

Global Crypto Regulatory and Enforcement Updates

September 2025

Vol. III

The United States pivots to Generic Crypto ETF Listing through standardised, faster crypto-ETP listings and targeted CFTC reforms Tokenisation and Stablecoins while maintaining active enforcement; the United Kingdom doubles down on Consumer Duty outcomes and Compliance standards for crime prevention; Singapore advances quantum-safe infrastructure for finance; the Cayman Islands most recent AML/CFT supervision of VASPs; Australia enforces adviser-qualification standards ahead of 2026

**CHARLTONS
QUANTUM**

India Crypto Crackdown 2025: FIU-IND Blocks 25 Offshore Exchanges, 5 Platforms Remain Active

Financial Intelligence Unit of India (FIU-IND) ordered the blocking of access to 25 offshore crypto exchanges for failing to register under the **Prevention of Money-Laundering Act, 2002 (PMLA 2002)**. The enforcement action follows earlier notices issued to offshore platforms that had been serving Indian users without compliance with registration and anti-money laundering obligations.

India's crypto crackdown of October 2025, the **Financial Intelligence Unit of India (FIU-IND)** ordered the blocking of 25 offshore exchanges for failing to register under the **Prevention of Money-Laundering Act, 2002**. The blocked platforms are: **AscendEx, BC.Game, BingX, BitMEX, Bittrue, BTCC, BTSE, CEX.IO, Changelly, CoinCola, CoinEx, CoinW, Huione, HIT BTC, LBank, LCX, LocalCoinSwap, Paxful, Phemex, Poloniex, PrimeXBT, Probit Global, Remitano, Youhodler, and ZooMex**. These exchanges are restricted in India until they register with FIU-IND, though they remain operational in other jurisdictions.

Despite the crackdown, five crypto exchanges remain operational in India — all of which are registered with FIU-IND and compliant with KYC/AML standards. They are **Binance, Mudrex, Coinbase, CoinSwitch (CoinSwitch Kuber), and ZebPay** [source: FIU-IND Enforcement Action, 02 Oct 2025] .

Offshore Exchanges Blocked by FIU-IND

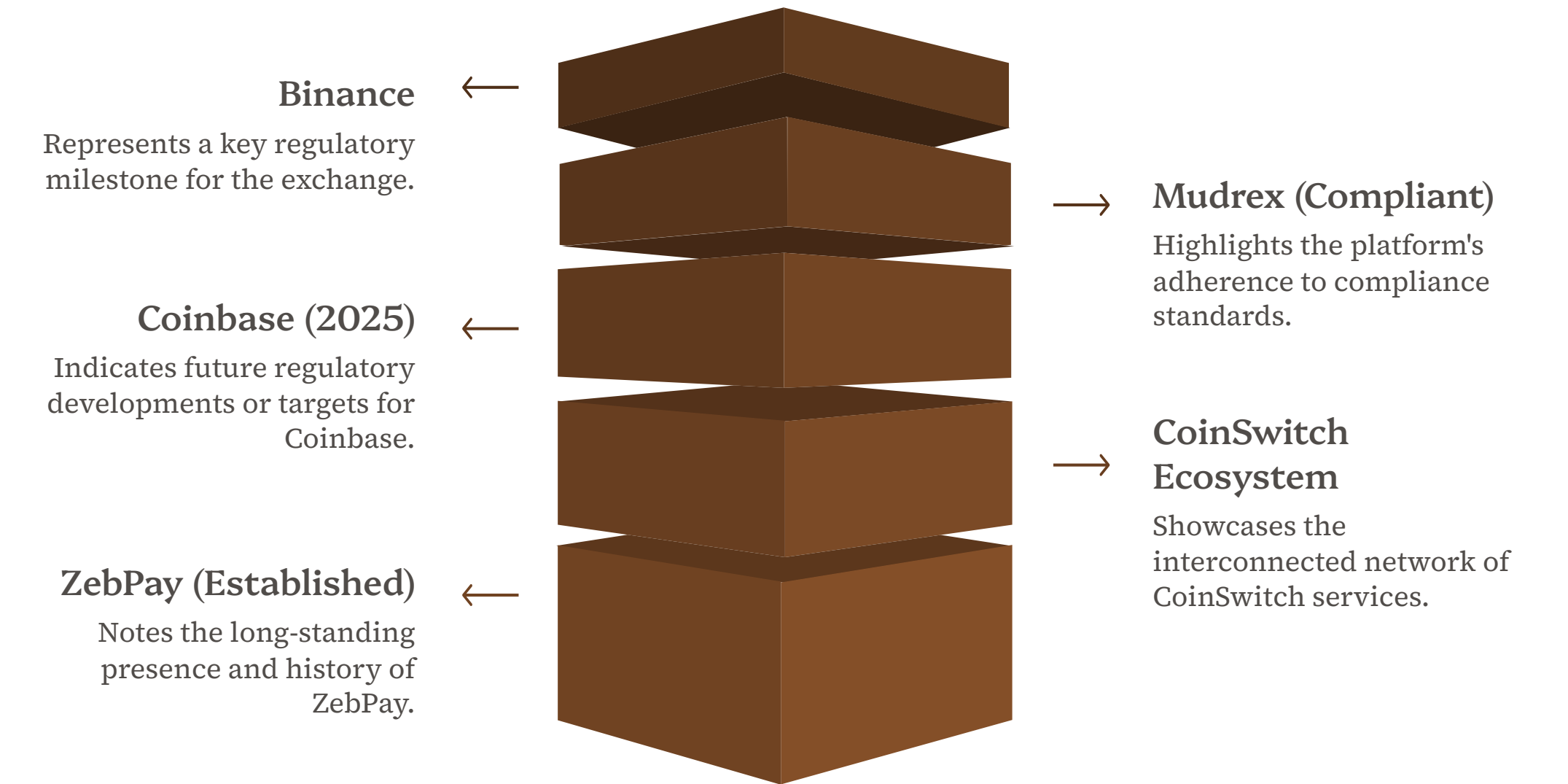
The following 25 offshore exchanges have been ordered blocked in India for non-registration under the United Kingdom PMLA 2002:

