



Digital Finance Forum

Key Takeaways

Q1 2025



Digital Finance Forum

Global Policy & Regulatory Updates

GDF engages on a regular basis with global standard setters such as the FSB, FATF, and IOSCO (as well as through our IOSCO AMMC membership). When global consultations arise, GDF mobilises taskforces to respond which are comprised of interested members across all regional policy and regulatory working groups. The following are recent updates from Global Standard setters as well as GDF responses:



Financial Action Task Force (FATF)

FATF recently released two consultations on [Financial Inclusion](#) as well as one on [Payments Transparency](#).

The GDF responses to these consultations can be found [here](#).

Financial Stability Board (FSB)

The FSB recently [conducted a peer review](#) to examine progress made by FSB members and select non-member jurisdictions in implementing the FSB's global regulatory framework, including any lessons learnt. GDF responded with its Global Policy & Reg Taskforce and its response can be found [here](#).

International Organization of Securities Commissions (IOSCO)

IOSCO's recently consulted on [retail investor online safety](#) in a 3 part consultation package. The consultations covered:

1. Influencers
2. Copy Trading
3. Digital Engagement Practices

[GDF responded](#) to the consultations and had 5 key points of feedback which were:

1. We strongly support technology neutral and future-proof guidance from IOSCO vs special regimes;
2. We support IOSCO in leveraging existing principles in a proportionate approach to new market phenomenon;
3. We would encourage proportionality in the approaches taken to meet regulatory objectives;
4. As the market is still evolving, we would caution IOSCO against defining nuanced areas too prescriptively; and;
5. Regarding influencers specifically, we believe this is an area that goes beyond financial services.

We host a quarterly call with major jurisdictional regulators and agencies (over 60 receive discretionary invites) and deliver industry responses to key consultations. The following is a summary of the GDF Regulatory Only Priorities for 2025 from across the world:



GDF REGULATOR ONLY FORUM PRIORITIES FOR 2025

Advised by the the GDF Regulator Only Forum Survey



POLICY PRIORITIES FOR THE PUBLIC SECTOR IN 2025:

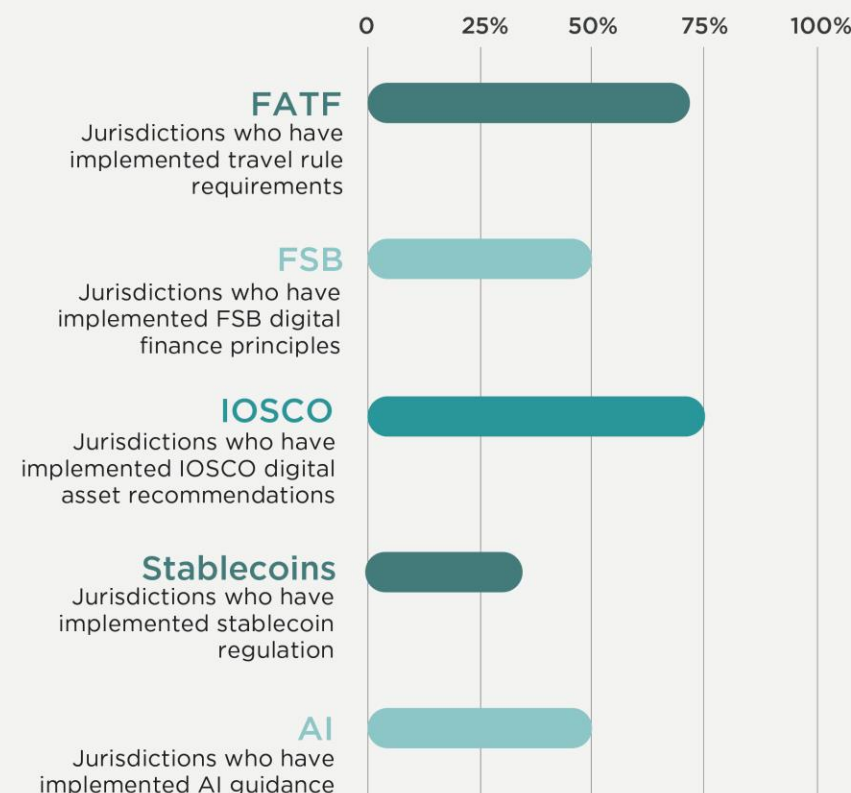


SUPERVISORY & REGULATORY PRIORITIES FOR THE PUBLIC SECTOR IN 2025:



Global Regulators have also indicated that they would like more public private sector collaboration focusing on the key areas of RWA Tokenization, Standardization Across Jurisdictions, Payments Infrastructure, and DeFi.

GLOBAL OVERVIEW:





Digital Finance Forum

Regional – Key Takeaways

Q1 2025

Hong Kong

Stablecoin Legislation Progressing

In 2024 the Hong Kong SAR introduced the Stablecoin Bill which has been steadily progressing.

In July 2024, the Financial Services and the Treasury Bureau (FSTB) and the HKMA issued the [consultation conclusions](#) for the legislative proposal, summarising the feedback received, and providing responses regarding the scope of the proposed regulatory regime and licensing criteria. This is now near to being finalized and industry awaits the final guidance.

Taiwan

Taiwan Proposed Drafted Digital Assets Law

Taiwan's [Financial Supervisory Commission \(FSC\)](#) recently issued a consultation draft of the law for digital asset regulation. This proposes that:

- Taiwan will introduce a policy framework to regulate virtual assets, which is a key milestone in incorporating crypto into Taiwan's financial ecosystem; and
- Seeks to establish a safe and regulated framework for digital assets, covering key aspects such as licensing, stablecoins, and market manipulation

South Korea

South Korea set to lift crypto trading ban in a phased approach

The SFC released a [press release](#) in which it outlined a phased lift on a ban that prohibited institutions from participating in the virtual assets trading market. In phase one of the program, authorities will allow law enforcement agencies, non-profit organizations, school corporations and universities to sell crypto such as Bitcoin & Ethereum. This will be for cashing out purposes, with these entities allowed to access the services on virtual asset exchanges in the first half of the year. South Korea will then roll out a pilot program for buying and selling crypto for roughly 3,500 listed companies and corporations.

