

Produced by



Brazil's Virtual Asset Regulatory Playbook

| 1.

Executive summary

This Guide provides practical guidance on Travel Rule requirements for Brazilian virtual asset service providers (officially termed *sociedades prestadoras de serviços de ativos virtuais*, or **SPSAVs**). Prepared by Notabene, Veirano Advogados, and ABToken, it outlines the legal foundations, implementation timelines, and key operational and compliance considerations for institutions operating in Brazil's virtual asset sector.

This new framework, established by Law No. 14,478/2022 and implemented through Central Bank of Brazil (BCB) Resolutions Nos. 519, 520, and 521, is effective as of February 2, 2026. **It applies to three categories of SPSAVs—intermediaries, custodians, and brokers—and also allows certain authorized financial institutions, including banks, securities brokers, and foreign exchange (FX) brokers, to provide virtual asset services under a notification regime rather than a full licensing process.**

BCB Resolution No. 520 subjects SPSAVs to the Brazilian AML/CFT framework, including the Travel Rule, requiring the collection, verification, retention, and transmission of originator and beneficiary information for virtual asset transfers, regardless of value, alongside transaction monitoring, suspicious activity reporting, and the reporting of uncooperative counterparties to the BCB.

Travel Rule obligations will be implemented in phases over two years:

Phase I

(February 2, 2026 to February 2, 2027)

Applies to domestic transfers between Brazilian SPSAVs.

Phase II

(February 2, 2027 to February 2, 2028)

Extends these obligations to cross-border transfers involving foreign service providers.

Reliance on customer self-declared information is permitted throughout both phases. **Full applicability across all transfers becomes mandatory as of February 2, 2028.** However, SPSAVs must operationalize key Travel Rule capabilities earlier than this due to FX requirements under BCB Resolution No. 521 and Normative Instruction No. 693. Transactions involving self-hosted wallets and international payments and transfers are deemed FX transactions and must be reported to the BCB on a monthly basis starting in May 2026, regardless of licensing status. These reports require detailed originator, beneficiary, and transaction information that closely mirrors Travel Rule data requirements.

In parallel, SPSAVs applying for license must already demonstrate effective AML/CFT and sanctions controls at the time of filing, reinforcing that Travel Rule compliance should be treated as a progressive, licensing-relevant implementation effort rather than a “cliff-edge” deadline.

| 1.

Introduction

1.1 Purpose and Scope of This Guide

This Guide has been prepared by Notabene, Veirano Advogados, and ABToken as a practical reference focused on the Travel Rule requirements applicable to SPSAVs. The Guide covers topics such as the regulatory background of virtual asset services, the scope of application of the Travel Rule, implementation timelines, operational and compliance requirements, and practical considerations for structuring internal processes and systems.

This information has been prepared based on the laws and regulations in force, as well as on the regulatory guidance available, as of the date of publication.

1.2 Legal Disclaimers

This Guide does not constitute, and should not be construed as, legal advice, a legal opinion, or a recommendation. Nothing contained herein should be construed as a representation or warranty as to the completeness, accuracy, or timeliness of the information provided.

The information contained in this Guide may become outdated over time, and the authors do not undertake any obligation to report or update readers on any legal, regulatory, or judicial interpretation changes that may affect the matters addressed herein, nor on any additional information to which they may have access, even if not protected by confidentiality.

The content presented herein is merely an introduction to the topics addressed and should not, under any circumstances, be relied upon as the sole basis for legal, regulatory, or business decisions. This Guide is provided strictly for informational purposes and does not replace a case-by-case analysis by qualified professionals.

| 2.

Regulatory landscape

2.1. Brazil's Virtual Asset Legal Framework

The regulatory framework governing virtual asset services in Brazil was first established with the enactment of Law No. 14,478/2022. Prior to this statute, there was no comprehensive legal regime specifically addressing the provision of virtual asset services in the country, and regulatory intervention was limited to a Communiqué issued by the BCB on the subject. BCB Communiqué No. 31,379/2017 was limited to warning the public about the risks associated with the custody and trading of virtual assets, and to clarifying that payment and international transfer operations involving virtual assets should remain subject to the existing FX regulations.

Law No. 14,478/2022 introduced a dedicated legal framework for the industry, centered on the regulation of activities carried out by Brazilian SPSAVs and based on a functional approach that focuses on the services rendered by those institutions rather than on specific technologies or asset issuance models. It defines “virtual assets” as digital representations of value that can be electronically traded or transferred and used for payment or investment purposes. At the same time, it establishes a set of express exclusions. As a result, national and foreign currencies, electronic money, loyalty points, and assets already subject to specific financial or capital markets regulation, such as securities and other regulated financial instruments, do not fall within its scope. Such delimitation preserves the jurisdiction of the Brazilian Securities and Exchange Commission (Comissão de Valores Mobiliários, or CVM) over tokenized securities and other regulated financial assets.

