



## Hong Kong's SFC Launches "A-S-P-I-Re" Roadmap to Shape the Future of Virtual Assets

On 19 February 2025, Hong Kong's Securities and Futures Commission (**HK SFC**) introduced the "**A-S-P-I-Re**" **roadmap**, a virtual asset regulatory blueprint. It aims to develop clear licensing frameworks to enable compliant VASPs, OTC trading and custody services to enter the market efficiently. "A-S-P-I-Re" roadmap expands regulated VA products like token listings and derivatives, and aims to strengthen market surveillance and compliance measures by bridging traditional finance with blockchain innovation. The roadmap, named for its five pillars: Access, Safeguards, Products, Infrastructure, and Relationships, sets out 12 initiatives aiming to promote regulatory clarity, security, and sustainable growth in Hong Kong's virtual asset market. According to the HK SFC, the roadmap seeks to streamline market access, improve compliance standards, foster product innovation, modernise oversight, and strengthen industry engagement.

Under Access, new licensing frameworks will regulate virtual asset over-the-counter (OTC) trading and custodian services, allowing a broader range of participants while ensuring compliance with global standards. Safeguards will reinforce investor protection by refining custody rules, security mandates, and risk-based oversight. The Products pillar introduces plans for regulated token listings, derivatives trading, and staking services, catering primarily to institutional investors. Infrastructure upgrades will strengthen market surveillance, enhance reporting mechanisms, and improve coordination between regulators. Lastly, Relationships will focus on stakeholder engagement, investor education, and fostering trust through transparency.

The A-S-P-I-Re roadmap builds on Hong Kong's existing regulatory framework, which has been evolving since 2018 to integrate virtual assets into the traditional financial system. The HK SFC has already licensed virtual asset trading platforms (VATPs) and facilitated Asia's first virtual asset spot exchange-traded funds (**ETFs**). However, with the global VA market surpassing US\$3 trillion in 2024, challenges such as fragmented liquidity, security risks, and regulatory arbitrage require proactive measures.

The "A-S-P-I-Re" roadmap will be implemented in phases, regulatory developments are expected to be completed by the end of 2025. The HK SFC has already initiated industry engagement through the Virtual Asset Consultative Panel, which convened on 14 February 2025 to discuss policy directions with licensed VATP operators. Read more about the VACP [here](#).

HK SFC's Executive Director of Intermediaries, Dr. Eric Yip, stated: "Adhering to the core principles of investor protection, sustainable liquidity and adaptive regulation, the roadmap in itself is a calibrated response to emerging VA market challenges and thus helps future-proof our ecosystem, the roadmap is not a final destination but a living blueprint, one that invites collective efforts to advance Hong Kong's vision as a global hub where innovation thrives within guardrails."

(Source: <https://apps.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?ref-No=25PR20>, <https://www.sfc.hk/-/media/EN/files/ER/ASPIRe/ASPIRe-roadmap-for-Hong-Kongs-virtual-asset-market-Eng.pdf?rev=1ff2b9ab976f482e924b1d911c55b27a&hash=ABF3EDC5C737FE8435568222D04417EA>)

## UK FCA and PSR Assess Impact and Competition Concerns in Digital Wallet Market in United Kingdom and Published Feedback Statement

On 19 February 2025, the United Kingdom Financial Conduct Authority (**UK FCA**) and the United Kingdom Payment Systems Regulator (**UK PSR**) published a joint Feedback Statement FS25/1: *Big tech and digital wallets* assessing the impact and growth of digital wallets, in response to the United Kingdom's Competition and Markets Authority (**CMA**)'s *Invitation to Comment on its Strategic Market Status Investigations*. The response assesses competition, innovation, and regulatory concerns in the digital wallets ecosystem, particularly focusing on dominant market players such as Apple and Google, which evaluates the rapid adoption of digital wallets, the benefits to consumers, and the potential competition concerns within the sector.

