

**21 JUNE 2024**

ED Arrests Manideep Mago in Massive Illegal Foreign Remittances Case Involving Crypto Transactions

The Indian Directorate of Enforcement (**ED**) on 19 June, 2024 arrested Manideep Mago under the provisions of the Prevention of Money Laundering Act (**PMLA**), 2002, in connection with a significant illegal foreign remittances case. Mago was presented before the court on June 18, 2024, where he was remanded to five days of ED custody until June 23, 2024.

The ED initiated its investigation based on information that a Delhi-based company had sold cryptocurrencies worth over ₹18580 million Indian Rupee (INR) on various crypto exchanges. Preliminary investigations revealed that the company and its related entities had also made foreign outward remittances exceeding ₹35000 million INR. Additionally, more than ₹13000 Million INR in cash deposits were made into the bank accounts of these entities. This led the ED to conduct a search action under the Foreign Exchange Management Act (**FEMA**).

During the search proceedings, it was uncovered that an international hawala syndicate operating in Delhi had been collecting cash from exporters and importers and remitting it abroad against bogus invoices. This syndicate had facilitated over ₹35000 million INR in foreign outward remittances to Canada and Hong Kong under the guise of payments for services like “online lease of GPU servers for crypto mining,” educational software, and bare metal server leases. Members of the syndicate had established companies in Hong Kong and Canada to further their operations, which included illegal crypto mining and arbitrage trading. The investigation revealed the involvement of chartered accountants and several bank officials, who helped generate fake invoices and manipulated financial records to justify cash deposits.

The ED’s findings were shared with the Crime Branch of the Delhi Police, leading to the registration of an FIR against the syndicate members. This, in turn, prompted the ED to register an Enforcement Case Information Report (**ECIR**) to investigate the matter under PMLA provisions. Notably, the Delhi Police had previously arrested Manideep Mago in connection with this case, and the ED now has five days to interrogate him further.

The ED’s decisive action in this case marks a significant step toward regulating the often elusive cryptocurrency sector. By cracking down on such fraudulent transactions, the ED not only aims to uphold the integrity of financial systems but also enhances the credibility of government organizations in tracking and prosecuting complex financial crimes involving digital assets. This move is likely to serve as a deterrent to other potential offenders and

demonstrates the government's commitment to ensuring that the burgeoning crypto market operates within the bounds of the law.

Further investigations are ongoing as the ED continues to unravel the full extent of the syndicate's operations and their impact on India's financial stability.

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3iQ Digital Asset Management Files Preliminary Prospectus for North America's First Solana ETF

On 21 June 2024, 3iQ Digital Asset Management, a leading Canadian digital asset investment firm, filed a preliminary prospectus for The Solana Fund, aiming to launch North America's first Solana exchange-traded product (**ETP**). The Solana Fund plans to list its Class A units on the Toronto Stock Exchange (**TSX**) under the ticker "QSOL."

The Solana Fund's objectives include providing investors with exposure to Solana (**SOL**), tracking its daily price movements against the US dollar, offering long-term capital appreciation, and generating staking yield through Solana's network. 3iQ will manage the investment and portfolio for QSOL, utilizing Coinbase Custody's institutional staking infrastructure.

With a proven track record of pioneering digital asset funds, 3iQ has previously launched The Bitcoin Fund (**TSX: QBTC**) and The Ether Fund (**TSX: QETH**), which were the first publicly traded Bitcoin and Ethereum funds in Canada. Moreover, QETH and the 3iQ Ether Staking ETF (**TSX: ETHQ**) were the first in North America to integrate ether staking into their strategies.

Greg Benhaim, Executive Vice President of Product and Head of Trading at 3iQ, emphasized the company's dedication to advancing digital asset investment. "We're proud to work closely with the OSC to responsibly enhance the digital asset investment landscape in Canada. As pioneers in digital asset investment management, we aim to deliver regulated investment vehicles that embody the highest standards for individual and institutional investors," Benhaim stated.

