



Digital Finance Forum

Community Highlights

Wednesday 24 April 2024



Digital Finance Forum

Global Policy & Regulatory Updates

The global policy and regulatory landscape for digital assets in 2023 saw more developments than any year prior. Given the continued rapid pace of innovation, it is likely that 2024 will also see consultations and policy developments continue at pace. Notably, from the standard setters in the past couple months the following consultations have been of note:

Financial Action Task Force (FATF)

FATF [released](#) a [report](#) tabulating the steps taken by FATF members and FSRB jurisdictions with materially important VASP activity to implement FATF standards in relation to regulating and supervising VASPs for AML/CFT purposes.

Bank of International Settlements (BiS) Innovation Hub

The BiS announced a Project Agorá, which will explore how tokenized commercial bank deposits can be seamlessly integrated with tokenized wholesale central bank money in a public-private programmable core financial platform.

International Organization of Securities Commissions (IOSCO)

IOSCO's updated [workplan](#) for 2024 includes workstreams on both AI and tokenization. IOSCO is working towards publishing a report in 2025 on AI use cases, risks, and challenges. As part of that report they will be mobilizing a survey for both industry and the regulatory community. GDF as an IOSCO AMCC member will be helping to mobilize this survey and socialize it with industry. If you are interested in participating in the survey please reach out to Elise Soucie (elise@gdf.io)

Financial Stability Board (FSB)

Klass Knot, the FSB chair, gave a [speech](#) at the ASIFMA annual conference setting out the FSB's role in monitoring risks as well as supporting the development of cryptoasset regulation as the market continues to evolve. He noted in particular the particular, the potential benefits of tokenisation.



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Regional Community Highlights

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Hong Kong

Draft Regulation on Digital Assets to be Introduced

Christopher Hui the Financial services secretary stated that the Hong Kong government will introduce draft bills to regulate digital assets this year. He noted that regulators are [consulting](#) the public on bills covering VASP licensing, trading, Over-the-counter (OTC) desks, and stablecoin issuance.

Hong Kong Approves Crypto ETFs

Hong Kong joined the US in [approving](#) Bitcoin and Ether ETFs.

Indonesia

The Financial Services Authority of Indonesia introduces new crypto-asset regulations for 2025

The Financial Services Authority of Indonesia (Otoritas Jasa Keuangan; or OJK) will be transferred the [supervisory powers](#) for crypto by the Financial Services Omnibus Law. This provides that supervision over digital financial assets, including crypto-assets, will be transferred from Bappebti to the OJK by 12 January 2025. The OJK will then develop regulations and a road-map for digital assets.

South Korea

South Korean Authorities consider allowing Bitcoin ETFs

Lee Bok-hyun, governor of the Financial Supervisory Service stated the are discussing the possibility of allowing crypto ETFs in the country.

Thailand

Thailand SEC Allows Bitcoin ETFs

Thailand's Securities and Exchange Commission (SEC) ruled to allow asset managers to launch funds that can invest in Bitcoin ETFs, but not directly in cryptocurrencies due to the risk and volatility of crypto-assets.

Japan

Cabinet Approves Bill to Amend Laws to Include Crypto-Assets

The Cabinet of Japan approved a bill to amend, among three other laws, the Limited Partnership Act for Investment (the Act). The proposed amendment provides for crypto assets to be added to the list of assets that investment limited partnerships

Singapore

Monetary Authority of Singapore (MAS) Introduces Crypto Custody Regulation

MAS detailed [custody guidelines](#) after extensive consultations. The new rules require segregation and offline storage of most customer digital assets held in custody, with restrictions on retail investors' ability to engage in activities like staking

South Africa

The South African Financial Sector Conduct Authority (FSCA) continues licensing at pace

The FSCA was poised to have completed [licensing](#) 60 firms by the end of March. Companies operating in South Africa must be licensed by June 2024. They plan to continue licensing in a phased approach.

Turkey

Digital Turkish Lira Evaluation Report Published

The Digital Turkish Lira First Phase [Evaluation Report](#) was published setting out their approach to developing a CBDC.

Australia

Australian Securities and Investment Commission (ASIC) Commissioner's address on Crypto and Digital Assets

ASIC Commissioner Alan Kirkland gave a [speech](#) setting out how ASIC seeks to promote the growth of responsible financial innovation by balancing our approach to enabling innovation with consumer protection and market integrity outcomes

Honduras

Comisión Nacional de Bancos y Seguros (CNBS) de Honduras Bans Crypto Trading

Honduras' CNBS regulator has [banned](#) the Central American country's financial system from trading in cryptocurrency and similar virtual assets

United States

House Financial Services Committee votes to overturn SEC's SAB121

The House Financial Services Committee voted in favour of a resolution to overturn an SEC guideline that prevents banks from acting as custodians for digital assets. The SEC's Staff Accounting Bulletin No. 121 requires institutions that custody crypto to record holdings as liabilities

US Republican Senators Introduce a Bill to Ban the Digital Dollar (a US CBDC)

The Bill proposed by Senators Cruz, Hagerty, Scott, and Budd is called the CBDC Anti-Surveillance State Act. It would prohibit the Federal Reserve from issuing a CBDC directly to anyone, ensuring the Federal Reserve can't mobilize itself into a retail bank. It would also bar the Federal Reserve from issuing a CBDC indirectly to individuals through financial institutions or other third parties, as well as prevent the Federal Reserve from using a CBDC as a tool to implement monetary policy and control the economy. Finally, the bill would require authorizing legislation from Congress for the issuance of any CBDC.

Commodity Futures Trading Commission's Global Markets Advisory Committee (GMAC)'s Digital Assets Taxonomy

Sponsored by Commissioner Caroline D. Pham, the CFTC GMAC put forward a digital asset taxonomy framework which provides valuable foundational guidelines to further advance the discussion and promote U.S. regulatory clarity.

CFTC Chair Calls for a US Regulatory Framework

Rostin Benham, Chair of the CFTC testified, urging for a clear congressional regulatory framework for digital assets.

United Kingdom

UK Law Commission Confirmed Digital Assets as a “Third Category” of Property

The Law Commission published [draft legislation](#) confirming the existence of a "third category" of personal property rights, capable of accommodating certain digital assets.

UK Law Commission Consultation on Digital Assets & Electronic Trade Documents in International Law

The Law Commission also published a [call for evidence](#) on extent to which private international law can be applied in a digital context. The Commission notes significant questions as to the location and law which should be applied in disputes when they concern digital assets or emerging technologies.

New Provisions for Crypto Seizures

[New powers](#) now apply to cryptoassets in the UK under the Economic Crime and Corporate Transparency Act 2023 (ECCTA). These seizure and civil recovery regime powers for will apply from 26 April 2024.

HMRC Consults on OECD CARF Implementation

HMRC set out a [consultation](#) that sets out the details of the CARF rules and invites views on the UK's proposed implementation. It also seeks views on the potential benefits and drawbacks of extending the CARF/CRS international standards to require UK reporting entities to include information on UK residents.

United Kingdom

Financial Conduct Authority (FCA) Updated their cETN Position

The FCA has [noted](#) that they will not oppose requests for cryptoasset Exchange Traded Notes (cETNs) for professional investors, but emphasizes that cETNs and crypto derivatives are not suitable for retail consumers.

HMT Consulting on Improving Money Laundering Regulations

HMT is [consulting](#) on the effectiveness of UK's AML regime. A section within the consultation specifically highlights the challenges posed by cryptoassets to AML regimes.

FCA Business Plan Commits to Proportionate Crypto Regulation

The FCA published its [business plan](#) which sets out its commitment to delivering a 'proportionate' market abuse regime for cryptoassets and its continued supervision of cryptoasset financial promotions.

