



US Second Circuit Court Issues Default Notice in SEC vs. Ripple Appeal over Procedural Non-Compliance by Ripple's Legal Team

On 22 October 2024, the U.S. Court of Appeals for the Second Circuit issued a **Default Notice** pursuant to its Local Rule 12.3. According to this rule, the appellee's counsel (in this case, representing Ripple Labs or related parties) was required to file an Acknowledgment and Notice of Appearance by 18 October 2024. This case, listed under Docket #24-2648, is on appeal from the Southern District of New York under District Court Docket #1:20-cv-10832, where Judge Analisa Torres presided. This document is legal representation in appellate proceedings for all parties to comply with court protocols for continued involvement in the appeal.

As of the date of the notice, however, the court had not received this filing from the appellee's counsel. The notice serves as a procedural enforcement measure, reminding the counsel to meet the requirements set by the court, and outlines potential consequences if the filing is not submitted in a timely manner.

The court's notice specifies that if the Acknowledgment and Notice of Appearance is not filed within 14 days of the notice date (i.e., by 5 November 2024), the appellee's counsel may face restrictions during the appeals process. Specifically, without this filing, appellee's counsel will not have the automatic right to be heard during oral arguments when the appeal is placed on the court calendar. Should they wish to participate in oral arguments, they will need to seek special permission from the court, which may or may not be granted.

The court's Default Notice acts as a procedural safeguard, to ensure that all parties fulfill administrative obligations necessary for the orderly conduct of appellate proceedings. By enforcing these deadlines, the court seeks to maintain efficient operations, ensuring that parties have clearly designated representation and that all necessary filings are completed prior to key events, such as oral arguments.

The court has provided a contact number for inquiries related to this case, allowing involved parties or interested individuals to contact the court directly. The case inquiries can be directed to 212-857-8588, which facilitates communication regarding procedural questions or clarification needs.

In the ongoing Ripple vs. SEC lawsuit, Ripple Labs executives Brad Garlinghouse and Chris Larsen have appointed attorneys to seek dismissal of charges brought against them by the US SEC. Notably, both executives have engaged Cleary Gottlieb's attorneys, Nowell Bamberger, Rahul Mukhi, and Samuel Levander, who were instrumental in securing previous dismissals for Garlinghouse in related claims.

In parallel, the U.S. Securities and Exchange Commission has requested the Second Circuit Court to set 15 January 2025 as the deadline for submitting its principal brief on the appeals. This brief will address its allegations of securities law violations against Ripple and its executives, with a particular focus on XRP sales and distributions to employees.

Matthew Solomon from Cleary Gottlieb and John Deaton, attorneys known for representing XRP holders, filed as non-admitted attorney thereby limiting their role in the appeals process, indicating potential constraints on their influence. The law firm Paul, Weiss, Rifkind, Wharton & Garrison no longer represents Larsen, an update concurrent with a court notice reminding Larsen to submit his notice of appearance.

Ripple's counterarguments aim to challenge the US SEC's interpretation of an "investment contract." The company questions whether such a contract necessarily requires:

1. A formal contract,
2. Obligations from the seller post-sale, and
3. Profit reliance on the seller's ongoing activities.

Ripple has revived the fair notice defense in its appeals, arguing that the regulatory framework surrounding cryptocurrency was insufficiently clear. This defense, if validated, could strengthen Ripple's position against the SEC's allegations.

(Source: https://charltonsquantum.com/wp-content/uploads/2024/10/gov.uscourts.ca2_.c99a6526-19b6-430d-a15c-e0c1dd869735.24.0.pdf)

Latvia Fintech Forum 2024: Sector Development and Global Trends to Be Explored in Riga on 5 November 2024

On 23 October 2024, Latvijas Banka announced the upcoming Latvia Fintech Forum 2024, set to take place on 5 November 2024 in Riga. The forum, now in its third year, will bring together an anticipated 250 representatives from across the financial technology sector, including prominent figures from the Baltics and other European countries. Organised by Latvijas Banka in cooperation with the Investment and Development Agency of Latvia (**LIAA**) and the Investment and Tourism Agency of Riga (**RITA**), this year's forum seeks to provide an in-depth exploration of Latvia's fintech sector, focusing on both local developments and key global trends shaping the industry. The event will serve as a crucial platform for discussion, networking, and innovation, fostering connections among fintech entrepreneurs, policymakers, and investors who aim to drive economic growth through technological advancements in finance.

The 2024 Fintech Forum will be inaugurated by Latvia's Minister of Economics, Viktors Valainis, and is expected to address the sector's strategic potential to contribute to the nation's economy. As highlighted by Mārtiņš Kazāks, Governor of Latvijas Banka, the future economy will be strongly influenced by a robust fintech sector, and the forum is designed to inspire new pathways for growth and development. This year's forum will place special emphasis on Latvia's progressive regulatory environment, which has been tailored to support fintech companies in verifying their products and services prior to formal licensing. This regulatory approach not only benefits companies already established in Latvia but also strengthens the country's position as an attractive hub for foreign investment, facilitating start-ups in a highly scalable and competitive business arena. Approximately 25% of Latvian start-ups are currently operating within the fintech sector, illustrating its pivotal role in Latvia's innovation landscape.

