

## Hong Kong Government Enacts Stablecoins Ordinance: Launches Licensing Regime to Regulate Fiat-Referenced Issuers and Regulate Digital Asset Ecosystem

On 21 May 2025, the Government of the Hong Kong Special Administrative Region welcomed the passage of the Hong Kong *Stablecoins Bill* by the Hong Kong Legislative Council, marking the formal adoption of the *Stablecoins Ordinance*. This landmark legislative development establishes a dedicated licensing regime for fiat-referenced stablecoin (**FRS**) issuers and sets out stringent regulatory requirements to bolster Hong Kong's fast-evolving virtual asset (**VA**) ecosystem. The implementation of the Ordinance will be overseen by the Hong Kong Monetary Authority (**HKMA**), with strategic guidance from the Hong Kong Financial Services and the Treasury Bureau (**HK FSTB**).

The *Stablecoins Ordinance* introduces a risk-based, internationally aligned regulatory framework aimed at ensuring financial stability and investor confidence. Under its provisions, any person who, in the course of business, issues a fiat-referenced stablecoin in Hong Kong, or one linked to the Hong Kong dollar irrespective of issuance location, must obtain a licence from the HKMA. Licensees must demonstrate full compliance in areas including reserve asset management, segregation of client funds, redemption at par value, and the operation of robust stabilisation mechanisms. They must also meet comprehensive standards related to anti-money laundering and counter-terrorist financing, risk controls, disclosure, audit practices, and overall institutional integrity. The HKMA is expected to conduct further consultations on the technical requirements for compliance under this regime.

The Ordinance ensures that only licensed institutions are authorised to issue or offer stablecoins to retail investors in Hong Kong, thereby setting clear market entry standards. During both the six-month non-contravention period and beyond, advertising is restricted exclusively to those FRS offerings that are duly licensed. This measure aims to combat fraud and protect consumers from misleading financial promotions. The public has been advised to remain cautious and verify the legitimacy of any FRS-related advertisements or investment solicitations.

Commenting on the legislation, the Secretary for Financial Services and the Treasury, Mr. Christopher Hui, stated, *"The Ordinance adheres to the 'same activity, same risks, same regulation' principle, with a focus on a risk-based approach to promote a robust regulatory environment. This is not only in line with international regulatory requirements, but also lays a solid foundation for Hong Kong's virtual asset market, which, in turn, promotes the sustainable development of the industry, protects users' rights and interests, and strengthens Hong Kong's status as an international financial centre."*

The Chief Executive of the Hong Kong Monetary Authority, Mr. Eddie Yue, stated: *“The Ordinance has established a risk-based, pragmatic, and flexible regulatory regime. We believe that a robust and fit-for-purpose regulatory environment would provide favourable conditions to support the healthy, responsible, and sustainable development of Hong Kong’s stablecoin and the broader digital asset ecosystem.”*

The Ordinance is scheduled to come into effect within the year, providing a grace period for industry stakeholders to align their operations and licensing strategies. The transitional arrangement embedded within the regime allows for orderly compliance and continued market functioning while the licensing process is underway.

Following the rollout of the licensing frameworks for VA trading platforms and stablecoin issuers, the Hong Kong Government will soon commence public consultations on the regulation of over-the-counter VA services and digital asset custodianship. In tandem, Hong Kong Government will issue a second policy statement to further define its long-term vision for virtual assets.

(Source: <https://www.hkma.gov.hk/eng/news-and-media/press-releases/2025/05/20250521-3/>, <https://www.info.gov.hk/gia/general/202505/21/P2025052100374.htm>)

## FINMA AI Survey 2025: Half of Swiss Financial Institutions Adopt AI Amid Rising Outsourcing and Governance Risks

On 24 April 2025, the Swiss Financial Market Supervisory Authority (**FINMA**) published a [Press release](#) discussing the findings from its survey on the use of artificial intelligence (**AI**) across the Swiss financial sector. The survey, conducted between November 2024 and January 2025, involved approximately 400 regulated financial institutions, including banks, securities firms, insurers, fund managers, and financial market infrastructures. It provides a data-driven view of AI adoption, related risks, and the supervisory outlook in Switzerland.

