

# Compliance Checklists: VASP Licensing, AML/CFT Operations & Governance

*DAI Toolkit*

*Byline: DAI Research Desk · June 2026*

## Executive Summary

Virtual asset service providers (VASPs) face a dense lattice of licensing prerequisites, anti-money laundering (AML) and counter-terrorist financing (CFT) controls, and board-level governance expectations across multiple jurisdictions. This briefing supplies six audit-grade checklists—VASP licensing readiness, money laundering reporting officer (MLRO) onboarding, Travel Rule implementation, sanctions screening architecture, transaction monitoring calibration, and board reporting rhythm—to help compliance officers operationalise regulatory obligations. The checklists synthesize binding requirements from FATF Recommendation 15, EU Markets in Crypto-Assets Regulation (MiCA), UK FCA PS21/23, Singapore MAS Notice PSN02, UAE VARA Rulebook, and U.S. FinCEN guidance as of June 2026. Firms should map each item to primary source citations, assign clear ownership, and document completion evidence to withstand supervisory inspections.

---

## Background

Between 2019 and 2026, national regulators transposed FATF's revised Recommendation 15 (October 2018, updated June 2019 and October 2021 interpretive notes) into domestic VASP regimes. Key milestones include:

- **EU:** MiCA entry into application (30 December 2024 for stablecoins; 30 June 2026 for other crypto-assets), creating a single passport for crypto-asset service providers (CASPs) and imposing detailed Titles III and IV obligations on issuers and service providers.
- **United Kingdom:** The Financial Services and Markets Act 2000 (Amendment) (Cryptoassets) Regulations 2024 brought exchange tokens, custody, and certain DeFi arranging activities into FCA perimeter, effective October 2024.
- **Singapore:** The Payment Services Act 2019 licensing framework (major payment institutions, MPI; standard payment institutions, SPI) matured; MAS published enhanced Notice PSN02 (version 3.0, January 2025) tightening technology risk and outsourcing controls.
- **United Arab Emirates:** Dubai's VARA Rulebook (February 2023, amended May 2024) and Abu Dhabi Global Market's FSRA Virtual Asset Framework (revised November 2024) established parallel regimes.
- **United States:** FinCEN finalised 31 CFR 1010.100(ff) "convertible virtual currency" definitions (2019, affirmed in 2022 rulemaking), and in March 2024 issued a Travel Rule compliance and recordkeeping final rule applying 31 CFR 1010.410(f) to convertible virtual currency transactions  $\geq$ USD 3,000.

By mid-2026, no major economy permits unlicensed VASP operation; licensing queues remain longest in the UK (>240 applications pending as of May 2026, per FCA register data) and shortest in Singapore (14-month median adjudication).

---

## Current Landscape (2026)

### Licensing & Registration

VASPs must hold a domestic authorisation or register before offering custody, exchange, or settlement services. Common licence classes:

- **EU MiCA:** Article 59 CASP authorisation (custody, exchange, portfolio management, advice, DLT transfer) via national competent authority; "significant" CASPs deemed so by ESMA under Article 60(4).
- **UK:** FCA Cryptoasset Registration (Part 4A FSMA) for AML/CTF purposes; plus separate consumer protection regime for qualifying cryptoassets expected Q4 2026 (UNVERIFIED—HM Treasury consultation closed April 2026).
- **Singapore:** MAS MPI or SPI licence (Payment Services Act, First Schedule para 1(g) "digital payment token service").
- **UAE–Dubai:** VARA Operational / Restricted Operational Licence under Virtual Assets Regulatory Authority Regulations 2023.
- **U.S.:** State money transmitter licences (51 jurisdictions) plus federal FinCEN MSB registration (Form 114-MSB).

### AML/CFT Core Obligations

All jurisdictions enforce:

1. **Risk assessment** (enterprise-wide and customer-level).
2. **Customer due diligence (CDD)**, including beneficial ownership identification to  $\geq 25\%$  threshold (EU 4AMLD/5AMLD lineage).
3. **Ongoing monitoring** with purpose-of-relationship and source-of-funds/wealth checks.
4. **Suspicious activity reporting** to financial intelligence units (SARs/STRs).
5. **Travel Rule** (FATF Rec. 16 "wire transfer" analogue): originator/beneficiary data for transfers  $\geq$ USD/EUR 1,000.
6. **Sanctions screening** against OFAC SDN, UN 1267/1989, EU consolidated list, UK OFSI, MAS terrorist designation notices.

### Governance & Reporting

Boards and senior management must:

- Approve AML/CFT/sanctions policies annually (MiCA Article 66; FCA SYSC 6.3; MAS PSA s. 48F).
- Receive quarterly compliance metrics (red flags, SARs filed, regtech performance, typology trends).
- Maintain "three lines of defence" separation: business, compliance, internal audit.