The forum's agenda is structured around three main panel discussions, each examining essential facets of the fintech sector's growth. The first panel discussion will focus on the achievements and future strategy of Latvia's fintech industry, with input from influential figures such as Governor Kazāks, RITA Director Fredis Bikovs, Go-Cardless SIA Vice-President Pēteris Daliņš, and Indexo Banka AS Chairman Valdis Siksnis. This panel will address the pressing need for a renewed national fintech strategy, emphasizing the sector's contributions to economic progress and its potential to elevate Latvia's role in the global fintech ecosystem. Bikovs, Director of RITA, has underscored Riga's readiness to support fintech innovation, pointing to the city's supportive regulatory environment, start-up support programs, and talented workforce—all critical factors for the industry's sustained growth and competitive edge on an international scale.

The second panel discussion will shift the focus toward broader global fintech trends, evaluating recent innovations that are poised to transform the industry. Participants will discuss emerging technologies and approaches that are gaining traction within the fintech space, and assess which of these are likely to have the most substantial impact on the sector over the coming decade. A recurring theme in this discussion will be the growing role of artificial intelligence (AI), which is reshaping the financial services industry by improving operational efficiencies, enhancing customer experiences, and providing new data-driven insights for decision-making.

The forum's third panel discussion will delve deeper into the applications of AI within the financial sector, exploring both its transformative potential and the challenges it presents. As AI continues to redefine industries worldwide, this session will analyze how financial institutions can harness AI to optimize their processes and expand their service offerings. This discussion will also consider the regulatory and ethical considerations surrounding AI, aiming to provide participants with a comprehensive understanding of how best to integrate AI responsibly and effectively within their own fintech operations.

A central highlight of the 2024 Fintech Forum will be the fintech start-up competition, organised by Tenity, an international accelerator known for fostering innovation within the fintech ecosystem. The competition will showcase pitches from emerging fintech start-ups, with finalists presenting their ideas to an audience comprising industry leaders and investors. Following the pitches, an award ceremony will recognize the most promising start-ups, offering these companies visibility and potential investment opportunities. This competition reinforces the forum's commitment to nurturing innovation and encouraging growth within the fintech space.

The forum will conclude with a networking session, giving participants the chance to engage directly with industry peers, potential collaborators, and key stakeholders from Latvia and beyond. This closing event aims to facilitate meaningful connections within the fintech ecosystem, helping participants expand their networks and lay the groundwork for future partnerships. The event will be held at Mazā Gilde, Amatu iela 5, in Riga, and attendance is free with prior registration on fintechforum.lv, where the full program is also available.

This year's Latvia Fintech Forum brings together a diverse array of participants, which includes entrepreneurs, potential market entrants, investors, policymakers, and industry experts, offering attendees insights into the latest industry trends and the opportunity to contribute to the country's fintech strategy and innovation landscape.

Mārtiņš Kazāks, Governor of Latvijas Banka stated: "The future economy is unthinkable without a strong and powerful fintech sector. Latvia Fintech Forum inspires both policy makers and entrepreneurs, helping them discover new pathways towards the fintech sector's expansion and meaningful contribution to economic growth,"

(Source: <https://www.bank.lv/en/news-and-events/news-and-articles/news/17068-latvia-fintech-forum-2024-the-sectors-development-in-latvia-and-the-key-global-trends>)

US SEC Commissioner Mark T. Uyeda Addresses Regulatory and Financial Market Challenges at the AIMA APAC Annual Forum

On 24 October 2024, U.S. SEC Commissioner Mark T. Uyeda addressed the AIMA APAC Annual Forum in Hong Kong, discussing the Indo-Pacific's expanding role in global economic dynamics and the importance of fostering strong economic ties with this rapidly growing region. Mark T. Uyeda in her speech talked about how the increased integration among Indo-Pacific nations could drive mutually beneficial investment, while putting emphasis on how cross-border cooperation could fuel economic growth, raise living standards, and enhance stability across the region. He put forth the idea that maintaining high regulatory standards, upholding free-market principles, and ensuring strong protections for intellectual property rights are essential for building the trust that becomes the cornerstone of sustainable financial development.

Mark T. Uyeda talked about growing skepticism surrounding alternative investments, challenging the portrayal of private funds as shadow banking entities that could threaten financial stability. He argued that since the 2008 financial crisis, the shift of financial activity into the non-banking sector was both expected and beneficial, given banks' constrained ability to provide risk capital needed by startups and innovative businesses. Private investments such as private equity, private credit, and real assets, he said, are crucial for financing sectors where traditional banks may be limited. Uyeda opposed regulatory moves to impose stringent requirements on private funds, explaining that the SEC's rule for annual audits and other compliance obligations not only overstepped

regulatory bounds but also ignored the financial sophistication of institutional investors. He noted that in June 2024, a U.S. appeals court had vacated the SEC's rule on private funds, a decision he hoped would prompt the SEC to be more mindful of its regulatory limits in the future.