FINMA in its report states that around 50% of surveyed institutions are currently using AI in their daily operations, with an additional 25% planning adoption within the next three years. Institutions report, on average, five applications in active use and nine under development. AI usage is notably more advanced among larger entities, while smaller institutions rely predominantly on external providers and outsourced AI solutions. Moreover, 91% of AI adopters reported using generative AI models, including chatbots such as ChatGPT, indicating a sharp rise in dependence on BigTech platforms.

### Strategic Integration and Governance Priorities

Roughly half of all institutions have integrated AI into explicit institutional strategies, highlighting the growing strategic relevance of AI in Swiss finance. Institutions largely apply existing governance structures to AI use, with focus areas spanning data protection, cybersecurity, data management, and enterprise risk management. FINMA demarcated the primary AI-related risks as:

- Data quality and explainability
- Data protection and security
- Reliance on third-party service providers, which heightens outsourcing risks.

These outsourcing concerns have already been flagged in FINMA's 2024 Risk Monitor, positioning AI-linked service dependencies as a central source of operational vulnerability.

Consistent with its 2025–2028 strategic goals, FINMA reiterates its commitment to technology-neutral supervision based on the principle of “same business, same risks, same rules.” The survey enables FINMA to enhance its risk-based oversight of AI deployments and to ensure regulatory compliance as firms scale their use of advanced technologies.

In its Guidance 08/2024, FINMA outlined supervisory expectations for AI governance and risk controls, advising that all regulated entities should consult FINMA in advance of integrating AI into critical business functions or regulatory calculations. The regulator emphasises that early dialogue is essential where AI tools intersect with core risk models, capital requirement computations, or client-facing automation.

Through this press release FINMA confirms that artificial intelligence is becoming a structural feature of the Swiss financial ecosystem, bringing with it both efficiency gains and significant supervisory challenges. FINMA's aiming to facilitate innovation while ensuring oversight, with transparency, accountability, and risk management at the core of AI implementation strategies. Institutions must align with these expectations to remain compliant in Switzerland's evolving digital finance landscape.

(Source: <https://www.finma.ch/en/news/2025/04/20250424-mm-umfrage-ki/>)

## US SEC and Ripple Labs Agree on Conditional Resolution of Longstanding Enforcement Dispute Parties Seek Indicative Ruling to Finalise Settlement over Unregistered XRP Sales

On 8 May 2025, the United States Securities and Exchange Commission (**US SEC**) filed a **Settlement Agreement** in the matter of *Securities and Exchange Commission v. Ripple Labs, Inc., Bradley Garlinghouse, and Christian A. Larsen* before the United States District Court for the Southern District of New York. The Settlement Agreement outlines the proposed terms to resolve the US SEC's civil enforcement action against the defendants, originally filed on 22 December 2020.

The *Settlement Agreement* was filed jointly by the parties, requesting the court to issue an indicative ruling as to whether it would dissolve the permanent injunction imposed on Ripple Labs, Inc. in the court's Final Judgment dated 7 August 2024. That judgment had included a civil penalty of USD 125,035,150 for violations under Section 5 of the US Securities Act of 1933 relating to institutional sales of XRP tokens. Ripple's institutional sales were found to constitute an unregistered offer and sale of investment contracts.

Under the terms of the proposed resolution, the US SEC and Ripple Labs jointly request that the court allow the escrowed penalty amount to be split i.e. USD 50 million to be paid to the Commission in satisfaction of the civil penalty, and the remaining USD 75,035,150 to be released to Ripple Labs. The settlement is contingent on an affirmative indicative ruling and a subsequent limited remand from the United States Court of Appeals for the Second Circuit.

If the court provides the indication that it would grant the requested relief, the parties have agreed to pursue a limited remand to allow the District Court to enter an order dissolving the injunction and releasing the escrowed funds. Upon such action, both the US SEC and Ripple Labs would move to dismiss their respective appeals currently pending before the Second Circuit.

