



US CFTC Takes Action Against Unregistered Crypto and Binary Options Platforms

On 3 September 2024, the Commodity Futures Trading Commission (**CFTC**) took significant enforcement actions against four online trading platforms, including [cryptoiminerstrade.com](#), [FalconForexBot](#), and [Expert Stocks Zone](#), and [swiftminingexpert.com](#) for operating as unregistered futures commission merchants (**FCMs**) and misleading the public regarding their regulatory status. These platforms were found to be conducting illegal activities by soliciting and accepting customer orders for binary options and other commodities-based financial transactions, including those linked to cryptocurrencies like Bitcoin, without the required registration. The platforms also falsely claimed to be regulated by the CFTC, leading investors to believe that their transactions were safeguarded by U.S. financial laws, which was not the case.

The [complaint](#) against [cryptoiminerstrade.com](#) alleges that the platform presented itself as a major player in the binary options and cryptocurrency trading sector, offering financial services based on the value of foreign currencies and commodities, including Bitcoin. The platform claimed to be regulated by the US CFTC, stating that it provided a safe and secure environment for investors. US CFTC's investigation revealed that [cryptoiminerstrade.com](#) had never been registered with the Commission in any capacity. Despite this, the company solicited customer funds, accepted orders for binary options, and executed trades without adhering to the strict registration and regulatory requirements mandated by the United States Commodity Exchange Act (CEA). The CFTC's complaint charged [cryptoiminerstrade.com](#) with violating Section 4d(a)(1) of the CEA, which requires FCMs to be registered with the CFTC if they are accepting and handling customer orders tied to swaps, commodities, or futures. The platform's false claims about its regulatory oversight misled a large number of investors, exposing them to significant financial risk.

In the [complaint](#), US CFTC also charged [FalconForexBot](#) with allegedly operating as an unregistered FCM. This platform allegedly engaged in offering binary options and other commodities-based trading services, including forex and cryptocurrency transactions, without being registered with the CFTC. [FalconForexBot](#) falsely claimed to be a regulated entity, leading customers to believe that their trades were being conducted under U.S. regulatory protections. The US CFTC's investigation found that the company was not registered and that its operations were in violation of U.S. financial laws. The platform accepted customer funds, executed binary options transactions, and made false claims about the security of these transactions, all of which constituted serious breaches of the US CEA.

In the **complaint**, Expert Stocks Zone was allegedly found to be in violation of U.S. financial laws by operating as an unregistered FCM. The CFTC's complaint detailed how the platform solicited and accepted customer orders for binary options and forex trading without the required registration. Expert Stocks Zone advertised itself as a legitimate and regulated platform, claiming that it was a leader in the U.S. financial market. The company also made broad claims about the safety and security of its financial transactions, asserting that all customer funds were protected. However, the CFTC's investigation revealed that Expert Stocks Zone was not registered with the Commission and that its claims of regulatory oversight were false. The company's failure to register as an FCM, combined with its misleading marketing practices, were in violations of the United States' Commodity Exchange Act.

US CFTC also filed **complaint** against [swiftminingexpert.com](https://www.swiftminingexpert.com) for operating as an unregistered futures commission merchant and making false claims about its regulatory status. The CFTC alleges that the company violated **Section 4d(a)(1) of the Commodity Exchange Act** by illegally soliciting and accepting customer funds for transactions tied to binary options and cryptocurrencies without proper registration. [Swiftminingexpert.com](https://www.swiftminingexpert.com) falsely claimed to be regulated by the CFTC, misleading investors into believing that their transactions were conducted under the protection of U.S. regulatory oversight. The CFTC is seeking a cease-and-desist order to halt [swiftminingexpert.com](https://www.swiftminingexpert.com)'s operations and prevent further violations of the CEA, reinforcing the Commission's commitment to maintaining the integrity of U.S. financial markets and protecting investors from fraudulent practices.

The companies involved used their allegedly unregistered platforms to solicit funds from customers, execute binary options trades, and accept orders for commodities-based financial transactions without the necessary legal safeguards in place. The alleged false claims of regulatory oversight gave investors a false sense of security, leading many to believe that they were engaging with legitimate, compliant financial entities when, in fact, they were not.

The investigation into [cryptominerstrade.com](https://www.cryptominerstrade.com), [FalconForexBot](https://www.falconforexbot.com), and Expert Stocks Zone was conducted by the CFTC's Division of Enforcement, which uncovered the extent of the companies' violations of the Commodity Exchange Act.

In a dissenting **statement** on 24 September 2024, Commissioner Summer K. Mersinger raised concerns over the Commodity Futures Trading Commission's (CFTC) approach in the "Unregistered Entity Sweep" actions against [cryptominerstrade.com](https://www.cryptominerstrade.com), Expert Stocks Zone, [FalconForexBot](https://www.falconforexbot.com), and [swiftminingexpert.com](https://www.swiftminingexpert.com). The Commissioner dissented from the use of administrative proceedings to charge these entities as unregistered futures commission merchants (FCMs). Mersinger argued that there was insufficient evidence presented to demonstrate that the companies accepted customer funds to margin, guarantee, or secure trades—critical components of an FCM's role. Her dissent was grounded in the need for greater scrutiny, especially in light of the U.S. Supreme Court decision in *SEC v. Jarkesy*, which establishes the standard for using administrative enforcement actions. While she supported the need to prevent companies from falsely claiming CFTC registration, Mersinger could not endorse the FCM charges without stronger evidence and urged for more thorough analysis before proceeding with such cases.