The UK FCA and UK PSR conducted engagement with businesses and industry representatives to analyse the increasing use of digital wallets in the UK. According to the report, digital wallet transactions have surged from 8% of total card transactions in 2019 to 29% in 2023. The feedback gathered elaborated on several advantages of digital wallets, including: Greater convenience in transactions for consumers, Enhanced security measures reducing fraud risks and Improved financial inclusion for individuals without traditional banking access. The assessment raised concerns regarding competition within the market and the dominance of major digital wallet providers and barriers to entry for new players.

The UK FCA and UK PSR identified few areas requiring attention to enhance competition and innovation within the digital wallet ecosystem. To avoid regulatory duplication, the authorities have referred competition-related concerns to the Competition and Markets Authority (**CMA**), which is currently investigating the two largest digital wallet providers, Apple and Google, regarding their mobile payment ecosystems.

UK FCA and UK PSR have stated their commitment to collaborate with the UK Treasury as part of the review of the Payment Services and Electronic Money Regulations to ensure that regulations are future-proofed to accommodate technological advancements and continue to embrace digital innovation that benefits consumers, including ongoing efforts to enhance open banking, improve contactless payments, and promote fair competition in financial services.

The UK FCA and UK PSR have already shared their findings with the UK CMA so that competition concerns are addressed within the broader framework of UK market regulations. The Treasury's review of payment regulations will determine the next steps for refining digital wallet oversight.

The UK FCA and UK PSR without drawing specific conclusions at this stage raised the need for further investigation by elaborating on the need to assess the competitive landscape of digital wallets and the interplay between digital wallet providers and payment systems and urged the UK CMA to consider interventions that ensure open access to digital wallets on reasonable terms. UK FCA and UK PSR also referenced the European Commission's intervention on Near Field Communication (NFC) technology and suggested that similar measures should be examined in the UK context.

(Source: <https://www.fca.org.uk/news/news-stories/fca-and-psr-report-digital-wallets>, <https://www.fca.org.uk/publication/correspondence/cma-letter-2025.pdf>, <https://www.fca.org.uk/publication/feedback/fs25-1.pdf>)

## United States SEC Establishes Cyber and Emerging Technologies Unit to Strengthen Investor Protection

On 20 February 2025, the United States Securities and Exchange Commission (**US SEC**) announced the creation of the Cyber and Emerging Technologies Unit (**CETU**). This unit replaces the Crypto Assets and Cyber Unit and will focus on combatting cyber-related misconduct and protecting retail investors from fraudulent activities in the emerging technologies sector. The CETU will be led by Laura D'Allaird and will consist of approximately 30 fraud specialists and attorneys across multiple offices of the United States SEC.

The establishment of CETU aims to enhance enforcement measures in response to the increasing risks associated with cyber-related fraud, artificial intelligence (**AI**), blockchain, and digital finance. The United States SEC's CETU will leverage specialised expertise in fintech and cybersecurity to tackle securities violations in several high-risk areas. The unit's enforcement focus includes fraudulent use of emerging technologies, such as artificial intelligence (**AI**) and machine learning in securities transactions; cyber-related financial fraud, including phishing schemes, dark web activities, and social media-driven scams; hacking and insider trading, specifically related to the theft of material nonpublic information (**MNPI**); retail brokerage account takeovers, which pose risks to investors and financial platforms, fraud involving blockchain technology and crypto assets, ensuring compliance with digital asset regulations; regulated entities' compliance with cybersecurity laws, particularly in financial risk management and cyber governance; public issuer misrepresentation of cybersecurity risks, where companies fail to disclose material cyber incidents or vulnerabilities.

The United States SEC's CETU will immediately begin reviewing existing investigations and initiating new enforcement actions against cyber-related financial misconduct. The unit's framework builds on previous enforcement efforts, but with a stronger focus on emerging technologies and digital fraud detection.