Importantly, the Agreement states: "The Commission's decision to exercise its discretion and seek a resolution of this pending enforcement action rests on its judgment that such resolution will facilitate the Commission's ongoing efforts to reform and renew its regulatory approach to the crypto industry, not on any assessment of the merits of the claims alleged in the action." The US SEC has also clarified that this resolution should not be interpreted as precedent for other cases.

The sequence of filings suggests a procedural roadmap wherein judicial approval serves as a prerequisite to final settlement. The Agreement was filed on 08 May 2025, and action from the District Court on the indicative ruling is awaited. The ultimate dismissal of appeals will be contingent upon the court's acceptance of the dissolution request and its enforcement.

From a legal standpoint, the *Settlement Agreement* falls squarely within the jurisdiction of Federal Rule of Civil Procedure 62.1, which allows courts to signal willingness to modify a judgment while an appeal is pending. It reflects a strategic use of judicial procedure to conditionally resolve complex, high-profile enforcement litigation, while retaining compliance with the statutory framework of US federal securities law.

"The Commission's decision to exercise its discretion and seek a resolution of this pending enforcement action rests on its judgment that such resolution will facilitate the Commission's ongoing efforts to reform and renew its regulatory approach to the crypto industry, not on any assessment of the merits of the claims alleged in the action." — *Settlement Agreement, 08 May 2025*

The full document titled *Settlement Agreement in Securities and Exchange Commission v. Ripple Labs, Inc., et al.*, Case No. 1:20-cv-10832, is available through the docket of the US District Court for the Southern District of New York.



## Hong Kong SFC and Ontario Securities Commission Sign Landmark MoU to Boost Cross-Border Fund Supervision and Investment Management

On 13 May 2025, the Hong Kong Securities and Futures Commission (**HK SFC**) and the Ontario Securities Commission (**OSC**) of Canada entered into a Memorandum of Understanding (**MoU**) to strengthen the supervision of investment managers operating collective investment schemes across both jurisdictions. The agreement was signed on the margins of the IOSCO Annual General Meeting held in Doha, Qatar.

The MoU establishes a regulatory framework for enhanced cooperation, facilitating mutual consultation and exchange of supervisory information between the HK SFC and the Canada's OSC. In a consequential follow-up, the SFC has now formally included Ontario, Canada, in its **list of Acceptable Inspection Regimes**, thereby enabling Canada's OSC-licensed fund managers to manage HK SFC-authorised funds under Hong Kong's regulatory framework.

This bilateral arrangement further anchors the HK SFC's ongoing international strategy to promote resilient capital market linkages amid a rapidly evolving global regulatory climate. The Canada's OSC and HK SFC partnership enhances cross-border operability and provides global asset managers a reliable route for delegation and recognition, facilitating smoother market entry, compliance oversight, and investor protection standards across Asia and North America.

Ms. Julia Leung, CEO of the HK SFC, *"This MoU represents a pivotal step towards enhancing the regulatory collaboration between the HK SFC and the OSC. It also lays the foundation for asset managers in both markets to offer cross-border investment management services, in an ever challenging, complex and shifting global landscape, fostering cross-market industry collaborations and deepening market connectivity between Hong Kong and its trusted and like-minded overseas partners would ensure our capital markets remain robust and resilient."*

Echoing this sentiment, Mr Grant Vingoe, CEO of the Canada's OSC, remarked: *"The signing of this MoU between the Hong Kong SFC and the OSC marks a significant moment for both markets. Through closer collaboration, we are opening up new markets to our regulated firms, while also facilitating cross-border information sharing to protect investors. The OSC and the SFC are close allies in our work to support our firms, protect our investors, and help our capital markets grow."*

The operational impact of this MoU is directly tied to Note 5.1 of the HK SFC's Code on Unit Trusts and Mutual Funds, which mandates that either the management company or the investment delegate must be licensed or registered in Hong Kong, or based in a jurisdiction deemed to have an acceptable inspection regime. Ontario's inclusion now allows Canada's OSC-regulated managers to participate in Hong Kong-authorised fund structures, providing regulatory clarity and market access under a trusted supervisory environment.

