



Taurus Partners with UAE's Zand Bank to Revolutionize Digital Banking and Crypto Services

On 2 July, 2024, Swiss cryptocurrency infrastructure platform Taurus announced partnership with Zand Bank in the United Arab Emirates (**UAE**). This collaboration aims to significantly enhance Zand's capabilities in custody, tokenization, and blockchain connectivity.

Taurus will provide infrastructure solutions that allow Zand to issue tokenized financial and real-world assets across both permissioned and permissionless blockchains. This integration, compliant with UAE regulations, will also extend Zand's custody solutions to embrace cryptocurrencies, digital currencies, and non-fungible tokens (**NFTs**).

Zand, headquartered in Dubai and pioneering as the first digitally native bank licensed by the Central Bank of the UAE (**CBUAE**), has no physical branches, marking a significant shift in the digital banking landscape. Bashir Kazour, Taurus' managing director, expressed enthusiasm about the partnership, stating, "It's a privilege to assist Zand, a leader in digital banking, in launching their digital asset strategy in line with all applicable regulations."

The CBUAE has been actively reforming the country's digital financial market as part of a broader financial infrastructure transformation. These measures include stringent Anti-Money Laundering (**AML**) verification requirements and a crackdown on unlicensed virtual asset service providers. This robust regulatory framework has paid off, evidenced by the UAE's removal from the Financial Action Task Force's gray list in February, simplifying international financial transactions for the oil-rich nation.

The UAE's proactive regulatory stance has also attracted a wave of crypto firms relocating to the region and receiving licenses, including industry giants like Binance, Crypto.com, Nexo, Solana, Laser Digital, South Korea's Hashed Ventures, Blockdaemon, and Chainalysis. This influx underscores the UAE's rising prominence as a global crypto hub.

Taurus' integration with the Polygon blockchain in June 2023, and its backing by prominent financial institutions such as Swiss Arab Bank, Deutsche Bank, and Credit Suisse, highlights its capability and trust within the financial sector. Taurus services a diverse clientele ranging from large financial institutions to small and medium enterprises, with its geographic reach now extending to Turkey and Canada.

The partnership between Taurus and Zand Bank represents a significant step forward in the UAE's ambition to become a leader in the global crypto sphere. By leveraging advanced blockchain technology and robust regulatory compliance, Zand is poised to set new standards in digital banking and asset management.

This collaboration not only strengthens Zand's digital asset strategy but also positions the UAE as a pivotal player in the international cryptocurrency and digital finance markets.

Russia Expands Digital Ruble Project for International Payments Starting 1 September 2024

In a recent development, the Russian Central Bank announced on 5 July, 2024 that it will accelerate and expand its digital Ruble project, with the next phase set to commence on 1 September, 2024. First Deputy Governor Olga Skorobogatova revealed that a substantial number of applicants have requested broader inclusion, leading to the expansion of the digital ruble pilot to encompass real transactions involving real clients.

The digital ruble testing process, which began in 2023, is poised to enter a new phase, significantly increasing its reach. "We are expanding our pilot to encompass real transactions from 1 September, 2024. Currently, 12 banks are taking part in the pilot, and 19 more are in the process of joining. We aim to significantly increase the number of individuals and companies that can participate," Skorobogatova stated at the Russian Financial Congress.

Since its launch, the pilot has involved approximately 600 selected individuals in 11 Russian cities. Initially, the expansion was modest, integrating the Moscow Metro and a few large banks. However, the Central Bank now plans to extend the pilot to 9,000 individuals and 1,200 legal entities later this year, following a surge in applications and requests from citizens and businesses.

The Central Bank has overseen around 19,000 peer-to-peer CBDC transactions, approximately 6,000 payments, and 3,500 smart contract transactions since the pilot's inception. The significant interest from the public and businesses underscores a real demand for the digital ruble, prompting the Central Bank to widen its pilot network.

This expansion aligns with the Russian Central Bank's broader strategy to promote de-dollarization. By accelerating the digital Ruble project, Russia aims to reduce its reliance on the US dollar for international transactions.

Olga Skorobogatova and other senior bank officials have previously indicated their intention to roll out the CBDC nationwide by the end of 2025. The rapid expansion planned for the second half of 2024 and into next year reflects a proactive approach to meet the increasing demand and to position the digital Ruble as a key player in the global financial landscape.

