Charltons Quantum – Quantum Updates 52 – July 2025

[Online version](https://charltonsquantum.com/quantum-updates-52-swiss-finma-risk-diversification-liquidity-consultation/)

**Swiss FINMA Opens Consultation on Risk Diversification and Liquidity Ordinances for Banks and Securities Firms**

On 3 July 2025, the Swiss Financial Market Supervisory Authority (**FINMA**) launched consultations on two new ordinances, the [Ordinance on the Risk Diversification of Banks and Securities Firms](https://www.finma.ch/en/~/media/finma/dokumente/dokumentencenter/anhoerungen/laufende-anhoerungen/20250703-rvv-finma/20250703_rvv_finma_anhoerung_verordnung.pdf?sc_lang=en&hash=DB869753FA65AD272955DCAD1AF6CBD4) (**RDO-FINMA**) and the [Ordinance on the Liquidity of Banks and Securities Firms](https://www.finma.ch/en/~/media/finma/dokumente/dokumentencenter/anhoerungen/laufende-anhoerungen/20250703-liqv-finma/20250703_liqv_finma_anhoerung_verordnung.pdf?sc_lang=en&hash=14F6D3C2FC189D7FAA1F6422C1AF3B5A) (**LiqO-FINMA**), set to replace three existing FINMA circulars and take effect from 1 January 2027.

The consultation, which runs until 29 September 2025, aims to establish FINMA’s regulatory hierarchy obligations under Article 7(1) of the [Swiss Financial Market Supervision Act](https://www.fedlex.admin.ch/eli/cc/2008/736/en) (**FINMASA)**. The new ordinances will replace [FINMA Circulars 2019/1](https://assets.kpmg.com/content/dam/kpmgsites/ch/pdf/finma-circular-2019-1-risk-diversification-banks.pdf) (Risk Diversification), [FINMA Circular 2013/7](https://assets.kpmg.com/content/dam/kpmgsites/ch/pdf/ch-finma-circular-2013-07-en.pdf) (Intra-Group Position Limits), and [FINMA Circular 2015/2](https://assets.kpmg.com/content/dam/kpmgsites/ch/pdf/finma-circular-2015-02-en.pdf) (Liquidity Risks). FINMA stated that the content remains substantially consistent, with targeted technical updates aligned with Basel III reforms and industry feedback.

With the adoption of the two new ordinances, FINMA is executing a systematic consolidation and upgrade of existing regulatory guidance into formalised secondary legislation. The circulars being repealed are FINMA Circulars 2019/1, 2013/7, and 2015/2, which have previously governed risk diversification thresholds, intra-group exposures, and liquidity management practices for Swiss banks and securities dealers.

RDO-FINMA: Risk Diversification

The Ordinance on the Risk Diversification of Banks and Securities Firms (**RDO-FINMA**) primarily codifies existing rules but incorporates limited substantive revisions. Amendments include alignment with the final Basel III standardised approach for market risks, which came into effect globally on 1 January 2025. These changes refine the calculation of trading book exposures under the new framework. The ordinance introduces clarified provisions regarding guarantees from foreign group entities within the context of intra-group position limits.

LiqO-FINMA: Liquidity Requirements

The Ordinance on the Liquidity of Banks and Securities Firms (**LiqO-FINMA**) largely transposes the provisions of FINMA Circular 2015/2, while adding technical implementation rules that reflect ongoing amendments to the Federal Council’s LiqO ordinance. These updates are partly driven by the Swiss government’s “too big to fail” (**TBTF**) initiative and involve the supplementation of Article 7(1) of the Federal Council’s LiqO with explicit requirements for liquidity and financial planning. The new ordinance also addresses specific concerns raised by market participants during preliminary engagements.

Implementation Timeline and Regulatory Impact

Subject to the outcomes of the consultation, both RDO-FINMA and LiqO-FINMA are scheduled to come into force on 1 January 2027, synchronised with the repeal of the three aforementioned circulars. FINMA has assured stakeholders that the new ordinances will not introduce substantial new obligations, aside from technical recalibrations already anticipated by the industry. The consultation process is open to banks, securities firms, industry associations, and other affected stakeholders, who are invited to provide feedback by the 29 September 2025 deadline.