(Source: <https://www.cftc.gov/PressRoom/PressReleases/8976-24>)

Latvijas Banka Invites Innovative Start-ups to Apply for "Fintech Factor 2024" Competition

On 19 September 2024, Latvijas Banka announced the return of the Latvian FinTech Forum, scheduled for 5 November 2024, at the Small Guild in Riga. This event will convene key players from the FinTech ecosystem to discuss current industry issues and trends. Notably, the forum will feature the "Fintech Factor 2024" competition, organised by the international accelerator Tenity in collaboration with Latvijas Banka and the Fintech Latvia Association. Early-stage FinTech companies across Europe are invited to participate, with an attractive prize fund aimed at promoting their growth and providing networking opportunities.

Early-stage FinTech companies from across Europe are invited to participate in the "Fintech Factor 2024" competition. The prize fund is designed to foster the growth of participating companies and includes ten hours of legal advice from esteemed firms Sorainen and Wallace, ten hours of growth mentoring from Tenity, a cash prize of 2,500 euros, as well as tickets to prominent events such as Latitude59, sTARTUpDay, Helsinki Fintech Farm, and Fintech Day 2024. Participants will have the opportunity to secure investment of up to 150,000 euros from LatBAN and Tenity.

Santa Purgaile, Deputy President of Latvijas Banka, in his statement highlighted the significance of this initiative, stating, "The Bank of Latvia offers diverse support initiatives to promote the development of a modern and innovative financial sector. One of the initiatives is the annual FinTech forum, which this year will offer visitors discussions on the most current industry topics such as artificial intelligence, crypto-assets and also to regulatory requirements in the field of current trends. The "Fintech Factor" competition organised during the forum is a valuable opportunity for FinTech companies to present their business model to investors, potential customers and partners."

Tīna Lūse, head of the Fintech Latvia Association, extended an invitation to participants. She noted, "Join the "Fintech Factor" competition in Latvia and discover our dynamic local ecosystem and supportive regulator. Many companies that started operations in Latvia and have successfully expanded their operations in the European Union and beyond praise the Bank of Latvia's business-oriented and flexible approach. We believe that the next unicorn or market challenger could be among the participants of this year's competition. We will be happy if you decide to start your business growth in Riga."

Interested parties may apply for the competition until 30 September 2024, by completing the [application form](#) available on the FinTech competition website. From the pool of applicants, Tenity will select eight start-ups to present their business ideas on stage during the Latvian FinTech Forum. This event will attract key stakeholders in the Baltic financial technology ecosystem, including representatives from FinTech companies, financial institutions, investors, and policymakers.

The competition serves as an excellent opportunity for start-ups to receive guidance on their business development trajectories, both within Latvia and on a broader scale. The finalists will also partake in a community day, to enhance their understanding of fundraising strategies, ranging from effective self-presentation to engaging with early-stage investors. This community day aims at facilitating networking, building relationships, and refining operational strategies within Riga's dynamic FinTech ecosystem.

Uve Poms, a representative from Tenity, stated: "It takes a village to create a startup, and that's why we organise a community day before the FinTech Forum. We help company founders meet experts and investors in Latvia, thus developing new competencies and helping to discover new customers and capital raising opportunities."

The "Latvian FinTech Forum 2024" is being organised by Latvijas Banka in partnership with the Riga Investment and Tourism Agency. This forum will convene a diverse array of stakeholders from the FinTech sector, including founders, industry representatives, investors, and policymakers, from Latvia, neighboring Baltic countries, and across Europe. Attendees can expect a series of discussions addressing the most relevant topics in the FinTech domain, as well as the opportunity to participate in the competition for start-ups.

For further details regarding the forum program and registration, interested parties are encouraged to visit the official website at fintechforum.lv.

(Source: <https://fintechlatvia.eu/lv/jaunumi/inovativi-jaunuznemumi-aicinati-pieteikt-konkursam-fintech-factor/>, <https://airtable.com/app1NHsQTJTUE18Qo/pagxzghijWqDFamzY/form>, <https://fintechforum.lv/>)

US CFTC Extends No-Action Relief for EU and UK Nonbank Swap Dealers

On 20 September 2024, the U.S. Commodity Futures Trading Commission (**US CFTC**) issued an extension of its no-action relief for nonbank swap dealers (**SDs**) domiciled in the European Union (**EU**) and the United Kingdom (**UK**). This relief, originally granted under US CFTC Letter No. 21-20 and later extended through US CFTC Letter No. 22-10, allows these entities to comply with their home country's capital and financial reporting requirements in lieu of US CFTC regulations. The new extension provides relief until 31 December 2026, or until the CFTC finalizes a decision regarding the comparability of foreign regulations to U.S. standards.

The No-Action Letter permits these nonbank SDs to operate under their home country's rules, provided they continue to meet specific conditions, including submitting financial reports to the CFTC, notifying the CFTC if their regulatory capital falls below 120% of the minimum required, and keeping the CFTC informed of their reliance on the No-Action position.