Bank of England (BoE) & FCA DSS Consultation

The Bank of England and FCA are jointly [consulting](#) on the operational aspects of their Digital Securities Sandbox (DSS).

BoE Consultation on Digital Settlement Asset (DSA) Enforcement

The BoE is [consulting](#) on its approach to the enforcement and FSMA provisions for DSAs.

BoE Central Bank Digital Currency (CBDC) Advisory Group Meeting

BoE held the first [meeting](#) of the CBDC Academic Advisory Group and discussed the future of money and risks and opportunities for CBDCs from a technology perspective.

European Union

European Central Bank (ECB) Critique of US Bitcoin ETF Approval

The ECB published a [blog](#) critiquing the US Bitcoin ETF Approval noting they still do not believe Bitcoin is a suitable investment.

European Commission (EC) Adopts MiCA Delegated Acts

The EC has adopted four delegated acts under MiCAR:

- [Delegated Regulation on penalties](#)
- [Delegated Regulation on criteria for significance](#)
- [Delegated Regulation on EBA Supervisory Fees](#)
- [Delegated Regulation on Product Intervention Powers](#)

ECB Blog on Digital Euro & Bank Deposits

The ECB also published a [blog](#) on the digital euro and how this would be interoperable in the banking system, noting in particular the need to not worry about losing bank deposits,

European Banking Authority (EBA) Consultation on Redemption Plans

The EBA is [consulting](#) on on complaints and guidelines on redemption plans under MiCAR.

European Payments Council (EPC) Guidelines Published

The EPC [published](#) their guidelines on cryptographic algorithms usage and key management.

ECB Article on Payments Digital Divide

The ECB [published](#) an article on whether there is a digital divide in payments and why cash remains important. The article assesses payment patterns in the euro.

European Union

European Securities and Markets Authority (ESMA) Report on Regulatory Technical Standards (RTSs) under MiCAR

ESMA published the final report for the first batch of technical standards under MiCAR. The report covers proposals on authorisation, notification by financial entities when providing cryptoasset services, complaints handling and assessment of intended acquisitions of a qualifying holding in a CASP.

ESMA Report on DLT Pilot Regime

ESMA also published its outcome report on the first year of the DLT Pilot Regime.

ESMA Launched Third MiCAR Consultation Package

ESMA also launched its third MiCAR Consultation package on the RTSs which covered, RTS for detection and reporting of suspected market abuse in cryptoassets; Guidelines on policies and procedures, including the rights of clients, for cryptoasset transfer services; Guidelines on suitability requirements for certain cryptoasset services and format of periodic statement for portfolio management; and Guidelines on information and communication technology operational resilience for certain entities under MiCAR.

ECB Occasional Paper on Digital Euro

The ECB published an Occasional Paper on how the digital euro has the potential to offer a wide range of financial stability benefits for the digital era.

ESMA TRV Risk Analysis Report on Cryptoassets

ESMA also published a report providing a detailed overview of patterns in cryptoasset secondary market

European Union

Launch of EU Digital Finance Platform – Data Hub

The European Commission [published](#) a newsletter on their Data Hub. The Data Hub facilitates the exchange of data between supervisory authorities and financial services firms: supervisory authorities provide specific datasets to be synthesized and uploaded on the data hub; and financial services firms may request access to these datasets.



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Market Data Presentation – CCDATA

YTD Trends 2024: Institutional Activity

The Global Standard for Digital Asset Data And Indices

Empowering financial institutions with
definitive, real-time digital asset data



Institutional Grade
Data Solutions



FCA Authorised
Since 2021



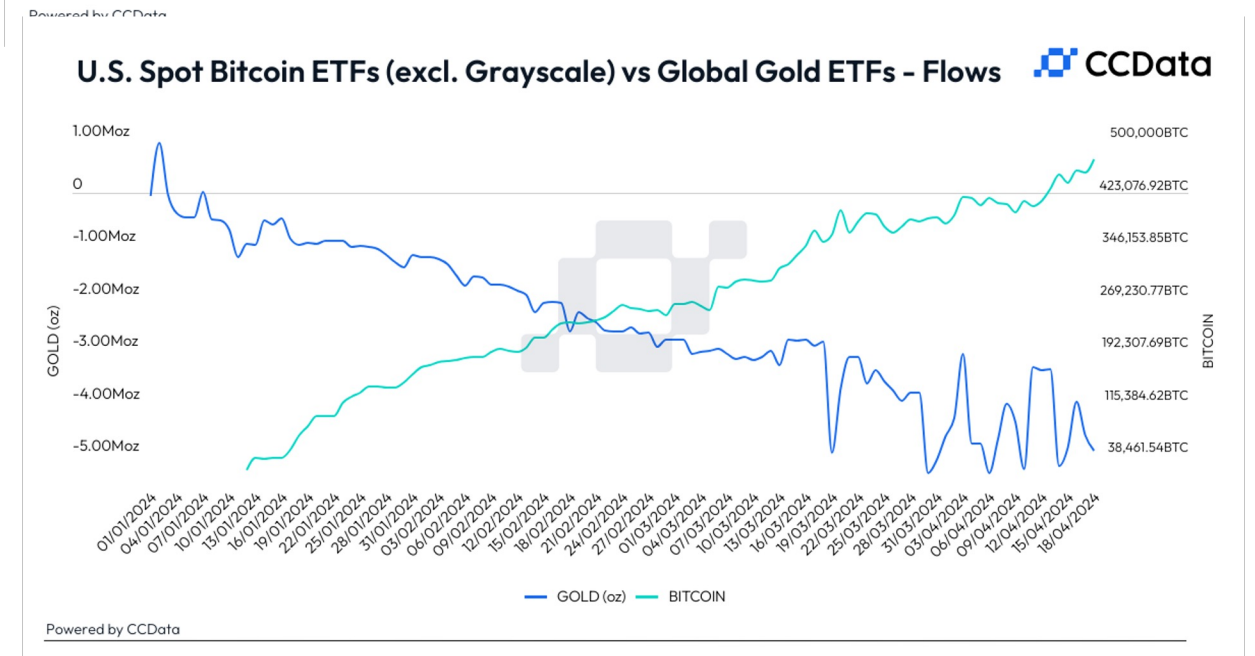
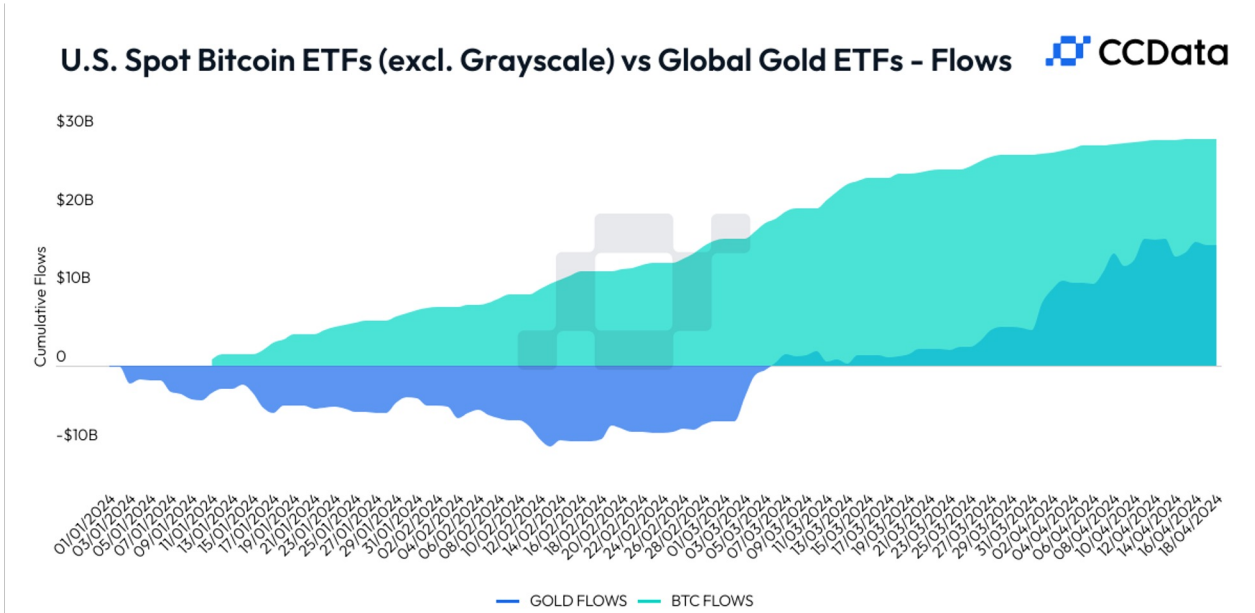
Leading Digital
Asset Index Suite