The Russian Central Bank remains firm in its stance against crypto exchanges, advocating for their exclusion from the national economy. This position supports the controlled development of the digital Ruble while mitigating risks associated with unregulated digital currencies.

As the digital ruble project progresses, its impact on international payments and the broader financial ecosystem will be closely monitored. The next phase of the pilot marks a critical step towards broader adoption and demonstrates Russia's commitment to leading in the digital currency space.

Governor Cooper Vetoes North Carolina Bill Banning Federal Digital Currency (CBDCs)

On 5 June, 2024, North Carolina Governor Roy Cooper vetoed a bill that would have prohibited the state from implementing a US Federal Reserve-issued central bank digital currency (CBDC). Despite receiving near-unanimous support in the state's House of Representatives and Senate, Cooper deemed House Bill 690 as "premature, vague, and reactionary."

In a statement on 5 June, 2024, Cooper explained his decision, emphasizing that ongoing federal efforts aim to ensure appropriate standards and safeguards for consumers, investors, and businesses using digital assets. "North Carolina should wait to see how they work before taking action," he added.

The bill, which passed the House with a 109-4 vote and the Senate with a 39-5 vote in late June, aimed to ban the state from receiving payments in CBDC and participating in any Federal Reserve CBDC testing. Given the overwhelming legislative support, North Carolina lawmakers could potentially override Cooper's veto with a three-fifths majority in both chambers.

Cooper's veto has sparked criticism, particularly from proponents of the bill who view the decision as politically motivated. Blockware Solutions head analyst and North Carolina native Mitchell Askew expressed disappointment, stating, "The veto from Governor Cooper was not representative of the desires of North Carolinians." Askew suggested that Cooper's decision was influenced by his opposition to political rival Mark Robinson, a proponent of the bill.

Dan Spuller, head of industry affairs at the Blockchain Association, also criticized the veto, describing it as a missed opportunity for North Carolina to signal its opposition to a federally controlled digital currency. Spuller stressed that digital asset policies should reflect values of privacy, individual sovereignty, and free market competitiveness.

Federal Reserve Chair Jerome Powell has previously stated that the US is "nowhere near recommending or adopting a central bank digital currency in any form." This perspective aligns with Cooper's rationale that the state should await further developments at the federal level before making significant legislative decisions.

The impact of Cooper's veto extends beyond North Carolina. It reflects a broader debate on the future of digital currencies and state versus federal control. The decision highlights the tension between rapid technological adoption and the cautious approach of waiting for comprehensive regulatory frameworks to be established.

Notably, North Carolina is not alone in its scrutiny of CBDCs. Florida has already passed legislation to ban the use of CBDCs within the state, citing concerns over state-controlled surveillance. This regional pushback against federal digital currency initiatives signals a growing trend among states to assert their positions on digital financial innovation and its implications for privacy and economic autonomy.

As the debate over CBDCs continues, the actions of state governments like North Carolina will play a crucial role in shaping the national conversation. Governor Cooper's veto, while controversial, underscores the complexity and importance of ensuring that any adoption of digital currency is carefully considered and regulated to protect the interests of all stakeholders.

Dubai Customs launches Blockchain Platform for Efficiency and Transparency in Trade

In a move aimed at enhancing efficiency and transparency in commercial operations, Dubai Customs has announced on 8th July, 2024 the launch of its blockchain platform. This secure and efficient digital network is set to revolutionize trade processes within Dubai and across international borders, marking a significant milestone in the emirate's digital transformation journey. The initiative underscores Dubai Customs' dedication to innovation and aims to solidify Dubai's status as a premier global trade hub.

His Excellency Sultan Ahmed bin Sulayem, Chairman of the Ports, Customs, and Free Zone Corporation, highlighted that this launch is part of Dubai's broader blockchain strategy for digital transactions, initiated by His Highness Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai and Chairman of The Executive Council of Dubai. The goal is to leverage the latest technological innovations to provide secure, efficient, and effective services, thereby enhancing Dubai's position as a leading global city in advancing technology and smart economy initiatives.