This no-action relief is based on the principle of substituted compliance, which allows foreign-domiciled financial institutions to follow their local regulatory regimes, provided these are comparable to the US CFTC's requirements. The relief aims to avoid duplicative or conflicting regulations for entities already subject to stringent

oversight by their home regulators, such as the UK's Prudential Regulation Authority (**PRA**) and the EU's Investment Firms Regulation (**IFR**) and Investment Firms Directive (**IFD**). The goal is to harmonize global regulatory approaches while ensuring that these institutions maintain robust capital adequacy and financial soundness.

The no-action relief was first granted on 30 September 2021, in response to requests from financial associations including the Institute of International Bankers (**IIB**), the International Swaps and Derivatives Association (**ISDA**), and the Securities Industry and Financial Markets Association (**SIFMA**). These groups argued that forcing foreign-domiciled nonbank SDs to follow both their local regulations and US CFTC requirements would create unnecessary operational challenges. As a result, the CFTC allowed SDs in certain jurisdictions to follow their home country's rules temporarily, provided those rules were in line with international standards such as the Basel framework.

By August 2022, the US CFTC had extended this no-action relief again to allow more time for evaluating whether the capital and financial reporting regimes of foreign jurisdictions were comparable to those in the U.S. In July 2024, the US CFTC issued formal comparability determinations for several jurisdictions, including Japan, Mexico, France, Germany, and the UK, allowing nonbank SDs in these countries to fully rely on their local regulations. However, nonbank SDs in France and those regulated by the UK's Financial Conduct Authority (**FCA**) under the Investment Firms Prudential Regime (**IFPR**) were not yet covered by these determinations and remained subject to further review.

The latest extension of the no-action relief allows these institutions to continue relying on their home country rules until 31 December 2026 or until the US CFTC completes its review. During this period, these entities must still submit regular financial reports and comply with other specified conditions to ensure transparency and regulatory oversight. The relief represents a pragmatic approach by the US CFTC to balance international cooperation and financial stability while continuing to evaluate the comparability of foreign regulatory frameworks.

(Source: <https://www.cftc.gov/PressRoom/PressReleases/8971-24>, <https://www.cftc.gov/csl/24-13/download>)

US Federal Court Orders Koo Ichioka to Pay Over US \$36 Million for Forex and Digital Asset Fraud

On 20 September 2024, the U.S. Commodity Futures Trading Commission (**US CFTC**) announced that William Koo Ichioka, a New York resident formerly of San Francisco, was ordered by Judge Vince Chhabria of the U.S. District Court for the Northern District of California to pay over US \$36 million. This ruling includes US \$31 million in restitution to defrauded investors and a US \$5 million civil monetary penalty for his involvement in a fraudulent foreign currency and digital asset trading scheme.

The scheme began in 2018 when Ichioka solicited investments under the false promise of guaranteed returns of 10% every 30 business days. He attracted investors by claiming that their funds would be invested in forex and digital asset commodities, including Bitcoin and Ether by portraying himself as a highly successful investor and used various platforms, including a website for his company, Ichioka Ventures, to lure participants. While he did invest portions of the funds in forex and digital assets, he misappropriated a large part of the money for personal expenses, including rent for his luxury residence, high-end jewelry, and luxury vehicles. To maintain the facade, Ichioka falsified financial documents, overstating his asset holdings, and presented investors with false account statements, assuring them of the profitability of their investments.

By 2019, Ichioka's scheme began to unravel as he privately acknowledged that his ventures had not generated any profits since their inception. Despite this, he continued to operate what was effectively a Ponzi scheme, using funds from new investors to pay earlier ones. His fraudulent activities came under scrutiny, and by 14 August 2023, a consent order of permanent injunction was entered against him. This injunction prohibited Ichioka from any future violations of the Commodity Exchange Act (**CEA**) and barred him from trading in any US CFTC-regulated markets or registering with the US CFTC.

Parallel criminal proceedings followed, and on 22 June 2023, the U.S. Department of Justice charged Ichioka with multiple criminal offenses, including wire fraud, preparing false tax returns, and commodities fraud, all linked to the conduct alleged by the US CFTC. Ichioka pled guilty to all charges on the same day and was subsequently sentenced to 48 months in prison, followed by 5 years of supervised release. He was also ordered to pay a US \$5 million fine, in addition to US \$31 million in restitution to the victims of his fraudulent scheme.

The US CFTC praised the collaborative efforts of several agencies, including the U.S. Attorney's Office for the Northern District of California, the Federal Bureau of Investigation (**FBI**), and the Internal Revenue Service-Criminal Investigation (**IRS-CI**), for their roles in bringing Ichioka to justice. The enforcement action and the resulting penalties highlight the US CFTC's commitment to protecting investors from fraud and holding individuals accountable for violations of U.S. commodities laws.

From a regulatory standpoint, Ichioka's activities violated several provisions of the United States **Commodity Exchange Act** and U.S. Commodity Futures Trading Commission regulations. He failed to register as a Commodity Pool Operator (**CPO**), a legal requirement for any individual or entity soliciting investments to trade in commodities or forex markets. His fraudulent practices, including misrepresentation, commingling of investor funds, and false promises of returns, also breached multiple US CFTC rules designed to protect investors from fraud in commodity and forex transactions.

Ichioka's conduct led to criminal charges for wire fraud, tax fraud, and commodities fraud. He pled guilty to these charges and was sentenced to 48 months in prison, along with additional financial penalties and restitution. The case underscores the importance of regulatory compliance, transparency, and the ethical management of investor funds in the financial markets.