ETFs play a significant role in the crypto sphere by providing a regulated and accessible way for investors to gain exposure to digital assets. They democratize investment opportunities, offering a straightforward means for individuals and institutions to participate in the cryptocurrency market without the complexities of directly handling digital assets. The introduction of crypto ETFs also enhances market liquidity, increases investor confidence, and fosters broader acceptance of digital currencies as viable investment assets.

Solana, the native asset of the Solana blockchain, is renowned for its high transaction speeds and scalability. These attributes make it a formidable player in the decentralized finance (**DeFi**) space. Since its inception in 2020, Solana has experienced significant growth, becoming the second-largest smart contract platform by market capitalization and trading volume. Its robust infrastructure, combined with a vibrant ecosystem of DeFi projects, NFTs, and decentralized applications, underscores Solana's trustworthiness and impact in the crypto market, making it an ideal candidate for 3iQ's innovative ETP.

3iQ's move to launch the Solana Fund not only marks a milestone for the firm but also represents a significant advancement for the broader digital asset investment landscape in North America.

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Ripple Faces Trial Over Securities Litigation as California Judge Partially Denies Motion for Summary Judgment

A California judge on Friday, 21 June 2024, ruled that the civil securities litigation against Ripple Labs Inc. will proceed to trial, creating ripples in the crypto sector. Judge Phyllis Hamilton of the US District Court for the Northern District of California partially denied Ripple's motion for summary judgment, permitting the case involving allegations against Ripple's CEO, Brad Garlinghouse, to move forward.

The litigation focuses on claims that Garlinghouse made misleading statements during a 2017 televised interview regarding the sale of Ripple's XRP. The plaintiff alleges that Garlinghouse falsely claimed to be "very, very long

XRP" while selling millions of XRP on various cryptocurrency exchanges, violating California's securities laws. Judge Hamilton dismissed four of the five claims in the class action lawsuit as "failure to register claims," but the allegation of Garlinghouse's misleading statements will be heard at trial.

In her ruling, Judge Hamilton asserted that the court could not conclude "that a reasonable investor would have derived any expectation of profit from general cryptocurrency market trends, as opposed to Ripple's efforts to facilitate XRP's use in cross-border payments, among other things."

Ripple's legal defense argued that XRP does not meet the definition of a security under the Howey Test. They urged Judge Hamilton to consider the reasoning of US District Court Judge Analisa Torres, who had previously ruled that XRP did not fulfill all the elements of the Howey Test when sold directly to retail participants on cryptocurrency exchanges. Judge Torres's ruling in the Southern District of New York (**SDNY**) was perceived as a partial victory for Ripple and was hailed by the crypto industry as a significant step toward regulatory clarity.

Despite the ruling from Judge Torres, the market for XRP has remained sluggish. According to CoinMarketCap, XRP's price is down nearly 9% in the past 30 days and has decreased over 1% in value since June 2023. The altcoin's price is 87.26% lower than its all-time high of around \$3.8 in January 2018. Talks of an XRP exchange-traded fund (**ETF**) exist but face potential resistance from the SEC.

Ripple's Chief Legal Officer, Stu Alderoty, expressed contentment with the dismissal of most class action claims but recognized the need to address the remaining state law claim at trial. "We are pleased that the California court dismissed all class action claims. The one individual state law claim that survived will be dealt with at trial," Alderoty stated.

This judgment marks a significant moment in the ongoing regulatory saga surrounding cryptocurrencies. It highlights the judicial system's efforts to provide clarity on the legal status of digital assets. The outcome of the trial could set a precedent for future litigation involving cryptocurrencies, impacting how digital assets are perceived and regulated. For investors and market participants, the trial serves as a reminder of the legal uncertainties and regulatory challenges that continue to shape the cryptocurrency landscape.