Japan

Japan poised for new stablecoin & digital asset regulation

Japan's [Financial Services Agency](#) disclosed that a new Bill has been submitted to amend stablecoins and cryptocurrency regulation. The key changes include:

- More diversity in stablecoin reserves for trust-style stablecoins;
- The ability to order exchanges to provide onshore custody of all spot crypto and stablecoins for the purposes of bankruptcy protections; and
- Creating a new kind of intermediary that acts as a broker, introducing clients to crypto exchanges.

Singapore

Minister Warns Against Crypto Fraud

Singapore's Minister of State for Home Affairs, Sun Xueling, has [strongly warned](#) against crypto investments, citing the growing number of fraud cases linked to digital assets. During a parliamentary debate on 4 March, she explained that Fraud linked to cryptocurrency scams now accounts for a quarter of the \$1.1 billion in fraud cases reported in the country.

South Africa

Updates to Implement Travel Rule

[The Financial Intelligence Centre \(FIC\)](#) has issued Directive 9, which requires CASPs to implement the "Travel Rule" for crypto asset transfers by April 30, 2025. This aligns with the Financial Action Task Force's (FATF) Recommendation 16.

Turkey

Stricter AML Requirements Implemented

On December 25, 2024, the Republic of Türkiye [announced](#) new anti-money laundering (AML) regulations for crypto-asset users. Users will now provide identification information to crypto asset service providers (CASPs) for transactions exceeding 15,000 Turkish liras or \$425.

Australia

Australian Securities and Investment Commission (ASIC) INFO225 Consultation

ASIC recently closed their INFO225 Consultation which proposes how they will approach digital asset regulation. GDF convened its APAC working group to respond and wished to call attention to what we believe may be some of the broader risks of the proposals and potential for unintended consequences. While the consultation and steps toward an Australian regulatory regime are welcome steps forward, we believe more consideration should be given to the unique innovations within digital asset markets, as well as evolving regulations in both other jurisdictions as well as from global standard setters. Global best practice and the advances happening both in industry and in other fast-moving jurisdictions can help to frame an Australian approach.

The key themes set out in [the response](#) are:

- 1. We believe that instead of primarily lifting from existing requirements, ASIC should create a dedicated regulatory framework taking into consideration the unique nuances and characteristics of digital assets;*
- 2. We encourage proportionality and a risk-based, technology neutral approach to building out the digital assets regulatory framework;*
- 3. We believe additional clarity is needed on scope and definitions; and*
- 4. We believe transitional provisions and regulatory relief will be essential.*

Email elise@gdf.io to get involved in the APAC Policy & Reg Working Group

United States

Executive Order: The president issued an executive order establishing a [working group](#) led by David Sacks to provide advice on digital asset regulation, as well as one for a [Strategic Bitcoin reserve](#). Key timelines include a request for agency advice by March 24 & proposals due by July 23.

Congressional Activity:

Stablecoin Legislation: The Senate is prioritizing market structure for stablecoins, with two main proposals: the House's [STABLE Act](#) and the Senate's [GENUIS Act](#), both establishing licensing frameworks. Both acts have been progressing and are expected to move to reconciliation soon.

Market Structure Bill: The House passed a significant market structure bill last year, and there is uncertainty about whether it will be revisited or modified. The new market structure bill is likely to include some elements of [FIT21](#) and the ambition is to complete that legislation in Q2

DeFi Tax Rules: The Senate is considering the Congressional Review Act regarding new DeFi tax rules, which could significantly impact the DeFi space.

SEC and CFTC Developments:

The SEC has appointed Paul Aitken as chair and established a [crypto task force](#) led by Hester Pierce. They have dropped cases against major organizations like Coinbase and Uniswap. The CFTC has nominated Brian Quintens as the new chair, indicating a pro-crypto stance.

United Kingdom



Digital Assets Approach: The UK government announced a phased process to create a streamlined regulatory framework for digital assets and stablecoins by 2026.

Staking Regulation: [Staking will not be classified](#) as a collective investment scheme, with further details to be included in upcoming legislation.

FCA Crypto Roadmap: The Financial Conduct Authority (FCA) published a [crypto roadmap](#) aiming for a final regulatory regime by 2026. A discussion paper on admission and disclosures, as well as market abuse, was issued in late 2024, with comments due by the 14th of the following month.

Crypto Asset Reporting Framework: The UK is implementing a reporting framework ([CARE](#)) aligned with OECD rules, requiring certain entities to provide information to tax authorities. Guidance from HMRC is expected later this year.

Recent GDF Consultation Responses:

- [GDF Response to FCA's DP24/2:](#) Improving the UK transaction reporting regime;
- [GDF x CCI Response](#) to FCA DP24/4: Regulating cryptoassets – Admissions & Disclosures and Market Abuse Regime for Cryptoassets

GDF's UK Policy & Reg Working Group was launched in 2024 to formulate the GDF community response to ongoing and upcoming consultations on the UK legal and regulatory framework for crypto and digital assets. Please email elise@gdf.io to get involved.

European Union

The European Supervisory Authorities (ESA's) have continued there work on a range of digital matters. Recent updates include:

- [EBA Response to the European Commission's partial rejection of its technical standards on authorisation for issuers of asset-referenced tokens](#)
- [ESMA publishes the results of the survey on legal entities identifiers](#)
- [The ESAs provide a roadmap towards the designation of CTPPs under DORA](#)
- [The ESAs acknowledge the European Commission's amendments to the technical standard on subcontracting under the Digital Operational Resilience Act](#)

France:

The Autorité des Marchés Financiers (AMF) and the Autorité de contrôle prudentiel et de résolution (ACPR) announced the launch of a [public consultation](#) on the findings of the Working Group on smart contract certification in decentralised finance (DeFi). This working group has been conducting its work throughout 2024 and the report, summarises these discussions.