The court, led by Judge Vince Chhabria, found William Koo Ichioka liable for multiple violations, including fraudulent misrepresentation, misuse of investor funds, and failure to register as a Commodity Pool Operator. The judge determined that Ichioka's false promises of guaranteed returns and misuse of investor funds for personal luxuries constituted significant breaches of trust. The court also found that Ichioka engaged in deceptive practices, including falsifying financial documents to overstate the value of his assets, and operated a Ponzi-like scheme where funds from new investors were used to repay earlier participants.

The court's decision relied on evidences like falsified financial records, bank statements, and testimony from defrauded investors. Financial documents revealed the discrepancies between the actual values and the inflated figures presented to investors. Ichioka's misappropriation of funds for personal expenses, along with his failure to register as a CPO, further supported the court's findings. The evidence was bolstered by Ichioka's admissions and his guilty plea in the parallel criminal proceedings, where he faced charges of wire fraud and commodities fraud. These findings formed the basis for the court's substantial financial penalties and the permanent injunction against Ichioka.

(Source: <https://www.cftc.gov/media/11306/enfwilliamkooichiokaconsentorder081323/download>, <https://www.cftc.gov/media/11296/enfwilliamkooichiokaorder091924/download>)

Atom Investors Charged with Recordkeeping Violations, Avoids Civil Penalty Due to Cooperation and Prompt Remediation

On 23 September 2024, the U.S. Securities and Exchange Commission (SEC) announced settled charges against Atom Investors LP, a Texas-based registered investment adviser, for violations of federal securities laws related to the firm's failure to maintain and preserve critical off-channel communications. The US SEC did not impose any civil penalty on Atom Investors due to the firm's self-reporting of the violations, substantial cooperation with the US SEC, and prompt remediation efforts.

The **US SEC's order** found that Atom Investors violated the recordkeeping provisions of the United States Investment Advisers Act of 1940 by failing to preserve records, including senior personnel communications, which were subject to federal retention requirements. Without admitting or denying the US SEC's findings, Atom Investors consented to a cease-and-desist order and received a censure for its violations. Due to the firm's immediate self-reporting, proactive remedial measures, and significant cooperation with the US SEC during the investigation, the Commission did not impose any monetary penalties as part of the settlement.

In 2021, the US SEC issued a subpoena to Atom Investors in connection with an investigation of a third party. During the process of responding to the subpoena, Atom Investors discovered that it had failed to maintain and preserve required records for over three years. These records, which were subject to federal securities laws, included crucial communications made by senior personnel, particularly regarding recommendations and advice related to purchasing or selling securities.

The issue became clear when Atom Investors acknowledged that these communications, which should have been preserved under recordkeeping requirements, were missing or incomplete. The firm realised that this lapse occurred over a three-year period, severely hampering the SEC's ability to conduct its investigation into the third party.

The Atom Investors LP breached the recordkeeping provisions under [Section 204\(a\) of the United States Investment Advisers Act of 1940](#) and [United States' Rule 204-2](#) there under. These sections require investment advisers to make and keep certain records relating to their advisory business, and to furnish copies of such records upon request. Over a period of more than three years, Atom Investors failed to preserve off-channel communications, which were subject to these recordkeeping requirements. These communications included records related to recommendations and advice on securities transactions, and involved personnel at senior levels of the firm. Atom Investors breached its duty by failing to produce relevant records when requested by the US SEC during the course of its subpoena, further exacerbating the firm's non-compliance with its recordkeeping obligations.

Following this discovery, Atom Investors self-reported the recordkeeping violations to the US SEC. The firm immediately undertook remedial measures to address the compliance gaps, including updating its internal systems and protocols to ensure full compliance with the recordkeeping obligations set out by federal securities laws.

Recognising the firm's cooperation and self-reporting, the US SEC conducted its investigation and determined that although Atom Investors had committed serious breaches of recordkeeping provisions, the firm's response mitigated the severity of the case. Consequently, Atom Investors avoided monetary penalties, as the US SEC considered the firm's remediation efforts and cooperation throughout the investigation.

(Source: <https://www.sec.gov/newsroom/press-releases/2024-143>, <https://www.sec.gov/files/litigation/ad-min/2024/ia-6719.pdf>)

CFTC Orders Piper Sandler Hedging Services to Pay \$2 Million for Recordkeeping and Supervision Violations

On 23 September 2024, the US Commodity Futures Trading Commission (**CFTC**) issued an [enforcement order](#) against Piper Sandler Hedging Services LLC for violating the United States Commodity Exchange Act (**US CEA**) and related US CFTC regulations. The settlement followed an extensive investigation into Piper Sandler's failure to maintain and preserve required business records, including communications by senior employees conducted through unapproved methods such as personal text messages. The violations pertained to recordkeeping requirements under [Section 4g of the US CEA](#) and [US CFTC regulations 1.31](#), [US CFTC regulations 1.35](#), and [US CFTC regulations 166.3](#). The enforcement action is against the deficiencies in the firm's supervisory systems, which allowed employees to use unauthorized channels for business communications, resulting in significant breaches of federal recordkeeping laws.

The case is based on Piper Sandler's long-standing failure to ensure that employees, including senior-level staff, complied with company policies regarding the use of approved communication channels. Employees at various levels used personal devices to conduct business without preserving the communications for the required time period, thus violating US CFTC's recordkeeping rules.

