Charltons Quantum – Quantum Updates 22 – November 2024

[Online version](https://charltonsquantum.com/quantum-updates-22-latvijas-banka-money-laundering-prevention-guidelines/)

**Latvijas Banka Expands Guidelines on Money Laundering Prevention and Sanctions Risk Management**

On 7 November 2024, Latvijas Banka announced an expansion and update of its [Guidelines on the Establishment of the Internal Control System for Anti-Money Laundering and Countering Terrorism and Proliferation Financing and Sanctions Risk Management, and on Customer Due Diligence](https://datnes.latvijasbanka.lv/uzraudziba/AML-rokasgramata-latvijas-banka.pdf). The updates in the regulatory framework, clarify sanctions-related procedures, and incorporate new examples relevant to the current financial landscape. The revised guidelines aim to enhance the understanding and application of anti-money laundering and sanctions risk management practices across Latvia’s financial sector.

Latvijas Banka has introduced updates to the guidelines to address financial crime risks and improve compliance mechanisms within credit institutions and financial institutions. Updated section provides detailed guidance on how credit institutions and financial institutions should identify and manage risks when cooperating with other financial entities. This includes best practice examples for establishing and maintaining correspondent banking relationships, highlighting the importance of due diligence in such partnerships.

The guidelines now include specific instructions for foreign exchange companies, tailored to help them align their customer due diligence processes with their unique business models. These adjustments aim to strengthen anti-money laundering compliance in the foreign exchange sector. A newly added subsection offers practical advice for credit institutions and financial institutions on effectively assessing and managing risks associated with customers whose transactions involve crypto-assets. This addition recognises the growing prevalence of digital currencies and their potential vulnerabilities to financial crime. The sanctions-related sections of the guidelines have been clarified, taking into account changes in the competent authorities. The updated sections include practical examples and recommendations to help institutions comply with sanctions regimes effectively.

The guidelines are designed to serve as a practical resource for credit institutions and financial institutions, helping them deliver secure and accessible financial services while adhering to regulatory requirements. The guidelines aim to, foster a shared understanding of anti-money laundering obligations and promoting a risk-based approach, by strengthening internal control systems within financial institutions, enhancing customer due diligence procedures to align with varying risk levels and facilitate the prevention of financial crime across Latvia’s financial system. The guidelines include detailed explanations and practical examples to support institutions in implementing robust anti-money laundering measures tailored to their specific operations and risk profiles.

Latvijas Banka emphasised that the guidelines are updated regularly to address practical needs and align with regulatory changes. This iterative process ensures that Latvia’s financial sector remains adaptive to emerging challenges and maintains a strong stance against financial crime. The updated guidelines are accessible on Latvijas Banka’s official website.

(Source: <https://datnes.latvijasbanka.lv/uzraudziba/AML-rokasgramata-latvijas-banka.pdf>, <https://www.bank.lv/en/news-and-events/news-and-articles/news/17083-the-guidelines-on-the-prevention-of-money-laundering-and-sanctions-risk-management-have-been-expanded>)

**FINMA Announces Strategic Goals for 2025-2028 to Strengthen Swiss Financial Market**

On 13 November 2024, the Swiss Financial Market Supervisory Authority (**FINMA**) announced its [strategic goals](https://www.finma.ch/en/~/media/finma/dokumente/dokumentencenter/myfinma/finma-publikationen/strategische-ziele/20241113-strategische_ziele_der_finma_2025-2028.pdf?sc_lang=en&hash=BDB18DC12C553860E7088FD6607E2CA7) for the period from 2025 to 2028. The announcement, approved by the Swiss Federal Council, outlines FINMA’s long-term priorities and provides guidance on how it will fulfil its legal mandate. The four strategic goals focus on supervision, resilience, framework conditions, and organisational development, reflecting FINMA’s commitment to enhancing its effectiveness and efficiency as a supervisory authority.

The purpose of FINMA’s supervisory activities is to protect depositors, insured persons, and clients while ensuring the proper functioning of the Swiss financial markets. The strategic goals are designed to address ongoing developments and challenges in the financial sector, particularly those associated with financial and operational risks.

The Federal Council approved FINMA’s strategic goals on 13 November 2024, granting the authority a clear direction for the next four years.

**Goal 1: Preventive Supervision and Integrity:** FINMA will continue to prioritise preventive supervision to foster trust in Switzerland’s financial sector and promote long-term stability. The authority plans to:

1. Refine its supervisory instruments, procedures, and analyses to ensure swift identification and rectification of irregularities within the framework of supervisory law.
2. Require supervised institutions to maintain sound governance and robust risk management processes.
3. Review and refine its supervisory approach for UBS, focusing on the risks linked to its systemic importance.
4. Strengthen oversight to ensure compliance with anti-money laundering and terrorist financing regulations, as well as conduct requirements under the Financial Services Act.
5. FINMA views market integrity as a cornerstone of Switzerland’s financial reputation and aims to uphold this standard across all supervised institutions.

**Goal 2: Financial and Operational Resilience:** FINMA will place strong emphasis on the financial resilience of supervised institutions, paying particular attention to their ability to manage market risks, credit risks, liquidity risks, and actuarial risks. Specific objectives include:

1. Ensuring institutions maintain sufficient capital and liquidity buffers to withstand severe financial shocks.
2. Focusing on operational resilience, especially risks associated with service outsourcing, over-reliance on single service providers, and cyber threats.
3. Requiring institutions with potential systemic impacts to demonstrate robust crisis preparedness and resilience.

**Goal 3: Framework Conditions for Effective Supervision**: FINMA will actively contribute to developing robust regulatory frameworks that enhance its supervisory capabilities. Its efforts will include:

1. Advocating for framework conditions that enable effective supervision and early intervention in supervised institutions.
2. Supporting technological advancements in the financial market while ensuring a secure and transparent supervisory environment.
3. Implementing regulation in a technology-neutral manner to balance innovation with risk management.

**Goal 4: Organisational Efficiency and Development:** FINMA will prioritise enhancing its internal organisation to maximise efficiency and effectiveness. Key initiatives include:

1. Increasing the proportion of direct supervision, including on-site reviews, where legally empowered to do so.
2. Strengthening internal synergies and advancing its digital transformation for sustainable organisational development.
3. Improving resource allocation to ensure robust supervision with minimal waste.
4. Promoting transparent communication by actively reporting on its activities and the fulfilment of its mandate.

These provide long-term guidance for the authority. The four goals relate to the areas of supervision, resilience, framework conditions and organisation. They reveal how the Swiss Financial Market Supervisory Authority will fulfil its legal mandate in the future. FINMA is continuously increasing its effectiveness and efficiency as a supervisory authority. The Federal Council approved FINMA’s strategic goals today.