Acting United States SEC Chairman Mark T. Uyeda stated: *"Under Laura's leadership, this new unit will complement the work of the Crypto Task Force led by Commissioner Hester Peirce. Importantly, the new unit will also allow the SEC to deploy enforcement resources judiciously, the unit will not only protect investors but will also facilitate capital formation and market efficiency by clearing the way for innovation to grow. It will root out those seeking to misuse innovation to harm investors and diminish confidence in new technologies."*

(Source: <https://www.sec.gov/newsroom/press-releases/2025-42>)

## Germany's BaFin Announces New Regulatory Framework for Crypto-Asset Service Providers in view of MiCAR

On 21 February 2025, Germany's Federal Financial Supervisory Authority (**BaFin**) announced new regulatory measures under the European Union's *Markets in Crypto-Assets Regulation* (**MiCAR**), which has been in force since December 2024. BaFin stated that crypto-asset service providers (**CASPs**) must submit well-prepared authorisation applications, as strict deadlines under MiCAR limit the time available for supervisory review.

MiCAR is the first harmonised European Union framework governing crypto-assets, which provides a structured approach to regulation to enhance investor protection, prevent money laundering and terrorist financing, ensure market integrity, and maintain financial stability. MiCAR establishes a clear legal structure for innovations in distributed ledger technology (**DLT**). MiCAR introduces transparency requirements for the issuance and trading of crypto-assets, mandates authorisation for CASPs, outlines supervisory requirements, and sets rules for consumer protection, market abuse prevention, and product intervention.

The announcement clarifies that BaFin now holds expanded supervisory responsibilities under MiCAR. While some regulatory aspects were previously covered under the Germany Banking Act (**Kreditwesengesetz – KWG**), MiCAR brings additional provisions and harmonised supervision across the European Union. CASPs, including crypto custodians, operators of crypto-asset trading platforms, and firms offering advisory, transfer, or portfolio management services for crypto-assets, now fall under BaFin's oversight.

Entities intending to operate as CASPs in Germany must apply for authorisation from BaFin under MiCAR. MiCAR also introduces the EU passporting mechanism, allowing authorised CASPs to provide services across all EU member states without separate approvals. In Germany, service providers seeking this option must submit a passporting notification to BaFin, which will inform relevant authorities in other EU countries.

Institutions already authorised under KWG must obtain fresh MiCAR authorisation. However, they benefit from a transitional provision enabling them to continue operations under their KWG authorisation while awaiting a decision on their MiCAR application. These institutions cannot utilise the EU passporting mechanism until their MiCAR authorisation is granted. BaFin conducted a gap analysis comparing MiCAR's requirements with the existing KWG framework, identifying compliance gaps and streamlining the authorisation process for firms transitioning to MiCAR supervision.

BaFin stated: *"The more thoroughly and professionally an application has been prepared, the greater the likelihood that BaFin will issue a positive authorisation notification."* MiCAR mandates strict deadlines for reviewing applications, limiting BaFin's ability to request additional information and avoid rejections. Applications deemed incomplete or inconsistent will be rejected if the applicant fails to meet the requirements within the specified timeframe.

MiCAR specifies documentation requirements, outlined in the Regulatory Technical Standard (**RTS**) and Implementing Technical Standard (**ITS**) under Article 62. These standards are currently under consultation. As per BaFin documentation must demonstrate a viable business model and compliance with IT security requirements. BaFin has provided information on its website under the Digital Operational Resilience Act (**DORA**) section.

MiCAR came into force in phases, with transparency, issuance, and supervision requirements applicable from 30 June 2024, while trading, CASP authorisation, market abuse prevention, and product intervention measures became effective on 30 December 2024. BaFin's latest announcement indicates that CASPs must act promptly to meet MiCAR's requirements, particularly given the limited timeframe for supervisory review and application processing.