The justice system's stringent measures, including the current proceedings against Ripple, are steps toward establishing a coherent regulatory framework for the crypto industry. These actions reflect the necessity to protect investors and maintain market integrity. By closely scrutinizing cases like Ripple's, the courts aim to ensure that digital assets comply with existing securities laws and that market participants act transparently and responsibly. This approach, though occasionally seen as a hindrance to innovation, is crucial for fostering a stable and trustworthy environment for the burgeoning crypto market.

25 JUNE 2024

U.S. Spot Bitcoin ETFs Witness Significant Outflows Amid Bitcoin Price Slump

U.S. spot bitcoin exchange-traded funds (**ETFs**) recorded a substantial net outflow of \$174.45 million on Monday, marking their seventh consecutive day of negative flows. Grayscale's GBTC led the outflows with \$90 million, followed by Fidelity's FBTC, which saw \$35 million worth of withdrawals, according to data from SosoValue.

Other major ETFs were not spared: Franklin Templeton's EZBC experienced its first net outflow since May 2, losing \$20.8 million. VanEck's HODL saw \$10 million in outflows, Bitwise's BITB reported \$8 million in withdrawals, while Ark Invest and 21Shares' ARKB fund faced \$7 million in outflows. Invesco and Galaxy Digital's BTCO reported \$2 million in outflows. In contrast, BlackRock's IBIT, the largest spot bitcoin ETF by net asset value, recorded zero flows on Monday, as did funds from Valkyrie, WisdomTree, and Hashdex. Notably, no funds reported net inflows.

The outflows coincided with bitcoin reaching its lowest point in nearly six weeks, briefly dipping below the \$60,000 mark on Monday. At the time of publication, bitcoin was trading at \$61,191, down 2.36% over the past 24 hours. This price decline followed a significant announcement from Mt. Gox, the defunct cryptocurrency exchange that declared bankruptcy in 2014 after multiple hacks. Mt. Gox revealed plans to distribute \$9 billion worth of bitcoin and bitcoin cash repayments to creditors starting in July.

Analysts told The Block that the Mt. Gox announcement created a "classic 'sell the news' scenario," leading to investor concerns about an influx of supply likely to be liquidated upon receipt. This expectation has added to the downward pressure on bitcoin prices.

With bitcoin's continuous decline and substantial outflows from major ETFs, the market sentiment remains bearish. The potential liquidation of large amounts of bitcoin from Mt. Gox creditors adds to the uncertainty, potentially exacerbating the selling pressure. Analysts suggest that if bitcoin's price does not stabilize above key support levels, further declines could be imminent. Investors will be closely monitoring regulatory developments, institutional adoption trends, and macroeconomic factors that could influence bitcoin's price trajectory. In the short term, the market may witness heightened volatility as participants react to ongoing developments and market dynamics.

25 JUNE 2024

Senator Cynthia Lummis Hails Passage of Pro-Bitcoin Bill, Emphasizes States' Rights

Senator Cynthia Lummis (**R-Wyo**) celebrated the recent passage of a pro-Bitcoin bill in Louisiana, marking a significant moment for states' rights in the cryptocurrency landscape. On Monday, Lummis lauded the new legislation aimed at defending Bitcoin rights and prohibiting Central Bank Digital Currencies (**CBDCs**) within the state. Expressing her enthusiasm in an X post, Lummis stated, "States leading the way. This is why Bitcoiners should be American patriots. You can fight for your rights and WIN."

The landmark legislation secures several key rights for cryptocurrency users in Louisiana. It enshrines the right to self-custody of cryptocurrencies, allowing individuals to hold their digital assets independently without relying on third parties. The law also protects the right to spend and accept Bitcoin for transactions, supporting the use of Bitcoin as a legitimate means of payment. Additionally, it backs Bitcoin mining operations in industrial areas, promoting the growth of the mining industry within the state. Simultaneously, the law bans the use of digital currencies like CBDCs for transactions, reflecting a clear stance against government-issued digital currencies.