Reflecting on the US SEC's approach to crypto and fintech, Uyeda highlighted the gap between the United States and its international counterparts. He expressed concern that the US SEC's regulatory approach lacks clear guidelines for determining when crypto assets qualify as securities, leaving market participants uncertain and requiring them to infer rules from enforcement actions. Uyeda criticized the current system, which forces crypto issuers to register under existing frameworks like Form S-1, a general form that often fails to address the unique risks and considerations pertinent to digital assets. This regulatory ambiguity, he argued, neither protects investors nor fosters capital formation. Uyeda urged for more tailored and specific guidelines that could provide the clarity needed for innovation, investment, and effective market participation.

Throughout his remarks, Mark T. Uyeda acknowledged the Indo-Pacific region's proactive stance on crypto and fintech, commending leaders like Hong Kong, Singapore, Japan, and Australia for taking a more adaptive approach to digital asset regulation. Hong Kong's stablecoin licensing initiative, Singapore's fintech funding programs, Japan's regulatory guidelines for crypto exchanges, and Australia's regulatory sandbox, he explained, demonstrate a sophisticated understanding of balancing investor protection with capital innovation. Uyeda praised these countries for their commitment to fostering fintech growth within an accessible regulatory framework, noting that the U.S. could benefit from similar openness to public engagement and regulatory adaptability.

Addressing the importance of international regulatory collaboration, Mark T. Uyeda noted the critical role that forums such as the International Organization of Securities Commissions (**IOSCO**) and the Financial Stability Board (**FSB**) play in global oversight. However, he voiced concern that these organizations often lean heavily on European regulatory philosophies, particularly prudential frameworks that prioritize financial stability above market growth. Uyeda argued that for these bodies to truly serve as global forums, they should incorporate more diverse perspectives, particularly from the Indo-Pacific region. He also advocated for a balanced approach to risk management that considers the unique role of capital markets in economic growth, countering narratives that cast non-bank finance as a systemic risk.

Mark T. Uyeda encouraged increased involvement from Indo-Pacific nations in global regulatory discussions, emphasising the value of their perspectives on emerging areas like leverage, crypto, and derivatives regulation. He commended AIMA's role in these dialogues and urged further engagement from industry stakeholders to shape the future of alternative investments on an international scale. Marking the intersection of regulatory caution and financial innovation, Uyeda called for a globally harmonized approach that supports market growth while preserving financial stability across the world.

(Source: <https://www.sec.gov/newsroom/speeches-statements/uyeda-remarks-2024-aima-apac-annual-forum>)

Singapore Enforces New Shared Responsibility Framework, Strengthening Consumer Protection Against Phishing Scams in Financial and Telecom Sectors

On 24 October 2024, the Monetary Authority of Singapore (**MAS**) and Infocomm Media Development Authority (**IMDA**) introduced Shared Responsibility Framework (**SRF**), instituting clear obligations for Financial Institutions (**FIs**) and Telecommunication operators (**Telcos**) to bolster consumer protection against phishing scams. The SRF assigns specific duties to these entities, mandating that they bear the financial consequences of scam losses when they fail to meet prescribed standards. This structured framework aims to ensure consumers have avenues for recourse while also strengthening anti-scam efforts across Singapore's digital ecosystem.

The SRF framework comes after a lengthy consultation process that began in October 2023, during which MAS and IMDA gathered input from various stakeholders on how to improve accountability in the face of rising phishing attacks. Designed to protect consumers specifically from phishing scams with a clear Singapore nexus, the SRF outlines obligations for FIs and Telcos using a "waterfall" approach, establishing that each entity carries a specific level of responsibility based on their role in the ecosystem. If either party fails to uphold its assigned duties, it is obligated to compensate consumers for the losses incurred, an approach that MAS and IMDA see as necessary for strengthening consumer trust in the digital ecosystem.

Within this framework, responsibilities have been assigned chronologically and logically to ensure consumer protections are covered at every stage. Initially, the framework stipulates five key duties for FIs. The first duty requires FIs to impose a 12-hour cooling-off period when a digital security token is activated, during which no high-risk activities can occur. This delay gives consumers a buffer to detect any unauthorized activities before significant losses can occur. The second duty requires real-time notifications for the activation of digital security tokens and during high-risk account actions, such as logging in on a new device or adding new payees. Closely related is the third duty, which mandates that FIs provide outgoing transaction alerts in real time. Both these notification-based duties are aimed to alert consumers immediately, to enhance vigilance and enable swift action against unauthorised transactions.

The fourth duty mandates FIs to establish a 24/7 reporting channel and a self-service “kill switch,” allowing consumers to quickly halt unauthorized account access. The “kill switch” must be intuitive and readily accessible, ensuring that consumers can effectively safeguard their accounts. Finally, a newly introduced fifth duty requires FIs to implement real-time fraud surveillance, especially targeting situations where a phishing scam may result in a rapid, unauthorized draining of funds. This surveillance is particularly impactful in high-value or high-risk sectors, such as cryptocurrency, where scam tactics often target unsuspecting consumers. In such cases, FIs are expected to block the transaction and contact the customer for confirmation or impose a 24-hour hold, providing an added layer of protection for large sums of money.

