

# Global Blockchain Business Council

Monthly FinTech Updater

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## Global, EU, UK and US Regulatory Developments

EU	
<p><b>De Nederlandsche Bank releases study on Crypto-assets and calls for international regulation</b></p>	<p>De Nederlandsche Bank (<b>DNB</b>) released a new study titled “<a href="#">Crypto-assets: evolution and policy response</a>” assessing the appeal of crypto-assets as an investment, the risks they pose to society, and the ways in which policymakers can offset these risks. The DNB called for the development of a holistic international regulatory regime for crypto-assets, arguing that “Proper regulation [is] indispensable”. The study argues that due to their volatility, “unbacked cryptos like Bitcoin are not suitable for use as money”, while stablecoins present a more desirable alternative so long as they are subject to appropriate regulation.</p> <p><b>Published 7 November 2022</b></p>
<p><b>The European Council of the European Union announces the adoption of the Digital Operational Resilience Act</b></p>	<p>The Council of the European Union <a href="#">adopted</a> the Digital Operational Resilience Act (DORA).</p> <p>Now that the DORA proposal is formally adopted, aspects that require national transposition will be passed into law by each EU Member State. At the same time, the relevant European Supervisory Authorities, such as the European Banking Authority, the European Securities and Markets Authority and the European Insurance and Occupational Pensions Authority, will develop technical standards for all financial services institutions to abide by, from banking to insurance to asset management. The respective Member State national competent authorities will take the role of compliance oversight and enforce the regulation as necessary.</p> <p><b>Published 28 November 2022</b></p>
UK	
<p><b>FCA concerned about problem behaviours linked to trading app design</b></p>	<p>The FCA <a href="#">announced</a> that it has warned stock trading app operators to review design features, including those with game-like elements, which risk promoting consumers to take actions against their own interests.</p> <p>Features the FCA have warned operators to avoid include: sending frequent notifications with the latest market news and providing consumers with in-app points, badges and celebratory messages for making trades. The FCA has found that consumers using apps with these kind of features were more likely to invest in products beyond their risk appetite.</p> <p>Furthermore, the FCA has published <a href="#">research</a> that raises concerns that customers using such trading apps are exposed to high-risk investments and that some appear to exhibit behaviours similar to problem-gambling. The FCA adds that it expects all firms that offer stock trading to consumers to review and, where appropriate, make improvements to their products based on these research findings. Such firms should also ensure that they are providing support to their customers, particularly those in vulnerable circumstances or those showing signs of problem-gambling behaviour. To ensure customers are being treated fairly and ahead of the new Consumer Duty coming into force next year, all firms should be reviewing their products now to ensure they are fit for purpose.</p> <p>Sarah Pritchard, Executive Director of Markets at the FCA, said:</p> <p>'Some product design features could be contributing to problematic, even gambling-like, investor behaviour. We expect all firms that offer stock trading to</p>