"We are proud to launch the new blockchain platform, which represents a quantum leap in enhancing the efficiency of business operations in Dubai," stated Bin Sulayem. "This innovation reflects our vision to make Dubai a global hub for trade and logistics. We believe that adopting modern technologies like blockchain will significantly contribute to improving the business environment and enhancing Dubai's position as a major center for global trade."

The new blockchain platform promises a myriad of benefits that will enhance business operations through simplified procedures, expediting customs clearance, and commercial transactions. This will save time and effort for all parties involved while providing secure and tamper-proof data sharing, thereby enhancing trust and visibility across the supply chain. The reduction of paperwork and streamlined processes are expected to lead to substantial cost savings, further improving the business climate in Dubai.

Dr. Abdullah Busnad, Director General of Dubai Customs, emphasized that the blockchain platform is a crucial step in facilitating trade movement and enhancing Dubai's position as a global logistics hub. He noted that the platform will benefit not only Dubai Customs but also serve as a valuable tool for collaboration with other government entities. "This initiative represents a vital step towards a bright and spectacular future for trade and government services, ensuring the emirate's innovation and global leadership journey continues," Busnad remarked.

Atiq Almehairi, Executive Director of Customs Development Division at Dubai Customs, stressed the importance of the blockchain platform in improving service efficiency. The platform will enhance trust throughout the commercial process by allowing all participants direct access to a secure record that they can independently verify. Additionally, blockchain enables real-time tracking of goods, providing greater visibility into the supply chain and facilitating efforts to combat fraud and counterfeiting.

The inherent transparency of blockchain technology will significantly enhance trust among businesses and stakeholders. By offering a tamper-proof digital ledger, the platform ensures that all transactions are securely recorded and easily verifiable. This increased transparency and security are expected to foster stronger business relationships and build confidence in Dubai's commercial operations.

The Dubai Blockchain Strategy, which aims to make Dubai the first city fully powered by blockchain, supports this initiative. The strategy, guided by the vision of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, focuses on three strategic pillars: Government Efficiency, Industry Creation, and International Leadership.

DigitalX Receives Regulatory Approval to Launch Bitcoin ETF on ASX, Trading starts 12 July 2024

According to Bloomberg, on 8 July, 2024, Blockchain-focused asset manager DigitalX has secured regulatory approval to launch its spot Bitcoin exchange-traded fund (**ETF**), making it the second Bitcoin ETF to trade on the Australian Securities Exchange (**ASX**). The DigitalX Bitcoin ETF, listed under the ticker BTXX, will commence trading on 12 July, 2024, at 10 am local time.

DigitalX CEO Lisa Wade described the approval as a "watershed moment," emphasizing that the DigitalX Bitcoin ETF is a spot ETF product providing ASX customers with direct access to Bitcoin through a regulated and liquid fund structure. "It is exciting to see the growth and development of the digital assets markets reflected in this approval," added DigitalX's Chair Toby Hicks.

In partnership with investment management firm K2 Asset Management, which will act as the responsible entity and issuer, and cryptocurrency-focused investment firm 3iQ for promotion and distribution, DigitalX is poised to expand its reach both domestically and internationally.

The announcement follows closely on the heels of VanEck's spot Bitcoin ETF approval on June 15, which began trading on June 20. VanEck's Bitcoin ETF (**VBTC**) saw \$1.3 million in volume on its first trading day, though this was significantly lower than the daily average volume of \$450 million observed by nine U.S. spot Bitcoin ETFs during their initial ten trading days. According to ASX data, VBTC had over \$475,000 (\$700,000 AUD) in trading volume in the first five hours of July 9 trading.

Lisa Wade, CEO of DigitalX, expressed optimism about the new ETF's potential to streamline institutional investors' access to digital asset fund products. "I believe this will attract new entrants into the market and ultimately allow institutions to include Bitcoin and digital assets into strategic asset allocations," said Wade.

The introduction of ETFs like BTXX and VBTC on the ASX signifies a growing acceptance and integration of digital assets into traditional financial markets. ETFs, known for their credibility and regulatory oversight, can significantly influence market sentiments by providing a secure and accessible way for investors to gain exposure to Bitcoin. The launch of these ETFs is expected to attract more institutional and retail investors, thereby increasing market liquidity and stability.