(Source: <https://www.finma.ch/en/news/2025/07/20250703-mm-anh-rvv-liq-banken/>)

**UK FCA Chief Data Officer Jessica Rusu Delivers Policy Remarks on AI Regulation and Innovation at City Week 2025**

On 1 July 2025, Jessica Rusu, Chief Data, Information and Intelligence Officer of the United Kingdom Financial Conduct Authority (**UK FCA**), delivered a speech titled “[Harnessing AI and technology to deliver the FCA’s 2025 strategic priorities](https://www.fca.org.uk/news/speeches/harnessing-ai-and-technology)” at the AI and Digital Innovation Summit during City Week 2025. The speech outlined the UK FCA’s commitment to fostering AI innovation in financial services, emphasizing a pro-growth, proportionate regulatory environment to support technological advancement while ensuring consumer protection and market integrity.

The speech addressed the transformative potential of AI in financial services, focusing on regulatory tools like the Supercharged Sandbox and AI Live Testing to support firms. Rusu emphasized existing frameworks, such as the Senior Managers Regime and Consumer Duty, as sufficient for AI oversight, avoiding the need for new regulations. The remarks targeted financial services firms, fintechs, and innovators, with calls for collaboration through the UK FCA’s AI Lab and upcoming testing initiatives. The speech also signaled forthcoming guidance on fintech scale-up support and synthetic data use.

Rusu discussed that innovation is embedded in the [UK FCA’s 2025–30 Strategy](https://www.fca.org.uk/about/how-we-work), supporting four pillars: attracting new customers, combating financial crime, enhancing regulatory efficiency, and driving economic growth. She noted the UK’s global leadership in financial services, including commercial insurance and fintech, and cited Nvidia CEO Jensen Huang’s description of the UK as a “Goldilocks” zone for AI due to its research, capital, and talent.

Supercharged Sandbox and AI Live Testing

The UK FCA is advancing its regulatory innovation through the Supercharged Sandbox, set to begin testing in October 2025 in collaboration with Nvidia. This initiative offers enhanced computing capabilities, data sets, and tools for firms experimenting with AI, focusing on use cases like financial inclusion, wellbeing, and fraud prevention. Applications are open until 11 August 2025.

AI Live Testing, launching applications in July 2025, complements the Sandbox by supporting firms with proof-of-concept models seeking regulatory comfort for market deployment. Rusu highlighted strong industry support, with 70 responses to the UK FCA’s consultation paper, reflecting enthusiasm for collaboration, transparency, and access to synthetic data and shared tools.

AI Lab and Industry Engagement

Launched in October 2024, the UK FCA’s [AI Lab](https://www.fca.org.uk/firms/innovation/ai-lab) fosters responsible AI adoption through components like the AI Sprint, Input Zone, and Spotlight, which facilitate stakeholder input and showcase real-world applications. The Lab aims to build confidence in AI investments that drive growth and positive consumer outcomes. Rusu also referenced the upcoming second report from the UK FCA’s synthetic data expert group, offering industry-led insights.

Regulatory Approach: No New Rules Needed

Rusu addressed concerns about regulatory uncertainty, stating that existing UK FCA frameworks, including the Senior Managers Regime and Consumer Duty, provide adequate oversight for AI in financial services. This approach, she argued, maintains regulatory agility amid rapid technological change, giving the UK a competitive edge.

Rusu cautioned that while AI offers opportunities, it also risks abuse. She urged firms to consult the UK FCA if concerned about their AI development, emphasizing the regulator’s history of supporting innovation.

UK FCA’s Internal AI Adoption

The UK FCA is leveraging AI internally to enhance efficiency, using large language models for text analysis in authorizations and supervision, and predictive AI in its supervision hub. AI voice bots now guide consumers to agencies like the Financial Ombudsman Service (**FOS**) and Financial Services Compensation Scheme (**FSCS**).