(Source: <https://www.finma.ch/en/news/2024/11/20241113-mm-strategische-ziele-finma/>, <https://www.finma.ch/en/~/media/finma/dokumente/dokumentencenter/myfinma/finma-publikationen/strategische-ziele/20241113-strategische_ziele_der_finma_2025-2028.pdf?sc_lang=en&hash=BDB18DC12C553860E7088FD6607E2CA7>)

**India’s Digital Revolution: Unlocking Growth Potential Through Technology and Innovation**

On 13 November 2024, Michael Debabrata Patra, Deputy Governor of the Reserve Bank of India, delivered an influential [inaugural address](https://rbidocs.rbi.org.in/rdocs/Speeches/PDFs/UNGMDP131124128013267DE84DC2A85B632FA6BEE493.PDF) at the DEPR Conference in Jaipur. His speech, titled “Digital Technology, Productivity, and Economic Growth in India,” explored how digitalisation, artificial intelligence, and virtual digital currencies are shaping economies, improving productivity, and unlocking transformative growth opportunities for India and other emerging markets.

Michael Debabrata Patra discussed the transformative role of artificial intelligence, robotics, and virtual digital currencies, equating their potential to historic technological revolutions like steam power and personal computing. Generative artificial intelligence alone is projected to contribute between seven and ten trillion US dollars to global GDP within the next three years. In India, digital technologies currently account for ten per cent of GDP and are expected to grow to twenty per cent by 2026. This puts India at the forefront of a global digital revolution, making it a critical player in leveraging technology for economic advancement.

Michael Debabrata Patra also underlined the role artificial intelligence plays in enhancing productivity and creating new economic opportunities. Forecasts suggest that generative artificial intelligence could contribute between three hundred and fifty-nine billion and four hundred and thirty-eight billion US dollars to India’s GDP by 2029-30. Indian firms have rapidly adopted artificial intelligence, with twenty-five per cent now integrating it into production processes, a sharp rise from eight per cent in 2023. However, the resource-intensive nature of artificial intelligence implementation, coupled with ethical concerns and the risks of cyber threats and data breaches, poses significant challenges that require responsible governance and robust policies.

The Reserve Bank of India has been proactive in exploring virtual digital currencies, with pilots for a Central Bank Digital Currency currently underway. These digital currencies are expected to enhance transparency, reduce transaction costs, and promote financial inclusion, particularly for underserved populations. At the international level, collaborations such as Project Nexus and mBridge aim to link the digital finance infrastructures of different nations, highlighting the global significance of these innovations. Michael Debabrata Patra stressed the importance of balancing innovation with risk mitigation to ensure the stability and security of financial systems.

Michael Debabrata Patra addressed the relationship between digitalisation and productivity growth, noting that while technological advances are apparent, their measurable impact on global productivity statistics has been limited. This phenomenon, often referred to as the “Solow Paradox,” is partly due to the challenges of integrating technology into existing economic structures. In India, platforms such as the Unified Payments Interface and Account Aggregators have demonstrated measurable productivity gains, including reductions in customer acquisition costs and improvements in service efficiency. Despite these advances, the productivity slowdown in information and communication technology sectors globally highlights the need for renewed focus on innovation and efficiency.

India’s digital public infrastructure has emerged as a global model. Initiatives like Aadhaar and the Unified Payments Interface have transformed financial inclusion and public service delivery, while platforms such as the Open Network for Digital Commerce and the Trade Receivables Discounting System are bridging credit gaps for micro, small, and medium enterprises. Direct Benefit Transfers have streamlined government welfare schemes, saving the exchequer an estimated three and a half lakh crore rupees since their inception. These successes demonstrate India’s unique position in harnessing digitalisation for equitable and inclusive growth.

While digitalisation offers immense potential, it also brings risks, including data breaches, cyber threats, and disruptions to traditional labour markets. Michael Debabrata Patra emphasised the importance of robust legislation and ethical frameworks to address these challenges. Complementary policies are essential for maximising the benefits of digitalisation, including initiatives to upskill the workforce, foster competition, and ensure the efficient reallocation of resources. The Reserve Bank of India has aligned its digital strategy with these goals, prioritising financial inclusion, digital public infrastructure, customer protection, cybersecurity, and sustainable finance.

Michael Debabrata Patra concluded by elaborating on the transformative potential of digital technologies, including artificial intelligence and virtual digital currencies, in driving economic growth and productivity. He urged policymakers, businesses, and other stakeholders to balance innovation with risk management, emphasising that strong institutions and effective policies are crucial for harnessing these technologies for long-term benefits. Quoting Paul Krugman, he reminded the audience that “Productivity is not everything, but in the long run, it is almost everything.”

(Source: <https://rbidocs.rbi.org.in/rdocs/Speeches/PDFs/UNGMDP131124128013267DE84DC2A85B632FA6BEE493.PDF>, <https://www.rbi.org.in/Scripts/BS_SpeechesView.aspx?Id=1477>)

**International Platform on Sustainable Finance Launches Multi-Jurisdiction Common Ground Taxonomy**

On 14 November 2024, the International Platform on Sustainable Finance, in collaboration with the People’s Bank of China, the European Commission Directorate-General for Financial Stability, Financial Services and Capital Markets Union, and the Monetary Authority of Singapore, unveiled the Multi-Jurisdiction Common Ground Taxonomy ([**M-CGT**](https://finance.ec.europa.eu/document/download/e83394d0-daf1-487e-b1bf-922731767a10_en?filename=241113-common-ground-taxonomy-multi-jurisdiction-activity-tables_en.pdf)). Presented during an event in Baku, Azerbaijan, the taxonomy aims to harmonise sustainable finance criteria across China, the European Union, and Singapore, enhancing global interoperability in green finance taxonomies.

The M-CGT builds upon the bilateral EU-China Common Ground Taxonomy (**CGT**), which was established in 2020 as a joint initiative of the European Commission and the People’s Bank of China. By incorporating the Singapore-Asia Taxonomy into this framework, the M-CGT expands the interoperability of taxonomies to include three major jurisdictions. Its purpose is to facilitate cross-border green financial flows by providing a unified technical reference for assessing green activities across these regions.

This taxonomy serves as a resource for a diverse group of stakeholders, including financial institutions, corporates, investors, and regulators. While the M-CGT is not legally binding, green bonds and funds aligned with its criteria are expected to enhance cross-border investments, subject to the regulatory requirements of individual jurisdictions.

The M-CGT serves several Use Cases, applications and purposes:

The taxonomy allows financial institutions and investors to determine activities considered green across the three jurisdictions. It aligns green finance instruments with the mapped taxonomies, making them accessible for cross-border investors.

The M-CGT is intended to serve as a guiding document for jurisdictions currently developing their green taxonomies. Its design accommodates the inclusion of additional jurisdictions, broadening the scope of global taxonomy interoperability over time.

Facilitation of Green Capital Flows, by harmonising definitions and metrics, the M-CGT reduces barriers to cross-border green investments, enabling greater capital mobilisation for sustainable projects, particularly in developing economies.