(Source: <https://apps.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?ref-No=25PR63>)

## Hong Kong SFC and Abu Dhabi's ADGM FSRA Sign MoU to Strengthen Cross-Border Supervision of Investment Managers and Collective Investment Schemes

On 15 May 2025, the Securities and Futures Commission of Hong Kong (**HK SFC**) and the Financial Services Regulatory Authority (**FSRA**) of Abu Dhabi Global Market (**ADGM**) executed a Memorandum of Understanding (**MoU**) to formalise regulatory cooperation concerning the supervision of cross-border investment managers and collective investment scheme activity. The agreement was signed on the sidelines of the International Organization of Securities Commissions (**IOSCO**) Annual General Meeting, held in Doha, Qatar, and was attended by the HK SFC's Chief Executive Officer, Ms. Julia Leung, Executive Director of Investment Products, Ms. Christina Choi, and FSRA's Chief Executive Officer, Mr. Emmanuel Givanakis.

The MoU establishes a bilateral regulatory framework for consultation, cooperation, and information exchange in connection with the oversight of licensed entities conducting fund management, investment management, and advisory services across both jurisdictions. By promoting closer coordination and enhanced transparency between the two authorities, the arrangement aims to bolster compliance supervision and deepen connectivity between Hong Kong and Middle Eastern markets.

This MoU is part of a broader international push to establish secure and resilient financial infrastructure amid global economic shifts, with both the United Arab Emirates (**UAE**) and Hong Kong Special Administrative Region (**HKSAR**) actively positioning themselves as global financial hubs. The UAE, through ADGM, continues to leverage its strategic location bridging Europe, Africa, and Asia, while Hong Kong reinforces its role as an access point for capital flows between Asia and global markets. The HK SFC and UAE FSRA cooperation indicates a maturing inter-regional partnership to meet the regulatory demands of increasingly decentralised and cross-border financial activities.

Mr. Emmanuel Givanakis, CEO of ADGM's FSRA stated: *"This MoU marks a significant step in strengthening our regulatory cooperation with the SFC. By enhancing information exchange between both authorities, we are not only improving oversight of cross-border fund management, investment, and advisory activities, but also ensuring that both jurisdictions benefit from greater transparency and more effective regulatory practices. This partnership fosters mutual trust and strengthens the stability and integrity of our respective financial markets, promoting investor protection and reinforcing the global financial ecosystem."*

Ms. Julia Leung, CEO of the HK SFC stated: *"This MoU between the SFC and ADGM's FSRA marks an important milestone in forging closer regional market connectivity between Hong Kong and the Middle East and deepening the regulatory cooperation between the SFC and the FSRA, specifically, the agreement would facilitate cross-market industry collaborations between ADGM and Hong Kong, especially on investment delegation and fund offerings through master-feeder structure."*

The MoU also supports the HK SFC's broader international strategy to enhance overseas connectivity in line with the **ASPIRe roadmap** issued in February 2025. It will enable more seamless cross-border operational collaboration in areas including licensing, regulatory standards alignment, and fund passporting practices. As both jurisdictions serve as financial gateways for global capital, the SFC-FSRA cooperation stands to improve the regulatory experience for licensed fund managers and enhance investor protection standards.

(Source: <https://apps.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?ref-No=25PR71>)

## Hong Kong SFC Hosts High-Level Regulatory Dialogue with Lao Securities Commission and Lao Securities Exchange on Capital Market Strategy

On 20 May 2025, the Securities and Futures Commission of Hong Kong (**HK SFC**) hosted a senior-level delegation from the Lao People's Democratic Republic in Hong Kong for a comprehensive exchange on capital market development and supervisory best practices and to foster regulatory connectivity between Hong Kong and emerging Southeast Asian markets.

The Laotian delegation was led by Mrs. Phengsy Phengmuong, Secretary-General of the Lao Securities Commission Office (**LSCO**), and Mr. Siosavath Thirakul, Chief Executive Officer of the Lao Securities Exchange (**LSX**). They were received by the HK SFC's Chief Executive Officer, Ms. Julia Leung, and other senior executives.