Telcos, for their part, have three core duties under the SRF to combat scam-related activities within the SMS ecosystem. Their first duty is to deliver Sender ID SMS only from authorized aggregators, to reduce the risk of spoofed messages. The second duty complements this by requiring Telcos to block all unauthorized Sender ID SMS messages. Finally, Telcos are required to filter SMS messages that contain known malicious URLs, to further reduce phishing risks. Telcos, as conduits for communication, hold secondary but essential responsibilities in preventing phishing scams, especially where scammers utilize SMS as their attack vector.

To ensure that these duties are upheld, the SRF introduces a systematic “waterfall” approach for assessing responsibility. Under this model, FIs are expected to bear the financial consequences first when duties are breached, with Telcos serving in a secondary role. This prioritisation shows the custodial role FIs play over consumer funds, while also acknowledging the supporting role Telcos have in facilitating secure communication. The “waterfall” approach has garnered mixed responses, with some stakeholders suggesting shared responsibility or a liability cap. MAS and IMDA countering the points suggested that this layered approach preserves direct accountability while remaining fair and straightforward for consumers seeking redress.

The SRF outlines a four-stage workflow for handling claims, incorporating stages of claim submission, investigation, outcome communication, and recourse. The FI will serve as the primary contact for consumers throughout this process, coordinating with Telcos as needed. This design aims to ensure that affected consumers have a clear and single communication chain, to reduce confusion and administrative burden during a distressing time. With an efficient claims process in place, consumers impacted by unauthorised transactions can quickly seek recourse and gain access to any financial compensation owed.

MAS and IMDA are taking an adaptable approach with the SRF, continuously evaluating it in light of the rapidly evolving scam landscape. Public feedback has highlighted the need to expand coverage to include other digital service providers, such as messaging platforms and app stores, which are frequently exploited by scammers. This feedback is relevant in the context of cryptocurrency, where scams often occur across multiple channels, including SMS, social media, and messaging platforms. MAS and IMDA acknowledge this need and suggested that as the SRF matures, it may gradually expand to hold these other stakeholders accountable.

According to the MAS & IMDA, government remains committed to public education, as scam prevention ultimately relies on an informed and vigilant consumer base. Recent initiatives like the ScamShield Suite, a one-stop portal providing resources for scam prevention, also reflect a proactive stance toward educating the public. Given the high stakes involved, particularly with scams that target cryptocurrency users, public awareness campaigns and educational resources play an essential role in complementing the SRF’s structural protections.

(Source: <https://www.mas.gov.sg/news/media-releases/2024/mas-and-imda-announce-implementation-of-shared-responsibility-framework-from-16-december-2024>, <https://www.mas.gov.sg/-/media/mas-media-library/publications/consultations/pd/2023/srf/mas-imda-response-to-consultation-on-shared-responsibility-framework.pdf>)

MAS Announces 2024 Global FinTech Hackcelerator and FinTech Excellence Awards Finalists

On 28 October 2024, the Monetary Authority of Singapore (**MAS**) announced the 42 finalists for the 2024 Global FinTech Hackcelerator and the SFF FinTech Excellence Awards. The highly anticipated awards will celebrate transformative FinTech innovations, with winners to be revealed at the SFF FinTech Excellence Awards dinner on 7 November 2024.

The 2024 Global FinTech Hackcelerator and FinTech Excellence Awards, aims to spotlight innovative solutions transforming financial health and advancing FinTech. This year's Global FinTech Hackcelerator theme, "Improving Financial Health," attracted global participation, with finalists from over 10 countries. Their solutions leverage AI, blockchain, and other digital tools to enhance financial resilience, accessibility, and efficiency. These 18 finalists, who tackle challenges such as open banking, financial literacy, and cross-border payments, will pitch their projects at the Singapore FinTech Festival, with top winners receiving cash prizes.

The FinTech Excellence Awards was jointly organized with the Singapore FinTech Association and PwC, to come up with FinTech solutions reshaping the financial landscape. Categories include emerging technologies, financial inclusivity, regulatory leadership, sustainable innovation, and a thematic focus on AI and Quantum technology. Judged by an international panel, the awards emphasize originality, impact, and practical application, reinforcing Singapore's commitment to fostering financial inclusivity and technological advancement.

This year's Hackcelerator focuses on "Improving Financial Health," a theme aimed at developing products and tools that empower individuals and businesses to manage resources, strengthen financial resilience, and navigate today's rapidly shifting economy. The 18 finalists include innovators from a dozen countries, such as Australia, India, and the U.S., who are pushing the boundaries of FinTech with market-ready solutions that leverage cutting-edge technology like Artificial Intelligence (**AI**) and Distributed Ledger Technology (**DLT**). Each finalist will participate in a two-day program, hosted by Elevandi, where they will receive mentorship from Corporate Champions, refine their solutions, and prepare to pitch to judges on 6 November at the SFF. They will also receive a SG\$20,000 cash stipend, with the top three winners earning an additional SG\$50,000 each.