The scope of the M-CGT builds upon the earlier EU-China Common Ground Taxonomy, which previously covered 72 activities across seven sectors. The expanded M-CGT maps 110 activities across eight focus sectors, addressing the climate change mitigation objective. The methodology includes:

The M-CGT compares activities across the three jurisdictions’ taxonomies to identify commonalities and divergences. This analysis enables the inclusion of more activities, even when metrics differ.

For activities with interoperable metrics, such as lifecycle greenhouse gas emissions in the energy sector, the taxonomy adopts the most stringent threshold. This ensures that green finance instruments aligned with the M-CGT meet the highest standards of credibility.

In cases where taxonomies rely on local certification schemes or standards, the M-CGT identifies commonalities. Activities are considered aligned if they meet at least one jurisdiction’s criteria. Findings of taxonomies:

1. Around 60% of activities mapped from the three taxonomies share stringent criteria, particularly in manufacturing, transportation, water, and waste sectors.
2. Approximately 5% of activities, mainly in electricity generation and construction, have aligned criteria across the jurisdictions.
3. For 33% of activities, criteria were not directly comparable, reflecting the role of local regulations and standards in sectors like agriculture, forestry, and construction.

Leaders from the participating jurisdictions emphasised the importance of the M-CGT in advancing sustainable finance and facilitating global green capital flows. Dr Ma Jun, Chairman of the Green Finance Committee of China Society for Finance and Banking, stated “M-CGT is an important new milestone for enhancing interoperability of taxonomies across jurisdictions. The market usage of the CGT in the past two years, including for labelling Chinese green bonds sold to international investors, has demonstrated its ability to reduce cross-border transaction costs and boosting green capital flows especially to developing economies. The fact that CGT has already been used by several jurisdictions as a building block for taxonomy development suggests that M-CGT will have a greater potential to help assist other countries in developing their sustainable finance markets.” Marcel Haag, Director at the European Commission’s Directorate-General for Financial Stability, stating “the M-CGT is yet another key contribution of the International Platform on Sustainable Finance to the efforts of enhancing comparability and interoperability of taxonomies across the world, fully in line with G20 Sustainable Finance Working Group Roadmap and Principles. It will provide a useful reference for other jurisdictions and market operators regarding some of the features and commonalities across the activities of the Singapore, China, and EU taxonomies that are covered in this exercise.”Gillian Tan, Assistant Managing Director at the Monetary Authority of Singapore put his views as, “The inclusion of the Singapore-Asia Taxonomy in the M-CGT is an important milestone in the International Platform on Sustainable Finance’s efforts to provide greater consistency and comparability of green activities’ criteria across different taxonomies. The M-CGT serves as a common baseline that market participants can refer to in defining green activities, enabling cross border financing in the markets that the respective taxonomies serve.”

The Multi-Jurisdiction Common Ground Taxonomy in sustainable finance, establishes a harmonised framework that supports cross-border green investments, by integrating taxonomies from China, the European Union, and Singapore, the M-CGT creates a shared reference for market participants while setting a precedent for future inclusion of other jurisdictions. M-CGT’s emphasis and farsightedness on comparability and interoperability will help in mobilising global capital for environmental objectives, contributing to the achievement of international climate goals.

(Source: <https://finance.ec.europa.eu/document/download/e83394d0-daf1-487e-b1bf-922731767a10_en?filename=241113-common-ground-taxonomy-multi-jurisdiction-activity-tables_en.pdf>, <https://www.mas.gov.sg/news/media-releases/2024/multi-jurisdiction-common-ground-taxonomy>)

**Australian Financial Regulator Announces 2025 Enforcement Priorities to Protect Vulnerable Consumers**

On 14 November 2024, the Australian Securities and Investments Commission announced its enforcement priorities for the year 2025. These priorities are designed to tackle financial misconduct, with a strong focus on protecting consumers from harm amidst increasing cost of living pressures and addressing unethical practices that undermine market integrity.

The enforcement strategy aims to combat misconduct that exploits superannuation savings, unscrupulous property investment schemes, and predatory lending practices. It includes addressing failures by insurers to act fairly, strengthening investigations into insider trading, and prosecuting unlawful debt management and collection activities. ASIC has also committed to targeting greenwashing and other misleading conduct related to environmental, social, and governance claims, while addressing service failures in the superannuation sector and ensuring that finance providers do not take advantage of vulnerable consumers, particularly in used car finance.

ASIC’s focus on systemic issues that pose risks to consumers and market integrity. The regulator’s priorities reflect its commitment to protect Australians from financial harm, ensuring businesses comply with regulations, and holding wrongdoers accountable. These measures aim to create a safer, more transparent financial system that serves the interests of all Australians.

Deputy Chair Sarah Court stressed the urgent need to protect financially vulnerable individuals. She stated that the 2025 enforcement priorities are designed to address significant risks, particularly in areas where businesses and individuals attempt to exploit consumers or circumvent regulatory protections.

The priorities for the coming year focus on addressing misconduct that exploits superannuation savings and targets Australians through unscrupulous property investment schemes. These schemes often involve deceptive practices intended to take advantage of individuals’ retirement funds or promote high-risk investments with misleading promises. Additionally, failures by insurers to act fairly and in good faith will be a significant area of focus, ensuring that consumers are not disadvantaged by unethical or unlawful practices.

ASIC is also intensifying its scrutiny of business models designed to avoid consumer credit protections, alongside increasing enforcement against unlawful debt management and collection activities. Misconduct impacting small businesses, which are crucial to the Australian economy, will be investigated and prosecuted, particularly where creditors are unfairly affected. Efforts to improve cybersecurity within licensed organisations are another critical priority, addressing failures that could expose consumers to breaches and fraud.

Another area is the regulator’s commitment to addressing greenwashing, particularly in cases involving misleading claims about environmental, social, and governance factors. ASIC will also target service failures within the superannuation sector that disadvantage members and ensure that auditors are held accountable for misconduct. In the used car finance market, the regulator is focusing on protecting vulnerable consumers who are often exposed to predatory lending practices by certain finance providers.

ASIC’s priorities also include strengthening investigations and prosecutions of insider trading to uphold the integrity of Australia’s financial markets. The creation of a specialised team dedicated to insider trading reflects the regulator’s commitment to tackling this complex area of financial crime.

The regulator has emphasised that its approach is not only about filing cases but also about achieving meaningful deterrence and promoting compliance across the financial system. The focus remains on misconduct that causes widespread harm, particularly for financially vulnerable individuals and First Nations communities. Enduring priorities, such as addressing market manipulation and governance failures, remain at the heart of ASIC’s enforcement strategy.

Sarah Court noted that while economic conditions and risks evolve, ASIC’s ultimate objective remains the protection of consumers and the promotion of integrity within Australia’s financial markets.