GDF responded to this consultation response can be found [here](#) and the key themes identified are:

- 1. We encourage utilising existing technology and operational risk frameworks as a first step to mitigate smart contract risk; and*
- 2. We support industry led best practice, combined with appropriate transparency rather than a top-down special regime.*

European Union

Open Consultations:

Under ESMA there is currently an open [consultation](#) on criteria for the assessment of knowledge and competence under MiCA.

This consultation analyses the criteria for the assessment of knowledge and competence of crypto-asset service providers' (CASPs) staff giving information or advice on crypto-assets or crypto-asset services.

ESMA is seeking stakeholder inputs about, notably:

- The minimum requirements regarding knowledge and competence of staff providing information or advice on crypto-assets or crypto-asset services; and
- Organisational requirements of CASPs for the assessment, maintenance and updating of knowledge and competence of the staff providing information or advice.

The guidelines aim to ensure staff giving information or advising on crypto-assets or crypto-asset services have a minimum level of knowledge and competence, enhancing investor protection and trust in the crypto-asset markets.

GDF is currently responding to this consultation via its EU Policy & Regulatory Working Group. Please email elise@gdf.io to get involved.



Digital Finance Forum

Cryptoasset Due Diligence Presentation -
Eunice

Digital Asset Due Diligence: Trends and Developments

4 March 2025

GDF Digital Finance Forum



Interested stakeholders



The diagram consists of four concentric, orange-outlined curved shapes on the left side of the slide, each pointing towards the right. These shapes are nested, with the outermost being the largest and the innermost being the smallest. To the right of each shape is a corresponding text block.

Stakeholders

Internal stakeholders,
customers and counterparties

Regulators

Regulatory developments in
key jurisdictions, e.g. MiCAR

Institutions

Growth in institutional
participation



Key drivers of due diligence practices



Licensing Requirements

MiCAR Implementation



UK Financial Promotion Rules

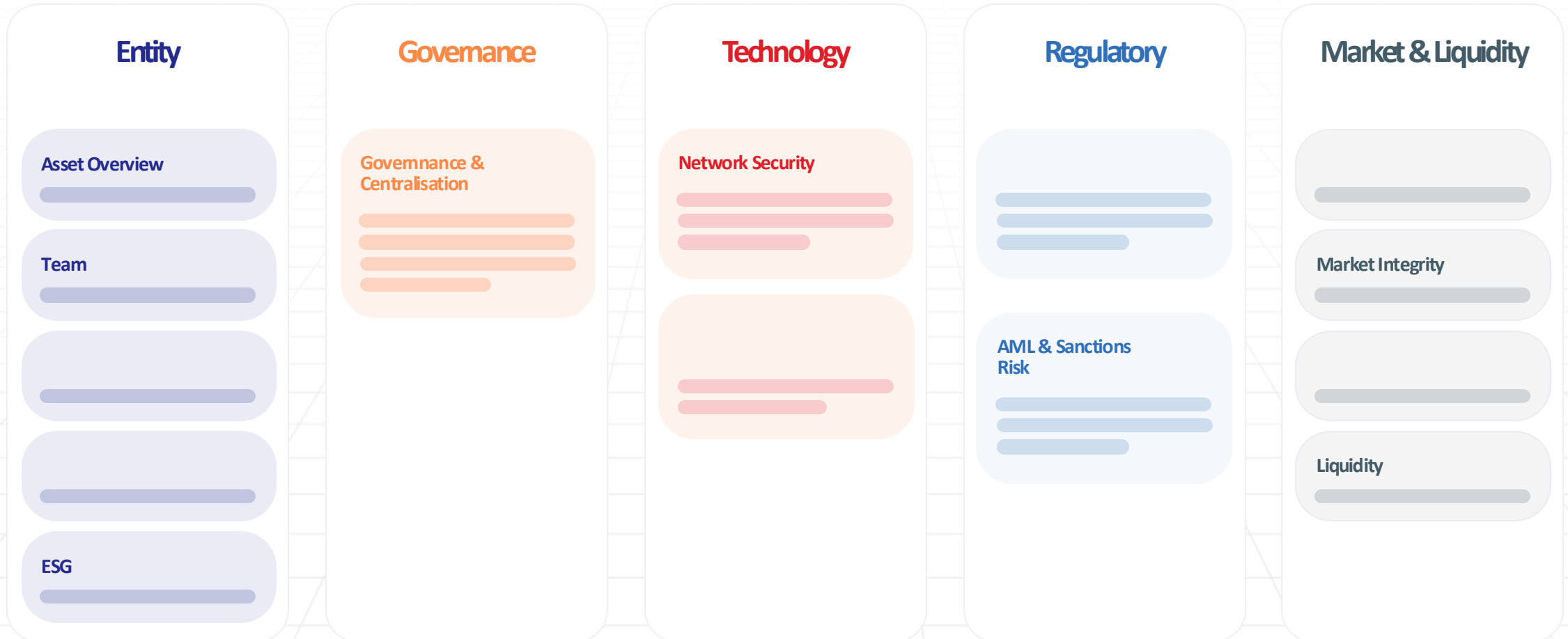
Senior Stakeholder Expectations



Counterparty Expectations



Converging standards - what “good” looks like



Token Due Diligence / Classification case study



Charlotte

Head of Listing & Research

Problem

Refresh the due diligence of 300+ tokens in under three months to:

1. Align with a new compliance program in response to updated jurisdictional requirements.
2. Assist with token classification efforts related to global expansion.

Role

First line responsibility for token due diligence, supporting compliance, onboarding and legal (token classification)

What does “good” look like?



