PwC Global Crypto Regulation Report 2025

Navigating the Global Landscape

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Report Overview

Purpose and objectives

This is PwC's third annual Global Crypto Regulation Report. The report provides an overview of the global regulatory landscape, how the regulatory frameworks are developing across the world, and the impact on crypto and traditional financial services firms.

Global regulatory trends

The section provides a high-level snapshot of global cryptocurrency regulation, key regulatory trends shaping the industry, and the latest developments in the U.S. The U.S. remains a key player in shaping the future of digital assets and their integration into the wider financial system.

Views from global standard-setters

The section summarises recent developments by the key global standard-setting institutions.

Global regulatory summaries

The section provides an overview of the latest advancements in digital asset regulation across key jurisdictions, including a comprehensive update on the EU's Markets in Crypto-Assets Regulation (MiCAR).

Policymakers worldwide are striving to balance innovation with investor protection, financial stability, and market integrity. With greater regulatory clarity emerging, businesses must adapt to evolving compliance requirements and capitalise on opportunities in a maturing digital asset ecosystem.

Terminology used in the report

Some local authorities and standard-setting bodies have adopted a catch-all regulatory definition to include all 'digital assets' as a new form of financial instrument. Others have implemented more detailed regulatory definitions, in accordance with the digital asset's economic function emphasising substance over form.

The terminology adopted includes, but is not limited to digital assets, crypto assets, virtual assets, digital settlement assets, virtual currencies and cryptocurrencies. In this report, the terminology and spelling follows the one adopted by the relevant authority.

For further digital assets research, please also see PwC's other recent global reports: Global Crypto Tax Report 2024 (the 2025 edition will be published in Q1 2025), 6th Annual Crypto Hedge Fund Report, Tokenization in financial services, and Global AWM Revolution 2024.

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Regulatory progress in the past year reflects a turning point for the digital asset industry.

In the US, we are witnessing a shift toward regulatory clarity that supports institutional engagement, paving the way for broader market participation and innovation. As the industry matures, collaboration between regulators and market participants remains key to fostering a secure and dynamic digital asset ecosystem.

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Crypto regulation at a glance

The table provides a summary of digital asset legislative, regulatory, and licensing status as of January 2025. It factors in the implications of the EU's Markets in Crypto-Assets Regulation (MiCAR), which entered into force in June 2023 becoming fully operational in December 2024. For more information, see jurisdiction specific pages.

	Regulatory Framework	Licensing / Registration	Travel Rule	Stablecoins
United States	⏳	✓	✓	⏳
European Union	✓	✓	✓	✓
United Kingdom	⏳	✓	✓	⏳
Argentina	⏳	✓	⏳	📄
Australia	⏳	⏳	⏳	⏳
Bahamas	✓	✓	✓	✓
Bahrain	✓	✓	✓	⏳
Brazil	⏳	⏳	⏳	⏳
Canada	⏳	✓	✓	⏳
Cayman Islands	✓	✓	✓	✓
Gibraltar	✓	✓	✓	✓
Guernsey	✓	✓	✓	✓
Hong Kong SAR	✓	✓	✓	⏳
India	⏳	📄	✓	📄
Isle of Man	✓	✓	✓	✓
Japan	✓	✓	✓	✓
Kenya	⏳	⏳	📄	📄
Liechtenstein	✓	✓	✓	✓
Mauritius	✓	✓	✓	⏳
Norway	⏳	✓	✓	⏳
Qatar	⏳	⏳	⏳	📄
Saudi Arabia	⏳	✓	⏳	📄

✓	Legislation/regulation in place	Signifies that extensive crypto legislation/regulations have been established.
⏳	Active legislative/regulatory engagement	Indicates that there is ongoing activity, such as regulatory discussions, consultations, or pending implementation of crypto-related laws and regulatory frameworks.
📄	Legislative/regulatory process not initiated	Implies that the jurisdiction has not yet started formulating or considering specific crypto asset legislation or regulatory frameworks.

Crypto regulation at a glance (continued)

The table provides a summary of digital asset legislative, regulatory, and licensing status as of January 2025. It factors in the implications of the EU's Markets in Crypto-Assets Regulation (MiCAR), which entered into force in June 2023 becoming fully operational in December 2024. For more information, see jurisdiction specific pages.

	Regulatory Framework	Licensing / Registration	Travel Rule	Stablecoins
Singapore	✓✓	✓✓	✓✓	⧗
South Africa	✓✓	✓✓	✓✓	⧗
Switzerland	✓✓	✓✓	✓✓	✓✓
Taiwan	⧗	⧗	✓✓	☰
Turkey	⧗	⧗	✓✓	☰
UAE	✓✓	✓✓	✓✓	✓✓
Ukraine	⧗	⧗	⧗	⧗

✓✓ Legislation/regulation in place	Signifies that extensive crypto legislations/regulations have been established.
⧗ Active legislative/regulatory engagement	Indicates that there is ongoing activity, such as regulatory discussions, consultations, or pending implementation of crypto-related laws and regulatory frameworks.
☰ Legislative/regulatory process not initiated	Implies that the jurisdiction has not yet started formulating or considering specific crypto asset legislations or regulatory frameworks.

Global crypto regulatory trends for 2025

The U.S. moves towards regulatory clarity

In the U.S., 2025 brings a shift to a more crypto-friendly regulatory stance. The new administration has demonstrated the end of the previous “regulation by enforcement” approach and instead craft clearer rules for digital assets.

Lawmakers are revisiting a suite of crypto bills to clarify oversight (resolving the SEC vs CFTC jurisdiction tussle) and establish stable regulatory guardrails, which could finally give the industry long-sought clarity.

Asia’s proactive crypto regulations

Asian financial centres are stepping up their crypto frameworks to foster growth while managing risks. HK SAR aims to become a regional digital asset hub and has introduced new licensing regimes for exchanges (including over-the-counter trading and custody services) and is reviewing rules for crypto derivatives and lending. Its regulators are also drafting strict stablecoin requirements. Similarly, Singapore has finalised a stablecoin framework and maintains a rigorous licensing regime for crypto firms, seeking to balance innovation with investor protection across the Asia-Pacific region.

MiCAR’s transitional period creates uncertainty

While the EU’s Markets in Crypto-Assets Regulation (MiCAR) has taken effect, a transitional "grandfathering" period allows existing crypto firms to continue operating under national rules until mid-2026. However, some EU countries have set stricter or shorter timelines, leading to regulatory inconsistencies across the bloc.

Firms must navigate these variations while preparing for full MiCAR compliance, as differences in implementation could impact market access and operational strategies.

Middle East and emerging market frameworks

New regulatory regimes for crypto are taking shape in the Middle East and other emerging markets. The United Arab Emirates, for example, has established comprehensive crypto-asset frameworks (through regulators like Dubai’s VARA and Abu Dhabi’s FSRA) to attract fintech investment.

Elsewhere, countries from Bahrain to South Africa have rolled out licensing rules for crypto exchanges and token issuers, reflecting a global trend of regulatory adoption beyond the traditional financial centres.

UK’s cryptoasset regime in progress

The UK is advancing an extensive regulatory framework for cryptoassets. In late 2024 HM Treasury confirmed it will bring a broad range of cryptoasset and stablecoin activities into the regulated financial services perimeter.

The Financial Conduct Authority (FCA) has started the consultation process on detailed rules, covering areas including trading, custody, disclosures and crypto staking 2025 and implement the full crypto framework during 2026.

Global crypto regulatory trends for 2025 (continued)

Global stablecoin regulation intensifies

Stablecoins are under heightened scrutiny worldwide as regulators race to set standards for these digital currencies. Jurisdictions are introducing tailored rules to ensure stablecoin reliability and reserve backing.

For example, the EU's MiCAR now fully regulates stablecoins, and major proposals are under debate in the U.S. Authorities in the UK and Asia (e.g. Singapore and HK SAR) are likewise developing regimes for stablecoins as means of payment, aiming to safeguard financial stability without stifling innovation.

Emphasis on data governance

Regulators are strengthening data governance frameworks to ensure the integrity, security, and transparency of digital asset transactions. With the increasing adoption of blockchain and tokenization, authorities are setting stricter requirements for data accuracy, storage, and accessibility to mitigate risks such as fraud, cyber threats, and operational failures. Firms must implement robust data management practices, including audit trails, encryption standards, and compliance with emerging global reporting standards.

Stronger AML and transparency standards

Governments worldwide are tightening anti-money laundering (AML) rules for digital assets to combat illicit finance. Most jurisdictions have or are in the process of implementing the FATF "Travel Rule", which requires crypto exchanges and providers to share sender/recipient information for transfers. This brings crypto in line with bank-transfer standards.

Regulators are also targeting anonymity and abuse, for example by sanctioning illicit mixing services and enforcing customer verification requirements, to increase transparency in crypto transactions.

DeFi and crypto innovation under scrutiny

Regulators are expanding their oversight to decentralised finance platforms and other crypto innovations that have operated in grey areas.

Global standard-setters (IOSCO, FATF) have issued DeFi policy recommendations, and regulators including the U.S. and EU are exploring how to apply securities, fraud and AML laws to DeFi protocols, signalling that "same risk, same rule" will increasingly apply to crypto lending, decentralized exchanges and other decentralised services.

Integration of crypto into traditional finance

Authorities are increasingly facilitating the convergence of digital assets with mainstream finance. Several jurisdictions have launched sandboxes and pilot programmes for tokenization of traditional securities. The EU and UK are each testing blockchain-based issuances of government bonds and running digital securities sandbox to bring distributed ledger technology into capital markets. Likewise, the approval of crypto-based investment products (such as exchange-traded funds and tokenised deposits) globally indicates a trend toward integrating crypto within regulated financial systems.

The United States regulatory landscape changed overnight and will continue to evolve

Background

A seismic shift is underway in the U.S. digital asset ecosystem, ushering in a future where regulatory clarity and industry alignment should redefine the landscape for crypto innovation. With the recent executive actions, legislative reforms, and agency rule changes, the future of crypto in the U.S. is set to look drastically different than in previous years. Gone are the days of uncertainty. Comprehensive regulatory frameworks will provide a clear roadmap for financial institutions, crypto-native firms, and investors alike.

Industry Alignment

For the first time, we will see a U.S. crypto market where regulators, financial institutions, and blockchain projects work together and move in alignment. The patchwork of ambiguous rules and sporadic enforcement actions will be replaced by a structured, predictable regulatory environment. This means:

- Traditional finance (TradFi) and decentralized finance (DeFi) will integrate more seamlessly as banks gain clearer pathways to custody digital assets and offer blockchain-based services, supported by the rollback of SAB 121 and the introduction of SAB 122, as well as the OCC's posting of Interpretive Letter (IL) 1183.
- Institutional investors are beginning to enter the market at an accelerated pace due to the SEC's new framework on digital asset securities, clarifying the classification and treatment of tokenized assets.
- Crypto-native companies will have a clearer regulatory path to operate within the U.S. without fear of sudden enforcement actions, aided by the repeal of Executive Order 14067 and outdated Treasury guidelines.
- The establishment of a Digital Asset Working Group under the Strengthening American Leadership in Digital Financial Technology Executive Order ensures a regulatory framework that fosters innovation while maintaining oversight.

With defined rules for stablecoins, exchange operations, and security classifications, the crypto industry will no longer be defined by regulatory uncertainty but by structured innovation and strategic growth.

Product and Service Innovation

As regulatory clarity emerges, the U.S. crypto landscape is poised for a transformation that will provide certainty to market participants and accelerate institutional adoption. Recent executive actions and continued discussions about establishing a national strategic reserve of various crypto assets coupled with the announcement of a sovereign wealth fund has the potential to impact the future of United States monetary policy. These developments signal a shift from regulatory ambiguity to a well-defined framework that encourages investment, fosters innovation, and integrates blockchain technology into the broader financial sector. The following predictions outline the regulatory-driven changes that will shape the industry's future.

1. The Approval of Staked Exchange Traded Funds (ETFs) Across Multiple Blockchain Networks

The SEC's new stance on digital asset ETFs, including the approval of Bitcoin and Ethereum spot ETFs, sets a precedent for the next wave of crypto investment products. Staked ETFs will be among the most significant developments, offering institutional investors exposure to blockchain networks that offer staking rewards. This shift will:

- Bring more mainstream interest to networks beyond Bitcoin and Ethereum, as Layer 1 blockchains and emerging ecosystems gain traction.
- Improve liquidity and market depth, as ETFs enable broader participation without the technical complexities of direct staking.
- Provide investors with passive income opportunities, making staking a major component of institutional crypto portfolios.

With the SEC moving towards a more crypto-friendly regulatory approach under new leadership, a wave of staked ETFs is expected to be approved in 2025 and beyond, solidifying the U.S. as a leader in regulated digital asset investment products.

The United States regulatory landscape changed overnight and will continue to evolve

Product and Service Innovation (continued)

2. Established Stablecoin Regulation

Stablecoins have long been a cornerstone of the crypto economy, but their full potential has been hindered by uncertainty and fragmented regulation. That is about to change. 2025 will be the year when the U.S. finalizes comprehensive stablecoin legislation, paving the way for:

- Bank-issued stablecoins, backed by insured deposits and seamlessly integrated into payment systems, eliminating risks associated with previous regulatory gray areas.
- Greater consumer protections, ensuring that stablecoin reserves are transparent, audited, and backed 1:1 with high-quality assets, reducing systemic risks.
- Interoperability with traditional finance, as stablecoins become a mainstream mechanism for cross-border payments and settlement.
- A clear legal framework for stablecoin issuers, ensuring that both fintech firms and traditional financial institutions can compete on a level playing field while maintaining compliance with financial stability requirements.

With the proposal of new legislation, such as the GENIUS stablecoin bill put forth in the Senate, and the Executive Order explicitly prohibiting the issuance of a U.S. Central Bank Digital Currency (CBDC), the government is signaling its preference for a market-driven stablecoin ecosystem over pure state-controlled digital money. This will provide regulatory assurance to stablecoin issuers, fostering innovation and financial inclusion.

3. Expansion of Tokenized Securities and Market Infrastructure

The Digital Asset Working Group's upcoming recommendations are expected to enable broader adoption of tokenized securities, ensuring that digital representations of traditional financial assets comply with U.S. securities laws. This means:

- Tokenized real-world assets (RWA) will gain significant traction, as firms benefit from improved regulatory clarity on asset-backed digital securities.
- Broker-dealers and traditional exchanges will integrate blockchain-based trading mechanisms, creating more efficient capital markets.
- SEC and CFTC collaboration will further refine the treatment of hybrid digital assets that straddle commodity and security classifications.

This transformation will enhance transparency, reduce settlement times, and allow for the broader adoption of blockchain technology within regulated financial markets.

Conclusion

The direction of U.S. crypto regulation is set to become a defining force for global policy given the role the U.S. plays as a contributor of capital to the landscape of financial services. As the U.S. pivots from strict enforcement to a more transparent, innovation-friendly regulatory environment, it is likely to influence the international approach to digital assets.

Following the implementation of MiCAR in Europe and regulatory progress by the SFC in Hong Kong, a clearer U.S. framework has the potential to serve as a valuable complement, reinforcing global efforts toward cohesive digital asset regulation. This shift may accelerate institutional adoption across borders and drive greater alignment in regulatory standards worldwide.

As U.S. policy evolves, global industry stakeholders will adapt to stay in step, paving the way for a more harmonized and integrated crypto ecosystem within the broader financial system.

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Views from global standard-setting bodies

FSB: Global regulatory framework

The recommendations and guidance from global standard-setting bodies (SSBs) do not carry a legal status but provide an important roadmap for national authorities. Firms should consider the policy standards in the context of the likely implementation into their local regulation.

FSB: Global regulatory framework

The Financial Stability Board (FSB) published its global regulatory framework for crypto-asset activities and crypto-asset roadmap in July 2023.

The framework includes two sets of interlinked recommendations: 1) the regulation, supervision, and oversight of crypto-asset activities, and 2) recommendations for global stablecoin arrangements.

The final recommendations draw on recent market events and implementation experiences of national jurisdictions and build on the principles of 'same activity, same risk, same regulation', as well as high-level, flexible and technology-neutral.

The FSB collaborates closely with other SSBs so that the ongoing efforts in monitoring and regulating crypto-asset activities and markets are well-coordinated, mutually supportive, and complementary.

Crypto-assets and stablecoins

Safeguarding of client assets: Service providers holding or controlling client assets must implement an effective segregation from their own assets. The FSB notes that many service providers are blending proprietary assets with client assets, often without the consent of the clients. This enables service providers to misuse customer assets and to amplify leverage and liquidity transformation by the re-use of the assets.

The FSB expects national authorities within each jurisdiction to require that crypto-asset service providers maintain adequate safeguarding of customer assets and protect ownership rights, including in insolvency cases.

Conflicts of interest: Some crypto-asset intermediaries combine multiple functions and may operate in ways that do not comply with existing requirements.

The FSB has strengthened the high-level recommendations by stating that authorities should have in place requirements to address the risks associated with conflicts of interest. Firms must be subject to appropriate regulation, supervision, and oversight, including a legal separation of certain functions.

Cross-border cooperation: The borderless nature of crypto-assets underlines the importance of strong and consistent jurisdictional regulatory, supervisory, and enforcement practices. Crypto-asset issuers and service providers may seek to evade regulation and oversight by migrating to places where regulation is (comparably perceived as) lighter.

Global stablecoin (GSC) arrangements

The framework for stablecoin arrangements includes ten recommendations, complementing the FSB's high-level recommendations for crypto-assets and markets.

The FSB expects that authorities appropriately regulate, supervise, and oversee GSC arrangements, activities and functions. This should be done in international cooperation and follow international standards.

The FSB also sets out its expectations for national authorities to require that GSC arrangements have robust and thorough governance and risk management frameworks, as well as a framework for systems and processes for collecting, storing, safeguarding and reporting of data.

GSC arrangements should have appropriate recovery and resolution plans and require that users have transparency on how the GSC arrangement functions. Authorities should require that GSC arrangements guarantee timely redemption. All national regulatory, supervisory and oversight requirements should be met before a GSC arrangement is commenced in that jurisdiction.

2024 update

According to the FSB's October 2024 update, nearly all FSB members have plans in place, to develop new or revised frameworks for crypto-assets and stablecoins or already have those frameworks in place (93% and 88%, respectively). A majority of FSB members expects to reach alignment with the FSB framework by 2025 for crypto-assets and stablecoins (62% and 60%, respectively).

Yet globally many issuers and service providers are operating without being subject to robust regulation or are in non-compliance with applicable jurisdictional regulations. Cross-border activities originating from offshore jurisdictions present elevated regulatory and supervisory challenges, due to inconsistent FSB framework implementation. Further progress is also required to establish that stablecoins are subject to the specific regulatory requirements needed to address their vulnerability to a sudden loss of confidence and potential runs on the issuer or underlying reserve assets.

Sources: FSB: FSB Global Regulatory Framework for Crypto-Asset Activities, July 2023, FSB: High-level Recommendations for the Regulation, Supervision and Oversight of Global Stablecoin Arrangements, July 2023, FSB: G20 Crypto-asset Policy Implementation Roadmap Status report, October 2024.

BCBS: Global prudential standards

BCBS: Global prudential standards

The Basel Committee on Banking Supervision (BCBS) first set its rules on the prudential treatment of cryptoasset exposures in December 2022 and issued revised final rules in July 2024.

The implementation date for the standards is January 2026, extended from 2025. The standards set out minimum requirements. The implementation by BCBS members may result in stricter standards, including prohibition on bank dealings in certain cryptoassets. Most jurisdictions have indicated that they are taking steps to incorporate the rules into their national regulations.

The in-scope cryptoassets include tokenized securities, stablecoins and other cryptocurrencies, utility and other governance or functional tokens, and NFTs. It is likely that the definition used will be adjusted at the national level upon implementation to align with existing local crypto legislation.

Banks are required to classify cryptoassets on an ongoing basis into two groups. Unbacked cryptoassets and stablecoins with ineffective stabilization mechanisms will be subject to conservative prudential treatment.

Group 1

The cryptoassets in Group 1 must meet a set of classification conditions to receive preferential treatment.

Group 1a. The assets in this group include tokenized traditional assets which pose the same level of credit and market risk as the non-tokenized form of the asset.

Group 1b. Stablecoins with effective stabilization mechanisms, linking the value to one or more traditional assets.

The capital requirements for Group 1 assets generally follow the existing Basel Framework. An infrastructure risk add-on to risk-weighted assets (RWA) may apply if weaknesses are identified in the underlying exposure on which the cryptoassets are based.

Group 1 stablecoins must also satisfy a redemption risk test and additional supervision/regulation requirements which are likely to evolve in the future.

Due to the novelty of distributed ledger technology (DLT) and other relevant technologies, bank regulators can impose a capital add-on for Group 1 cryptoasset exposures. The add-on is set at zero but can be increased if weaknesses in the infrastructure are identified.

Group 2

The cryptoassets do not meet the classification conditions for Group 1 and are subject to a new conservative capital treatment. These assets include unbacked cryptoassets, algorithmic stablecoins and assets using protocols to maintain their value.

Group 2a. Cryptoassets meet an additional hedging recognition criteria.

Group 2b. Cryptoassets do not meet an additional hedging recognition criteria.

Banks' total exposure to Group 2 assets must not exceed 2% limit of the Tier 1 capital and should generally be lower than 1%. Exposures under the 1% threshold will be risk-weighted according to whether the asset does or does not meet the hedging recognition criteria for Group 2a assets.

Banks breaching the 1% limit expectation must apply Group 2b capital treatment (1250% risk weight) to the amount by which the limit is exceeded. Where the 2% limit is exceeded, the whole of Group 2 exposures are subject to the Group 2b capital treatment.

Additional operational risk, liquidity, leverage ratio and large exposure, supervisory review and disclosure requirements apply to both Groups.

Disclosure requirements

The final disclosure framework sets extensive disclosure obligations. The standards include a separate chapter prescribing templates for disclosures.

- Information on an annual basis on the bank's cryptoasset activities and its approach to applying the classification conditions in grouping its cryptoasset holdings.
- Capital requirements for each group of cryptoasset, disclosable semi-annually.
- Accounting classification of exposures to cryptoassets and crypto liabilities.
- Liquidity requirements for exposures to cryptoassets and crypto liabilities.

The BCBS and FSB will continue to monitor bank-related cryptoasset developments and activities, including the risks arising from crypto-assets that use permissionless blockchains, banks providing crypto-asset custody services, and the role of banks as issuers of stablecoins.

Sources: IOSCO: BCBS: Prudential treatment of cryptoasset exposures, December 2022, BCBS: Cryptoasset standard amendments, December 2023, BCBS: Cryptoasset standard amendments, July 2024, BCBS: Disclosure of cryptoasset exposures, July 2024.

FATF: Financial integrity

FATF: Financial integrity

The Financial Action Task Force (FATF) issued its fifth update on jurisdictions' compliance with Recommendation 15 and its Interpretative Note (R.15/INR.15) in June 2024 as well as a status report in March 2024. The report also provides updates on emerging risks and market developments related to the use of virtual assets (VAs) for money laundering, terrorist financing, and proliferation financing.

According to the FATF, some jurisdictions have made progress in putting AML/CFT regulations in place, but global implementation is still lagging. Several governments have not taken any significant steps to regulate the virtual assets sector, and these countries need to prioritise fully implementing the Standards as a matter of urgency.

75% of surveyed jurisdictions are only partially compliant or not compliant at all with the FATF's requirements on virtual assets. The figure is identical to that of April 2023. However, the findings from the 2024 survey do identify some areas of progress since 2023, such as the number of jurisdictions that have registered or licensed virtual asset service providers (VASPs) in practice.

Nearly 30% of surveyed jurisdictions have not implemented the Travel Rule, which requires financial institutions to share data on transactions above a certain threshold. Even among jurisdictions that have passed legislation to implement the Travel Rule, supervision and enforcement remain low.

Jurisdictions with materially important virtual assets sectors have mostly implemented the FATF's core measures (e.g., most have conducted a risk assessment covering VAs and enacted legislation/regulation requiring VASPs to be registered or licensed and apply AML/CFT measures). 27% of jurisdictions have yet to decide if and how they will regulate the VASP sector.

The slow global progress in implementing the FATF Standards on VAs and VASPs and gaps in jurisdictions with materially important VASP activity are a serious concern, as VAs continue to be used to support the proliferation of weapons of mass destruction, as well as by scammers, terrorist groups, and other illicit actors who deploy increasingly sophisticated methods.

The FATF calls on all jurisdictions to rapidly implement the FATF's Standards on VAs and VASPs, including the Travel Rule, in line with the FATF Roadmap, to address the findings of the 2024 Targeted Update. The FATF will continue to prioritise closing the gaps and completing the global system of AML/CFT regulation for the VA sector.

The FATF will publish a report on the steps jurisdictions have taken in 2025.

Sources: FATF: Targeted update on implementation of the FATF standards on virtual assets and virtual asset providers, June 2024, FATF: Status of implementation of Recommendation 15 by FATF Members and Jurisdictions with Materially Important VASP Activity, March 2024.

SSBs: Calls for action

IOSCO: Market regulations

The International Organization of Securities Commissions (IOSCO) set out its recommendations on crypto and digital asset market regulations in a final report published in November 2023.

The recommendations are aimed at crypto-asset service providers (CASPs), including those involved in trading, market operation, custody, lending, and the promotion and distribution of crypto assets on behalf of others.

IOSCO calls on regulators to achieve similar regulatory outcomes for investor protection and market integrity as those required in traditional financial markets. The watchdog stresses the importance of increased regulatory cooperation to address cross-border issues and urges all members to apply the recommendations consistently.

The 18 recommendations cover six areas, consistent with IOSCO standards: conflicts of interest arising from the vertical integration of activities and functions; market manipulation, insider trading, and fraud; cross-border risks and regulatory cooperation; custody and client asset protection; operational and technological risks; and retail access, suitability, and distribution. The recommendations are designed to apply to all types of crypto assets, including stablecoins.