Robust and Trusted
Enterprise API

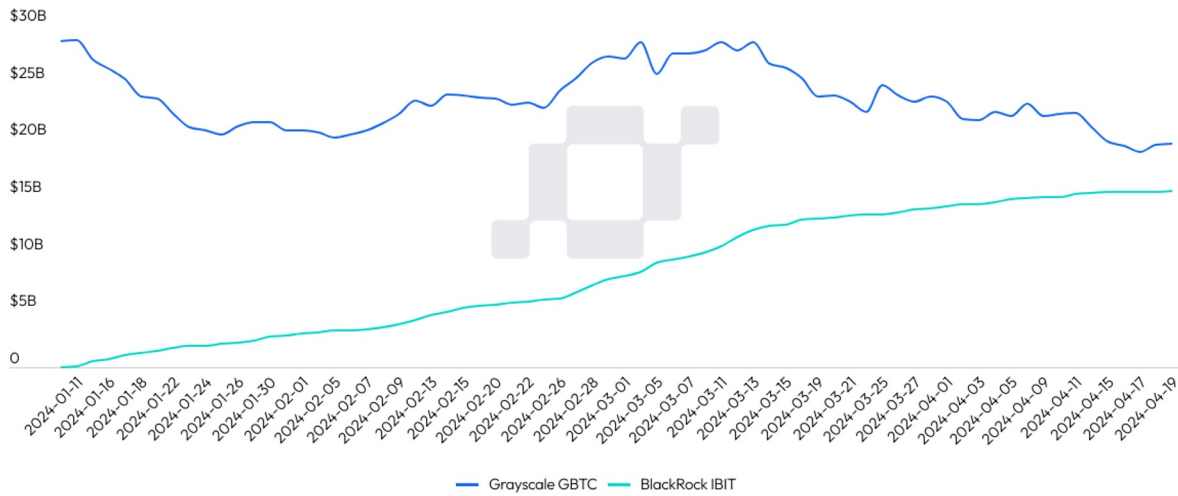
- Section 1: ETF Analysis

U.S. Spot Bitcoin ETFs vs Gold - Cumulative Net Flows (USD vs Gold/BTC)



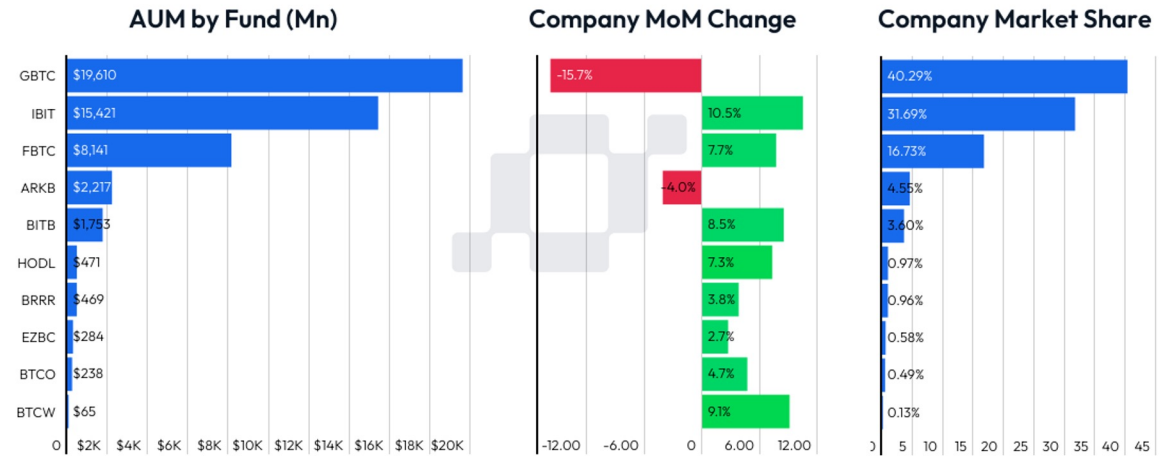
ETF Landscape - Spot ETF AUMs

Grayscale GBTC vs. BlackRock IBIT AUM



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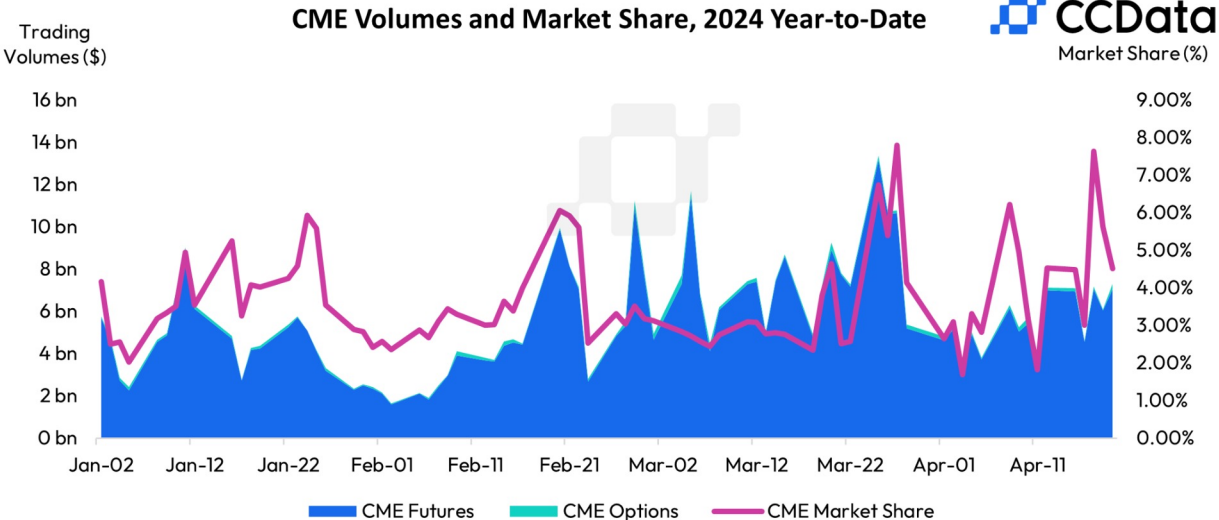
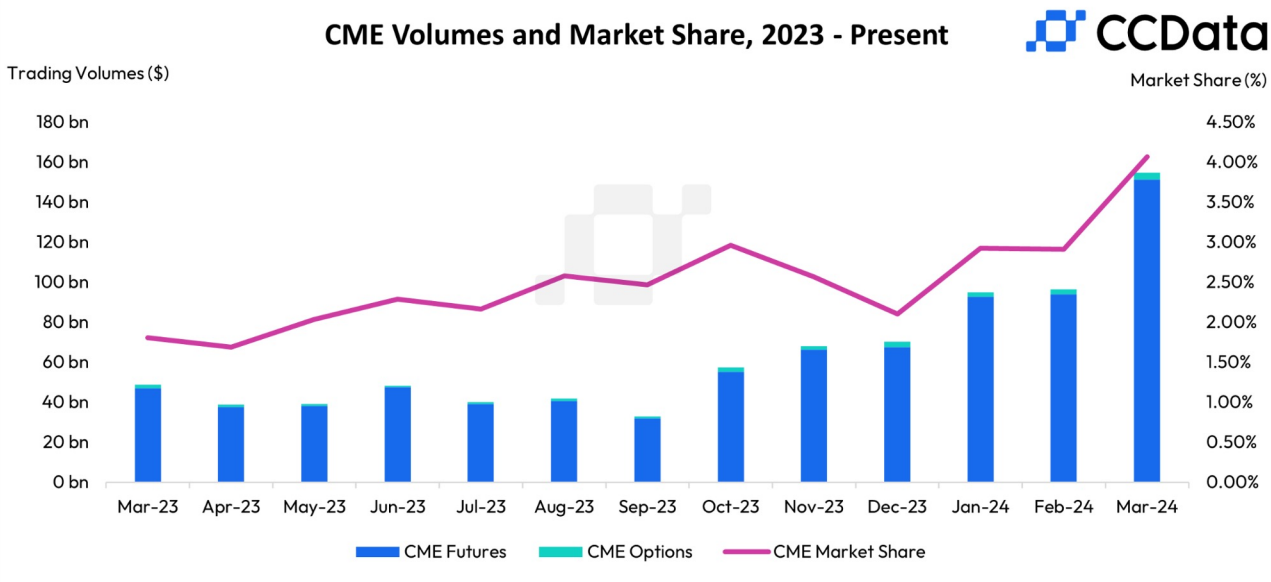
US Spot ETF Funds AUM