The ASX has seen a series of cryptocurrency ETF launches, including efforts by Betashares to list its Bitcoin and Ethereum ETFs. Prior to these developments, CBOE Australia had already listed several crypto ETFs, such as Global X 21Shares Bitcoin, Global X 21Shares Ethereum, and Monochrome Bitcoin, paving the way for mainstream adoption of digital assets.

As DigitalX prepares to launch its Bitcoin ETF, the move is anticipated to further bolster the credibility of cryptocurrency investments and defines Australia's position as a significant player in the global digital asset market.

Paxful Co-Founder Artur Schaback Pleads Guilty to Money Laundering Conspiracy

On 8 July, 2024, Artur Schaback, co-founder and former chief technology officer of Paxful Inc., pleaded guilty to conspiracy to operate a crypto exchange platform without effective anti-money laundering (**AML**) policies. Schaback, 36, from Tallinn, Estonia, admitted to the charges in a California federal court and faces up to five years in prison. His sentencing is set for 4 November, 2024.

According to the U.S. Department of Justice (**DOJ**), Schaback managed Paxful between July 2015 and June 2019, during which he allowed customers to open accounts and trade on Paxful without proper identification checks. He marketed the platform as not requiring Know Your Customer (**KYC**) protocols, presented fake AML policies, and ignored suspicious activities by users. This lax oversight turned Paxful into a haven for money laundering, sanctions violations, and other criminal activities, including fraud, romance scams, extortion, and prostitution.

Schaback's plea acknowledges his conspiracy to willfully avoid establishing, developing, implementing, and maintaining an effective AML program as mandated under the Bank Secrecy Act. He will also resign from Paxful Inc.'s Board of Directors.

The case against Schaback has been a focal point for the DOJ, highlighting the department's rigorous approach to combating financial crimes in the cryptocurrency sector. The investigation, led by Homeland Security Investigations (**HSI**) and IRS Criminal Investigation (**IRS-CI**), has been part of an Organized Crime Drug Enforcement Task Forces (**OCDETF**) initiative. This multi-agency approach aims to dismantle high-level drug traffickers, money launderers, gangs, and transnational criminal organizations.

Principal Deputy Assistant Attorney General Nicole M. Argentieri, U.S. Attorney Phillip A. Talbert for the Eastern District of California, Special Agent in Charge Tatum King of HSI San Francisco, and Acting Special Agent in Charge Michael Mosley of IRS-CI Oakland Field Office jointly announced Schaback's guilty plea. The prosecution team includes Bank Integrity Unit Deputy Chief and National Cryptocurrency Enforcement Team Deputy Director Kevin Mosley, Trial Attorneys Emily Cohen, Victor Salgado, and Caylee Campbell of the DOJ's Money Laundering and Asset Recovery Section (**MLARS**), and Assistant U.S. Attorney Matthew Thuesen for the Eastern District of California.

This case is pivotal for the future of the cryptocurrency sphere, underscoring the need for robust AML and KYC measures to prevent misuse of digital asset platforms. Schaback's failure to maintain these safeguards allowed Paxful to become a conduit for illegal activities, highlighting vulnerabilities in the current regulatory landscape.

The **DOJ**'s efficiency in identifying and prosecuting such malicious activities sets a precedent for stricter enforcement and regulatory oversight in the crypto industry. This ensures that platforms adhering to legal standards can foster a safer and more transparent digital financial ecosystem.

Paxful's operational challenges have been compounded by legal battles and internal disputes. In April 2023, the platform suspended operations due to uncertainties about key staff departures and safety concerns regarding customer funds, raised by CEO Ray Youssef following a lawsuit from Schaback. Despite these issues, Paxful re-

sumed operations a month later. Youssef has since collaborated with Jack Dorsey's crypto firm TBD to launch Civilization Kit (Civ Kit), a decentralized peer-to-peer trading platform, and leads Noones, a financial communication app.

As the crypto industry evolves, the lessons from Paxful's regulatory failures and the DOJ's actions against Schaback will likely influence future compliance standards and enforcement practices, shaping a more secure and accountable financial landscape.