According to Law No. 14,478/2022, SPSAVs are legal entities that, on behalf of third parties, perform at least one of the following activities:

- (i) Exchange between virtual assets and fiat currency;
- (ii) Exchange between one or more virtual assets;
- (iii) Transfer of virtual assets;
- (iv) Custody or administration of virtual assets or instruments that allow control over them; or
- (v) Participation in financial services and the provision of services related to the offering or sale of virtual assets by an issuer.

The law further provides that SPSAVs may only operate in Brazil upon prior licensing. In June 2023, Decree No. 11,563 formally designated the BCB as the competent regulatory authority for the sector, granting it powers to regulate, authorize, and supervise SPSAVs. The BCB then implemented the statutory mandate through a structured process, preceded by public consultations, which culminated with the enactment of BCB Resolutions Nos. 519, 520, and 521.

2.2. The Three Pillars: BCB Resolutions 519, 520, and 521

After being designated as the authority in charge of regulating SPSAVs, the BCB launched Public Consultation No. 97/2023 in order to gather initial feedback from market participants. In parallel, the BCB issued Communiqué No. 40,874/2023, clarifying that SPSAVs could continue to operate in Brazil without a prior license until the regulatory framework governing the provision of virtual asset services entered into force. Based on the contributions received in its public consultation, the BCB prepared draft regulations, which were subsequently submitted to the market through Public Consultations Nos. 109, 110, and 111/2024. These consultations ultimately resulted in BCB Resolutions Nos. 519, 520, and 521, which now form the core of the regulatory framework applicable to Brazilian SPSAVs.

- (i) **BCB Resolution No. 519** establishes the licensing process of pure SPSAVs and other authorized institutions that will also be able to offer virtual asset services in Brazil, setting out the criteria, documentation, and relevant procedures for obtaining a license from the BCB. It aligns the license regime of SPSAVs with the framework already applicable to other supervised institutions, including requirements related to financial capacity, lawful source of funds, business viability, and governance. **BCB Resolution No. 519 will become effective on February 2, 2026.**
- (ii) **Resolution BCB No. 520** describes the categories of SPSAVs (intermediaries, custodians, and brokers) and sets out the requirements applicable to each of these categories. It also subjects SPSAVs to a regulatory framework aligned with that applicable to other institutions within the Brazilian financial system, including governance standards, customer protection and transparency rules, AML/CFT requirements, cybersecurity standards, internal controls, and reporting duties. **BCB Resolution No. 520 will also become effective on February 2, 2026.**
- (iii) **Resolution BCB No. 521** provides that certain SPSAV activities fall within the regulated Brazilian foreign exchange market, including: (a) cross-border payments or transfers carried out using virtual assets; (b) transfers made to settle obligations arising from the international use of cards or other electronic payment instruments; (c) transfers involving self-hosted wallets, provided that the wallet holder is duly identified and appropriate verification procedures are in place; and (d) the purchase, sale, or exchange of virtual assets pegged to fiat currency (i.e., fiat-referenced stablecoins). **Whenever a SPSAV performs any activity falling within the scope of the foreign exchange market, it must obtain not only the license to operate as a SPSAV, but also the license to operate in the foreign exchange market. BCB Resolution No. 521 will also become effective on February 2, 2026.**

In addition to BCB Resolutions Nos. 519, 520, and 521, other regulations are equally relevant for Brazilian SPSAVs. In particular, Joint Resolution No. 14/2025 and BCB Resolution No. 517, which set forth minimum capital and net worth requirements applicable to regulated institutions, including SPSAVs. Both resolutions took effect on the date they were published, but established a transitional regime providing for a gradual capitalization of certain institutions, namely those that were already authorized or had already filed for a license as of November 3, 2025. This transitional regime does not apply to SPSAVs that were not yet subject to a specific regulatory framework as of that date, given that the regulations governing SPSAVs were only published on November 10, 2025, and only become effective on February 2, 2026. **As a result, SPSAVs are subject in full to the new capital requirements and will be required to meet the applicable minimum capital thresholds before filing for a license.**

Furthermore, additional regulations are expected to be issued by the BCB in the coming months to further detail and operationalize certain aspects of the framework.

2.3. Timeline of Regulatory Implementation

BCB Resolutions Nos. 519, 520, and 521 will become effective on February 2, 2026. SPSAVs that were already providing virtual asset services prior to February 2, 2026 will be allowed to continue providing the same categories of services they were offering before that date during a transitional period running from February 2, 2026 to October 30, 2026. Under the applicable regulations, this 270-day period corresponds to the period for existing market participants to prepare and file for a license with the BCB. **As of October 30, 2026, any entity that has not filed for a license will no longer be allowed to continue providing virtual asset services in Brazil.**

Once a SPSAV files for a license, it will be subject to a two-phase review process, each phase covering different sets of regulatory requirements. The regulations do not establish a timeframe for the conclusion of either phase. However, they do provide for a phased implementation of regulatory obligations, with certain requirements becoming applicable upon the filing, others to be met by the end of Phase 1, others by the end of Phase 2, and additional obligations to be implemented thereafter, as further detailed in Section 4.4

| 3.

