



US SEC Approves In-Kind Creations and Redemptions for Crypto ETPs, Expanding Operational Flexibility for Digital Asset Markets

On 29 July 2025, the United States Securities and Exchange Commission (**US SEC**) published in Release No. 2025-101, titled "**SEC Permits In-Kind Creations and Redemptions for Crypto ETPs**," the orders enable Bitcoin and Ether ETPs to adopt in-kind mechanisms for share creation and redemption. This shift from the US SEC's previous framework, which restricted spot Bitcoin and Ether ETPs to cash-only transactions. The change brings crypto ETPs into alignment with the operational norms of other commodity-based ETPs under US SEC oversight. This is a broader policy orientation toward regulatory parity and functional consistency across asset classes, where the in-kind model, already standard for many commodity ETPs, can now be applied to crypto products.

US SEC Chairman Paul S. Atkins stated: *"It's a new day at the SEC, and a key priority of my chairmanship is developing a fit-for-purpose regulatory framework for crypto asset markets. I am pleased the Commission approved these orders permitting in-kind creations and redemptions for a host of crypto asset ETPs. Investors will benefit from these approvals, as they will make these products less costly and more efficient."*

Commissioner Atkins added *"a rational regulatory framework for crypto, leading to a deeper and more dynamic market, which will benefit all American investors."*

Jamie Selway, Director of the US SEC's Division of Trading and Markets, added, "The Commission's decision today is an important development for the growing marketplace for crypto-based ETPs. In-kind creation and redemption provide flexibility and cost savings to ETP issuers, authorized participants, and investors, resulting in a more efficient market."

Alongside the core approval, the US SEC also voted in favour of several complementary orders that reinforce a merit-neutral approach to crypto financial instruments. These include:

- Approval of exchange applications to list and trade an ETP that holds both spot Bitcoin and spot Ether;
- Authorisation of listed options on certain spot Bitcoin ETPs;
- Approval of Flexible Exchange (**FLEX**) options on shares of selected BTC-based ETPs;

- Expansion of position limits for listed options on BTC ETPs, allowing up to 250,000 contracts under generic limit standards.

Additionally, the US SEC issued two scheduling orders requesting public comments regarding the Division of Trading and Markets' delegated authority approvals for exchange proposals to list and trade two large-cap crypto-based ETPs.

The orders take immediate effect following the 29 July 2025 vote. Their adoption is intended to lower costs, improve operational efficiency, and provide broader transactional flexibility for market participants interacting with crypto ETPs.

(Source: <https://www.sec.gov/newsroom/press-releases/2025-101-sec-permits-kind-creations-redemptions-crypto-etps>)

US SEC Evaluates Nasdaq's Proposal to Enable Ethereum Staking for iShares Ethereum Trust: Key Insights

On 29 July 2025, the US Securities and Exchange Commission (**SEC**) published a notice titled **Release No. 34-103561; File No. SR-NASDAQ-2025-053** announcing a proposed rule change by The Nasdaq Stock Market LLC to amend the iShares Ethereum Trust. Filed under Section 19(b)(1) of the US Securities Exchange Act of 1934 and Rule 19b-4, the proposal aims to allow the Trust, sponsored by iShares Delaware Trust Sponsor LLC (a subsidiary of BlackRock, Inc.), to stake its etherium holdings. The Trust's ether is custodied by Coinbase Custody Trust Company, LLC, with Coinbase, Inc. as the prime execution agent and The Bank of New York Mellon as the cash custodian and administrator. The US SEC's notice invites public comments to evaluate the proposal's compliance with regulatory standards, highlighting its cautious approach to cryptocurrency-based investment vehicles.

The proposed rule change seeks to amend Amendment No. 2 of the iShares Ethereum Trust's listing approval, originally filed on 23 May 2024. The amendment removes the restriction that "Neither the Trust, nor the Sponsor, nor the Ether Custodian, nor any other person associated with the Trust will, directly or indirectly, engage in action where any portion of the Trust's ETH becomes subject to the Ethereum proof-of-stake validation or is used to earn additional ETH or generate income or other earnings." Instead, it authorises the Sponsor to stake the Trust's ether to "preserve the assets of the Trust by contributing to the security of the network and to capture economic value for the Trust's shareholders." The Sponsor will stake only the Trust's ether, avoiding pooling with other entities, and will not advertise staking services, promise specific returns, or bear risks like slashing or forks. Staking is contingent on legal or US government guidance on federal income tax treatment, as referenced in the Division of Corporation Finance's "Statement on Certain Protocol Staking Activities" (May 2025). The proposal also updates the "Description of the Trust" section to reflect these changes. The Exchange argues that staking "would benefit investors and help the Trust to better track the returns associated with holding ether," enhancing efficiency in creation and redemption processes.