Cynthia Lummis, a prominent advocate for cryptocurrency and Bitcoin, has been a leading figure in a bipartisan effort to challenge policies by the SEC that are perceived as hindering crypto adoption. Earlier this year, Senators Lummis and Kirsten Gillibrand (**D-N.Y.**) introduced a stablecoin bill, aiming to define the operation of these digital tokens within the American financial system. Lummis emphasized that the bill addresses "the growing demand for our ever-evolving financial industry" while upholding the U.S. dollar's dominance in the global financial system.

The passage of Louisiana's pro-Bitcoin bill has significant implications for the global cryptocurrency landscape. It shows the increasing influence of state-level legislation in shaping the future of digital currencies. This move by Louisiana may inspire other states and countries to adopt similar pro-cryptocurrency stances, fostering a more decentralized and user-friendly regulatory environment. Moreover, the explicit ban on CBDCs highlights a growing resistance to government-controlled digital currencies, potentially influencing global debates on the balance between decentralized cryptocurrencies and centralized digital fiat. The legislation reaffirms the importance of individual rights and autonomy in the financial system, setting a precedent that could resonate worldwide.

26 JUNE 2024

Hong Kong Establishes Subcommittee to Draft Cryptocurrency Regulations, Aiming to Lead Digital Asset Space

Hong Kong in efforts towards becoming a leading regional hub for digital assets with the establishment of a new subcommittee dedicated to drafting comprehensive cryptocurrency regulations. Johnny Ng Kit-Chong, a member of the Hong Kong Special Administrative Region (HKSAR) Legislative Council, announced on 22 June, 2023.

"To promote the development of Web3 and virtual assets in Hong Kong, the HKSAR Legislative Council recently established a Subcommittee on Web3 and Virtual Asset Development," Ng stated. "My office seeks to gather insights from the global Web3 industry, propose policy recommendations, and discuss the future direction of the industry in Hong Kong."

The creation of this subcommittee follows discussions earlier this year by the Hong Kong Securities & Futures Professionals Association (**HKSFP**) regarding the establishment of a self-regulatory committee to oversee compliance within the crypto industry. "Many economically developed regions in the world have established statutory semi-official industry self-regulatory institutions to focus on industry development," the HKSFP noted.

The new subcommittee will focus on formulating Web3 policies and virtual asset regulations to create a balanced

regulatory framework that fosters growth while protecting investors. The primary goal for Web3 policies is to promote the advancement of Web3 technologies within a structured regulatory environment. Additionally, the subcommittee will explore integrating artificial intelligence (AI) into the Web3 framework to enhance the efficiency and security of blockchain-based applications.

In the realm of virtual assets, the subcommittee will prioritize investor and consumer protection. This includes establishing regulations designed to bolster market confidence and mitigate risks associated with digital assets. Furthermore, it will evaluate the potential uses and risks of stablecoins within the Hong Kong market.

Elsewhere in Asia, a new report by Nomura has highlighted a growing interest in cryptocurrency investments, particularly in Japan. The report indicates that more than half of Japanese investment managers plan to invest in crypto, with 62% viewing it as a diversification opportunity alongside traditional assets like cash and stocks. Notably, 88% of respondents with a high level of knowledge about cryptocurrencies shared this view, suggesting that greater understanding can positively influence investment perspectives in digital assets. (Source: <https://www.legco.gov.hk>)

26 JUNE 2024

Singapore MP Tin Pei Ling Joins MetaComp as Co-President, Eyes Sustainable Finance Growth

Tin Pei Ling, the Singapore Member of Parliament for MacPherson, has taken on a new role as co-president of MetaComp, a digital payment token service provider based in Singapore. Tin announced her move on LinkedIn, expressing her enthusiasm for driving strategic partnerships and corporate development within the company. "Sustainability being a critical global imperative, this exciting opportunity allows me to expand my work into green fintech. I am eager to contribute to the growth of sustainable finance by bridging traditional finance and digital assets," she said.