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- Section 2: CME Analysis

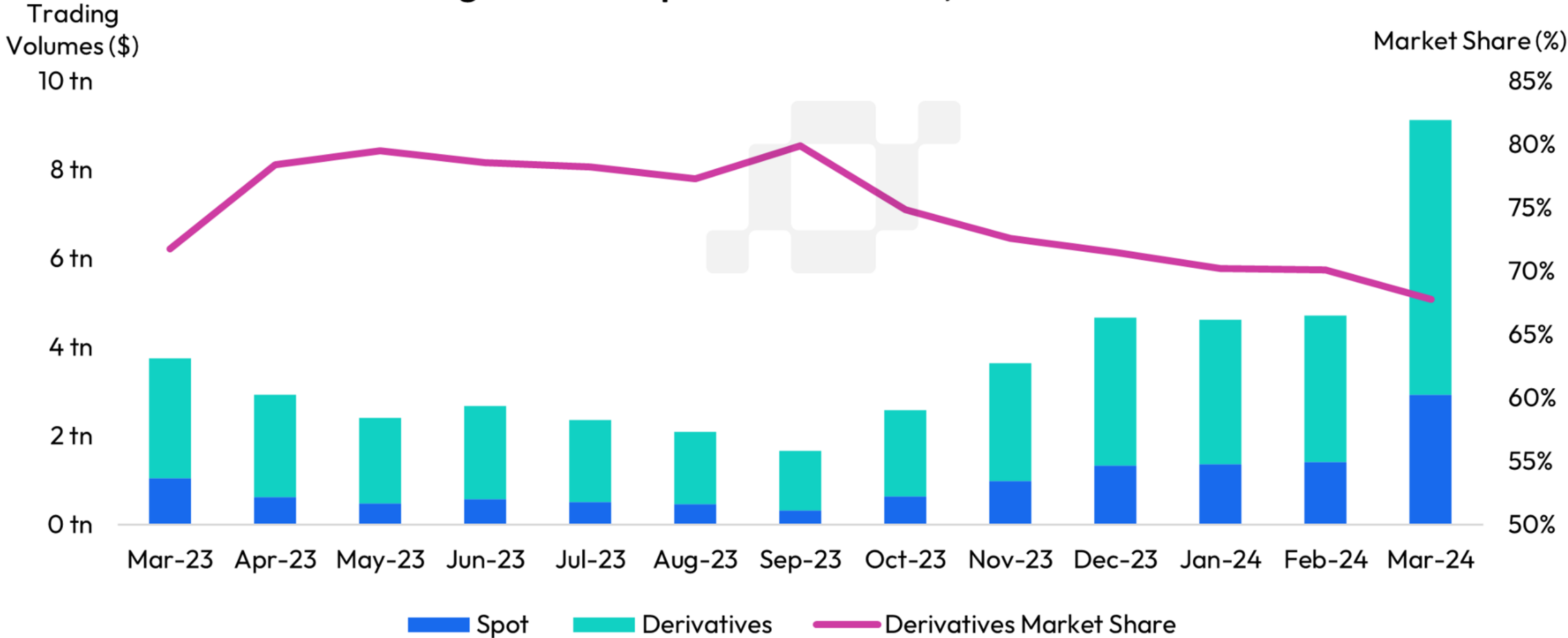
CME Volumes and Market Share



- Section 3: Market Analysis

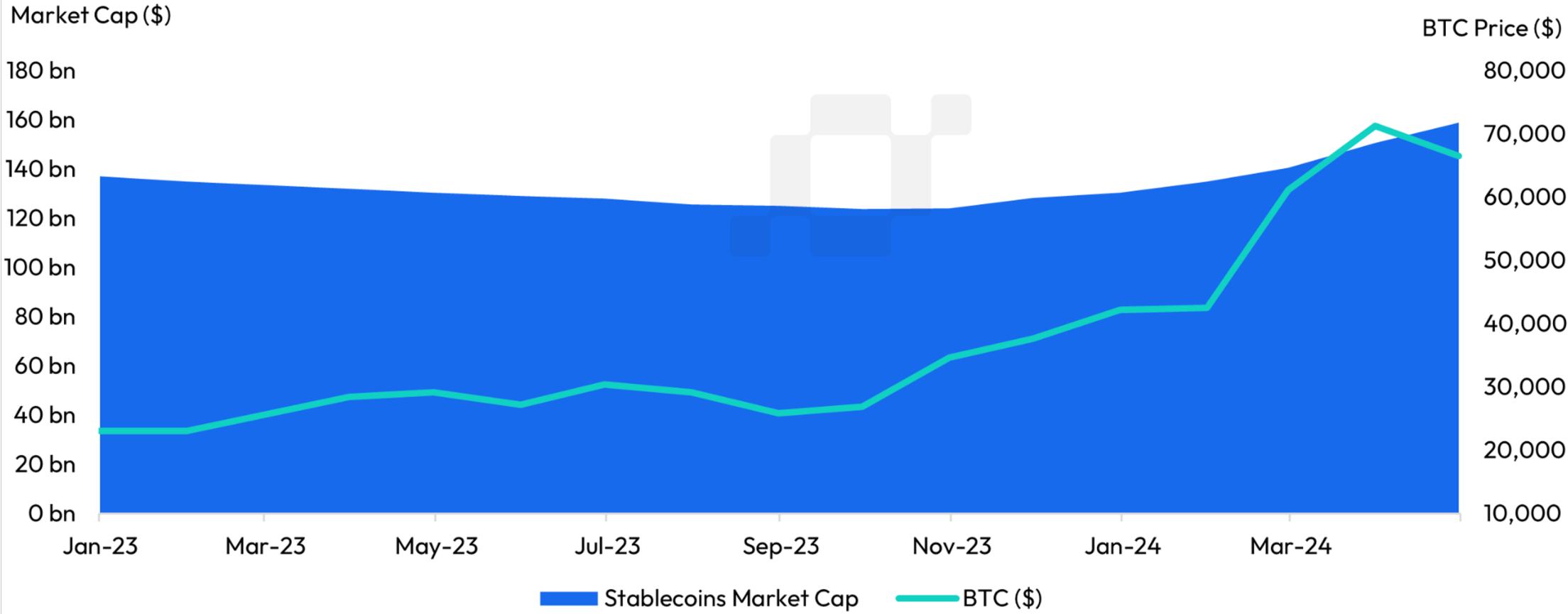
Spot vs Derivatives Trading Volumes

Trading Volumes: Spot vs Derivatives, March 2023 - 2024



Stablecoins Market Capitalisation

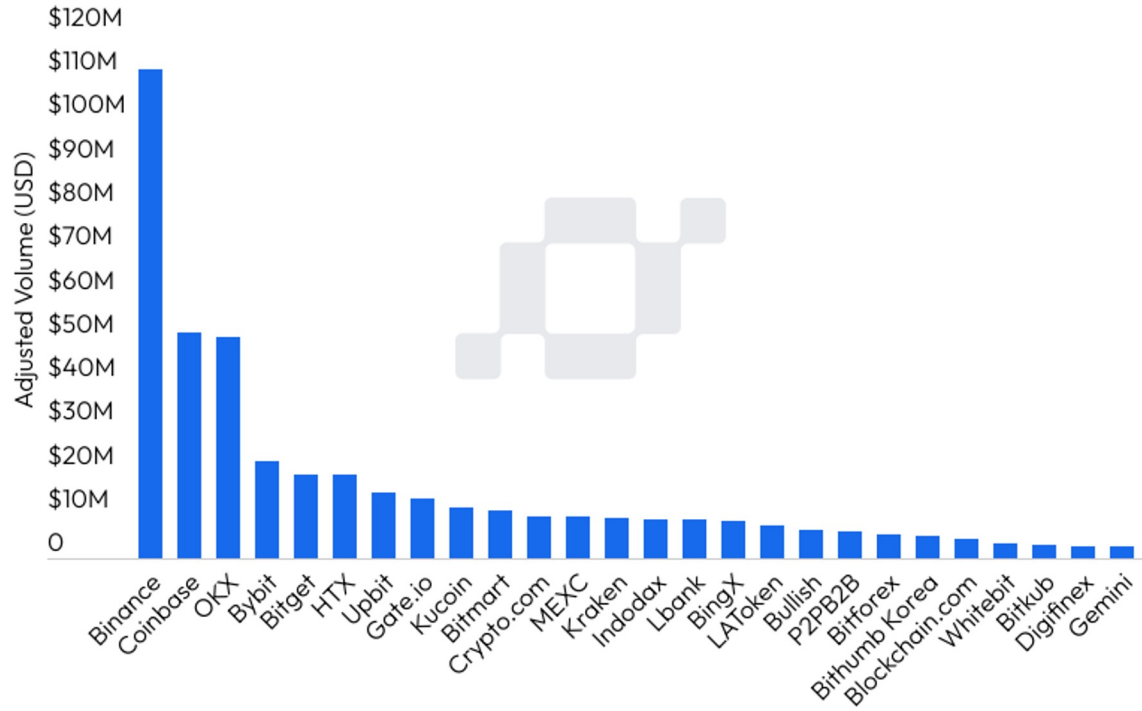