During the period between 2019 and 2024, employees at Piper Sandler communicated using unapproved methods, including personal devices, to discuss matters related to their business as a registered entity under US CFTC's purview. The firm's policies explicitly prohibited such practices, but the supervisory systems in place failed to detect and prevent these violations. These breaches affected not only the firm's compliance with internal policies but also with US CFTC's mandated recordkeeping requirements for businesses dealing in commodity interests.

Despite knowing that personal text messages and unapproved communications methods were being used, Piper Sandler did not take adequate steps to correct the situation, even at senior management levels. This systemic failure to enforce compliance further exacerbated the firm's violations. As a result, Piper Sandler was unable to maintain hundreds, if not thousands, of business-related communications that were legally required under the US CFTC's recordkeeping regulations.

Piper Sandler violated Section 4g of the Commodity Exchange Act, which mandates the preservation of all relevant communications concerning quotes, bids, trades, and other critical business matters. Additionally, the firm failed to diligently supervise its employees, which is a violation of Regulation 166.3. The lack of a robust supervisory framework allowed employees to circumvent communication protocols, leading to non-compliance with federal recordkeeping laws.

Piper Sandler consented to the findings and agreed to pay a \$2 million civil penalty. As part of the settlement, Piper Sandler is required to undergo extensive remedial actions, including a review of its supervisory systems, training programs, and technological measures aimed at ensuring compliance with US CFTC recordkeeping regulations. The firm must also adopt stringent measures to monitor and prevent the use of unauthorized communication methods and certify compliance on a regular basis.

The US CFTC imposed conditions on Piper Sandler's future operations which includes quarterly certifications from employees regarding their adherence to communication preservation protocols and a review of any disciplinary actions taken against employees who violate the firm's policies. The firm is also required to provide periodic reports to the US CFTC outlining its progress in addressing the recordkeeping failures. Piper Sandler must retain relevant records for at least six years, with the first two years being in an easily accessible format, to ensure ongoing compliance with federal regulations.

US CFTC Commissioner Caroline D. Pham dissented from the order in her [statement](#) stating: "Once again, the CFTC has no evidence that a violation of CFTC recordkeeping rules for introducing brokers (IBs) actually occurred. And, this case also piggybacks off the SEC's investigation and swerves out of the CFTC's lane into the securities markets. Records relating to securities or other business activities of a parent company or affiliate under other agencies' rules are out-of-scope for the CFTC's jurisdiction and rules for IBs. That is why other agencies have their own enforcement authority over their own statutes and their own registrants. I must respectfully dissent because of the lack of evidence that a CFTC violation occurred and because I cannot support the CFTC's double-dipping on SEC violations."

(Source: <https://www.cftc.gov/media/11311/enfpipersandlerhedgingservicesorder092324/download>, <https://www.cftc.gov/PressRoom/SpeechesTestimony/mersingerstatement092324>, <https://www.cftc.gov/PressRoom/SpeechesTestimony/phamstatement092324>)

Latvijas Banka to Issue Energy-Themed Collector Coin Highlighting Nuclear Fusion and Scientific Innovation

On 23 September 2024, Latvijas Banka announced the launch of the "Energy Coin," a collector coin set to be issued on 26th September 2024. The coin is dedicated to the theme of science, specifically highlighting the role of nuclear fusion as a potential solution for the future of global energy. This project has the potential to reshape the world's energy landscape by offering a solution that not only preserves natural resources but also achieves a balance between the energy demands of the present and the environmental needs of future generations. The coin focuses on the principles of nuclear fusion, a process in which lighter atomic nuclei combine to form a heavier nucleus, releasing enormous amounts of energy. The Energy Coin aims to symbolize the quest for an inexhaustible energy source that balances modern-day demands with the need to preserve natural resources for future generations. This silver collector coin creatively illustrates the process of nuclear fusion, a powerful reaction that fuels the Sun, for the scientific efforts to replicate this energy source on Earth.

The Energy Coin has been meticulously designed by the internationally acclaimed artist Germans Ermičs, in collaboration with scientists, to depict the fundamental physics that enable the fusion of hydrogen nuclei. The design artfully captures the essence of this process, with representations of the elementary particles involved in nuclear fusion. Gold-plated beads on the coin represent protons, while silver hollows stand for neutrons. These particles are essential to the fusion process that begins with hydrogen and results in helium and free neutrons. The intricate lines etched into the coin resemble magnetic fields, which are used in fusion reactors to contain the plasma where fusion reactions occur. The coin's relief features a recessed center symbolizing gravitational forces near stars or black holes, further tying its design to the astronomical phenomena that naturally produce nuclear fusion.

Nuclear fusion is heralded as one of the greatest challenges and potential breakthroughs of modern science, offering virtually limitless energy with minimal environmental impact. The Energy Coin reflects this promise, drawing attention to the extensive research and engineering efforts aimed at harnessing fusion energy on

Earth. Scientists across the globe, including those from Latvia, are involved in collaborative projects like ITER and DEMO, working on prototypes of the world's largest nuclear fusion reactors. These reactors aim to replicate the fusion processes that fuel stars, but require extreme conditions, such as temperatures of millions of degrees and immense pressure to sustain. The scientific pursuit of fusion energy, likened to the mythological task of Prometheus bringing fire from the heavens, is honored through the release of this collector coin.