(Source: [https://www.bafin.de/SharedDocs/Veroeffentlichungen/EN/Fachartikel/2025/fa\\_250122\\_MiCAR\\_Vereinfachungen\\_Herausforderungen\\_en.html](https://www.bafin.de/SharedDocs/Veroeffentlichungen/EN/Fachartikel/2025/fa_250122_MiCAR_Vereinfachungen_Herausforderungen_en.html))

## US SEC Extends Compliance Dates and Grants Temporary Exemption for U.S. Treasury Securities Clearing Requirements

On 25 February 2025, the United States Securities and Exchange Commission (**US SEC**) announced the extension of compliance dates and issued a temporary exemption through two documents: *"SEC Extends Compliance Dates and Provides Temporary Exemption for Rule Related to Clearing of U.S. Treasury Securities"* and *"Temporary Exemption Regarding Exchange Act Rule 17ad-22(e)(6)(i)."* The compliance deadlines for Rule 17ad-22(e)(18)(iv)(A) and (B) under the United States Securities Exchange Act have been extended to 31 December 2026 for eligible cash market transactions and 30 June 2027 for eligible repo market transactions. US SEC granted temporary exemption for Rule 17ad-22(e)(6)(i), postponing its enforcement until 30 September 2025 instead of the original deadline of 31 March 2025. Relevant Entities which need to consider this compliance requirement is listed below:

1. **Covered Clearing Agencies (CCAs):** US SEC-registered clearing agencies that provide central counterparty services for U.S. Treasury securities.
2. **Direct Participants:** Entities that are members of a CCA and directly clear and settle transactions (e.g., banks, broker-dealers).
3. **Indirect Participants:** Financial entities that rely on a direct participant to access the CCA's clearing and settlement services.
4. **Broker-Dealers (subject to Rule 15c3-3):** Brokers or dealers in securities that must comply with the US SEC's customer protection rule (as amended for U.S. Treasury securities).

The amendments to Rule 17ad-22(e)(18)(iv)(A) and (B) mandate that covered clearing agencies ensure their direct participants clear all eligible secondary market transactions. These agencies must also monitor compliance and establish procedures to address failures in submission. The temporary exemption under Rule 17ad-22(e)(6)(i) pertains to the separation of margin between proprietary positions and indirect participant transactions. While covered clearing agencies are not required to enforce margin segregation rules until the new deadline, those offering segregated margin accounts must comply as soon as they implement such models.

To comply with the extended deadlines, market participants, including broker-dealers, investment funds, and clearing firms, must align their processes with the trade submission requirements of Rule 17ad-22(e)(18)(iv) by ensuring the proper monitoring and enforcement of clearing obligations, updating operational procedures, refining risk management frameworks, and coordinating with covered clearing agencies such as the Fixed Income Clearing Corporation (**FICC**). The temporary relief regarding Rule 17ad-22(e)(6)(i) allows time for indirect market participants to finalise adjustments to their risk models, onboarding processes, and documentation before enforcement begins.

#### Compliance Timeline & Extensions as per the announcement from US SEC:

- 31 December 2026: Extended compliance deadline for the clearing mandate on cash-market U.S. Treasury transactions (Rule 17ad-22(e)(18)(iv)(A)&(B))
- 30 June 2027: Extended compliance deadline for the clearing mandate on repo transactions in U.S. Treasury securities (Rule 17ad-22(e)(18)(iv)(A)&(B))
- 30 September 2025: Temporary exemption expiration for enforcing the margin separation requirement (Rule 17ad-22(e)(6)(i)), giving CCAs an additional six months beyond the original March 31, 2025 date to fully enforce segregated margin accounts
- 31 March 2025: Compliance deadline for the broker-dealer customer protection rule amendments (Rule 15c3-3) related to U.S. Treasury securities (this date remains unchanged)

US SEC Acting Chairman Mark T. Uyeda stated, *“The U.S. Treasury market is a critical piece of the global financial system. New rules must be implemented properly, and any operational issues must be addressed. This one-year extension provides additional time to implement and validate operational changes. Direct participants will also have more time to implement important risk management changes to comply with U.S. Treasury covered clearing agency rules. The Commission stands ready to engage with market participants on issues associated with implementation.”*