Huione, BC.Game, Paxful, Changelly, CEX.IO, LBank, Youhodler, BingX, PrimeXBT, BTCC, CoinEx, Remitano, Poloniex, BitMEX, Bittrue, LCX, Probit Global, BTSE, HIT BTC, LocalCoinSwap, AscendEx, Phemex, ZooMex, CoinCola, and CoinW.

 These exchanges are not banned globally but are **restricted in India** until they comply with FIU-IND registration requirements.

Exchanges Registered and Active in India

The following five exchanges remain operational, being either India-based or FIU-IND registered:



United States SEC Approves Generic Listing Standards and Digital Asset Products: Crypto ETFs Approved under Generic Rules

On 17 September 2025, the United States Securities and Exchange Commission (US SEC) approved landmark rule changes establishing generic listing standards for Commodity-Based Trust Shares across three national securities exchanges. This approval allows Nasdaq, Cboe BZX, and NYSE Arca to list and trade products holding spot commodities, including digital assets, without requiring separate rule change filings under Section 19(b) of the United States Securities Exchange Act. Alongside this, the US SEC authorised the listing of the Grayscale Digital Large Cap Fund under NYSE Arca rules and approved p.m.-settled options on the Cboe Bitcoin ETF Index and Mini-Cboe Bitcoin ETF Index. Collectively, these measures streamline market entry for digital asset products, expand investor access, and reinforce regulatory clarity within the US capital markets.

Compliance Provisions of the US SEC Generic Listing Framework

Generic Listing Criteria Established

The US SEC issued an Order Granting Accelerated Approval of rule changes by Nasdaq, Cboe BZX, and NYSE Arca adopting generic listing criteria for Commodity-Based Trust Shares.

Options Trading Authorized

Rule change authorises p.m.-settled options on the Cboe Bitcoin ETF Index and Mini-Cboe Bitcoin ETF Index, adding third Friday expirations, quarterly expirations, and non-standard settlements.

Grayscale Digital Large Cap Fund Approved

By effect of the order, the Grayscale Digital Large Cap Fund is approved for listing and trading on NYSE Arca under Rule 8.500-E, benchmarked to the CoinDesk 5 Index, representing a multi-asset digital product.

Streamlined Approval Process

Normally, exchanges must submit a proposed rule change under Section 19(b)(1) of the United States Securities Exchange Act for each new listing. Under Rule 19b-4(e), however, new derivative securities products may be listed without separate filings if generic standards and surveillance are pre-approved.

Generic standards define eligibility for Commodity-Based Trust Shares, covering asset types (commodities, cash equivalents, limited securities), disclosure duties, and surveillance requirements, while excluding leveraged or inverse exposures. The orders emphasise compliance with Section 6(b)(5) of the US Exchange Act, requiring rules to prevent fraud, ensure investor protection, and promote market integrity, alongside Section 11A(a)(1)(C)(iii) on information availability.

Market Surveillance and Compliance Requirements

Market Surveillance Mechanisms

Approval hinged on market surveillance mechanisms. Eligible commodities must either trade on an Intermarket Surveillance Group (ISG) member market, underlie a futures contract listed for six months, or qualify through an ETF exposure threshold.

Daily Disclosure Requirements

Strict conditions require daily public disclosure of NAV, holdings, premiums/discounts, liquidity policies, bid-ask spreads, and effective prospectus data to ensure transparency.

Liquidity Risk Management

Trusts must adopt liquidity risk governance, including an 85% test to confirm asset availability for redemptions, with policies for stress conditions and restricted holdings.

Exchanges must apply clear listing, continued listing, and delisting triggers, including minimum shares outstanding, surveillance procedures, and suspension powers. The US SEC mandated trading halt authority in cases of data interruptions, including reference asset values, NAV, or website disclosures.

For multi-asset digital funds, such as the Grayscale Digital Large Cap Fund, at least 85% of components must be commodities underlying existing ETPs, with mandatory rebalancing and trading halts if thresholds are breached. NAV methodologies must rely on independent reference rates, with full public disclosure of calculation windows, venue selection, and manipulation filters. The US SEC cross-referenced its earlier approvals of Spot Bitcoin and Spot Ether ETPs, signalling a unified taxonomy for digital asset-based trust products.

A background image of Singapore's skyline, featuring several tall skyscrapers in the upper half and the distinctive dome-shaped structures of Gardens by the Bay in the lower half, all under a hazy, light-colored sky.

Singapore MAS Publishes Technical Report on Quantum-Safe Sandbox for Financial Sector

On 29 September 2025, the Monetary Authority of Singapore (MAS), together with DBS, HSBC, OCBC, UOB, SPTel, and SpeQtral, published a technical report on the completion of a proof-of-concept (PoC) sandbox assessing Quantum Key Distribution (QKD) for secure communications in the financial sector. The sandbox followed a Memorandum of Understanding (MoU) signed in August 2024 and built on MAS's earlier post-quantum cryptography (PQC) experiment with Banque de France. The report elaborates on Quantum Key Distribution's potential to strengthen cyber resilience against emerging quantum threats while identifying interoperability and infrastructure challenges that must be addressed for large-scale adoption.