Total Stablecoins Market Capitalisation, 2023 - Present



- Section 4: Exchange Benchmark

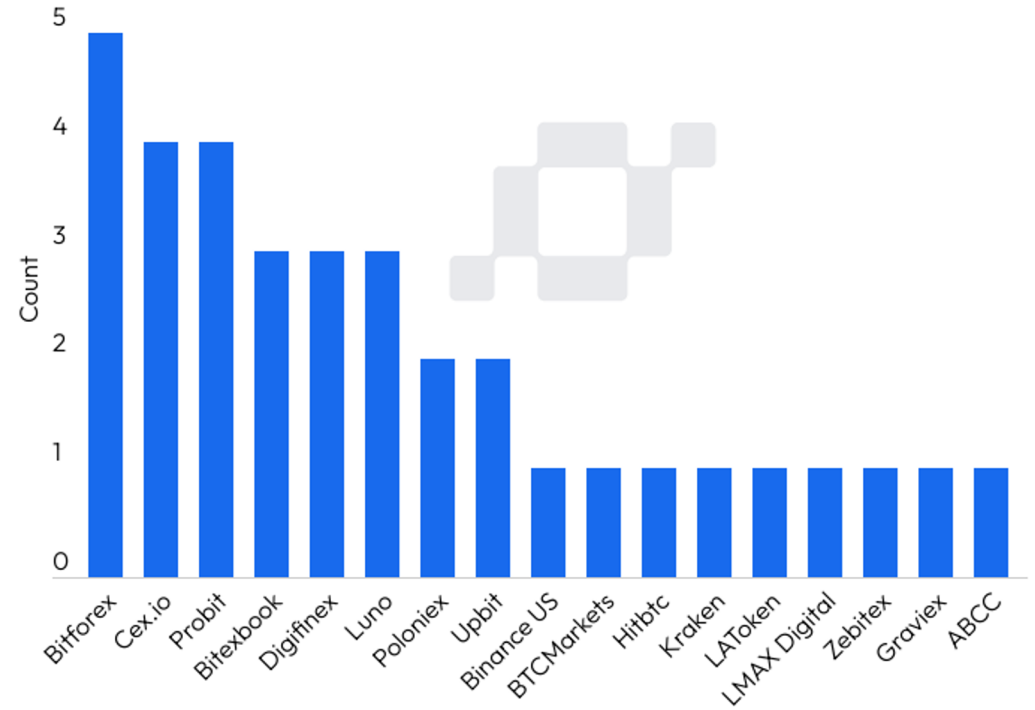
Exchange Benchmark - Market Quality Insights

Adjusted Volumes Based on Website Views 



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Count of Flash Crashes Across Exchange 



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Thank you!