(Source: <https://asic.gov.au/about-asic/news-centre/find-a-media-release/2024-releases/24-252mr-asic-announces-new-enforcement-priorities-with-a-focus-on-cost-of-living-pressures/?altTemplate=betanewsroom>)

**Asia Pacific Financial Regulators and Cloud Service Providers Conduct First Crisis Management Exercise**

On 15 November 2024, the Monetary Authority of Singapore made an update on crisis management exercise, which was conducted by financial regulators from the Asia Pacific region in collaboration with leading global cloud service providers on 6 November 2024. Organised under the Financial Sector Cloud Resilience Forum, established by the Monetary Authority of Singapore, this initiative simulated a severe public cloud incident that disrupted multiple financial sectors across the region. This exercise, the first of its kind in Asia Pacific, aims to strengthen the operational resilience of the financial sector as it becomes increasingly reliant on cloud technology.

The event focused on fostering collaboration and deepening understanding between financial regulators and cloud service providers regarding incident response mechanisms. Participants explored how to manage the fallout from a significant public cloud disruption, highlighting the need for effective communication, situational awareness, and coordinated recovery efforts. The simulation provided an opportunity to assess supervisory interventions and develop measures to mitigate the impact of such disruptions. It underscored the importance of close cooperation in responding to crises to maintain public confidence in the financial sector.

The event was attended by senior representatives from prominent financial authorities across the region, including the Australian Prudential Regulation Authority, the Hong Kong Monetary Authority, the Indonesian Financial Services Authority, the Bank of Japan, the Central Bank of Malaysia, the Central Bank of the Philippines, the Bank of Thailand, and the Monetary Authority of Singapore. Global cloud service providers participating in the exercise included Amazon Web Services, Google Cloud, and Microsoft Azure, which play crucial roles in supporting financial institutions through their cloud infrastructure.

During the simulation, participants examined the coordination and decision-making processes needed to respond effectively to severe disruptions in cloud services. The exercise demonstrated the importance of a unified approach to managing operational risks in a financial system that increasingly depends on digital infrastructure. Financial regulators and cloud service providers worked together to identify supervisory interventions that could help reduce the impact of such disruptions.

Vincent Loy, Assistant Managing Director for Technology at the Monetary Authority of Singapore and Chairperson of the Financial Sector Cloud Resilience Forum, stated: “Cloud adoption is set to increase as the financial industry presses ahead with digital transformation. This Forum provides an important avenue for regional financial authorities and global CSPs to work together to improve operational resilience in the financial sector. This inaugural exercise is timely as it helps to strengthen processes for responding to a major public cloud incident in the financial sector. Through the exercise, both the financial authorities and CSPs have gained deeper insights on how to coordinate their efforts effectively in responding to and recovering from disruptions, and maintain public confidence in the financial sector”.

The Financial Sector Cloud Resilience Forum, established in April 2023, provides a platform for financial regulators and cloud service providers to share insights and develop best practices for managing risks associated with public cloud services in the financial sector. The forum meets twice yearly and aims to ensure operational resilience by addressing emerging challenges in the increasingly digital financial landscape. This exercise demonstrated the importance of preparing for potential disruptions in cloud services, which are important to the functioning of modern financial institutions.

(Source: <https://www.mas.gov.sg/news/media-releases/2024/first-cloud-resilience-crisis-management-exercise-by-apac-financial-regulators-and-cloud-providers>)

**US CFTC Issues Advisory on Clearing of Options for Spot Commodity ETFs: Likely to Fall Outside US CFTC’s Jurisdiction**

On 15 November 2024, the United States Commodity Futures Trading Commission Division of Clearing and Risk issued an [advisory](https://www.cftc.gov/csl/24-16/download) clarifying its position on the clearing of options on spot commodity-based ETFs. The advisory affirms that such ETF shares are likely to be considered securities under the US SEC framework and thus fall outside the US CFTC’s jurisdiction. The Options Clearing Corporation (**OCC**) will continue clearing these options under SEC regulation. The announcement directly impacts the growing ecosystem of ETFs based on cryptocurrencies, such as bitcoin and ethereum, alongside traditional commodity-based ETFs like gold and silver. Beyond its jurisdictional analysis, the advisory clarifies that commodity-based ETFs, including spot crypto ETFs, do not directly engage in commodity interests. Instead, they are structured as securities, providing investors with exposure to the underlying asset’s performance. The advisory excludes commodity pool ETFs, which are directly tied to commodity futures or swaps and remain under US CFTC jurisdiction.

The advisory asserts that shares of spot commodity ETFs are substantially likely to be classified as securities under existing statutory and judicial frameworks, placing them firmly under the oversight of the United States Securities and Exchange Commission. Consequently, the clearing and settlement of options on these ETFs will continue to be managed by the Options Clearing Corporation (**OCC**), which operates as a registered clearing agency under United States SEC supervision.

Spot commodity ETFs have been a part of the investment landscape since 2004, when ETFs based on precious metals like gold and silver first gained SEC approval. More recently, the rapid rise of cryptocurrency-based ETFs has expanded the market. In January 2024, bitcoin-based spot ETFs were listed and traded on national securities exchanges following SEC approval. Ethereum-based ETFs followed in May 2024, reflecting the growing acceptance of digital assets in mainstream finance.

The listing of these ETFs has created demand for derivative products such as options, which provide investors with tools to hedge their portfolios or speculate on price movements. The OCC, already the sole issuer of equity options, clears and settles these products, ensuring compliance with SEC regulations.

The advisory cites several key judicial precedents that reinforce the classification of ETF shares as securities, including SEC v. W.J. Howey Co. (1946) and Reves v. Ernst & Young (1990) , Reves v. Ernst & Young (1990), Pollack v. Laidlaw Holdings, Inc. (1994), Gary Plastic Packaging Corp. v. Merrill, Lynch, Pierce, Fenner & Smith (1985), U.S. v. Tucker (2003), Battig v. Simon (2001), SEC v. W.J. Howey Co. (1946), Glen-Arden Commodities, Inc. v. Constantino (1974). These rulings underpin the view that options on spot commodity ETFs, whether tied to traditional assets like gold or digital currencies like bitcoin, fall outside the CFTC’s jurisdiction.

United States CFTC has, in the past, provided exemptive orders allowing the trading of certain ETF-based products, including futures and options on precious metals ETFs. However, today’s announcement clarifies that these exemptions do not extend to the clearing of options, which remains the United States SEC’s domain.

Spot commodity ETFs are structured to hold physical commodities or digital assets. Their shares are either registered with the US SEC as securities, traded on national securities exchanges, issued by trusts holding underlying commodities or cryptocurrencies, designed to offer investors exposure to the performance of the underlying asset, with redemption features tied to the asset itself. This structure distinguishes spot commodity ETFs from commodity pool ETFs, which invest directly in commodity futures or derivatives and fall under the US CFTC’s jurisdiction.

With regulatory clarity from both the United States SEC and United States CFTC, market participants can expect a stable framework for the trading and clearing of options tied to bitcoin, ethereum, and other digital assets. US CFTC has offered legal clarity on the status of spot commodity ETFs, the document serves as a guidepost for regulators, investors, and market participants. By affirming that options on spot commodity ETFs, including crypto ETFs, are exclusively under US SEC oversight, the advisory provides legal certainty to market participants.