Singapore's Quantum-Safe Initiative Timeline

February 2024

1

The Singapore's quantum-safe push began in February 2024, when MAS issued an advisory mandating financial institutions to prepare for post-quantum cybersecurity risks.

2

August 2024

In August 2024, MAS signed MoU with DBS, HSBC, OCBC, UOB, SPTel, and SpeQtral to launch a QKD sandbox for financial services.

November 2024

3

In November 2024, MAS and Banque de France completed a post-quantum cryptography experiment, securing international electronic communications, complementing the QKD initiative.

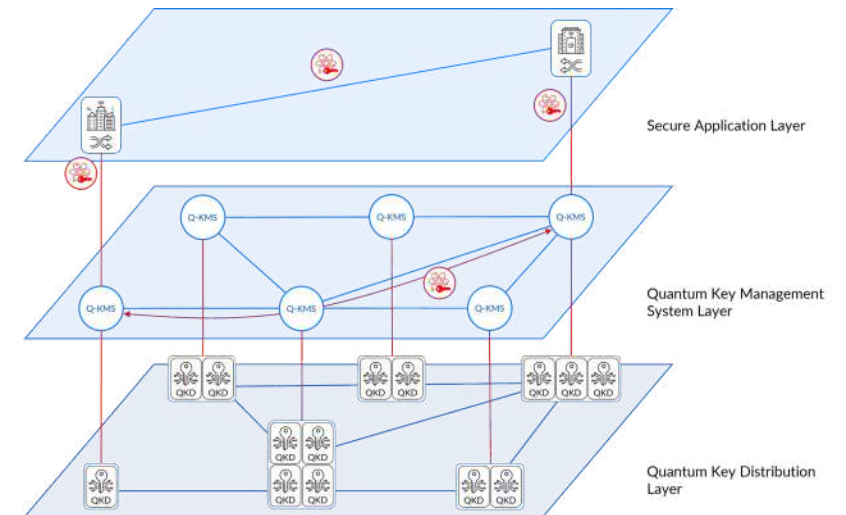
Quantum Key Distribution Sandbox Results and Findings

Two-Phase Testing Program

The Quantum Key Distribution sandbox was conducted in two phases:

- September–November 2024: MAS, DBS, and OCBC tested QKD stacks at secure data centres.
- January–March 2025: MAS, HSBC, and UOB undertook further Quantum Key Distribution deployments.

On 29 September 2025, MAS released the technical report, consolidating findings from both phases.



Key Conclusions

"Quantum Key Distribution has the potential to strengthen the security of communication networks. Financial institutions can use Quantum Key Distribution to secure connections, including between data centres and FI premises."

- Providers must improve security assurance, with tamper-resistant, auditable trusted nodes and multi-layer safeguards.
- Greater interoperability across Quantum Key Distribution providers is essential to enable seamless integration into diverse financial IT systems.
- Beyond technical deployment, success depends on management support, in-house expertise, and dedicated resources for quantum-safe initiatives.

MAS stated that Quantum Key Distribution shows promise but must be supported by stronger industry standards, investment, and interoperability frameworks before wide adoption. Vincent Loy, Assistant Managing Director (Technology) and CTO, MAS, stated: "MAS is committed to collaborating with the financial industry to trial promising cybersecurity technologies that can help to safeguard critical financial systems and data against emerging quantum threats. The Quantum Key Distribution sandbox marks a significant step in exploring the potential use of quantum-safe solutions within IT systems and networks within the financial sector."

United States SEC Publishes Immediate Effectiveness of NYSE Arca Rule Change on 7RCC Spot Bitcoin and Carbon Credit Futures ETF

On 26 September 2025, the United States Securities and Exchange Commission (US SEC) published Release No. 34-104101; File No. SR-NYSEARCA-2025-73, titled "Notice of Filing and Immediate Effectiveness of Proposed Rule Change Relating to the Listing and Trading of Shares of the 7RCC Spot Bitcoin and Carbon Credit Futures ETF." The filing, submitted by NYSE Arca, Inc. under Section 19(b)(1) of the United States Securities Exchange Act of 1934 and Rule 19b-4, transitions the ETF from Rule 8.500-E (Trust Units) to the generic listing provisions of Rule 8.201-E (Generic). With immediate effectiveness granted, the ETF may now be listed and traded under the streamlined generic framework, reinforcing standardisation of crypto-linked and carbon-linked exchange-traded products in the United States.

7RCC ETF Transition to Generic Framework

01	02	03
Original Approval The filing proposes that the 7RCC Spot Bitcoin and Carbon Credit Futures ETF, originally authorised under Rule 8.500-E, be shifted into the generic framework of Rule 8.201-E. The ETF was first approved on 15 November 2024 under Release No. 101641 (the "Original Approval Order"), but its shares were not listed or traded under that authorisation.	Generic Rule Adoption On 17 September 2025, the SEC adopted Rule 8.201-E (Generic) under Release No. 103995, allowing commodity-based trust shares to list without separate Commission approval.	Filing and Approval On 25 September 2025, NYSE Arca filed the proposal to reclassify the ETF under the new generic rule. On 26 September 2025, the SEC acknowledged the filing and granted immediate effectiveness, waiving the usual 30-day operative delay.