The US SEC's notice, issued on 29 July 2025, initiates a 45-day review period from the date of publication in the Federal Register, extendable to 90 days if the US SEC deems it necessary or Nasdaq consents. Within this period, the US SEC will approve, disapprove, or institute proceedings to determine whether to disapprove the proposal. The Trust's listing was initially approved on 23 May 2024, as documented in Securities Exchange Act Release No. 102224 (89 FR 16997, 30 May 2024). The proposed amendment, filed on 29 July 2025, aims to align the Trust's performance with Ethereum's proof-of-stake mechanism, allowing investors to benefit from block rewards while contributing to network security. The US SEC's review ensures compliance with investor protection and market integrity standards. *From a legal perspective, the proposal's alignment with Section 6(b)(5) of the US Securities Exchange Act, which promotes just and equitable trade principles and investor protection, is under evaluation.*

The iShares Ethereum Trust was approved for listing on 23 May 2024, with a restriction prohibiting staking (Amendment No. 2). On 29 July 2025, Nasdaq filed to amend this restriction to permit staking, citing benefits to investors and network security. The US SEC issued the notice on 29 July 2025 to announce this proposal, solicit public comments, and initiate a review to ensure compliance with the US Securities Exchange Act. The notice facilitates transparency and stakeholder input, with comments due 21 days after Federal Register publication, referencing file number SR-NASDAQ-2025-053.

US SEC's scrutiny will focus on legal, regulatory, and tax risks, particularly pending tax guidance. The proposal shows Nasdaq's effort to integrate cryptocurrency mechanisms into regulated markets without imposing competitive burdens, as stated: "The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act." Stakeholders can submit comments via the US SEC's website, ensuring robust regulatory engagement.

(Source: <https://www.sec.gov/files/rules/sro/nasdaq/2025/34-103561.pdf>)

US SEC Extends Review Period for Grayscale Litecoin Trust Listing on NYSE Arca: Key Details and Implications

On 29 July 2025, the US Securities and Exchange Commission (**SEC**) issued a notice titled **Release No. 34-103574; File No. SR-NYSEARCA-2025-05** extending the review period for a proposed rule change by NYSE Arca, Inc. to list and trade shares of the Grayscale Litecoin Trust (**LTC**) under NYSE Arca Rule 8.201-E (Commodity-Based Trust Shares).

The US SEC has extended the review period for a proposed rule change by NYSE Arca, Inc. to list and trade shares of the Grayscale Litecoin Trust (**LTC**), as detailed in Release No. 34-103574; File No. SR-NYSEARCA-2025-05 dated 29 July 2025. The proposal, initially filed on 24 January 2025, seeks to enable trading of the Grayscale Litecoin Trust under NYSE Arca Rule 8.201-E, which governs Commodity-Based Trust Shares. An amendment to the original filing was submitted on 3 February 2025, replacing the initial proposal in its entirety, and was published for public comment in the Federal Register on 12 February 2025.

The Grayscale Litecoin Trust aims to provide investors with exposure to Litecoin, a prominent cryptocurrency, through shares traded on NYSE Arca. The proposed rule change is subject to the US Securities Exchange Act of 1934, specifically Section 19(b)(1) and Rule 19b-4, which require the US SEC to evaluate whether the proposal aligns with investor protection and market integrity standards. The US SEC's notice highlights that the proposal was amended to address initial concerns, with Amendment No. 1 superseding the original filing. The public comment period, facilitated through the US SEC's website, reflects the agency's commitment to transparency and stakeholder input. The decision to extend the review period indicates the complexity of assessing cryptocurrency trusts, given their volatility and regulatory challenges.

The timeline for the US SEC's decision began with the proposal's publication on 12 February 2025. On 11 March 2025, the US SEC extended the initial review period, designating 13 May 2025 as the deadline to approve, disapprove, or initiate proceedings. On 13 May 2025, proceedings were initiated under Section 19(b)(2)(B) of the US Securities Exchange Act to further evaluate the proposal. The US SEC is required to issue a final decision within 180 days from 12 February 2025, setting a deadline of 11 August 2025. However, citing the need for additional time to consider the proposal's implications, the US SEC has extended this period by 60 days to 10 October 2025. This extension aims to ensure a thorough assessment of the Grayscale Litecoin Trust's compliance with regulatory standards and its potential impact on investors and markets. *From a legal perspective, this extension is authorised under Section 19(b)(2) of the US Securities Exchange Act, allowing the US SEC to balance expediency with rigorous scrutiny.*

The implications of this decision are significant for investors and the crypto currency industry. Approval of the Grayscale Litecoin Trust could enhance mainstream adoption of Litecoin by providing a regulated investment vehicle, potentially attracting institutional investors. However, disapproval or prolonged scrutiny may signal ongoing regulatory caution regarding cryptocurrency products. The US SEC's careful approach reflects its mandate to protect investors while navigating the evolving landscape of digital assets. Stakeholders can access comments on the proposal at the US SEC's dedicated webpage, ensuring continued public engagement.