Timely review



Consistency

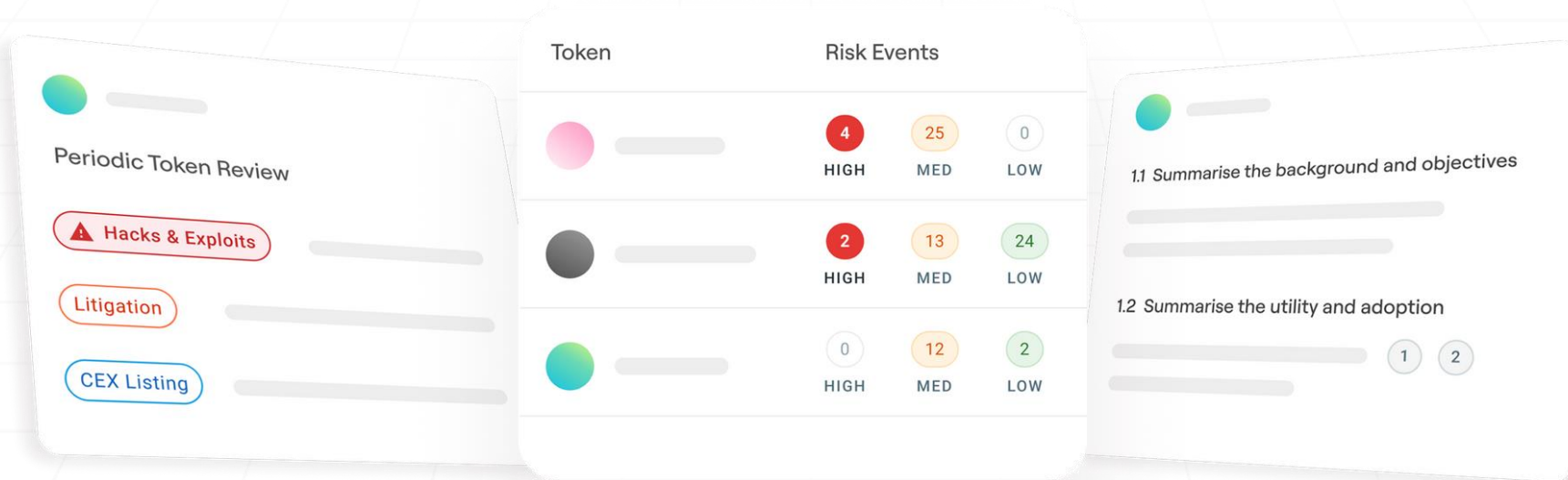


Manage cost

- ◆ One global DD questionnaire
- ◆ Balance speed, accuracy and cost
- ◆ Consistent, auditable output, verifiable paper trail



Cryptoasset Due Diligence and Monitoring, Powered by AI



Proprietary Data & AI System

Eunice
AI Engine

On-Chain Data

Chains



Markets



Off-Chain Data

Government Regulations

KYC/PEP Screening



Social



News



Knowledge Bank

RAG + Fine Tuning

Agentic System

Due Diligence

Risk Monitoring

Token Classification

Coming Soon ...

Whitepaper

Token
Discovery

Marketing &
Research

Any questions?

Thank you!

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COO, Eunice
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Digital Finance Forum

Sanctions Exposure Presentation – *Global Ledger*

Sanctions exposure

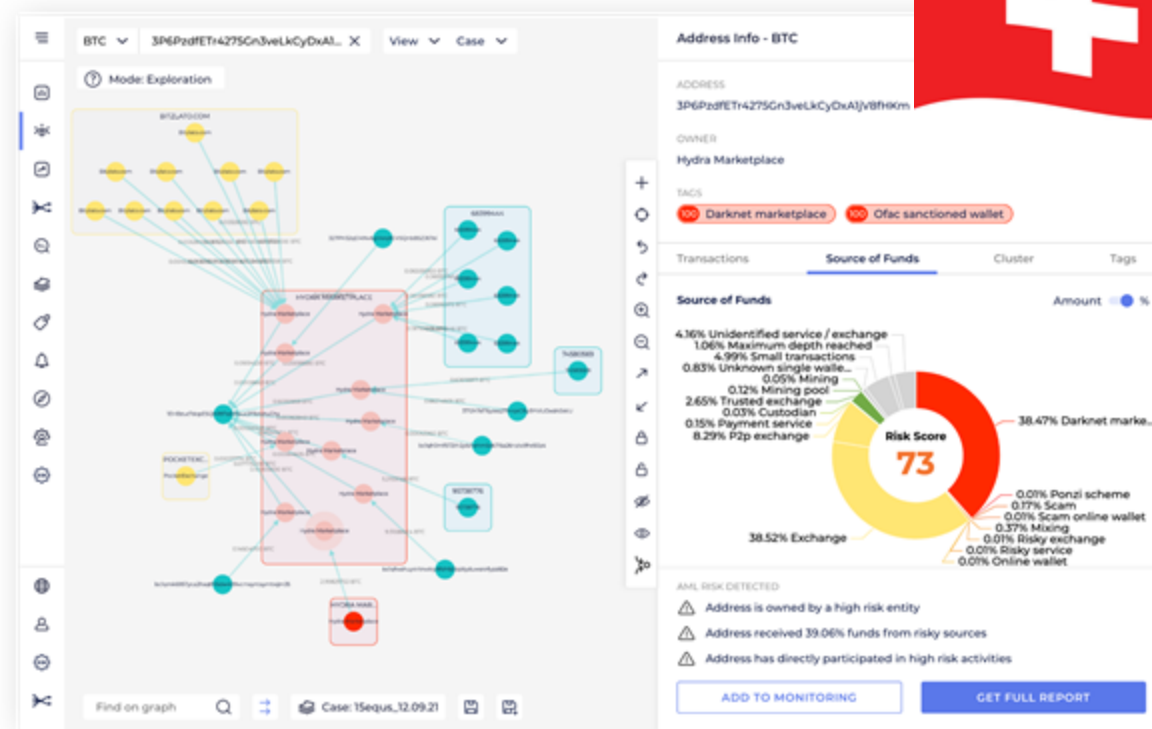
To FCA regulated entities in crypto

About Global Ledger

GLOBAL
LEDGER

Founded in 2019, Global Ledger is a Swiss company that develops products for cryptocurrency AML risk analysis, blockchain forensic and cybercrime investigations

- **For Banks**, Global Ledger helps to do a full crypto compliance process automatically at large scale to follow FATF and MiCA rules
- **For VASPs**, GL provides AML/ CTF compliance tools and consulting that protect their businesses from illicit activities and regulatory risks
- **For Regulators and Law Enforcement**, GL provides variety of tools to supervise crypto market players to prevent or fight illegal activities



Questions for today

What is Garantex?