The filing states: "The Exchange proposes to now list and trade the Shares of the Fund pursuant to the generic listing standards set forth in Rule 8.201-E (Generic), which would permit the Fund to operate in reliance on the generic listing standards ... instead of the terms of the Original Approval Order."

The US SEC confirmed the change aligns with Section 6(b)(5) of the US Securities Exchange Act, ensuring rules are designed to prevent fraud, promote equitable trading, and safeguard investor protection. By moving into the generic listing framework, the ETF is now subject to uniform requirements for commodity-based trust shares, ensuring continued listing, disclosure, and transparency obligations. Hybrid products, such as the Bitcoin and carbon-credit linked ETF, are integrated into the US SEC's new generic framework.

United States SEC Publishes Immediate Effectiveness of NYSE Arca Rule Change on Bitwise Ethereum ETF Shares

On 26 September 2025, the United States Securities and Exchange Commission (US SEC) published Release No. 34-104103; File No. SR-NYSEARCA-2025-74, titled "Notice of Filing and Immediate Effectiveness of Proposed Rule Change to Amend the Bitwise Ethereum ETF Shares." The filing, submitted by NYSE Arca, Inc. under Section 19(b)(1) of the United States Securities Exchange Act of 1934 and SEC Rule 19b-4, was processed as a "non-controversial" proposal under Section 19(b)(3)(A)(iii) and Rule 19b-4(f)(6). Effective immediately, the Bitwise Ethereum ETF shifts from Rule 8.201-E (Non-Generic) to Rule 8.201-E (Generic), subject to compliance with continued listing standards. This transition reflects the SEC's broader reforms towards predictable and standardised rules for crypto exchange-traded products.

Bitwise Ethereum ETF Generic Framework Transition

Rule Change Details

The filing records: "The Exchange proposes to amend the Bitwise Ethereum ETF (the 'Trust'), shares of which are currently listed and traded on the Exchange pursuant to Rule 8.201-E (Non-Generic), to list and trade on the Exchange pursuant to Rule 8.201-E (Generic)."

Compliance Requirements

The Trust must comply fully with Rule 8.201-E (Generic) and its continued listing obligations to remain eligible. The US SEC approved the proposal being consistent with Section 6(b)(5) of the Securities Exchange Act, requiring exchange rules to prevent fraud and manipulation, promote equitable trading, and safeguard investors and market integrity.

Immediate Implementation

US SEC waived the operative period, citing investor protection considerations and the absence of novel regulatory issues. The Bitwise Ethereum ETF became subject to the generic standards framework from the moment of filing, ensuring uninterrupted trading while aligning with streamlined regulatory requirements.

Going forward, other crypto ETFs previously approved under non-generic frameworks may be expected to transition through similar filings, demonstrating compliance with the generic provisions. The US SEC has made it much easier and faster for crypto ETFs to get approved in the United States. Now, instead of needing a special approval for each fund, exchanges can list new crypto ETFs under a uniform generic regime, reducing the review time from up to 270 days to 75 days or less.

United States SEC Grants Immediate Effectiveness to Cboe BZX Rule Change on Bitcoin and Ethereum ETFs

On 26 September 2025, the United States Securities and Exchange Commission (US SEC) published Release No. 34-104105; File No. SR-CboeBZX-2025-135, titled "Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend the Fidelity Wise Origin Bitcoin Fund, VanEck Bitcoin ETF, 21Shares Ethereum ETF, Fidelity Ethereum Fund, and the VanEck Ethereum ETF." The Cboe BZX Exchange, Inc. filed the change under Section 19(b)(1) of the United States Securities Exchange Act of 1934 and Rule 19b-4. Classified as "non-controversial" under Section 19(b)(3)(A)(iii) and Rule 19b-4(f)(6), the rule change becomes effective on 1 October 2025. From that date, five leading Bitcoin and Ethereum ETFs will move under the generic listing standards of BZX Rule 14.11(e)(4), reinforcing regulatory clarity, competition, and investor confidence in crypto-linked exchange-traded products.

Five Major ETFs Transition to Generic Standards

ETFs Affected

The filing allows the Fidelity Wise Origin Bitcoin Fund, VanEck Bitcoin ETF, 21Shares Ethereum ETF, Fidelity Ethereum Fund, and VanEck Ethereum ETF to transition from approval-based listings into the generic standards framework under Rule 14.11(e)(4).

The notice records: "Cboe BZX Exchange, Inc. ... proposes to permit the Funds to list and trade under the generic listing standards of that rule effective October 1, 2025."

Approvals:

- 10 January 2024: US SEC issued Release No. 99306 approving the first regulated Bitcoin ETP, marking a milestone for institutional access to crypto.
- 23 May 2024: US SEC issued Release No. 100224 approving Ether-based ETPs, extending the regulated framework to Ethereum.

The "Proposed Rule Change to Amend the Fidelity Wise Origin Bitcoin Fund, VanEck Bitcoin ETF, 21Shares Ethereum ETF, Fidelity Ethereum Fund, and the VanEck Ethereum ETF", transitions the five ETFs into the new generic framework, allowing immediate effectiveness as a "non-controversial" proposal. The rule change takes effect on 1 October 2025, advancing a structural shift towards standardisation of crypto-linked ETFs. Under the generic standards, funds are required to adhere to uniform listing and continued listing criteria, ensuring oversight, transparency, and alignment with broader exchange-traded product regulation.

