

Global Regulatory Updates on Crypto and Financial Markets

A glimpse of recent developments in cryptocurrency and digital asset regulation across Australia, Asia-Pacific, and international jurisdictions.

cryptocurrency and digital asset regulation
updates across global jurisdictions



ASIC Seeks High Court Appeal on Block Earner Crypto Financial Product Ruling

The Australian Securities and Investments Commission has confirmed its intention to seek special leave from the High Court of Australia to appeal the Full Federal Court's decision in the Block Earner cryptocurrency case, delivered on 21 May 2025.

Core Legal Issue

The Full Federal Court ruled that Block Earner's fixed-yield crypto lending product did not constitute a "financial product" under the Corporations Act 2001 (Cth), creating regulatory uncertainty.

ASIC's Position

ASIC advocates for a broad, technology-neutral interpretation of "financial product" definitions to ensure comprehensive investor protection and establish clear regulatory boundaries for emerging digital assets.

A favourable ruling could significantly expand the scope of financial services law to capture more crypto-linked products, fundamentally reshaping compliance strategies for exchanges and digital asset issuers across Australia.

ASIC Chair Joe Longo Outlines "AI: A blueprint for better banking?" at ABA Conference

At the Australian Banking Association Conference in Sydney on 23 July 2025, ASIC Chair Joe Longo outlined the regulator's strategic approach to artificial intelligence deployment in the banking sector.

01

Responsible Innovation Framework

ASIC will not obstruct responsible AI adoption but maintains strict oversight against harmful deployment practices.

02

Existing Legal Framework

Current obligations under the Corporations Act 2001 (Cth) already apply comprehensively to directors and licensees deploying AI technologies.

03

Industry Implementation

Major banks including Westpac, NAB, and CBA are actively piloting AI solutions in fraud detection, complaint handling, and scam prevention.



i ASIC's Reports 798 and 785 demonstrate governance shortcomings and systemic harms, reinforcing the critical need for principle-based enforcement rather than fragmented prescriptive regulation.

ASIC Appeal in Finder Wallet Case Dismissed by Full Court of the Federal Court of Australia, Clarifies: Crypto Staking Activities not a Debenture

On 24 July 2025, the Full Court of the Federal Court of Australia dismissed ASIC's appeal in the Finder Wallet case, in *Australian Securities and Investments Commission v Wallet Ventures Pty Ltd (formerly Finder Wallet Pty Ltd)* [\[2025\] FCAFC 93](#)



Court's Determination

The Full Court confirmed that Finder Earn did not constitute a debenture under the Corporations Act 2001 (Cth), establishing important precedent.



Key Legal Distinction

The ruling emphasised that Finder Earn did not involve money lent or deposited, which constitutes a defining feature of traditional debentures.



Regulatory Implications

The decision exposes significant gaps in Australia's regulatory framework for crypto yield products, with legislative reform anticipated.

"Primary judge held the respondent's "Finder Earn" product was not a debenture on the basis that there was no money "deposited with or lent to" the respondent or in the alternative that there was no undertaking by the company to repay as a debt that money"



ASIC Investor Alert: Unlicensed Crypto Futures Offered by Bitget Breach Australian Financial Services Laws

On 28 July 2025, ASIC issued a comprehensive investor alert against Bitget for offering unlicensed cryptocurrency futures products to Australian residents, highlighting significant regulatory breaches and investor risks.

Licensing Breach

Bitget operates without an Australian Financial Services (AFS) licence under the Corporations Act 2001 (Cth), rendering its operations unlawful.

Excessive Leverage

Futures contracts offer leverage up to 125:1, significantly exceeding Australia's 2:1 retail investor protection cap.

Investor Risks

Australian investors lack statutory protections including dispute resolution mechanisms and client money safeguards.

International regulators across Spain, Germany, Canada, and Japan have issued similar warnings against Bitget's operations, indicating coordinated global regulatory concern about the platform's compliance practices.

Hong Kong Monetary Authority Issues Guidance on Crypto Staking from Custodial Services

The Hong Kong Monetary Authority issued comprehensive guidance on 7 April 2025 regarding staking services provided by authorised institutions through custodial operations, establishing stringent operational requirements. The Guidance is titled **“Provision of Staking Services for Virtual Assets from Custodial Services”** and deals with the requirements of staking and compliance requirements

Asset Control Requirements

Institutions must maintain complete control over staked assets, including withdrawal keys and exit mechanisms.

Governance Framework

Strong governance, conflict management, and comprehensive risk-mitigation policies are mandatory for all operations.