(Source: <https://www.cftc.gov/PressRoom/PressReleases/9008-24>, <https://www.cftc.gov/csl/24-16/download>)

**Singapore Announces Enhanced Contribution to Strengthen International Monetary Fund Resources**

On 15 November 2024, the Monetary Authority of Singapore announced that Singapore will adjust its contributions to the International Monetary Fund to support global efforts aimed at strengthening the institution’s capacity to safeguard international economic and financial stability. This decision follows the International Monetary Fund’s recent review of its resource base and underscores Singapore’s commitment to multilateral cooperation.

The International Monetary Fund has concluded a comprehensive review of its resource base, resulting in a restructuring of its funding framework. The institution will increase member countries’ permanent quota resources, which are capital subscriptions to the International Monetary Fund. Simultaneously, the reliance on temporary borrowed resources, which were introduced during past financial crises, will be reduced. The increase in quotas will only take effect once members holding at least 85 percent of the total quotas approve their respective adjustments.

Under this new framework, the total increase in member countries’ quotas will amount to US$ 238.6 billion Special Drawing Rights, equivalent to US$ 322.8 billion. A member’s quota determines its voting power, access to International Monetary Fund financing, share in Special Drawing Rights allocations, and the extent of its commitment to finance the institution’s lending programs.

Singapore has committed to accepting its allocated increase in quota, which amounts to US$ 1.95 billion Special Drawing Rights, equivalent to US$ 2.63 billion. At the same time, Singapore will reduce its loan commitments to the International Monetary Fund by US$ 1.41 billion Special Drawing Rights, equivalent to US$ 1.91 billion. These changes will not have any net impact on Singapore’s Official Foreign Reserves.

In line with the International Monetary Fund’s initiative to scale back temporary borrowed resources, Singapore will make adjustments to its commitments under the following agreements:

1. New Arrangements to Borrow: Singapore will reduce its loan commitment under the New Arrangements to Borrow from the current level of US$ 1.30 billion Special Drawing Rights, equivalent to 1.86 billion, to a maximum of US$ 1.09 billion Special Drawing Rights, equivalent to US$ 1.47 billion. This reduction will take effect when the quota increases are implemented.
2. Bilateral Borrowing Agreement: Singapore will renew its existing Bilateral Borrowing Agreement with the International Monetary Fund until 31 December 2027. This agreement will maintain a maximum loan commitment of US$ 1.20 billion Special Drawing Rights, equivalent to US$ 1.72 billion. The Bilateral Borrowing Agreements will be phased out after the quota increases take effect.

Singapore has been a consistent contributor to the International Monetary Fund’s resources. The country has participated in the New Arrangements to Borrow since their inception in 1998 and has been a contributor to the Bilateral Borrowing Agreements since 2012. Singapore’s commitment to supporting global economic stability and reflect its responsiveness to evolving international financial needs and Singapore’s role in the international financial system, ensuring that the International Monetary Fund has the resources required to address future challenges and uphold global stability.

(Source: <https://www.mas.gov.sg/news/media-releases/2024/singapore-supports-international-efforts-to-strengthen-imf-resources>)

**MAS Updates on FATF High-Risk Jurisdictions as on 25 October 2024 and Urges Vigilance from Financial Institutions**

On 18 November 2024, the Monetary Authority of Singapore, updated a [statement](https://www.mas.gov.sg/publications/fatf-statement/2024/october-2024-fatf-statement) on its official website, made by the Financial Action Task Force, in its [October 2024 statement](https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/Call-for-action-october-2024.html), in which the FATF has called attention to the Democratic People’s Republic of Korea and Iran, which remain on its list of high-risk jurisdictions subject to enhanced countermeasures. These jurisdictions have consistently failed to address deficiencies in their anti-money laundering and combating the financing of terrorism frameworks. Myanmar also continues to be monitored closely for its deficiencies, although it has not yet been subjected to the full range of countermeasures applied to the other high-risk jurisdictions.

The Democratic People’s Republic of Korea has been flagged for its continued non-compliance with international standards to combat money laundering, terrorist financing, and proliferation financing. The Financial Action Task Force expressed concern over the Democratic People’s Republic of Korea’s growing connectivity to the international financial system, which has heightened the risks associated with the proliferation of weapons of mass destruction and their financing. Financial institutions in Singapore are expected to remain highly vigilant when engaging with entities associated with the Democratic People’s Republic of Korea, including companies, financial institutions, and individuals acting on their behalf, whether directly or indirectly. Enhanced due diligence measures are required, and compliance with the Financial Services and Markets (Sanctions and Freezing of Assets of Persons – Democratic People’s Republic of Korea) Regulation 2023 is mandatory. This includes implementing targeted sanctions in accordance with United Nations Security Council resolutions to mitigate risks effectively.

Iran continues to pose significant risks due to its failure to complete critical actions outlined in its plan, which expired in 2018. The Financial Action Task Force noted Iran’s ongoing failure to ratify the Palermo and Terrorist Financing Conventions in alignment with international standards. As a result, countermeasures were fully reinstated in February 2020, and all jurisdictions have been urged to apply these measures. Financial institutions in Singapore are advised to consider Iran a high-risk jurisdiction, applying enhanced due diligence measures to transactions and relationships involving Iranian entities. Institutions are also required to comply with the Financial Services and Markets (Sanctions and Freezing of Assets of Persons – Iran) Regulations 2023. The Financial Action Task Force highlighted the severe terrorism financing risks posed by Iran, which threaten the stability and integrity of the international financial system.

Myanmar, while not subject to the same countermeasures as the Democratic People’s Republic of Korea and Iran, remains on the Financial Action Task Force’s list of jurisdictions under increased monitoring. The country has made some progress on its action plan, which expired in September 2021, but its overall advancements have been slow. Financial institutions in Singapore are required to exercise heightened vigilance when engaging with transactions and customers associated with Myanmar. Enhanced due diligence measures will be applied to detect and mitigate risks, particularly in high-risk customer relationships and transactions. Institutions must also ensure that legitimate financial flows, such as those supporting humanitarian efforts, non-profit organisation activities, and remittances, are not disrupted during the application of these measures. The Financial Action Task Force clarified that while Myanmar remains a concern, it has not yet recommended broader countermeasures beyond these enhanced measures.

The Financial Action Task Force’s October statement shows the importance of maintaining robust risk mitigation strategies for financial institutions and non-financial institutions operating under anti-money laundering and combating the financing of terrorism regulations. The guidance calls for a strong risk-based approach to address the vulnerabilities posed by high-risk jurisdictions, ensuring compliance with Singapore’s regulatory requirements, including sanctions and asset-freezing measures.