United States CFTC Secures \$6.8 Million Order in "Blessings Thru Crypto" Fraud Case

On 25 September 2025, the United States Commodity Futures Trading Commission (US CFTC) announced that the U.S. District Court for the Middle District of Tennessee entered a Consent Order imposing permanent injunctions, civil monetary penalties, and restitution against Michael and Amanda Griffis. The Tennessee couple operated a fraudulent commodity pool under the name "Blessings Thru Crypto." The court ordered them to pay more than US \$6.8 million in total relief, including US \$5,528,121 in restitution to defrauded participants and a US \$1,355,232 civil monetary penalty. The order also permanently bans the defendants from trading, registering with the US CFTC, and engaging in further violations of the United States Commodity Exchange Act (CEA) and related regulations.

Details of the "Blessings Thru Crypto" Fraud Scheme



Legal Filing

The US CFTC filed its Complaint on 24 July 2023, alleging violations of Sections 4b(a)(2)(A)–(C), 4m(1), and 4o(1)(A)–(B) of the CEA, and Regulations 4.20(a)–(c), 4.21(a)(1), and 4.22(a), (c).



Fraudulent Solicitation

Between July 2022 and January 2023, the defendants solicited at least 145 individuals across the United States, raising more than US \$6.38 million. Funds were marketed as pooled investments for commodity futures trading on the so-called "Apex Trading Platform", allegedly supported by an adviser known as "Coach Wendy."



No Legitimate Trading

In reality, no futures trades were executed. Instead, over US \$4.1 million was transferred to an illegitimate overseas exchange, while US \$1.35 million was misappropriated for personal use, including debt repayments and consumer purchases.

The court found the defendants engaged in fraudulent solicitations, promising exaggerated profits, misrepresenting the pool as "legal," and fabricating trading records and spreadsheets to depict daily profits. Victims were recruited and reassured through WhatsApp groups and community networks, reinforcing the illusion of trading success. The order highlights that the defendants acted as unregistered commodity pool operators, pooling participant funds while failing to conduct any legitimate futures trading.

Acting Chief of the US CFTC's Retail Fraud and General Enforcement Task Force, Charles Marvine, stated: "This case is a stark warning to be cautious about whom you trust with your money. If an investment opportunity seems too good to be true, it almost certainly is." Marvine confirmed that the "Apex Trading Platform" was a fraudulent copy of an overseas exchange, and that "Coach Wendy" remains unidentified.

UK FCA Outlines 2025 Priorities: Growth, Consumer Duty, Smarter Oversight and Tackling Crime

On 25 September 2025, Lucy Castledine, Director of Consumer Investments at the UK Financial Conduct Authority (UK FCA), published regulator's five-year strategy at the PIMFA Compliance Conference. She confirmed that four key priorities will guide the UK FCA's work in 2025 and beyond: supporting growth, embedding Consumer Duty, becoming a smarter regulator, and tackling financial crime. Together, these priorities reflect the UK FCA's dual mandate of fostering innovation and safeguarding consumers in an increasingly digitalised financial system.

UK FCA's Growth and Consumer Duty Initiatives



Supporting Growth and Consumer Duty

The UK FCA reaffirmed its commitment to the UK government's Mansion House reforms, stressing proportionate regulatory design. Castledine addressed industry concerns on the impact of Consumer Duty on wholesale firms, confirming that the UK FCA is preparing a formal response to industry feedback.



Consumer Challenges

She highlighted ongoing consumer challenges: only 9% of UK consumers access financial advice, 7 million adults hold over £10,000 in idle cash savings, and 15 million are under-saving for retirement.



Consultation and Proposals

To address these gaps, the UK FCA has launched a consultation on targeted support (closing 16 October 2025) and will publish proposals on simplified advice and ongoing advice services in early 2026.

Smarter Regulation and Consumer Duty Implementation

Smarter Regulation and Industry Engagement

The UK FCA is reducing reporting burdens, having already decommissioned five data returns and cut the frequency of others, removing around 20,000 submissions annually. Castledine remarked: "We are making sure any burdensome tasks that might not still be appropriate are scrapped."

At the same time, the UK FCA has launched an AI Lab and expanded its regulatory sandboxes, enabling responsible use of new technologies.

Tackling Financial Crime and Online Harms

The UK FCA is intensifying enforcement against finfluencers unlawfully promoting financial products. The regulator initiated nine criminal prosecutions in 2024 and brought charges against three finfluencers in 2025. Castledine recognising growing risks from deep fake scams and phoenixing accounts, stated: "We urgently need social media platforms to step up and stop this illegal content at source."

Consumer Duty in Practice

Two years after its introduction, Consumer Duty is visibly reshaping behaviour across UK FCA-supervised firms; It has reduced fees on cash holdings, clarified charging structures, and lowered upheld complaints on unsuitable advice and mis-selling (down from 39% in 2022 to 26% in 2024); embedding Consumer Duty into firm culture is a continuing regulatory priority for the UK FCA.

United States CFTC Proposes Amendments to Business Conduct and Swap Documentation Rules

On 24 September 2025, the United States Commodity Futures Trading Commission (US CFTC) issued a Notice of Proposed Rulemaking to amend business conduct and documentation requirements for swap dealers and major swap participants. The proposal seeks to codify long-standing no-action relief granted by the US CFTC's Market Participants Division, reduce compliance burdens, and harmonise regulations with parallel frameworks of the United States Securities and Exchange Commission (US SEC) and the Municipal Securities Rulemaking Board (MSRB). If finalised, the amendments would modify obligations under 17 CFR Part 23, streamline disclosures, clarify terminology, and revise swap trading relationship documentation rules. Public comments are invited within thirty days of publication on the US CFTC's website.