Vasp classification and market entry



3.1. Understanding SPSAVs: Brazil's SPSAV Categories

The Brazilian regulatory framework establishes three categories of SPSAVs: intermediaries, custodians, and brokers.

Virtual asset intermediaries: Intermediaries are SPSAVs dedicated to virtual asset intermediation activities. Such activities include underwriting virtual asset issuances (individually or jointly with other authorized entities), buying, selling, and exchanging virtual assets, managing portfolios of virtual assets and other financial instruments, acting as fiduciary agents in virtual asset operations, carrying out staking activities, and providing virtual asset services in the foreign exchange market. Intermediaries may also undertake ancillary activities, such as issuing electronic money, providing market liquidity, and acting as market makers, subject to prior notice to the BCB. All intermediation activities must comply with applicable BCB and CVM regulations.

Virtual asset custodians: Custodians are institutions dedicated to the provision of virtual asset custody services. Their core responsibilities include the safeguarding and control of the instruments (including private keys) required to exercise rights over virtual assets, the maintenance of reconciled records of client positions, and the execution and retention of instructions relating to virtual asset movements. Custodians must ensure the integrity of the assets under custody and guarantee that only the rightful holder or a duly authorized representative is able to exercise rights over such assets.

Virtual asset brokers: Brokers are institutions authorized to perform both intermediation and custody services. Accordingly, they combine the operating scope of intermediaries with the core obligations of custodians, and they are subject to the complete regulatory framework applicable to both categories. Importantly, the regulation prohibits SPSAVs from holding intermediary and custodian licenses simultaneously; once a SPSAV performs both activities, it must obtain a virtual asset broker license.

3.2. Eligible Authorized Financial Institutions

Under BCB Resolution No. 520, only a limited set of regulated institutions, in addition to pure SPSAVs, are permitted to provide virtual asset intermediation and custody services. This group includes commercial banks, multiple banks, and investment banks. Securities brokers and foreign exchange brokers are also authorized to perform virtual asset services. Payment institutions, however, are not included among the authorized entities.

Authorized institutions that were already providing virtual asset services on February 2, 2026 will have until October 30, 2026 (a 270-day period, counted from the effective date of the regulations) to notify the BCB of such activities. BCB licensed institutions that were not yet providing virtual asset services and intend to start operations after February 2, 2026 must also notify the BCB and wait a 90-day period before starting offering such activities. During this 90-day period, the BCB may review the notification and determine that the institution should refrain from providing the services or wait for further instructions. In general, however, if the BCB does not object within this period, the institution may begin providing the services after the 90-day waiting period. **Authorized institutions are subject to a notification regime, rather than to a full licensing process.**

3.3. License Requirements and Process

As mentioned, SPSAVs that are already in operation in Brazil prior to the effective date of the new regulatory framework (i.e., before February 2, 2026) must file an application for a license with the BCB within 270 days counted from that date, which sets October 30, 2026 as the final deadline. SPSAVs whose activities fall within the scope of the foreign exchange market must, together with the SPSAV license application, also file for a license to operate in the foreign exchange market. In addition, service providers that, prior to February 2, 2026, were providing services to Brazilian users through a foreign entity will be granted the same 270-day period to migrate their activities to a Brazilian SPSAV and subsequently file for a license in Brazil.

Pursuant to Article 26 of BCB Resolution No. 519, the licensing process for SPSAVs in operation before February 2, 2026, will be divided into two phases, as outlined below. The regulations do not establish a timeframe for the conclusion of either phase.

Phase 1

Evidence of prior activity

At this stage, it will be essential to demonstrate tax reporting of virtual asset transactions to the Brazilian Federal Revenue (RFB), in accordance with Normative Instruction RFB No. 2,291/2025, among other potential evidentiary elements.

Reputation of controlling shareholders

Assessment of the reputation and integrity of the controlling shareholders, holders of qualifying participations and officers/directors.

Minimum capital and net worth

Minimum capital must be fully paid-in at the time the SPSAV files for a license.

Audited financial statements

The BCB may require previous audited financial statements for the last 3 fiscal years (if available) to substantiate past operations and financial condition.

Phase 2

Economic and financial capacity of controlling shareholders

Assessment of whether the controlling shareholders, individually or jointly, have sufficient economic and financial capacity to support the capital required for the operation of the institution, as well as to absorb potential losses and contingencies arising from market dynamics.

Lawful origin of funds

Evidence that the funds used to pay in the capital, acquire control or obtain a qualifying participation derive from lawful sources, supported by appropriate documentation.

Economic and financial viability of the project

Assessment of the SPSAV's business model, revenue generation capacity, projected volumes and cost structure, in order to confirm that the operation is viable. The drafting of a business plan (and its executive summary) will be a key element to substantiate this analysis

IT infrastructure

Assessment of whether the information technology infrastructure is compatible with the complexity and risks of the business, including robustness, scalability, cybersecurity controls, resilience, and continuity/incident response mechanisms.

