GLOBAL REGULATORY INTELLIGENCE · DIGITAL ASSETS & FINANCIAL MARKETS

CHARLTONS
QUANTUM

QUANTUM UPDATE

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Editor's note. Twenty-two developments across nine jurisdictions this month — from a UK cryptoasset regime three years in the making, to Taiwan's opening move against quantum-breakable cryptography. Read the full analysis inside, sequenced by jurisdiction, with dates and deadlines that matter flagged throughout.

SECTION I

United States

Twelve moves from the SEC and CFTC

WHO'S MOVING WHERE — JUNE'S APPOINTMENTS

1 Jun
Dr Patrick J. Schorno
Chief Economist, CFTC
Bridges CFTC/SEC harmonisation on derivatives and digital-asset market structure; effective immediately.

1 Jun
Four New Members
SEC Investor Advisory Committee
Daugherty, Ray, Robertson & Liu span law, asset management, academia and senior-investor advocacy; membership rises to 13.

12 Jun
John Moses
Director, Investor Education & Assistance, SEC
Moves from Acting (since 2016) to permanent Director — institutional continuity, not a change of direction.

24 Jun
Kathleen M. Hutchinson
Director, Office of International Affairs, SEC
23 years at the SEC; appointment framed around "increasing global coordination on digital assets."

US UNITED STATES • 11 JUN 2026 MARKET STRUCTURE

SEC Moves to Scrap the Trade-Through Rule After Two Decades

The SEC proposed amendments to rescind Rules 611 and 610(e) of Regulation NMS on 11 June 2026, marking a potential shift in the regulation of United States equity markets, with a 60-day public comment window.

60 days to comment | **2005** rule adopted | **17 AUG** comments close

> *" Chairman Atkins argues the rule has produced consequences that have hindered rather than enhanced market growth.*

WHY IT MATTERS

- This targets the single most litigated rule in Regulation NMS: Rule 611, the Trade-Through Rule in place since 2005, is proposed for outright repeal, alongside Rule 610(e)'s restrictions on locked and crossed quotations.
- Chairman Atkins' framing signals the SEC now views two decades of trade-through protection as having entrenched fragmentation and driven venue proliferation, rather than curbed it.
- The knock-on effects are substantial and unresolved: best execution obligations, market-data revenue-sharing plans, SRO rulebooks and National Market System plans all reference Rule 611/610(e) machinery and would need consequential amendment.
- Comments close 17 August 2026 — this is a genuine structural-reform consultation, not a technical tidy-up.

US **UNITED STATES — SEC** • 2 JUN 2026 POLICY SIGNAL

Commissioner Peirce Draws the New Line Around DeFi

SEC Commissioner Hester M. Peirce delivered “Base Case: Remarks at the IC3 Blockchain Camp” at Princeton on 2 June 2026, setting out a principles-based test for where US securities law applies across crypto and blockchain.

> *“ A project calling itself “DeFi” will still be treated as centralised CeFi if it retains upgrade authority, governance control or access gating.*

WHY IT MATTERS

- The operative test is control, custody and conduct rather than branding — labels will not survive scrutiny of the underlying facts.
- A civil-liberties framing underpins open-source code: publishing code is characterised as speech, and writing it for others to use should not, on that basis alone, require SEC registration.
- A practical risk gradient emerges: passive information display sits at the low-risk end, while interfaces that prepare, route or recommend transactions sit close to broker-dealer territory.
- As a speech rather than a rule, it creates no binding obligation — but strongly previews how examination and enforcement staff will analyse custody and control questions going forward.

US UNITED STATES • 8 JUN 2026 DATA STANDARDS

Nine Agencies Agree a Common Language for Regulatory Data

The SEC established joint data standards under the Financial Data Transparency Act of 2022, together with eight other federal regulators, creating a common framework for financial regulatory data across the United States.