To celebrate the issuance of the Energy Coin, the University of Latvia and Latvijas Banka will jointly host an event on 26 September 2024. The event, titled "How to Tame the Energy of the Future," will feature a lecture by Bertrand Roques, a researcher involved in Europe's largest nuclear fusion experiment project, ITER. The artist behind the coin, Germans Ermičs, will also speak about the creative process involved in developing the coin's design. The event will conclude with an expert discussion, moderated by Professor Vjačeslavs Kaščejevs, a quantum physicist from the University of Latvia, addressing the future of nuclear fusion in Latvia and the intersection of science and art. This event will take place at the House of Nature of the University of Latvia in Riga and is free to attend.

The Energy Coin will be available for purchase exclusively on the website e-monetas.lv starting at 12:00 PM on 26 September 2024. The coin is priced at 77.00 euros and has a limited mintage of 3,000 units, with a maximum purchase limit of three coins per buyer. The coin was struck by the Koninklijke Nederlandse Munt in the Netherlands, and its issuance honors the ongoing efforts of Latvian scientists contributing to the global pursuit of sustainable energy solutions through nuclear fusion research.

(Source: <https://www.bank.lv/en/news-and-events/news-and-articles/news/17041-latvijas-banka-is-issuing-a-collector-coin-dedicated-to-the-science-theme>)

US SEC Settles Charges with TrueCoin and TrustToken Over Fraud and Unregistered Sale of Securities

On 24 September 2024, the U.S. Securities and Exchange Commission (**US SEC**) initiated a **complaint** against TrueCoin LLC and TrustToken Inc. for allegedly engaging in fraudulent practices and the unregistered sale of securities. The companies were involved in the issuance and promotion of TrueUSD (**TUSD**), a stablecoin, and operated the TrueFi lending protocol, which provided investment opportunities in the crypto space. The US SEC's complaint highlighted that from November 2020 to April 2023, the companies misled investors by falsely claiming that TUSD was fully backed 1:1 by U.S. dollars. In reality, a substantial portion of the assets backing TUSD had been invested in a speculative offshore fund, posing significant undisclosed risks. Additionally, the SEC alleged that TrueCoin and TrustToken failed to register their offerings as required under federal securities laws, thus violating key provisions of the United States Securities Act of 1933.

The complaint against TrueCoin LLC and TrustToken Inc., accuses the companies of defrauding investors and conducting unregistered offerings of securities. According to the US SEC, between November 2020 and April 2023, TrueCoin and TrustToken sold investment contracts tied to TUSD and provided profit-making opportunities through the TrueFi protocol. TUSD was marketed as a stablecoin, which the companies claimed was fully backed by U.S. dollars on a 1:1 basis. US SEC found that a significant portion of the assets purportedly backing TUSD had been invested in a speculative offshore commodity fund, exposing investors to undisclosed risks. By March 2022, more than US \$500 million of TUSD reserves were invested in this fund, with the companies continuing to market the stablecoin as fully backed by U.S. dollars. Despite being aware of liquidity and redemption issues at the offshore fund by the fall of 2022, the companies allegedly continued to make misleading statements about TUSD's security. By September 2024, 99% of the reserves backing TUSD were invested in the speculative fund, leading to further concerns about investor protection.

The US SEC's complaint alleges that TrueCoin and TrustToken violated provisions of the United States Securities Act of 1933. First, the companies were charged with breaching **Sections 5(a) and 5(c) of the US Securities Act**, which require issuers to register offers and sales of securities with the SEC unless an exemption applies. The SEC argued that TUSD and the investment contracts related to TrueFi constituted securities under U.S. law, as they involved the investment of money in a common enterprise with the expectation of profits derived from the efforts of others. By failing to register these securities with the SEC, TrueCoin and TrustToken engaged in the illegal sale of unregistered securities. Furthermore, the US SEC alleged violations of **Sections 17(a)(2) and 17(a)(3) of the Securities Act**, which prohibit fraud in the offer and sale of securities. These sections focus on misstatements and omissions of material facts that mislead investors. The SEC contended that both companies made

false claims about TUSD's backing, giving investors the impression that their investments were secure when, in reality, a substantial portion of the reserves was tied to a high-risk offshore fund. This lack of transparency about the true nature of the investments backing TUSD constituted fraudulent activity under federal securities laws.

The SEC's investigation into TrueCoin and TrustToken was conducted by the Crypto Assets and Cyber Unit, a specialised division tasked with examining issues related to digital assets and blockchain technology. The team, led by investigators Michael J. Friedman, Michael C. Baker, Pasha Salimi, and Bryan Hsueh, uncovered evidence of misconduct, including the companies' misrepresentations about TUSD's backing and their failure to register their offerings as required by federal securities laws. The investigation revealed that TrueCoin and TrustToken had continued to make false statements about TUSD's security, even after becoming aware of liquidity issues at the offshore fund where much of the TUSD reserves were invested. These misleading claims led investors to believe that TUSD was still fully backed by U.S. dollars, when in fact the vast majority of the reserves were tied to a speculative and high-risk investment.

The SEC's investigation revealed that although the two companies were legally separate, they acted in concert during the relevant period, sharing common ownership and management. Both companies marketed TUSD as a secure and trustworthy investment. After the operations of TUSD were sold to an offshore entity in December 2020, TrueCoin continued to be involved in TUSD's management, including minting and redeeming the stablecoin, performing know-your-customer checks, and ensuring regulatory compliance.

The US SEC's investigation is ongoing, and the case serves as a broader part of the agency's efforts to regulate the decentralised finance (**DeFi**) space and protect investors from fraudulent activity in the crypto sector.