Client Disclosure

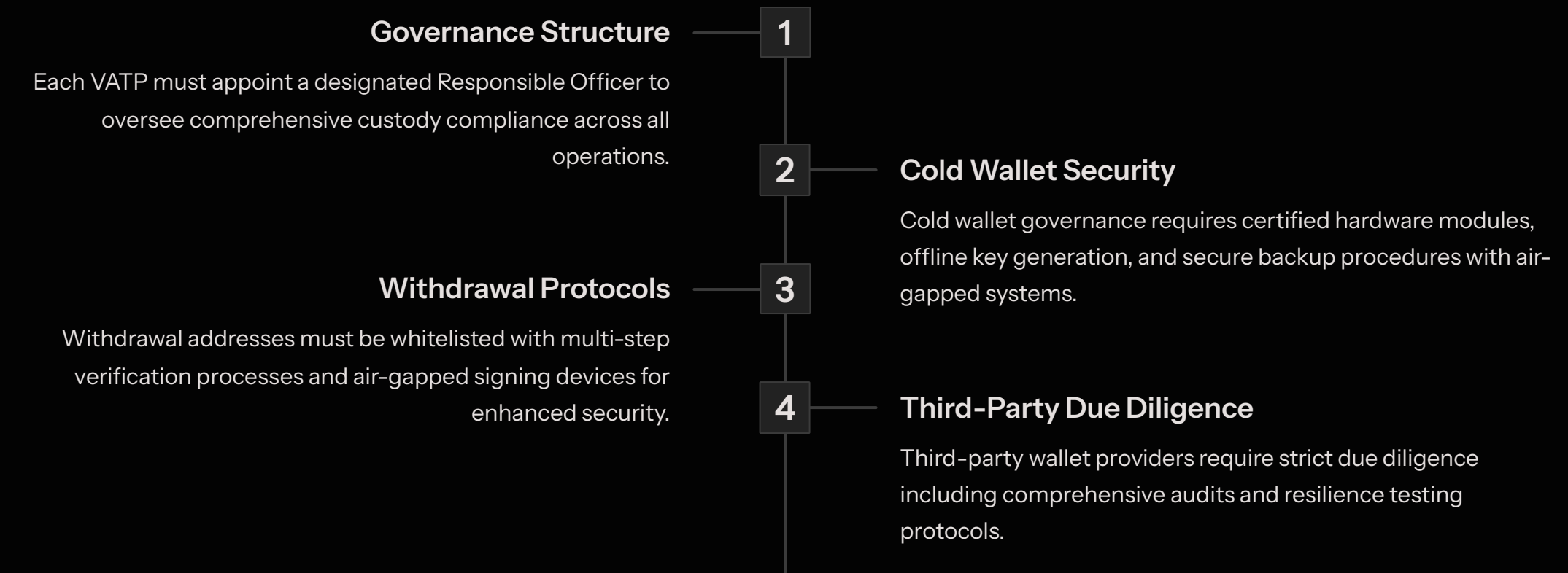
Comprehensive client information on eligible assets, fees, lock-up terms, payout schedules, and associated risks.




The HKMA actively encourages pilot testing under its innovative Supervisory Incubator for Distributed Ledger Technology, providing a structured pathway for compliant innovation in the digital assets sector.

Hong Kong SFC Circular on Custody of Virtual Assets for Licensed Trading Platform Operators

On 15 August 2025, the Hong Kong Securities and Futures Commission issued detailed custody standards for licensed Virtual Asset Trading Platform operators under the Securities and Futures Ordinance titled: [Circular to Licensed Virtual Asset Trading Platform Operators on Custody of Virtual Assets](#)



 A 24/7 Security Operations Centre is mandated for continuous monitoring and reconciliation, aligning with July 2025 consultations on statutory licensing of virtual asset custodians.

Singapore MAS and Brunei BDCB Strengthen Cross-Border Financial Cooperation with MoU on Collateral Framework

The Monetary Authority of Singapore and Brunei Darussalam Central Bank signed a significant Memorandum of Understanding on 14 August 2025 during their Bilateral Roundtable in Brunei, establishing innovative cross-border financial arrangements.

Reciprocal Framework

Banks can pledge assets in either jurisdiction for cross-border liquidity requirements

Market Integration

Strengthens payments connectivity and ASEAN financial market integration



Enhanced Efficiency

Framework improves transparency and regional financial resilience across ASEAN markets

Historical Foundation

Built upon the Currency Interchangeability Agreement of 1967, celebrating its 60th anniversary in 2027

US SEC Division of Corporation Finance Clarifies Application of United States Securities Laws to Liquid Staking

The US Securities and Exchange Commission Division of Corporation Finance issued a significant staff statement on 5 August 2025, providing crucial clarity on the application of United States securities laws to liquid staking activities.



Core Determination

Liquid staking activities, as specifically defined, do not constitute securities transactions under the Securities Act of 1933 or Exchange Act of 1934.