WHY IT MATTERS

- No new reporting obligation exists yet — nine agencies have simply agreed a common vocabulary (LEI, UPI, CFI, ISO 8601 dates, GENC codes, ISO 4217 currencies) that future rulemakings may plug into.
- The most consequential choice is selecting the Legal Entity Identifier over the once-proposed FIGI, effectively locking in the LEI as the cross-agency counterparty standard.
- Digital asset businesses are not named, but the direction of travel — machine-readable, non-proprietary data — maps directly onto reporting expectations already emerging for VASPs, stablecoin issuers and tokenised securities.

US UNITED STATES • 18 JUN 2026 CONSULTATION

SEC and CFTC Ask Whether to Merge Swap Reporting Regimes

The SEC and CFTC jointly issued a Request for Comment on harmonising swap and security-based swap data reporting under Title VII of the Dodd-Frank Act on 18 June 2026.

WHY IT MATTERS

- CFTC swap reporting demands up to 128 data elements, materially more than the SEC's narrower framework — firms operating across both regimes live with two very different burdens for comparable products.
- The SEC is openly asking whether it should adopt the CFTC's technical specifications wholesale — a considerably more consequential route than meeting in the middle.
- Blockchain-executed or blockchain-recorded swaps receive their own explicit question, signalling the agencies view on-chain derivatives as needing bespoke treatment.

US UNITED STATES • 18 JUN 2026 CONSULTATION

Are Prediction Markets Swaps, Securities, or Neither?

A further joint Request for Comment asks whether existing Title VII definitions of “swap” and “security-based swap” remain fit for modern market structures, including event contracts.

WHY IT MATTERS

- Event contracts and prediction markets are the real target: is a “will X happen” contract a swap, a security-based swap, a security, or none of the above?
- A genuine alternative-compliance mechanism is on the table — whether satisfying one agency's regime could satisfy the other's substantially similar requirements.
- This is the first full revisit of the Title VII product-classification architecture since 2012, with real stakes for tokenised instruments sitting at the securities/derivatives boundary.

US UNITED STATES • 26 JUN 2026 CONSULTATION

Idle Collateral in the Crosshairs: SEC and CFTC Target Margin Silos

The SEC and CFTC issued a joint request for comment on harmonising portfolio margining and cross-margining frameworks across securities, security-based swaps, futures and swaps.

WHY IT MATTERS

- Firms holding economically offsetting positions across separate securities and derivatives accounts currently cannot net them for margin purposes, forcing excess collateral to sit idle.
- Resolving this touches hard structural questions — customer property segregation, insolvency priority and differing clearinghouse risk models — not a simple margin-formula tweak.
- Relevant to an unusually broad set of participants: broker-dealers, FCMs, swap dealers, clearing agencies, DCOs, proprietary trading firms and institutional investors with cross-asset books.

US UNITED STATES • 24 JUN 2026 DEREGISTRATION

A Clean Precedent: BlackRock Collateral Trust Exits the Register

The SEC issued an Order under section 8(f) of the Investment Company Act declaring that BlackRock Collateral Trust has ceased to be an investment company, effective 24 June 2026.

WHY IT MATTERS

- A useful precedent for the section 8(f) pathway: application filed 18 December 2025, amended 12 May 2026, noticed 29 May 2026, Order issued 24 June 2026 — roughly seven months start to finish.
- Not an enforcement action — the Division of Investment Management issued the Order under delegated authority once satisfied the trust had genuinely ceased operating as an investment company.
- Any entity contemplating winding down its own registration now has a concrete, recent timeline to plan against.

US UNITED STATES • 16 JUN 2026 EVENT

NYRO Previews What It Will Actually Examine in 2026

The SEC's New York Regional Office will host a virtual Compliance Outreach Program seminar for investment advisers and investment companies on 16 June 2026.

WHY IT MATTERS

- The FY2026 examination-priorities session and the Asset Management Unit enforcement update are staffed by the personnel setting the tone for what NYRO will examine and pursue this year.
- A dedicated panel on examinations of newly registered firms offers a rare direct line into first-exam expectations.
- Panellist questions were due 12 June 2026, 5:00pm ET, ahead of the 9:15am–2:15pm ET seminar on 16 June.