Complementing the Hackcelerator, the SFF FinTech Excellence Awards, jointly organized with the Singapore FinTech Association (**SFA**) and supported by PwC Singapore, will recognize corporate and individual innovators driving transformative FinTech practices, financial inclusion, and technological advancement. This year's awards have taken on a more outcome-focused structure, with revamped categories highlighting tangible impacts across six key areas, including financial inclusion and regulatory compliance. Over 200 submissions were received, showcasing diverse innovations across the corporate and individual categories, including a new AI and Quantum thematic award.

In the five Corporate categories, 175 submissions led to the selection of four finalists per category, while the FinTech Mentor Award, an individual category, saw 29 entries, with four mentors advancing as finalists. Building on the 'FinTech Gives Back' initiative, 12 members of the FinTech community, including Ripple, ADVANCE.AI, and Crypto.com, have shown strong support, offering resources to foster innovation and celebrate the achievements of emerging FinTech talents.

Sopnendu Mohanty, Chief FinTech Officer at MAS, in his statement, lauded the finalists for pushing the frontiers of a dynamic, inclusive FinTech future, "Congratulations to all the finalists announced today. Your innovative solutions inspire us and push the boundaries for shaping a more inclusive and dynamic future. It is also heartening to witness the strong support for the 'FinTech Gives Back' initiative, which contributes to the continual advancement of our FinTech sector."

Ms Wong Wanyi, FinTech Leader, PwC Singapore, in her statement, said "This year, quantum computing has gained attention from financial institutions and governments globally. It's encouraging to see companies investing in quantum technology, underscoring the need to be ready for a quantum-powered future. Alongside AI, these advancements are not just tools, but catalysts for a new era focused on security, efficiency, and customer-centric solutions. I'm thrilled by the possibilities this new era holds and proud that PwC continues to be part of the FinTech Awards."

(Source: <https://www.mas.gov.sg/news/media-releases/2024/mas-announces-finalists-for-the-2024-global-fintech-hackcelerator-and-fintech-excellence-awards>)

Dr. Eric Yip Unveils Hong Kong's Vision for a Regulated Virtual Asset Market at FinTech Week 2024

On 28 October 2024, Dr. Eric Yip, Executive Director of Intermediaries at the Securities and Futures Commission (**HK SFC**) in Hong Kong, in his [speech](#) addressed the Hong Kong FinTech Week audience, laying out a comprehensive roadmap for virtual asset regulation. His speech emphasized the critical balance between fostering market development and ensuring investor protection, showcasing a pragmatic approach toward integrating virtual assets into Hong Kong's financial landscape.

In his opening remarks, Dr. Yip recognized virtual assets as a pivotal focus for financial regulators, given their significant trading volumes and the rising need to safeguard investors. He highlighted three key factors propelling the market's growth: the influx of talent, the robust economic footprint of the industry, and a predominantly young investor demographic. Dr. Yip emphasized the need for Hong Kong to navigate a technologically advanced, borderless market often characterized by regulatory gaps and occasional volatility.

To address these challenges, Dr. Yip observed two trends that could aid in establishing a stable virtual asset market. First, the rising scrutiny from law enforcement globally has driven market participants to operate within legal boundaries. Second, the gradual convergence between traditional finance and Web3 principles has introduced essential compliance practices, such as anti-money laundering (**AML**) and client suitability, into the virtual asset space.

Hong Kong's regulatory approach, grounded in the principle of "same business, same risks, same rules," leverages established securities regulation frameworks to manage similar risks within virtual asset markets. This principle, Dr. Yip argued, forms the backbone of a resilient financial system. However, he underscored the importance of adaptability, suggesting that if regulated entities cannot sustain operations, the HK SFC must reevaluate its framework, emphasizing the importance of industry feedback.

A crucial milestone in Hong Kong's regulatory strategy has been the swift licensing process for Virtual Asset Trading Platforms (**VATPs**). Since 1 June 2024, under the new licensing regime, three platforms have been fully licensed, with applications from an additional 14 currently under review. In an efficient approach, the HK SFC conducted risk-based on-site inspections to assess key compliance areas, including asset security, cybersecurity, and AML practices. Dr. Yip outlined a three-phase licensing process where applicants must complete compliance rectifications before receiving full operational approval.

To further engage the industry, the HK SFC will establish a consultative panel for all licensed VATPs in early 2025. This panel, comprising senior management from licensed entities, will facilitate collective discussions and generate a roadmap focused on investor protection and industry growth. This collaborative approach, Dr. Yip noted, would yield a comprehensive white paper outlining advancements in product offerings, compliance measures, and risk management protocols.