(Source: <https://www.sec.gov/files/rules/sro/nysearca/2025/34-103574.pdf>)

Singapore Launches Criminal Investigation into Tokenize Xchange Operator AmazingTech Pte Ltd After MAS Licence Rejection

On 1 August 2025, the Monetary Authority of Singapore (**MAS**) and Republic of Singapore's Commercial Affairs Department (**CAD**) announced an ongoing criminal investigation into AmazingTech Pte Ltd (**ATPL**), the operator of the cryptocurrency platform Tokenize Xchange, and its related companies. The investigation follows a referral by the MAS after the regulator rejected ATPL's application for a Major Payment Institution licence under the **SG Payment Services Act 2019** and identified potential misconduct, including possible fraudulent trading.

The official statement alleges that ATPL had been operating Tokenize Xchange under a temporary exemption from licensing under the SG PS Act, pending MAS' assessment of its licence application. Such exemptions applied to entities whose activities came under MAS oversight when the PS Act took effect. However, ATPL's exemption expired on 4 July 2025 following MAS' rejection of its licence application. In accordance with the regulatory framework, ATPL was thereafter required to cease all payment services, wind down operations, and ensure the return of all funds and digital payment tokens to its customers.

In mid-July 2025, MAS began receiving multiple customer complaints regarding delays in the withdrawal of fiat and digital tokens. MAS instructed ATPL to resolve these issues, including fulfilling all customer withdrawal requests and remedying any asset shortfalls. However, through follow-up engagements, MAS found indications that ATPL may not have maintained sufficient assets to satisfy customer claims and might have failed to segregate customer assets from company funds. MAS further identified that ATPL may have made false representations regarding such segregation during its licence application process.

Subsequently, MAS referred ATPL to the SG Commercial Affairs Department. As of 31 July 2025, Hong Qi Yu, aged 35 and a director of ATPL, has been formally charged in court with the offence of fraudulent trading under Section 238(4) of the **SG Insolvency, Restructuring and Dissolution Act 2018**. This offence carries a maximum penalty of up to seven years' imprisonment, a fine, or both. Police investigations into the matter remain ongoing.

The MAS's findings in July triggered immediate customer remediation directives and culminated in a formal referral to the CAD. The charge against ATPL's director was brought on 31 July 2025, marking a rapid escalation from regulatory non-compliance to potential criminal liability.

This update remains subject to further developments as the investigation by the SG CAD continues.

(Source: <https://www.mas.gov.sg/news/media-releases/2025/investigation-into-tokenize-xchange-operated-by-amazingtech-pte-ltd>)

US SEC's Crypto Task Force Launches National Roundtable Tour to Expand Stakeholder Dialogue on Regulatory Framework

On 1 August 2025, the United States Securities and Exchange Commission (US SEC) published Release No. 2025-102 titled "**On the Road: SEC Crypto Task Force to Host a Series of Roundtables Across the U.S.**" stating that its Crypto Task Force, led by Commissioner Hester M. Peirce, will embark on a national tour titled "**Crypto Task Force on the Road.**" This initiative will include a series of roundtables across major cities in the United States to engage with stakeholders, particularly those in early-stage crypto ventures who have not previously participated in policymaking discussions.

As per US SEC, the national outreach effort is designed to complement the spring 2025 Crypto roundtables held in Washington, D.C., by ensuring inclusivity in the regulatory consultation process. The objective is to engage directly with crypto-related projects with limited resources specifically, those with 10 or fewer employees and under two years old to understand their operational realities, regulatory concerns, and innovation challenges.

Commissioner Peirce stated, "*We want to hear from people who were not able to travel for the roundtables that took place this past spring in Washington, D.C. and may not have had a voice in past policymaking efforts. The Crypto Task Force is acutely aware that any regulatory framework will have far-reaching effects, and we want to ensure that our outreach is as comprehensive as possible.*"

The US SEC Crypto Task Force will visit ten cities between August and December 2025. The current schedule includes:

1. **4 August 2025:** Berkeley, California
2. **19 August 2025:** Boston
3. **4 September 2025:** Dallas
4. **15 September 2025:** Chicago
5. **25 September 2025:** New York City
6. **3 October 2025:** Irvine, California
7. **24 October 2025:** Cleveland
8. **29 October 2025:** Scottsdale, Arizona
9. **12 November 2025:** New York City
10. **5 December 2025:** Ann Arbor, Michigan

To request participation, eligible project representatives must email crypto@sec.gov with the subject line “Crypto on the Road”, indicating the desired city. Each project is permitted to nominate one or two representatives and must submit a brief summary of the team and project.