SECTION II

Australia

ASIC simplifies, digitises, extends

AU AUSTRALIA • 1 JUN 2026 SIMPLIFICATION

ASIC Folds 17 Relief Instruments Into Two

ASIC proposed consolidating 17 financial reporting and auditing relief instruments into two new legislative instruments on 1 June 2026, with submissions invited by 10 July 2026.

WHY IT MATTERS

- Fourteen financial-reporting relief instruments fold into a single Annual and Half-Year Reporting Instrument, and three auditing instruments into one, under Consultation Paper CS 54 — presented as pure simplification.
- One substantive change is buried inside: ASIC proposes removing requirements under sections 6(i), 6(s) and 6(v) of the existing Audit Relief Instrument 2016/784 — firms relying on those carve-outs should confirm the consolidated instrument preserves their position.
- Submissions close 5:00pm AEST on 10 July 2026 — a tight window given 17 instruments are folding into 2.

AU AUSTRALIA • 3 JUN 2026 DATA & TRANSPARENCY

ASIC's Complaints Dashboard Gets a Demographic Lens

ASIC announced updates to its Internal Dispute Resolution data dashboard on 3 June 2026, incorporating complaints data reported between 1 July and 31 December 2025.

WHY IT MATTERS

- Two additions matter more than the refresh itself: a complainant demographics page (age, gender, location) and a downloadable dataset, enabling firms to benchmark against sector-wide trends.
- Demographic data is withheld at individual-firm level, limiting reputational exposure while still supporting sector-wide analysis.
- Firms should check their own reported figures for the window are accurately reflected before relying on the dashboard for benchmarking.

AU AUSTRALIA • 25 JUN 2026 CRYPTO DEADLINE

ASIC's Crypto No-Action Window Now Closes 30 September

ASIC issued an updated class no-action letter for digital asset businesses on 25 June 2026, extending its earlier position and setting a new deadline of 30 September 2026 for qualifying steps.

> *" Roughly 30 licence applications have been lodged since October 2025 — and ASIC can withdraw or revise the position at any time.*

WHY IT MATTERS

- The extension now explicitly covers authorised representative and intermediary arrangements under an AFS licence holder, not merely direct AFSL applicants.
- Market Licence and Clearing & Settlement facility applicants face a tougher step: written notification plus a licensing pre-meeting by 30 September 2026, then lodgement within 12 months.
- Crypto lending or earn products, most non-cash payment facilities, and derivatives other than wrapped tokens remain outside the no-action position entirely.
- Firms should treat the 30 September 2026 deadline as firm, not indicative.

SECTION III

Hong Kong

Clearing on autopilot; leverage on the rise

HK HONG KONG • 5 JUN 2026 MARKET STRUCTURE

Hong Kong Puts Its Clearing Calendar on Autopilot

The SFC and HKMA issued Consultation Conclusions on amendments to the OTC derivatives clearing framework on 5 June 2026, expected to take effect 1 March 2027.

WHY IT MATTERS

- Procedural, not substantive: the US$20 billion mandatory clearing threshold is untouched, but setting future Calculation Periods moves to a permanent, self-executing calendar with two fixed periods each year.
- Industry support was unanimous — all six respondents, including ISDA and the Hong Kong Association of Banks, backed the proposal.
- The practical benefit is planning certainty: no more waiting on periodic legislative extensions to confirm a future calculation period exists.
- Draft amendments go to the Legislative Council for negative vetting in Q3 2026, targeting a 1 March 2027 effective date.

HK HONG KONG • 5 JUN 2026

PRODUCT EXPANSION

Single Stock Leveraged Products Ride a 302-Fold Boom

The SFC revised its Circular on Listed Structured Funds on 5 June 2026 to let highly liquid Hong Kong-listed mega-caps underpin Single Stock Leveraged and Inverse Products, building on the framework introduced in January 2025.

