

Bitstamp requires  
users to verify  
accounts



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Bitstamp, the largest Bitcoin Exchange in terms of daily USD trading volume, issued a statement on Friday saying that select users who fail to confirm their accounts within the next 28 days run the risk of having their balances seized by the government.

Bitstamp announced that all users who do not go through its account verification process will be considered to have flouted its terms of services and be subject to the related penalties.

According to a press release, the company understands that while some customers will complain about the decision or take their business elsewhere, the move is necessary given the demands and goals of its global platform.

Bitstamp wrote:

“ We believe it makes good sense for us to act in a conservative fashion and to do our best to safeguard the integrity of the system.

Each day, each minute, each second, Bitstamp provides an online exchange in which we match buyers and sellers, and through these myriad transactions, help to set the real-time value of Bitcoin for use by merchants and customers around the world.”

The company clarified its statements as well, suggesting that the blog post only applies to customers whose accounts have been inactive for more than a year.

Notably, Bitstamp already holds the right to scratch out accounts that have not been verified despite its “ good faith efforts”.

For instance, accounts that have been inactive for six months or longer may be transferred to a third-party escrow.

The news comes more than one year after the bitcoin exchange first notified customers it would begin taking steps to ensure its compliance with relevant financial regulations on 4 September.

At the time, Bitstamp pointed out that bitcoin and bank transfers would soon only be available to verified customers.

#### AML And KYC Considerations

The reason for the system was its need to abide by anti-money laundering (AML) and know-your-customer (KYC) rules in the UK, according to statements released by Bitstamp.

Moreover, Bitstamp has provided additional details as to how account closures may be dealt with as well as the type of entities that could be involved.

Bitstamp also said that accounts and account balances could be transferred to a third-party administrator or government authorities, who may in turn determine the ownership of any funds.

Still, it cautioned that “ the exact mechanism has not yet been determined”.

“ After the due diligence process is complete, the remaining funds will be subject to government seizure for uses hopefully related to consumer protection and law enforcement education in this new area of commerce,” the company said.

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No canceled customer funds, it said, will go to the exchange itself.

### Limited Effect

While Bitstamp said it acknowledges the want of some customers to be anonymous, it suggested that the program will help it maintain a leading edge over other international exchange offerings, which it expects to reveal similar policies soon.

Bitstamp, a UK registered company based in Slovenia, reports in its own AML policy that the company is currently unregulated, and that it does not fall under the country's AML and counterterrorist financing (CTF) obligations.