The roundtables will take place over a five-month period, beginning on 4 August 2025 in Berkeley and concluding on 5 December 2025 in Ann Arbor.

The *Crypto Task Force on the Road* tour represents an administrative outreach effort aligned with the US SEC’s statutory obligations under the US [Securities Exchange Act of 1934](#) to maintain fair and efficient markets and protect investors. The initiative does not involve rulemaking but is likely to inform future policy directions, guidance, and possibly proposed rules governing crypto assets, digital asset disclosures, and decentralised projects.

(Source: <https://www.sec.gov/newsroom/press-releases/2025-102-road-sec-crypto-task-force-host-series-roundtables-across-us>)

US CFTC Launches Listed Spot Crypto Trading Initiative

On 4 August 2025, the United States Commodity Futures Trading Commission (**US CFTC**) has announced the launch of an [initiative to enable trading of spot crypto asset contracts](#) listed on a CFTC-registered futures exchange, or designated contract market (**DCM**). The move is detailed in the announcement *Acting Chairman Pham Launches Listed Spot Crypto Trading Initiative* and represents the first concrete step in the agency’s “crypto sprint” to implement recommendations from the President’s Working Group on Digital Asset Markets report.

US CFTC’s Chairman’s Statement and Policy Direction

“Under President Trump’s strong leadership and vision, the CFTC is full speed ahead on enabling immediate trading of digital assets at the Federal level in coordination with the SEC’s Project Crypto,” said Acting Chairman Pham. “There is a clear and simple solution the CFTC can implement now... Together, we will make America the crypto capital of the world.”

The Chairman’s remarks is a politically aligned push for accelerated federal digital asset market infrastructure. By invoking both the Commodity Exchange Act and cross-agency coordination with the US SEC, the statement frames the initiative as both legally grounded and strategically urgent.

Scope of the Consultation

The US CFTC invites feedback on “section 2(c)(2)(D) of the Commodity Exchange Act, Part 40 of CFTC regulations, and whether there are any implications under the securities laws or regulations with respect to an SEC framework for trading of non-security assets that are part of an investment contract.”

This scope suggests the consultation is not limited to commodity regulation but extends to potential overlap with securities frameworks. This opens the door to coordinated policy between the CFTC and SEC, addressing market uncertainty over digital asset classifications.

Public Participation and Timeline

“Members of the public may provide written input by August 18 by submitting a comment on the CFTC website. Submissions will be published on CFTC.gov.” The August 18 deadline reflects the Commission’s intent to move swiftly, consistent with its “crypto sprint” positioning. Public publication of submissions indicates transparency in the decision-making process, allowing market participants to evaluate a spectrum of stakeholder positions.

Under the US Commodity Exchange Act, retail trading of commodities with leverage, margin, or financing must take place on a DCM. The proposed approach leverages this authority to bring spot crypto asset contracts into a regulated environment without additional legislative amendments. This allows for immediate regulatory clarity and operational readiness, relying on existing statutory powers rather than awaiting new congressional action. It also positions the CFTC as a primary driver of federally regulated spot crypto markets.

(Source: <https://www.cftc.gov/PressRoom/PressReleases/9105-25>)

US CFTC Commissioner Kristin Johnson Summarises 2025 Global Regulators Roundtable on AI, Digital Assets, and Market Resilience

On 05 August 2025, United States Commodity Futures Trading Commission (**US CFTC**) Commissioner Kristin N. Johnson issued a formal **statement** summarising the outcomes of the *2025 Regulators Roundtable on Financial Markets Innovation and Supervision of Emergent Technology*, held on 14 July 2025 in London, United Kingdom. Convened by Commissioner Johnson, the high-level event brought together market regulators, central banks, and consumer protection authorities from the United States, the United Kingdom, and Europe. A follow-on *Public-Private Roundtable on Surveillance and Supervision in the Age of AI and Digital Assets*, moderated by Bénédicte Nolens of the BIS Innovation Hub (Hong Kong), further expanded on the supervisory and operational implications of technological innovation.