In December 2023, IOSCO issued policy recommendations for DeFi. The recommendations cover six key areas, aligned to previous report. These include understanding DeFi arrangements and structures; achieving common standards of regulatory outcomes; identification and management of key risks; clear, accurate and thorough disclosures; enforcement of applicable laws; and cross-border cooperation.

Considering the global nature of the cryptoasset markets, the risk of regulatory arbitrage, and the significant risk of harm to which retail investors continue to be exposed, there is a strong case for a proactive IOSCO program to monitor and promote timely implementation of the CDA Recommendations by IOSCO's broad membership.

As a result, in October 2024, IOSCO published the final report on investor education regarding crypto assets. The report summarises survey findings on retail investors' behaviour and experiences with crypto assets. It also offers suggestions for additional investor education measures and describes some changes in the national regulatory landscape, including investor protection measures.

FSBC: Financial stability and tokenization

The FSB published a report on financial stability implications of tokenization in October 2024.

According to the FSB, tokenization of assets may have the potential to improve efficiency and provide access to new markets for investors, but it can also amplify many of the same vulnerabilities seen in traditional finance.

For example, the choice of settlement assets may affect liquidity vulnerabilities; some of the entities involved in tokenization may not comply with applicable laws and regulations or fall outside of the regulatory remit; and DLT is an evolving technology that is relatively untested.

The limited publicly available data on tokenization suggests that its adoption is still very low, so it does not currently pose financial stability concerns. However, tokenization could have implications for financial stability if it scales up significantly, if it is used to create complex and opaque products that trade in an automated fashion, and if identified vulnerabilities are not adequately addressed through oversight, regulation, supervision, and enforcement.

The report outlines issues that authorities and international bodies should consider. These include addressing data gaps in monitoring tokenization adoption; increasing understanding of how its features fit into legal and regulatory frameworks and supervisory approaches; and facilitating cross-border information sharing.

FSB: MCIs

In November 2023, the FSB published a report on the financial stability implications of multifunction crypto-asset intermediaries (MCIs).

The report found that MCI vulnerabilities are not different from those of intermediaries in traditional finance, such as leverage, liquidity mismatch, technological and operational vulnerabilities, and interconnections between entities, and that certain combinations of functions could exacerbate these vulnerabilities.

According to the FSB, the implementation of its framework can largely address these issues. However, non-compliance, together with ineffective regulation across some parts of the world, hinders robust regulation of MCIs, as firms may intentionally choose to domicile their operations in jurisdictions whose regulatory framework is not consistent with the framework.

Sources: IOSCO: Policy Recommendations for Crypto and Digital Asset Markets Final Report, November 2023, IOSCO: Final Report with Policy Recommendations for Decentralized Finance (DeFi), December 2024, IOSCO: Investor Education on Crypto-Assets Final Report, October 2024, FSB: The Financial Stability Implications of Tokenization, October 2024. FSB: The Financial Stability Implications of Multifunction Crypto-asset Intermediaries, November 2023.

The European Union – MiCAR implementation

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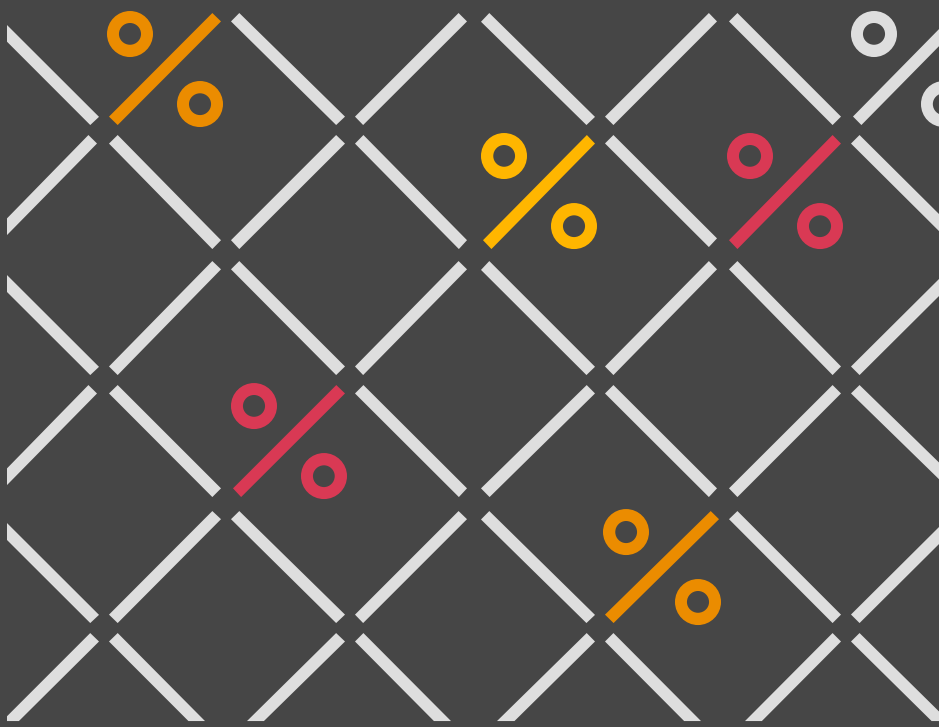


The EU's Single Market for digital assets

Background

In delivery of its Digital Finance Package, the European Union (**EU**) has successfully implemented a comprehensive legislative, regulatory and supervisory framework aimed at the burgeoning crypto-asset sector. This framework comprises the Markets in Crypto-Assets Regulation (MiCAR), the new Anti-Money Laundering Regulation (AMLR) along with the associated Anti-Money Laundering Authority Regulation (AMLA-R), the EU's Travel Rule as set out in the second Wire/Funds Transfer Regulation (WTR II) and the Digital Operational Resilience Act (DORA). Each of these legislative instruments address distinct aspects of the crypto-asset ecosystem, collectively ensuring a robust, transparent and resilient framework that also distinguishes when digital assets will be categorized (i) as financial instruments and be subject to traditional financial services legislative, regulatory and supervisory principles and (ii) as crypto-assets subject to MiCAR and crypto-asset specific rules as well as (iii) not (currently) regulated under either of the first two pillars.

Releasing the clutch on MiCAR

MiCAR entered into force in July 2023 and became fully operational in December 2024. It is the cornerstone of the EU's regulatory approach to the Single Market being extended to include crypto-assets, and creates a uniform framework, providing legal certainty for crypto-asset issuers (CAIs) and for crypto-asset service providers (CASPs). The key requirements of MICAR include:

- **Authorization and supervision**: CASPs must obtain authorization from national competent authorities (NCAs). This ensures that only entities meeting stringent criteria can operate within the EU.
- **Transparency and disclosure**: CAIs are required to publish a whitepaper containing detailed information about the project, the issuer and associated risks.
- **Consumer protection**: MiCAR introduces measures to protect consumers, including rules on the safekeeping of client funds and the segregation of client assets from the firm's own assets.
- **Market integrity**: MiCAR includes provisions to prevent market abuse, such as insider trading and market manipulation, fostering fair and transparent market environment.

Digital Operational Resilience Act (DORA)

DORA addresses the operational resilience of financial entities, including those in the crypto-asset sector. The primary objective is to ensure that firms can withstand, respond to, and recover from all types of information and communication technology (ICT)-related disruptions and threats.

Key requirements include:

- **ICT risk management**: firms must implement robust ICT risk management frameworks, including regular risk assessments and the adoption of appropriate security measures.
- **Incident reporting**: significant ICT-related incidents must be reported to competent authorities, enabling a coordinated response to systemic threats.
- **Third-party risk management**: firms must manage risks associated with third-party ICT service providers, including conducting due diligence and ensuring contractual safeguards across (outsourcing and sub-outsourcing) value chains – including on an intragroup basis.
- **Testing and resilience**: regular testing of ICT systems and controls is mandated to ensure operational resilience and the ability to recover from disruptions.

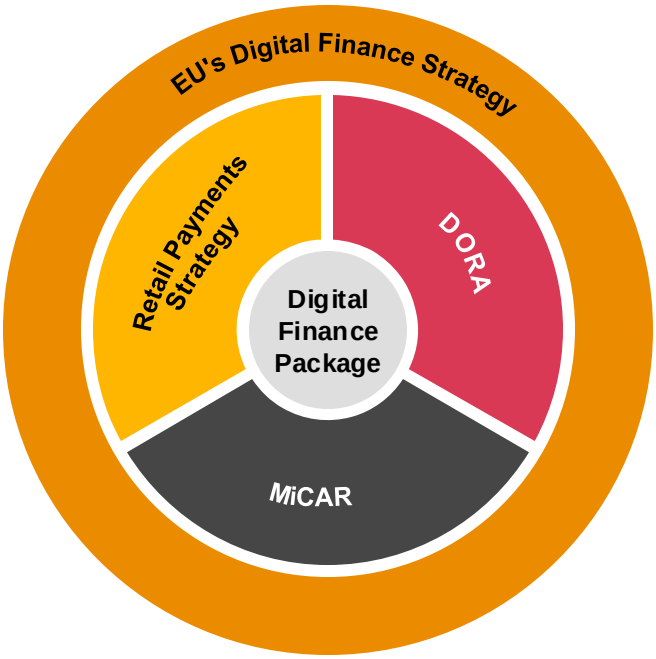
AMLR and the new AMLA

The new AMLR, complemented by the AMLA-R, represents a significant overhaul of the EU's anti-money laundering and countering of terrorist financing framework, with a specific focus on the crypto-asset sector.

Key elements include:

- **Risk-based approach**: firms are required to adopt a risk-based approach to AML compliance, identifying and mitigating risks associated with their activities and customers.
- **Customer due diligence** (**CDD**): enhanced CDD measures must be applied, particularly for high-risk customers and transactions. This includes verifying the identity of customers and beneficial owners, and monitoring transactions for suspicious activity.
- **Reporting obligations**: Firms must report suspicious transactions to the Financial Intelligence Units (**FIU**) and cooperate with national AML authorities.
- **Centralized supervision**: the establishment of AMLA, during 2025 and 2026, will centralize supervision and ensure consistent application of AML rules across the EU.

The EU's Single Market for digital assets



Digital Finance Strategy

Sets out the European Commission's key priorities and objectives over the next four years and how it plans to achieve them. The four stated priorities are:

- **Reducing fragmentation** in the Digital Single Market for financial services
- Adapting the EU regulatory framework to **facilitate digital innovation** in the interests of consumers and market efficiency.
- Creating a **European financial data space** to promote data-driven innovation
- Addressing new challenges and **risks associated with the digital transformation.**

The strategy aims to promote the uptake of artificial intelligence tools, blockchain technology, innovations in data management, data sharing and open finance.

Digital Finance Package (DFP)

The European Commission adopted the DFP to support the innovation and competition of digital finance. Aiming to ensure consumer protection, mitigating risks and boosting financial stability.

DORA

Regulation on digital operational resilience (DORA) within the financial sector: aiming to ensure that all financial system participants have the necessary safeguards in place to mitigate cyberattacks and other risks.

MiCAR

The markets in crypto-assets regulation (MiCA) aims to provide an EU-harmonized framework for the issuance and provision of services related to crypto-assets, exchanges and trading platforms, while mitigating investor risks and addressing financial stability and monetary policy risks.

Retail Payments Strategy

Retail payments strategy aims to achieve a fully integrated retail payment system in the EU, including instant cross-border payment solutions.

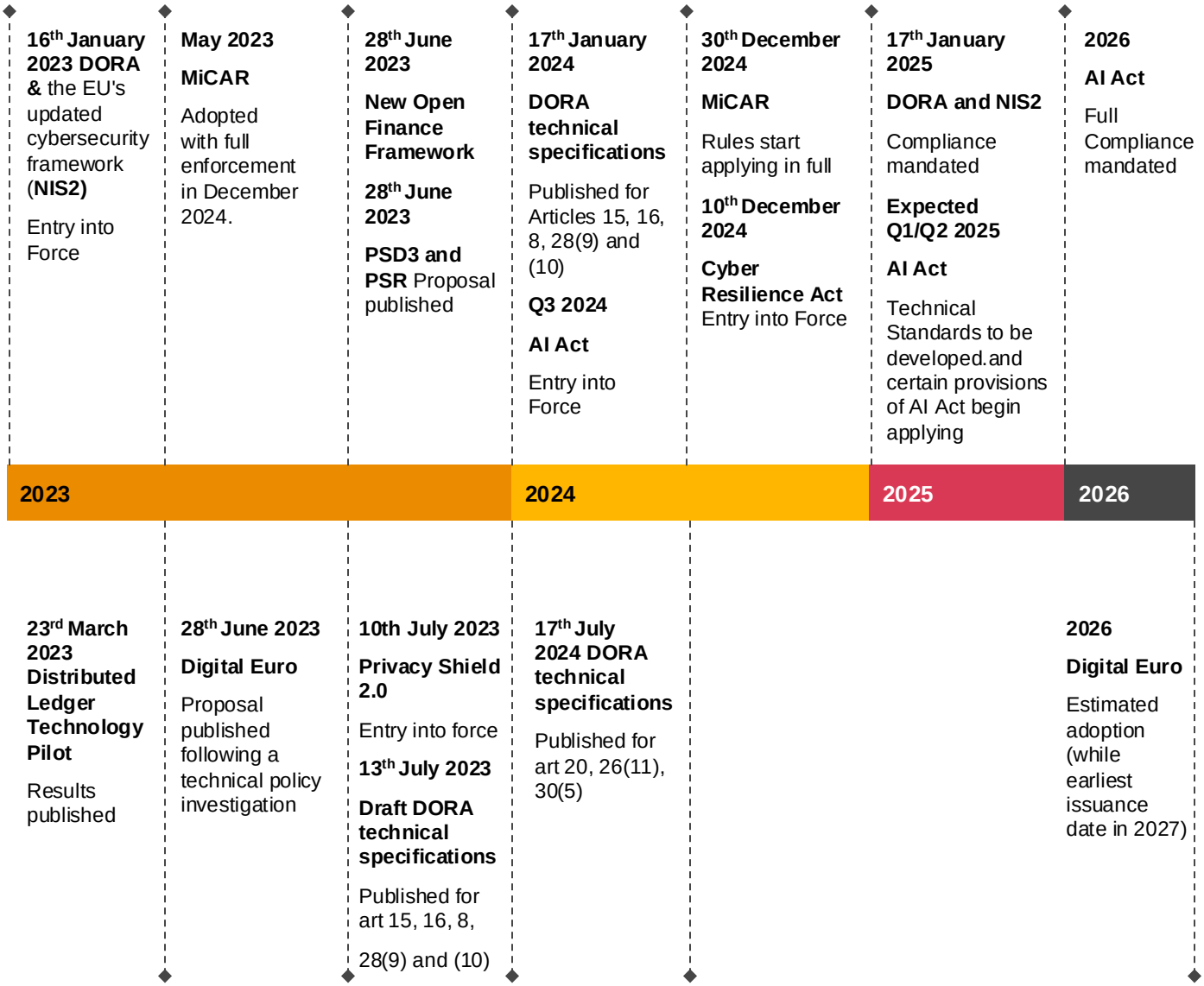
Next steps for firms

The impending regulatory framework, comprising MiCAR, AMLR and DORA represent a significant step towards a well-regulated and resilient crypto-asset market within the EU but with possible higher barriers to entry or those seeking to access or otherwise do business with EU established market participants.

By addressing authorization, transparency, consumer protection, AML compliance and operational resilience, these regulations collectively aim to foster a secure and trustworthy environment for crypto-asset activities.

Firms operating within or considering expanding to this sector must prepare to meet this comprehensive set of requirements to ensure compliance.

The EU's Single Market for digital assets



MiCAR: Scope

Background

MiCAR is the first cross-jurisdictional regulatory and supervisory framework for crypto-assets that became fully operational on 31 December 2024. It forms part of the European Commission's (**EC**) goal to establish a regulatory framework for facilitating the adoption of distributed ledger technology (**DLT**) and crypto-assets in the financial services sector.

The adoption of MiCAR concludes a successful legislative process introducing a new chapter into the EU's Single Rulebook and is applicable to CASPs and CAIs operating in or across the EU.

It replaces a patchwork of individual Member States' national frameworks on the regulation of crypto-assets and aims to strike a fair balance between addressing different levels of risk posed by each type of crypto-asset and the need to foster financial innovation.

The European Securities and Markets Authority (ESMA) and the European Banking Authority (EBA) have issued regulatory technical standards (RTS), implementing technical standards (ITS) and guidelines which will further specify the application of MiCAR.

Several EU Members have or will issue their own legislative instruments to support the implementation of MiCAR, RTS, ITS and guidelines. NCAs will publish final supervisory guidance and expectations of how they will authorize and supervise CASPs and CAIs and/or traditional financial services providers wishing to provide MiCAR regulated activities.

Products in scope

Most digital assets or tokens that are not 'financial instruments' but which are defined as 'crypto-assets' (largely stablecoins (asset-referenced and e-money tokens (ARTs/EMTs)) and utility tokens as well as certain non-fungible tokens (NFTs)) will be subject to the bespoke pan-EU regime established by MiCAR.

Firms in scope

In general, any business activity related to crypto-assets which is not categorized as 'financial instruments' in the EU is likely to fall under MiCAR.

Certain types of crypto-assets are (currently) exempt from MiCAR. Consideration will need to be given whether these (or activity in respect thereof) are subject to some regulation or completely outside the regulatory perimeter.

Non-EU crypto-asset firms carrying out activities for EU customers must also comply with MiCAR's requirements. MiCAR exempts services provided by non-EU domiciled firms where 'reverse solicitation', i.e. when responding to an initiative from an EU customer under a set of strict terms, as defined in MiCAR, can legitimately be relied upon.

MiCAR clarifications

Digital assets or tokens defined as 'financial instruments' will be subject to the existing financial services legislative, regulatory and supervisory framework rules (in particular, the Markets in Financial Instruments Directive II (MiFID II) and Regulation (MiFIR) (as supplemented by the Investment Firms Regulation (IFR) and Directive (IFD), the European Market Infrastructure Regulation (EMIR), the Securities Financing Transactions Regulation (SFTR) and equally Capital Requirements Regulation (CRR) and Directive (CRD) (each as amended).

MiCAR introduced rules regarding regulated crypto-asset services, including authorization, passporting and ongoing supervision requirements for CAIs and CASPs

MiCAR: Scope

MiCAR was adopted in May 2023 and became fully applicable in December 2024.

Scope

EU firms who issue EMTs (which are not included under the E-Money Directive), **ARTs and any other crypto-assets**, plus any firms providing services related to these crypto-assets **must comply with MiCAR.**

Licencing

To issue either ART or EMT, the legislation demands an e-money or banking licence, hence giving the banks a regulatory edge. Banks may provide all crypto asset services.

Client CDD

Financial institutions engaging with crypto platforms will **need to ensure their crypto counterparties or crypto clients are duly licensed.**

Regulatory Scrutiny

Crypto-assets and providers will now fall under the regulatory remit and hence come with the respective compliance burden.

ESG reputation

The EC is to include crypto-assets mining in the EU taxonomy regulation. Banks looking to explore the crypto market should be ready to reconcile their sustainability objectives with crypto energy use**.**

2023 | **2024**

MiCAR entered into force June 2023.

Implementation period of 12 to 18 months.

December 2024 full implementation.

MiCAR: Product classification

Services in scope

The scope of services governed by MiCAR are largely similar to the approach taken in traditional financial services rulemaking instruments (such as MiFIR/MiFID II, as amended by IFR/IFD) and trigger a licensing requirement for persons wishing to act as CASPs.

These services include custody and administration, operation of trading platforms, exchange, execution and transfer activities, investment advice, and portfolio management.

MiCAR does not specify with suitable detail whether lending of crypto-assets is a regulated activity. This may be regulated at the national level or lending activities involving crypto- assets may be undertaken in the context of a lender performing other regulated activities, triggering MiCAR's authorization requirements.

Out of scope for MiCAR

Digital assets categorized as 'financial instruments' and regulated under other relevant rules applicable to financial instruments are excluded from MiCAR. These include financial instruments as defined in MiFID II (including e-money under the second e-money directive (EMD II)), deposits (including structured deposits – please see separate EU RegCORE* Thought Leadership on Tokenized Deposits), funds (except if they qualify as EMTs under MiCAR), securitization positions, and pension products under the pan-European Personal Pension Product (PEPP) as well as Non-life or life insurance products, or reinsurance and retrocession contracts within the Solvency II Directive.

The following types of digital assets are specifically excluded from MiCAR: digital assets which cannot be transferred, are offered for free or are automatically created, non-fungible tokens (NFTs) unless certain conditions are met, decentralized finance (DeFi) protocols, and central bank digital currencies (CBDCs).

Significant tokens and stablecoins

Pursuant to MiCAR, competent authorities may designate an ART or EMT (in particular algorithmic crypto-assets and stablecoins) as 'significant'. This depends on the token's volume, transaction frequency and systemic risk impact.

The designation as significant triggers a rigorous regulatory regime with additional requirements that the CAI will have to comply with. This includes more stringent requirements on remuneration, liquidity management, higher capital and reserve requirements as well as evidencing the sufficiency and availability of adequate financial resources to be able to withstand potential market fluctuations. The EBA is the lead regulator for any significant tokens.

MiCAR scope by token categorization

1

Asset-referenced token (ART)

Tokens aiming to maintain a stable value by referencing another value or right or a combination thereof, including one or more official currencies.

2

E-money token (EMT)

DLT equivalents for coins and banknotes and uses as payment tokens. EMTs must be backed by one official currency.

Algorithmic crypto-assets and algorithmic stablecoins

Significant tokens and stablecoins**

3

Other crypto-assets

Tokens with a digital representation of value or rights which may be transferred and stored electronically.

Utility tokens which provide access to a good or service and only accepted by the issuer of that token.

Payment tokens which are not EMTs or security tokens.

*See PwC EU RegCORE Client Alerts covering EU Digital Single Market, financial services and crypto-assets here: https://legal.pwc.de/en/services/pwc-legals-eu-regulatory-compliance-operations

**MiCAR may designate ARTs and/ or EMTs (in particular algorithmic crypto-assets and stablecoins) as 'significant'. Whether an ART or EMT is deemed as significant depends on the volume and frequency of transactions as well as systemic risk impact.

MiCAR: Compliance obligations

Algorithmic crypto-assets and stablecoins

Algorithmic stablecoins are not defined in MiCAR and none of the operative provisions refer to them directly.

Recital 41 of MiCAR makes it clear that stablecoins should fall within the scope of regulation 'irrespective of how the issuer intends to design a crypto-asset, including the mechanism for maintaining a stable value of the crypto-asset'. Meaning that where a stablecoin falls within the definition of an ART or an EMT, Titles III or IV will apply. The same applies to algorithmic stablecoins.

Where the algorithmic crypto-assets do not aim to stabilize the value of the crypto-assets, by referencing one or several assets, the recital states that offerors or persons seeking admission to trading should in any event comply with Title II of MiCAR.

Transferability

Transferability is an important aspect of the definition of crypto-assets, which means that digital assets which cannot be transferred to other holders do not fall within scope of MiCAR (for example, loyalty schemes where loyalty points can be exchanged for benefits only with the issuer or offeror of those points).

Crypto-asset issuers (CAIs)

CAIs will have to meet several obligations before making an offer of crypto-assets (other than ARTs or EMTs) to the general public in the EU or in order to request admission of such crypto-assets to trade on a trading platform.

The requirements include a white paper describing the technical information of the crypto-asset, approved market communication, legal entity registration, financial conditions and details of natural or legal persons involved in the project, brief description of the project, characteristics of the token, key features on utility and information on 'tokenomics', business plan, disclosures on risks, any restrictions on transferability of the tokens issued, and regular audit of reserves.

The obligation to publish a whitepaper does not apply where the crypto-assets are offered for free, are created through mining, are unique and not fungible with other crypto-assets.

A white paper is also not required if the offering is made to fewer than 150 natural or legal persons per Member State, the total consideration of which does not exceed EUR 1 million over a period of 12 months starting with the beginning of the offer, or if the offering is addressed exclusively to qualified investors.

Requirements for ART and EMT offerings

ART and EMT offerings are subject to additional requirements. These include the public disclosure of various policies and procedures, as well as further disclosures of safeguards of reserve funds and internal control systems. NCAs may also set additional supervisory expectations.

CAIs of EMTs are required to be authorized either as credit institutions (i.e. a bank) or electronic money institutions.

Yield and interest are prohibited under MiCAR. Discounts, rewards or compensation for holding EMTs will be considered as offering interest.

Crypto-asset service providers (CASPs)

A legal entity wishing to apply to become a CASP must have a registered office in an EU Member State and have obtained an authorization to provide one or more regulated crypto-asset services from an NCA.

An authorization obtained in one Member State allows the CASP to passport its regulated activities across other Member States.

CASPs must also abide by the general conduct of business rules. These include that a CASP has at least one director who is a resident in the EU, has its place of effective management in the EU, and complies with prudential capital and governance, risk and compliance, as well as internal organizational requirements.

CASPs offering custody and/or safekeeping of crypto-assets are required to establish a custody policy with segregated holdings, daily reporting of holdings and have liability for loss of client's crypto- assets in the event of malfunctions or cyber-attacks.

CASPs must place clients' funds received with a central bank or credit institution (other than in relation to EMTs) at the end of every business day.

Trading platforms are required to set operating rules, technical measures and procedures to ensure resilience of the trading system, with the final settlement taking place within 24 hours of a trade. The amount of minimum capital requirements that are applicable to a CASP will depend on the type of regulated activity that it conducts.

MiCAR: Other regulatory requirements

Market abuse

MiCAR establishes a bespoke market abuse regime for crypto-assets. The regime sets rules to prevent market abuse, including through surveillance and enforcement mechanism. This amends and extends certain concepts which exist under EU financial services legislative and regulatory instruments, and in particular in the EU market abuse regulation.

The MiCAR-specific market abuse regime clarifies the definition of inside information as it applies to crypto-assets, the parameters of the market abuse regulations and the need for CAIs whose crypto-assets are permitted to trade on a crypto-asset trading platform to disclose inside information.

MiCAR also outlaws market manipulation, illegal disclosure of insider knowledge and insider trading in MiCAR in-scope crypto-assets.