Looking ahead, the HK SFC aims to enhance the regulatory framework, focusing on liquidity and efficient asset custody for virtual assets. By adapting practices from traditional securities markets, the HK SFC envisions a structure that supports liquidity aggregation and orderly risk management. The commission continues to consult with the virtual asset community, examining how asset managers, brokers, and custodians can contribute to a more robust and compliant market infrastructure. Legislative efforts, aligned with the Hong Kong Government's broader financial policy, will underpin this comprehensive regulatory framework.

Dr. Yip also shared updates on tokenization initiatives, highlighting Project Ensemble, which introduces a standardized settlement framework for tokenized assets. The project's sandbox environment has seen successful trials, such as tokenized deposits, illustrating the potential for institutional financial innovation. Additionally, the Hong Kong Monetary Authority's (**HKMA**) upcoming fiat-referenced stablecoin regime, set for 2025, is anticipated to streamline settlement processes and improve transaction certainty in the virtual asset ecosystem.

Investor protection remains a top priority, particularly given the appeal of virtual assets to a younger audience. The HK SFC has expanded its cybersecurity, cryptographic, and wallet tracing expertise, alongside proactive investor alerts and education campaigns. Efforts include a public awareness drive featuring multimedia outreach to inform investors about scams and suspicious platforms.

Dr. Yip concluded by discussing the importance of international collaboration, noting that a cohesive global regulatory approach is essential to prevent regulatory arbitrage. The HK SFC has shown its interest in partnering with global regulatory bodies, sharing insights, and maintaining Hong Kong's position in the evolving virtual asset landscape. Dr. Yip expressed confidence that Hong Kong will continue to thrive as a global hub for virtual asset innovation and regulation.

(Source: <https://www.sfc.hk/-/media/EN/files/COM/Speech/HKFTW-Speech-FINAL-EN.pdf?rev=25c208b36b-0944caa4309f4738ec7820&hash=344AD2882BA4452AFF3FCFDD79B8302>, <https://apps.sfc.hk/edistribution-Web/gateway/EN/news-and-announcements/news/doc?refNo=24PR180>)

US CFTC Commissioner Pham Announces Global Markets Advisory Committee (GMAC) Meeting on 21 November 2024

On 28 October 2024, US CFTC Commissioner Caroline D. Pham, sponsor of the Global Markets Advisory Committee (**GMAC**), announced that the committee will hold a virtual public meeting on Thursday, 21 November 2024, from 9:30 a.m. to 10:30 a.m. EST. This meeting, accessible via a live webcast on the US CFTC website or through a listen-only audio feed, will address advancements in digital asset markets, including tokenised collateral and regulatory frameworks for utility tokens.

Commissioner Pham discussed the GMAC's role in navigating innovations in market structure, focusing on the application of existing regulatory frameworks to emerging technologies. She expressed anticipation for the committee's discussions on tokenised collateral, which aim to enhance operational efficiency and risk mitigation, and on establishing a regulatory approach for utility tokens, a growing sector in digital assets.

The first major event on the agenda is an open US CFTC meeting scheduled for 29 October 2024. This in-person meeting at the US CFTC Headquarters Conference Center in Washington, D.C., will gather industry stakeholders and regulatory experts to finalise several rules that discuss the importance of operational resilience within the futures and derivatives markets. The points of discussion include a Final Rule on Operational Resilience for Futures Commission Merchants, Swap Dealers, and Major Swap Participants, aimed at solidifying the risk management frameworks of these entities. Additionally, a Final Rule on Customer Fund Investment will address best practices in managing client assets to ensure both security and compliance, while a Final Rule on Recovery and Wind-down Plans for Derivatives Clearing Organisations will set the groundwork for systematic risk mitigation strategies. Complementing these discussions, the US CFTC will also delve into Executive and Supervisor Compensation Structures, acknowledging the role of effective governance in financial oversight.

Another gathering is the Global Markets Advisory Committee (**GMAC**) meeting, scheduled virtually for 21 November 2024. This meeting is a clear indication of the US CFTC's strategic focus on digital assets, a sector rapidly shaping global financial markets. During this session, GMAC will hear from leaders in digital asset markets and finance on integrating innovative technology into financial processes. Highlights include a Digital Asset Markets Subcommittee Recommendation, with experts from BNY Mellon and Franklin Templeton presenting on expanding the use of non-cash collateral through distributed ledger technology. This recommendation could drive greater efficiency and security in collateral management by enabling distributed ledger solutions. Following this, there will be a focused discussion on Utility Tokens led by Chris Perkins of CoinFund. The session aims to establish definitions and market guidance for utility tokens, a class of digital assets that holds distinct regulatory challenges and potential use cases.

The upcoming GMAC meeting will feature two primary presentations from its Digital Asset Markets Subcommittee:

- **Tokenised Collateral Presentation:** A presentation by the Tokenised Collateral workstream will propose expanding the use of non-cash collateral using distributed ledger technology. The Subcommittee will offer a recommendation on this initiative, exploring its potential to streamline collateral management while enhancing security.
- **Utility Tokens Presentation:** The Utility Tokens workstream will present their ongoing work on defining utility tokens and creating market participant guidance. This presentation will address regulatory considerations and practical frameworks for integrating utility tokens within the broader market structure.

