virtual Asset Service Provider is registered with multiple regulators. This leads to uncertainty for national authorities as well as all participants in the global financial system. If all jurisdictions identify registered service providers and other intermediaries via the LEI, and the LEI is consistently exchanged across supervisory authorities, we can create a digitally enabled financial ecosystem. The latest updates from the European Union bring us one step closer to achieving this. By adopting the Validation Agent role, VerifyVASP will support the broader adoption of the LEI within the virtual asset trading market, helping to facilitate legitimate digital asset transactions from both service providers and crypto-asset issuers.”

GLEIF’s Validation Agent Framework enables financial institutions and other supervised organizations involved in legal entity identity verification and validation to obtain and maintain LEIs for their clients in cooperation with accredited LEI Issuers. Validation Agents achieve this by leveraging their ‘business-as-usual’ client identification procedures in Know Your Customer (KYC), client onboarding, or standard client refresh update processes.

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Full resolution images and logos can be downloaded via this link

<https://www.gleif.org/en/newsroom/gleif-graphics-images>

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Relevant link

<https://www.gleif.org/en>

Glossary of terms

Legal Entity Identifier (LEI)

The Legal Entity Identifier (LEI) is a 20-character, alpha-numeric code based on the ISO 17442 standard developed by the International Organization for Standardization (ISO). The LEI connects to key reference information that enables clear and unique identification of legal entities participating in financial transactions. Each LEI contains information about an entity's ownership structure, answering the questions of 'who is who' and 'who owns whom'. It provides a universally recognized identifier paired with essential entity data, rigorous verification processes and high data quality.

Verifiable LEI (vLEI)

The vLEI concept is simple: It is the cryptographic secure digital counterpart of a conventional LEI. In other words, it is a digitally trustworthy version of the 20-digit LEI code which is automatically verified, without the need for human intervention. It gives government organizations, companies, and other legal entities worldwide the capacity to use non-repudiable identification data pertaining to their legal status, ownership structure and authorized representatives in any kind of digital interaction, transaction, or e-signature scenario.

About the Global Legal Entity Identifier Foundation (GLEIF)

Established by the Financial Stability Board in June 2014, the Global Legal Entity Identifier Foundation (GLEIF) is a not-for-profit organization created to support the implementation and use of the Legal Entity Identifier (LEI) and its digital counterpart the verifiable LEI (vLEI). GLEIF is headquartered in Basel, Switzerland.

GLEIF's mission is to manage a network of global partners to provide trusted services and open, reliable data for unique legal entity identification worldwide. GLEIF makes available the technical infrastructure to provide, via an open data license, online access to the full global LEI database free of charge to users. GLEIF is overseen by the Regulatory Oversight Committee, which is made up of representatives of public authorities from across the globe.

Diversity and inclusion underpin GLEIF's values. This is reflected in its workforce of approximately 60 staff from over 20 nations, its operational excellence, and its commitment to open, global participation in the Global LEI System.

For more information, visit the GLEIF website at <https://www.gleif.org/en>.

Source:

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Commercial-Register-No.: CHE-200.595.965, VAT-No.: CHE-200.595.965MWST
LEI: 506700GE1G29325QX363