Governance framework

Adequacy of the corporate governance structure in light of the complexity and risks of the business.

Knowledge and technical capability of management

Assessment of whether the directors have (i) sufficient knowledge of the business line, market segment, and relevant risks, and (ii) the technical capability and experience required to perform their roles.

Head office in Brazil

Confirmation of the institution's head office in Brazil. The registered address must be used solely by the institution, and coworking, virtual offices or other shared spaces are not allowed.

As discussed in Section 3.2, the licensing process does not apply to institutions that are already authorized to operate in the Brazilian financial system and decide to provide virtual asset services. Those institutions are subject to a notification regime before the BCB, under the terms and conditions described in Section 3.2.

4.

Transition strategy and grandfathering



4.1. Critical Compliance Milestones and Deadlines

SPSAVs operating in Brazil prior to February 2, 2026 will benefit from a general adaptation period to fully comply with all obligations set out under Law No. 14,478/2022 and the BCB's regulatory framework. This adaptation period remains in effect until the BCB issues its Phase 1 decision, which marks the deadline by which SPSAVs must be fully compliant with all applicable requirements.

However, there are a few exceptions to the rule presented above:

(i) At the time of filing for the license application, SPSAVs must already be able to demonstrate compliance with the regulatory requirements related to: a) risk-management rules, including market, credit (as applicable), operational and liquidity risks; b) cybersecurity regulation, including incident-response and recovery plans, and the engagement of data-processing and cloud-computing services; c) internal controls aimed at preventing the misuse of the Brazilian Financial System (Sistema Financeiro Nacional) and the Brazilian Payments System (Sistema de Pagamentos Brasileiro) for money laundering or terrorism financing; d) procedures required under Law No. 13,810/2019 (sanctions compliance under UN Security Council listings); and e) accounting and auditing standards applicable to BCB licensed institutions, in accordance with the COSIF (Padrão Contábil das Instituições Reguladas pelo Banco Central do Brasil), the Brazilian accounting framework for BCB regulated institutions.

Also, from the filing date, SPSAVs must comply with the following reporting obligations:

Frequency

No fixed frequency

Daily

Monthly

On demand

Reporting Obligation

- Information regarding customers and users, or the legal representatives of such customers or users, which shall be sent to the National Financial System Client Registry (Cadastro de Clientes do Sistema Financeiro Nacional)
- Information and data relating to the accounting balances held by the institution on behalf of its customers and users
- (i) Verifiable statements, in the form of proof of reserves of the virtual assets held, broken down by virtual asset, indicating the quantities and corresponding financial resources custodied on behalf of each customer or user; and
(ii) Verifiable statements indicating the total amount of virtual assets belonging to customers or users that are allocated to staking operations, if the institution performs such operations
- Any supplemental information requested by the BCB for supervisory purposes

(ii) Another exception relates to the reporting of virtual asset transactions that fall within the scope of the Brazilian foreign exchange market. Under BCB Normative Instruction No. 693, all institutions providing virtual asset services in Brazil must report such transactions by the 5th day of the month following the month in which they occur, as from May 2026, even if they have not yet filed for a license. The scope of transactions deemed to fall within the Brazilian foreign exchange market is not limited to SPSAVs providing international transfer or payment services involving virtual assets. It also encompasses, among others, (i) SPSAVs that receive or transfer funds to or from self-hosted wallets, and even (ii) SPSAVs that buy, sell, or exchange virtual assets pegged to fiat currency.

Although BCB Normative Instruction No. 693 does not specifically address Travel Rule requirements, it does impose the obligation to report a specific set of information that institutions must be prepared to provide, including data on the parties involved in the transaction (origin and destination). In practice, this already anticipates part of the operational and informational burden associated with Travel Rule controls. Section 7 below further details the categories of transactions that fall within the scope of the Brazilian foreign exchange market, for which the implementation of Travel Rule controls may be necessary to meet the reporting obligations applicable from May 2026.

(iii) Finally, compliance with Travel Rule requirements (Article 44 of BCB Resolution No. 520) will also follow a specific and differentiated implementation timeline, structured in two phases, as detailed in Section 5.3.

| 5.

Travel rule framework



5.1. Integration with AML/CTF Ecosystem

Since the enactment of Law No. 14,478/2022, SPSAVs have been expressly placed within the scope of the Brazilian anti-money laundering and counter-terrorism financing (AML/CFT) framework. Article 4 of Law No. 14,478/2022 indicates that the provision of virtual asset services must comply with a set of regulatory guidelines, including rules on the prevention of money laundering, terrorist financing, and the proliferation of weapons of mass destruction, in line with international standards. This provision makes clear, from the outset, that SPSAVs are subject to the Brazilian AML/CFT regime and, in particular, to the obligations set forth in Law No. 9,613/1998 (Brazil's AML law).

