

SUBMITTED VIA EMAIL TO: FATF.Publicconsultation@fatf-gafi.org

To whom it may concern,

**Re: The Financial Action Taskforce (FATF) Second Public Consultation on FATF
Recommendation 16 on Payment Transparency**

About Global Digital Finance (GDF)

GDF is the leading global members association advocating and accelerating the adoption of best practices for crypto and digital assets. GDF's mission is to promote and facilitate greater adoption of market standards for digital assets through the development of best practices and governance standards by convening industry, policymakers, and regulators.

The input to this response has been curated through a series of member discussions, industry engagement, and roundtables, and GDF is grateful to its members who took part.

As always, GDF remains at your disposal for any further questions or clarifications you may have, and we would welcome a meeting with you to further discuss these matters in more detail should that be beneficial as the FATF continues its work.

Yours faithfully,
Elise Soucie – Executive Director – GDF



Response to the Public Consultation: Executive Summary

GDF was grateful for the opportunity to engage with the FATF in its recent meetings of the Private Sector Consultative Forum in Vienna, the Virtual Assets Contact Group (VACG) in Paris, and on its previous consultations on Payments Transparency and Financial Inclusion.

As expressed during last year's sessions and our response to the previous consultation on this topic, GDF is broadly supportive of the aim of the proposed revisions to the FATF Recommendation 16 (R.16) and of the FATF's efforts to develop requirements which are both technology-neutral while also aiming to help make cross-border payments faster, cheaper, more transparent, and more inclusive.

GDF developed this response with its Global Policy & Regulatory Task Force, which is comprised of GDF members from across the globe, as part of our ongoing commitment to supporting the work of the FATF, as well as the GDF mission to support the development of best practices and governance standards across the digital finance industry. The executive summary concisely states our views on the specific language within the text. Given the nature and scope of GDF's work, our response focuses specifically on how the R.16 revision applies to Virtual Assets (VA). The key points of our feedback are as follows:

- 1. We strongly support the elements of FATF's proposed revisions to R.16 which seek to clarify the requirements in areas such as addresses and name screening and may, if adopted by national regulators, lower the burden on VASPs while fulfilling the Travel Rule's aims; and**
- 2. We support integration of the Legal Entity Identifier (LEI) into FATF's Recommendation 16 for originator and beneficiary identification.**

Response to the Updated Proposed Revisions

Comments on the Objectives

As set out in the executive summary, GDF remains broadly supportive of the aim of the proposed revisions to R.16 and of the FATF's efforts to develop requirements which are both technology-neutral while also aiming to help make cross-border payments faster, cheaper, more transparent, and more inclusive.

Additionally, with regard to the broader objectives, we would also highlight that fragmentation of Travel Rule implementation globally remains a challenge for VASPs which are currently faced with inconsistent regulatory requirements across jurisdictions, while industry-wide solutions for data sharing have yet to be widely adopted and integrated. We support in particular the elements of FATF's proposed revisions to R.16 which seek to clarify the requirements in areas such as addresses and name screening and may, if adopted by national regulators, lower the burden on VASPs while fulfilling the Travel Rule's aims.

Support for LEI Inclusion in R. 16

The LEI is a global, standardized, and interoperable tool that uniquely identifies legal entities, enabling transparency in financial transactions and reducing financial crime risk.



Integration of the LEI into FATF's R.16 for originator and beneficiary identification provides significant benefits:

- Improves counterparty verification processes;
- Enhances the detection of suspicious activities;
- Reduces operational risks and costs on businesses.

The non-connected business identifier code registration process already uses the LEI, highlighting its role in improving transparency.