(Source: <https://www.sec.gov/newsroom/press-releases/2025-43>, <https://www.sec.gov/files/rules/final/2025/34-102487.pdf>, <https://www.sec.gov/files/rules/exorders/2025/34-102486.pdf>)

## **UK FCA Confirms September 2027 Trial for £64 Million WealthTek Fraud and Money Laundering Case**

On 25 February 2025, the United Kingdom Financial Conduct Authority (**UK FCA**) announced that the criminal trial of John Dance, the former principal partner of WealthTek LLP, has been scheduled for September 2027 at Southwark Crown Court. The case concerns allegations of fraud and money laundering involving the misappropriation of £64 million in customer funds between 2014 and 2023.

The UK FCA's enforcement action follows the charges brought against John Dance in December 2024 for multiple offences linked to fraudulent financial activities at WealthTek LLP. On 24 February 2025, at a plea and trial preparation hearing at Southwark Crown Court, John Dance pleaded not guilty to three counts of fraud by abuse of position and three counts of fraud by false representation.

John Dance faces nine charges under UK fraud and financial crime legislation, including three counts of fraud by abuse of position under Sections 1 and 4 of the United Kingdom Fraud Act 2006, three counts of fraud by false representation under Sections 1 and 2 of the United Kingdom Fraud Act 2006, and three counts of converting or transferring criminal property under Section 327(1) of the United Kingdom Proceeds of Crime Act 2002. He made his initial court appearance at North Tyneside Magistrates' Court on 3 January 2025, where his conditional police bail was extended, and the matter was referred to Southwark Crown Court.

With the trial set to commence in September 2027, if convicted, he could face fines and imprisonment, with the possibility of asset confiscation under the United Kingdom Proceeds of Crime Act 2002.

(Source: <https://www.fca.org.uk/news/press-releases/court-sets-date-64-million-wealthtek-fraud-and-money-laundering-trial>)

## ASIC Releases Discussion Paper on Australia's Evolving Capital Markets: Regulatory Challenges and Investment Trends

On 26 February 2025, the Australian Securities and Investments Commission (**ASIC**) published a discussion paper titled *Australia's Evolving Capital Markets: A Discussion Paper on the Dynamics Between Public and Private Markets*. The document examines trends in Australia's capital markets, discussing the increasing shift from public to private market investments and the potential implications for investors, financial institutions, and regulatory frameworks. ASIC is seeking stakeholder feedback on whether current regulations adequately support both market structures and what reforms may be necessary to ensure market efficiency, transparency, and investor protection. ASIC has set a deadline of 28 April 2025 for responses, to gather actionable recommendations to inform future regulatory adjustments and enhance the efficiency and integrity of Australia's capital markets.

The discussion paper discusses the rapid growth of private capital markets in Australia and globally, raising concerns about valuation risks, liquidity constraints, and regulatory oversight. ASIC in the discussion paper, notes that the number of public listings in Australia has declined, raising the question whether this trend is driven by structural market changes or cyclical economic factors. ASIC acknowledges the role of superannuation funds in capital formation and their increasing influence in directing financial flows within the Australian financial market, to assess whether regulatory adjustments are needed to maintain market integrity and financial stability in both public and private investment markets.

The discussion paper explores whether additional regulatory oversight of private market investments is required, particularly in relation to risk disclosure, valuation practices, and investor protection mechanisms and considers potential market reforms that could enhance transparency, competition, and capital access for companies and investors.

ASIC has set a stakeholder feedback deadline of 28 April 2025. Following the consultation period, the Australian regulator will assess submissions and issue an update later in the year, which could inform future regulatory policy changes.

(Source: <https://asic.gov.au/about-asic/news-centre/find-a-media-release/2025-releases/25-021mr-advancing-australia-s-regulatory-roadmap-for-public-and-private-capital-markets/>, <https://asic.gov.au/regulatory-resources/find-a-document/reports/dp-australia-s-evolving-capital-markets-a-discussion-paper-on-the-dynamics-between-public-and-private-markets/>)

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