From the outset of the BCB-led regulatory discussions, it has been clear that SPSAVs would be expected to comply with the same core AML/CFT requirements that apply to other institutions supervised by the BCB. Accordingly, the framework established by BCB Circular No. 3,978/2020 applies to SPSAVs. Under this framework, SPSAVs must implement comprehensive AML/CFT policies and controls, including “know your customer” (KYC) identification and verification procedures, ongoing customer due diligence (CDD), transaction monitoring (“know your transaction,” or KYT), recordkeeping obligations, internal governance and risk management structures, and procedures to identify, assess, and report suspicious transactions to Brazil's financial intelligence unit, the Conselho de Controle de Atividades Financeiras (COAF).

One of the most relevant and internationally established obligations in the AML/CFT framework applicable to virtual asset service providers is the Travel Rule. In general terms, the Travel Rule requires virtual asset service providers to collect, verify, and transmit certain information about the originator and the beneficiary of virtual asset transfers, so that such information “travels” together with the transaction and can be made available to the relevant counterparties and authorities. The purpose of this requirement is to enhance traceability, transparency, and supervisory oversight over virtual asset transactions, aligning the virtual asset ecosystem with the standards traditionally applicable to wire transfers in the traditional financial system. Crucially, the Travel Rule supports the identification and reporting of suspicious transactions and enables freezing measures and prevention of transactions involving designated persons or entities, which is a key enabler for compliance with the procedures required under **Law No. 13,810/2019**, which provides on sanctions imposed by **UN Security Council**.

Travel Rule obligations must be understood as part of the same preventive system established by Law No. 9,613/1998 and operationalized by Circular No. 3,978/2020, alongside other duties such as KYC, KYT, transaction record retention, and suspicious activity reporting (SAR). Taken together, these rules require SPSAVs to implement systems and controls capable of collecting, verifying, monitoring, storing, and transmitting information on clients and transactions in a manner consistent with both the general AML/CFT regime and the specific requirements applicable to virtual asset transfers.

5.2. Core Travel Rule Obligations

Article 44 of BCB Resolution No. 520 extends AML/CFT obligations to SPSAVs and sets out the Travel Rule requirements applicable to digital asset transactions. This section outlines the core obligations arising under this framework.

Information Transmission

A central element of any Travel Rule regime is the specification of the information that institutions must transmit in connection with transactions. In Brazil, SPSAVs are required to ensure that identifying information accompanies all virtual asset transfers, regardless of the transaction amount. For each transfer, the originator's institution must transmit data on both the originator and the beneficiary, as follows:

| Identifier / Data element | Originator | Beneficiary |
|---|------------|----------------|
| Name or trade name | ✓ Required | ✓ Required |
| Full account identification (payment/deposit or equivalent international account) | ✓ Required | ✓ Required |
| Identification of the virtual asset wallet used in the transaction | ✓ Required | ✓ Required |
| Residential or business address | ✓ Required | ✗ Not required |
| CPF/CNPJ or equivalent international ID | ✓ Required | ✗ Not required |

Suspicious transaction reporting

Beyond information-transmission requirements, BCB Resolution No. 520 expressly establishes an obligation for regulated entities to identify suspicious or illicit transactions, and to maintain records of such transactions for access by competent authorities, including the BCB.

This obligation directly aligns with the core objectives of the Financial Action Task Force (FATF)'s Guidance on a Risk-Based Approach to Virtual Assets and Virtual Asset Service Providers. Under the FATF framework, the Travel Rule requires SPSAVs to obtain, retain, and securely transmit originator and beneficiary information in real time during virtual asset transfers, specifically to enable the detection, monitoring, and reporting of suspicious activity, the implementation of freezing measures, and the prohibition of transactions involving designated persons or entities.

By explicitly articulating these duties, the Resolution underscores that information transmission is not an end in itself, but a critical enabler of effective AML/CFT controls.

Reporting uncooperative counterparties

SPSAVs must promptly notify the BCB of any difficulties in controlling or monitoring virtual asset transactions that arise from practices adopted by other BCB-authorized institutions.

Effective Travel Rule compliance depends on counterparty cooperation. Where a counterparty lacks the technical or operational capability to receive, transmit or retain required originator and beneficiary information, the reporting entity's own capacity to comply is directly impaired.

Recognizing this interdependence, several jurisdictions, including the European Union and the United Kingdom, provide mechanisms for reporting non-compliant or uncooperative counterparties to supervisory authorities. Because an entity's compliance posture is materially affected by its counterparties, supervisory visibility into these frictions is essential for effective oversight.

While the BCB has issued detailed rules for SPSAVs generally, further clarification specific to Travel Rule reporting would support effective implementation. In particular, guidance on reporting triggers and thresholds, timelines and channels, minimum data elements, treatment of cross-border and non-BCB-authorized counterparties, confidentiality and safe - harbor expectations, and remediation and escalation steps would help firms apply these requirements consistently.