The Federal Register Notice of Proposed Rulemaking sets out revisions to long-standing compliance challenges faced by swap entities.

Proposed CFTC Rule Amendments for Swap Markets

Clearing and Prime Brokerage Exceptions

Provide exceptions to compliance where swaps are cleared contemporaneously with execution or executed under qualifying prime brokerage arrangements.

Pre-Trade Mid-Market Mark Elimination

Eliminate the Pre-Trade Mid-Market Mark disclosure requirement in § 23.431(a)(3), with the CFTC finding it delays execution and offers no utility to counterparties.

Scenario Analysis Removal

Eliminate the Scenario Analysis Requirement in § 23.431(b), concluding it provides no value to counterparties and was not mandated by the US Dodd-Frank Act.

Daily Mark Harmonization

Amend the daily mark disclosure requirement in § 23.431(d)(2) to harmonise valuation methods with swap data reporting and variation margin calculations.

Terminology Consolidation

Replace references to "swap dealer and major swap participant" with the consolidated term "swap entity" in § 23.401 for definitional clarity.

Upon adoption of final rules, the US CFTC proposes withdrawing associated no-action letters, including Staff Letters 12-58, 13-11, 13-12, 19-06, 23-01, and 25-09. The amendments address operational barriers created by external business conduct standards introduced under the Dodd-Frank Wall Street Reform and US Consumer Protection Act. Market participants have long argued these rules hindered efficient clearing and prime brokerage.

The US CFTC stated that staff relief had successfully resolved compliance issues without adverse consequences, and therefore seeks to embed those solutions in formal regulations. Legal authority: The Commission relies on sections 4s(h) and 4s(i) of the United States Commodity Exchange Act, which empower the US CFTC to adopt, amend, or repeal business conduct and documentation standards. The US CFTC stated that Pre-Trade Mid-Market Mark and Scenario Analysis were discretionary requirements not expressly mandated by the US Dodd-Frank Act. Their elimination eases compliance of US CFTC rules and US SEC requirements for security-based swap dealers and promotes regulatory consistency.

United States CFTC Acting Chairman Pham Launches Tokenized Collateral and Stablecoins Initiative

On 23 September 2025, the United States Commodity Futures Trading Commission (US CFTC) unveiled a new initiative to enable tokenized collateral, including stablecoins, to be used in derivatives markets. Acting Chairman Caroline D. Pham described collateral management as the "killer app" for stablecoins, stressing that the programme will boost capital efficiency while strengthening regulatory safeguards. The initiative is part of the US CFTC's crypto sprint to implement the recommendations of the President's Working Group on Digital Asset Markets, following earlier discussions at the agency's Crypto CEO Forum in February 2025. Public input has been invited until 20 October 2025, with submissions to be published on the Commission's website.

CFTC Tokenized Collateral Initiative Timeline and Industry Response



The initiative to enable tokenized collateral, including stablecoins will diversify collateral management practices by allowing stablecoins and tokenized assets to be recognised as regulatory margin in derivatives markets.

Acting Chairman Caroline D. Pham said: "Since January, the [US] CFTC has taken clear action to usher in America's Golden Age of Crypto ... I'm excited to announce the launch of this initiative to work closely with stakeholders to enable the use of tokenized collateral including stablecoins."

Industry Leaders Embrace CFTC Stablecoin Initiative



Circle President Heath Tarbert

praised the initiative and linked it to the GENIUS Act, which authorises licensed US stablecoins as collateral.



Greg Tuser, Coinbase Institutional VP

stated that stablecoins are "the future of money" and said tokenized collateral is just the starting point for innovation.



Kris Marszalek, CEO of Crypto.com

backed GMAC recommendations on non-cash collateral, including BTC and CRO, for margin requirements.



Jack McDonald, Ripple SVP of Stablecoins

called for clear rules on valuation, custody, and settlement to give institutions certainty.



Paolo Ardoio, Tether CEO

stated that stablecoins, a nearly \$300 billion global market, are now a "core building block of modern finance."

The initiative to enable tokenized collateral, including stablecoins is aligned with the Global Markets Advisory Committee's (GMAC) Digital Asset Markets Subcommittee, which recommended recognising non-cash collateral in regulated markets. The US CFTC pilot programmes, regulatory sandboxes, and amendments to collateral rules may follow to refine practical application. By treating stablecoins as acceptable collateral under the US Commodity Exchange Act margin requirements and signalling compatibility with the US Securities Exchange Act, the initiative to enable tokenized collateral, including stablecoins embeds tokenized assets into the regulatory core of derivatives markets. Recognition is conditioned on valuation, custody, reserve requirements, and governance standards, ensuring investor protection and systemic resilience. Acting Chairman Pham further stated: "The [US] CFTC continues to move full speed ahead at the cutting edge of responsible innovation."

Cayman Islands CIMA Issues AML/CFT Supervisory Circular on Virtual Asset Service Providers

On 18 September 2025, the Cayman Islands Monetary Authority (CIMA) published a Supervisory Information Circular outlining its supervisory approach to anti-money laundering (AML), counter-terrorist financing (CFT), counter-proliferation financing (CPF), and targeted financial sanctions for Virtual Asset Service Providers (VASPs). The Circular details how CIMA conducts both on-site inspections and off-site monitoring, discloses systemic deficiencies identified in VASP compliance frameworks, and highlights enforcement measures, including the cancellation of a VASP registration in June 2025. The guidance reaffirms obligations under the Virtual Asset (Service Providers) Act (2024 Revision) and the Anti-Money Laundering Regulations (AMLRs), setting clear expectations for remediation and compliance.

