

Order in original No. 16/DIR/FIU-IND/2024 in the matter of Coinbase India Private Limited u/s Section 13 dated 06.03.2025

1. Coinbase India Private Limited, Coinbase Inc. ("Coinbase") by virtue of operating as Virtual Digital Asset Service Provider (VDA SP) carrying on designated business or profession as other activities under Section 2(sa)(vi) of the Prevention of Money Laundering Act (PMLA), 2002 (hereinafter referred to as 'the Act') is a Reporting Entity (RE) in terms of Section 2(1) (wa) of the Act.
2. Consequently, due to Coinbase's ongoing provision of services to Indian clients and operations within India without adhering to its statutory obligations under the PMLA a Notice dated 28th August, 2024, was issued to Coinbase pursuant to Section 13 of the Act, compelling Coinbase to demonstrate why appropriate action should not be undertaken against it for its dereliction of duties under the Act, despite its status as a Reporting Entity owing to its operations as a Virtual Digital Asset Service Provider (VDA SP).
3. Coinbase India Private Limited failed to comply with statutory obligations within the prescribed timeline but maintained continuous correspondence with FIU-IND and subsequently ceased its operations in India. The regulatory non-compliance was assessed in light of mitigating factors, including entity's cooperation with regulatory inquiries, and in accordance with the principle of proportionality. Accordingly, in the exercise of powers conferred under Section 13(2)(a) of the Prevention of Money Laundering Act, 2002, a warning has been issued, directing strict adherence to statutory compliance requirements in all future engagements with the Indian financial system.
4. Furthermore, specific directions have also been issued to Coinbase to ensure diligent compliance with the obligations outlined in Chapter IV of the Prevention of Money Laundering Act (PMLA) of 2002, in conjunction with the PMLA Maintenance of Record Rules (PMLA Rules) of 2005 for prevention of money laundering activities and combating the financing of terrorism (AML/CFT).

Disclaimer: The summary of the instant order is only representational in nature and does not hold any legal significance and cannot be relied upon or referred to as a precedence in any other case.