5.3. Phased Implementation of the Travel Rule and Obligations During the Adjustment Period

The BCB adopted a **phased rollout** of the Travel Rule under **Article 89 of Resolution BCB No. 520**, spanning a two-year period beginning on **February 2, 2026**.

- **Phase I** runs from **February 2, 2026 to February 2, 2027**, and focuses on **domestic virtual asset transfers** between SPSAVs established in Brazil.

Phase II runs from **February 2, 2027 to February 2, 2028**, and extends the Travel Rule framework to **cross-border transfers involving foreign service providers**.

| Phase | Period | Scope |
|----------|---------------------------|---|
| Phase I | Feb 2, 2026 - Feb 2, 2027 | Travel Rule applies to domestic transactions only . |
| Phase II | Feb 2, 2027 - Feb 2, 2028 | Travel Rule extends to cross-border transactions involving foreign institutions. |

During both phases, SPSAVs may rely on **self-declared information provided by clients** for the identification of originators, beneficiaries, and transaction purposes, provided such information is properly documented, retained, and made accessible to the BCB, as expressly set out in **Article 89, §1 of BCB Resolution No. 520**.

This phased approach reflects a deliberate supervisory choice to allow for **progressive implementation**, taking into account operational complexity and the need for market coordination.

Full compliance with the Travel Rule becomes mandatory starting February 2, 2028.

5.4. Interaction with the Adjustment Period and Licensing Requirements

As noted in Section 4, and in parallel with the Travel Rule rollout, BCB Resolution No. 520 establishes a **general adjustment period** for SPSAVs already operating in Brazil before the resolution takes effect. This period runs from **February 2, 2026** until the BCB issues its Phase I **licensing decision**.

At the time of a **license application** filing, applicants must demonstrate compliance with the requirements set out in **Article 88(II) of BCB Resolution No. 520**, including, in particular:

- **AML/CFT internal controls** aimed at preventing misuse of the Brazilian Financial System and the Brazilian Payments System; and
- **Sanctions** controls, including procedures for implementing asset-freezing and other restrictive measures under **Law No. 13,810/2019**.

Read together, Articles 88 and 89 support a **coherent regulatory expectation**: While full Travel Rule enforceability is intentionally deferred and phased, with hard compliance deadlines of **February 2, 2027** (domestic) and **February 2, 2028** (cross-border), **SPSAVs shall not treat the end of Phase I as a “cliff-edge” deadline** or defer substantive implementation until that point.

During the adjustment period and at the time of the license application, SPSAVs must already demonstrate **effective AML/CFT and sanctions compliance frameworks**, many elements of which are **functionally strengthened - and in some cases materially dependent on - Travel Rule capabilities**.

In particular, effective sanctions screening and compliance with asset freezing obligations under Law No. 13,810 require reliable counterparty identification and the ability to trace value flows across SPSAVs; likewise, robust AML controls - including transaction monitoring, risk assessment, and suspicious activity detection - are materially enhanced by structured originator and beneficiary information.

Accordingly, although Travel Rule compliance is phased in terms of **supervisory enforcement**, it remains **operationally and prudentially relevant throughout the adjustment period**, including for licensing purposes. In this context, the implementation roadmap set out in Section 7 below provides SPSAVs with a practical reference to structure and monitor progress on Travel Rule compliance across the relevant transition stages, ensuring that implementation efforts advance in a timely and coordinated manner.

| 6.

Self-hosted Wallets and Foreign Exchange Compliance

Definition of Self-Hosted Wallets

Under Article 76-A of BCB Resolution No. 521, a self-hosted wallet is one in which the user directly controls the private keys, enabling the movement of funds without the involvement of a SPSAV

Identification and Verification Requirements

SPSAVs will be required to identify the owner of a self-hosted wallet and to implement, maintain, and document procedures to verify the origin and destination of virtual assets involved in the relevant transactions. Although the full implementation of the Travel Rule and of the related information-sharing obligations is subject to longer implementation timelines, the fact that monthly reporting of transactions involving self-hosted wallets will already be required as from May 2026 (as further detailed below) suggests that SPSAVs should, to the extent possible, seek to have at least basic identification procedures in place by that date, at a minimum by collecting the relevant information from their clients or users.

Integration with the Foreign Exchange Regime

According to the Resolution, a SPSAV that transfers or receives funds to or from self-hosted wallets will be deemed to be operating within the scope of the Brazilian foreign exchange market. In such cases, the SPSAV must hold not only the authorization to operate as a SPSAV, but also the proper authorization to operate in the foreign exchange market.

The rationale adopted by the Central Bank of Brazil in framing this rule is that a self-hosted wallet, from a functional perspective, can operate similarly to an account that may be held and used abroad: it is controlled directly by the user, it is not necessarily linked to an institution established in Brazil, and can be accessed and operated from any jurisdiction. In this sense, when a Brazilian resident transfers value to a self-hosted wallet (or receives value from it), the operation can be understood as economically analogous to moving funds to or from an “offshore” account, thereby justifying its inclusion within the perimeter of the foreign exchange market. This approach is intended to ensure that cross-border value transfers executed through virtual assets do not bypass the controls and traceability mechanisms traditionally applicable to international payments and transfers under Brazilian FX rules.