In addition to regulatory discussions, the U.S. Department of Education has announced the 2025 Fulbright-Hays Group Projects Abroad (**GPA**) Program, an initiative designed to support academic projects focused on modern foreign language and area studies. With applications due by 21 January 2025, the program invites educators, students, and researchers to propose projects that deepen language skills and cultural understanding, furthering international education objectives. The program is divided into short-term and long-term projects, enabling participants to engage in intensive language programs or conduct research abroad. This initiative aligns with the Department's broader mission to expand global competencies within the U.S. education system and encourage cross-cultural academic exchange.

Participation and Access Details

- **How to Attend:** The public may view the meeting live on gov or through the CFTC's YouTube channel. Call-in options include toll-free and standard lines, with a Webinar ID (161 533 1062) and Passcode (990545) required for access.
- **Contact Information:** For more details or assistance, Harry Jung serves as the GMAC Designated Federal Officer, with Nicholas Elliot as the Alternate.

(Source: <https://www.cftc.gov/PressRoom/PressReleases/9002-24>)

Hong Kong SFC Reports Major Development in Tokenised Asset Management Pilot within Project Ensemble Sandbox

On 28 October 2024, the Hong Kong Securities and Futures Commission (**HK SFC**) has announced a development within the Project Ensemble Sandbox, a financial technology testing environment established in collaboration with the Hong Kong Monetary Authority (**HKMA**). In a first-of-its-kind simulation within the Sandbox, a local financial institution successfully completed a trial involving a tokenised money market fund (**MMF**) underpinned by tokenised deposits (**TD**). This test covers the full lifecycle of asset management processes and represents an early step in evaluating how tokenisation might streamline operations and reduce costs across the asset management sector.

Launched in August 2024, Project Ensemble Sandbox was designed to provide a controlled regulatory environment for financial institutions to experiment with digital innovations in a way that is both safe and compliant. Here, participants are given the latitude to test tokenisation and blockchain models across various financial use cases, allowing the HK SFC and HKMA to provide targeted regulatory guidance that keeps pace with evolving technologies. Within this environment, the recent pilot involved a local financial institution collaborating with its asset management and trustee divisions to test a tokenised MMF structured specifically for institutional clients. The simulation covered several functions in asset management such as subscription, redemption, and cross-bank settlement.

The institution carried out a comprehensive delivery-versus-payment (**DvP**) settlement process for tokenised fund units, where the transfer of assets occurred concurrently, ensuring that no part of the transaction would be left incomplete. By securing settlement at the moment of trade, DvP aims to mitigate traditional settlement risks, such as counterparty defaults and operational delays.

A central feature of this pilot was the introduction of atomic settlement, a method that could allow transactions to be completed instantaneously, simultaneously, and irrevocably. Atomic settlement is seen as a transformative approach within digital finance, especially in cross-bank and international transactions, where it can eliminate gaps in settlement timing. This technology, if widely adopted, would allow transactions to occur on a 24/7 basis, aligning Hong Kong's financial services with the continuous operation needs of international clients. Such an approach could change transaction models by reducing costs and making services more efficient and responsive across global time zones.

The immediate and irrevocable nature of atomic transactions means that traditional mechanisms for resolving transaction disputes, errors, or fraud may not apply in the same way. The need for regulatory oversight becomes more pronounced when dealing with tokenised assets, as the finality of atomic settlement calls for precise compliance standards. Regulators will need to consider how best to integrate security and compliance controls, such as enhanced cybersecurity protocols and real-time monitoring, into frameworks governing atomic transactions.

Commenting on the project's progress, Christina Choi, Executive Director of Investment Products at HK SFC, stated: "The progress made by Sandbox participants provide valuable insights for regulators and industry players on how advanced applications of tokenisation in asset management can be implemented in practice down the road to achieve scale and tangible economic benefits. Christina Choi explained that the data and feedback generated from Sandbox participants' experiments with tokenisation are invaluable, shedding light on how digital assets might scale effectively in a regulatory environment and how the technology could yield measurable economic benefits.

As Project Ensemble Sandbox advances, HK SFC and HKMA are providing ongoing support to asset managers and financial institutions interested in exploring tokenisation. The Sandbox offers these companies a structured pathway to refine tokenised financial products under regulatory supervision. By doing so, the HK SFC aims to create an ecosystem in Hong Kong that allows financial innovation to thrive without compromising on legal and regulatory integrity. In parallel, HK SFC continues to actively engage with asset managers to ensure their product tokenisation initiatives align with existing compliance standards.

With atomic settlement and DvP models under real-world conditions, Project Ensemble Sandbox represents an ongoing experiment in financial systems to make them faster, safer, and more responsive to a globalised economy. It seems, the lessons learned in Hong Kong's Sandbox environment will likely influence international approaches to tokenisation.