Enforcement and supervision

NCAs act as the front-line supervisors and enforcement agents of CASPs and CAIs. NCAs will apply a modified set of supervisory tools, including on-site and off-site inspections, thematic reviews and regular supervisory dialogue to identify, monitor and request remedies to compliance shortcomings by CASPs and/or CAIs.

New enforcement powers include powers to:

- Suspend CAIs/CASPs' offering of activity;
- Suspend advertisements and marketing activity;
- Publish public censures or notices that a CAI/CASP is failing compliance;
- Require auditors or skilled persons to carry out targeted on-site and/or off-site inspections of the CAI/CASP: and/or
- Issue monetary fines, other non-monetary sanctions and administrative measures to CAIs/CASPs and/or the members of management (including bans).

Sources: PwC: Countdown to MiCA How Swiss firms need to prepare for a regulatory game changer, July 2023; The EU's Markets in Crypto-Asset Regulation (MiCAR), July 2023; Mastering MiCAR - The EU's Markets in Crypto-Asset Regulation (MiCAR) - how to apply and comply, July 2023; Tokenised Crowdfunding - obstacles, opportunities and the outlook ahead in the EU, November 2023.

MiCAR: Transitional measures

MiCAR includes transitional measures to facilitate a smooth transition for firms and stakeholders. The transitional period ends on 30 June 2026.

Transitional period for existing CASPs and CAIs

- **Existing authorizations**: CASPs and CAIs which are already authorized under national laws of EU Member States can continue their operations during the MiCAR transition period. It is designed to give the entities time to comply with the new obligations.
- **Application for MiCAR authorization**: during the transition period, existing CASPs and CAIs must apply for authorization under MiCAR. Firms are required to demonstrate compliance with the new regulatory standards as set out in MiCAR, including gove

Market Abuse and consumer protection

- **Market abuse regime**: the bespoke market abuse regime under MiCAR will also have transition measures. CASPs and CAIs must implement systems and controls to prevent market abuse, such as insider trading and market manipulation, within the transition period.
- **Consumer protection measures**: firms must ensure that consumer protection measures, such as the safekeeping of client funds and segregation of client assets, are in place by the end of the transition period.

White paper requirements

- **Existing offerings**: CAIs have a grace period to comply with the white paper requirements for those crypto-assets which are already offered to the public or admitted to trading on a trading platform before MiCAR comes into full application. This includes preparing and publishing a white paper which meets the MiCAR's disclosure standards.
- **New offerings**: any new offerings of crypto-assets after MiCAR's entry into application must immediately comply with the white paper requirements. This ensures that investors receive adequate information about the crypto-assets and associated risks from the outset.

Enforcement and supervision

- **Supervisory Expectations**: NCAs in each Member State will provide guidance and supervisory expectations during the transitional period. This will help CASPs and CAIs understand the specific requirements and timelines for compliance under MiCAR.
- **Enforcement**: NCAs will use a range of supervisory tools, including on-site and off-site inspections, to monitor compliance during the transitional period. They will also have the authority to issue public censures, suspend activities and impose fines for non-compliance

Significant tokens and stablecoins

- **Designation and compliance**: CAIs have a transition period to meet the additional regulatory requirements for those ARTs and EMTs which could be designated as significant under MiCAR and therefore must comply with more stringent regulatory requirements.
- **Regulatory Oversight**: The EBA will oversee the compliance of significant ARTs/EMTs, ensuring that issuers have adequate financial resources and risk management frameworks in place.

Next steps for firms

The transitional measures under MiCAR are designed to provide a structured and phased approach for firms to adapt to the new regulatory framework. By allowing existing CASPs and CAIs time to align with MiCAR‘s requirements, the EU‘s co-legislators aim to ensure a smooth transition while maintaining market integrity and protecting investors.

Firms must take proactive steps to comply with the new standards within the specified transitional period to avoid regulatory sanctions and ensure continued operation in the single market for digital assets

MiCAR: Transitional timeline

36-month timeline for firms already providing crypto-asset services

MiCAR entry into force
Firms providing crypto-asset services under national law may continue to do so during the implementation phase

Entry into application of MiCAR
Transitional measures apply in those Member States which opted in from 31 December 2024. Firms in participating Member States may apply for the simplified authorisation procedure

2023 | 06 | 2024 | 06 | 12 | 2025 | 2026 | 06

Past legislative procedure

Expected legislative procedure

Deadline to opt-out of grandfathering or reduce duration Member State deadline to notify the Commission and ESMA for intention to opt-out of the grandfathering in Art. 143(3) MiCAR or reducing the duration.

End of transition period
Firms benefitting from the transitional measures must obtain MiCAR authorization in by 1 July 2026 to continue providing crypto-asset services.

MiCAR: Transitional timeline (continued)

Country	Change to MiCAR Transitional period	Application forms issued (as of 14 February 2025)	Notable specifics (as of 14 February 2025)
Austria	Reduced to 12 months (30 December 2025)	Applicants must submit a completed application form and required documents and information to the Austrian Financial Market Authority (FMA).	The FMA has issued a detailed roadmap for CASPs, as well as information and guidance for CASP applicants, including the expected application timeline. *Updated on 3 April 2025*
Belgium	No expected reduction (1 July 2026)	No information for authorisation yet available.	The legislation pending to empower the Financial Services and Markets Authority or another entity to act as a supervisor or license issuer under MiCAR.
Bulgaria	No expected reduction (1 July 2026)	No information for authorisation yet available.	There are no indications of any specific plans to expand local requirements beyond what is specified in MiCAR. The bill for the local Law on Markets in Crypto Assets strictly follows MiCAR's provisions.
Croatia	No expected reduction (1 July 2026)	Applicants must submit an application to HANFA.	Croatian authorities have not yet made any statements as to the length of the transitional period.
Cyprus	No expected reduction (1 July 2026)	No information for authorisation yet available.	No significant divergence from MiCAR is expected for Cyprus. Additionally, there are transitional arrangements for CASPs operating under the existing regime allowing them to continue operations while they transition to the new authorisation.
Czech Republic	No expected reduction (1 July 2026)	No information for authorisation yet available.	Czech authorities have not yet made any statements as to the length of the transitional period.

MiCAR: National transition periods

Country	Transition period	Application forms issued	Details
Denmark	No expected reduction (1 July 2026)	Under the new Danish legislation, providers of crypto-asset services with existing operations in Denmark (before 30 December 2024) who submit an application to the Danish NCA no later than 30 December 2024 may continue to operate until 1 July 2026, or until they are granted or refused an authorisation under the new regime transposing MiCAR.	Danish authorities have not yet made any statements as to the length of the transitional period.
Estonia	No expected reduction (1 July 2026)	The Estonian NCA (Finantsinspektsioon) has not yet published a specific application form for the MiCRA legislation. However, they have provided initial guidelines on how to apply for a MiCAR license. The application process can be initiated through the web portal of the register of economic activities or via a notary.	CASPs that have operated under previous legislation before the implementation of MICAR (in Estonia VASPs under the MLTFPA) can continue to provide services based on their existing license for up to 18 months or until they are issued a new license under MICAR.
Finland	No expected reduction (1 July 2026)	Instructions on how to apply for authorisation as well as other information on crypto-assets and related regulation is available on the Finnish NCAs' (FIN-FSA) website.	Regulation concerning the issuance of crypto-assets becomes applicable on 30 June 2024. As of 30 December 2024, the provision of crypto- asset services will require authorization.
France	18 months from December 2024 (with restrictions on non-client providers during the transitionary period)	The French NCA (the AMF) has clarified that to submit a registration application, applicants must complete five forms, which specify the required information and documents. The registration application, and its constituent parts shall be sent by email to the AMF. For bulky documents, the AMF staff may open an account for applicants on the AMF's encrypted email service.	The transitional period is available to digital asset service providers (DASPs) which have obtained "Simple Registration", "Reinforced Registration", optional approval from the AMF or who provide certain crypto- asset services not subject to compulsory registration before 30 December 2024. French DASPs benefitting from this transitional regime will only be allowed to offer this service to the French public.

MiCAR: National transition periods (continued)

Country	Transition period	Application forms issued	Details
Germany	Reduced to 12 months (30 December 2025)	At present the German NCA (BaFin) has published a “Roadmap for asset-referenced tokens (ARTs) and e-money tokens (EMTs)” relevant for applicants intending to issue an ART or EMT may reach out to BaFin.	Institutions that hold authorisation for cryptocustody business or other financial services with regard to crypto-assets and that are not CRR credit institutions may use the simplified procedure under Article 143(6) of MiCAR in conjunction with section 50 (3) of the draft of the German Cryptomarkets Supervision Act (Kryptomärkteaufsichtsgesetz-Entwurf – KMAG-E), which is yet to be implemented Institutions already supervised by BaFin that are permitted to provide crypto-asset services under Article 60 of MiCAR – i.e. CRR credit institutions, authorized central securities depositories (CSDs), investment firms, e- money institutions, UCITS management companies, alternative investment fund managers or authorized market operators of trading platforms – must notify BaFin of the information required under Article 60(7) of MiCAR at least 40 working days before providing the crypto-asset services for the first time. From 30 December 2024, the provision of crypto-asset services will require authorization under MiCAR. Applicants should therefore make the necessary changes in their organization, processes and associated documentation at an early stage in order to meet the requirements under MiCAR. Applicants must submit an application for authorization in accordance with Article 62 of MiCAR. It is possible to refer to information or documentation already submitted if such information and documentation is still up to date. From 30 December 2024, the deadlines for the authorization procedure are governed by Article 63 of MiCAR. Companies intending to provide crypto-asset services under MiCAR require authorization under Article 59(1)(a) in conjunction with Article 63 of MiCAR. Under MiCAR-AntragsV-E, applications may be submitted once the Regulation has entered into force. A company preparing for the application procedure under Article 59 of MiCAR may, in consultation with BaFin’s “Division ZK 4”, submit initial information in this regard beginning 1 July 2024.

MiCAR: National transition periods (continued)

Country	Transition period	Application forms issued	Details
Greece	No expected reduction (1 July 2026)	No information for authorisation yet available.	Greek authorities have not yet made any statements as to the length of the transitional period.
Hungary	No expected reduction (1 July 2026)	No information for authorisation yet available.	For existing CAIs that issue crypto-assets other than ARTs or EMTs, the new law provides transitional provisions to ensure a smooth transition to the new regulatory framework and to avoid any disruption to the existing crypto-asset market. These providers must comply with MiCAR's requirements by 1 January 2025.
Ireland	Reduced to 12 months (30 December 2025)	Potential CASP applicants should commence engagement with the Irish NCA (CBI). The CBI will in due course update its webpage regarding the authorisation and notification processes.	All registered Virtual Asset Service Providers (VASPs) that intend to continue to operate following the 12-month transitional period, i.e. post 30 December 2025, will require a CASP authorisation from the Central Bank prior to 30 December 202
Italy	Reduced to 12 months (30 December 2025)	Operators interested in submitting applications for authorisation such as CASPs or notifications for the provision of services for crypto- assets, other than banks, class 1 investment firms, electronic money institutions, payment institutions and asset management companies, are invited to complete and submit a form available from the Italian NCA.	To benefit from this transition period, these firms must submit their MiCAR application in Italy or another EU Member State by 30 June 2025. If the application is denied, firms will have a maximum of 60 days to manage the orderly termination of their relationships with customer The Bank of Italy and Consob will be the competent supervisory authorities for the purpose of the MiCAR rules.

MiCAR: National transition periods (continued)

Country	Transition period	Application forms issued	Details
Latvia	No expected reduction (1 July 2026)	Currently, there is only a reference made to RTS requirements regarding the application forms.	The Law enters into force on 30 June 2024, the requirements of the Law will begin to apply from 30 December 2024. CASPs, which started providing services before 30 December 2024, have the right to continue providing crypto-asset services until 30 June 2025 without obtaining a permit from the Bank of Latvia. If a CASP applies to the Bank of Latvia for a permit to provide crypto-asset services by 30 June 2025, it has the right to continue providing crypto-asset services without the aforementioned permit until the Bank of Latvia considers its application and makes a decision on issuing a permit.
Lithuania	Reduced to 0 months (30 December 2024)	Lithuania-based VASPs must ensure they have an appropriate legal form to apply for a MiCA crypto license, as well as all internal documents, policies, procedures, business plan together with the financial projections and required internal organisational structure.	There will be no transition period for the implementation of MiCAR requirements in Lithuania according to a recent press release of the Lithuanian Central Bank.
Luxembourg	No expected reduction (1 July 2026)	VASPs registered with Luxembourg's NCA, the Commision de Surveillance du Secteur Financier (CSSF) on or before 30 December 2024 will remain registered until 1 July 2026 or until they receive or a refused authorisation as a CASP. The Bill is still in draft and may be subject to further changes.	The Draft Bill implementing MiCAR was introduced to the Luxembourg Parliament on 21 May 2024.

MiCAR: National transition periods (continued)

Country	Transition period	Application forms issued	Details
Malta	No expected reduction (1 July 2026)	The Maltese NCA (the MFSA) has clarified the transitory provisions as regards the phasing out of the application process under the pre-MiCAR regime with the last applications accepted until 1 August 2024.	No specific information available but the FinTech Supervision Function, within the MFSA's Supervisory Directorate, which was tasked with the authorisation and supervision of the pre-MiCAR regime (VFA Agents and VFASPs, as well as the registration of whitepapers) which be handling the supervisions of MiCAR compliance in a similar manner.
Netherlands	Reduced to 6 months (30 June 2025)	Information on application process for companies is available on the Dutch NCA (DNB) website.	The Dutch legislator intends to reduce the duration of the transitional regime. The intention is to reduce the transitional period to a maximum of 6 months. This would mean that companies that are registered with DNB as a crypto service provider before 30 December 2024, may continue to provide their services until 1 July 2025 at the latest. Companies that provide crypto-asset services within the meaning of MiCAR and are not registered would need to apply for authorisation as a CASP as of 1 July 2025 at the latest.
Poland	Reduced to 6 months (30 June 2025)	No information for authorisation yet available.	The Draft Act on Cryptoassets Market is still being debated. The latest version includes a provision shortening the transitional period to 6 months, but a number of entities taking part in the consultation have called for an extension for the deadline to 31 December 2025.

MiCAR: National transition periods (continued)

Country	Transition period	Application forms issued	Details
Portugal	No expected reduction (1 July 2026)	Requests for initial registration and changes must be submitted by completing the following forms (accompanied by the appropriate supporting documentation), to be sent to the Bank of Portugal under the terms of paragraphs 3 to 6 of article 6 of Notice No. 3/2021.	Portuguese authorities have not yet made any statements as to the length of the transitional period.
Romania	No expected reduction (1 July 2026)	Currently, there is only a reference made to RTS requirements regarding the application forms.	It remains to be seen whether Romania will decide to apply a simplified procedure, as well as whether it will decide to shorten or eliminate the transition period regarding the service providers in the crypto-asset sector who were legally operating before 30 December 2024.
Slovakia	No expected reduction (1 July 2026)	Applicants planning to apply for a MiCAR license in Slovakia, are advised to contact Slovakia's NCA (NBS) prior to submitting the application.	The transition period for ensuring compliance with MiCAR licensing requirements for existing providers of virtual wallet/exchange services and/or services falling under the definition of a crypto-asset service providing their services pursuant to previous legislation was shortened to 30 December 2025. The NBS may require public consultation before imposition of product intervention measure under the MiCAR.
Slovenia	Reduced to 0 months(30 December 2024)	Virtual currency service providers with headquarters or branches in the Republic of Slovenia must register in the Register of Virtual Currency Service Providers, which is maintained and managed by the Office for the Prevention of Money Laundering, before starting to provide virtual currency services.	On 23 October 2024, the National Assembly adopted the Act on the Implementation of Regulation (EU) on Markets in Crypto-Assets (hereinafter: "the Act"), which regulates the practical aspects of implementing MiCAR. The Act will enter into force on the fifteenth day following its publication in the Official Gazette of the Republic of Slovenia.

MiCAR: National transition periods (continued)

Country	Transition period	Application forms issued	Details
Spain	Reduced to 12 months (30 December 2025)	No information on application for authorisation yet available.	The Government of Spain will bring forward by six months the implementation of MiCAR, for its implementation in Spain in December 2025 to create a stable regulatory and supervisory framework that gives legal certainty and protects investors in relation to the provision of crypto-asset services. Once the regulation is published, member states must decide on the period of application of the rule in each country, because if no decision is taken, the regulation will apply from July 2026 for crypto- asset service providers, with a total transitional period of up to 36 months.
Sweden	Reduced to 9 months (30 September 2025)	No information on application for authorisation yet available.	Providers of crypto-asset services with existing operations in accordance with Swedish law prior to 30 December 2024 may continue to operate until 30 September 2025. If such an undertaking has submitted an application for authorization before 1 October 2025, it may continue to operate until the application for authorization has been finally assessed.

European Central Bank (**ECB**)

Digital euro

The ECB has iterated its goal of enhancing the monetary foundation through the introduction of a digital euro. It would support the Eurosystem's objectives and provide citizens with a safe form of money in a fast-changing digital world.

In October 2023 the Governing Council of the ECB approved the launch of a two-year preparation phase for the digital euro. The phase involves finalizing the digital euro rulebook, selecting providers, and carrying out further testing and experimentation. By the end of 2025, the Governing Council will decide whether to move to the next phase of preparations, with a development and roll-out.

Sources: PwC: Digital euro, digital pound and e-krona, March 2024, PwC: Countdown to MiCA How Swiss firms need to prepare for a regulatory game changer, July 2023; The EU's Markets in Crypto-Asset Regulation (MiCAR), July 2023; Mastering MiCAR - The EU's Markets in Crypto- Asset Regulation (MiCAR) - how to apply and comply, July 2023; Tokenised Crowdfunding - obstacles, opportunities and the outlook ahead in the EU, November 2023.

DORA – five key pillars

ICT third party risk

ICT third party risk management including risks arising from contracting third party ICT service providers.

Digital operational resilience testing

Establish, maintain, and review digital operational resilience testing programmes.

Information sharing

Exchange of cyber threat information and intelligence amongst financial entities.

ICT-Related Incidents: Management, Classification and Reporting of Risks

Report major incidents to the competent authorities, inform service users and clients.

ICT Risk Management

Evidence internal governance and control frameworks that ensure effective management of all ICT risks

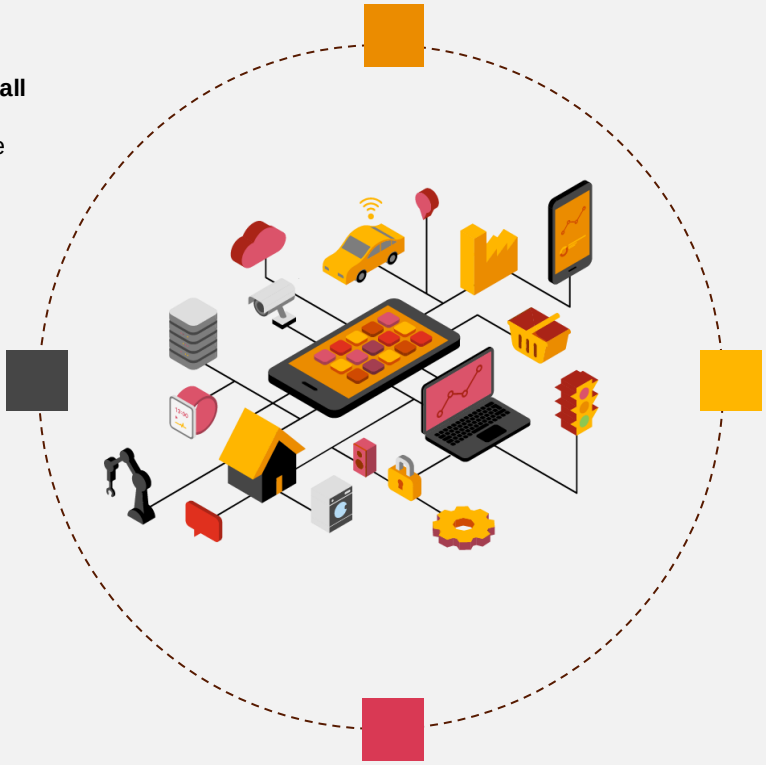
All participants in the financial system should now ensure they can **withstand all types of ICT-related disruptions and threats.** The regulation create a **consistent incident reporting mechanism** and a **harmonized standard for ICT infrastructure and incident responses.**

Enforcement

Critical ICT TPP will now fall under ESAs enforcement scope which will include the imposition of fines for non-compliance **Wide ESAs discretion in enforcement**

Value Chain Governance and Asset Management

will require extensive information gather in particular to map key dependencies and a banks ICT- third party supply chain.



Incident response planning

A significant change is the additional document and repoting obligations and building infrastructure to respond to regulate on the audits.

Testing and Scenario Mapping

The ICT risk management framework periodically tested for preparedness and the identification of weaknesses, deficiencies or gaps, and prompt implementation of corrective measures.

Executive Responsibility

Management is required to maintain a crucial active role in steering the ICT risk management framework.

2023	2024	2025
16th January DORA enter into force	DORA Technical Soecifications published in January and July 2024	DORA entities must be compliant by 17th January 2025

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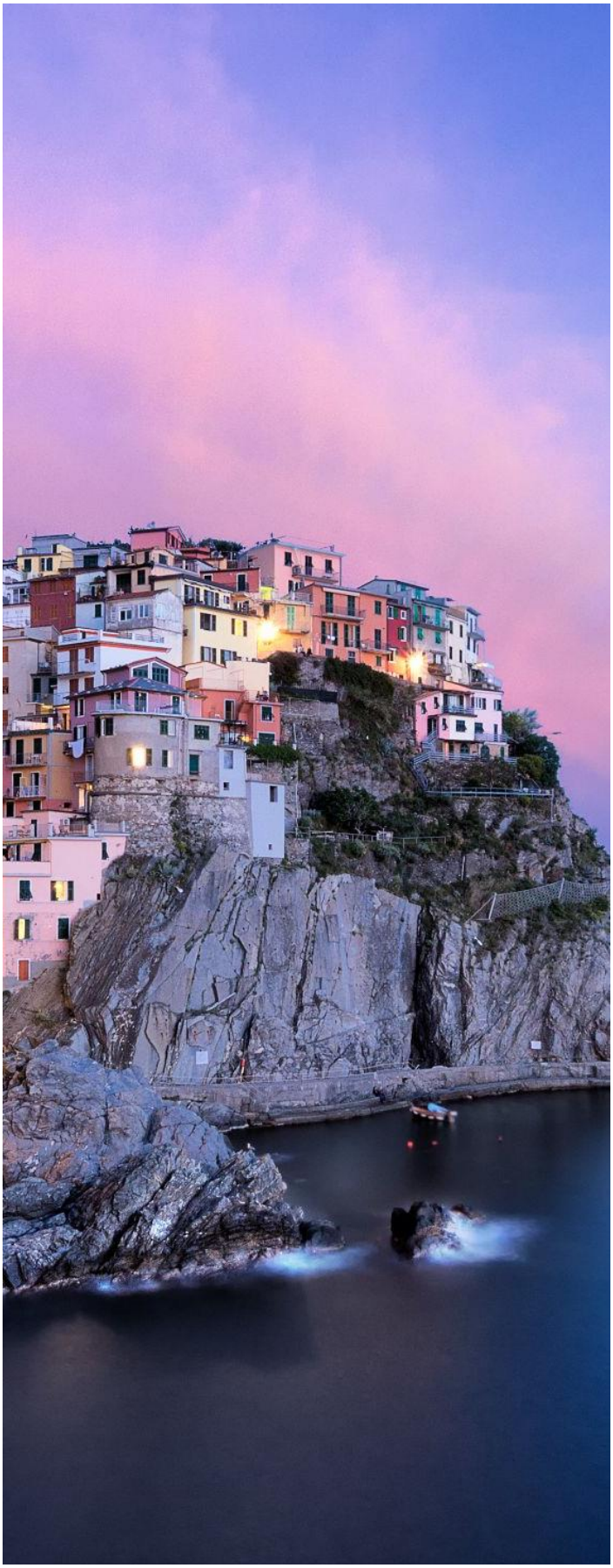

United States

Government outlook

U.S. regulatory bodies continue to address the risks posed by cryptocurrencies to financial stability, but the recent consolidation of power in the House, Senate, and Presidency is expected to significantly influence the regulatory landscape moving forward. Historically favoring a business-friendly approach, the new Administration and Congress will likely prioritize the reduction of regulatory barriers to financial innovation, which could result in expedited federal charter approvals for crypto providers and a broader push for market-driven oversight.

With the recent departure of the Securities Exchange Commission (SEC) Chair in January, The SEC has focused on establishing regulatory clarity via a newly established Task Force for the industry as opposed to focusing on leading with enforcement. Priorities for this group include a resolution on the designation of a crypto asset as a security vs. a commodity and creating a more “viable” path to registration by modifying the SEC’s existing paths, among others. With this proverbial change in referees, and a new set of industry rules, it is expected that innovation-friendly policies will stimulate economic growth in the industry.

At the state level, New York and California maintain strict licensure frameworks, while Texas, Florida, and Wyoming have introduced new stablecoin and AML rules to enhance consumer protection and transparency. Wyoming also plans to launch a USD-backed stablecoin, reinforcing its leadership in crypto innovation.

The interplay between state and federal policies remains a key focus for 2025.

Asset classification framework

In 2024, the classification of digital assets remained a highly contested area, with courts, regulators, and legislators contributing to a fragmented landscape. The U.S. District Court for the Southern District of New York’s 2023 ruling set a precedent for distinguishing securities and non-securities based on transaction type, challenging the SEC’s traditionally broad approach to classifying tokens as securities. With the SEC's appeal still pending, this nuanced decision has yet to yield clear practical outcomes for market participants.

Meanwhile, the ongoing debate around the Digital Asset Market Structure and Investor Protection Act and overall market structure has continued. The bill, currently under congressional review, proposes a formal framework to define asset types, establish clear classifications, and streamline oversight.