Garantex exposure to regulated and licensed entities.

Why is this happening?

Conclusions and next steps for the industry.

What is Garantex?

• Gambling	51,452,682.2386 USD	0.60%	1.00%	85,977,737.3963 USD	• Online wallet
• Online wallet	31,345,975.0171 USD	0.36%	0.60%	51,482,927.4335 USD	• Scam
• Unknown smart contract	23,473,226.3982 USD	0.27%	<0.01%	31,341,954.8239 USD	• Sanctioned exchange
• Cross-chain protocol	20,969,433.5029 USD	0.24%	0.30%	26,042,644.2490 USD	• Unknown smart contract
• Liquidity provider	18,065,969.3346 USD	0.21%	0.28%	24,352,989.6735 USD	• Maximum depth reached
• Ponzi scheme	10,546,707.0649 USD	0.12%	0.15%	13,018,408.9082 USD	• Liquidity provider
• Reported hack	9,504,621.2454 USD	0.11%	0.15%	12,905,506.5188 USD	• Gambling
• Sanctioned exchange	8,303,801.9778 USD	0.09%	0.12%	10,859,558.4941 USD	• Custodian
• Custodian	5,961,150.5567 USD	0.07%	0.09%	8,015,822.2053 USD	• Reported hack
• Scam	3,578,432.9971 USD	0.04%	0.07%	6,807,343.2428 USD	• Suspended exchange
• P2P exchange	1,720,520.1046 USD	0.02%	0.07%	6,775,479.1983 USD	• Cross-chain protocol
• Reported scam	1,621,298.2785 USD	0.01%	0.06%	5,303,677.6409 USD	• Iran
• Stablecoin	1,347,194.7841 USD	0.01%	0.04%	4,094,296.4169 USD	• Ponzi scheme
• Iran	524,315.1994 USD	<0.01%	0.03%	3,242,970.4218 USD	• Reported scam
• Private transactions	417,459.5875 USD	<0.01%	0.03%	3,075,264.8275 USD	• P2P exchange
• Terrorist financing	409,454.8912 USD	<0.01%	<0.01%	342,714.5168 USD	• Cybercrime / Hack
• Illegal service	372,662.4599 USD	<0.01%	<0.01%	340,814.8753 USD	• Illegal service
• High-risk service	241,173.6562 USD	<0.01%	<0.01%	214,640.9334 USD	• Address poisoning
• Investment scam	218,152.6271 USD	<0.01%	<0.01%	198,547.8136 USD	• Hacker
• NBCTF sanctions	165,875.0580 USD	<0.01%	<0.01%	173,611.9064 USD	• Drug vendor
• Marketplace	115,304.1405 USD	<0.01%	<0.01%	172,218.5700 USD	• OFAC sanctions
• Drug vendor	104,800.9319 USD	<0.01%	<0.01%	151,972.2853 USD	• Investment scam
• Unblocked by USDT/USDC	100,517.6641 USD	<0.01%	<0.01%	146,741.3871 USD	• DEX
• Hackers group	81,249.1992 USD	<0.01%	<0.01%	113,393.6371 USD	• DeFi
• Cybercrime / Hack	68,523.0944 USD	<0.01%	<0.01%	112,184.7571 USD	• Hackers group
• DEX	65,271.8034 USD	<0.01%	<0.01%	109,549.3368 USD	• ATM
• DeFi	55,376.7788 USD	<0.01%	<0.01%	106,504.2551 USD	• Reported phishing
• Reported phishing	53,535.6822 USD	<0.01%	<0.01%	58,718.9855 USD	• Terrorists organization

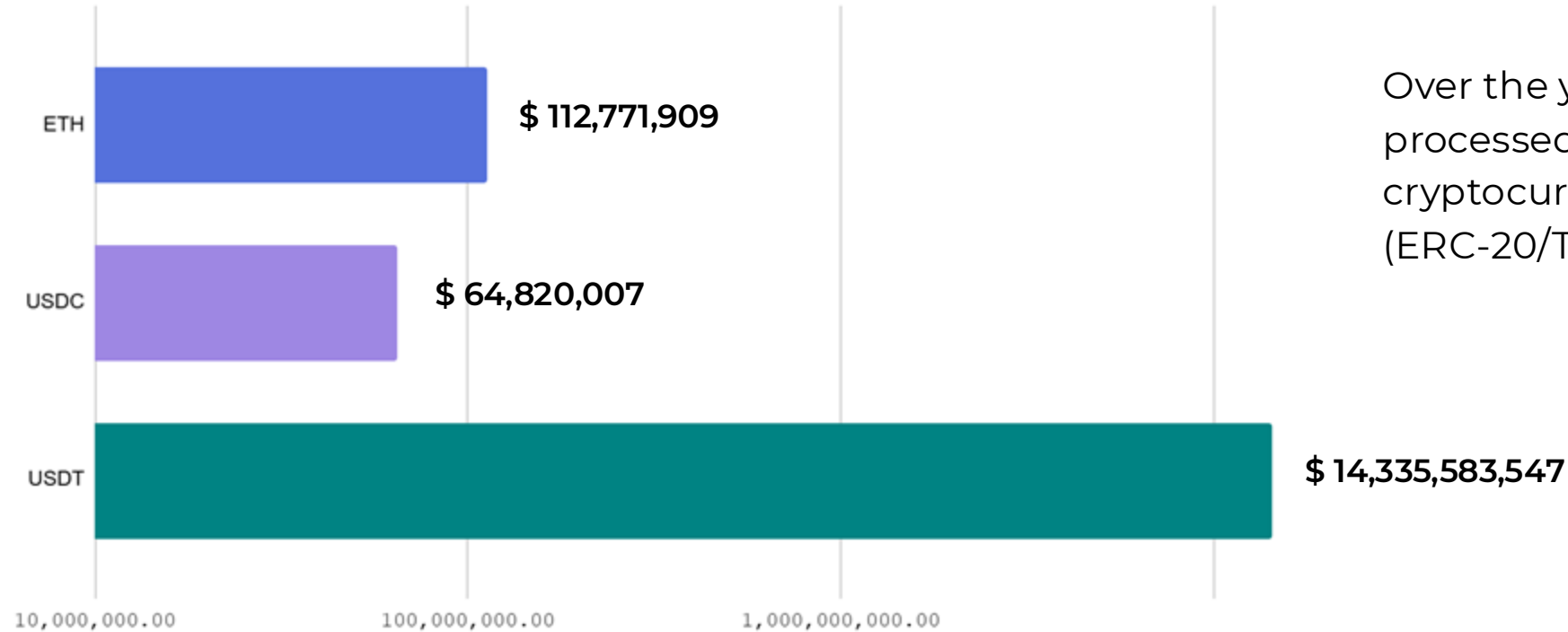
After sanctions Garantex has become a safe haven for all sorts of **fraud actors, cybercriminals, terrorist financing, money laundering and sanctions evasion.**