Commissioner Johnson’s statement outlines the central themes and takeaways from the roundtables and related industry events, including key discussions on artificial intelligence (**AI**), operational resilience, third-party risk, digital assets, surveillance systems, and supervisory governance. The statement consolidates insights from domestic and international regulatory developments, including ongoing CFTC rule proposals and the Market Risk Advisory Committee’s (**MRAC**) recommendations on clearinghouse oversight.

Highlights from the 2025 Regulators Roundtable

1. **Artificial Intelligence and Supervisory Oversight:** Regulators examined the growing use of AI in trading, surveillance, and compliance functions, with particular attention to risks involving third-party AI vendors, explainability, bias, and model governance. Commissioner Johnson underscored the need for fit-for-purpose frameworks and international regulatory alignment, citing the CPMI-IOSCO Principles for Financial Market Infrastructures (**PFMIs**). Participants encouraged post-deployment monitoring and scenario-based testing for AI systems.
2. **Cybersecurity and Operational Resilience:** Recent cyber incidents—including the 2023 ION Derivatives ransomware attack, the 2024 CrowdStrike failure, and the 2025 Bybit infrastructure breach—were discussed as examples of systemic technology risks. Participants supported stronger frameworks for real-time incident response, firm-level accountability, and business continuity planning.
3. **CFTC Operational Resilience Framework Proposal:** Commissioner Johnson updated attendees on the US CFTC’s December 2023 proposal requiring futures commission merchants, swap dealers, and major swap participants to adopt formal operational resilience frameworks. The rule would mandate comprehensive

security programmes, third-party oversight mechanisms, and robust disaster recovery plans. The MRAC's CCP Risk & Governance Subcommittee has also recommended enhancing CFTC Rule 39.18 to require life-cycle vendor oversight by derivatives clearing organisations (**DCOs**), including compliance with the PFMLs.

4. **Third-Party Risk and Infrastructure Concentration:** Discussions highlighted increasing dependencies on cloud, AI, and cybersecurity vendors. Regulators warned that concentrated reliance on a small number of service providers could introduce systemic risks. Participants shared updates on the EU's Digital Operational Resilience Act (**DORA**), aimed at supervising critical third-party ICT service providers by the end of 2025.
5. **Digital Assets and Stablecoins:** Participants examined stablecoins in cross-border payments, particularly in emerging markets, and discussed tokenisation and distributed ledger technology (**DLT**) in modernising market infrastructure. While stablecoins may enhance efficiency and inclusion, concerns remain about legal certainty, settlement risks, and monetary policy spillovers. Regulators stressed the importance of global coordination in regulating digital assets.
6. **Incident Response and Information Sharing:** Operational resilience requires routine testing and cross-jurisdictional collaboration. Participants recommended developing standardised information-sharing protocols and threat intelligence playbooks, with an emphasis on real-time coordination between regulators and technology providers.

Summary from the Public-Private Roundtable on Surveillance and Supervision

The follow-up event explored how AI and digital assets are redefining surveillance models. Discussions focused on:

1. **AI's Role in Combating Financial Crime:** Use of behavioural detection tools, LLMs, and multilingual surveillance to detect spoofing, wash trading, and sanctions evasion. Attendees acknowledged the escalation from manually executed crypto crimes to AI-enabled fraud and laundering using synthetic identities.
2. **Surveillance Gaps in Crypto Markets:** Many trades occur off-chain within centralised exchanges, limiting transparency. Participants discussed smart contract exploits, AI-generated pump-and-dump schemes, and a \$700 million Japan-based market manipulation case involving account takeovers and asset inflation.
3. **Explainable AI and Compliance:** While LLMs offer promise for cross-border surveillance, participants stressed the necessity of human-in-the-loop systems and governance frameworks to ensure AI-generated alerts are trustworthy and actionable.
4. **Data Fragmentation and Regulatory Capacity:** Regulatory frameworks must be modernised to accommodate AI-based compliance tools. Participants called for co-designed oversight models and public-sector data hubs to improve market visibility.
5. **Delegation Risks and Regulatory Readiness:** The need to strengthen public supervision and avoid unchecked reliance on proprietary surveillance technologies was emphasised. Enhancing regulatory expertise and inter-agency coordination were cited as urgent priorities.

The Role of Collaboration

Commissioner Johnson highlighted that both public-private and cross-border collaboration remain essential for supervisory agility in the face of rapidly evolving technologies. Co-designed frameworks and harmonised expectations can bolster innovation while preserving market integrity. She reiterated that periodic global convenings such as the Regulators Roundtable play a critical role in identifying emerging risks, aligning policy responses, and ensuring that regulatory approaches evolve in tandem with market realities.

(Source: <https://www.cftc.gov/PressRoom/SpeechesTestimony/johnsonstatement080525>)

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