If passed, this bill could mark a significant step toward a federal policy framework, potentially reducing regulatory uncertainty aligning asset classification criteria across agencies. At the state level, New York and California continue to shape asset classification policies through stricter risk management requirements for coin listing processes. New York’s updated guidance requires additional disclosures for licensees, while California’s recent legislation mandates that crypto service providers incorporate detailed asset classification and risk assessments as part of their listing protocols.

Crypto asset regulation

Regulatory efforts in the crypto asset sector continued to advance, aiming to define the roles of key federal agencies and provide greater clarity for both corporate and retail participants. The Market Structure Act and the Financial Innovation and Technology for the 21st Century Act (FIT121) have progressed through Congress, refining the respective regulatory roles of the CFTC and SEC. The proposed legislation designates the CFTC as the primary regulator for digital commodities markets and reinforces that an investment contract alone does not inherently classify a token as a security.

Further, the IRS introduced a finalized version of Form 1099-DA, simplifying tax reporting for digital asset transactions and aligning crypto reporting requirements with those of other asset classes.

On the accounting side, the Financial Accounting Standards Board (FASB) issued additional guidance following the 2023 Accounting Standards Update (ASU). The update mandates that firms measure crypto assets at fair value each reporting period, which improves transparency and aligns crypto accounting practices more closely with those of traditional assets. This change also supports holding digital assets like bitcoin on corporate balance sheets, further integrating crypto into mainstream financial management.

Stablecoins

U.S.-dollar stablecoins remain central to crypto asset markets, prompting both federal and state regulatory actions. The Stablecoin TRUST Act proposes a federal framework requiring issuers to maintain high-quality, liquid reserves and undergo regular audits, with oversight by the Federal Reserve. The Federal Reserve and OCC are increasing involvement in stablecoin oversight, especially for payment-focused coins like USDC. The Financial Stability Oversight Council (FSOC) has highlighted these assets as potentially systemically important, while new guidelines

Sources: SEC, 2024; CFTC, 2024; U.S. Treasury, 2024; California DFPI, 2024; Texas Department of Banking, 2024; Illinois Department of Financial and Professional Regulation, 2024; Wyoming Division of Banking, 2024; Trump Administration, 2024; Federal Reserve, 2024; U.S. District Court SDNY, 2023; Congressional Research Service, 2024; NYDFS, 2024; IRS, 2024; FASB, 2024

United States (continued)

clarify how banks may engage in stablecoin activities.

Regulators now emphasize reserve transparency, consumer disclosures, and anti-deceptive advertising rules for stablecoin issuers.

The SEC is evaluating stablecoins with investment-like features, potentially classifying some as securities, which would bring additional regulatory oversight.

States like New York and Texas have implemented strict requirements, but federal legislation could preempt state rules, unifying standards

A finalized regulatory framework may emerge by late 2025, shaping stablecoin use across payment systems, DeFi, and beyond.

Central Bank Digital Currency (CBDC)

There historically has been significant research and discussion surrounding the digital dollar project with participation by the Federal Reserve. Despite previous exploration by the Federal Reserve of a US CBDC for both wholesale and retail use, Executive Order 14178 explicitly prohibits the establishment, issuance, circulation, and use of a CBDC by a regulatory agency within the jurisdiction of the United States without congressional approval.

Other digital assets

The federal government and state regulators expanded compliance requirements for virtual asset firms and virtual asset service providers, particularly focusing on anti-money laundering (AML) and financial crimes prevention. New federal guidelines now extend to a wider range of digital asset firms, requiring enhanced AML procedures, customer due diligence, and transaction reporting to align with traditional financial services.

State regulators, including NYDFS and California's Department of Financial Protection and Innovation (DFPI), introduced additional compliance mandates for virtual asset entities operating within their jurisdiction

Registration/licensing regime

The U.S. still lacks a unified federal licensing framework for digital assets, with regulatory guidance often shaped by court rulings In the absence of federal oversight, crypto firms continue to pursue state licenses like New York's BitLicense and money transmitter licenses.

Financial crime

In 2024, enforcement actions against virtual asset firms increased, with the Office of Foreign Assets Control OFAC, CFTC, and NYDFS focusing on sanctions violations, inadequate customer identification (CID) procedures, and cybersecurity deficiencies.

Federal and state regulators have extended AML and Bank Secrecy Act (BSA) requirements to a broader range of virtual asset service providers, including DeFi platforms, wallet providers, miners, and validators.

A key regulatory focus remains on refining examination standards for crypto firms, aiming to enhance risk assessments and ensure compliance with AML/BSA and sanctions laws. These efforts underscore heightened expectations around KYC practices and financial crime prevention across the digital asset landscape.

Pending legislation or imminent regulatory announcements

In 2025, federal and state regulators are expected to issue further guidance and conduct examinations of crypto asset firms, likely leading to new compliance requirements and public enforcement actions. Financial crimes compliance, particularly around AML, KYC, and sanctions, remains a primary focus for regulatory updates.

With the new Administration's focus on innovation and collaboration many of the pending legal actions against digital asset native firms have been dropped signaling a new way of leading with more business-friendly policies and anticipated expedience with the regulatory pace of change.

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Sources: Congressional Research Service, 2024, NYDFS, 2024, Texas Department of Banking, 2024, Federal Reserve, 2024, U.S. Department of the Treasury, 2024, California DFPI, 2024, OFAC, 2024, CFTC, 2024, NYDFS, 2024, Federal Reserve, 2024, OCC, 2024, FSOC, 2024

United Kingdom

Government outlook

In November 2024, the UK Government announced that "cryptoassets are here to stay",[1] together with the plan to publish draft secondary legislation in early 2025 and the intention to issue digital gilts in the next two years.

Days later, the Financial Conduct Authority (FCA) unveiled its crypto roadmap. The FCA will issue regulatory discussion papers and consultations throughout 2025 and implement the full crypto framework during 2026.

Crypto asset regulation

The Financial Services and Markets Act 2023 (FSMA 2023) received royal assent in June 2023. It provides the Government with powers to specify cryptoasset activities within the Financial Services and Markets Act 2000 (FSMA) (Regulated Activities) Order 2001 (RAO), and to designate activities as part of the Designated Activities Regime (DAR).

FSMA 2023 also gives authorities powers to deliver a regulatory regime for the use of 'digital settlement assets' (DSA), e.g. stablecoins, in payments.

The upcoming regulatory regime will capture all cryptoassets. The requirements will be determined by the activities firms undertake and are primarily delivered by amending the existing legislation.

All financial entities undertaking cryptoasset activities will be impacted, including those already registered with the FCA. Firms will need to comply with compliance responsibilities, including conduct and prudential requirements, safeguarding, reporting, consumer protection, operational resilience and location policy.

The framework will capture activities provided in, from or to the UK. Entities based overseas will also need to comply with parts of the regime, if they provide services to customers in the UK.

In September 2024, the Bank of England (BoE) and FCA opened the Digital Securities Sandbox (DSS). The purpose of the DSS is to facilitate the use of developing technology, in the issuance, trading and settlement of securities, as well as drive a quicker way of delivering regulatory change.

In September 2024, the Property (Digital Assets etc) Bill was introduced into Parliament. Once an Act, digital holdings, including cryptocurrency, can be considered as personal property under the law.

Asset classification framework

The Government will address fiat-referenced stablecoin activities simultaneously with crypto trading, exchanges, staking and other related activities.

The government has rejected the original phased approach, which proposed to regulate fiat-backed stablecoins first, followed by the wider cryptoasset industry later.

The in-scope cryptoassets will include exchange tokens (e.g. cryptocurrencies), asset-referenced tokens, commodity-linked tokens, crypto-backed tokens, algorithmic tokens and governance tokens, as well as NFTs, utility tokens and fan tokens (where used for regulated activities). DeFi activities will be considered at a later stage.

Stablecoins

Two new fiat-backed stablecoin activities will be regulated. These are: issuance of fiat-backed stablecoins in or from the UK, and custody activities carried out from the UK or to UK-based consumers for UK-issued fiat-backed stablecoins.

HM Treasury (HMT) will also amend the Payment Services Regulations 2017 (PSRs) to allow fiat-backed stablecoins to be used as a means of payment.

Issuers will need to constitute and maintain a reserve of backing assets, equivalent in value to the circulating supply of the regulated stablecoin, together with adequate safeguarding arrangements.

For custody, the core requirements include arrangements to protect clients' rights to their cryptoassets, organisational arrangements to minimise the risk of loss or diminution of clients' custody assets, accurate books and records of clients' custody asset holdings, and adequate controls and governance to protect clients' custody asset holdings.

The FCA will apply the same or equivalent organizational requirements to regulated stablecoin issuers and custodians, as in place for traditional finance firms.

The regulator will issue a dedicated prudential sourcebook for regulated stablecoin issuers and custodians, applied cumulatively with other activity-based prudential requirements. The rules will also apply to other cryptoasset activities.

For those overseas stablecoins not registered in the UK, HMT may introduce a new activity of 'payment arrangers' (PA). PAs would assess and approve any overseas stablecoin (used for payments) before the stablecoin could be used in UK payment chains. The PAs would be required to assess all relevant information and compliance and be required to appoint an independent third party (such as an auditor) to verify certain elements of their assessment.

The Bank of England (BoE) will supervise systemic stablecoins, which are used for retail purposes in the UK. The regime will apply to systemic payment systems using stablecoins, service providers to payment systems using stablecoins and others.

United Kingdom (continued)

Central Bank Digital Currency (CBDC)

The BoE and HMT have indicated that a retail CBDC will likely be needed by 2030. The digital pound is in the design phase, with a focus on technology and policy options. The decision of whether to build a digital pound will be made in 2025, at the earliest.

Registration/licensing regime

Currently, cryptoasset firms must comply with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs). Firms are required to register with the FCA before conducting business or notify the regulator before a proposed acquisition of a registered cryptoasset firm.

Under the new regime, firms undertaking regulated activities must adhere to the same financial crime standards and rules which apply to equivalent or similar traditional financial services activities.

Firms already registered with the FCA will also need to seek authorization from the FCA under the new wider regime.

Firms that have an existing authorization under Part 4A of FSMA (e.g. multilateral trading facilities) can apply for a Variation of Permission (VoP).

Financial crime

HMT has extended information sharing requirements for wire transfers (known as the Travel Rule) to include cryptoassets.

The Travel Rule came into effect in September 2023. It extends information sharing and record-keeping requirements which apply to bank transfers to transfers of cryptoassets, to assist in the prevention and detection of money laundering.

A new market abuse regime for cryptoassets will be based on elements of the Market Abuse Regulation (MAR) regime. The market abuse offences will apply to all persons committing market abuse on cryptoassets which are admitted (or requested to be admitted) to trading on a UK cryptoasset trading venue and apply regardless of where the person is based or where the trading takes place.

In December 2024, the FCA issued a discussion paper on regulating admissions, disclosures and market abuse regime for cryptoassets. It will be followed by a regulatory consultation in 2025.

Sales and Promotion

The FCA classifies qualifying cryptoassets as 'Restricted Mass Market Investments' under the Financial Promotions Order (FPO).

Since October 2023, firms marketing qualifying cryptoassets to the UK-based customers must be registered with the FCA under the MLRs, irrespective of the firms' location or the technology used to make the promotion.

The financial promotion must be either: communicated by an authorised person; made by an unauthorised person but approved by an authorised person; communicated by (or on behalf of) a cryptoasset business registered with the FCA under the MLRs; or communicated in compliance with the conditions of an exemption in the FPO.

Firms must comply with a further set of rules, including clear risk warnings and a ban on incentives to invest. First-time investors with a firm cannot receive a Direct Offer Financial Promotion (DOFP) unless they reconfirm the request to proceed after waiting at least 24 hours. Further restrictions apply to DOFPs, including personalised risk warnings, client categorization and appropriateness assessments.

Pending legislation or imminent regulatory announcements

Regulatory consultations in 2025 cover stablecoins, custody, prudential, conduct and firm standards, admissions and disclosures, market abuse, trading platforms, intermediation, lending and staking.

The FCA is due to publish all policy statements and final rules in 2026.

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Argentina

Government outlook

Argentina is one of the leading countries in Latin America in terms of crypto adoption.

The growth of the activity has led the government institutions to be vocal about the risks and implications of operating with crypto assets.

In 2021, the Central Bank of Argentina (BCRA) and the Argentinian Securities Commission (CNV) issued a warning statement about the use and investments in crypto assets. Some of the topics developed in this report were:

- High volatility;
- Possible cases of fraud;
- Money laundering risks;
- Cross-border nature of crypto operations.

Asset classification framework

The Financial Information Unit (UIF), defined “virtual currencies” as the digital representation of value that can be the object of digital commerce and whose functions are to constitute a means of exchange, and/or a unit of account, and/or a reserve of value, but which do not have legal tender, nor are they issued, nor are they guaranteed by any country or jurisdiction.

Crypto asset regulation

In May 2022, the Central Bank issued a communication expressly prohibiting financial entities from carrying out operations with digital assets or facilitate operations which involve cryptocurrencies for its clients.

During 2023, this prohibition was extended to all payment service providers (PSPs) operating in the country.

In 2024, the Argentinean Securities Commission (CNV) informed the creation of the Registry of Virtual Asset Service Providers (PSAV). The purpose of this regulation is to identify and audit all the service providers related to crypto assets in the country, seeking to comply with recommendation 15 of the Financial Action Task Force (FATF).

Stablecoins

According to the BCRA, neither stablecoins nor the rest of the cryptocurrencies meet the necessary conditions to be considered legal tender or negotiable title. As a result, its acceptance as a means of paying off debts in the economy is not mandatory.

Central Bank Digital Currency (CBDC)

Argentina has no immediate plans to release a CBDC.

Sales and promotions

Service providers linked to virtual assets or crypto exchanges that advertise clearly aimed at residents in Argentina must also be registered in the Registry of Virtual Asset Service Providers.

Pending legislation or imminent regulatory announcements

The Argentinian Central Bank authorities have expressed interest in including tokenization and the use of crypto assets in their work agenda with the Argentine financial ecosystem.

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Sources: Bcra.gov.ar, Argentina.gob.ar – RG N994, March 2024

Australia

Government outlook

In December 2024, ASIC released draft updates to INFO 225 and CP 381, clarifying the application of financial services laws to crypto-assets. While not legally binding, these drafts include 13 examples of crypto offerings, inviting industry feedback crucial for shaping final guidance due mid-2025.

In March 2025, the Government released a statement reinforcing its commitment to developing the digital asset industry through collaboration with regulators and industry. Proposed legislative reforms will extend financial services laws to digital asset platforms (DAPs), but not to all of the digital asset ecosystem with certain exemptions noted, with the focus being on mitigating risks for consumers, while still providing opportunity for innovation and growth.

Key initiatives include: establishing a DAP framework, categorising stablecoins under Payments Licensing Reforms, reviewing the Enhanced Regulatory Sandbox, and exploring ways to unlock digital asset benefits across financial markets and the economy.

The Government intends to release draft legislation in 2025 for public consultation with a transition process taking into consideration feedback from ASIC's consultation on INFO 225 being considered.

Asset classification framework & Stablecoins

The Government's legislative framework will focus on the operators of DAPs. The new DAP regime will not impose a new regulatory burden on digital asset issuers themselves, or on businesses that create or use digital assets for non-financial purposes.

The proposed framework adheres to the principle of 'similar activity, similar risk, same regulatory outcome'.

There is a proposed regulation for payment service providers which captures payment stablecoins, the obligations proposed include the holding of client monies, disclosure obligations, and the general and conduct obligations that attach to Australian Financial Services Licence (AFSL) holders.

Financial crime

In September 2024, amendments to the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) were introduced in the Australian Parliament through the Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2024 (Cth). The Bill contains significant proposals aimed at expanding the application of the AML/CTF Act to additional sectors of the Australian economy.

Central Bank Digital Currency (CBDC)

In September 2024, the Reserve Bank of Australia (RBA) and the Australian Government Treasury released a report entitled 'Central Bank Digital Currency and the Future of Digital Money in Australia'. The report outlines a thorough initiative, 'Project Acacia', aimed at exploring opportunities to enhance the efficiency, transparency, and resilience of wholesale financial markets through tokenization and new settlement infrastructure. This initiative includes a detailed three-year roadmap.

The report concluded that it is a strategic priority for the RBA to organise the Australian monetary system to better support the economy in the digital age. The RBA highlighted that they have not identified a compelling public policy case for issuing a retail CBDC. Instead, the focus will be on examining the role that a wholesale CBDC and other forms of digital money and infrastructure upgrades could play in improving the functionality of Australian wholesale markets. This will be the principal focus of the RBA's future work programme.

Digital Asset regulations/licensing regime

ASIC has stated that digital assets and providers offering financial products will continue to be regulated under existing legal frameworks, with an expectation that firms should prepare to be licensed. In ASIC's CP 381, its approach again emphasizes adherence to existing financial laws; there are, however, proposals included for temporary licensing relief. This is the first time that ASIC has sought industry guidance into a digital asset information sheet, with feedback is due before 28 February 2025.

Pending legislation or imminent regulatory announcements

The regulatory announcement on the payments licensing regime, which includes stablecoins, is expected soon.

The Australian Prudential Regulatory Authority had previously noted that it would consult on the prudential treatment for crypto-assets in 2024.

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Bahrain

Government outlook

Bahrain has established itself as a pioneer in terms of virtual assets (VA) regulation and open ecosystem.

The Central Bank of Bahrain (CBB) was one of the first regulatory authorities globally to issue a robust regime in February 2019, in line with other initiatives launched to boost the fintech ecosystem and position the country as a regional financial hub.

The VA regulation has become a module of the CBB Capital Markets Rulebook and is updated quarterly as needed.

The latest update to the Crypto Assets module (CRA) was applied in April 2023, in relation to the following rules and frameworks: cybersecurity, issuance (and related whitepaper), crypto assets advisory, BoD and Legal Advisors declarations.

The CBB has also issued a Guideline for FIs to monitor and report suspicious activities concerning the misuse of VAs or virtual assets service providers (VASPs) for ML/TF purposes, in addition to potential red flags and indicators of ML/TF.

In December 2021, Bahrain also launched a fintech regulatory sandbox where VASPs have access to test their solutions before obtaining a full licence.

Asset classification framework

Bahrain adopts an activity-based framework to VAs, regulating exchange and trading (as agent and principal), asset management, custody and advisory businesses.

Crypto-assets are defined in the CBB Rulebook as divided into four categories:

1. Payment tokens: virtual tokens which can be digitally traded and be used for acquiring goods or services or for investment purposes.
2. Utility tokens: tokens that are intended to provide access to a specific application or service.
3. Asset tokens: tokens that represent assets such as a debt or equity claim on the issuer. These tokens are analogous to equities, bonds or derivatives. Tokens which enable physical assets to be traded on the blockchain also fall into this category.
4. Hybrid tokens: those that have features of one or more of the other three types of tokens.

Licensing Regime

The CBB Capital Markets Rulebook defines Licensing Requirements applicable to VASPs as part of its CRA Module, such as regulatory capital requirements, market abuse and manipulation, conduct of business rules, client money and client asset safeguard measures, client protection rules in general, technology standards, AML and CFT rules, cybersecurity, risk management, and reporting requirements, conduct of business obligations,

The CBB mandates all people marketing or undertaking, by way of business, regulated Virtual Asset services within or from Bahrain, to obtain a licence from the CBB.

Stablecoins

The CBB framework regards stablecoins as payment tokens and therefore considers them admitted Virtual Assets.

No stablecoins-specific regulation has been issued, all the CRA rules apply, according to the 'same risk, same rule' principle.

Central Bank Digital Currency (CBDC)

As part of the CBB's vision to improve the customer experience for safe and efficient settlement solutions, CBB has activated in 2021, a collaboration with two private sector banks in a pilot scheme to introduce instantaneous cross border payment solution leveraging a private blockchain technology and digital currency.

Specifically, the pilot will include payments from buyers to suppliers, from Bahrain in USD dollars.

This anticipates a possible interest for Bahrain to move towards a CBDC.

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Central Bank of Bahrain: CBB Capital Markets Regulation.

Brazil

Government outlook

The regulatory parameters for crypto-assets in Brazil are provided for under law 14,478/22 and in Normative Instruction nº. 1,888/19 of the Federal Revenue of Brazil.

According to the law 14.478/22, which focuses on AML(Anti-Money Laundering) and CTF(Counter-Terrorist Financing), the Brazilian Central Bank is responsible for establishing the conditions and deadlines, for crypto-asset service providers (crypto-asset brokers) to align to the new requirements. These may exclusively provide the crypto asset service or combine it with other activities, in accordance with the regulations to be issued.

VASPs (Virtual Asset Service Providers) may only operate in Brazil with the authorization of the Brazilian Central Bank. Among the activities performed by them are the direct offering, intermediation and custody of crypto assets.

The Brazilian Central Bank's responsibilities include authorising the operation and transfer of control of brokers, supervising their operation, cancelling authorizations, and establishing the conditions in which activities will be included in the foreign exchange market or must be subject to regulation of Brazilian capital abroad and foreign capital in the country.

The Central Bank of Brazil considers crypto assets part of a broad agenda of digitalization, focused on inclusion, cost reduction, competition, risk control efficiency, data monetization and tokenization of financial assets and contracts.

These initiatives must undergo gradual revision and refinement processes, in line with the evolution of the understanding of regulators and the actions proposed by international organizations. Meanwhile, the Brazilian Central Bank intends, with the support of regulatory bodies, to deal with aspects related to specific virtual assets, which combine the interests and competence of both agencies, as well as other government bodies.

The Brazilian Central Bank has outlined several next steps in the regulation of cryptocurrencies as priorities for 2024, including: (i) development of a second public consultation; (ii) establishment of internal planning regarding the regulation of stablecoins; (iii) development and improvement of the complementary framework to welcome the entities.

Asset classification framework

The Brazilian crypto-asset intermediation market is characterised by four distinct exchange business models: (i) National (domiciled in Brazil); (ii) Nationalised (constitute tax domicile in Brazil but were founded abroad); (iii) Partially nationalised (only have financial intermediation companies domiciled in Brazil); and (iv) Foreign exchanges (do not have operations domiciled in Brazil, they rely on hiring financial intermediaries, with whom they have no corporate link, to carry out operations in national territory).

Crypto asset regulation

Crypto-assets and stablecoins are not operationally regulated in Brazil. There are law 14,478/22 and Normative Instruction nº. 1,888/19.

Central Bank Digital Currency (CBDC)

The Central Bank of Brazil initiated the development and piloting of a CBDC, Drex in August 2020. Drex is designed to facilitate various financial transactions and smart contracts. The transactions will be settled within the Central Bank's Drex Platform, utilising DLT.

Registration/licensing regime

Crypto-asset exchanges applying to be authorised as a payment institution, must register with the Central Bank of Brazil.

Pending legislation or imminent regulatory announcements

The Central Bank of Brazil is expected to provide further regulatory updates, with a focus on AML and CTF, as well as authorization, operation, and conditions for crypto-asset broker-dealers.

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Sources: Federal Law nº 14,478/22, Normative Instruction nº. 1,888/19 of the Federal Revenue, May 2019, Central Bank of Brazil: designated web page for Drex – Digital Brazilian Real, December 2024.

Canada

Government outlook

The Canadian regulatory landscape is open to innovation, as long as the right safeguards are in place. Central to this approach is the Canadian Securities Administrators (CSA) Regulatory Sandbox. It was designed to support fintech businesses seeking to offer innovative products, services and applications in Canada. It allows firms to register and/or obtain exemptive relief from securities laws requirements, under a fast and flexible process. The purpose is to allow firms to test their products, services and applications throughout the Canadian market on a time-limited basis.

As of 15 September 2024, 11 active asset trading platforms have received exemptive relief to offer crypto products to investors. Authorities favour an approach where the crypto industry is regulated in a similar way to other asset classes, enabling the right safeguards and custody solutions to be in place to protect investors and consumers.

In January 2024, CSA Staff issued a notice welcoming public comment on a set of proposed regulatory requirements for public investment funds which seek to invest in crypto assets. Of note, the guidance provides suggested investment restrictions and custodial obligations for crypto asset investments.

In September 2024, the CSA provided an update to crypto asset trading platforms about value-referenced crypto assets (VRCAs) in response to significant harm experienced from the collapse of unregulated VRCAs. CSA Staff Notice 21-333 reflects a willingness to allow the continued use and trading of certain VRCAs that are referenced to the value of a single fiat currency (i.e. stablecoins). The CSA has invited public submissions and comments on the appropriate long-term regulation of VRCAs.

Financial crime

Money Service Businesses (MSBs) participating in virtual currency transactions are required to report suspicious money transactions to Financial Transactions and Reports Analysis Centre of Canada. Firms must complete KYC verification, when exchanging or transferring money. The rules extend to requirements to maintain and submit transaction records for virtual currency transactions over $10,000 CAD in a single or multiple transactions over a 24-hour period.

Crypto Asset regulation

The CSA and the Investment Industry Regulatory Organization of Canada (IIROC) oversee the securities legislation and how it applies to crypto asset trading platforms, including the registration through the Regulatory Sandbox. In August 2022, the CSA provided guidance relating to crypto asset trading platforms which operate in Canada but are not registered with their principal regulator. In order to continue operations, the crypto trading platform must sign a pre-registration undertaking to their principal regulator that addresses investor protection concerns.

In February 2023, as a result of global crypto trading insolvencies, the CSA strengthened its oversight with enhanced expectations of crypto asset trading platforms operating in Canada.

These announcements have narrowed the gap between regulated and unregulated platforms operating in Canada.

Prudential treatment

In January 2024, the Office of the Superintendent of Financial Institutions (OSFI) announced its draft Guideline on the Regulatory Capital and Liquidity treatment of crypto-asset exposures held by federally regulated financial institutions. The Guidance will be effective in Q1 2025 and closely follows the Basel Committee on Banking Supervision’s guidance on crypto asset exposures.

OSFI is also developing requirements for Crypto-asset disclosures for banks that will become effective for the fiscal Q1 2026 reporting period, in alignment with the BCBS standard. OSFI's disclosure of regulatory data filed by all institutions on crypto assets is expected to begin as early as 2026.