An abstract graphic consisting of a complex network of interconnected nodes and lines. The nodes are small circles in blue, red, and black, and the lines are thin, colored in blue, red, and black. The network is spread across the top right and bottom left corners of the slide, leaving the center area clear for text.

Is there any Garantex exposure to prominent, licensed or regulated entities?

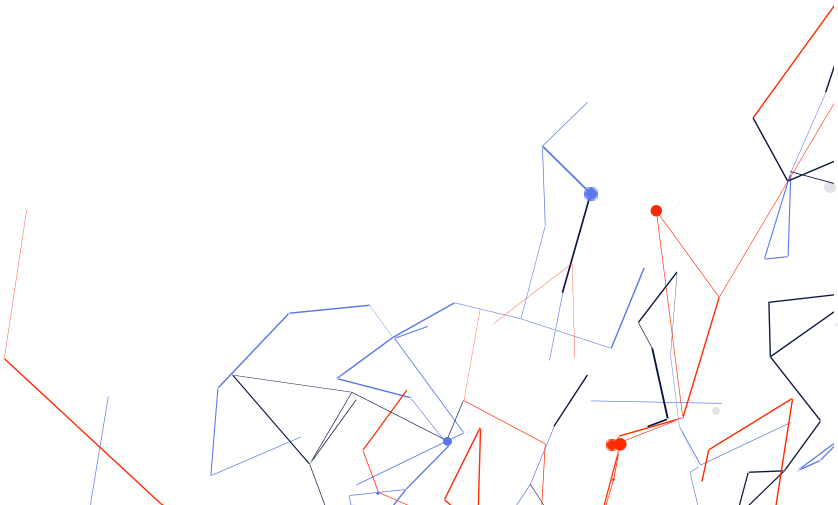
**GLOBAL
LEDGER**

Yes



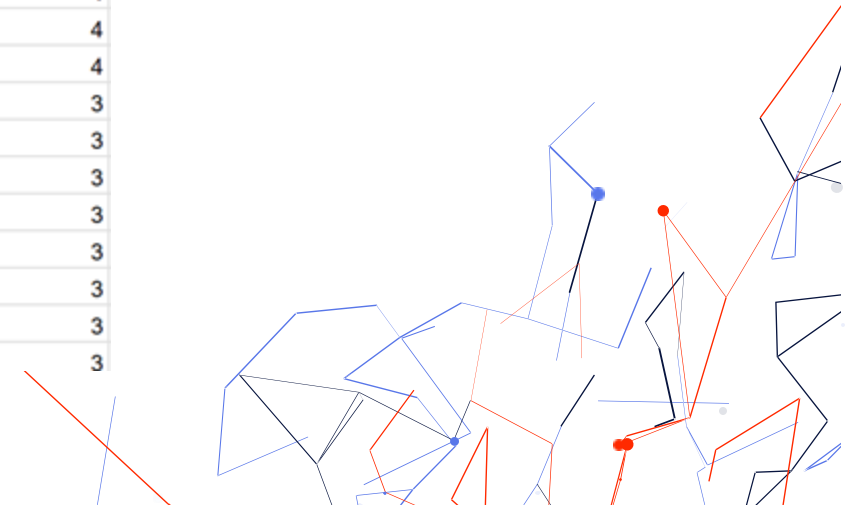
Over the year 2024 Garantex has processed over **\$ 14 BLN** worth of cryptocurrencies in ETH, USDT (ERC-20/TRC-20) USDC (ERC-20)

Garantex Incoming Exposure. USD Value, 2024. Log. Scale



Dataset

Nick Name	EU or not EU?	Sent	Recieved	Total Exposure	Count of licenses
VASP 3	Europe	3,203,053.45	507,340.02	3,693,200.31	10
VASP 4	Europe	287,415.19	38,821.90	326,237.09	9
VASP 5	Europe	575,447,107.22	100,118,511.16	675,565,618.38	9
VASP 6	Europe	367,583.50	38,471.21	406,054.71	8
VASP 7	Europe	302,767,605.26	573,723,755.07	876,491,360.33	8
VASP 8	Europe	10,096,864.87	23,679,977.97	33,776,842.84	7
VASP 9	Europe	5,722,436.47	92,257.92	5,814,694.39	7
VASP 10	Europe	59,932.72		59,932.72	7
VASP 11	Europe	99,520.04	14,298,889.68	14,398,409.72	6
VASP 12	Non-Europe	62,794,694.24	17,640,495.80	80,435,190.04	6
VASP 13	Europe	217,059.81	4,244.67	221,304.48	6
VASP 14	Europe	90,723.23	8,094.64	98,817.87	6
VASP 15	Europe	447,144,336.37	749,316,633.39	1,196,460,969.76	6
VASP 16	Europe	73,562,046.31	130,550,275.66	204,112,321.97	6
VASP 17	Europe	1,655.76		1,655.76	5
VASP 18	Europe	145,314.62	1,279.87	146,594.49	4
VASP 19	Europe	8,451,501.93	1,833,973.71	10,285,475.64	4
VASP 20	Europe	11,738,984.13	69,588,718.96	81,327,703.09	4
VASP 21	Europe	4,375.80	265,589.83	269,965.63	4
VASP 22	Europe	317,731.49	11,281.78	329,013.28	4
VASP 23	Europe	120,843,564.96	70,408,861.72	191,252,426.69	4
VASP 24	Europe	110,037.18		110,037.18	3
VASP 25	Europe	5,086.95		5,086.95	3
VASP 26	Non-Europe	1,255,133.34	2,337,823.59	3,592,956.93	3
VASP 27	Europe	171,511.37	176,388.67	347,900.04	3
VASP 28	Europe	6,792.12	946.99	7,739.11	3
VASP 29	Non-Europe	352,022.49		352,022.49	3
VASP 30	Europe	239,533.35		239,533.35	3
VASP 31	Europe	6,218,813.52	3,301,985.88	9,520,799.40	3