(Source: <https://www.sec.gov/newsroom/press-releases/2024-145>, <https://www.sec.gov/files/litigation/complaints/2024/comp-pr2024-145.pdf>)

MAS Establishes International Advisory Panel to Strengthen Cyber and Technology Resilience

On 25 September 2024, the Monetary Authority of Singapore (**MAS**) announced the formation of Singapore's new Cyber and Technology Resilience Experts (**CTREX**) Panel, replacing its previous Cyber Security Advisory Panel. The CTREX Panel will have a broader mandate, encompassing both cybersecurity and technology resilience. This dual focus is seen as essential to the operational resilience of Singapore's financial sector, particularly as financial institutions become increasingly reliant on technology for delivering services.

The SG CTREX Panel will advise MAS on emerging technology risks, cyber threats facing the financial sector and recommend strategies and measures to bolster the sector's technology and cyber resilience. The Panel of **13 global experts and thought leaders** in cybersecurity and technology resilience will convene its inaugural meeting in mid-2025. This panel will provide global perspectives and insights to help MAS and the financial industry develop the capabilities necessary to address the growing risks posed by technological advancements and cybersecurity threats.

The newly established CTREX Panel consists of 13 globally recognised leaders in cybersecurity and technology resilience, each bringing unique expertise to strengthen Singapore's financial sector. Ms. Ann Barron-DiCamillo, Managing Director and Global Head of Cybersecurity Operations at Citigroup Inc., is known for her extensive experience in financial cybersecurity operations. Ms. Ann Johnson, Corporate Vice President and Deputy Chief Information Security Officer at Microsoft, specialises in cyber defense strategies for large-scale enterprises. Mr. Assaf Keren, Senior Vice President and Chief Security Officer at Qualtrics, brings his expertise in securing technology-driven organisations.

Mr. Bradley Peterson, Executive Vice President, Chief Technology Officer, and Chief Information Officer at Nasdaq Inc., has a strong background in technology innovation and its application in financial markets. Mr. Brian Fox, Co-founder and Chief Technology Officer of Sonatype, is an expert in software supply chain security, while Mr. Chris Betz, Chief Information Security Officer at Amazon Web Services, has deep insights into cloud security for global enterprises. Singapore's own Mr. David Koh, Commissioner of Cybersecurity and Chief Executive of the Cyber Security Agency of Singapore, will contribute his government and policy-level expertise to the panel.

Ms. Jaya Baloo, Chief Security Officer at Rapid7, is an expert in advanced cyber defense techniques, and Ms. Monique Shivanandan, Group Chief Data and Analytics Officer at HSBC, brings their expertise and knowledge in data security and analytics in financial services. Mr. Phil Venables, Chief Information Security Officer at Google Cloud, has vast experience in managing enterprise-level cyber risks. Sir Robert Wainwright, Group Chief Information Security Officer at UBS, offers a strong background in financial cybersecurity strategy, while Mr. Ronald Green, Cybersecurity Fellow at Mastercard, is known for his work on global payments security. Dr. Serg Bell, Founder of Acronis and Constructor Group, brings a visionary approach to technology resilience with his expertise in data protection and cloud-based solutions.

Mr. Chia Der Jiun, Managing Director of MAS, in his [statement](#) discussed the importance of maintaining technology resilience and effectively managing cyber risks, noting *“As financial institutions become increasingly reliant on technology to deliver services, it is critical for them to be able to maintain technology resilience and manage cyber risks well. We look forward to tapping on the CTREX Panel to provide global perspectives to MAS and the industry on building these important capabilities, as we continue to forge ahead on our digitalisation journey.”*

UK FCA Proposes Consultation Paper to Safeguard Customer Funds in Payments and E-Money Firms

On 26 September 2024, the United Kingdom’s Financial Conduct Authority (**FCA**), published a consultation paper (**CP24/20**), to address the existing lacunas and to ensure greater consumer protection in the event of firm failure. The proposed changes in the UK FCA’s consultation paper CP24/20 introduce a two-phase regime designed to address weaknesses in the current regulatory framework. The first phase consists of interim rules aimed at improving compliance with existing safeguarding regulations, while the second phase proposes the introduction of a Client Assets Sourcebook (**CASS**) style regime. This end-state regime will impose statutory trusts on all relevant consumer funds, offering additional legal protections and expediting the return of funds during insolvency proceedings. The consultation invites feedback from stakeholders until 17 December 2024, with the new rules expected to be implemented in mid-2025.

The safeguarding rules currently set out in the Payment Services Regulations (**PSRs**) and Electronic Money Regulations (**EMRs**) aim to protect consumer funds by ensuring they are adequately safeguarded if a firm goes out of business. However, the UK FCA has identified recurring problems with the implementation of these rules, leading to significant consumer harm when firms fail.

To address these issues, the UK FCA proposes a new safeguarding regime, transitioning from the existing framework to a “CASS” (Client Assets Sourcebook) style regime. This new framework would place relevant funds into statutory trusts, ensuring that consumer funds are held on trust and returned as quickly as possible in the event of a failure. The UK FCA’s goal is to improve compliance, reduce shortfalls in safeguarded funds, and allow faster fund recovery for consumers.