Canada (continued)

Sales and promotion

In September 2021, the CSA and IIROC issued joint guidance relating to the advertising, marketing, and social media use for crypto trading platforms and raised concerns over false or misleading advertising as well as compliance and supervisory challenges.

Stablecoins and Central Bank Digital Currency (CBDC)

Recognising that there is currently no compelling case to move forward with a CBDC in Canada, the Bank of Canada is scaling down its work on a retail CBDC and shifting its focus to broader payment systems research and policy development.

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Cayman Islands

Government outlook

The Cayman Islands is among the few jurisdictions that have enacted virtual asset regulations to provide clarity around the registration, policies and controls expected of virtual asset service providers (VASP). The Cayman Islands government sees virtual assets as a strategic opportunity to diversify its financial services sector while maintaining its commitment to international standards of transparency and regulation. The government is actively fostering an environment that encourages fintech innovation, particularly in virtual assets and blockchain technologies, while adhering to anti-money laundering (AML) and counter-terrorism financing (CFT) standards set by the FATF. The introduction and phased implementation of the Virtual Asset (Service Providers) Act (VASP Act) indicate a sustained commitment to providing a structured regulatory environment

Asset classification framework

Under the VASP Act 2024 Revision, the term "virtual asset" encompasses any digital representation of value that can be traded, transferred, or used for payment or investment purposes. Importantly, the Act excludes digital representations of fiat currencies and "virtual service tokens". The following are considered as virtual asset services under the VASP Act 2024 revision;

- exchange between virtual assets and fiat currencies;
- exchange between one or more other forms of convertible virtual assets;
- transfer of virtual assets
- virtual asset custody service; or
- participation in, and provision of, financial services related to a virtual asset issuance or the sale of a virtual asset. These are tokens that provide access to a service but cannot be traded or exchanged with third parties.

Crypto Asset Regulation

In the Cayman Islands, the regulation of virtual assets is governed primarily by the Virtual Asset (Service Providers) Act (VASP Act), which establishes a thorough framework for the supervision of businesses providing services related to virtual assets. The VASP Act 2024 Revision, continues to serve as the cornerstone of crypto regulation, making sure that the jurisdiction remains compliant with international standards while fostering a favourable environment for virtual asset service providers (VASPs)

Under the VASP Act 2024 Revision, a person shall not carry on, or purport to carry on, virtual asset service in or from within the Islands unless that person;

- is a registered person;
- in the case of the provision of virtual asset custodial services or the operation of a virtual asset trading platform, holds a virtual asset service licence
- is an existing licensee that has been granted a waiver from the Authority holds a sandbox licence, in accordance with the VASP Act

A licensee who operates a virtual asset trading platform may issue virtual assets on its own behalf directly to the public over the prescribed threshold by submitting a virtual asset issuance request to the regulatory authority (CIMA) and should seek approval from the Authority prior to the issuance.

Stablecoins

Stablecoins, as digital assets pegged to a stable value (such as a fiat currency), are classified as virtual assets under the VASP Act. This means that issuers of stablecoins must adhere to the same regulatory framework that governs other virtual assets, including registration with CIMA and compliance with AML regulations

Central Bank Digital Currency (CBDC)

While the Cayman Islands does not currently have a central bank digital currency, the regulatory framework, particularly through the VASP Act, is well-suited to accommodate future developments in this area.

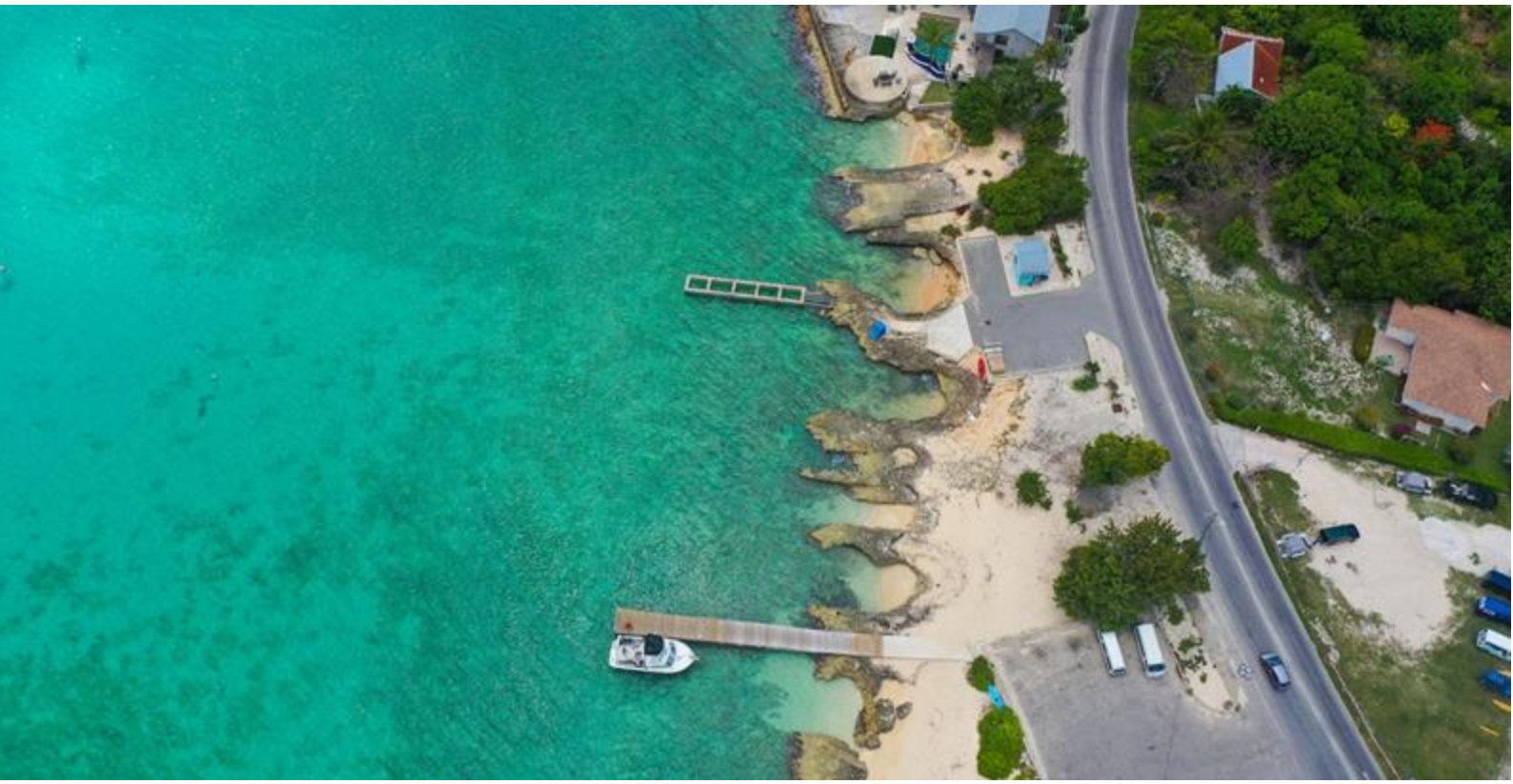
Registration or licensing regime

All new market entrants and pre-existing service providers wishing to provide virtual asset services are required to register in phase one. This includes entities engaged in virtual asset custodial services or in the operation of virtual asset trading platforms which are also expected to obtain a licence with the regulator.

At the time of writing, the licensing regime for virtual asset custodians or virtual asset trading platforms has not commenced.

Sources: Cayman Island Monetary authority: Virtual Asset Service Providers and associated details including VASP regulations, frequently asked questions, forms and other reference material. Virtual Asset (Service Providers) Act, (2024 Revision), Supplement No. 10 published with Legislation Gazette No. 26 dated 31st July 2024.

Cayman Islands (continued)



Sales and promotions

The VASP Act strictly regulates the sale and promotion of virtual assets to the public. Public sales of virtual assets require prior approval from CIMA, and issuers must comply with specific requirements regarding transparency, AML/CFT, and investor protection. The VASP Act 2024 Revision, an entity issuing virtual assets to the public must avoid making any false, misleading, or deceptive representations or omissions. Additionally, they are prohibited from engaging in any fraudulent activities.

Pending Legislation or Imminent Regulatory Announcements

Effective 1 April 2025, Phase 2 of the Virtual Asset Service Providers ("VASP") Regulatory Framework (Licensing Phase) comes into effect in the Cayman Islands pursuant to the introduction of the VASP Amendment Act which amends the Virtual Asset (Service Providers) Act (Revised) (the "VASP Act").

Phase 2 implements a licensing regime for virtual asset trading platforms and virtual asset custodians, as set out in the Virtual Asset (Service Providers) Act (Revised) (VASPA). All entities carrying on the provision of virtual asset custody services or the operation of a virtual asset trading platform in or from within the Cayman Islands will require a licence from CIMA

Under this amendment, any entity already registered and providing virtual asset custody services or operating a virtual asset trading platform at the time the Act takes effect must apply for a licence within 90 days of its commencement. Existing registrations will be cancelled if a licence is granted, and any entity wishing to provide virtual asset custody services or operate a virtual asset trading platform in the future must apply for a licence under the VASP Act prior to commencing operations.

Phase 2 enhances CIMA's oversight and consumer protection by introducing clearer definitions, stricter financial reporting, governance requirements, mandatory disclosures, prior approval for business plan changes, expanded notification obligations, enhanced custody safeguards, stricter fiat handling, and broader regulatory enforcement over VASPs.

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Sources: Cayman Island Monetary authority: Virtual Asset Service Providers and associated details including VASP regulations, frequently asked questions, forms and other reference material. Virtual Asset (Service Providers) Act, (2024 Revision), Supplement No. 10 published with Legislation Gazette No. 26 dated 31st July 2024.

Channel Islands

Guernsey

Government outlook

The Guernsey Financial Services Commission (GFSC), which oversees the regulation of the finance sector, introduced a new regulatory regime on 1 July 2023 specifically targeting Virtual Asset Service Providers (VASPs). This regulation establishes a transparent framework for individuals and entities seeking to administer or launch virtual asset businesses in Guernsey, including virtual asset exchanges, cryptocurrencies, and non-fungible tokens (NFTs).

Financial Crime

The GFSC recognises the international reach of the virtual asset sector, and the diverse risks related to money laundering, terrorist financing, and proliferation financing, which vary according to the products, clients, and delivery channels utilised. The regulations underscore the necessity of monitoring transactions and activities diligently. In the execution of virtual asset transfers, VASPs are mandated to require that each transfer is accompanied by the following information:

- Name of the originator
- The originator distributed ledger asset and Virtual Asset account number (where the Virtual Asset is registered on a network using a distributed ledger)
- Unique transaction identifier (where the virtual asset is neither registered nor made from a virtual account)

The VASP regulations also require that virtual asset transfers be accompanied by at least one of the following pieces of information: (i) the originator's address; (ii) a national identity number; (iii) a customer identification number; or (iv) the date and place of birth.

The regulations acknowledge that due diligence measures for VASPs are uniquely tailored compared to other financial services and products. To support VASPs in meeting these regulatory requirements, additional guidance is offered. This guidance includes thorough information that VASPs might find beneficial to collect, such as IP addresses with associated time stamps, geolocation data, or device identifiers.

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Jersey

Government outlook

The Government of Jersey (GoJ) is considered largely supportive of innovation in the finance sector, including in the cryptocurrency/digital asset space. Working together with the Jersey Financial Services Commission (JFSC) and a well-established environment of service providers, there is a desire to establish Jersey as a favourable jurisdiction for blockchain and crypto activities, providing clear guidelines for crypto businesses with the aim of balancing growth with investor protection.

GoJ consulted with the industry on the regulation of virtual currencies as early as July 2015, and the JFSC approved a licence for the world's first regulated Bitcoin fund in 2014.

Crypto activity regulation

Jersey has adopted the FATF definition of a Virtual Asset Service Provider (VASP). VASPs operating in or from within Jersey must register with the JFSC for anti-money laundering (AML), countering the financing of terrorism (CFT) and countering proliferation financing (CPF) purposes. VASPs are unregulated unless they also provide an activity that requires regulation under the Financial Services (Jersey) Law 1998. The JFSC maintains a public register of VASPs.

In September 2023 Jersey extended the existing Wire Transfer Regulations to include VASPs. In 2024 the JFSC published specific Guidance on the Travel Rule setting expectations for VASPs' compliance.

In August 2024, the JFSC published updated guidance for issuers of initial coin/token offerings and new guidance on the tokenization of real-world assets (RWA). Amongst other requirements, the issuer must register as a Jersey company, adhere to AML, CFT and CPF regulations, obtain consent under the Control of Borrowing (Jersey) Order 1958, appoint a Jersey-resident director, and provide a detailed information memorandum as part of the application, which can take the form of a white paper. The JFSC broadly takes a substance over form approach to tokenized RWAs (i.e. if the non-tokenized RWA is a security, then the tokenized form will be treated as a security for regulatory purposes).

In addition to the requirements for initial token offerings above, firms seeking to issue stablecoins must also include details in their application to the JFSC on the assets that will be held as collateral and their liquidity; collateral custody arrangements, who the issuer will sell the tokens to, who can redeem their tokens for fiat currency, and details of any de minimis amount for issuance or redemption.

Sources: JFSC The application process for issuers of initial coin and token offerings; JFSC Tokenization of real-world assets; JFSC Public register of VASPs; JFSC VASP Travel Rule guidance note; Guernsey handbook on Countering Financial Crime

Gibraltar

Government outlook

In 2017, HM Government of Gibraltar issued the Financial Services (Distributed Ledger Technology Providers) Regulations 2017 ('DLT Regulations') which became effective in January 2018.

The issuance of crypto regulations as early as this demonstrated the Government's approach to the crypto industry, with the aim of attracting the right organizations to the jurisdiction and conducting crypto business under regulatory supervision.

The jurisdiction continues to grow and develop its regulatory approach, with the addition of a market integrity principle being included in the DLT Regulations in April 2022.

In December 2021, Gibraltar announced it was partnering with two blockchain and crypto companies to integrate blockchain technology into government systems, to streamline Government processes.

Both the Government and the Gibraltar Financial Services Commission (GFSC) continue to have a positive outlook on the crypto industry, while establishing a strong regulatory framework to mitigate the industry-specific risks.

Asset classification framework

Gibraltar's regulatory framework does not include a specific taxonomy for digital assets. Virtual assets are either subject to the DLT Regulations or other existing financial services regulatory frameworks.

Crypto asset regulation

The DLT Regulations have since been superseded by the Financial Services (DLT Providers) Regulations 2020. Any entity that, as a business, stores or transmits value belonging to others using DLT, is required to be regulated in Gibraltar by the GFSC.

The foundations of the regulations are taken from traditional financial services regulations and are based on ten key principles: honesty and integrity, customer care, financial capital requirements, risk management, protection of client assets, corporate governance, systems and securities access, financial crime, resilience and market integrity.

There are currently ten regulated DLT Providers operating in Gibraltar. Applicants are required to submit policies and reports to the GFSC, to demonstrate how they comply with the ten regulatory principles, before a series of interviews and on-site reviews.

All DLT Providers are subject to regular supervision by the GFSC, including regular meetings, reports, financial submissions and on-site reviews.

The GFSC has issued detailed guidance notes for each regulatory principle which requires DLT Providers to comply with a range of prudential requirements.

These include, but are not limited to, requirements for storing customer crypto assets, confirming that they are segregated from company assets and safeguarded, as well as requiring DLT Providers to conduct daily reconciliations.

In terms of financial capital requirements, DLT Providers are required to hold sufficient regulatory capital to establish that the business can be run in a sound and safe manner. Keeping with the principles approach, there is no one-size-fits-all regulatory capital requirement calculation, instead the regulatory capital is calculated based on the size, complexity and risks of a DLT Provider's business.

Each DLT Provider is expected to hold sufficient regulatory capital for an orderly, solvent wind-down of its business, while at the same time holding risk-based capital to be able to absorb the crystallization of material risks and still have sufficient capital remaining to trigger an orderly wind-down if necessary.

DLT Providers are required to submit monthly regulatory returns, providing a range of financial information but also demonstrating that they have sufficient regulatory capital.

Registration/licensing regime

Providers of cryptocurrency services in Gibraltar may fall outside the scope of the DLT Regulations if they are not storing or transmitting value belonging to others but may still fall under the Proceeds of Crime Act 2015 (Relevant Financial Business) (Registration) Regulations 2021 (POCA Registration Regulations).

Sources: HMGoG: Gibraltar Introduces New Virtual Asset Legislation, Defining Standards for Market Integrity, 27 April 2022, HMGoG: HM Government of Gibraltar to Integrate Blockchain Technology into Government Systems, 7 December 2021, HMGoG: Financial Services (Distributed Ledger Technology Providers) Regulations 2020, GFSC: Distributed Ledger Technology Providers, GFSC: Regulated Entities Register – DLT Providers, GFSC: Guidance Note 5 – Protection of Clients Assets and Money,

Gibraltar (continued)

The POCA Registration Regulations is legislation made under the Proceeds of Crime Act 2015 (POCA) in Gibraltar. It transposes the EU AML Directive into Gibraltar Law and defines a 'virtual asset' as 'a digital representation of value that can be digitally traded, or transferred, and can be used for payment or investment purposes, but does not include: a) digital representations of fiat currencies or b) financial instruments.

The POCA Registration Regulations impose an obligation on specified businesses to be registered with the GFSC for the purposes of AML, CTF and counter proliferation finance supervision and to comply with POCA.

The list of specified businesses includes, amongst others: a. undertakings that receive, whether on their own account or on behalf of another person, proceeds in any form from the sale of tokenized digital assets involving the use of DLT or a similar means of recording a digital representation of an asset and b. persons that, by way of business, exchange, or arrange or make arrangements with a view to the exchange of (i) virtual assets for money (ii) money for virtual assets or (iii) one virtual asset for another. DLT providers that are already regulated by the GFSC do not need to also apply for registration.

Stablecoins

Stablecoin issuers may fall within the scope of the DLT Regulations if they are storing or transmitting value as described above or within the scope of the POCA Registration Regulations. However, consideration should also be given to the potential broader financial services regulatory implications.

Key regulatory frameworks that should be considered are electronic money, investment services and collective investment schemes, depending on how the stablecoin offering and operations are structured.

Central Bank Digital Currency (CBDC)

Gibraltar is a British Overseas Territory and therefore falls under the monetary policy of the Bank of England. The Government of Gibraltar has not communicated any plans to release a Gibraltar-based digital currency.

Other digital assets

The DLT Regulation covers all digital assets that are stored or transmitted on behalf of others using DLT technology and the POCA Registration Regulations cover the issuance of other digital assets should they not fall within the DLT Regulation. This includes NFTs and other digital assets. NFTs that are not used for payment or investment purposes, however, may not be deemed virtual assets from a POCA Registration Regulations perspective which means that an issuer of NFTs that are not used for payment or investment purposes, may not be required to register.

Financial crime

Gibraltar updated POCA 2015 to bring certain virtual asset activities within its scope as relevant financial businesses. These entities are registered with the GFSC as VASPs and are required to comply with all AML/CFT requirements.

All DLT Providers are supervised by the GFSC as financial services businesses, including AML/CTF supervision.

The Gibraltar Financial Intelligence Unit (GFIU) is the body responsible for financial crime and includes the DLT sector in its reporting. DLT Providers are required to submit Suspicious Activity Reports to the GFIU.

Sales and Promotion

There is no specific legislation relating to the sales and promotion of digital assets. If a digital asset is deemed to be a financial instrument, the same rules would apply as if the offering was a security. This may require a prospectus as set out in the Gibraltar Prospectus Regulation, which is modelled on the EU Framework, along with other client-facing disclosures. Digital offerings that do not fall within the Prospectus Regulation would still be required to register as a VASP or apply for a DLT Provider permission.

There is no prohibition on the provision of digital asset services by regulated entities as long as those entities have the required permissions

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Hong Kong SAR

Government outlook

Hong Kong SAR is aiming to become a global financial hub for Virtual Assets (VA) by implementing a harmonised and sustainable regulatory framework covering the entire ecosystem and is taking a leading role in the development of new regimes.

In February 2024, the FSTB issued a Secretary's Blog emphasising that Hong Kong SAR's approach to VAs focuses on risk-based, prudent regulation, and financial innovation. In October 2024, both the Securities and Futures Commission (SFC) and the Hong Kong Monetary Authority (HKMA) touched on the future of the VA ecosystem. Among other things, significant strides in asset tokenization, stablecoins and (via the SFC) regulation of VA exchanges had been made.

In February 2025, the Virtual Asset Consultative Panel (VACP) was established as part of the SFC's proactive engagement with licensed virtual asset trading platforms (VATPs). The SFC also announced at Consensus Hong Kong 2025 its regulatory roadmap for Hong Kong's VA market, introducing the five-pillar "A-S-P-I-Re" framework outlining 12 initiatives, focusing on market Access, Safeguards, Product offerings, Infrastructure, and Relationships. Notable examples of these initiatives include establishing the licensing regime for OTC trading and custodian services, exploring framework for PI-exclusive new token listings and VA derivative trading, and consider allowing staking and borrowing/lending services.

Asset classification framework

On 31 March 2023, in the landmark decision of Re Gatecoin Limited (In Liquidation) HKCFI 914, the Court of First Instance of Hong Kong ruled that cryptocurrency is "property" under Hong Kong law. The Gatecoin ruling has been reaffirmed in a more recent Hong Kong District Court judgment against JPEX (Chan Wing Yan and Another v. JP-EX Crypto Asset Platform Ltd and Others [2024] HKDC 1628) issued on 20 October 2024, which can potentially support future claims against VATPs that have breached their fiduciary duties when being regarded as trustees holding crypto assets for clients.

Not legal tender. Under Hong Kong SAR law, cryptocurrencies are not legal tender and are not regulated by the HKMA and do not qualify as money. In a joint circular published in October 2023 (Joint Circular), the SFC and the HKMA adopted the definition of 'virtual assets' in the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO), which defines VA as a digital representation of value that:

(a) is expressed as a unit of account or a store of economic value;

(b) (i) functions (or is intended to function) as a medium of exchange accepted by the public (1) as payment for goods or services, (2) for the discharge of a debt, or (3) for investment purposes, or (ii) provides rights, eligibility or access to vote on the management, administration or governance of any cryptographically secured digital representation of value; and

(c) can be transferred, stored, or traded electronically. Amongst other things, digital representations of value issued by central banks are explicitly carved out from the definition of VA.

The definition of VA in the AMLO is consistent with the one adopted by the Financial Action Task Force.

On security tokens, the SFC distinguishes between 'Digital Securities', which comprise all securities that utilise DLT or similar technology in their lifecycle, and a narrower definition of 'Tokenized Securities' (which are tokenized forms of traditional securities).

While Digital Securities are likely to be classed as complex products and therefore are not generally available for distribution to retail investors, in November 2023, the SFC released a circular clarifying that, Tokenized Securities, depending on the complexity of the underlying security, may be distributed to retail investors, provided that the products are suitable to the relevant investor. It should be noted that another circular published by the SFC in November 2023 paved the way for the tokenization of SFC-authorized investment products (such as collective investment schemes) subject to prior consultation with the SFC and other requirements relating to disclosure, staff competence and distribution.

Under the New Hong Kong Capital Investment Entrant Scheme (CIES) effective from 1 March 2025, VAs (including Bitcoin and Ethereum) can be counted as a source of wealth towards the net asset eligibility assessment threshold of HK$30mil in terms of market value, provided that a Certified Public Accountant practicing in Hong Kong has signed off on a written valuation report for the underlying VAs prepared by a professional valuer.

Crypto asset regulation

In Hong Kong SAR, cryptocurrencies are considered a form of VA and generally categorised either as security tokens or utility tokens.

VAs which exhibit characteristics of 'securities' under the Securities and Futures Ordinance (SFO) are considered 'security' tokens that fall under the jurisdiction of the SFC.

Hong Kong SAR (continued)

Since 1 June 2023, non-security tokens are regulated in Hong Kong SAR by the SFC to the extent that a party proposes to operate a virtual asset trading platform (VATP) in Hong Kong SAR (or offer VATP services into Hong Kong SAR), even if that VATP will only list non-security tokens for trading. This is the first time the SFC has extended its jurisdiction over assets that are non-securities (as defined under the SFO).

Stablecoins

Stablecoins are generally considered a subset of VAs and are also currently not legal tender in Hong Kong SAR. The HKMA already allows potential stablecoin issuers to test business plans and use cases through the stablecoin issuer sandbox.

In December 2024, the government gazetted the Stablecoins Bill which is expected to pass and become law during 2025. The proposed regulatory system requires all qualified fiat-referenced stablecoins (FRS) issuers to obtain a licence issued by the HKMA. By regulating FRS issuers in a risk-based manner and providing transparent and suitable guardrails, the system seeks to manage the potential monetary and financial stability risks. In the meantime, the HKMA has launched a "sandbox" arrangement conveying regulatory expectations and providing compliance guidance to issuers planning to issue FRS in Hong Kong SAR.

Central Bank Digital Currency (CBDC)

Hong Kong SAR continues to lead global research and testing of a potential wholesale CBDC with (1) the Multiple CBDC Bridge (mBridge) which has reached the Minimum Viable Product stage in June 2024, and (2) Project e-HKD+ to explore innovative use cases for tokenized deposits across the themes of settlement of tokenized assets, programmability and offline payments.

Other digital assets

The SFC has suggested that certain NFTs may fall within the definition of VAs, depending on their nature and function.

Registration/licensing regime

VA over-the-counter (OTC) trading: In February 2024, the FSTB published a consultation paper to regulate VA OTC trading. According to this consultation, a new licensing and regulatory regime is expected to be introduced under the Hong Kong Anti-money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615) (AMLO). In the proposed regime, any business providing services of VA spot trading in Hong Kong will be required to be licensed by the Commissioner of Customs and Excise (CCE) unless exempted. More recently, the SFC has made it clear that it will be regulating at least a portion of OTC trading activities, and a revised public consultation is expected shortly.

VATP Regime: As of the time of publication a number of platforms have been fully licensed. The key regulatory focus by the SFC this year is on those applicants "deemed to be licensed" under the new VATP licensing regime (since 1 June 2023).