715 VASPs**476 licenses****\$10B+ Exposure****EU and Non-EU
licenses**

\$ 8.5 BLN

sent / received from **715 known VASPs**

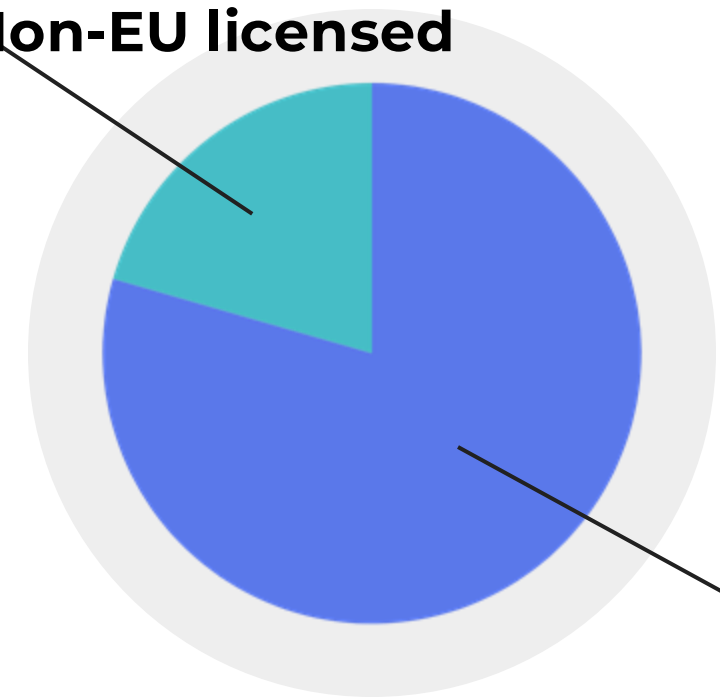
\$ 8.2 BLN

to/from entities with **at least 1 license**.