The UK FCA expects to announce further support for fintech scale-ups later in 2025. The synthetic data expert group’s second report will provide guidance on navigating synthetic data use. AI Live Testing applications open in July 2025, with collaboration starting in September 2025.

(Source: <https://www.fca.org.uk/news/speeches/harnessing-ai-and-technology>)

**Singapore MAS Imposes S$960,000 in Composition Penalties on Five Payment Institutions for AML/CFT Breaches in Q2 2025**

On 1 July 2025, the Monetary Authority of Singapore (**MAS**) released its quarterly update on regulatory and enforcement actions. MAS imposed composition penalties totalling S$960,000 on five regulated entities i.e. Remsea Pte Ltd, Arcade Plaza Traders Pte Ltd, J-Dee Remittance Services Pte Ltd, Mobile Community Tech Pte Ltd, and OxPay SG Pte Ltd, for violations of Singapore’s AML/CFT requirements applicable to Major Payment Institutions under the Singapore’s [Payment Services Act 2019](https://sso.agc.gov.sg/act/psa2019)and relevant AML notices.

MAS has the authority to take a range of enforcement actions in response to regulatory breaches, including reprimands, civil penalties, composition payments, prohibition orders, and, where warranted, referrals for criminal prosecution. In line with its statutory mandate, MAS assesses each enforcement case with reference to the severity of the breach, potential systemic impact, and deterrent effect required to prevent recurrence.

The five penalised firms were found to have breached requirements relating to anti-money laundering controls and obligations to counter the financing of terrorism (**CFT**). While the specific details of each firm’s misconduct were not publicly disclosed.

Entities seeking detailed insights into MAS enforcement actions may visit the Enforcement Actions page on the official MAS website.

(Source: <https://www.mas.gov.sg/regulation/enforcement/enforcement-actions>)

**US CFTC Issues Comprehensive FAQ Guidance on Futures Commission Merchant Registration and Compliance Obligations**

On 30 June 2025, the United States Commodity Futures Trading Commission (**US CFTC**) released a set of [Frequently Asked Questions](https://www.cftc.gov/media/12426/FCM_FAQs063025/download) (**FAQs**) clarifying the registration requirements and ongoing compliance obligations applicable to Futures Commission Merchants (**FCMs**). Issued by the US CFTC’s Market Participants Division, the guidance addresses increased interest in FCM registration, particularly among entities seeking to enter the derivatives market by acquiring existing FCMs, and outlines foundational responsibilities under the Commodity Exchange Act and relevant US CFTC regulations.

The FAQs provide authoritative clarity on the procedural and operational requirements for FCM registration and ongoing regulatory compliance under the United States [Commodity Exchange Act](https://www.govinfo.gov/content/pkg/COMPS-10309/pdf/COMPS-10309.pdf) and associated US CFTC regulations ([17 CFR Chapter I](https://www.ecfr.gov/current/title-17/chapter-I)). The guidance applies to entities intending to register as FCMs or acquire existing FCMs and covers key areas such as recordkeeping, financial reporting, capital adequacy, AML/CFT obligations, and customer protection. The document also details National Futures Association (**NFA**) coordination requirements and delineates responsibilities of associated persons, compliance officers, and FCM governing bodies. This staff-issued FAQ is not binding but reflects the CFTC’s current supervisory expectations and statutory interpretation.

1. Activities Requiring FCM Registration

Entities that solicit or accept orders to buy or sell futures, options on futures, retail forex, or swaps, and receive customer funds or assets for these trades, must register with the US CFTC as FCMs. FCMs must also become NFA members, subject to [NFA rules](https://www.nfa.futures.org/rulebooksql/rules.aspx).

2. Registration Process

Prospective FCMs must submit US [CFTC Form 7-R](https://www.federalregister.gov/documents/2019/03/11/2019-04297/revised-registration-form-7-r) to the NFA, disclosing entity information and non-natural person principals. Natural person principals and associated persons must file Form 8-R and fingerprint cards. NFA assesses statutory disqualifications under Sections 8a(2) and 8a(3) of the United States [Commodity Exchange Act](https://www.govinfo.gov/content/pkg/COMPS-10309/pdf/COMPS-10309.pdf), supported by FBI background checks.