(Source: <https://www.mas.gov.sg/publications/fatf-statement/2024/october-2024-fatf-statement>, <https://www.fatf-gafi.org/en/publications/High-risk-and-other-monitored-jurisdictions/Call-for-action-october-2024.html>)

**Cryptocurrency Mining Company BIT Mining Ltd. Charged for Bribery & Accountability by US SEC**

On 18 November 2024, the United States Securities and Exchange Commission, under the jurisdiction of United States federal securities laws, initiated [cease-and-desist proceedings](https://www.sec.gov/files/litigation/admin/2024/34-101649.pdf) against BIT Mining Ltd., formerly known as 500.com Limited. The proceedings revealed an alleged bribery scheme perpetrated by the company, involving violations of the United States Foreign Corrupt Practices Act, fraudulent financial practices, and failures in maintaining internal accounting controls. This case exposes misconduct in international business dealings and discusses the consequences of undermining legal and regulatory frameworks.

BIT Mining Ltd., previously operating as 500.com Limited, was an online sports lottery service provider incorporated in the Cayman Islands and headquartered in Shenzhen, China. After Chinese regulatory changes in 2015 halted its primary business, the company sought to pivot by entering Japan’s Integrated Resort casino market, which was legalised in 2016. Between 2017 and 2019, the company engaged in a widespread bribery scheme to influence Japanese government officials to support its bid for casino licensing. The scheme included approximately two and a half million dollars in illicit payments made through sham consulting contracts, cash bribes, and extravagant trips for officials. The company’s attempts to enter the Integrated Resort market ultimately failed when the bribery scheme was exposed in late 2019.

BIT Mining Ltd. was rebranded from 500.com in 2021 after transitioning to a cryptocurrency mining business. It is now headquartered in Akron, Ohio, and its American Depositary Shares are registered with the United States Securities and Exchange Commission and traded on the New York Stock Exchange under the ticker BTCM.

On 15 April 2015, regulatory changes in China suspended 500.com’s online lottery operations. This caused a significant decline in revenue, prompting the company to seek new opportunities. On December 15, 2016, Japan’s National Diet passed the Integrated Resort Promotion Act, lifting the long-standing ban on casinos and legalising gambling in the country. By 2017, 500.com hired consultants and established a subsidiary, 500.com Nihon, to pursue casino development opportunities in Japan. Over the next two years, the company executed its bribery scheme to influence Japanese officials. However, in late 2019, Japanese prosecutors uncovered the misconduct, leading to charges against the company’s consultants and implicated officials. BIT Mining Ltd. exited the lottery business in 2021 and adopted anti-bribery reforms in the aftermath.

Under Section 30A of the Exchange Act of 1934, the United States Securities and Exchange Commission found that 500.com made corrupt payments to foreign officials, violating the Foreign Corrupt Practices Act’s anti-bribery provisions. To gain access to Japan’s Integrated Resort market, the company funneled bribes through sham consulting agreements and disguised payments as lecture fees, travel expenses, and advisory services. These transactions utilised United States-based email providers and banking systems, further entrenching the company’s violations under United States jurisdiction.

The United States Securities and Exchange Commission determined that the company violated Section 13(b)(2)(A) of the United States Exchange Act by failing to accurately record these transactions in its financial books. Payments were misclassified under legitimate business expense categories such as management fees, advisory services, and travel reimbursements.

Furthermore, the United States Securities and Exchange Commission found that 500.com violated Section 13(b)(2)(B) by failing to establish and maintain adequate internal accounting controls. Consultants were engaged without proper due diligence or verification of services rendered, and employees were authorised to execute payments without documented deliverables. These deficiencies facilitated the execution of the bribery scheme.

The enforcement action against BIT Mining Ltd. required the company to pay a US$3 million civil penalty within fourteen days and to cease any future violations of the relevant provisions of the United States Exchange Act. The order further discussed BIT Mining Ltd.’s cooperation in the investigation and its implementation of remedial measures, including the dismissal of executives responsible for the misconduct, the adoption of enhanced compliance policies, and the provision of anti-corruption training. The United States Securities and Exchange Commission acknowledged these efforts but emphasised the gravity of the company’s prior actions.

Charles E. Cain, Chief of the SEC Enforcement Division’s FCPA Unit in his [statement](https://www.sec.gov/newsroom/press-releases/2024-180) stated: “Investors must have confidence that the operations and performance of public companies reflect merit and legitimate considerations. Bribery and corruption turn that dynamic on its head, distorting the orderly operation of the markets and undermining investor confidence, here, 500.com’s deficient controls fostered an environment that enabled a bribery scheme involving the highest level of the company and influential Japanese officials. This case underscores the need for robust internal accounting controls that are properly implemented and effective throughout an organisation.”

In a related development, on 18 November 2024, the United States Department of Justice announced that it has reached a deferred prosecution agreement with BIT Mining, under which the company will pay a US $10 million criminal fine. As part of this agreement, US $4 million of the fine will be credited toward the civil penalty imposed by the United States Securities and Exchange Commission under its order.

The investigation by the United States Securities and Exchange Commission was led by Denise Hansberry and Maria F. Boodoo, under the supervision of Tracy L. Price from the US SEC’s Foreign Corrupt Practices Act Unit.

(Source: <https://www.sec.gov/newsroom/press-releases/2024-180>, <https://www.sec.gov/files/litigation/admin/2024/34-101649.pdf>)

**Patlian Johnson Appointed as Commissioner of the British Virgin Islands Financial Services Commission**

On 18 November 2024, Ms. Patlian Johnson has been appointed to the Board of Commissioners of the British Virgin Islands Financial Services Commission, effective 1 August 2024. Ms. Johnson previously served as Senior Policy, Research and Statistics Officer at the British Virgin Islands Financial Services Commission from 2004 to 2007.

Ms. Patlian Johnson has over twenty years of professional experience in public finance, planning, policy development, economic analysis, and programme design and implementation. Her career highlights include leading public financial management reforms as Deputy Financial Secretary for Economic and Fiscal Affairs, contributing to the British Virgin Islands’ Recovery Plan following hurricanes Irma and Maria, and playing a key role in the development of the National Sustainable Development Plan.

Ms. Johnson has also managed national programmes focused on advancing the blue and digital economies and achieving the Sustainable Development Goals in her role as National Coordinator for the United Nations Development Programme British Virgin Islands Project Office. Most recently, she joined the H Lavity Stoutt Community College as Director of Planning and Institutional Effectiveness. Ms. Johnson holds a Master of Science degree in Economics and Finance and undergraduate qualifications in Economics and Accounting.

The Managing Director and Chief Executive Officer of the British Virgin Islands Financial Services Commission, Mr. Kenneth Baker, stated, “I am excited to welcome Ms Johnson to the Board of Commissioners, not only because of her vast experience in leadership and policy making, but also because her intricate knowledge via her historical connection to the FSC. Her valuable experience will aid her effective contribution to Board discussions and help to strengthen the Board as it directs the FSC’s strategic direction”.

The British Virgin Islands Financial Services Commission is the independent regulatory authority responsible for supervising, licensing, and enforcing compliance within the financial services sector in the British Virgin Islands. Its areas of oversight include banking, insurance, mutual funds, trust companies, Virtual Asset service providers and corporate service providers.