Under BCB Normative Instruction No. 693, SPSAVs whose activities fall within the scope of the Brazilian foreign exchange market are required to submit monthly reports of such transactions by the 5th business day of the month following the one in which they occur, as from May 2026, irrespective of whether they have already applied for authorization. As mentioned before, in the case of SPSAVs that fall within the scope of the foreign exchange market due to transactions involving self-hosted wallets, the information to be reported as from May 2026 includes, at a minimum: (a) the date of the transaction; (b) the identification of the client, in accordance with BCB Circular No. 3,978, of January 23, 2020; (c) the relevant virtual asset; (d) the amount of virtual assets transferred; (e) the identification of the self-hosted wallet holder; and (f) the nature of the transaction, indicating whether the self-hosted wallet is the origin or the destination, with destination self-hosted wallets being reported as remittances and origin self-hosted wallets as inflows.

| 7.

Integration with the foreign exchange regime

As discussed in Section 4 above, while Travel Rule obligations under BCB Resolution No. 520 are subject to a phased implementation timeline extending through February 2028, certain reporting obligations under the Brazilian FX regime apply earlier and independently of that phased rollout. In particular, BCB Normative Instruction No. 693 requires SPSAVs to begin reporting FX-scoped virtual asset transactions on a monthly basis as of May 2026, including transactions involving self-hosted wallets and cross-border payments and transfers. This section provides a more detailed analysis of the categories of virtual asset transactions that fall within the scope of the Brazilian foreign exchange market **and for which the applicable FX reporting obligations effectively require the adoption of Travel Rule-aligned identification and information-collection controls.**

Self-hosted wallet transactions

According to Resolution No. 521, a SPSAV that transfers or receives funds to or from self-hosted wallets will be deemed to be operating in the regulated Brazilian foreign exchange market. In such cases, the SPSAV must hold not only the license to operate as a SPSAV, but also the proper license to operate in the foreign exchange market.

The rationale adopted by the BCB in framing this rule is that a self-hosted wallet, from a functional perspective, can operate similarly to an account that may be held and used abroad: it is controlled directly by the user, it is not necessarily linked to an institution established in Brazil, and can be accessed and operated from any jurisdiction. In this sense, when a Brazilian resident transfers value to a self-hosted wallet (or receives value from it), the operation can be understood as economically analogous to moving funds to or from an “offshore” account, thereby justifying its inclusion within the perimeter of the foreign exchange market. This approach is intended to ensure that cross-border value transfers executed through virtual assets do not bypass the controls and traceability mechanisms traditionally applicable to international payments and transfers under Brazilian FX rules.

SPSAVs that fall within the scope of the foreign exchange market due to transactions involving self-hosted wallets are required to submit monthly reports of such transactions by the 5th business day of the month following the one in which they occur, as from May 2026. The information to be reported as from May 2026 includes, at a minimum: (a) the date of the transaction; (b) the identification of the client, in accordance with BCB Circular No. 3,978; (c) the relevant virtual asset; (d) the amount of virtual assets transferred; (e) the identification of the self-hosted wallet holder; and (f) the nature of the transaction, indicating whether the self-hosted wallet is the origin or the destination, with destination self-hosted wallets being reported as remittances and origin self-hosted wallets as inflows.

International payments and transfers

Pursuant to BCB Resolution No. 521, virtual asset transactions that involve cross-border payments or transfers are also deemed to fall within the scope of the Brazilian foreign exchange market. This includes, in particular, transactions in which virtual assets are transferred to or received from foreign SPSAVs, foreign platforms, or other entities or persons located outside Brazil. As a result, SPSAVs intermediating or otherwise facilitating such cross-border virtual asset transactions are subject not only to the regulatory framework applicable to virtual asset services, but also to the rules governing the Brazilian foreign exchange market.

SPSAVs that fall within the scope of the foreign exchange market due to international payments or international transfers involving the transmission of virtual assets are required to submit monthly reports of such transactions by the 5th business day of the month following the one in which they occur, as from May 2026. The information to be reported as from May 2026 includes, at a minimum: (a) the date of the transaction; (b) the purpose of the transaction; (c) the nature of the transaction, indicating whether it constitutes an inflow or a remittance of virtual assets; (d) the identification of the client, in accordance with BCB Circular No. 3,978; (e) the relevant virtual asset; (f) the amount of virtual assets transferred; (g) the reference value in Brazilian reais per unit of the virtual asset on the transaction date; and (h) the identification of the payer or beneficiary abroad, including their name, country, and relationship or link to the client.