VA management: In October 2019, the SFC introduced a new licensing regime for businesses directly managing portfolios of VAs. Under such a regime, managers who currently hold a regular Type 9 (Asset Management) licence (Type 9 Managers) and who seek to directly manage a portfolio of VAs that accounts for 10% or more of that portfolio's gross asset value (GAV), must expand their licences to a Type 9 VA licence with additional terms and conditions (T&Cs) imposed on their existing Type 9 licence. However, Type 9 Managers managing a portfolio of VAs below such 10% threshold will only need to notify the SFC that they intend to manage such VAs (without requiring the SFC's consent). New managers managing a portfolio of pure non-security VAs may also choose, but are not required, to apply for a Type 9 VA licence.

The latest set of T&Cs was published in October 2023, and it imposes requirements on managers holding a Type 9 VA licence (Type 9 VA Managers). Under the T&Cs, Type 9 VA Managers must obtain insurance in respect of the fund's VA but are allowed to provide discretionary accounts management services to retail investors (subject to conditions such as VA knowledge test and large-cap VAs only) and offer VA funds to retail investors (subject to the relevant authorization and prospectus rules).

Another notable development in 2024 includes the launch of spot VA exchange-traded funds (ETFs).

Hong Kong SAR (continued)

Financial crime

VASPs registered in Hong Kong SAR are subject to the AMLO, which sets out requirements similar to those imposed on traditional financial institutions such as banks. The breadth of coverage of financial crime regulation is set to expand in line with broader licensing developments in Hong Kong.

Sales and Promotion

Since the December 2023 Joint Circular, tokenized securities are not limited to professional investors. Compared to the 2019 Position where the SFC stated that STO should only be offered to professional investors, the SFC now believes that it is no longer necessary to impose the mandatory professional investors restriction. In other words, subject to the applicable securities regulatory and prospectus regime, tokenized securities can be offered, marketed, and distributed to non-professional investors. Moreover, tokenized securities are not automatically classified as complex products: Second, whilst the SFC's previous approach in the 2019 Position was to treat all security tokens as "complex products".

Regarding VATPs, subject to certain conditions, licensed VATPs may allow trading of non-security VAs by retail investors.

Pending legislation or imminent regulatory announcements

In addition to what has already been mentioned above in terms of pending legislation (stablecoins and OTC trading), the SFC is planning to propose a licensing regime regulating VA custody service providers.

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India

Government outlook

India has a large fintech sector and several registered Virtual Asset Service Providers (VASP). India has also initiated the pilot programme for a Central Bank Digital Currency (CBDC) for both retail and wholesale use to complement the country's digital payment ecosystem and to transition toward a cashless economy.

The Government's regulatory approach to VASPs has evolved significantly over time. In 2013, the Reserve Bank of India (RBI) issued a circular cautioning users about the risks associated with virtual assets. In 2018, the RBI prohibited regulated entities, such as banks, non-banking financial companies, and payment service providers, from dealing in virtual assets or facilitating transactions involving them.

A draft consultative legislation aimed at banning virtual assets, published in 2019, did not proceed to parliament due to stakeholder responses. In 2020, the Supreme Court overturned the 2018 RBI circular, deeming it disproportionate. In July 2022, a 1% tax at source on any payment or transfer of virtual assets was introduced. Since March 2023, VASPs have been brought under the scope of the Prevention of Money Laundering Act, 2002 (PMLA).

India has endorsed the recommendations from global standard-setters, including the FSB and IMF related to crypto assets. However, the assets remain unregulated.

Asset classification framework

Under section 2(47A) of the Income Tax Act of 1961 the government has classified all crypto assets, NFTs and the like as Virtual Digital Assets and has defined them as:

- any information or code or number or token (not being Indian currency or foreign currency), generated through cryptographic means or otherwise, by whatever name called, providing a digital representation of value exchanged with or without consideration, with the promise or representation of having inherent value, or functions as a store of value or a unit of account including its use in any financial transaction or investment, but not limited to investment scheme; and can be transferred, stored or traded electronically;
- a non-fungible token or any other token of similar nature, by whatever name called; and
- any other digital asset, as the Central Government may, by notification in the Official Gazette specify.

Registration/licensing regime

At the time of writing, India has not adopted a registration/licensing regime for VASPs. The Financial Intelligence Unit – India (FIU-IND) has mandated registration of VASPs to comply with the provisions under Prevention of Money Laundering Act, 2002 (PMLA).

Crypto asset regulation

Crypto assets or Virtual Digital Assets (VDAs) remain unregulated in India and the Government does not collect data on these assets. At the time of writing, there is no proposal to bring legislations on the sale or purchase of digital assets.

Despite this, the Government has brought VASPs under the purview of the Prevention of Money Laundering Act, 2002 (PMLA), as reporting entities. The notification defines VASPs in line with the recommendations made by the Financial Action Task Force (FATF) in 2021.

The definition of VASPs goes as any natural or legal person carrying out in the course of business as an activity for the purposes as under:

- Exchange between virtual digital assets and fiat currencies;
- Exchange between one or more forms of virtual digital assets;
- Transfer of virtual digital assets;
- Safekeeping or administration of virtual digital assets or instruments enabling control over virtual digital assets; and
- Participation in and provision of financial services related to an issuer's offer and sale of virtual digital assets.

In this backdrop, FIU-IND has issued a guideline – "AML and CFT Guideline for Reporting Entities Providing Services Related to Virtual Digital Assets" (hereon referred to as AML CFT guidelines for VASPs) which lays out a clear set of principles for such VASPs. The guidelines and reporting requirements are also applicable to offshore crypto exchanges servicing the Indian market.

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India (continued)

Stablecoins

There is no legislation in India that directly takes stablecoins in its purview. However, the RBI has maintained a cautious stance on stablecoins.

Central Bank Digital Currency (CBDC)

The RBI is undertaking pilots on wholesale and retail CBDC projects. The fintech department of the RBI had set out the goal of expanding the scope of the pilots to include offline functionality, programmability, cross-border transaction support and tokenization of assets among others in its agenda for 2025.

The RBI has stressed the need to understand the impact of CBDCs before a system-wide rollout through the data from the pilots.

Financial crime

Monitoring of VASPs under PMLA

VASPs are mandated to register with the FIU-IND to comply with Prevention of Money Laundering (Maintenance of Records) Rules, 2005 (PML Rules). A failure to do this will be considered non-compliance with the provisions of PMLA and shall attract action under section 13(2) of PMLA ranging from warnings to issuance of a monetary penalty.

FIU-IND maintains a risk-profile matrix for registered VASPs. The matrix takes into account factors including geographic, product, and entity risks. It supports FIU-IND in assessing threats and vulnerabilities, such as the VASP profile, types of virtual assets (VAs), funding sources, operational features, economic impact, and potential for criminal activity.

Monitoring of VDA transactions

Under the PMLA, VASPs must establish Customer Due Diligence (CDD) for account-based relationships (in addition to compliances vis-à-vis CERT-In Directions), ongoing Customer Due Diligence, maintenance of records, registration with Central KYC Registry (CKYCR), and reporting to FIU-IND.

The Reserve Bank of India (RBI) has instructed its regulated entities to conduct CDD processes for those transacting in VDAs. This must align with the regulations governing Know Your Customer (KYC), Anti-Money Laundering (AML), and Combating the Financing of Terrorism (CFT), while also complying with the obligations under the PMLA and relevant provisions of the Foreign Exchange Management Act (FEMA) for overseas remittances.

Sales and Promotion

There is no dedicated regulation on sales and promotion of virtual currencies. The Advertising Standards Council of India (ASCI), a membership-based self-regulatory body, has issued guidelines for the advertising and promotion of VDAs and services (VDA Ad Guidelines). The guidelines require disclaimers to be added in a VDA advertisement and prohibit the use of certain words like 'currency, securities, custodian, and depositories' in advertisements.

Prudential Treatment

In 2021, Ministry of Corporate Affairs amended the Schedule III of the Companies Act, 2013 by which it has mandated that if a company trades and invests in virtual currencies or cryptocurrencies in a financial year, it must disclose the profit/loss, amount of currency held, and deposits or advances taken from any person for the purpose of trading or investing.

Pending legislation or imminent regulatory announcements

In May 2024, the Securities and Exchange Board of India (SEBI) proposed a multi-regulator framework for overseeing cryptocurrency activities, indicating a shift towards a more structured regulatory approach. This underscores the ongoing discourse surrounding the future of cryptocurrency regulation in India, as stakeholders seek to balance innovation with the need for robust oversight.

A consultancy paper on cryptocurrency may be issued in 2025, potentially giving further clarity on the legislators' stance on crypto.

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Isle of Man

Government outlook

The Isle of Man Government is working with the Isle of Man Financial Services Authority and other Government agencies to further develop the fintech industry in the Isle of Man. In support of this effort, the Isle of Man Financial Services Authority, in 2022, sought commentary from the industry on the current disposition towards crypto-assets and the potential for a broader regulatory framework. At the time, an expansion of the extant regulatory framework was not undertaken.

Asset classification framework

Cryptoasset business, or convertible virtual currency activity, was brought under the remit of the Isle of Man Financial Services Authority by amendment to the Designated Business (Registration and Oversight) Act 2015.

The Isle of Man Financial Services Authority's regulatory approach is driven by the nature of the activity, rather than the medium through which the activity is conducted.

Therefore, CVC activity which bears the characteristics of a regulated activity, set out in the Regulated Activities Order 2011 (as amended), may fall within the established regulatory framework.

Crypto asset regulation

CVCs, subject to regulation:

- security tokens which meet the definition of investments set out in the Regulated Activities Order 2011 (as amended); and
- e-money tokens which meet the definition of electronic money set out in the Regulated Activities Order 2011 (as amended).

Stablecoins

Stablecoins meet the definition of Electronic Money, set out in the Regulated Activities Order 2011 (as amended). Firms seeking to issue and provide payment services relating to Stablecoins require a Class 8 (Money Transmission Services) Licence.

Central Bank Digital Currency (CBDC)

The Isle of Man Government has made no announcements concerning a CBDC.

Other digital assets

Non-fungible tokens (NFT) and related activities, e.g. arranging deals or providing safe custody of NFTs, may fall within the scope of the established regulatory framework, if the NFT meets the definition of investments set out in the Regulated Activities Order 2011 (as amended).

Registration/licensing regime

All CVC firms are required to register as a Designated Business with the Isle of Man Financial Services Authority. Those CVC firms seeking to conduct business that meets the definition of a regulated activity, must be supervised by the Isle of Man Financial Services Authority.

Financial crime

Regulated and Designated Business CVC firms are required to comply with the requirements of the Proceeds of Crime Act 2008 and the Anti-Money Laundering and Countering the Financing Terrorism Code 2019.

Sales and Promotion

CVC firms subject to regulation are subject to the same conduct of business rules applicable to traditional regulated firms.

Pending legislation or imminent regulatory announcements

There is no pending legislation within the Isle of Man Government's current programme. However, in light of the adoption of the Markets in Crypto Assets Regulation across the EU in December 2024 and volatility and failures observed in certain crypto assets, the Isle of Man Financial Services Authority in February 2024, issued a discussion paper inviting comment on the future of regulation of crypto assets in the Isle of Man.

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Japan

Government outlook

The Government continues to indicate Web 3.0 as one of the key pillars for the growth of the Japanese economy.

In 2021, the Government established the Digital Agency, which is actively researching digital asset use cases. The Ministry of Economy, Trade and Industry has also established a Web 3.0 advancement initiative aimed at moving the digital asset economy forward.

In April 2023, the Government published a Web 3.0 white paper to demonstrate its continued commitment to Web 3.0. The document was updated in April 2024 providing updates for various topics such as establishing international Web 3.0 standards and conducting businesses using NFTs.

New topics are outlined as well such as VC/DIDs and permissionless stablecoins. One of the key points continues to revolve around reducing the onerous 55% capital gains tax which has been mentioned in previous papers but was not included in the 2022 and 2023 tax provision updates from the Ministry of Finance. The tax provision has yet to be amended for this issue but with digital asset ETFs being approved internationally, there is a renewed urgency in providing fair tax treatment to remain globally competitive without creating discrepancies between different investment vehicles of the same underlying asset.

Financial regulation

Depending on their specific structure, digital assets may be subject to financial regulations:

- Crypto assets (Payment Services Act (PSA))
  - Can be used for settlement with, and be purchased from and sold to, unspecified persons.
  - Electronically recorded and transferable.
  - Not legal currency or assets denominated in legal currency.
- Stablecoins (PSA)
  - Can be used for settlement with, and be purchased from and sold to, unspecified persons.
  - Electronically recorded and transferable
  - Denominated in legal currency (stablecoins denominated in crypto assets or algorithmic stablecoins may be treated as crypto assets from a Japanese regulatory perspective).
- Security Tokens (Financial Instruments and Exchange Act (FIEA)).
  - Securities under the FIEA (share certificates, bonds, interests in funds, beneficiary interests in trusts).
  - Electronically recorded and transferable.
- Other
  - Prepaid payment instruments.
  - Those used for exchange transactions.
  - Not regulated by financial regulations.
  - (e.g. NFTs, which are not categorised as the above).

Japan (continued)

Registration/licencing

Crypto asset exchange service providers must be registered with the Financial Services Agency in Japan (FSA). Security token brokers must be registered as a Financial Instruments Business Operator under the FIEA, as the security token would constitute Electronically Recorded Transferable Rights and fall within the definition of 'securities' under the FIEA.

Financial crime

Digital assets are regulated by the PSA, or as financial instruments under the FIEA. Guidance related to Financial crime is issued by the FSA, and financial institutions registered in Japan were requested to comply with the guidance by March 2024. The FSA's interest is currently shifting to the effectiveness of financial crime programs designed by the financial institutions. The Japan Virtual and Crypto Assets Exchange Association (JVCEA), a self-regulatory organization, also released their guidance that member firms are expected to follow. The JVCEA requests member firms to provide additional information for transactions, such as the address of the recipient and the purpose of the transaction (i.e. the Travel Rule).

Sales and promotion

As defined in the PSA.

Prudential treatment

There are no specific prudential requirements in place for digital assets.

Crypto asset exchange service providers can only hold up to 5% of customer funds in a hot wallet. The remaining funds must be held by highly secure methods such as cold wallets.

Service providers must also hold the same type and quantity of crypto assets (so-called performance-guarantee crypto assets) for customer funds that are not managed by highly secure methods and separate them from their own crypto assets.

Stablecoins

In June 2023, the amendment to the PSA came into effect, which defines the status of stablecoins denominated in legal currency and separates them from other digital assets. Issuers are limited to banks, money transmitters and trust companies. Intermediaries must also register with regulatory authorities and follow strict AML/KYC guidelines.

There exist four different types of licences revolving around stablecoins each with different rules and regulations. Some licences have a daily spending limit, whereas others can send to unhosted wallets. There are also differences in ways collateral can be invested. A money transmitter licence can only invest in bonds, a bank licence can invest in equity, whereas trust licences are not permitted to invest.Based on the policy to promote Web3, a bill for deregulation is currently under parliamentary review.

Japan (continued)

Central Bank Digital Currency (CBDC)

Japan has no immediate plans to release a CBDC but continues to actively research and test CBDC projects with other authorities and central banks.

Other digital assets

Research is underway for other digital assets, including and not limited to DeFi, NFTs and decentralised autonomous organizations.

On 1 February 2024 Article 2 of the Financial Instruments and Exchange Act was amended to allow the formation of DAOs as LLCs starting from 22 April 2024. There are specific details regarding separation of tokens for members of the LLCs versus outside participants of the DAO, but the key point is that this amendment will allow DAOs proper legal status as LLCs allowing for limited liability provisions, issuance of dividends as well as issuing tokens as type 2 financial instruments which has a much lower barrier to entry in terms of rules and regulation around issuance compared to type 1 financial instruments. By providing legal clarity, the Japanese government is looking for the formation of a new way of conducting business and securing funding.

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Kenya

Government outlook

The Government outlook on cryptocurrencies has evolved over the years, with an initially cautious approach now transitioning towards possible exploration and potential adoption of digital currencies and emerging technologies.

In 2015, the Central Bank of Kenya (CBK) took a conservative stance on cryptocurrencies, advising financial institutions against opening accounts for individuals dealing with virtual currencies and no entity was licenced to offer money remittance services using virtual currencies. However, in 2022, the government began to explore the potential of digital currencies through CBK's issuance of a Discussion Paper on Central Bank Digital Currency (CBDC). This move marked a shift from outright caution to engaging the public in discussions on how a CBDC could apply to Kenya's economy.

Additionally, the Kenya Digital Master Plan (2022-2032) has a long-term strategy to create an environment conducive to adopting emerging technologies, including blockchain and cryptocurrency. The Kenyan government intends to establish a framework for utilising these technologies, reflecting a more progressive approach to digital currencies over the next decade.

Asset classification framework

There is no asset classification framework in place, and the CBK does not recognize cryptocurrency as legal tender. However, we should highlight that the Capital Markets Act (Cap. 485A) has a broad definition of "securities" which could also capture cryptocurrencies. The CMA has not prescribed cryptocurrency as an instrument. The High Court in Kenya has, in its decisions related to cryptocurrencies, referred to the "Howey Test" established in the well-known American case of Securities Exchange Commission (SEC) vs W.J. Howey Co,.328 US 293 (1946) to determine if a cryptocurrency should be identified as a security during proceedings.

Crypto asset regulation

There is no explicit regulation in place to regulate crypto assets.

Additionally, the National Payment System Act (Cap. 491A) empowers the Central Bank of Kenya to provide a thorough framework for the oversight and regulation of all payment service providers, this would ideally include those dealing with digital currencies.

Stablecoins

There is currently no specific regulation governing stablecoins in Kenya.

The CBK has acknowledged the importance of stablecoins in its Discussion Paper on Central Bank Digital Currency (CBDC). The paper underscores the potential benefits of stablecoins by referencing case studies from various countries, emphasizing their role in stabilizing the digital currency ecosystem and supporting financial innovation. The paper also explains the growing importance of stablecoins in the global financial landscape, even though formal regulations have yet to be established in Kenya.

Central Bank Digital Currency ('CBDC')

The CBK has been actively exploring the potential for a CBDC and collaborating with other central banks across the world to learn from their experiences in CBDC development.

The CBK has participated in proof-of-concept projects and has worked with countries like Nigeria, Jamaica, and the Bahamas, which have already implemented CBDCs. This collaboration aims to understand whether the expected benefits such as financial inclusion, faster payments, and enhanced financial stability are being realised.

The CBK has also sought public input on the applicability of a CBDC in Kenya, reflecting its cautious and systematic approach.

Kenya (continued)

Registration/licensing regime

There is no regime in place to specifically register or licence cryptocurrencies.

However, the Money Remittance Regulations, 2013 allow the CBK to regulate money remittance operations which would ideally also include remittance operations relating to cryptocurrencies. These regulations require companies that offer the service of transmission of money or any representation of monetary value, without any payment accounts being created, to obtain a money remittance licence from the CBK.

With the necessary amendments to these and other regulations to offer clarity on the regulation of cryptocurrencies, these regulatory measures could establish that companies involved in the digital currency space are subject to oversight, safeguarding both the financial system and consumers.

Sales and Promotion

There is no specific regulation in place with regard to to the sale and promotion of crypto assets.

Pending legislation or imminent regulatory announcements

The Capital Markets (Amendment) Bill, 2023 was published to amend the Capital Markets Act (Cap 485A) with the objective of providing regulations for digital currencies. The Bill is yet to be enacted into law.

For information, the Bill proposed the following:

- With regard to asset classification, the Bill proposed providing the definitions for the following terms: blockchain, cryptocurrency, crypto miner, crypto mining and digital currency.
- With regard to licensing and registration, the Bill proposed regulating the introduction of new cryptocurrency products through a licensing requirement. The proposition would require an individual introducing a new cryptocurrency product to obtain a licence from the Capital Markets Authority (CMA) and that the cryptocurrency product has undergone a development period of at least two (2) years and been tested on a customer base of at least 10,000 customers.

In December 2024, Kenya's parliament published a draft National Policy on Virtual Assets and Virtual Asset Service Providers, and the Virtual Asset Service Providers Bill 2025. The main objective of the policy is to guide the development of a fair, competitive, and stable market for virtual assets and virtual assets service providers in Kenya. The Bill, if enacted into law, will provide a legislative framework to regulate virtual asset service providers and address risks associated with the misuse of virtual asset products and virtual asset service provider services.

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Liechtenstein

Government outlook

Liechtenstein is characterised by the blockchain-friendly stance of the government and progressive regulation. Liechtenstein was one of the first countries to enact a specific blockchain act.

As a member state of the European Economic Area (EEA), Liechtenstein is currently in the process of implementing the EU Markets in Crypto-Assets Regulation (MiCAR, Regulation (EU) 2023/1114). MiCAR is expected to become applicable in Liechtenstein in Q1 2025.

Crypto asset regulation

Liechtenstein has implemented a thorough legal and regulatory framework known as the Token and Trusted Technology Service Provider Act (TVTG), also referred to as the Blockchain Act, which came into effect on January 1, 2020. This legislation provides a clear legal and regulatory environment for blockchain and crypto-related activities, aiming to foster innovation as well as investor protection and market integrity.

The TVTG covers a wide range of aspects related to crypto assets, including the issuance of tokens, the operation of trading platforms, the provision of custodial services and other blockchain/crypto related activities. It introduced the concept of "Trusted Technology" (TT) systems and TT service providers, which are subject to registration by the Financial Market Authority (FMA) of Liechtenstein. The FMA plays a crucial role in overseeing compliance with the TVTG and that entities operating within the crypto space adhere to stringent regulatory standards.

One of the key features of the TVTG is its technology-neutral approach, which allows it to remain adaptable to future technological developments. This flexibility is particularly important in the rapidly evolving world of blockchain and crypto assets. The legislation also emphasizes the importance of transparency and security, requiring service providers to implement robust measures to protect users' assets and data.

Looking ahead, the regulatory landscape for crypto assets in Liechtenstein is expected to undergo significant changes with the introduction of the MiCAR. MiCAR aims to create a harmonized regulatory framework for crypto assets across the EU and the EEA, addressing issues such as consumer protection, market integrity, and financial stability. Once MiCAR becomes applicable, it will supersede national regulations, including the TVTG, to a certain extent. However, parts of the TVTG will remain applicable and continue to be pivotal elements of the Liechtenstein legal framework for crypto assets, in particular in the area of civil law.

The implementation of MiCAR is anticipated to bring several benefits to the crypto industry in Liechtenstein. It will provide greater legal certainty and consistency across the EU, making it easier for businesses in Liechtenstein to operate across borders. It will also strengthen the position of Liechtenstein of being a gate to Europe for non-EU/EEA countries such as in particular the neighboring country Switzerland. By establishing a licensed group company in near-by Liechtenstein, Swiss companies may gain access to the whole European market.

Liechtenstein is in the process of aligning its existing regulatory framework with the new EU standards. The FMA plays a crucial role in facilitating this transition and that market participants are well-prepared for the changes and that the regulatory environment remains conducive to innovation. MiCAR is expected to become applicable in Liechtenstein in Q1 2025. Existing CASPs currently registered under the TVTG that require authorisation under MiCAR will benefit from a transitional period ending on December 31, 2025.

Asset classification framework

The TVTG does not provide for a token classification. In the TVTG tokens are rather seen as neutral carriers of rights and functions, so called “containers”.

From a regulatory perspective, however, there is still a different treatment depending on the rights or functions the Tokens contain. Broadly speaking, going forward, it can be differentiated between the following types of tokens:

- Security tokens: Tokens that represent financial instruments and that are subject to the European and local financial market regulations, such as MiFID II;
- Payment tokens: Tokens that usually qualify
- as Other Tokens, or in case of stablecoins, as E-Money Tokens (EMTs) or Asset Referenced Tokens (ARTs) under MiCAR;
- Utility tokens: Tokens that usually also qualify as Other Tokens under MiCAR; and
- Tokens, such as NFTs, that are neither subject to financial market regulation nor to MiCAR.

Stablecoins

Stablecoins in the form of EMTs and ARTs will be governed by MiCAR and are therefore subject to the respective provisions. The requirements are not only dependent on the underlying of the stablecoin but also its significance in terms of market capitalization.

Liechtenstein (continued)

Central Bank Digital Currency (CBDC)

Liechtenstein uses the Swiss Franc (CHF) as national currency and does not have its own central bank. Therefore, there is currently no local CBDC or similar project.

Registration/licensing regime

Depending on the qualification of the tokens and the activity of the service provider, licensing under a financial market law or MiCAR might be required. In general, the license needs to be obtained from the local financial market supervisory authority FMA.

MiCAR introduces a robust licensing framework for crypto asset service providers (CASPs) who, considering their activities, do not also require a license under a financial market law. In case a license under a financial market law is required, no additional license under MiCAR needs to be obtained for rendering crypto asset services, but compliance with the respective rules is mandatory.

Registration under the TVTG might still be required for certain services neither subject to financial market laws nor to MiCAR.

Furthermore, issuers of stablecoins might require a license under MiCAR.

Anti-money laundering/financial crime

Liechtenstein adheres to international standards set by the Financial Action Task Force (FATF).

Most CASPs and, depending on the qualification of the token, issuers of crypto assets in Liechtenstein are required to adhere to due diligence obligations, which include Know Your Customer (KYC) and Anti-Money Laundering (AML) procedures.

Liechtenstein has implemented the so-called “travel rule” and will together with MiCAR also adopt the EU Transfer of Funds Regulations (“TFR”, Regulation (EU) 2023/1113).

Sales and Promotion

For tokens qualifying as financial instruments sales and promotion activities are subject to the Liechtenstein Securities Prospectus Act and the EU Prospectus Regulation (Regulation (EU) 2017/1129). In addition, the person offering the respective tokens may require a license. The sales and promotion of crypto assets (including EMTs, ARTs and “other tokens” according to MiCAR are subject to the MiCAR regulation. The person offering the tokens may require a license under MiCAR. The sales and promotion of tokens neither subject to financial market regulation nor to MiCAR (e.g. non-fungible tokens, NFTs) may still be governed by the TVTG.