The engagement involved detailed technical sharing sessions that elaborating the HK SFC's regulatory architecture, including its strategic priorities, market supervision practices, sustainable finance initiatives, and investor education programmes. Both parties discussed their respective market structures and future capital market strategies, seeking to build on shared experiences and insights.

The HK SFC is committed to capacity-building and regional engagement to deepen financial integration across Asia and offers Laos an opportunity to benchmark its capital market reforms and infrastructure development against international regulatory standards.

This bilateral regulatory interaction will be based on knowledge exchange and supervisory cooperation in enhancing regional financial stability and development and could potentially pave the way for future technical assistance, joint training programmes, or cross-border regulatory initiatives aimed at strengthening Southeast Asia's financial markets.

(Source: <https://apps.sfc.hk/edistributionWeb/gateway/EN/news-and-announcements/news/doc?ref-No=25PR65>)

## US SEC Charges Unicoi and Top Executives in \$100 Million Crypto Asset Fraud: Misleading Claims, Inflated Sales Figures, and Unregistered Offerings of Asset Backed Tokens

On 20 May 2025, the United States Securities and Exchange Commission (**US SEC**) filed a [Complaint No. 1:25-cv-04245](#) demanding jury trial before the U.S. District Court for the Southern District of New York against Unicoi, Inc. (formerly TransparentBusiness, Inc.) and its senior leadership. The complaint, *SEC v. Unicoi, Inc. f/k/a TransparentBusiness, Inc., et al.*, names Alexander Konanykhin (CEO and Board Chairman), Silvina Moschini (former president and current board member), Alejandro Dominguez (former Chief Investment Officer), and Richard Devlin (General Counsel) as defendants. The US SEC alleges that Unicoi and its executives engaged in a large-scale fraudulent offering that raised over \$100 million from more than 5,000 investors by marketing rights certificates falsely portrayed as asset-backed crypto instruments.

According to the US SEC's complaint, between February 2022 and May 2025 (the "Relevant Period"), Unicoi and its top executives allegedly launched an extensive, global campaign to market "Unicoi Rights Certificates," which purportedly conveyed rights to receive digital tokens, or "Unicoins," upon their future issuance. These certificates were heavily promoted as being backed by billions of dollars in real estate and equity interests in pre-IPO companies, and as being "SEC-registered" and "SEC-compliant." The US SEC alleges that these representations were false and materially misleading. In truth, Unicoi's actual assets were worth a small fraction of the advertised figures, and neither the certificates nor the underlying tokens were registered with the US SEC.

The complaint further alleges that Unicoi used deceptive advertising including placements in New York airports, on taxi cabs, and via television and social media platforms, to lure investors into purchasing what were characterised as safe, stable, and high-growth crypto investments. Throughout the Relevant Period, the US SEC claims Unicoi allegedly reported inflated sales figures, at one point falsely claiming \$3 billion in sales, when actual proceeds never exceeded \$110 million.

The US SEC has charged Unicoi and its principal executives with violations of the antifraud provisions of the United States Securities Act of 1933 and the United States Securities Exchange Act of 1934. Specifically, Unicoi and Konanykhin are accused of violating Sections 5(a), 5(c), and 17(a) of the United States Securities Act, as well as Section 10(b) and US SEC Rule 10b-5 of the Exchange Act. Konanykhin is also charged under Section 20(a) of the United States Exchange Act as a control person. Moschini and Dominguez are similarly charged with fraudulent misstatements, and Devlin is charged with violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act for negligent misrepresentations in private placement memoranda.

The US SEC seeks permanent injunctive relief, disgorgement of ill-gotten gains with prejudgment interest, civil monetary penalties, and officer-and-director bars against Konanykhin, Moschini, and Dominguez. Devlin has agreed to settle the charges without admitting or denying the allegations, consenting to a permanent injunction and the payment of a \$37,500 civil penalty.