Howey Test Application

Staking providers' activities were classified as administrative rather than entrepreneurial, distinguishing them from investment contracts.

Token Classification

Staking receipt tokens are evidentiary of ownership rights, not securities unless explicitly linked to investment contracts.

⚠️ Providers offering guaranteed yields or exercising discretionary management may still trigger comprehensive securities law obligations requiring detailed case-specific analysis.

US SEC Commissioner Caroline A. Crenshaw Issues Response to Liquid Staking Guidance: “Caveat Liquid Staker”

On 5 August 2025, SEC Commissioner Caroline A. Crenshaw issued a strongly worded dissenting response to the Division's liquid staking guidance. In her dissent, titled **“Response to Staff Statement on Certain Liquid Staking Activities: Caveat Liquid Staker”**, which clearly showcases regulatory divisions.

Critical Assessment

"The guidance is assumption-based and not binding on the Commission, creating potential regulatory uncertainty."

Safe Harbour Warning

"Providers cannot rely on this statement as a definitive safe harbour from securities law obligations."

Conditional Application

"Any deviation from the assumed conditions may still trigger comprehensive securities law requirements."

The dissent reflects substantial internal division within the SEC regarding appropriate staking regulation, potentially creating implementation challenges for industry participants seeking regulatory certainty.



United States SEC puts Cboe BZX Proposal under Review to Permit Staking in VanEck Ethereum ETF

On 19 August 2025, the Securities and Exchange Commission published [Release No. 34-103743](#), formally reviewing Cboe BZX's proposal to permit staking activities within the VanEck Ethereum ETF structure.

Proposal Structure

The amendment would permit the VanEck Ethereum ETF to stake ether held within the trust structure, generating additional income for investors.

Custody Framework

Rewards would accrue directly to the trust as income, whilst custody arrangements remain with the designated custodian for security.

Asset Segregation

Assets would not be pooled with third parties, ensuring complete segregation and maintaining fiduciary protection standards.