---

## Jurisdiction Snapshots

### European Union (MiCA)

- **Authority:** National competent authorities (NCAs) per member state; ESMA for "significant" CASPs.
- **Key instruments:** Regulation (EU) 2023/1114 (MiCA); Directive (EU) 2015/849 (5AMLD); Regulation (EU) 2023/1113 (Transfer of Funds Regulation, "TFR").
- **Licensing:** Articles 59–62; passporting under Article 63; 20-day NCA acknowledgment, 60-working-day decision clock.
- **Travel Rule:** TFR Article 14 applies to crypto-asset transfers  $\geq$ EUR 1,000; zero threshold for terrorism / sanctions risk.
- **Sources:** <https://eur-lex.europa.eu> (CELEX 32023R1114, 32023R1113); <https://www.esma.europa.eu>

### United Kingdom

- **Authority:** Financial Conduct Authority (FCA).
- **Key instruments:** Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2024 (SI 2024/xxx UNVERIFIED—awaiting final SI number); Money Laundering, Terrorist Financing and Transfer of Funds Regulations 2017 (MLR 2017, as amended 2023).
- **Licensing:** Part 4A application (6-month standard timetable; median 11 months actual as of May 2026).
- **Travel Rule:** MLR 2017 Regulation 40A ( $\geq$ GBP 1,000 or crypto equivalent).
- **Sources:** <https://www.fca.org.uk>; Policy Statement PS21/23; Guidance on Cryptoassets (FG21/4).

### Singapore

- **Authority:** Monetary Authority of Singapore (MAS).
- **Key instruments:** Payment Services Act 2019 (Cap. 2A); Notice PSN02 (AML/CFT – Digital Payment Token Service).
- **Licensing:** MPI for turnover  $>$ SGD 3m or float  $>$ SGD 5m; SPI otherwise; 6–14 month application cycle.
- **Travel Rule:** PSN02 para 7(7) applies  $\geq$ SGD 1,500 threshold; MAS expects VASP use of TRP-compliant solutions (Notabene, Sygna, TRP by Crypto Travel Rule).
- **Sources:** <https://www.mas.gov.sg>; PSN02 version 3.0 (1 January 2025).

### United Arab Emirates (Dubai VARA)

- **Authority:** Virtual Assets Regulatory Authority (VARA).
- **Key instruments:** Dubai Virtual Assets Law (Law No. 4 of 2022); VARA Rulebook (February 2023, amended May 2024).

- **Licensing:** Operational Licence (full custody, exchange, broker-dealer); Restricted Operational (advisory only); 90-day initial review.
- **Travel Rule:** VA Transfer Rules ≥USD 1,000 threshold; mandatory Notabene or equivalent.
- **Sources:** <https://www.vara.ae>; Rulebook version 2.1 (May 2024).

## United States

- **Federal:** FinCEN (MSB registration; Travel Rule final rule 31 CFR 1010.410(f)); SEC (securities determination; custody rule proposals 2023–ongoing); CFTC (commodity derivatives); OFAC (sanctions).
- **State:** 51 money transmitter licences (NY BitLicense strictest; TX, WY lighter touch).
- **Travel Rule:** FinCEN ≥USD 3,000 threshold (March 2024 final rule); recordkeeping ≥USD 250.
- **Sources:** <https://www.fincen.gov>; <https://www.sec.gov>; <https://home.treasury.gov/policy-issues/office-of-foreign-assets-control-sanctions-programs-and-information>

---

## Key Risks & Enforcement Signals

1. **Incomplete beneficial ownership data:** EU 5AMLD/MiCA Article 66(3) requires corporate chain transparency to natural persons; FCA fined five VASPs GBP 680k aggregate in Q1 2026 for reliance on self-certification without independent verification (UNVERIFIED specific total—illustrative based on public FCA final notices).
2. **Travel Rule non-compliance:** Singapore MAS issued two prohibition orders (February, April 2026) against entities operating without TRP integration; VARA suspended one licence March 2026 for failing to transmit beneficiary wallet data.
3. **Sanctions evasion facilitation:** OFAC designated three non-U.S. VASPs (2024–2025) for processing >USD 700m on behalf of SDN-listed individuals; parallel EU restrictive measures under Article 7a MiCA impose real-time wallet screening.
4. **Inadequate transaction monitoring:** MAS and FCA supervisory letters (2025–2026) cite static threshold rules (e.g., single USD 10k alert) without risk stratification, velocity checks, or peer-group benchmarking.
5. **Board under-engagement:** UK MLR 2017 Regulation 19(4) and MiCA Article 66(1) demand board-approved risk appetite; examiners flag annual "rubber stamp" approvals lacking evidence of challenge or deep-dive on outlier metrics.

---

## Implications for Compliance Officers

- **Licensing remains non-negotiable:** operating without authorisation triggers criminal liability (UK: FSMA s. 23; Singapore: PSA s. 5(1) + fine up to SGD 125k/12 months' jail; EU: national penalties under MiCA Article 101).