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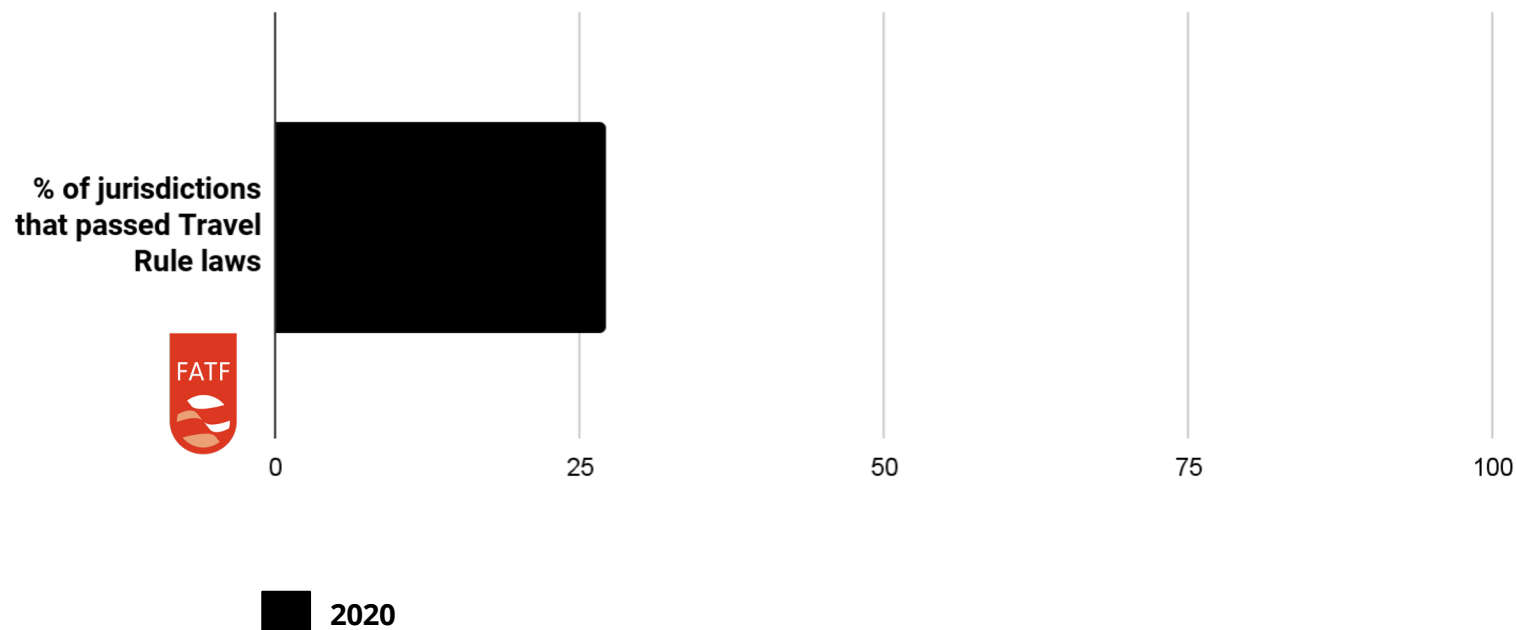
Travel Rule Presentation - Notabene



Travel Rule

How it started... How it's going

How it started...



Several jurisdictions **delayed enforcement while waiting for holistic and scalable technological solutions to be developed.**

...How it's going

**89% of
jurisdictions**

with material VASP
activity enacted or
are in the process of
**enacting Travel
Rule laws**

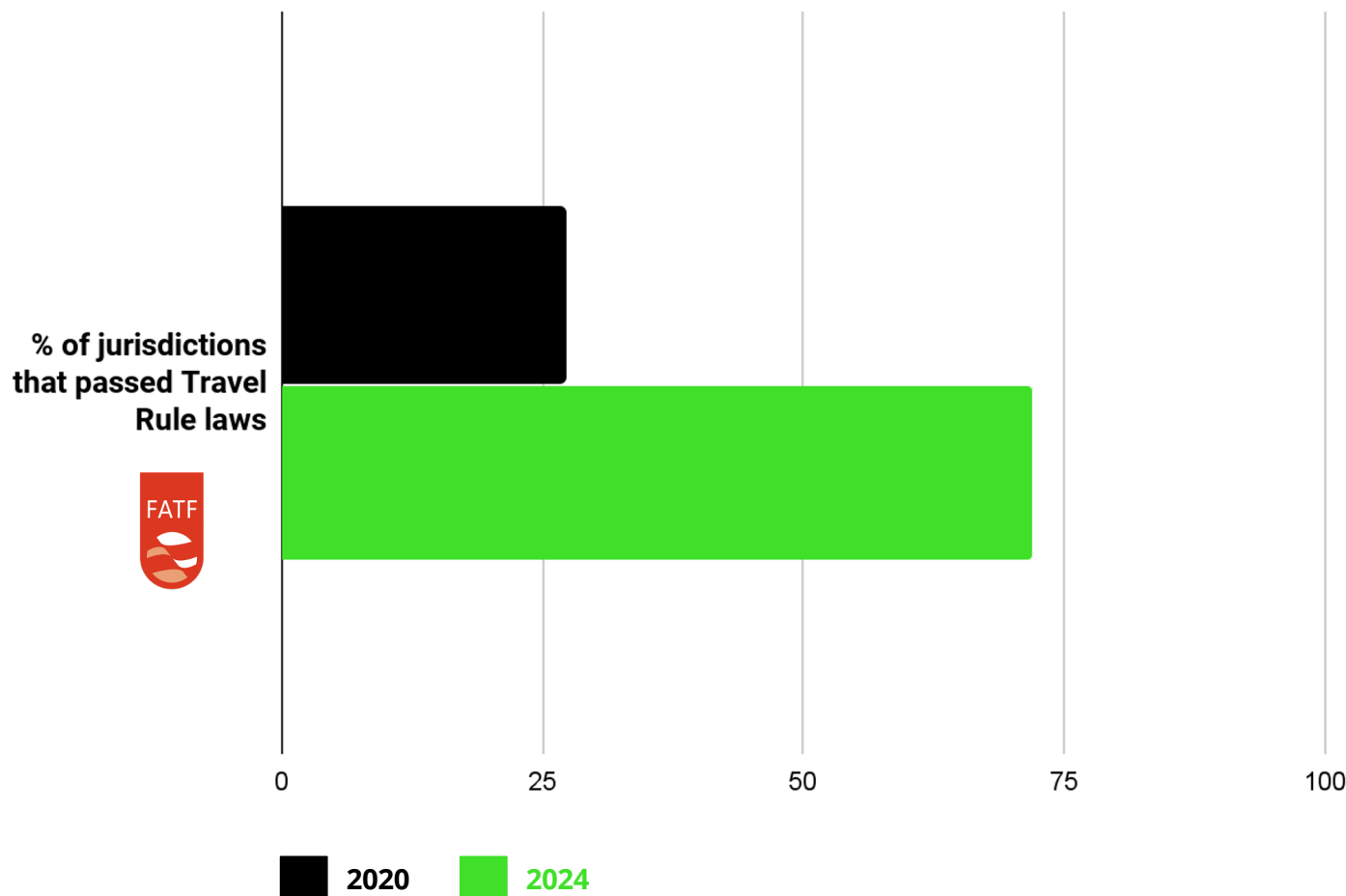
**96% of
VASPs**

are **Travel Rule
compliant** or plan to
be in 2024

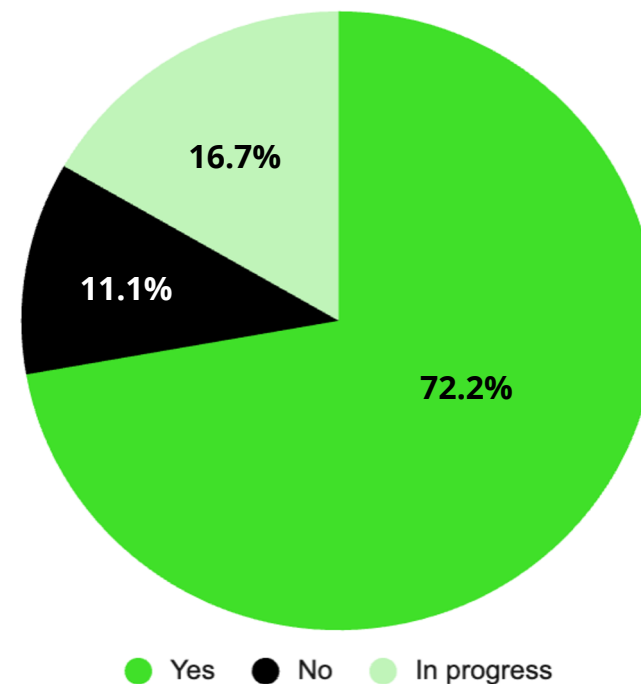
**66% of
VASPs**

restrict withdrawals
if the counterparty is
not able to receive
Travel Rule
information