3. Proficiency Requirements

Associated persons must pass the National Commodity Futures Examination (Series 3), and if engaging in swaps activity, meet the Swaps Proficiency Requirements per [NFA Rule 401](https://www.nfa.futures.org/rulebooksql/rules.aspx?RuleID=RULE%20401&Section=8) and [NFA Bylaw 301(l)](https://www.nfa.futures.org/rulebooksql/rules.aspx?Section=9&RuleID=9075).

4. Recordkeeping Obligations

FCMs must retain transaction records, communications, original source documents, and daily financial ledgers. Records must be accessible for inspection by the US CFTC and US Department of Justice. [NFA Rule 2-10](https://www.nfa.futures.org/rulebooksql/rules.aspx?Section=4&RuleID=RULE%202-10) also requires a US-based supervisory office or one in an approved foreign jurisdiction.

5. Compliance Procedures

Applicants must implement written policies covering AML, business continuity, cybersecurity, supervision, and ethics. A designated Chief Compliance Officer (**CCO**), qualified and free of disqualification, is mandatory under [17 CFR §3.3](https://www.ecfr.gov/current/title-17/chapter-I/part-3/subpart-A/section-3.3).

6. Capital Requirements

FCMs must maintain minimum adjusted net capital as the highest of: $1 million; 8% of aggregate risk margin; US SEC-imposed capital (if dual-registered); or $20 million (for retail forex or swap dealer activity). Firms using internal risk models must meet a $100 million net capital threshold.

7. Financial Reporting

FCMs must file [CFTC Form 1-FR-FCM](https://www.cftc.gov/sites/default/files/IndustryOversight/Intermediaries/1fr-fcminstructions.pdf) (or US SEC FOCUS Report if dual-registered), submit daily segregation reports, and provide annual audited financials certified by an executive.

8. Risk Management Program

Registered FCMs must maintain written risk policies, a designated risk management unit, and quarterly risk exposure reports. Programs must account for market, credit, liquidity, operational, and segregation risks.

9. Responsibilities of Governing Body

The FCM’s board or managing body must approve risk programs, set the firm’s residual interest amount, and authorise major withdrawals. Officials may face liability for statutory breaches or criminal violations.

10. Duties of Chief Compliance Officer

The CCO must implement compliance programs, resolve conflicts, remediate violations, and submit an annual report under oath detailing policies, assessments, and staffing.

11. Responsibilities of Governing Body

Under the US [Bank Secrecy Act](https://www.fincen.gov/resources/statutes-and-regulations/bank-secrecy-act) and [31 CFR Chapter X](https://www.ecfr.gov/current/title-31/subtitle-B/chapter-X), FCMs must establish written AML programs approved by senior management, conduct customer due diligence, and file Suspicious Activity Reports with FinCEN.

12. Customer Protections in Bankruptcy

[US Bankruptcy Code](https://www.govinfo.gov/content/pkg/USCODE-2011-title11/html/USCODE-2011-title11.htm) and [CFTC Part 190 Regulations](https://www.law.cornell.edu/cfr/text/17/part-190) safeguard customer funds by requiring segregation, providing priority claims, and defining “customer property.” There is no SIPC-style insurance coverage.

For further information, see the full document at: [https://www.cftc.gov](https://www.cftc.gov/) and NFA’s dedicated FCM registration portal at: [https://www.nfa.futures.org](https://www.nfa.futures.org/).

(Source: <https://www.cftc.gov/PressRoom/PressReleases/9091-25>)

**US CFTC Issues No-Action Letter for MIAX Futures on Derivatives Trading of Wheat Options**

On 25 June 2025, the United States Commodity Futures Trading Commission (**US CFTC**) issued a [No-Action Letter](https://www.cftc.gov/csl/25-17/download) (CFTC No-Action Letter No. 25-17) in relation to MIAX Futures Exchange, LLC’s temporary trading of Minneapolis Hard Red Spring Wheat (**HRSW**) options on futures exclusively through block trades, administered by the Division of Market Oversight.