(Source: <https://apps.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?ref-No=24PR182>)

BIS and Central Banks Showcase Embedded Compliance for Cross-Border Transactions in Project Mandala

On 28 October 2024, the Bank for International Settlements (**BIS**), in collaboration with central bank partners from Australia, Korea, Malaysia, and Singapore, announced a development with Project Mandala, which demonstrated the feasibility of embedding regulatory compliance directly into cross-border transaction systems. This proof-of-concept milestone shows that compliance procedures can be automated within payment flows, potentially transforming cross-border financial transactions by reducing costs, increasing speed, and maintaining adherence to varied regulatory frameworks.

Project Mandala, spearheaded by the BIS Innovation Hub Singapore Centre in cooperation with the Reserve Bank of Australia (**RBA**), Bank of Korea (**BOK**), Bank Negara Malaysia (**BNM**), and Monetary Authority of Singapore (**MAS**), addresses the complex compliance challenges involved in managing regulatory requirements across jurisdictions. By implementing a "compliance-by-design" model, the project automates compliance procedures within the transaction process, thereby advancing the G20's goal of enhancing cross-border payments. This experimental project reached a successful proof-of-concept stage, incorporating compliance protocols directly into transaction systems without compromising data privacy or regulatory integrity, marking a significant step in streamlining international financial operations.

Project Mandala has achieved a proof of concept, demonstrating a compliance-embedded transaction model that aligns with G20 priorities for enhancing cross-border payments. This approach incorporates programmable compliance features, which allow for automated regulatory adherence throughout the transaction process. The potential benefits of Project Mandala include reduced operational costs, increased transaction speed, and enhanced transparency for financial supervisors and regulators across borders. "Mandala is pioneering the compliance-by-design approach to improve cross-border payments without compromising privacy or the integrity of regulatory checks," noted Maha El Dimachki, Head of the BIS Innovation Hub Singapore Centre, adding further she stated: "We are optimistic about the potential of these early results to enhance cross-border payments,"

As international regulations and capital flow management policies vary by country, cross-border transactions are often slowed by complex compliance demands. Project Mandala aims to overcome these obstacles by integrating compliance protocols directly into the transaction architecture, allowing for automated, real-time regulatory adherence and monitoring. This model simplifies compliance procedures for financial institutions, increases transaction transparency, and allows central banks to access real-time compliance data, reducing the risk of regulatory breaches and increasing overall efficiency in cross-border lending and investment flows.

Project Mandala incorporates a compliance-by-design approach through a decentralised architecture that unites central banks and financial institutions within a network that automates regulatory compliance. The system consists of three key components: a peer-to-peer messaging system, a rules engine, and a proof engine. This infrastructure ensures that all compliance checks are completed before a transaction is processed. Upon successful compliance verification, the system generates a compliance proof that accompanies any digital settlement or payment across borders. Importantly, Mandala's structure maintains privacy by allowing compliance proofs to be verified without exposing underlying customer data.

The proof of concept demonstrated two primary use cases that validated Mandala's operational capabilities:

- Cross-border lending between Singapore and Malaysia: Mandala facilitated compliance for capital flow management (**CFM**) and sanctions screening, allowing real-time compliance monitoring by central banks.
- Cross-border financing for capital investments between South Korea and Australia: Mandala automated the sanctions screening and CFM reporting for unlisted securities transactions, ensuring compliance while accelerating transaction speed.

Mandala's dual compatibility with both digital asset and legacy financial systems is another key achievement. The system integrates with emerging digital asset frameworks, such as wholesale central bank digital currencies (**CBDCs**), as well as with established platforms like Swift. This versatility makes Mandala a modular solution capable of adapting to future digital assets while supporting current infrastructure. For digital asset transactions, Mandala applies programmable compliance that can be embedded within smart contracts, offering a solution that can scale with both traditional and next-generation financial ecosystems.

By embedding compliance directly into transaction protocols, Project Mandala offers a streamlined model for cross-border financial flows, with immediate applications for central banks and regulatory bodies seeking a unified and efficient approach to policy compliance in a globalized economy. As Project Mandala reaches its proof of concept stage, it represents a notable step forward in advancing seamless, compliant cross-border financial transactions in line with global policy priorities.

Sopnendu Mohanty, Chief FinTech Officer, MAS stated: "This collaboration between Singapore, Australia, Malaysia and South Korea to incorporate programmable compliance into payment flows marks a significant development in advancing seamless cross-border financial transactions. MAS is glad to have contributed to the development of Project Mandala, by extending the architecture of Purpose Bound Money to support capital flow management and sanctions screening,"

(Source: <https://www.mas.gov.sg/news/media-releases/2024/bis-and-central-bank-partners-demonstrate-that-policy-compliance-can-be-embedded>)

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**CHARLTONS
QUANTUM**



Hong Kong Office

Dominion Centre 12th Floor
43-59 Queen's Road East
Hong Kong

enquiries@charltonslaw.com
www.charltonsqquantum.com
www.charltonslaw.com
Tel: + (852) 2905 7888
Fax: + (852) 2854 9596