Supervisory actions undertaken by CIMA:

2023: Initial Inspections

CIMA initiated risk-based AML/CFT inspections targeting Virtual Asset Service Providers (VASPs).

5 June 2025: VASP Registration Cancelled

CIMA enforced its supervisory powers by cancelling a VASP registration due to severe AML/CFT failures in customer due diligence (CDD), governance, and audit practices.

18 September 2025: Supervisory Circular Published

A comprehensive Circular was issued, consolidating findings from previous actions and outlining CIMA's clear supervisory expectations for all VASPs.

Sept 2024 - Feb 2025: Desk-Based Reviews

Extensive desk-based reviews were conducted under the Monetary Authority Act and VASP Act, focusing on Travel Rule compliance, sanctions adherence, and governance frameworks.

July 31, 2025: Regulatory Confirmation

CIMA officially confirmed the registration of 19 operational Virtual Asset Service Providers.

Findings from inspections includes the following:

Risk Assessments: Weak or incomplete documentation of business and customer risk profiles.

Technology Reliance: Failures to independently review sanctions screening, e-KYC, transaction monitoring, and on-chain analytics tools.

CDD/EDD: Gaps in verifying legal persons and failures to apply enhanced due diligence to PEPs and high-risk jurisdictions.

Sanctions Compliance: Deficient policies, inadequate ongoing screening, and weak handling of high-risk on-chain alerts.

Corporate Governance: Boards not reviewing AML policies; AML Compliance Officers lacking independence.

Outsourcing: Compliance functions outsourced without proper agreements, undermining accountability.

Audit Functions: Absence of AML audits or reliance on auditors without independence.

Training: Generic staff training not tailored to Cayman Islands' AML/CFT requirements.

Record Keeping & Travel Rule: Incomplete CDD records, delayed Travel Rule submissions, and inadequate verification of originators/beneficiaries in transfers.

The Circular further states that supervisory enforcement will continue where deficiencies are not remedied and mandates VASPs to retain ultimate responsibility for AML/CFT compliance, even when outsourcing.

Cayman Islands CIMA Appoints Dr. Petr Jakubik as Head of Financial Stability and Statistics Division

On 17 September 2025, the Cayman Islands Monetary Authority (CIMA) announced the appointment of **Dr. Petr Jakubik** as Head of its Financial Stability and Statistics Division, effective 3 September 2025. With over 25 years of international experience in financial stability, macroprudential supervision, and statistical development, Dr. Jakubik will lead the Authority's financial stability research and oversee the compilation and dissemination of official statistics. His appointment marks a strengthening of CIMA's institutional capacity to safeguard the jurisdiction's financial system and maintain global credibility.

Dr. Jakubik's professional career spans senior roles at the **Bank for International Settlements (BIS)**, the IMF's **Caribbean Regional Technical Assistance Centre (CARTAC)**, and the **European Insurance and Occupational Pensions Authority (EIOPA)**, where he led stress testing, stability assessments, and research.

He has also contributed to the **European Central Bank, Oesterreichische Nationalbank, and the Central Bank of Malta**, and earlier served as **Chief Economist of the Czech National Bank**.

His career began in the private sector as a **credit risk analyst**, evolving into internationally recognised expertise in financial stability research.

Awards include the **Financial Stability Institute Award (2008)** and the **Irving Fisher Committee Award (2010)** from the BIS.

He also served as **President of the Czech Economic Society** from 2012 to 2013.

Academic and research credentials:

Holds two doctoral degrees (Finance and Economics).

Holds three master's degrees (Economics; Statistics & Insurance Mathematics; Mathematics & Computer Sciences).

Habilitated as **Associate Professor in Economic Theories** at Charles University.

Has taught finance and economics since 2007 and authored numerous policy-relevant publications on financial stability, insurance, and climate risk.

CIMA Statement: Acting Chief Executive Officer Patrick Bodden stated:

“With his extensive background in financial stability and statistical development, Dr. Jakubik is uniquely positioned to support the Authority in strengthening its monitoring frameworks and responding proactively to emerging risks. His appointment reinforces our ongoing efforts to safeguard the Cayman Islands’ financial system and uphold its reputation as a dynamic and resilient international financial centre.”

United States DOJ Sentences Crypto Influencer for Multi-Million Dollar Cryptojacking Scheme

On 15 August 2025, the United States Department of Justice (DOJ) announced the sentencing of crypto influencer Charles O. Parks III, known online as “CP3O,” to one year and one day in prison. Parks orchestrated a multi-million dollar cryptojacking scheme by fraudulently obtaining over \$3.5 million in cloud computing resources to mine nearly \$1 million in cryptocurrency. He pleaded guilty to wire fraud in December 2024. In addition to his prison sentence, Parks was ordered to forfeit \$500,000 and a Mercedes-Benz luxury car, with restitution still to be determined. The case underscores the DOJ’s increasing focus on crypto-related fraud and the misuse of emerging technologies for illicit gain.

Parks conducted the scheme between **January and August 2021**, exploiting cloud computing services by using false names, shell entities, and fabricated business justifications to gain access to high-level computing power without payment.