Mark Cave, Associate Director in the US SEC's Division of Enforcement stated: *"We allege that Unicoi and its executives exploited thousands of investors with fictitious promises that its tokens, when issued, would be backed by real-world assets including an international portfolio of valuable real estate holdings, but as we allege, the real estate assets were worth a mere fraction of what the company claimed, and the majority of the company's sales of rights certificates were illusory. Unicoi's most senior executives are alleged to have perpetuated the fraud, and today's action seeks accountability for their conduct."*

The US SEC's investigation was conducted by Adam B. Gottlieb, Jason D. Schall, and Joss Berteaud, under the supervision of W. Bradley Ney and Mark Cave. Litigation is led by Russell J. Feldman and Adam B. Gottlieb, and supervised by Jack Kaufman.

(Source: <https://www.sec.gov/newsroom/press-releases/2025-75>)

## Bitcoin Breaks \$111K Barrier Amid Regulatory Shifts and Institutional Inflows

On 22 May 2025, Bitcoin surged to a new all-time high, surpassing US \$111,000, driven by a confluence of favorable regulatory developments and increased institutional investment. Major financial institutions, have begun offering Bitcoin, ETFs to clients, where investors are comfortably crossing traditional finance's approach to digital assets. With the approval of spot Bitcoin ETFs, it attracted inflows over \$4 billion entering the market in May alone.

The rally also reflects broader macroeconomic factors, such as inflation concerns and a weakening U.S. dollar, prompting investors to seek alternative stores of value. Analysts caution, however, that while the momentum is strong, potential resistance levels around \$115,000 could slow the ascent due to market makers' hedging activities.

Bitcoin's historic surge past \$111,000 is the result of the growing mainstream acceptance of cryptocurrencies. The United States Securities and Exchange Commission (**US SEC**) continues its Crypto Task Force roundtables—most recently on tokenization and DeFi—to clarify rules on issuance, custody, and trading. In parallel, Hong Kong has enacted its Stablecoins Bill, establishing a licensing regime under the Hong Kong Monetary Authority (**HKMA**) to regulate fiat-referenced stablecoins and bolster digital finance oversight. Meanwhile, the United Kingdom is advancing amendments to the Financial Services and Markets Act 2000, formally classifying cryptoassets and stablecoins as regulated investments.

Despite the positive momentum, financial analysts caution that factors such as market volatility, regulatory uncertainties, and macroeconomic conditions may influence Bitcoin's future performance. The surge highlights renewed interest and institutional investment in the digital asset, but the long-term outlook remains subject to various risks.

### **This newsletter is for information purposes only**

This newsletter and the information contained herein is not intended to be a source of advice or credit analysis with respect to the material presented, and the information and/or documents contained in this newsletter do not constitute investment advice.

Cryptocurrency markets are highly volatile and speculative in nature. The value of cryptocurrencies can fluctuate greatly within a short period of time. Investing in cryptocurrencies carries significant risks of loss. You should only invest what you are prepared to lose.

The content on this newsletter is for informational purposes only. You should not construe any such information or other material as legal, tax, investment, financial, or other advice. Nothing contained on our newsletter constitutes a solicitation, recommendation, endorsement, or offer to buy or sell any cryptocurrencies, securities, or other financial instruments.

We do not guarantee or warrant the accuracy, completeness, or usefulness of any information on this site. Any reliance you place on such information is strictly at your own risk. We disclaim all liability and responsibility arising from any reliance placed on such materials by you or any other visitor to this newsletter, or by anyone who may be informed of any of its contents.

Your use of this newsletter and your reliance on any information on the site is solely at your own risk. Under no circumstances shall we have any liability to you for any loss or damage of any kind incurred as a result of the use of the newsletter or reliance on any information provided on the newsletter. Your use of the newsletter and your reliance on any information on the site is governed by this disclaimer and our terms of use.

If you do not wish to receive this newsletter please let us know by emailing us at [unsubscribe@charltonslaw.com](mailto:unsubscribe@charltonslaw.com)

**CHARLTONS  
QUANTUM**



### **Hong Kong Office**

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

[enquiries@charltonslaw.com](mailto:enquiries@charltonslaw.com)  
[www.charltonsquantom.com](http://www.charltonsquantom.com)  
[www.charltonslaw.com](http://www.charltonslaw.com)  
Tel: + (852) 2905 7888  
Fax: + (852) 2854 9596