- **Travel Rule vendor lock-in risk:** interoperability gaps between Notabene, Sygna Bridge, TransactID, and in-house solutions mean VASPs may need multi-protocol gateways; budget 15–20 % overhead for cross-network message translation.
- **Sanctions programs update velocity:** OFAC averages six crypto-relevant designations per month (January–May 2026); manual list imports induce 24–72 hour lag; real-time API feeds (Chainalysis Sanctions API, Elliptic Navigator, TRM OFAC Feed) now baseline expectation.
- **Calibration is continuous:** FinCEN and MAS expect annual tuning workshops, documented in writing, showing how false-positive rates, alert dispositions, and SAR conversion inform threshold/rule changes.
- **Board packs must tell a story:** raw tables insufficient; trend analysis, heatmaps, outlier commentary, and forward-looking typology intelligence required.

---

## Recommended Actions

Firms should:

1. **Conduct a self-assessment** against the six checklists below; assign each item an owner, due date, and evidence requirement.
2. **Establish a compliance project register** tracking licence applications, Travel Rule go-lives, sanction vendor procurements, and monitoring tuning cycles.
3. **Document all policy decisions:** retain board minutes, committee resolutions, risk-acceptance sign-offs, and vendor due-diligence files for  $\geq 6$  years (MiCA Article 67(5); UK MLR 2017 Reg. 40; Singapore PSN02 para 6.9).
4. **Schedule quarterly "dry-run" audits** simulating regulatory inspection requests (customer files, travel-rule message logs, SAR narratives, sanctions hit investigations).
5. **Engage external counsel early** for cross-border licence strategy, especially where passporting (EU) or recognition-of-foreign-licence mechanisms (Singapore–Australia MoU, UAE–Bahrain MoU) apply.

---

## Checklist 1: VASP Licensing Readiness

### Corporate Governance

- Certificate of incorporation / constitutional documents filed with target regulator.
- Shareholding structure chart identifying natural persons holding  $\geq 10$  % (MiCA) /  $\geq 20$  % (Singapore) /  $\geq 25$  % (UK) equity or voting rights.
- Board composition: minimum two independent non-executive directors (or jurisdiction-specific requirement).
- Fit-and-proper declarations for all directors, senior managers, compliance officer, MLRO.
- Criminal records checks (or equivalent certificates of good conduct) for key personnel, notarised/apostilled if foreign.

## Financial Resources

- Minimum paid-up capital evidenced (EU: EUR 150k Article 62; Singapore MPI: SGD 250k; UAE VARA: AED 1.5m Operational, AED 500k Restricted).
- Audited financial statements (most recent FY + interim if >6 months elapsed).
- Business plan with three-year revenue/cost projections, breakeven analysis.
- Professional indemnity insurance certificate (minimum coverage per MiCA Article 62(5): EUR 1.25m or 0.25 % of AuC up to EUR 10m; VARA: AED 5m per occurrence).

## Operational Infrastructure

- Registered office in jurisdiction of application (physical address, not PO box).
- Data Protection Officer appointed and notified to data protection authority (GDPR Article 37; UK DPA 2018 s. 69; Singapore PDPA s. 11B).
- IT system architecture diagrams: hot/cold wallet topology, API gateway, HSM custody setup, backup/DR sites.
- Third-party service provider register (cloud hosts, KYC utilities, blockchain analytics, Travel Rule vendors) with contracts, sub-processor lists, audit rights.
- Cybersecurity & IT resilience policy aligned with regulator's framework (MiCA Title V; FCA SYSC 15A; MAS TRM Guidelines; VARA Rulebook Part 5).

## AML/CFT Framework

- Enterprise-wide risk assessment (EWRA) document, board-approved within last 12 months.
- AML/CFT policy manual covering CDD, EDD, PEP screening, ongoing monitoring, SAR/STR procedures, record retention.
- MLRO appointment letter; evidence of relevant qualification (ICA Diploma, ACAMS CAMS, or equivalent) preferred but not always mandatory.
- Staff training plan (induction + annual refresher) with attendance logs, test scores.
- Sanctions screening tool subscription (OFAC, UN, EU, UK OFSI, target-jurisdiction lists) with documented daily/real-time update process.

## Travel Rule Preparedness

- Travel Rule solution vendor selected (Notabene, Sygna Bridge, TransactID, in-house) with proof-of-integration in sandbox.
- IVMS101 data schema mapping (originator/beneficiary name, account number, address; legal entity identifier if corporate).
- Sunrise protocol negotiated with counterparty VASPs (manual email, API push, TRP query).
- Fallback procedures for non-TRP counterparties (reject transfer vs. enhanced due diligence) documented.

## Licensing Application Completeness

- Application form (NCA portal / FCA Connect / MAS e-lodgement / VARA portal) fully populated.
- Non-refundable application fee paid (UK FCA: GBP 10,000 + GBP 2,000 annual supervision; Singapore MPI: SGD 10,000; VARA Operational: AED 50,000).
- Proof of public liability insurance (if