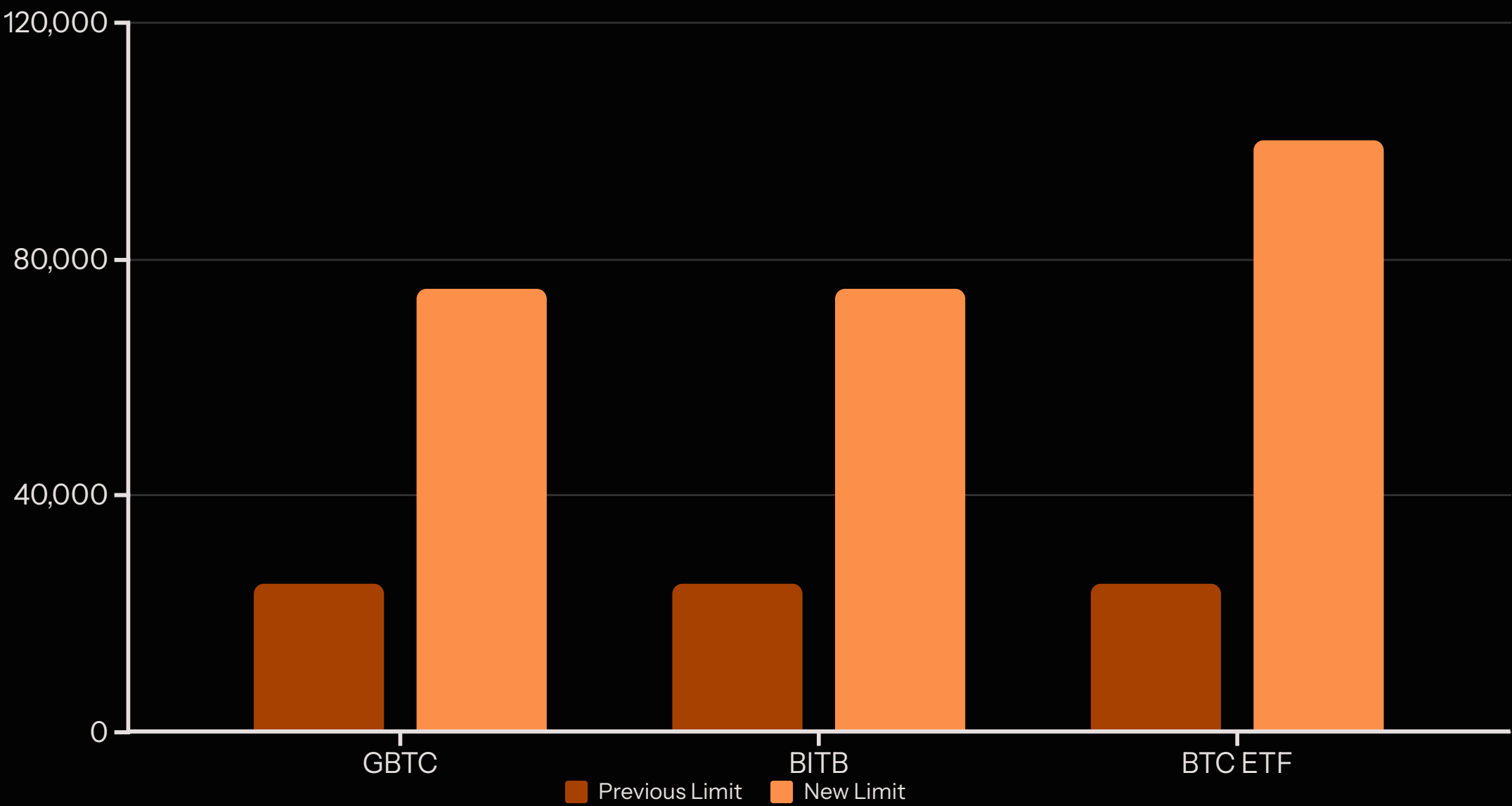
Regulatory Timeline

Public comment period precedes SEC decision within the statutory 45 to 90-day timeframe for comprehensive review.



United States SEC Publishes Notice of Filing and Immediate Effectiveness to Amend BOX Rule 3120 on Bitcoin ETF Options

On 20 August 2025, the Securities and Exchange Commission approved BOX Exchange's amendment to Rule 3120, effective immediately, significantly expanding position and exercise limits for Bitcoin ETF options trading.



Fixed caps of 25,000 contracts are replaced with graduated thresholds based on trading volume and float calculations. The SEC waived the standard thirty-day implementation delay, citing minimal investor protection impact whilst maintaining comprehensive surveillance and FINRA coordination mechanisms.

United States SEC Notice on BOX Proposal to Raise Position and Exercise Limits for iShares Bitcoin Trust ETF Options

The Securities and Exchange Commission published Release No. 34-103747 on 20 August 2025, detailing BOX Exchange's proposal to raise position and exercise limits for iShares Bitcoin Trust ETF (IBIT) options.

Regulatory Change	Current Qualification	Market Alignment
IBIT options removed from fixed 25,000 contract caps, now subject to graduated tiers under Rule 3120	IBIT qualifies for the 250,000 contract tier based on outstanding shares and trading volume metrics	Change aligns IBIT with established products including GLD, SLV, and BITO under consistent regulatory treatment

Comprehensive surveillance and margin requirements remain fully operative to mitigate systemic risks. The proposal achieved immediate effectiveness with ongoing public comment opportunities, demonstrating regulatory confidence in established oversight mechanisms.

US SEC Appoints Judge Margaret Ryan as Director of Enforcement Division

Effective 2 September 2025, Judge Margaret Ryan has been **appointed Director of the U.S. Securities and Exchange Commission's Enforcement Division**, following an announcement on August 21, 2025. She succeeds Acting Director Sam Waldon, who will resume his previous role as Chief Counsel.



New Leadership

Judge Margaret Ryan assumes directorship of the SEC's Enforcement Division.



Chairman's Endorsement

Paul Atkins praised her distinguished judicial service and dedication to investor protection.



Enforcement Pledge

Ryan commits to rigorous action against misconduct and fraud in securities markets.



Distinguished Background

Includes service on the U.S. Court of Appeals for the Armed Forces and Harvard Law teaching.

UK FCA Approves London Stock Exchange as **First PISCES Operator**: A Capital Markets Reform to Boost Private Companies

On 26 August 2025, the UK Financial Conduct Authority approved the London Stock Exchange as the inaugural PISCES platform operator, marking a transformative milestone in private company capital markets reform.



Platform Innovation

PISCES operates as a regulated private stock market enabling structured trading of private company shares under comprehensive regulatory oversight.



Regulatory Pathway

Operating under the FMI sandbox framework with permanent regime implementation expected by 2030, providing regulatory certainty.



Market Impact

Unlocks substantial growth capital for high-growth private companies whilst providing structured investor access before public listing.



- ✓ LSE's Private Securities Market launches later in 2025, with FCA's Simon Walls highlighting it as a crucial milestone for capital market development and LSE CEO Julia Hoggett emphasising years of collaborative development.

The UK Treasury supports PISCES as integral to its Plan for Change strengthening capital markets. For issuers, it provides enhanced liquidity and shareholder base expansion. For investors, it offers structured access to high-growth private companies. This innovative model could establish precedent for regulated private trading platforms globally.