The payments and e-money sector has grown significantly in recent years, with more complex business models and a larger consumer base relying on these services for day-to-day transactions. According to UK FCA data, 7% of UK consumers used e-money accounts in 2022, an increase from just 1% in 2017. Moreover, e-money issuers held £18 billion in safeguarding accounts by 2023, highlighting the importance of consumer protection in this rapidly growing sector.

The UK FCA addresses the concern about the increasing reliance on payment institutions and e-money firms, especially given the rise in the number of vulnerable consumers using these services. Vulnerable individuals often depend on e-money accounts for accessing salaries, paying bills, and other essential services. Poor safeguarding practices in such firms could disproportionately harm these consumers, especially in cases of insolvency. The UK FCA’s proposals aim to ensure that the growing sector adheres to the highest standards of consumer protection. By improving safeguarding rules and enhancing monitoring, the UK FCA aims to reduce the risk of harm, particularly for vulnerable consumers.

The UK FCA proposes a two-stage approach to the safeguarding regime: an interim state and an end state. The interim state will supplement current safeguarding requirements under the PSRs and EMRs, while the end state will replace these regulations entirely with a CASS-style regime, where relevant funds and assets are held on trust for consumers.

Interim proposals include improved books and records, enhanced reporting requirements, and more stringent safeguarding practices. For example, firms will be required to perform daily reconciliations of relevant funds and segregated assets. They must also submit monthly regulatory returns detailing their safeguarding arrangements and undergo an annual audit of their safeguarding practices. In the end state, the UK FCA plans to introduce statutory trusts over safeguarded funds and related assets, such as insurance policies. This move will ensure that consumer funds remain protected and can be returned to consumers more efficiently during insolvency proceedings. The UK FCA's experience with client money safeguarding under CASS rules in other sectors forms the basis for these proposed changes.

The new rule proposes enhancement of record-keeping requirements as many firms lack robust procedures to consistently identify and safeguard relevant funds. Inadequate record-keeping can lead to delays in identifying safeguarded funds during insolvency and may reduce the amount of money returned to consumers.

Under the interim rules, firms will be required to maintain detailed books and records that distinguish between relevant and non-relevant funds at all times, including daily reconciliations of internal records with third-party data, such as bank statements. Firms must also maintain a resolution pack, a set of documents that will help insolvency practitioners distribute safeguarded funds more quickly. In the end state, these requirements will be expanded to align with the statutory trust regime. The statutory trust framework will introduce additional governance and organisational requirements to ensure that firms properly safeguard consumer funds throughout their operations.

The UK FCA's proposals introduce stronger monitoring and reporting mechanisms to enhance oversight and improve the protection of consumer funds. Under the interim rules, firms will need to submit monthly regulatory returns detailing the amount of safeguarded funds, the methods used for safeguarding, and the results of their internal and external reconciliations.

Firms will also be required to undergo an annual safeguarding audit, carried out by an independent auditor, and submit the results to the UK FCA. The introduction of regular reporting and independent audits will allow the UK FCA to monitor safeguarding practices more effectively and intervene earlier in cases of non-compliance. The end-state rules will refine these reporting requirements, incorporating the statutory trust arrangements. This will allow for more robust monitoring of how funds are held and managed under the new safeguarding regime.

To further improve the protection of consumer funds, the UK FCA proposes enhancements to safeguarding practices including stricter requirements for segregating relevant funds from firms' own money and ensuring that funds are placed in designated safeguarding accounts as soon as they are received.

The UK FCA also plans to introduce additional safeguards for firms that invest safeguarded funds in secure, liquid assets, such as government bonds. Firms will need to adopt policies for spreading investment risks and managing foreign exchange exposures. These changes aim to ensure that consumer funds are always accessible, even in the event of large-scale redemptions or market disruptions. In the end state, relevant funds will be held under statutory trusts, which will provide greater legal protection and help speed up the return of funds in cases of insolvency.

The introduction of a statutory trust is proposed by the FCA in the new rules. Under the new rules, all safeguarded funds will be held in trust to ensure that consumers are the primary beneficiaries. This move follows legal uncertainties raised by recent court rulings, including the Ipagoo LLP case, which clarified that the current safeguarding regime does not create a statutory trust over e-money holders' funds. By imposing a statutory trust, the FCA intends to provide greater certainty about the legal status of safeguarded funds and improve consumer protection in the event of insolvency. The statutory trust will also help reduce insolvency costs by eliminating the need for courts to resolve disputes about the ownership of safeguarded funds.

To facilitate a smooth transition, the FCA proposes a six-month implementation period for the interim rules, starting from mid-2025. During this time, firms will need to update their record-keeping systems, implement new reconciliation processes, and prepare for the introduction of the statutory trust framework. The end-state rules will be introduced later, allowing firms more time to adjust to the new safeguarding requirements.

The consultation paper includes a detailed cost-benefit analysis (**CBA**) of the proposed changes, which highlights the anticipated costs and benefits for firms and consumers. The FCA also provides a list of questions for stakeholders, inviting feedback on specific aspects of the proposals. The consultation invites feedback from stakeholders until 17 December 2024, with the new rules expected to be implemented in mid-2025.

(Source: <https://www.fca.org.uk/publication/consultation/cp24-20.pdf>, <https://www.fca.org.uk/news/press-releases/proposed-new-rules-better-protect-customers-payments-firms>, <https://www.fca.org.uk/publications/consultation-papers/cp24-20-changes-safeguarding-regime-payments-and-e-money-firms>)

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