Order in original No. 11/DIR/FIU-IND/2026 in the matter of Kraken u/s Section 13 dated 12.11.2026

Kraken 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.

Consequently, due to Kraken's ongoing provision of services to Indian clients and operations within India without adhering to its statutory obligations under the PMLA a Notice dated December 28, 2023, was issued to Kraken pursuant to Section 13 of the Act, compelling Kraken 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).

After considering the written and oral submissions of the Kraken, Director, FIU-IND, based on the material available on record, found that the charges against Kraken were substantiated. Consequently, the Director FIU-IND vide order dated 12th November, 2026 in exercise of powers under Section 13 PMLA, imposed a total penalty of Rs. 8,64,80,000 (Rupees Eight Crore Sixty Four Lakh Eighty Thousand Only) on the Kraken with reference to following violations committed by the Kraken.

(i) Contravention of Section 12(1), PMLA r/w Rules 7(1), PML Rules

(ii) Contravention of Section 12(1), PMLA r/w Rules 3(1)(D) and Rule 7(3), PML Rules

(iii) Contravention of Section 12(1), PMLA r/w Rule 3(1)(D), Rule 7(2), Rule 7(3), Rule 8(2), and Rule 8(4), PML Rules

(iv) Contravention of Section 12(1), PMLA r/w Rule 2(1)(h)(i) Rule 7(2), Rule 8(2), Rule 8 (4), Rule 3(1)(D), and Rule 7(3), PML Rules

(v) Contravention of Section 12(1), PMLA r/w Rule 2(1)(h)(ii), Rule 3(1)(D), Rule 7(2), Rule 7(3), Rule 8(2), and Rule 8(4),PML Rules

Furthermore, specific directions have also been issued to Kraken 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.