Ethereum ETFs Near Approval as SEC Discussions Progress

The long-anticipated approval of spot Ethereum exchange-traded funds (**ETFs**) in the United States appears imminent, with several recent developments indicating that these investment products could launch as early as this month. On 8 July, 2024, Katherine Dowling, chief compliance officer at Bitwise, told Bloomberg that Ethereum ETFs are "close to the finish line," underscoring significant progress in discussions between issuers and the Securities and Exchange Commission (**SEC**).

Bloomberg ETF analyst Eric Balchunas has suggested 18 July, 2024 as a potential launch date for Ethereum ETFs, although he cautioned that the SEC's plans remain uncertain. This follows the successful introduction of spot Bitcoin ETFs earlier this year, which attracted approximately \$15 billion in inflows over six months, highlighting substantial investor interest in cryptocurrency-based investment products.

Several major asset managers, including BlackRock, Fidelity, Grayscale, 21Shares, Franklin Templeton, and VanEck, submitted amended S-1 filings for their Ethereum ETF applications on 8 July, 2024, with Bitwise filing its amendment earlier on 3 July, 2024. These amendments, which primarily addressed fee waivers and seed transaction details, are essential steps in the regulatory process. For instance, VanEck plans to waive sponsor fees for the first \$1.5 billion over one year, while Bitwise introduced a six-month, \$500 million waiver. Seed investment details were also provided, with Franklin Templeton reporting a \$100,000 seed investment through Franklin Resources Inc.

The procedural advancements signify the issuers' preparedness and efforts to enhance the attractiveness of their products. Dowling highlighted that the SEC has been open to discussions about crypto ETFs beyond Bitcoin and Ethereum, indicating potential future expansions in the crypto ETF market. "We've actually dialogued with the SEC about the possibility of what's coming down the pipe with new products," she stated, describing the communication as "quite welcoming."

This willingness from the SEC to engage in discussions about a broader range of cryptocurrency-based investment products suggests a more inclusive future for crypto ETFs. However, analysts caution that approval for ETFs based on cryptocurrencies other than Bitcoin and Ethereum may require more time and could depend on changes in SEC leadership.

As evidence of the expanding interest in diverse crypto ETFs, VanEck and 21Shares recently filed applications for spot Solana ETFs. While these filings reflect the industry's ambitions, they are expected to face a longer and more uncertain approval process compared to the Ethereum ETFs currently under consideration.

The move towards Ethereum ETF approval marks another milestone in integrating cryptocurrencies into mainstream finance, potentially paving the way for a more diversified and accessible market for digital assets. The procedural requirements and advancements made by asset managers demonstrate a robust commitment to meeting regulatory standards and providing secure investment options for the public.

TON Network Integrates EVM Functionality in Collaboration with Polygon Labs

The TON Application Chain (**TAC**) and Polygon Labs have announced on 9 July, 2024, a strategic partnership to integrate Ethereum Virtual Machine (**EVM**) functionality into the TON ecosystem, significantly enhancing its capacity to support decentralized applications (**DApps**) across various sectors, including decentralized finance (DeFi), gaming, and identity solutions. This development is expected to have a major impact on the user experience within the TON network.

The integration involves the TON Layer 2 integrating Polygon CDK and the interoperability protocol AggLayer, facilitating EVM-compatible DApps on TAC. This move will enable a broader range of applications for TON users, including DeFi platforms, gaming applications, and advanced identity solutions. TAC CEO Pavel Altukhov highlighted that EVM compatibility will eliminate existing barriers, attracting significant interest in DeFi and GameFi applications on the network.

Currently, EVM applications are not available on the TON network, necessitating users to navigate complex interfaces. However, the recent integration of USDT on TON and the popularity of Tap-to-Earn applications, like Notcoin, have spurred growth in the mini apps ecosystem. Notably, Telegram, the messaging platform closely associated with TON, has 5.8 million monthly active on-chain wallets. With EVM compatibility, Ethereum developers can now leverage this extensive user base on Telegram, creating seamless experiences and expanding their reach.

According to a 5 July, 2024, post by Messari, the number of daily active addresses on the TON network surpassed Ethereum in June. This milestone underscores the increasing activity and interest in the TON ecosystem. Despite this success, there has been a rise in phishing attacks on the blockchain. On June 24, SlowMist founder Yu Xian warned about the proliferation of phishing links within the Telegram ecosystem, exploiting its openness through message groups and airdrops. Users with anonymous numbers face higher phishing risks, as these accounts are not linked to SIM cards and can be easily compromised by malicious actors.