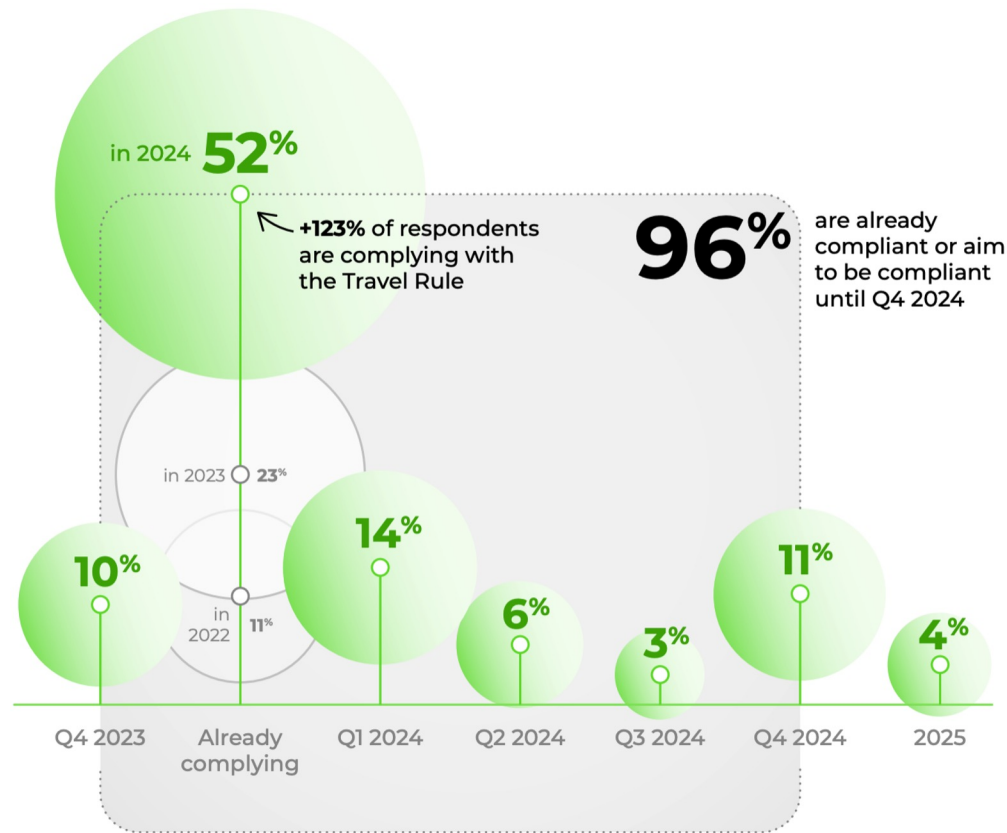
Nearly 89% materially important jurisdictions enacted or are in the process of enacting Travel Rule laws



Has the jurisdiction passed or enacted the travel rule for VASPs?



96% of VASPs are Travel Rule **compliant** or plan to be in 2024

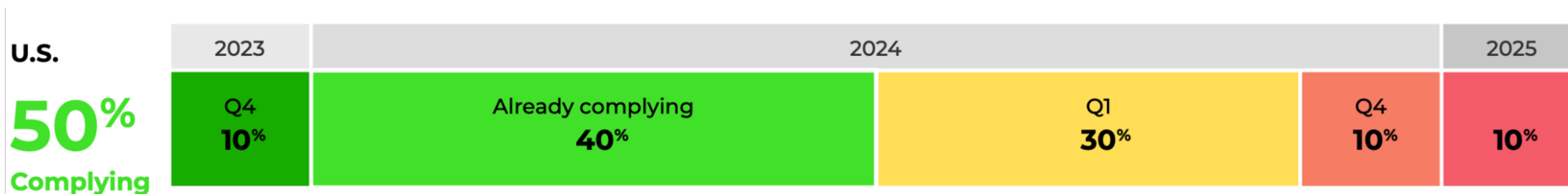
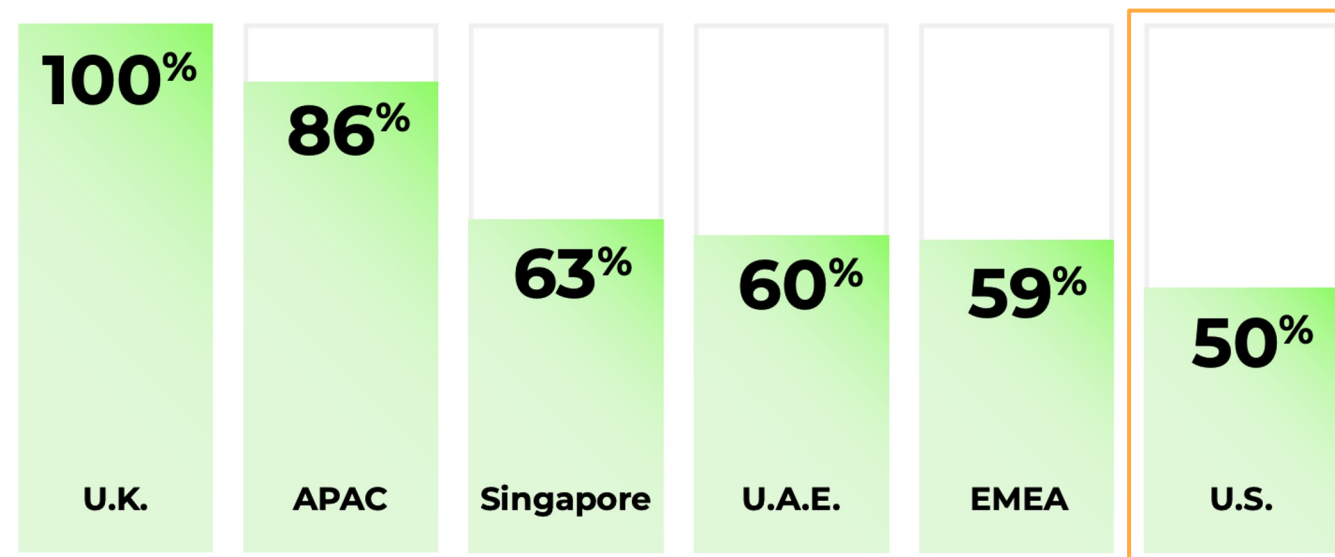


Over half of the respondents (52%) indicated they are **already complying** with the Travel Rule, showcasing an **impressive 123% growth** since last year.