302×
AUM growth since Mar 2025

HK$106bn
current AUM

80%
of HK's entire L&I market

> *“These products now account for roughly 80% of Hong Kong's entire leveraged and inverse market by AUM.*

WHY IT MATTERS

- The headline liberalisation is bundled with materially tighter safeguards: mandatory capacity monitoring and buffers, automatic suspension tied to the underlying stock's halt status, and mandatory deleveraging and stop-loss mechanisms.
- Shares dually listed in Hong Kong and Mainland China, and pure Mainland-listed securities, remain excluded — issuers cannot use this as an indirect route into Mainland exposure.
- Average daily turnover is up more than 136-fold to HK$9.3 billion since March 2025 — the regulatory expansion is following demand that has already materialised.
- The revised circular took effect on 5 June 2026; no further transitional deadline applies.

SECTION IV

Dubai / UAE

Retiring the narrative risk assessment

AE DUBAI / UAE • 12 JUN 2026 AML/CFT DEADLINE

VARA Retires the Narrative Risk Assessment

Dubai's VARA published good practice guidance on AML/CFT Business Risk Assessments for licensed virtual asset service providers on 12 June 2026, anchored to Rule III.D of its Compliance and Risk Management Rulebook.

> “ A BRA “*not informed by quantitative operational evidence is, at best, a judgement.*”

WHY IT MATTERS

- Governance now demands documented Board-level challenge, not mere sign-off — approval at senior management level alone will fail supervisory review.
- Eight specific data feeds must visibly drive scoring in practice, including alert-to-investigation conversion rates, STR/SAR trends and sanctions screening outcomes — ratings that don't move with the data become a red flag themselves.
- Proliferation financing is elevated into its own category, with a mandated chain from the inherent PF rating through EOCN registration, asset freezing under Cabinet Decision No. 74 of 2020, and CNMR/PNMR reporting via goAML.
- Every licensed VASP has a quarterly review due within three months of the 12 June 2026 guidance — VASPs still blending PF into a combined score should separate it out before the next cycle.

SECTION V

Singapore

Sanctions calibration meets the AI era

SG SINGAPORE • 13 JUN 2026 SANCTIONS & AML

MAS Draws Three Different Lines on DPRK, Iran and Myanmar

MAS drew attention to the June 2026 FATF Statement addressing high-risk and monitored jurisdictions for AML purposes on 13 June 2026.

WHY IT MATTERS

- DPRK and Iran sit under active FATF countermeasures; Myanmar sits one tier below, subject only to enhanced due diligence — MAS is explicit these are not equivalent categories.
- Iran's inclusion carries fresh urgency: the statement flags the snapback of UN Security Council sanctions tied to Iran's nuclear non-proliferation obligations.
- For Myanmar, MAS draws a deliberate humanitarian carve-out — EDD must not disrupt humanitarian assistance, legitimate NPO activity or remittances.

SG SINGAPORE • 25 JUN 2026 INNOVATION

Singapore Builds a Coordination Layer Over Its Fintech Bets

MAS announced the establishment of the Future of Finance Institute on 25 June 2026, focused initially on AI and tokenisation, alongside a speech from Deputy PM Gan Kim Yong.

WHY IT MATTERS

- The Institute reorganises existing work — the MindForge AI Risk Toolkit, PathFin.ai, Project Guardian and Project Orchid — into a knowledge hub, innovation garage, industry sandboxes and implementation toolkits.
- The most compliance-relevant element is the Programmable Compliance Toolkit: embedding transfer restrictions and investor eligibility directly into a tokenised asset's code — a design-level shift, not a policy statement.
- AI governance is treated as a workforce issue: banks are expected to act as “lighthouse institutions” retraining staff, with MAS explicit that human accountability cannot disappear because a workflow becomes automated.

SECTION VI

Taiwan

A twelve-year migration begins

TW TAIWAN • 18 JUN 2026

QUANTUM READINESS

Taiwan Charts a Path Off Breakable Cryptography

Taiwan's FSC announced its Post-Quantum Cryptography Migration Reference Guide for the financial industry on 18 June 2026, providing a phased framework for quantum-era cybersecurity risk.