The introduction of EVM functionality is expected to enhance the user experience on the TON network significantly. EVM compatibility will streamline the deployment of Ethereum-based applications on TON, reducing complexity and improving accessibility for users. This integration will foster a more robust ecosystem, offering users a wider array of services and applications. Additionally, it will attract more developers to the TON network, leveraging its unique features and extensive user base to create innovative solutions.

The collaboration between TAC and Polygon Labs marks a pivotal moment in the evolution of the TON network, setting the stage for increased adoption and functionality. By embracing EVM compatibility, the TON ecosystem is poised to become more versatile and user-friendly, driving growth and innovation in the blockchain space.

Bank of Italy to Release Comprehensive Guidelines for Implementing EU Crypto Regulations

On 9 July, 2024, Bank of Italy Governor Fabio Panetta announced that the central bank will soon release guidelines to facilitate the implementation of the European Union's Markets in Crypto-Assets Regulation (**MiCA**). These guidelines aim to ensure the effective application of MiCA and protect cryptocurrency holders, according to Panetta's address to the Italian Banking Association.

Panetta detailed that MiCA categorizes tokens into two primary types suitable for payments: electronic money tokens (**EMTs**) and asset-referenced tokens (**ARTs**). However, the Bank of Italy's assessment found that only EMTs can fully function as a means of payment while maintaining public trust. EMTs are linked to a single official currency, such as a US dollar-backed stablecoin, whereas ARTs are pegged to various assets like the gold-backed token PAX Gold (**PAXG**).

In his speech, Panetta emphasized the risks associated with unbacked crypto-assets, such as Bitcoin and Ethereum, which he described as having no intrinsic value and being akin to gambling. He noted that these assets do not meet the fundamental functions of money—means of payment, store of value, and unit of account—and are often used to evade tax regulations and anti-money laundering (**AML**) laws.

The forthcoming guidelines from the Bank of Italy are expected to address these concerns by providing a clear framework for the application of MiCA. This includes specific requirements for EMTs and ARTs and obligations for financial intermediaries involved in issuing or distributing these tokens. The guidelines will ensure that these intermediaries adhere to strict AML and terrorist financing regulations and that the technology used is robust and secure.

Panetta also pointed out that while the share of unbacked crypto-assets held by potentially unaware investors is currently low, it could grow in the future, especially in emerging markets. To mitigate these risks, the EU has adopted MiCA, which will be fully implemented by the end of this year. The Bank of Italy and Consob, Italy's financial markets regulator, will oversee the enforcement of MiCA's provisions.

This report from the Bank of Italy is poised to significantly shape the future of crypto assets in Italy. By implementing MiCA effectively, the central bank aims to bring order to the crypto-asset market, enhance investor protection, and ensure market stability. This move is expected to foster a safer and more transparent environment for both investors and financial institutions, encouraging the growth of legitimate crypto-related activities.

The Bank of Italy's proactive approach, combined with the stringent oversight of financial intermediaries, highlights the efficiency of the Department of Justice (DOJ) and other regulatory bodies in catching and mitigating malicious activities within the crypto sphere. This dedication to maintaining financial integrity is crucial for the sustainable development of the digital asset market in Italy and beyond.

(Source: https://www.youtube.com/watch?v=ooSL_IQX_3Y)

(https://www.bancaditalia.it/pubblicazioni/interventi-governatore/integov2024/en-Panetta-ABI-20240709.pdf?language_id=1)

Bank of Russia Analyzes Global Trends and Regulatory Approaches to Stablecoins

On 10 July, 2024, the Bank of Russia published an analytical report examining the economic and legal nature of stablecoins, alongside international trends and approaches to their regulation. This report comes as Russia and other countries deliberate on appropriate frameworks to manage these increasingly significant digital assets.

Stablecoins were initially created to address the excessive volatility of cryptocurrencies, offering a more stable payment facility within the crypto industry. Typically, stablecoins are pegged to fiat currencies, but they can also be linked to other assets such as gold, commodities, or even a basket of various assets. The report highlights that the diversity of stablecoin types allows them to share characteristics with various financial instruments, sometimes combining features of multiple asset classes.