The No-Action Letter addresses MIAX Futures’ request to facilitate trading of HRSW options after the unavailability of an electronic trading system, following the migration of HRSW futures to MIAX’s Onyx platform on 29 June 2025. It provides temporary relief from certain Designated Contract Market (**DCM**) requirements under the United States Commodity Exchange Act, allowing market participants, including non-Eligible Contract Participants (**non-ECPs**), to trade out of or offset open positions in the September and December 2025 expirations. The relief is conditional, time-limited, and aims to ensure market continuity without compromising regulatory oversight.

MIAX Futures submitted the request on 23 June 2025, and the US CFTC issued the letter on 25 June 2025, with the relief effective from 29 June 2025 to 29 August 2025. The letter was open for public comment from 23 June to 25 June 2025.

The US CFTC has stated it will not recommend enforcement action against MIAX Futures for implementing the Temporary HRSW Options Block Trading Protocol, which permits block trades without a centralized market, lowers the block trade threshold from 15 contracts to one contract, and allows non-ECPs to participate, provided the following conditions are met: the relief applies only to HRSW options in the September and December 2025 expirations; MIAX Futures must promptly file and post rule amendments on its website; the amendments must be identified as temporary and tied to the no-action relief; MIAX Futures must respond to US CFTC requests for additional information; and MIAX Futures must provide advance notice of plans to enable electronic trading of HRSW options on Onyx. The letter specifies that MIAX Futures will monitor trading to prevent manipulation and price distortions, with its Market Regulation Department reviewing block trade prices for fairness using comparable trade data, settlement prices, and a proprietary options pricing application.

(Source: <https://www.cftc.gov/PressRoom/PressReleases/9090-25>)

**Hong Kong HKMA and HK SFC Publish Joint Consultation Conclusions on Annual Update to Financial Services Providers List under the OTC Derivatives Regulatory Regime**

On 26 June 2025, the Hong Kong Monetary Authority (**HKMA**) and the Hong Kong Securities and Futures Commission (**HK SFC**) jointly issued the *“*[Consultation Conclusions on the Annual Update to the Financial Services Providers List under the OTC Derivatives Regulatory Regime](https://www.hkma.gov.hk/media/eng/doc/key-information/press-release/2025/20250626e3a1.pdf).*”*The updated list of Financial Services Providers (**FSP List**) will be implemented from 1 January 2026.

The finalised annual revisions to the Hong Kong Financial Services Providers List under the city’s over-the-counter (**OTC**) derivatives regulatory regime, is an important component of the statutory clearing framework under the Hong Kong [Securities and Futures Ordinance](https://www.elegislation.gov.hk/hk/cap571)**(**Cap. 571**)** and is used to designate entities with roles in the global derivatives market. The revised FSP List will be gazetted during the fourth quarter of 2025 and will come into force on 1 January 2026.

The Hong Kong Financial Services Providers List identifies entities that are subject to enhanced clearing obligations under the OTC derivatives regulatory framework. To be included in the FSP List, an entity must satisfy both of the following criteria:

1. It must belong to a group of companies that appears on either:
2. The list of global systemically important banks (**G-SIBs**) published by the Financial Stability Board, or
3. The list of major dealer groups that made formal undertakings to the OTC Derivatives Supervisors Group to collaborate with central counterparties (**CCPs**), infrastructure providers, and global regulators to enhance the global derivatives market structure.
4. It must be a clearing member of a major central counterparty (**CCP**) offering interest rate swap clearing services in at least one of the following jurisdictions: the United States, the European Union, Japan, or Hong Kong.

The FSP List supports the enforcement of mandatory clearing requirements under Part VIA of the Hong Kong Securities and Futures Ordinance and its accompanying rules, including the Hong Kong [Securities and Futures (OTC Derivative Transactions – Clearing and Record Keeping Obligations and Designation of Central Counterparties) Rules](https://www.elegislation.gov.hk/hk/cap571AN).