	<p>consumers to review and, where appropriate, make improvements to their products based on these findings. They should also ensure they are providing support to their customers, particularly those in vulnerable circumstances or those showing signs of problem gambling behaviour.'</p> <p><b>Published 21 November 2022</b></p>
<p><b>New UK – Singapore MoU boosting FinTech trade and cooperation</b></p>	<p>The UK and Singapore have reached an <a href="#">agreement</a> on a new Memorandum of Understanding (MoU) boosting FinTech trade and cooperation at the seventh UK-Singapore Financial Dialogue in Singapore.</p> <p>The UK and Singapore have agreed on a MoU on the UK-Singapore FinTech Bridge. The FinTech Bridge seeks to support continued growth, investment and technological innovation in this sector, building on the active interest of FinTech players in the areas of payments, RegTech and wealth management.</p> <p><b>Published 25 November 2022</b></p>
<p><b>USA</b></p>	
<p><b>SEC wins landmark enforcement case against content-sharing platform. Court rules blockchain token to be a security</b></p>	<p>In a noteworthy victory for the US Securities and Exchange Commission (<b>SEC</b>), on 7 November a US District Court <a href="#">granted summary judgement</a> against a prominent content-sharing platform for violating US securities laws.</p> <p>The case came about after the company introduced a blockchain token for users to spend across its platform. The SEC claimed that the tokens were securities and that by failing to register them, the platform had violated the Securities Act of 1933. An enforcement action was brought against the company, and, in an unusual turn of events for crypto-related complaints of this kind, the dispute was taken to court.</p> <p>In its ruling in favour of the SEC's motion for summary judgement, the presiding District Court judge concluded both that the token had been offered as a security, and that the company had been given fair notice of the requirement for it to register its offerings as such.</p> <p>This ruling is consistent with the SEC's position (<a href="#">as often asserted by its Chair Gary Gensler</a>) that most cryptocurrencies are securities.</p> <p><b>Published 7 November 2022</b></p>
<p><b>FINRA conducts retail communications conduct examination</b></p>	<p>The Financial Industry Regulatory Authority (<b>FINRA</b>) <a href="#">announced</a> on 14 November 2022 that it will be carrying out a "targeted exam of firm practices regarding retail communications concerning crypto asset products and services". This exercise will target the practices of FINRA member firms and require them to provide all retail communications distributed by them (or affiliates on their behalf) relating to crypto-assets and crypto-asset-related services between July and September 2022.</p> <p>For the purposes of this examination, the definition of "crypto-assets" only encompasses assets which are not registered as securities under the Securities Act 1933. This appears to be consistent with the SEC's approach of asserting authority over assets which may not necessarily ultimately be deemed to be securities.</p> <p><b>Published 14 November 2022</b></p>
<p><b>SEC publishes yearly summary of enforcement actions</b></p>	<p>In its <a href="#">annual round-up</a> of enforcement actions, the SEC noted that it filed 760 enforcement actions and recovered a record \$6.4 billion in penalties and disgorgement from respondents. The SEC specifically highlighted its actions in the areas of crypto-assets and cybersecurity, noting that it had nearly doubled the number of staff in its crypto assets and cyber unit and mentioned several high-profile successful actions taken against actors in the crypto space.</p> <p><b>Published 15 November 2022</b></p>

<p><b>Secretary of the Treasury releases statement on crypto market developments</b></p>	<p>Janet L. Yellen, Secretary of the Treasury released a <a href="#">statement</a> on 16 November discussing recent developments in the crypto market. In the statement Yellen asserted that recent developments underline the need for “more effective oversight of cryptocurrency markets” and advocated for the rigorous enforcement of existing regulations, as well as for the development of additional legislation to “fill the regulatory gaps” identified in recent research such as the <a href="#">report</a> produced by the Financial Stability Oversight Council (<b>FSOC</b>) in October. Yellen cited the concerns raised by the FSOC report that the “comingling of customer assets, lack of transparency, and conflicts of interest” presented various risks to consumers and to the overall financial stability of the country.</p> <p><b>Published 16 November 2022</b></p>
<p><b>Assistant Secretary for Terrorist Financing and Financial Crimes delivers speech on use of crypto for financial crime</b></p>	<p>Speaking before the Crypto Council for Innovation, Elizabeth Rosenberg, Assistant Secretary for Terrorist Financing and Financial Crimes, delivered a <a href="#">speech</a> calling for collaboration between the public and private sector in order to detect and counter financial crime. Rosenberg cited the use of crypto-assets by criminal organisations to launder proceeds of crime and asked for cooperation and input from private sector entities to help develop effective policies to combat financial crime.</p> <p><b>Published 16 November 2022</b></p>
<p><b>Australia</b></p>	
<p><b>Government makes further commitments to introducing crypto regulations</b></p>	<p>A spokesperson for Jim Chalmers, Treasurer, <a href="#">stated</a> that the Treasury is planning to introduce new regulations in 2023, citing the recent volatility in the crypto-asset market as evidence of the “lack of transparency and consumer protection” in the industry. This comes after a draft bill for the regulation of crypto-assets was introduced to Australia’s parliament earlier this year and reflects the increased scrutiny and push for regulation by the Australian government.</p> <p><b>Published 16 November 2022</b></p>
<p><b>Asia</b></p>	
<p><b>DFSA’s new crypto-asset regulatory regime comes into effect</b></p>	<p>The Dubai Financial Services Authority’s (<b>DFSA</b>) Crypto Token regime has <a href="#">come into force</a>. This comes as the “second phase” of crypto regulation in the jurisdiction, following on from the “Regulation of Investment Tokens” introduced by the Dubai International Financial Centre (<b>DIFC</b>) in October 2021.</p> <p>The new regime requires individuals to receive authorisation from the DFSA prior to engaging in various activities in respect of crypto-assets, including: dealing, arrangement, management, advising, trading, clearing, and providing custody services.</p> <p>The increasing regulation of crypto-assets in Dubai reflects a wider policy drive to grow the DIFC into a regional leader in the crypto space, similar to the neighbouring Abu Dhabi Global Market which has operated a regulatory framework for crypto-assets since 2018.</p> <p><b>Published 1 November 2022</b></p>