Globally, the stance on stablecoins is still forming, with no universally accepted definition or regulatory approach. International organizations and national regulators are actively studying this phenomenon to balance its potential opportunities and risks. The current analysis by the Bank of Russia reveals that stablecoins are almost never recognized as legal tender, as they lack the universal applicability of national currencies. However, they are regarded as viable investment facilities and are increasingly used in cross-border payments.

The report points out that most countries adhere to the "same activity, same risks, same regulation" principle when developing regulatory frameworks for stablecoins. This can involve the creation of specific laws or the application of existing regulations. Given that the regulation of digital rights and digital currencies is actively developing in Russia, these frameworks might also be applied to stablecoins, though a comprehensive discussion is necessary.

The Bank of Russia's report invites readers to provide feedback on the issues presented, emphasizing the need for inclusive dialogue to refine regulatory approaches.

The global structuring and algorithmic trends of stablecoins indicate a push towards more sophisticated and resilient designs. Algorithmic stablecoins, which use complex algorithms to manage their supply and maintain their peg, are gaining attention. These stablecoins adjust the supply based on market demand, aiming to stabilize their value without the need for traditional collateral. This innovative approach presents both opportunities and challenges, as it requires robust algorithmic controls and governance structures to ensure stability and trust.

(Source: <https://www.cbr.ru/eng/press/event/?id=18828#highlight=stablecoin>)

Binance in Final Talks to Sell Majority Stake in Gopax to South Korean Cloud Service Provider Megazone

On 11 July, 2024, reports emerged that Binance is in the final stages of negotiations to sell a majority stake in South Korean crypto exchange Gopax to local cloud service provider Megazone. The move aims to reduce Binance's 72.6% ownership in Gopax to around 10%, following requests from South Korean financial authorities to improve the exchange's governance structure.

Binance's decision to offload the majority of its stake comes as Gopax faces an 11 August, 2024 deadline to renew its real-name account contract with Jeonbuk Bank, initially signed in August 2022 for a two-year term. Binance had acquired its controlling stake in Gopax in February 2023 as part of efforts to re-enter the South Korean market after ceasing multiple operations there in 2021. However, South Korean regulators have so far denied approval for the change in majority ownership, blocking Binance's capital injection into Gopax.

An unnamed industry insider told The Chosun Ilbo that Binance is pursuing the stake sale to meet regulatory requirements for governance improvements ahead of Gopax's real-name account renewal. The source indicated a deal could be finalized this month.

Gopax has been in a precarious financial position, with total liabilities of 118.4 billion won (\$91.5 million) as of April 2024. This includes 63.7 billion won in unpaid debts to users of its GOFI product and a 36.4 billion won loan from Binance intended to help repay those users. Securing the real-name account renewal is critical for Gopax to maintain its status as a won-based cryptocurrency exchange in South Korea. If approved, the stake sale to Megazone could pave the way for new capital investment and regulatory approval needed to shore up Gopax's finances and operations.

The regulatory hurdles have prompted Binance to adjust its ownership in Gopax. This move is seen as a strategic response to enhance its governance structure as required by local authorities. The sale could enable Gopax to stabilize its financial situation and ensure compliance with South Korean regulations, thus maintaining its operational viability.

Despite facing significant regulatory challenges, Binance remains the world's largest cryptocurrency exchange, boasting over 200 million users and managing assets totaling \$100 billion. Binance has demonstrated remarkable growth, adding 40 million users in 2023 and at least 30 million more in the first half of 2024. The exchange has also secured regulatory approvals in various regions, including registration with India's Financial Intelligence Unit and a license from Dubai's VARA.

However, Binance has not been without controversies. Last year, the Commodity Futures Trading Commission (CFTC) filed charges against Binance for allegedly operating an illegal digital asset derivatives exchange and evading federal laws. Similarly, the US Securities and Exchange Commission charged Binance Holdings LTD and ex-CEO Changpeng Zhao with operating unregistered exchanges and offering unregistered securities.

The potential sale of Gopax to Megazone represents a significant shift in Binance's strategy to align with regulatory demands while maintaining its global dominance. This move could also set a precedent for other cryptocurrency exchanges navigating complex regulatory landscapes worldwide.

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