The conclusions were issued following the April 2025 release of the *Hong Kong*[Joint Consultation Paper on the Annual Update to the Financial Services Providers List under the OTC Derivatives Regulatory Regime](https://www.hkma.gov.hk/media/eng/doc/key-information/press-release/2025/20250417e3a1.pdf). Feedback from market participants generally supported the proposed updates, and no material objections were raised. The HKMA and HK SFC have therefore confirmed their intention to implement the revisions without further changes.

(Source: <https://www.hkma.gov.hk/eng/news-and-media/press-releases/2025/06/20250626-3/>)

**US SEC Reviews NYSE Arca Proposal to List Grayscale Crypto ETF: Amendment Filed to Enable Spot Market Exposure via Digital Large Cap Fund**

On 27 June 2025, the United States Securities and Exchange Commission (**US SEC**) issued [Release No. 34-103345](https://www.sec.gov/files/rules/sro/nysearca/2025/34-103345.pdf) (File No. SR-NYSEARCA-2024-87), inviting public comment on Amendment No. 1 to NYSE Arca’s proposed rule change to list and trade shares of the Grayscale Digital Large Cap Fund LLC, a diversified crypto trust tracking the CoinDesk 5 Index. The revised proposal seeks approval under the Exchange’s existing Rule 8.500-E.

The revised filing withdraws NYSE Arca’s prior effort to introduce a new listing category for digital asset-based investment interests (Rule 8.800-E) and instead integrates the proposal within established Trust Unit rules under Rule 8.500-E. The amendment aims to transform the Grayscale Digital Large Cap Fund (**GDLC**), currently quoted on OTCQX, into a publicly listed spot crypto ETF, allowing in-kind creation and redemption mechanisms. The US SEC continues its evaluation under Section 6(b)(5) and Section 19(b)(2)(B) of the United States [Securities Exchange Act of 1934](https://www.govinfo.gov/content/pkg/COMPS-1885/pdf/COMPS-1885.pdf), focusing on anti-fraud mechanisms, investor protection, and whether the underlying market structure satisfies the US SEC’s long-standing concerns around surveillance and market manipulation.

The amendment defines “Trust Units” under NYSE Arca Rule 8.500-E(b)(2) as “securities issued by a trust, limited liability company, or other similar entity” holding investments in futures, options, swaps, commodities, or securities, with the proposed amendment clarifying that commodity pool status applies only “if applicable*.*” This broadens issuer flexibility, potentially increasing ETP offerings. The “Index Price” is defined as “the U.S. dollar value of each Fund Component derived from the Digital Asset Trading Platforms…calculated at 4:00 p.m. New York time*,*” designed to mitigate fraud through volume-weighted, real-time adjustments.

The US SEC’s focus on the CD5’s pricing methodology is to eliminate manipulation risks in less-regulated digital asset markets. The requirement for 85% Approved Components aligns with prior approvals for Bitcoin ETFs, where CME futures provided a regulated reference market. The absence of similar futures for all Fund Components complicates approval, as the US SEC seeks assurance that non-ISG platforms do not undermine pricing integrity. The proposed surveillance, leveraging FINRA and ISG, aims to address this, but public comments will likely shape whether these measures suffice under Section 6(b)(5).

Timeline

On 15 October 2024, NYSE Arca filed the initial proposal to adopt new Rule 8.800-E and list GDLC shares.

On 4 November 2024, proposal was published in the Federal Register (89 FR 87681).

On 17 December 2024, US SEC extended review period under Section 19(b)(2).

On 31 January 2025, US SEC instituted Proceedings under Section 19(b)(2)(B) to determine approval/disapproval.

On 29 April 2025, US SEC gave further extension for decision deadline to 2 July 2025.

On 26 June 2025, NYSE Arca filed Amendment No. 1, replacing the original rule proposal entirely.

On 27 June 2025, US SEC published the amended proposal for public comment.