The illicitly obtained computing resources were used to mine nearly **\$1 million in cryptocurrency**, while depriving service providers of more than \$3.5 million in unpaid resources.

Proceeds were laundered through **crypto exchanges, NFT marketplaces, online payment services, and traditional banks**, obscuring the money trail.

Parks used the illicit gains for **luxury purchases**, including jewellery, hotel stays, and high-end vehicles such as a Mercedes-Benz.

He pleaded guilty to **wire fraud** in December 2024, leading to his August 2025 sentencing in the Eastern District of New York.

Australia ASIC Warns Financial Advisers of Qualification Deadline Approaching in 2026

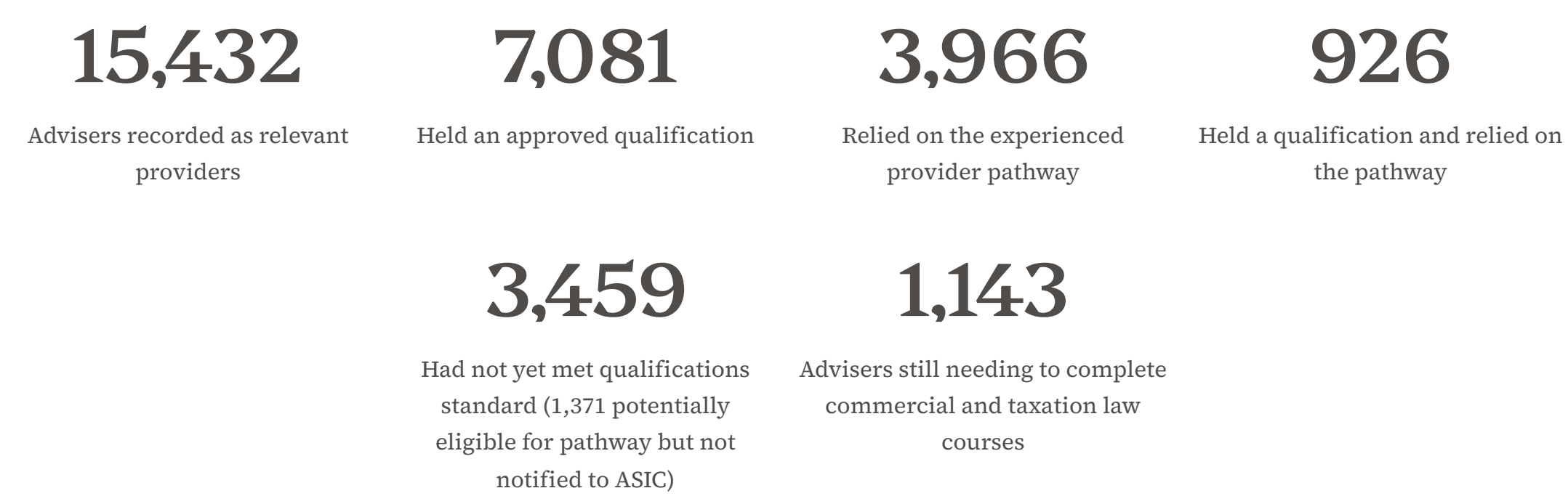
On 30 September 2025, the Australian Securities and Investments Commission (ASIC) issued a warning to financial advisers, classified as relevant service providers, to urgently review and update their information on the Financial Advisers Register (FAR). ASIC cautioned that at least **3,459 advisers risk losing the ability to provide personal financial advice to retail clients after 31 December 2025** if they fail to meet professional standards under the **Australian Corporations Act 2001**. From 1 January 2026, non-compliant advisers will be legally prohibited from offering personal advice. The regulator stressed that urgent action is needed, particularly from advisers relying on the experienced provider pathway and those delivering tax (financial) advice services.

The **professional standards framework** under the Australian Corporations Act 2001 requires advisers to hold an approved qualification unless eligible under the experienced provider pathway.

Existing providers have until **1 January 2026** to comply with **section 921B(2)** of the Corporations Act.

Advisers providing **tax (financial) advice services** must complete approved **commercial law and taxation law courses by 31 December 2025**. AFS licensees must then update the FAR to reflect compliance.

ASIC’s review of the FAR (as at **16 September 2025**) showed:



Call for Action-Updating the Financial Advisers Register (FAR):

- o Advisers cannot update the FAR directly and must act through their AFS licensees.
- o Updates must be lodged within **30 business days** via ASIC Connect.
- o Failures to update may trigger late fees and constitute breaches of the Corporations Act.
- o Knowingly providing false or misleading information to ASIC is a statutory offence.

· **Common errors identified by ASIC:**

- o Incorrect reliance on the experienced provider pathway without eligibility.
- o Incomplete or unapproved qualifications recorded as compliant.
- o Advisers failing to update records despite meeting qualification requirements.

· **Statutory Timeline and Compliance Deadline:**

1 January 2019: Framework Commencement

Professional standards framework for advisers officially commenced.

16 September 2025: Non-Compliance Revealed

ASIC dataset exposed over 3,400 advisers potentially non-compliant – time is running out!

1 January 2026: Prohibition Takes Effect

Non-compliant advisers will be legally prohibited from providing personal advice to retail clients.

2021: Approved Qualifications Issued

Corporations (Relevant Providers Degrees, Qualifications and Courses Standard) Determination issued, listing approved qualifications.

URGENT: 31 December 2025: Final Qualification Deadline

Deadline to meet all qualification and tax law requirements. ACT NOW!