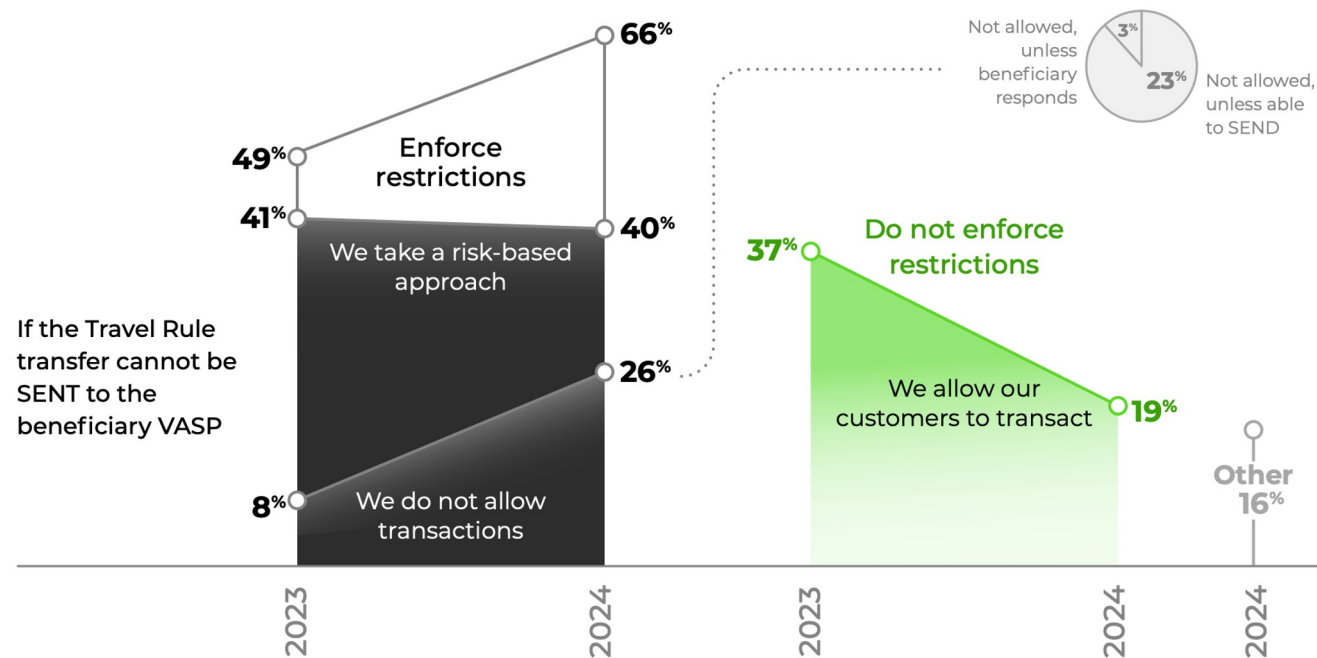
Survey question: What is your company's timeline for implementing the Travel Rule?

VASPs ensure compliance where the Travel Rule is a licensing deal breaker

% Of respondents that are already complying with the Travel Rule



66% of VASPs restrict withdrawals that do not comply with Travel Rule requirements



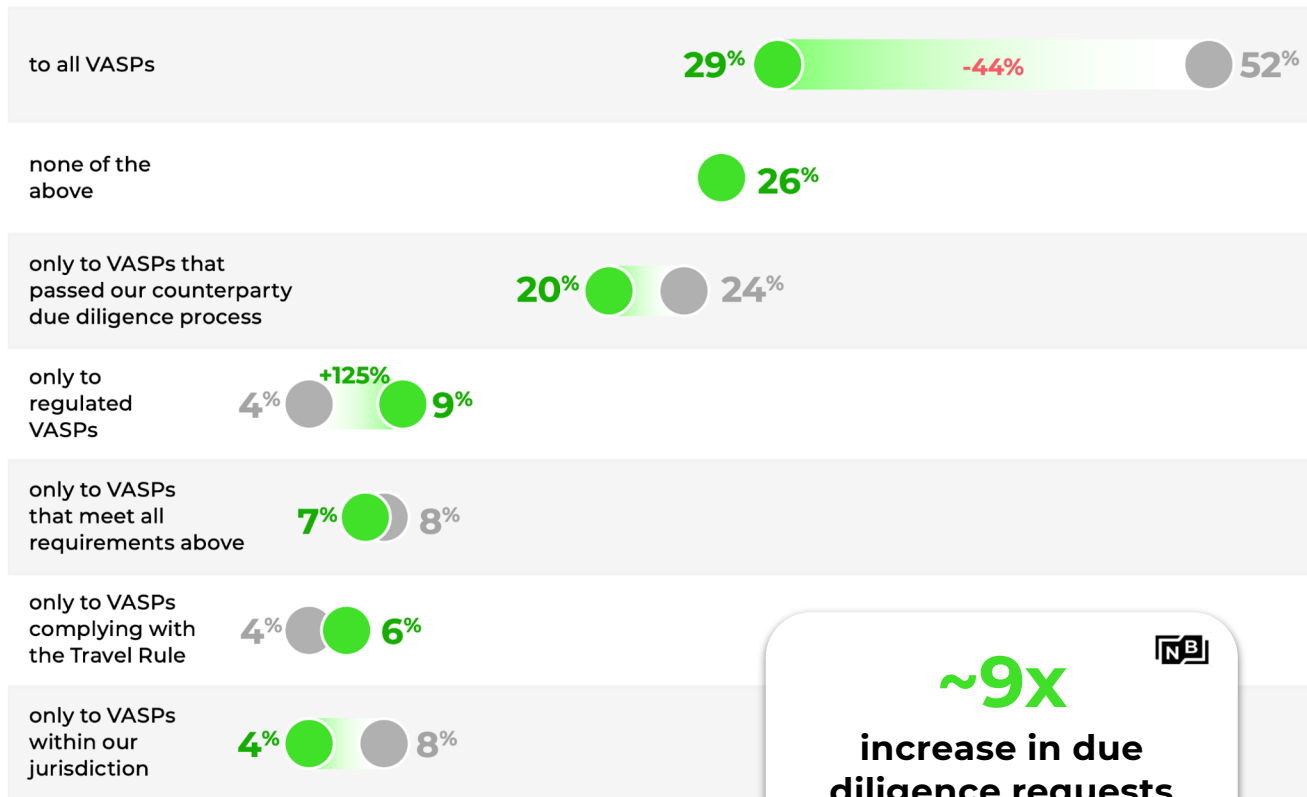
Survey question: How does your company currently handle withdrawals to VASPs that are not reachable through your Travel Rule solution/protocol? **Note:** For ease of reading, numerical values and percentages have been rounded to the nearest whole number.




The Number of VASPs Implementing Counterparty Due Diligence Processes Has Nearly Doubled

We send Travel Rule transfers...

● 2024 ● 2023

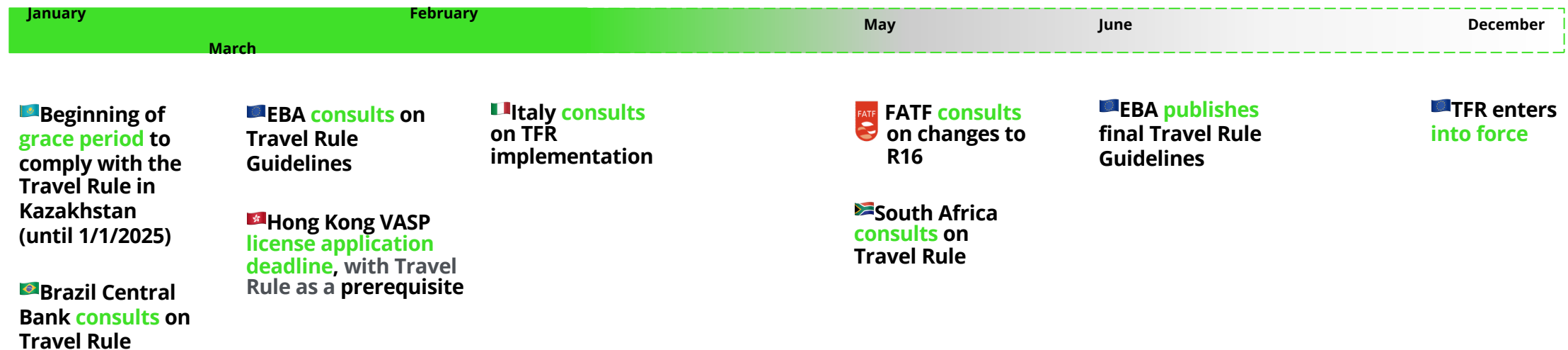


~9x 
increase in due diligence requests between VASPs

A solid, bright green vertical bar is positioned to the left of the text.

2024 in review

Q1 Highlights and what to expect



Resources

**Download The State of Crypto
Travel Rule Compliance Report**




**Become a certified expert with
Notabene's Travel Rule Fundamentals
Certification [NB-TRFC]**




NOTA BENE

Thank you!



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