<p><b>Announcements at Hong Kong FinTech Week 2022 indicate opening-up of Hong Kong's digital asset industry</b></p>	<p>During <a href="#">Hong Kong FinTech Week 2022</a>, the Hong Kong government made several announcements which indicate that it will be opening up the digital asset industry with the long-term goal of helping to grow Hong Kong into a regional hub for the industry.</p> <p>Key announcements include:</p> <ul style="list-style-type: none"> <li>the Hong Kong Securities and Futures Commission (<b>SFC</b>) announced that it will now accept applications for the authorization of virtual asset futures exchange traded funds, publishing a circular setting out the requirements for funds seeking authorization;</li> <li>Julia Leung, the Deputy Chief Executive Officer and Executive Director of the Intermediary Division of the SFC and keynote speaker of the event, announced that the SFC will soon publish the official requirements applicable to security token offerings (<b>STOs</b>) and the listing of STOs, which will largely be the same as the existing requirements applicable SFC regime for traditional securities offerings; and</li> <li>the Hong Kong Legislative Council is vetting a new Anti-Money Laundering Amendment Bill, which would make it mandatory for centralised virtual asset exchanges offering services in Hong Kong to be licensed by the SFC.</li> </ul> <p><b>Published 4 November 2022</b></p>
<p><b>Canada</b></p>	
<p><b>Government releases Fall Economic Statement setting out intention to conduct comprehensive crypto-asset review</b></p>	<p>Chrystia Freeland, the Deputy Prime Minister and Finance Minister of Canada, delivered the government's 2022 Autumn Economic Statement titled "<a href="#">Building an Economy that Works for Everyone</a>" on 3 November. In the statement, the Canadian government outlined its broad views regarding the future of crypto-asset regulation. Specifically, the statement mentioned that Canada's crypto-asset regulatory framework must "keep pace" with developments in the industry, citing the use of such assets by criminal enterprises to fund their activities and to avoid international sanctions.</p> <p>To address the challenges posed by crypto-assets, the government announced its intention to commence a financial sector legislative review "focused on the digitalization of money and maintaining financial sector stability and security". To this end, the government is already in the process of conducting consultations with stakeholders.</p> <p><b>Published 3 November 2022</b></p>
<p><b>CSA issues statement on crypto-asset risks</b></p>	<p>The Canadian Securities Regulator (<b>CSA</b>) issued a <a href="#">warning</a> to investors on the risks of trading in crypto-assets, describing crypto-assets as generally being "highly volatile", even when their platforms are properly registered in Canada. The CSA also warned of the risks posed by the activities of unregistered crypto platforms which often operate without the necessary investor protections mandated by Canadian law.</p> <p>This warning, released following various recent turbulent developments in the crypto-asset market, reflects the increasing scrutiny of the crypto-asset industry by the CSA.</p> <p><b>Published 21 November 2022</b></p>

## International Developments

International Organisations	
<b>FSB publishes final report on development of implementation approach for cross-border payments targets</b>	<p>The Financial Stability Board (<b>FSB</b>) published its <a href="#">final report</a> on the development of a framework for the monitoring of progress towards achieving the cross-border payments targets for the G20 Roadmap for Enhancing Cross-border Payments. The report, titled "Developing the Implementation Approach for the Cross-Border Payments Targets". The targets in question, set by the FSB in October 2021, involve achieving "cheaper, faster, more transparent, and more accessible cross-border payments".</p> <p><b>Published 17 November 2022</b></p>

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