Since Liechtenstein is a member of the EEA, financial institutions and CASPs benefit from the free movement of services within the EU and the EEA, depending on the applicable regulations (e.g., EU passport regimes). This facilitates access to customers domiciled in other member states of the EU or the EEA.

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Mauritius

Government outlook

Mauritius is one of the early adopters of regulatory frameworks for virtual assets. In 2018, the Financial Services Commission (FSC) issued a guidance report on Recognition of Digital Assets as an asset-class for investment by Sophisticated and Expert Investors. In the report, the definitions of 'digital assets' and 'cryptocurrency' were aligned with those provided by the Financial Action Task Force (FATF).

With the Financial Services (Custodian services (digital asset)) Rules 2019, Mauritius became one of the first jurisdictions to offer a regulated landscape to supervise the general safekeeping of digital assets. Following the enactment of the Virtual Asset and Initial Token Offering Services Act 2021, custodian services are also regulated by the legislation.

In 2019, the FSC issued guidance notes to set the approach for regulating security token offerings. In 2020, a third guidance note was issued by the FSC outlining a common set of standards for security token offerings and the licensing of security token trading systems.

In line with its commitment to attracting investors and bolstering its economy, the Mauritian Government enacted the Virtual Asset and Initial Token Offering Act 2021 (VAITOS). The VAITOS has been effective since 07 February 2022 and signifies a progressive approach to emerging technologies in the financial sector in Mauritius. Mauritius has positioned itself to be the first offshore jurisdiction with such an innovative framework, the aim being compliance with the 40 FATF Recommendations.

Mauritius has adopted a forward-looking and dynamic mindset in the ever-changing landscape. To support the VAITOS ACT, the FSC through a robust rule-making process has issued the following rules: Travel Rules, Client Disclosure Rules, Custody of Client Assets Rules, Cybersecurity Rules, Statutory Returns Rules, Capital and Other Financial Requirements Rules.

The FSC issued its AML/CFT Guidance Notes for Virtual Asset Service Providers (VASPs) and Issuers of Initial Token Offerings on 28 February 2022 (updated on 04 July 2022). This guidance note establishes compliance with international standards and safeguards against illicit financial activities by VASPs.

The FSC has further clarified regulatory stance regarding the: regulatory treatment of non-fungible tokens (NFTs), stablecoins and decentralised autonomous organizations (DAO).

Asset classification framework

The VAITOS Act makes a distinction between virtual assets and virtual tokens.

A virtual asset is a digital representation of value that may be digitally traded or transferred, and may be used for payment or investment purposes. It does not include a digital representation of fiat currencies, securities and other financial assets that fall under the purview of the Securities Act.

A virtual token means any cryptographically secured digital representation of a set of rights, including smart contracts, provided on a digital platform and issued or to be issued by an issuer of initial token offerings. Under the Securities Act, the virtual token is expressly excluded from the definition of securities.

The framework also creates a different category of token, namely securities token. These are the digital representation of securities as defined in the Securities Act. Security tokens and their issuance are governed by the security laws.

The guidance notes on NFTs provides that an NFT is a token recorded using DLT, whereby each NFT recorded is distinguishable from any other NFT. For the regulatory treatment of the NFTs, the FSC identifies scenarios which determines the regulatory regimes applicable, if any.

If the NFTs have overlapping characteristics of digital collectibles and a transferable financial asset, it may trigger the application of security laws.

Regarding NFTs that fall under the category of virtual assets, (that is those not being digital collectibles or securities), the provisions of the VAITOS Act are applicable.

Stablecoins

The FSC issued a draft guidance note on stablecoins for public consultation in July 2023. Stablecoins are defined as a type of virtual asset that relies on stabilisation tools to maintain a stable value relative to one or several fiat currencies or other reference assets, including virtual assets. The objective is to inform industry stakeholders about the FSC's regulatory policy on stablecoins, and it should be read together with the provisions of the VAITOS Act. The final version is still pending release and remains subject to revision.

Mauritius (continued)

The draft guidance classifies stablecoins into two main categories: asset-linked stablecoins and algorithmic stablecoins.

Asset-linked stablecoins tie their value to physical or financial assets for stability, while algorithmic stablecoins use supply regulation protocols to maintain a steady value in response to demand fluctuations.

A stablecoin may be treated as a virtual asset under the VAITOS Act, if it may be digitally traded or transferred, and used for payment or investment purposes. Any business that conducts one or more of the following activities with regard to stablecoins shall come within the scope of the VAITOS Act and would be a licensed activity in Mauritius: exchange between stablecoins and fiat currencies or other forms of virtual assets, transfer of stablecoins, safekeeping or administration of stablecoins or instruments enabling control over the stablecoins, and participation in, and provision of, financial services related to an issuer's offer and/or sale of stablecoins.

Offering stablecoins to the public for fiat currency or virtual assets is considered initial token offerings (ITO), requiring registration as an IITO under the VAITOS Act.

Depending on the protocol of the stablecoins, they may be considered securities, for instance, if they are linked to individual securities by means of a contractual right for delivery of the individual securities to the holder of the stablecoins.

Central Bank Digital Currency (CBDC)

In June 2023, the Bank of Mauritius (BoM) released a public consultation paper on the issuance of a CBDC, the digital rupee. The BoM intends to provide the public with a Digital Rupee which is safe and convenient to use in everyday life. To establish the elaboration of the digital rupee in the most optimal conditions, the BoM requested technical assistance from the International Monetary Fund (IMF).

Registration/licensing regime

Firms must hold a valid virtual asset service provider licence to carry out business. Different classes of licences apply depending on the type of business activity, including broker-dealers, wallet services, custodians, advisory services, and exchanges. IITOs must be registered with the FSC before carrying out their business.

Once the licence for a VASP is granted by the FSC or an application for registration of an IITO has been successfully entertained by the FSC, firms must comply with ongoing regulatory obligations and reporting mandated by the VAITOS Act.

Financial crime

In February 2022, the FSC issued the AML/CFT Guidance Notes for VASPs and IITOs. The guidance provides an outlook on the risks associated with virtual asset activities and guidelines to VASP and IITOs on their AML/CFT compliance obligations under the VAITOS Act.

Sales and Promotion

In 2022, the FSC issued rules on the advertising and marketing of relevant products and services by VASPs and IITOs. The rules set out the general requirements and obligations for advertisements.

Expected regulatory announcements

The Government is expected to provide formal legislation on DAOs. In line with the Government's' strategic decision to develop Mauritius as a Fintech Hub, the following propositions are expected to be implemented in due course: development of a National FinTech Strategy, set-up of a FinTech City, development of an API to share data within and across institutions and start up and improve access to capital for fintech start-ups. The Government's intention to develop a framework for DAOs is still in progress.

In the National Budget of 2024/2025, it was announced that amendments are to be made to the Income Tax Act 1995 to extend the exemption for income from securities sales to virtual assets and tokens. This change addresses a critical gap in Mauritius's tax framework for virtual assets.

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Sources: FSC: Guidance Notes on Stablecoins, July 2023, FSC: FSC Rules issued under the Virtual Asset and Initial Token Offerings Services Act 2021, July 2022, Bank of Mauritius: Guideline for Virtual Asset related Activities, 2022.

Norway

Government outlook

According to Norway's Financial Supervisory Authority (FSA), cryptocurrencies are largely unregulated, and consumer protections are needed.
In contrast to regulated savings and investment products, there is no statutory consumer protection for buyers of cryptocurrency. However, FSA has argued that the Financial Contracts Act applies to crypto assets.

The Norwegian Anti-Money laundering (AML) regulations cover cryptocurrency exchanges and wallet providers. Crypto assets might be considered a financial instrument and therefore regulated by the Securities Trading Act.
The regulatory regime will change with Norwegian implementation of MiCAR, which will lead to more extensive regulation of crypto assets. The regulatory regime will change with Norwegian implementation of MiCAR, which will lead to more extensive regulation of crypto assets. It is now decided to incorporate MiCAR in the EEA Agreement and the Norwegian government has introduced a bill to incorporate MiCAR into Norwegian law. It is anticipated that this legislation will be enacted before the summer, as the proposed transitional rules expire on December 30, 2025.

Asset classification framework

There is no asset classification framework in place. This will change with the implementation of MiCAR.

Crypto asset regulation

Crypto assets which fulfil the requirements of a financial instrument according to the Norwegian implementation of MiFID II, are regulated by the Securities Trading Act, while the AML regulations cover cryptocurrency exchanges and wallet providers. For a crypto asset to be covered by the AML act, it must meet the definition of 'virtual currency'.

Virtual currency is defined in section 1-3 of the AML regulations as 'a digital expression of value, which is not issued by a central bank or public authority, which is not necessarily linked to an official currency, and which does not have the legal status of currency or money, but which is accepted as a means of payment, and which can be transferred, stored or traded electronically'.

Stablecoins

According to the Central Bank of Norway, stablecoins intended for retail customers are covered by the definition of e-money in the Financial Institutions Act article 2-4.

Central Bank Digital Currency (CBDC)

The Central Bank of Norway continues to investigate a potential CBDC but has not yet concluded whether to recommend its implementation.

Registration/licensing regime

Crypto asset exchanges and wallet providers must register with the Norwegian FSA, cf. Article 1-3 of the Norwegian AML Act. Companies that conduct non-custodial wallet services are not eligible for registration. All service providers that promote their services for the Norwegian market, are required to register.

If the provider is registered as a company in Norway, operating from Norway, or targeting the Norwegian market, the providers are obliged to register with the FSA and report under the AML act.

Financial crime

Crypto asset exchanges and wallet providers are covered by the Norwegian AML Act and have a duty to assess money laundering and terrorist financing related risks. The AML Act requires that the provider must have updated processes to establish that the business handles identified risks and fulfils duties, according to provisions given in or pursuant to the Act.

Sales and Promotion

Sales and promotion of crypto assets must meet the regulatory requirements in the Consumer Purchases Act, and the Marketing Control Act. It is still unclear whether the Financial Contracts Act applies.

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Finanstilsynet: "Høringsnotat Regulering av kryptoeiendeler og av pengeoverføringer, 2. February 2024
Norges bank: Digitale sentralbankpenger, 02. October 2024

Qatar

Government outlook

In 2020, the Qatar Financial Centre Regulatory Authority (QFCRA) declared that all virtual asset services are banned in the Qatar Financial Centre (QFC), except for services concerning token securities. Since then, the authorities have made steps to develop a new regulatory framework for digital assets.

Crypto asset regulation

In October 2023, the QFCRA and the Qatar Financial Centre Authority (QFC Authority) issued a consultation on a digital asset framework. The framework addresses issues such as asset ownership, custody, transfers, trading, and smart contracts, while promoting trust through robust technology standards and enhancing confidence in the digital asset market.

The development of the digital asset regulation is taking place in phases: phase one focuses on creating the necessary legislation to establish the QFC tokenization framework. To implement this framework effectively, the Regulatory Authority and the QFC Authority have prepared a series of draft Rulebooks:

Under the QFCRA jurisdiction:

- Investment Token Rules 2023: these rules primarily address tokens known as 'investment tokens', which represent underlying assets categorized as Specified Products under the QFC Financial Services Regulations (FSR).
- Investment Tokens Miscellaneous Amendments Rules 2023: Amend six sets of Regulatory Rules to accommodate the introduction of investment tokens.

Under the QFCA jurisdiction:

- Digital Asset Regulations 2023: Define the concept of tokens and outline criteria for tokens that are permitted within the framework.
- Digital Asset (Companies Regulations and Special Company Regulations) Amendment Regulations 2023: Amend the Companies Regulations and Special Company Regulations to facilitate share tokenization of related modifications.
- Digital Asset (QFCA Rules and Non-Regulated Activities Rules) Amendment Rules 2023: These rules amend the QFC Authority Rules and Non-Regulated Activities Rules: Establish the framework for licensing token service providers, including the formulation of a code of practice for these providers, and outline the activities that may be conducted in the QFC.

Sources: Qatar Financial Centre (QFC) Regulatory Authority: QFC Issues Proposals For The Introduction Of A Digital Assets Framework, 4 October 2023; QFC Digital Assets Framework, September 2024.

In September 2024, the QFC introduced the new regulations for digital assets.

The QFC has defined a broad scope for the new regulations, focusing on permitted tokens and token services providers. In particular, the new regulations define and regulate permitted tokens and token services by (i) outlining token ownership, transfer, and cancellation rules, (ii) Establishes licensing requirements for token service providers (TSPs); (iii) setting standards for technology, security, and risk management; (iv) sets compliance and market oversight from the QFC.
Only Investment Tokens are allowed under the current QFC' regime. An "Investment Token" is defined as a digital asset representing ownership or a stake in an underlying investment, including: (i) Listed derivatives and specified financial products approved by the QFC; (ii) Specified financial products include shares, securities, options, futures, contracts for differences, and Islamic finance.

Permitted Tokens are generated in accordance with the QFC regulations, while Excluded Tokens do not represent property rights, nor can they be used as currency substitutes.

According to the new regulations, a TSP can perform any of the following activities, subject to obtaining the relevant approvals from the QFC:

- Token generation: Issuance or generation of a token on a token infrastructure on behalf of the owner of the underlying represented by the token.
- Token transfer and custody: Safeguard, or hold: (i) Tokens on behalf of clients, or
- private cryptographic keys on behalf of clients to hold, store and transfer tokens; or (ii) Receive and transact tokens on behalf of clients.
- Token exchange: Sale or transfer of a token, where it is the first occasion on which that token is sold or transferred.

The regulations also outline robust licensing requirements for various token services, including token generation, custody, exchange and conversion, transfer, and validation.

Clear TSP roles and responsibilities (e.g., on token issuance and transfer), restrictions (e.g., exclusions of tokens that do not represent a property right), and reserve requirements are also set forth in the regulations.

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Saudi Arabia

Government outlook

Saudi Arabia is seeking to gain momentum and take advantage of the thriving digital asset industry in the Middle East and Gulf Cooperation Council.

In order to do so and explore the best way forward, the Saudi Central Bank (SAMA) hired a “Crypto Chief” to lead a digital transformation in the centralised banking system.

SAMA has also activated a licensing and regulatory stream on Digital Assets and started collaborating with the local financial institutions, starting from the leading retail banks, to gauge their appetite for a digital asset regulatory framework and the underlying activities.

Central Bank Digital Currency (CBDC)

SAMA launched an initiative with the Central Bank of the UAE (CBUAE), project Aber, to explore the viability of a single dual-issued digital currency as an instrument of domestic and cross-border settlement between the two countries.

The project was structured into three distinct phases or use cases: (i) Use case one to explore cross-border settlement between the two central banks; (ii) Use case two to explore domestic settlement between three commercial banks in each country; (iii) Use case three to explore cross-border transactions between the commercial banks using the digital currency.

The project confirmed that a cross-border dual issued currency was technically viable and that it was possible to design a distributed payment system that offers the two countries significant improvement over centralised payment systems in terms of architectural resilience. The key requirements that were identified were all met, including complex requirements around privacy and decentralization, as well as requirements related to mitigating economic risks, such as central bank visibility of money supply and traceability of issued currency.

Further to Project Aber's success, SAMA also joined the Bank for International Settlements' (BIS) mBridge project as a participant in the Minimum Viable Product (MVP) platform in June 2024.

The MVP platform is a multi-central bank digital currency (wholesale CBDC) system that aims to facilitate cross-border payments between commercial banks in different jurisdictions. It is considered the first multi-wholesale CBDC platform to reach the MVP phase of development.

Sources: Saudi Central Bank and Central Bank of the U.A.E. Joint Digital Currency and Distributed Ledger Project; BIS Innovation Hub, mBridge Participants, June 2024.

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Singapore

Government outlook

Singapore seeks to establish itself as a country with an innovative and responsible digital asset ecosystem. The Monetary Authority of Singapore (MAS) aims to anchor high-quality firms, with strong risk management and value propositions, to mitigate the risks of consumer harm and educate consumers on the risks of cryptocurrencies and the related services. It also strongly discourages speculation in cryptocurrencies and seeks to restrict them through its regulatory approach.

Asset classification framework

The regulatory approach set by MAS towards digital assets is generally to look beyond common labels or definitions and instead examine the features and characteristics of each digital asset to determine the classification of such digital asset and accordingly which regulatory framework and requirements apply to such digital asset.

Crypto asset regulation

Digital assets that fall within the definition of a capital markets products under the Securities and Futures Act (SFA) are regulated in a manner similar to other capital markets products and digital assets used as a means of payment or discharge of a debt may be regulated as a DPT or e-money under the Payment Services Act (PSA). Service providers will have to apply for the applicable licence under the SFA or PSA respectively. Apart from persons dealing in such instruments, those providing custodial services in respect of such instruments are also regulated. The scope of regulated digital token services will be further expanded under the Financial Services and Markets Act 2022 (FSMA) to align with the FATF Standards. The FSMA imposes licensing requirements on Virtual Asset Service Providers (VASPs) which are Singapore corporations or carry on business from a place in Singapore, even if they provide digital token services wholly outside of Singapore (currently unregulated). As of the date of this publication, the relevant provisions of the FSMA, which deal with regulation of digital token services, have yet to come into effect.

Other digital assets

While there may not be any specific Singapore laws to regulate NFTs, the features and characteristics of each NFT have to be carefully considered in order to determine whether any specific regulatory framework and/or requirement applies.

Stablecoins

Generally, stablecoins are treated as DPTs and regulated under the PSA today. In October 2022, MAS published a consultation paper proposing to set out a specific regulatory regime for issuers and intermediaries of single-currency stablecoins (SCS) issued in Singapore and meeting certain criteria. In August 2023, MAS published its response to the said consultation paper which sets out its finalised regulatory approach for stablecoins. Amongst others:

- 'stablecoin issuance service' will be introduced as an additional regulated activity under the PSA;
- only SCS pegged to the Singapore dollar or Group of Ten (G10) currencies may fall within the proposed SCS framework. Other types of stablecoins will continue to be subject to the existing DPT regulatory regime;
- SCS issuers subject to the SCS framework will be required to (a) maintain a portfolio of reserve assets with very low risk, which is held in segregated accounts separate from its own assets, and (b) meet specified prudential requirements including base capital requirements, solvency requirements and business restrictions.

Sources:
MAS: Consultation Paper on Proposed Regulatory Approach for Stablecoin-Related Activities, October 2022.
MAS: Response to Public Consultation on Proposed Regulatory Approach for Stablecoin-related Activities, 15 August 2023.
MAS: Media Release "MAS Lays Foundation for Safe and Innovative Use of Digital Money in Singapore", 16 November 2023.
MAS: Speech " 'Shaping the Financial Ecosystem of the Future' - Speech by Mr Ravi Menon, Managing Director, Monetary Authority of Singapore, at the Singapore FinTech Festival 2023 on 16 November 2023", 16 November 2023.
MAS: Information Paper "Orchid Blueprint – Infrastructure for safe and innovative use of digital money in Singapore", 16 November 2023.
MAS: Guidelines PS-G03 "Guidelines On The Provision Of Consumer Protection Safeguards By Digital Payment Token Service Providers", 2 April 2024 (revised 19 September 2024).

Singapore (continued)

Central Bank Digital Currency (CBDC) and Global Layer One

MAS has confirmed that there is a strong case for a wholesale CBDC, especially for cross-border payments and settlements, and participates in multi-year, global testing and pilot projects. MAS also continues to develop its retail CBDC project, although acknowledging that there is no need to issue a retail CBDC at this stage.

On 16 November 2023, MAS announced three initiatives to require the safe and innovative use of digital money
in Singapore, specifically:

- the Orchid Blueprint (published on 16 Nov 2023) which outlines the technology infrastructure required for a digital Singapore dollar;
- expanding digital money trials; and
- a plan to issue a “live” wholesale CBDC for inter-bank settlement of retail payments, which will commence its development in 2024 by MAS. Future pilot programs could include the use of "live" wholesale CBDC for the settlement of cross-border securities trade.

On 27 June 2024, MAS published the Global Layer One (GL1) Whitepaper which explores the development of a multi-purpose, shared ledger infrastructure based on Distributed Ledger Technology (DLT) that is to be developed by regulated financial institutions for the financial industry. The Whitepaper discusses the role of a shared ledger infrastructure that would be compliant with applicable regulations and governed by common technological standards, principles and practices, on which regulated financial institutions across jurisdictions could deploy tokenized assets. GL1 would be designed to support multiple types of use cases and is asset agnostic. It would support all regulated financial assets, tokenized central bank money and commercial bank money on a shared ledger infrastructure. Participating central banks may also issue CBDC as a common settlement asset.

To achieve the vision of creating more efficient clearing and settlement solutions across the financial services industry, and unlock new business models through programmability and composability features, GL1 initiative will focus on (a) supporting the creation of multipurpose networks, (b) enabling applications ranging from payments, capital raising to secondary trading to be deployed, (c) providing a foundational infrastructure for hosting and executing transactions involving tokenized assets which are digital representations of value or rights that may be transferred and stored electronically (tokenized assets may be assets across asset classes such as equities, fixed income, fund shares, etc. or monies (e.g. commercial bank money, central bank money)), and (d) encouraging the development and establishment of internationally accepted common principles, policies and standards to establish that the tokenized assets and applications developed on and for GL1 are interoperable internationally and across networks.

Registration/licensing regime

MAS has been selective in licensing digital asset firms as DPTSPs. The licensing process for firms dealing in digital assets constituting capital markets products, is generally similar to other applications for CMSL.

Given the large number of licence applications, MAS tends to prioritise those demonstrating strong risk management capabilities and the ability to contribute to the growth of Singapore’s FinTech and digital asset ecosystem.

Financial crime

MAS considers all transactions relating to digital token services to carry higher inherent AML/CFT risks due to their anonymity and speed. This is the key risk which MAS’ regulations seek to address. Regardless of regulatory status, all persons must comply with the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act and the Terrorism (Suppression of Financing) Act, including the reporting of suspicious transactions.

Singapore (continued)

Sales and Promotion

Generally, no person (other than the relevant licensee or exempt payment service provider) may (a) offer to provide, or issue any advertisement containing any offer to provide, to the Singapore public, any type of payment service or (b) make an offer or invitation,
or issue any advertisement containing any offer or invitation, to the Singapore public, to enter into any agreement relating to the provision by any person of any type of payment service.

Marketing and sale of investments in digital assets could fall within licensable activities under the PSA or SFA.

Certain advertising restrictions also apply for licensees. For instance, DPTSPs should not engage in the promotion of DPT services to the general public or in public areas in Singapore.

Pending legislation or imminent regulatory announcements

- Relevant provisions of the FSMA, which deal with regulation of digital token services, which has yet to come into effect.
- MAS Guidelines PS-G03 “Guidelines on the Provision of Consumer Protection Safeguards by Digital Payment Token Service Providers” (partially in force, certain provisions will only come into effect on 19 Jun 2025).
- Amendments to the PSA in connection with the MAS' proposed SCS framework.

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South Africa

Government outlook

In the wake of increased crypto adoption, the South African regulatory authorities have taken proactive steps to address the regulatory requirements around crypto assets.

Crypto asset regulation

In 2019, the Government established the Crypto-Asset Regulatory Working Group to investigate all aspects of crypto assets and related blockchain concepts, with a view to developing a cohesive governmental response.

The group made a number of key recommendations: implementation of AML and KYC frameworks, adoption of a framework for monitoring crypto asset cross-border financial flows, as well as aligning and applying relevant financial sector laws to crypto assets. These recommendations led to a number of regulatory changes in the course of 2022 and 2023.

In August 2022, the Prudential Authority (PA) issued a guidance note for banks on AML/CFT controls in relation to crypto assets and crypto asset service providers (CASPs). The note highlights the requirement for a risk-based approach to managing risks, instead of adopting a blanket de-risking policy.

In November 2022, the definition of an 'Accountable Institution' in the Financial Intelligence Centre Act of 2001 (FICA) was amended to include persons who carry on the business of exchanging crypto assets to a fiat currency or vice versa, conducting a transaction that transfers a crypto asset from one crypto asset address or account to another, offers safekeeping or administration of a crypto asset or participates in or provides financial services related to an issuer's offer or the sale of a crypto asset.

The latter regulation, which came into effect in December 2022, requires such persons to comply with additional governance, risk and compliance requirements under the Act, including specific obligations in relation to AML, CFT and sanctions controls.

In April 2018 the South African Revenue Service (SARS) indicated that they would continue to apply normal income tax rules to any losses or gains.

Asset classification framework

'Crypto assets' are defined as a digital representation of perceived value that can be traded or transferred electronically within a community of users of the internet who consider it as a medium of exchange, unit of account or store of value and use it for payment or investment purposes, but does not include a digital representation of a fiat currency or a security as defined in the Financial Markets Act, 2012 (Act 19 of 2012).

In October 2022, the Financial Services Conduct Authority (FSCA) declared crypto assets a 'financial product', under the Financial Advisory and Intermediary Services Act of 2002 (FAIS).

Stablecoins

Stablecoins and NFTs are considered crypto assets for purposes of the FICA.

From a South African perspective, the risks linked to the fundamental design characteristics of stablecoins are seen as exacerbated in the absence of domestic authorities having regulatory influence over the issuer and is viewed as posing a spillover risk from the crypto asset ecosystem to the traditional financial system, particularly if authorities are unable to impose prudential requirements on stablecoin issuers to guarantee redeemability at par during a run on the stablecoin. While stablecoins are not seen as currently posing a systemic risk to South Africa, this is an evolving environment and as such the intention remains to introduce a regulatory framework around stablecoins including aspects such as regulations governing the weighting and capital treatment of crypto assets and tokenized deposits are indicated as intended to come into effect in 2025.

Central Bank Digital Currency (CBDC)

The South African Reserve Bank (SARB) continues to progress research on a potential CBDC. The SARB participates in Project Dunbar with a number of other central banks, testing a wholesale cross-border CBDC. The SARB has also undertaken projects to investigate other types of tokenized money.

Registration/licensing regime

The inclusion of crypto assets in the definition of financial products under FAIS means that any person who offers advisory or intermediary services in relation to crypto assets has been required to apply for a licence under the Act since the end of November 2023.