The reporting obligations related to international virtual asset transfers may entail additional operational and compliance complexity, as the SPSAV may need to rely on, or coordinate with, foreign virtual asset service providers or other foreign intermediaries to obtain the information necessary to properly identify the originator and the beneficiary of the transaction. However, pursuant to article 89, paragraph 1, of BCB Resolution No. 520, during the phased implementation of the Travel Rule, SPSAVs are allowed to rely on customer self-declarations to collect the information required for reporting purposes, including identification of the client or user, the beneficiary, the virtual asset, the transaction amount, and its purpose, subject to the institution's internal procedures and risk-based analysis. Accordingly, within this transitional period, customer self-declarations may be used as a permissible source of information, without prejudice to the SPSAV's obligation to assess the risks of the transactions and to implement additional controls as the regulatory framework is fully implemented.

Interaction with AML and Travel Rule Controls

While the full implementation of the Travel Rule and its related information-sharing obligations remains subject to a phased timeline, international virtual asset transfers and self-hosted wallet transactions are an area in which Travel Rule-adjacent obligations and AML controls converge more directly with foreign exchange compliance requirements. Effective transaction monitoring, sanctions screening, and compliance with FX reporting obligations depend on the ability to accurately identify the type of counterparty involved in the transaction and on the availability of reliable information regarding both the originator and the beneficiary, including their respective jurisdictions.

Accordingly, SPSAVs engaging in self-hosted wallet transactions and international virtual asset payments or transfers should anticipate the need to enhance their client onboarding, transaction classification, and counterparty identification processes, as well as to assess their ability to exchange information with foreign service providers, in order to ensure compliance with Brazilian foreign exchange rules and AML/CFT obligations.

Implementation Roadmap

Building on the phased implementation approach described in Section 5.3 above, SPSAVs should treat Travel Rule compliance as a structured, progressive rollout rather than a single “go-live” event. In practice, this requires aligning internal policies, technical integration, and counterparty coordination with the key regulatory milestones. The table below summarizes a practical implementation roadmap, translating the phased requirements into concrete actions and timelines that firms can use to plan and execute their Travel Rule rollout.

| Time period | Regulatory phase / focus | Key objective | Proposed actions (practical milestones) | Operational impact |
|--------------------|--|---|---|---|
| Feb 2 – May, 2026 | <ul style="list-style-type: none"> Effectiveness + preparation for FX reporting obligations | <ul style="list-style-type: none"> Ensure readiness to comply with FX reporting obligations, in particular transactions involving self-hosted wallets and transfers/payments involving international counterparties. | <ul style="list-style-type: none"> Integrate a Travel Rule solution into transaction flows Implement logic to identify the counterparty type for withdrawals and deposits (domestic SPSAVs vs. international SPSAVs vs. self-hosted wallet) Start collecting self-declarations from end-customers | <ul style="list-style-type: none"> Information collection becomes mandatory for cross-border and self-hosted wallet transactions. |
| May – Oct 30, 2026 | <ul style="list-style-type: none"> Phase I ramp-up | <ul style="list-style-type: none"> Build technical capability and begin domestic implementation; demonstrate measurable readiness ahead of the BCB license application. | <ul style="list-style-type: none"> Start sending Travel Rule messages Measure performance with Brazilian counterparties (message delivery, response rates, deposit compliance rates) | <ul style="list-style-type: none"> No change to operational impact from the previous phase. Travel Rule success does not impact the ability to transact |



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Notabene is the trust layer for global crypto money movement. Our products include Notabene Flow, the first open stablecoin payments platform for businesses, and Notabene Transact, the world's largest Travel Rule-compliant transaction authorization platform for regulated institutions. The Notabene network connects thousands of trusted counterparties, facilitating over \$2T in transaction volume annually across over 100 jurisdictions. It's built on the Transaction Authorization Protocol (TAP), our open messaging standard that enables verified entities to transact securely. Notabene provides industry-leading tools for stablecoin payment coordination, real-time transaction authorization, counterparty verification, and self-hosted wallet identification—helping institutions build trust into every transaction.



Veirano Advogados is a leading Brazilian law firm with extensive experience advising clients in the fintech and digital assets sectors. The firm has been closely involved in some of the most relevant projects in the Brazilian financial and crypto-asset markets, assisting both domestic and international clients on licensing, regulatory structuring, product launches, and complex cross-border operations. Veirano's team combines deep knowledge of the Brazilian financial regulatory framework with practical experience in the implementation of compliance programs, providing clients with pragmatic and business-oriented legal solutions in a rapidly evolving regulatory environment.



ABToken is a leading Brazilian industry association created to strengthen the country's digital-asset and tokenization ecosystem. The Association works to promote innovation alongside high standards of governance, regulatory compliance, and market integrity. ABToken represents tokenization platforms, blockchain companies, and virtual asset service providers (SPSAVs), serving as a unified voice for the sector in its engagement with regulators, policymakers, and market participants, and contributing to the development of a safe, credible, and sustainable digital-finance environment in Brazil.