(Source: <https://www.bvifsc.vg/news/press-releases/press-release-14-2024-bvi-fsc-announces-appointment-commissioner-patlian-johnson>)

**IMF Managing Director Kristalina Georgieva Addresses G20 Leaders’ Summit in Rio de Janeiro**

On 18 November 2024, the Managing Director of the International Monetary Fund, Kristalina Georgieva, addressed the G20 Leaders’ Summit in Rio de Janeiro, expressing gratitude to global leaders for their continued trust and support. She discussed the International Monetary Fund’s efforts in strengthening global economic resilience and detailed key initiatives aimed at addressing the challenges faced by its member countries.

Kristalina Georgieva began by acknowledging the trust placed in the International Monetary Fund, which has enabled the institution to provide over one trillion dollars in liquidity and reserves to its members. She emphasized the International Monetary Fund’s efforts in building robust financial buffers to meet the historically high demands of member countries.

These efforts include a fifty percent increase in quota resources, surpassing the G20 goal of lending one hundred billion dollars in Special Drawing Rights to low-income and vulnerable middle-income countries. She also highlighted the creation of the Resilience and Sustainability Trust, a long-term concessional lending instrument, as well as reforms aimed at reducing borrowing costs for member countries. The International Monetary Fund doubled its lending capacity for low-income countries by deploying its income toward this goal.

Kristalina Georgieva elaborated and discussed the challenges faced by the global economy, including high debt levels, geopolitical tensions, regional conflicts, and protectionist policies that threaten growth. She stressed the International Monetary Fund’s commitment to supporting members as they rebuild fiscal buffers, manage debt, and implement reforms to enhance medium- and long-term growth prospects.

Collaboration with other multilateral organizations remains a priority, particularly in addressing global debt challenges. The International Monetary Fund is actively working with the World Bank on the G20 Common Framework, participating in the Global Sovereign Debt Roundtable, and advancing a new proposal to assist countries facing liquidity challenges.

Recognising the need for inclusivity and representation, Kristalina Georgieva also discussed key governance reforms undertaken by the International Monetary Fund.

On 1 November 2024, the Executive Board of the International Monetary Fund added a third chair for Sub-Saharan Africa to provide greater representation for the region. The institution is also expanding its global network of training centers and regional offices to enhance its presence and support for member countries.

The diversity of staff and management is being increased, and efforts are underway to align quota allocations with the evolving global economy. The Executive Board is expected to propose approaches to quota realignment, including a revised formula, by June 2025, as part of the 17th General Review of Quotas.

Kristalina Georgieva concluded her remarks by urging G20 leaders to continue their support for governance reforms that make the International Monetary Fund more inclusive, representative, and effective in addressing global economic challenges, while discussing the International Monetary Fund’s role in fostering stability, growth, and resilience in the global economy during a time of significant economic and geopolitical uncertainties.

(Source: <https://www.imf.org/en/News/Articles/2024/11/18/managing-director-remarks-at-g20-leaders-summit-rio-de-janeiro>)

**United Kingdom Financial Conduct Authority Revamps Market Cleanliness Statistic to Strengthen Transparency and Market Integrity**

On 19 November 2024, the United Kingdom Financial Conduct Authority published a [Research Note](https://www.fca.org.uk/publication/research-notes/revision-market-cleanliness-statistic-methodology.pdf) ‘A revision of our market cleanliness statistic methodology’ for its Market Cleanliness Statistic. This measure, designed to assess the extent of abnormal price movements prior to major corporate events such as takeover announcements, serves as an indicator of potential insider trading and market manipulation in the United Kingdom’s equity markets. The revision addresses long-standing limitations and aims to enhance the robustness and inclusivity of the statistic, reinforcing the United Kingdom’s Financial Conduct Authority’s commitment to ensuring transparency and fairness in financial markets.

The revision was necessitated by three issues in the current methodology. First, the previous approach failed to account for abnormal trading activity on the day of an announcement made during market hours, leading to the potential underestimation of insider trading activity. Second, firms that issued multiple takeover announcements within a single estimation period were excluded from the analysis, which limited the dataset and potentially reduced the statistic’s reliability. Third, the methodology did not adequately account for periods of heightened market volatility, such as those caused by macroeconomic shocks like the COVID-19 pandemic or geopolitical events, which could distort the results and create biases in the interpretation of market cleanliness.

The United Kingdom’s Financial Conduct Authority’s new methodology introduces advancements to address these shortcomings. It now incorporates intraday trading data, analyzing price movements at five-minute intervals rather than relying solely on end-of-day prices. This change ensures that trading activity occurring shortly before an announcement during market hours is included in the analysis, providing a more comprehensive picture of potential information leakage. The estimation window, which previously covered 240 trading days, has been shortened to 60 days. This adjustment increases the number of eligible events for analysis while maintaining statistical integrity, allowing the methodology to include firms with multiple takeover announcements within a year, provided those announcements are spaced at least one quarter apart. The United Kingdom’s Financial Conduct Authority has implemented a cross-sectional market comparison test to better account for market-wide volatility. By comparing abnormal price movements in the stock of interest to those of a representative market sample, the new methodology distinguishes firm-specific movements from broader market trends, reducing the risk of false positives and negatives.

The revised methodology has yielded a higher Market Cleanliness Statistic compared to previous calculations. This increase is primarily attributed to the broader scope and enhanced sensitivity of the new approach, particularly its ability to detect abnormal pre-announcement price movements that occur on the same day as a takeover announcement. The United Kingdom’s Financial Conduct Authority emphasized that this does not indicate a decline in market cleanliness but rather reflects the improved detection capabilities of the revised methodology. The new approach reduces the exclusion of events and minimises biases introduced by market volatility, making the statistic more representative of the actual state of market behavior.

The analysis supporting these changes was conducted using data from 285 takeover announcements in the United Kingdom between 2020 and 2023. Intraday price data was sourced at five-minute intervals, ensuring a higher resolution of trading activity. While the changes significantly improve the methodology, the United Kingdom’s Financial Conduct Authority acknowledged certain limitations, including the relatively short timeframe for intraday data analysis and the potential impact of sampling intervals on results. Moreover, the Market Cleanliness Statistic remains an indirect indicator of insider trading, as abnormal price movements can also result from legitimate trading activities such as media speculation or financial analysis.

This revision aligns with international best practices, as similar measures are employed by other regulators, including the Australian Securities and Investments Commission, to monitor and improve market transparency. By incorporating cutting-edge methodologies and addressing known limitations, the United Kingdom’s Financial Conduct Authority aims to maintain the United Kingdom’s position as a global leader in financial regulation.

Beginning in 2024, the United Kingdom’s Financial Conduct Authority will implement this revised methodology in its annual reporting. Stakeholders are encouraged to provide feedback on the changes, particularly the use of intraday data and the application of the cross-sectional market comparison test.