Despite being among the highest-paid politicians globally, many MPs in Singapore, including Tin, often hold private sector positions alongside their political duties. Tin's previous role was as managing director of fintech firm DCS Card Centre, where she served for nine months. Before that, she faced criticism over a potential conflict of interest during her tenure as director of public affairs and policy for Singapore at superapp Grab. Following the controversy, she was reassigned as director of corporate development at Grab before stepping down in August 2023.

MetaComp, licensed by the Monetary Authority of Singapore, offers a range of services including digital payment token services and cross-border money transfers. The company also operates CAMP, a platform designed to connect traditional finance with digital assets. MetaComp's parent company, MVGX Holdings, runs the Metaverse Green Exchange, a recognized market operator and capital market services provider. The exchange focuses on securities, tokens, and digital assets, including voluntary carbon credits and hash rate.

Tin's political career began in 2011 when she entered parliament at the age of 27. She currently serves as the Chairperson of the Government Parliamentary Committee (GPC) for Communications & Information and is a member of the GPC for Culture, Community & Youth. Her new role at MetaComp marks another step in her diverse career, blending public service with significant contributions to the fintech and digital assets sector. This move underscores her commitment to driving innovation and sustainability in finance, positioning her at the intersection of traditional finance and the burgeoning field of digital assets.

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Ripple President Monica Long Discusses Ripple's Future and XRP ETF Prospects Amid Legal Battles

Monica Long, president of Ripple on 25 June, 2024, illuminated the company's advancements and future opportunities in light of a favorable court decision that ruled XRP is not a security. This verdict, which goes against the U.S. Securities and Exchange Commission (SEC)'s earlier claims, has brought much-needed clarity, enabling Ripple to pivot and explore new horizons.

Despite the SEC's relentless efforts to challenge the growth of the crypto industry, Ripple has continued to forge ahead, enhancing its payments infrastructure, the XRP Ledger, and custody services via Metaco. Ripple has formed significant partnerships aimed at bolstering the XRP ledger and providing robust custody solutions for banks and financial institutions.

One of the exciting developments is the introduction of the RLUSD stablecoin, which Long believes will give Ripple a competitive edge in markets with low liquidity. Unlike XRP, the RLUSD stablecoin is not intended to compete but to complement XRP, driving its adoption through decentralized finance (**DeFi**) and institutional investors. Standard Custody, which Ripple acquired earlier this year, will manage the RLUSD reserves, ensuring stability and trust.

Moreover, Ripple has laid the groundwork for Real-World Asset (**RWA**) tokenization. In a recent collaboration with Archax, Ripple aims to bring hundreds of millions of dollars worth of tokenized real-world assets onto the XRP Ledger. This move aligns with trends seen among Wall Street giants such as BlackRock, JPMorgan, and Goldman Sachs, who are increasingly embracing blockchain technology.

Monica Long is particularly optimistic about the potential for an XRP exchange-traded fund (**ETF**). She cites several positive factors, including regulatory clarity from the US government, making XRP and Bitcoin the only crypto assets with such a distinction. This clarity could pave the way for issuers to file for an XRP ETF, offering investors a new avenue to gain exposure to XRP.

Ripple's Chief Legal Officer, Stuart Alderoty, has urged the SEC to reconsider its demand for \$2 billion in fines, criticizing the regulator for its perceived bad faith. Lawyers and former SEC officials suggest the SEC might not appeal Judge Torres' summary judgment, which was seen as a partial victory for Ripple. The crypto community eagerly awaits Judge Torres' final judgment on penalties, expected in July.

Amid these legal battles, XRP's price has struggled to maintain an upward trajectory, trading around \$0.48. The market's uncertainty and bearish sentiment have contributed to a 27% slump in 24-hour trading volume, indicating a current lack of trader interest. However, with potential positive developments on the horizon, including the possibility of an XRP ETF, the future looks promising for Ripple and its supporters.

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