ETF Structure and Digital Asset Exposure

The Grayscale Digital Large Cap Fund, a Cayman Islands limited liability company formed on 25 January 2018, operates as a passive investment vehicle managed by Grayscale Investments Sponsors, LLC, a subsidiary of Digital Currency Group, Inc. The Fund’s assets consist of digital assets comprising the CD5, including Bitcoin and other major cryptocurrencies, with weightings generally mirroring the index unless adjusted by the manager under rules-based circumstances. The Fund’s shares, expected to trade under the ticker “GDLC,” are registered under Section 12(g) of the United States [Securities Exchange Act of 1934](https://www.govinfo.gov/content/pkg/COMPS-1885/pdf/COMPS-1885.pdf) and have been quoted on OTCQX since 14 October 2019. The Fund is not registered under the United States Investment Company Act of 1940, relying on exemptions for commodity pools or similar entities.

The net asset value (**NAV**) is calculated daily at 4:00 p.m. New York time, using Index Prices from the CD5, adjusted for expenses like the Manager’s Fee (currently 2.5% annually, to be lowered upon ETP listing) and Additional Fund Expenses. Creation and redemption of shares occur via “Baskets” through Authorized Participants, facilitated by Liquidity Providers transferring digital assets or cash. Coinbase Custody Trust Company, LLC serves as custodian, with BNY Mellon Asset Servicing as administrator and transfer agent, and Foreside Fund Services, LLC as marketing agent. The Fund does not engage in active management or derivatives, and it prospectively abandons Forked Assets acquired through blockchain forks.

The Grayscale Digital Large Cap Fund LLC, formed in the Cayman Islands and managed by Grayscale Investments, seeks to track the CoinDesk 5 Index (**CD5**), which represents ~86% of the total market cap (excluding stablecoins) as of March 2025. The Fund’s assets are limited to the following spot cryptoassets (approximate weights as of filing date):

* Bitcoin (BTC) – 80.20%
* Ether (ETH) – 11.39%
* XRP – 4.82%
* Solana (SOL) – 2.78%
* Cardano (ADA) – 0.81%

The fund will not use derivatives, staking, leverage, or lending. Coinbase Custody Trust Company acts as the custodian with BNY Mellon as transfer agent. Index pricing is based on a volume-weighted composite from a basket of global trading platforms, including both US and non-US licensed venues.

Interested parties may submit comments on the proposed rule change, as modified by Amendment No. 1, until 21 days after publication in the Federal Register, expected by mid-July 2025. Submissions should reference File No. SR-NYSEARCA-2024-87 and can be made electronically via the [US SEC’s comment form](https://www.sec.gov/rules/sro.shtml)or by email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov), with the file number in the subject line. Paper comments should be sent in triplicate to the Secretary, Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549-1090. All comments will be posted on the [US SEC’s website](https://www.sec.gov/rules/sro.shtml) and available for public viewing at the US SEC’s Public Reference Room.

(Source: <https://www.sec.gov/files/rules/sro/nysearca/2025/34-103345.pdf>)

**FATF Publishes Blacklist of High-Risk Jurisdictions Requiring Enhanced Due Diligence as of 13 June 2025**

On 13 June 2025, the Financial Action Task Force (**FATF**) released its latest update on High-Risk Jurisdictions subject to a Call for Action, commonly referred to as the [FATF “blacklist.”](https://www.fatf-gafi.org/en/countries/black-and-grey-lists.html)This designation identifies countries with serious and ongoing strategic deficiencies in their regimes to counter money laundering, terrorist financing, and the financing of weapons of mass destruction proliferation.

The FATF continues to call upon all its members and urges all jurisdictions globally to apply enhanced due diligence**(EDD)**to financial transactions involving these countries. In the most severe cases, jurisdictions are advised to impose counter-measures to safeguard the integrity of the international financial system. These may include increased reporting requirements, limitations on business relationships, or other restrictive measures as deemed appropriate.

As of 13 June 2025, the following jurisdictions remain on the blacklist:

* **Democratic People’s Republic of Korea (North Korea)**
* **Iran**
* **Myanmar**

According to FATF, each of these countries has demonstrated prolonged non-compliance with FATF standards and poses a continued risk to the global financial system. Jurisdictions and financial institutions are advised to monitor the FATF website and national regulatory guidance to ensure full compliance with applicable obligations stemming from these listings.

(Source: <https://www.fatf-gafi.org/en/countries/black-and-grey-lists.html>)

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