

Our implementation of the travel rule

As we announced on March 23, 2023 in “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"), new regulations such as the travel rule will be implemented for crypto asset transfer requests from our customers. Today, we would like to inform you of our implementation of these regulations.

Our handling of crypto asset sending requests from customers will follow this general method.

- Travel rule implementation time and date
 - Tuesday, May 30, 2023, around 15:00 (JST)
- Corresponding customers
 - All corporate and individual customers who receive and send crypto assets on our services
- Possibility of receiving and sending of crypto assets by country and type
 - Our company supports the travel rule solution, Travel Rule Universal Solution Technology (hereafter referred to as TRUST).

| Country/type | TRUST compatibility | Compatible crypto assets and possibility to send them |
|--------------------------------------------------|-------------------------|----------------------------------------------------------------------------|
| Countries subject to notifications (incl. Japan) | TRUST-compatible VASP | Receiving and sending of TRUST-compatible crypto assets* possible |
| | TRUST-incompatible VASP | Receiving and sending impossible |
| Countries not subject to notifications | — | Receiving and sending of all crypto assets handled by our company possible |
| Private wallets | — | Receiving and sending of all crypto assets handled by our company possible |

*Among the TRUST-compatible crypto assets, our company is handling BTC、ETH、ERC-20 tokens
 BAT/LINK/MATIC/MKR/SHIB/PLT

However, as of May 30, 2023, between Coincheck and our company only receiving and sending of BTC are possible
 Once Coincheck has finalized their development receiving and sending of ETH、ERC-20 tokens is expected to become available as well.

| Countries subject to notifications | | | | | |
|------------------------------------|----------------|---------------|-----------------|---------------|------------|
| Japan | Canada | Switzerland | Bahamas | Hong Kong | Luxembourg |
| USA | Cayman Islands | Serbia | Bermuda Islands | Malaysia | |
| Albania | Gibraltar | Rep. of Korea | Philippines | Mauritius | |
| Israel | Singapore | Germany | Venezuela | Liechtenstein | |

- Crypto asset sending requests that we support
 - Sending to crypto asset exchange operators that can send and receive the legally required information notifications through TRUST

In Japan: Coincheck

Outside of Japan: Crypto asset exchange operators that support TRUST

Please find TRUST-compatible players here:

<https://www.coinbase.com/en/travelrule>

- Sending to crypto asset exchange operators that are registered with authorities outside of Japan and other legally designated countries and regions

Please refer to the FSA website for countries and regions subject to notifications (only available in Japanese):

<https://www.fsa.go.jp/news/r4/sonota/20230203-2/04.pdf>

- Sending to wallets that are not managed by crypto asset exchange operators

Private wallets such as MetaMask, etc.

- Crypto asset sending requests that are not supported
 - Sending to crypto asset exchange operators that are registered with authorities in Japan or other legally designated countries and regions, that cannot send and receive the legally required information notifications through TRUST
- Important notes for receiving crypto assets
 - When receiving crypto assets on our services, we will also confirm the notification information. We may contact you by email etc. if the notification information was not received or needs clarification.
 - The notification information may take some time to confirm, so please ensure you have plenty of time for each receipt. Additionally, please make prompt responses to emails etc. from us.

We will consider expanding the travel rule solutions we use in order to improve customer convenience based on the status of other crypto asset exchange operators. This means that our methods for handling crypto asset receiving and sending requests that we support are subject to change.

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 web3 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.

Reference

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

<https://jycear.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>

Our March 23, 2023 press release

<https://bitflyer.com/pub/20230323-announcement-TravelRule-en.pdf>

About bitFlyer, Inc.

Established in 2014 with a mission of "Simplify the world with blockchain", we have developed a global crypto asset trading business with our sister companies bitFlyer USA, Inc. and bitFlyer EUROPE S.A. that has achieved the No. 1* rating in customer satisfaction. As a crypto asset exchange operator and a type-1 financial instruments business, we shall endeavor to continue expanding and improving our services. We aim to be a highly liquid crypto asset exchange that satisfies as many customers as possible.

Service website: <https://bitflyer.com/en-jp>

*Survey summary: market research on crypto asset exchange providers in November 2022.

Research agency: Japan Marketing Research.

Survey period: November 11, 2022 to November 25, 2022.

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