2027–29 pilot phase

2035 critical-systems target

2 named threat models

> *“Harvest Now, Decrypt Later” and “Trust Now, Forge Later” anchor the entire framework.*

WHY IT MATTERS

- Two named threats anchor the framework: adversaries archiving encrypted data today against future quantum decryption, and today's signatures becoming forgeable tomorrow.
- The most concrete requirement is a Cryptographic Bill of Materials — an inventory mapping every cryptographic asset to the business function it supports.
- The timetable is front-loaded with governance work: 2026–2027 for inventory-building, 2027–2029 for piloting, with migration of critical systems continuing through 2035.
- Not yet binding, but the FSC is explicit that manual certificate management, weak cipher suites and hard-coded keys need early remediation regardless of the long runway.

SECTION VII

European Union

The grace period ends

EU EUROPEAN UNION • 23 JUN 2026 ENFORCEMENT

MiCA's Grace Period Ends — And ESMA Means It

ESMA issued a public statement on unauthorised crypto-asset service providers on 23 June 2026, addressing the end of MiCA's transitional period on 1 July 2026.

WHY IT MATTERS

- This is an operational order dressed as guidance: unauthorised CASPs must freeze onboarding and marketing immediately and restrict activity to exit-only transactions.
- AML/CFT obligations do not wind down with the business — due diligence, monitoring and reporting must run at full strength through the very last transfer.
- Two loopholes are closed at once: non-EU platforms cannot recharacterise EU order flow as "B2B infrastructure," and authorised CASPs cannot outsource custody to an unauthorised non-EU custodian.
- Coordinated cross-Member-State enforcement is explicit — this is a live enforcement posture, not a future one.

LV LATVIA — LATVIJAS BANKA • 25 JUN 2026 LICENSING

MiCA's Capital-Class Myth, Busted by Three Licences

Latvijas Banka licensed Hodleris SIA and Bleap SIA to provide crypto-asset services on 25 June 2026, following SIA AlphaRoute on 18 June, bringing to nine the CASPs it has authorised under MiCA.

9
CASPs licensed in Latvia

€125k
Class 2 capital floor

~65
working days to clear

WHY IT MATTERS

- Custody and pure exchange services sit within the identical €125,000 Class 2 floor — only trading platform operation pushes a firm into the €150,000 Class 3 tier.
- Hodleris SIA's four authorised services cost nothing extra in capital terms over Bleap SIA's two exchange-only services — scope the application to the actual business model.
- A complete file can clear in roughly 65 working days via a 25-day completeness check and a 40-day substantive assessment — though an incomplete filing resets the clock entirely.
- Each of the nine can passport services across all 27 Member States from a single authorisation.

SECTION VIII

United Kingdom

Britain writes the rulebook

UK UNITED KINGDOM • 30 JUN 2026 COVER STORY

The UK Finally Writes the Rulebook for Crypto

The FCA finalised the United Kingdom cryptoasset regime on 30 June 2026 — five linked policy statements covering admissions and market abuse, stablecoin issuance, regulated activities, prudential requirements and Handbook application.

30 SEP 26
gateway opens

28 FEB 27
savings deadline

25 OCT 27
full commencement

> *" Existing MLR registrations will not convert automatically — a fresh authorisation process regardless of current registration status.*

WHY IT MATTERS

- The regime's real shape lies in its dates: the authorisation gateway opens 30 September 2026, savings provisions protect firms that apply by 28 February 2027, but the full regime does not commence until 25 October 2027.
- Stablecoins receive the most structurally significant treatment: full backing and par redemption under statutory trust, a permitted 5% excess-backing buffer, and removal from the restricted mass-market investment classification.
- New CASS 17 custody rules bring technology-agnostic private key management into FCA custody regulation for the first time; DeFi is in scope only where an identifiable controlling entity exists.
- A bespoke Market Abuse Regime for Cryptoassets signals where supervisory attention will concentrate first — the FCA states plainly it expects cryptoasset market abuse risk to run higher than in other markets.
- Existing MLR registrations will not convert automatically — arguably the single most consequential operational detail for firms already active in the UK crypto space.

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