(Source: <https://www.fca.org.uk/news/news-stories/revision-our-market-cleanliness-statistic-methodology>, <https://www.fca.org.uk/publications/research-notes/research-note-revision-our-market-cleanliness-statistic-methodology>, <https://www.fca.org.uk/publication/research-notes/revision-market-cleanliness-statistic-methodology.pdf>)

**Reserve Bank of India Warns Public Against Deepfake Videos Featuring Governor: A Call for Vigilance**

On 19 November 2024, the Reserve Bank of India, the apex bank of India, issued a [press release](https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR1537476468F86E1848F9BD55A9E2EA22EA5E.PDF) regarding the circulation of fake deepfake videos on social media featuring the RBI Governor. The central bank emphasised that these videos fraudulently attribute financial advice and investment endorsements to its senior leadership, posing a risk to public trust and security.

In its official statement, the Reserve Bank of India clarified that it has no involvement in or support for any such investment schemes or financial advice. The deceptive videos, created using advanced artificial intelligence tools, falsely claim endorsements from the Reserve Bank of India’s leadership to lure unsuspecting individuals into dubious schemes. The central bank urged the public to disregard such videos and refrain from making financial decisions based on them. This warning applies throughout India’s jurisdiction, including all its states and union territories, where the Reserve Bank of India holds regulatory authority.

**The Rise of Deepfake Videos and Illicit Use of Artificial Intelligence**

Deepfake technology, a product of advanced artificial intelligence, is increasingly being used for malicious purposes, including impersonation and fraud. By creating highly realistic videos that manipulate the likeness and voice of individuals, bad actors exploit the public’s trust in authoritative figures. This misuse is particularly concerning in jurisdictions like India, where a rapidly expanding digital population is vulnerable to cyber fraud. Globally, the misuse of deepfakes poses similar threats, with incidents reported in North America, Europe, and Asia, underscoring the transnational nature of this issue.

The lack of stringent legislation and penalties for the misuse of artificial intelligence in India and other jurisdictions has created an environment where perpetrators operate with impunity. India, like many nations, lacks comprehensive legal frameworks specifically addressing the creation and distribution of deepfake content. The country’s regulatory framework must incorporate strict penalties under laws such as the Indian [Information Technology Act, 2000](https://www.indiacode.nic.in/bitstream/123456789/13116/1/it_act_2000_updated.pdf) and explore the integration of new, artificial intelligence-specific provisions.

Globally, other jurisdictions are setting an example in addressing this issue. The European Union, through its Artificial Intelligence Act, is moving towards regulating artificial intelligence misuse, while in the United States, individual states such as California and Texas have enacted laws against the non-consensual use of deepfake technology. India must adopt similar measures to close this legal gap. Without harmonised and enforceable laws, scammers will continue to exploit the technology across borders, eroding public trust and financial stability.

As scammers use deepfake technology to mimic credible authorities, the public must exercise caution. Verify the authenticity of financial advice through official Reserve Bank of India channels, such as its website or helpline. Avoid engaging with unsolicited investment schemes and report any suspicious activities to the appropriate authorities. With cyber threats evolving, vigilance and proactive measures, supported by stringent laws, are essential to safeguarding your financial well-being in India and across the globe.

(Source: <https://rbidocs.rbi.org.in/rdocs/PressRelease/PDFs/PR1537476468F86E1848F9BD55A9E2EA22EA5E.PDF>, <https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=59135>)

**New York Stock Exchange Implements Rule Changes to Enhance Transparency and Simplify Regulation**

On 20 November 2024, the New York Stock Exchange announced the implementation of new rule changes filed with the United States Securities and Exchange Commission on 12 November 2024. These amendments aim to enhance market transparency, simplify regulatory processes, and ensure clarity for all market participants.

The revisions replace references to the “Department of Member Regulation” with the broader term “Exchange” across several rules. These include provisions governing tape recording requirements, disciplinary procedures, and eligibility proceedings for members subject to statutory disqualifications. By consolidating regulatory language under the term “Exchange,” the New York Stock Exchange seeks to eliminate outdated terminology and align its rulebook with modern operational standards.

The New York Stock Exchange stated that these changes reduce regulatory complexity while maintaining a robust and transparent framework. The removal of redundant provisions and outdated references ensures that the rules remain accessible and easier to navigate for stakeholders. This is expected to decrease the frequency of future amendments, fostering long-term efficiency and adaptability within the regulatory system.

The rule changes also enhance procedural clarity for eligibility proceedings and supervisory plans, promoting consistency in their application. These updates are intended to strengthen investor protections while ensuring a fair and efficient marketplace. The New York Stock Exchange stated that the amendments support its ongoing efforts to uphold market integrity and safeguard participants’ interests.

The United States Securities and Exchange Commission has invited public comments on the proposed changes, to ensure stakeholder engagement in shaping effective regulatory practices.

(Source: <https://www.sec.gov/files/rules/sro/nyse/2024/34-101670.pdf>)

**United States Officials to Address Blockchain Innovation at North American Blockchain Summit**

The United States Commodity Futures Trading Commission announced an update on its official website regarding the speaker for the North American Blockchain Summit, scheduled to take place on 21 November 2024. The announcement states that two of the prominent figures in United States regulatory policy, Commissioner Summer K. Mersinger and Chairman Rostin Behnam of the United States Commodity Futures Trading Commission, will participate in separate fireside chats on 21 November 2024. These events will focus on topics surrounding blockchain innovation and the future of the internet, discussing the United States’ commitment to global technology policies.

Commissioner Summer K. Mersinger is scheduled to speak at the North American Blockchain Summit, a leading event dedicated to advancements in blockchain technology. Her fireside chat will take place at the George W. Bush Presidential Library in Dallas, Texas, from 10:00 a.m. to 10:30 a.m. Central Standard Time (11:00 a.m. to 11:30 a.m. Eastern Standard Time). Commissioner Mersinger is expected to discuss the evolving regulatory frameworks under the purview of the United States Commodity Futures Trading Commission and the transformative role of blockchain technologies in financial systems.

The North American Blockchain Summit is renowned for bringing together global experts, policymakers, and industry leaders to explore opportunities and address the challenges associated with blockchain technology.

On 21 November 2024, in a sepearte event, Chairman Rostin Behnam of the United States Commodity Futures Trading Commission will take the stage at Georgetown University’s Summit on the Future of the Internet in Washington, D.C. His fireside chat will be held at the McCourt School of Public Policy from 4:20 p.m. to 4:35 p.m. Eastern Time. Chairman Behnam’s discussion will address critical issues such as cybersecurity, data privacy, and fostering innovation in a rapidly evolving digital ecosystem. He will underscore the role of the United States Commodity Futures Trading Commission in creating a policy environment that supports both security and progress in the digital realm.

The Summit on the Future of the Internet brings together policymakers, academics, and industry leaders to address the challenges posed by rapid advancements in internet technologies. Chairman Behnam’s insights will contribute to ongoing discussions about the importance of regulatory collaboration in building a secure and equitable digital future.

(Source: <https://www.cftc.gov/PressRoom/Events/opaeventmersinger112124>, <https://www.cftc.gov/PressRoom/Events/opaeventbehnam112124>)

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