Since December 2022, CASPs have fallen within the definition of Accountable Institutions under FICA, requiring them to comply with additional governance, risk and compliance requirements under the Act, including specific obligations in relation to AML, CFT, and sanctions controls, as well as to register with the Financial Intelligence Centre as an Accountable Institution.

South Africa (continued)

Sales and Promotion

Crypto asset advertisements are regulated in South Africa. The South African Advertising Regulatory Board's Code of Advertising Practice was amended to include new requirements for crypto assets in January 2023. Such requirements demand that advertisements for crypto assets in South Africa clearly state that investing in crypto assets may result in capital loss. Advertisements must also be easily understandable for their audience and provide a clear message.

'Influencers' or 'ambassadors' who are prominent professional figures in the cryptocurrency social media space must also comply with the regulations in the Social Media Code to avoid circulating misleading messages.

The provision of advice or any intermediary services in relation to crypto assets is also now governed by the FAIS Act as detailed above, which imposes additional obligations in respect of advertising and marketing of such services.

Expected regulatory announcements

Further regulatory requirements relate to the broad regulatory framework for crypto assets in South Africa through the enactment of legislative changes to manage different aspects of crypto assets.

On 15 November 2024, the Financial Intelligence Centre (FIC) issued Directive 9 of 2024, which will require CASPs to apply the 'Travel Rule' in relation to crypto asset transfers with effect from 20 April 2025 to align with the FATF's Recommendation 16.

The inclusion of crypto assets as 'capital' in the Exchange Control Regulations, meaning that there is mandatory reporting of cross-border transactions and setup for cross border settlement transactions, is still pending finalisation.

Prudential Authority: G10-2022 – Supervisory guidelines for matters related to the prevention of unlawful activities and paper on crypto assets, 15 August 2022, FSCA: Declaration of Crypto Assets as a Financial Product, 22 October 2022, Government Gazette No 47596 - Financial Intelligence Centre Act, 2001 (Act No. 38 of 2001): Amendment of Schedules 1, 2 and 3 to Financial Intelligence Centre Act, 2001

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Switzerland

Government outlook

The Government and Financial Market Supervisory Authority (FINMA) have shown a positive stance towards blockchain technologies and digital assets. Switzerland was one of the first countries to adopt a specific set of regulations applicable to decentralized technologies and adapted its legal Framework in 2020. FINMA applies the 'same risk, same rules' approach and has a technologically neutral view on the regulation of financial market activities.

FINMA can issue declaratory rulings (similar to 'no-action letters' known in other jurisdictions) which allow for the regulatory treatment to be clarified upfront to enhance legal certainty for the market participants.

FINMA has provided regulatory guidance on the qualification of different staking models and on the issuance of stablecoins. This reinforced the well-known stability of the Swiss regulatory environment and enhanced legal certainty.

Asset classification framework

FINMA was one of the first financial authorities to publicly issue guidance on how to classify digital assets and to allocate these into one of three categories. Depending on the classification of a digital asset, different financial market laws apply.

Payment tokens or 'cryptocurrencies' are considered means of payment for acquiring goods or services or as a means of money or value transfer. A qualification as payment token typically triggers the application of the Anti-Money Laundering Act (AMLA).

Security tokens represent assets such as participations in companies, or earning streams, or an entitlement to dividends or interest payments. In terms of their economic function, the tokens are analogous to equities, bonds or derivatives. A qualification as security token may notably trigger the duty to issue a prospectus and, depending on the activity related to such security token, a license requirement.

Utility tokens provide access to an application or service by means of a blockchain-based infrastructure. A qualification as pure utility token usually does not trigger regulatory requirements.

In addition to these, hybrid forms are also possible, i.e. token classifications are not mutually exclusive.

A token may qualify as a payment token even though it has other additional functions, such as those of a utility token or security token.

Stablecoins

Between 2018 and 2024, FINMA issued several guidelines for stablecoins, which must be classified like other fungible tokens in line with their economic function. As for other digital assets, different regulatory requirements may apply depending on the token classification.

Central Bank Digital Currency (CBDC)

The Swiss National Bank (SNB) plans to issue a wholesale CBDC to be deployed on a national digital exchange. This evolution builds on the results of pilot tests conducted in 2022 with five different banks, testing the settlement of interbank, cross-border and monetary policy transactions.

Other digital assets

Due to their non-fungible nature, Non-Fungible Tokens(NFTs) generally do not qualify as a security or payment token and may not be in scope of financial market regulation. However, Know Your Customer(KYC) and further anti money laundering(AML) duties may apply to certain NFT activities.

Registration/licensing regime

Switzerland has not implemented a specific status for virtual asset service providers (VASPs). Financial market participants which deal in crypto may need to obtain a license from FINMA or affiliate as a financial intermediary to a self-regulatory organization for AML purposes. The applicable registration or licensing requirement depends on the classification of the digital asset and the type of activity conducted in relation to the digital asset. FINMA issued several guidelines on which activities could trigger a license requirement. The latest guidelines were issued late 2023 regarding the provision of staking services.

The Swiss Distributed Ledger Technolgy(DLT)-exchange licence allows to run both an exchange and settlement infrastructure for security and other tokens on a blockchain. In 2024 several players made considerable progress in the licensing process.

Financial crime

Financial intermediaries are subject to the AMLA and the complementary ordinance (AMLO), which includes the duty to identify the contracting party, the beneficial owner, the source of funds as well as the Travel Rule. These regulations apply in any case to the issuers of digital assets if these qualify as payment tokens.

Switzerland (continued)

Sales and Promotion

No specific regulation applies to the issuance, distribution or marketing of digital assets. Sales activities in relation to digital assets may trigger the following:

- A prospectus requirement for security tokens and further regulations in connection with financial services under the Financial Services Act (FINSA); and/or
- AML requirements for activities related to payment tokens, including KYC obligations and registration with a self-regulatory organization according to the AMLA.

In the case of distribution by a non-regulated entity of security tokens issued by a third party, registration in a special register of client advisors may be required.

Ledger-based securities and tokenization

Since 1 February 2021, Swiss law allows the issuance of ledger-based securities. A ledger-based security is a right that is registered in a securities ledger and may be exercised and transferred to others only via the securities ledger.

With the concept of ledger-based securities, Switzerland established a clear legal framework for the tokenization of stock company shares, fund shares and other legal rights (e.g. units of a structured product or contractual claims), meaning that such shares or rights can be issued directly on the blockchain.

The law provides clear guidance on how ledger securities can be claimed, transferred, pledged, or cancelled.

MiCAR & Switzerland

Although Switzerland is not part of the European Union, it will be impacted by the adoption of the Regulation on Markets in Crypto-Assets (MiCAR). This is especially the case for companies offering cross-border crypto-asset services from Switzerland into an EU or EEA member state.

Since Markets in Crypto Assets Regulation (MiCAR) does not provide any third-country regime, such an offering will regularly require to establish a licensed subsidiary in the EU or EAA which complies with the MiCAR provisions. Swiss market participants who fall within the definition of Crypto-Asset Service Providers (CASP) according to MiCAR, will only be exempt from the licensing requirement if they are offering services to European clients at their exclusive initiative (in accordance with the reverse solicitation rule). The definition of reverse solicitation under MiCAR is tighter than under Markets in Financial Instruments Directive (MiFID).

MiCAR entered into force on 30 June 2023 and is fully applicable as of 31 December 2024.

Reciprocally, European CASPs wishing to offer their services to clients in Switzerland are required to respect the Swiss regulatory framework. This may entail a registration under the Swiss rules or setting up a branch or an entity and then applying for the appropriate license in Switzerland.

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Taiwan

Government outlook

Taiwan has indicated Web3.0 as a key growth area for the economy.

In September 2023, the Financial Supervisory Commission (FSC) introduced guidelines which cover disclosure of information by virtual asset service providers (VASP), review procedure for listing of products, segregation of customers' assets, protection of consumer rights, cybersecurity, management of hot/cold cryptocurrency wallets. The Taiwan VASP Association was established in June 2024, and the industry's self-regulatory guidelines are currently being formulated. In September 2024, professional investors are allowed to invest in foreign virtual asset ETFs through sub-brokerage.

Asset classification framework

Security firms can issue security tokens under the Taipei Exchange Rules. Certain restrictions apply, including: only professional investors are allowed to subscribe to security token offerings, an issuer may offer security tokens on a single trading platform only and the cumulative amount of offerings cannot exceed NT$30 million. The types of security tokens offered on a trading platform are limited to non-equity dividend tokens and debt tokens only.

Stablecoin

No stablecoin-related regulation is in place.

Central Bank Digital Currency (CBDC)

Taiwan has no immediate plans to release a CBDC, but continues to actively research, test, and pilot both wholesale and retail CBDC projects.

Registration/licensing regime

In October 2024, Taiwan's Financial Supervisory Commission (FSC) announced a draft regulation for the registration of anti-money laundering measures for businesses or personnel providing virtual asset services. The draft outlines the registration system and requirements for Virtual Asset Service Providers (VASPs).

Additionally, it lists compliance requirements for virtual asset exchanges and custodians, including the establishment of internal control systems, the public disclosure of white paper contents, mechanisms for listing virtual assets, and the separate management of custodians' own assets and clients' assets.

Financial crime

There are no specific registration requirements in place for virtual assets.

In 2021, Taiwan set the AML/CFT expectations for the virtual asset sector. VASPs (e.g. exchanges, wallet service providers and ATMs) need to have in place appropriate policies and procedures. These include KYC, enhanced and customer due diligence, transaction monitoring and the Travel rule. VASPs are required to submit a declaration with the FSC to declare VASPs comply with relevant AML/CFT regulation.

Sales and Promotion

No specific regulations are in place for Sales and Promotion. However, the guidelines for VASPs describe the general requirements for advertisements, including advertisements for relevant products which must not be false, misleading or deceptive. Also, foreign VASPs cannot promote products/services in Taiwan, before completing company registration according to Company Act and submit an AML/CFT compliance declaration with the FSC.

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FSC: 發布金融監督管理委員會「管理虛擬資產平台及交易業務事業（VASP）指導原則」, 26 September 2023

Turkey

Government outlook

Turkish regulators have adopted a cautious stance towards crypto assets due to the associated risks of money laundering, financial crime, and lack of consumer protection. However, the growing interest in crypto assets has prompted regulators to establish a legal framework. In this context, on April 30, 2021, the Central Bank of the Republic of Turkey (CBRT) implemented the Regulation on the Disuse of Crypto Assets in Payments; crypto asset service providers have been obliged to comply with the AML regulations; on July 2, 2024, the long-awaited thorough crypto asset regulations have been introduced through amendments to the Capital Markets Law (Law). Finally, the latest updates regarding secondary regulations by the Capital Markets Board of Turkey ("CMB") for crypto assets services providers were published on March 13, 2025. Along with the secondary regulations by the CMB, the Communiqué on the Establishment and Operational Principles of Crypto Asset Service Providers and Communiqué on the Working Procedures, Principles, and Capital Adequacy of Crypto Asset Service Provider (hereinafter referred to as the "Communiqué") have been introduced.

Asset classification framework

The Law defines crypto assets as intangible assets that can be electronically created and stored using distributed ledger technology or similar technologies, which are distributed over digital networks and can represent value or rights. Furthermore, the Law also acknowledges that different types of crypto assets may fall under the jurisdiction of different regulators.

Crypto asset regulation

Definitions of wallet, crypto asset, platform, crypto asset service provider, and crypto asset custody service have been added to the Law.

According to the Law, for customers who prefer not to keep their crypto assets in their own wallets, the crypto assets will be stored by authorized institutions or banks.

According to the Law, crypto asset service providers will be held liable for crypto asset losses arising from acts such as the operation of information systems, any kind of cyber attack, information security breaches, or any behaviour of their personnel. In cases where it is not possible to compensate for such losses from the crypto asset service providers the members of the crypto asset service providers will be held liable to the extent that the losses can be attributed to them based on their faults and the circumstances.

Stablecoins

No specific regulations are currently in place for stablecoins.
The CBRT's clarification is still pending on whether stablecoins pegged to a fiat currency could be considered electronic money.

Central Bank Digital Currency (CBDC)

The CBRT still continues to develop a 'Digital Turkish Lira'. No formal confirmation is in place on when the potential CBDC could be available for consumer use.

Registration/licensing regime

The Law stipulates that crypto asset service providers, including platforms, must obtain establishment and operation permits from the CMB.
Through the Communiqué, conditions regarding establishment and commencement of operations for cryptocurrency asset service providers have been stipulated. The minimum initial capital requirement has been set at TRY 150 million for the crypto asset service providers, excluding custodians, and TRY 500 million for custodians, for the year 2025. It has been stated that the regulations concerning operational principles, capital and equity amounts will come into effect on June 30, 2025.

Financial crime

Based on the Regulation On Measures To Prevent Laundering Proceeds Of Crime And Financing Of Terrorism, crypto asset service providers are obliged to fulfil the obligations specified under the AML legislation (e.g. KYC and reporting of suspicious transactions).

Sales and Promotion

Crypto asset service providers must adhere to the regulations set forth by the CMB concerning publications, announcements, advertisements, and all forms of commercial communication.

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Sources: Communiqué on the Establishment and Operational Principles of Crypto Asset Service Providers numberedIII-35/B.1. Communiqué on the Working Procedures, Principles numbered III-35/B2. The Law No. 7518 Amending the Capital Markets Law, July 2, 2024; Central Bank of Republic of Turkey (CBRT): the Regulation on Payment Services and Electronic Money Issuance and Payment Service Providers, 1December 2021 and Regulation on the Disuse of Crypto Assets in Payments, April 30, 2021; Financial Crimes Investigation Board (MASAK):Crypto Asset Service Providers Guide, 4 May 2021.

Ukraine

Government outlook

Ukraine's legislative landscape for virtual assets is in its early stages and is undergoing significant updates to align with international standards, protecting market stability and investors.

The Verkhovna Rada of Ukraine adopted the Law “On Virtual Assets” (VA Law) on 17 February 2022. According to its provisions, the VA Law will come into force upon the enactment of amendments to the Tax Code of Ukraine concerning the taxation of virtual assets (VA). As of now, no such amendments have been introduced and, thus, the VA Law has not come into effect. As of today, significant updates to the legislation are under consideration **(see section “Pending legislation or imminent regulatory announcements”).**

Asset classification framework

The VA Law envisages the following categories of VA:

1) Unsecured VAs, which do not certify property rights;

2) Secured VAs, which certify property rights, including claims for other civil law objects:

- Secured VAs, backed by currency values (SVA(CV));
- Secured VAs, backed by securities or a derivative financial instrument (SVA(FI)).

Crypto asset regulation

Until the moment of enactment of the VA Law, VAs, including cryptocurrencies, are in the "grey zone".

Despite the fact that the VA Law has not come into force yet, there is a limited practice of using cryptocurrency for purchasing goods and services. Market participants consider cryptocurrency as an intangible asset, that can be subject to exchange.

Stablecoins

As mentioned above, one of the types of VAs, provided by the VA Law, are secured VAs, backed by currency values (in essence, these are the stablecoins).

Sales and promotions

Not applicable, at the time of writing, due to the absence of effective legislation.

Central Bank Digital Currency ('CBDC')

The Law “On Payment Services” enacted in 2022, authorised the National Bank of Ukraine (NBU) to issue a digital currency of the NBU (CBDC) to modernise the payment infrastructure, promote financial stability and economic security, and enhance monetary policy. The digital currency is an electronic form of Ukraine's monetary unit, issued by the NBU.

The NBU is actively investigating the use cases for a CBDC implementation. In November 2022, it published a draft concept for "e-Hryvnia" (the Ukrainian CBDC).

The NBU plans to conduct a pilot project for the issuance of e-Hryvnia. Currently, the pilot project is planned to take place in 2025, but there are several factors that could impact the timeline. The e-Hryvnia will be based on Distributed Ledger Technology (DLT).

Registration/licensing regime

According to the VA Law, virtual assets service providers can conduct their activities after obtaining a respective license. The VA Law designates the following regulatory authorities for the VAs:

- NBU: Regulates VA backed by currency values (SVA(CV));
- National Securities and Stock Market Commission of Ukraine (NSSMC): regulates other types of VA.

Pending legislation or imminent regulatory announcements

Currently, two draft laws, Draft No. 10225 by the NSSMC and Draft No. 10225-1 by the Ministry of Digital Transformation, have been registered in the Verkhovna Rada of Ukraine. These drafts propose significant changes to the VA Law and the Tax Code, including modifications to the list of regulatory authorities and regulations for authorised providers and two new classifications of VAs.

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United Arab Emirates

Government outlook

Being one of the first jurisdictions to implement a fully-fledged virtual asset regulatory framework, the United Arab Emirates (UAE) aims to establish itself as a leading global virtual asset (VA) hub. The VA ecosystem is expanding rapidly, supported by specific regulatory actions in different jurisdictions.

Cabinet Resolution 111 (December 2022), assigned the authority and responsibility of VA regulation to the Securities and Commodities Authority (SCA), except for payment services, which was assigned to the UAE's Central Bank (CBUAE). Cabinet Resolution 112 (December 2022) delegated SCA's responsibilities in the Emirate of Dubai (excluding DIFC) to the Dubai Virtual Asset Regulatory Authority (VARA), which was formed under Dubai Law No. 4 of 2022.

In Abu Dhabi, the Financial Service Regulatory Authority (FSRA) has pioneered virtual assets regime in the UAE in 2018, under the Financial Services and Markets Regulations (FSMR).

Virtual Asset Regulatory Authority

In February 2023, VARA released a robust, activity-based and product-agnostic regulatory framework to licence and supervise Virtual Asset Service Providers (VASPs).

The Virtual Assets and related activities regulations (the VA Regulations) aim to promote the Emirate of Dubai as a regional and international hub for VAs and related services. The VA Regulations also aim to increase awareness of investment in the VA services and products and encourage innovation in this sector to attract investments and encourage companies operating in the field of VAs to base their business in the Emirate.

The VA Regulations consist of four Compulsory Rulebooks (Company, Compliance and Risk Management, Technology and Information, Market Conduct) and eight VA Activity-Specific Rulebooks (Advisory, Broker-Dealer, Custody, Exchange, Lending & Borrowing, Management & Investment, Transfer and Settlement), and VA Issuance.

The Compulsory Rulebooks include mandatory conditions and governance obligations around: (i) Entity Structure (Company Governance, Outsourcing and ESG provisions), (ii) Operational Practices (including Market and Investor Protection) (iii) Systems and Security vulnerability controls (including Technology Governance, Data Segregation, Information Security), and (iv) Conduct and Transparency rules (including Market and Investor Protection, Consent and Transparency, FATF compliance, Cross-border risk controls, Travel Rule).

The Activity-Specific Rulebooks include additional conditions for the individual VA activities the VASPs intend to carry out. These rules span additional governance elements (e.g., VA Custody activity segregation and Board requirements), ad-hoc rules (e.g., best execution and margin trading provisions for VA Exchanges/VA Broker-Dealers), activity-specific disclosures, client agreement provisions and service fees, additional reporting, limitations and exclusions.

VARA updated the Issuance Rulebook at the end of 2023, introducing two categories of VA issuance. Category 1 requires registration with VARA pre-approval only, while Category 2 requires a fully-fledged VARA licence prior to issuance. In both cases, entities are requested to submit a whitepaper and demonstrate compliance with specific technology, AML/CFT, marketing, and public disclosure provisions. The current Rulebook also prohibits the issuance of anonymity-enhanced cryptocurrencies, while including specific provisions for VAs backed by real-world assets (i.e., Asset Reference Tokens) and FIAT Referenced VAs, the latter being under the exclusive purview of the CBUAE.

VARA also updated its VA Custody Rulebook, now allowing VASPs holding a VA Custody Licence to offer staking services from the same legal entity, without the need to obtain a VA Management & Investment Licence. The new Rulebook also emphasises stricter control measures for assets held under custody.

In addition to the VA Regulations, VARA issued the Administrative Order No. 01/2022 relating to Regulation of Marketing, Advertising and Virtual Assets Promotions (Marketing Regulations) that apply to all VA marketing, promotions and advertisements carried out by domestic or foreign entities in the Emirate of Dubai, with violations resulting in penalties or fines.

The updated marketing guideline has entered into force on the 1st October 2024, and covers billboards, airdrops, events, social media, and general marketing. Only VASPs licensed by VARA can conduct marketing activities in the UAE, with both content and presentation to be fair, clear and not misleading.

VARA has also signed an MOU with the SCA so that VASPs operating in/from Dubai, or servicing the emirate of Dubai, must obtain a licence from VARA, and can be registered by default with the SCA to service the wider UAE. VASPs wishing to operate out of any other Emirates, must be licensed by the SCA to do so.

Sources: VARA's Virtual Assets and Related Activities Regulations 2023 and 2024; VARA's Marketing Regulations 2023; ADGM's Guidance on Regulation of Virtual Asset Activities, 2022.

United Arab Emirates (continued)

Abu Dhabi Global Market

In 2018, the Financial Services Regulatory Authority (FSRA) of the Abu Dhabi Global Market (ADGM) became the first jurisdiction globally to introduce and implement a robust and bespoke regulatory framework to regulate VA activities. The framework is part of the Emirate's efforts to bolster the economic diversification of Abu Dhabi and the UAE through innovation and sustainable initiatives.

The framework regulates exchanges, custodians, brokers, and other intermediaries engaged in VA activities and encompasses products such as digital securities, stable tokens, and derivatives/securities.

Regulated firms within ADGM are issued a single Financial Services Permission (FSP) for the purposes of the regulated activities which can include both 'conventional' and 'virtual asset'-related activities.

Both VARA and ADGM address the full range of VA-associated risks, including market abuse and financial crime, AML/CFT, consumer protection, technology governance, custody and exchange operations. AML provisions are strictly aligned with FATF guidelines.

The ADGM regime does not regulate utility tokens which do not exhibit the features and characteristics of a regulated investment/instrument under FSMR.

In December 2024, the FSRA of ADGM published a consultation paper proposing amendments to its VA framework, including refinements to capital requirements and fees, staking, and emerging business models.

Digital Oasis Free Zone

In October 2023, the Emirate of Ras Al Khaimah established the RAK Digital Oasis Freezone (DAO). This free zone aims to implement minimal rules to attract companies and entrepreneurs involved in digital assets and cryptocurrencies active in emerging and innovative sectors, including metaverse, blockchain, utility tokens, virtual asset wallets, NFTs, DAOs, DApp, and other Web3-related businesses. Further developments are expected during 2024.

Central Bank of UAE

In March 2023, the Central Bank issued Guidance for licensed financial institutions (FI) on risks related to virtual assets and virtual asset service providers. This addresses the requirements for FIs to establish relationships with VASPs, mainly related to CDD, EDD, transaction monitoring and sanctions screening.

Stablecoins

The CBUAE's Payment Token Services Regulation introduced an activity-based licencing process and provided a thorough overview of the regulatory framework for financial institutions to issue, transfer, and perform custody of UAE Dirham-pegged payment tokens.

The Regulation covers the licensing and registration process, the licencing conditions and requirements, the requirements to register for the provision of Payment Token Services, and the ongoing reporting requirements. Through this Regulation, the CBUAE aims to oversee the UAE market activities of the following entities: (i) Licensed Payment Token Service Providers; (ii) Registered Foreign Payment Token Issuers; (iii) Registered Foreign Payment Token Custodians and Transferors; and (iv) Registered Payment Token Conversion Providers.

The Regulation limits the promotion of services relating to foreign payment tokens and the acceptance of such foreign payment tokens as a means of payment.

At the same time, the Regulation prohibits the promotion and service provision relating to algorithmic stablecoins, privacy tokens, and other means of payment that are not UAE Dirham payment tokens or foreign payment tokens.

Central Bank Digital Currency (CBDC)

The CBUAE has defined the Central Bank Digital Currency Strategy to launch the Digital Dirham. This involves the soft launch of mBridge to facilitate real value cross-border CBDC transactions for international trade settlement and providing the proof-of-concept work for bilateral CBDC bridges with India, Mainland China and other jurisdictions. CBUAE successfully launched the Minimum Viable Product (MVP) phase of the project and is now working on phase 2, covering wholesale and retail usage.

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Sources: CBUAE's New Guidance for Licensed Financial Institutions on Anti-Money Laundering and Combating the FInancing of Terrorism, 2023; CBUAE's Financial Infrastructure Transformation (FIT) Programme; Central Bank Digital Currency Strategy, 2023; CBUAE Payment Token Services Regulation, 2024.0, FSRA's Consultation Paper No 11 of 2024.

PwC services and capabilities

PwC services and capabilities

For regulators

- Definition of the licensing, registration and supervisory framework.
- Preparation of the crypto firm onboarding plan and ongoing PMO support to facilitate interactions.
- Support to define the license and/or registration conditions from a strategic, operational, risk, and legal perspective.
- Service provider review (incl. conditions eligibility and risk assessment, including checks and on-chain analysis).
- Framework buildout, ‘strategic’ framework for licensing and supervision.
- Managed services, ongoing licensing and supervisory support.

For banks

- Digital asset market entry strategy (incl. bank's goals and market role, competitors, regulatory landscape, business model).
- Risk and regulatory requirements (incl. digital asset risk analysis, risk framework, compliance and reporting, risk capabilities).
- Operational and organizational requirements (incl. delivery model, operational and org. changes, capability and resource needs).
- Technical requirements (incl. IT capabilities, infrastructure, integration).
- Delivery (incl. marketing strategy, implementation plan, outsourcing and other legal agreements, operations ramp-up, managed services, service provider onboarding, transaction monitoring, and compliance).

For service providers

- End-to-end support to establish business by obtaining the relevant regulatory licenses and/or registrations.
- Value proposition and high-level target operating model (incl. market analysis, business model, strategy, capabilities, financial projections).
- Regulatory and legal support, including analysis of business plans, intended activities and/or products, filings at financial authorities and execution of business strategy.
- Post-submission support (review feedback from the regulator and support with compliance actions).
- Growth opportunities (incl. growth and scalability in the local market).

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