\$ 6.5 BLN

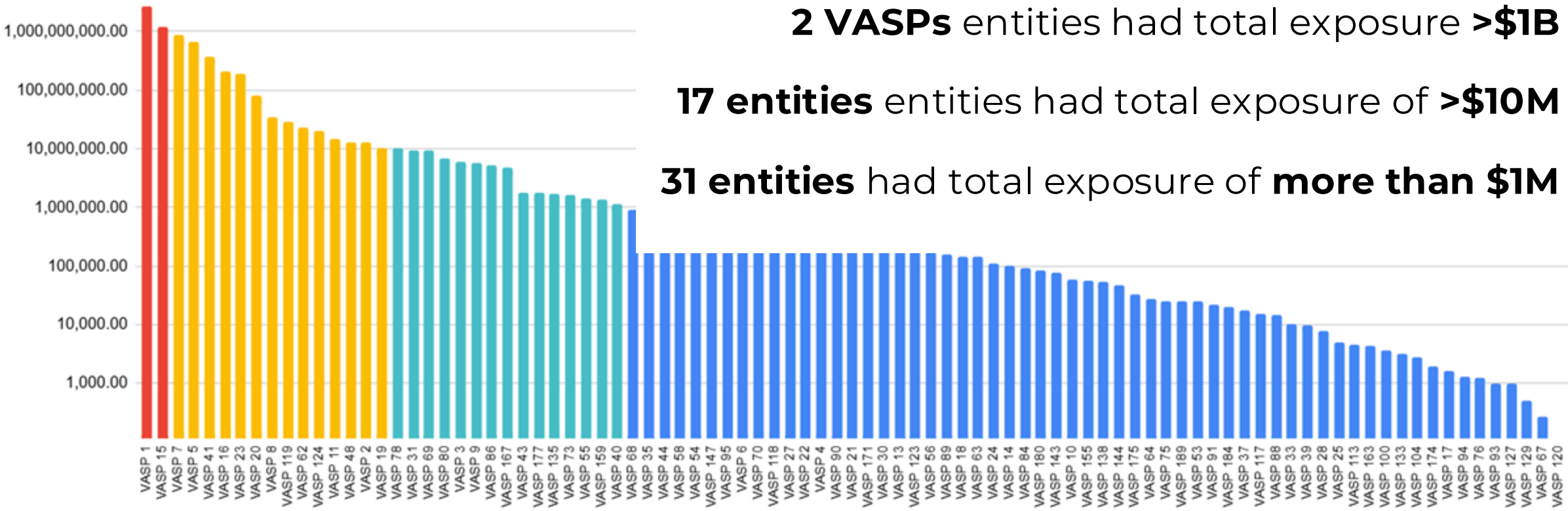
to/from **EU licensed** entities

Non-EU licensed

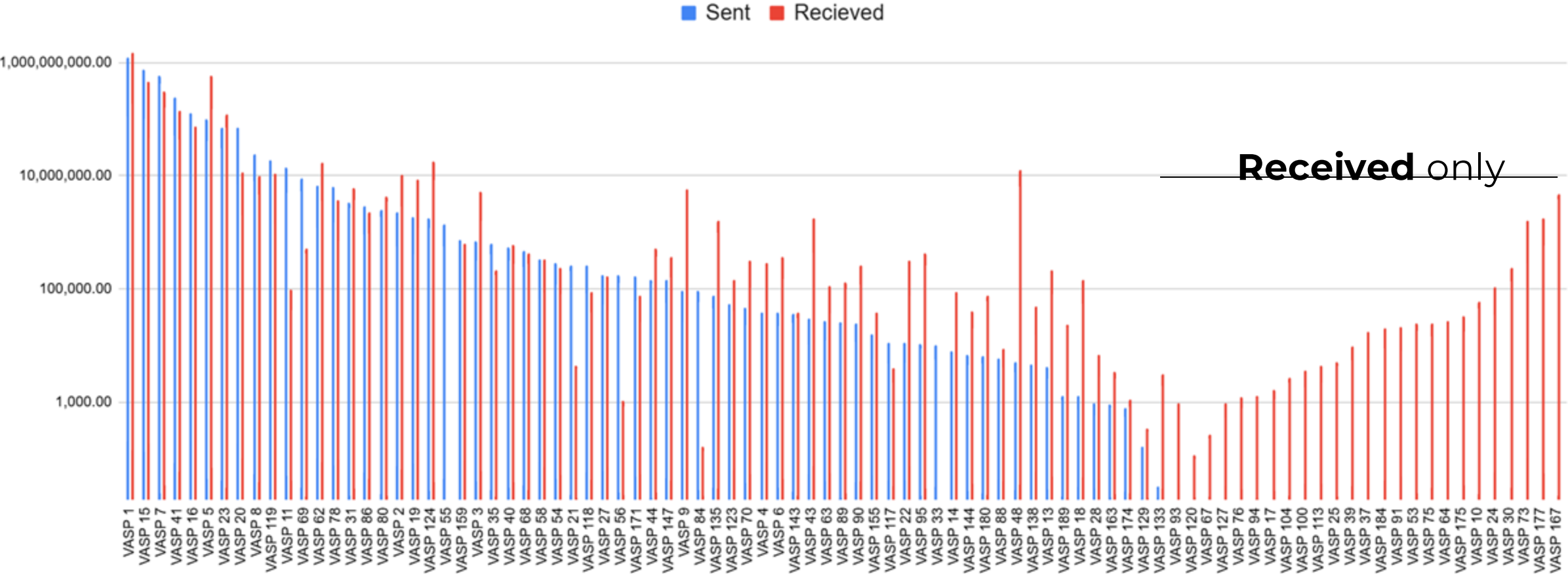


EU

Out of **91 EU licensed** entities exposed to Garantex:

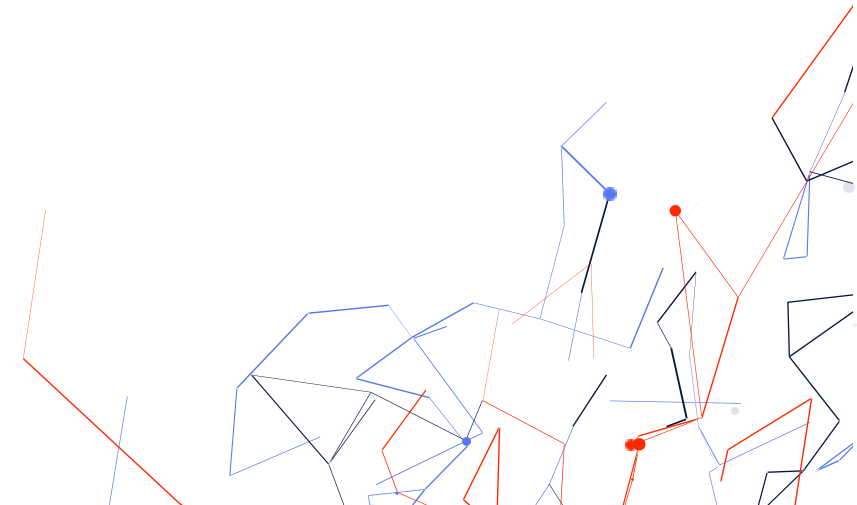


While for most VASP Sending exposure roughly equals receiving exposure, some VASPs only received funds from Garantex hunting fiat cash-out operations



~\$6.2BLN funds were exposed to 91 entities that hold 170+ EU licenses in total

Attribution of transactions to exact licenses and geo is not possible without internal VASPs data and policies

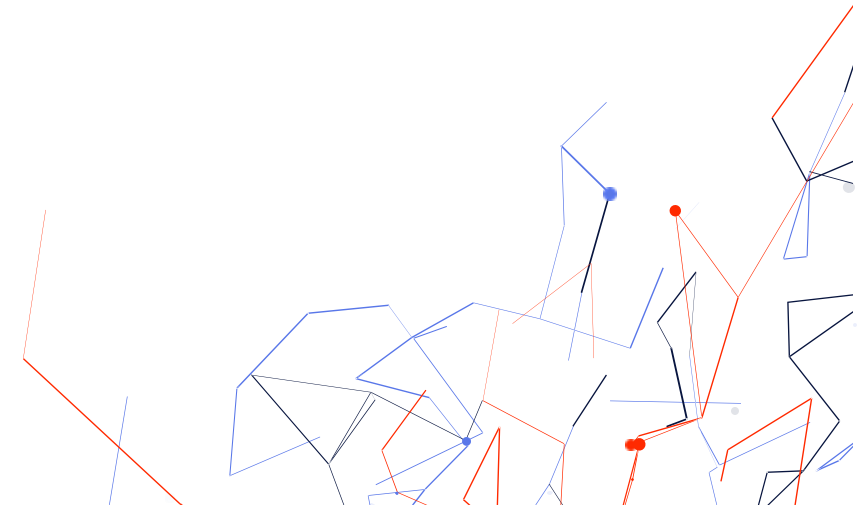


Why is this happening?

Over the course of the year, some of the FCA regulated VASPs became our clients and we have been able to research internal reasons, why Garantex exposure **was not identified**.

The main reasons we have found:

1. **Attribution quality (esp. TRON)**
2. **Attribution timing/speed**



Garantex **is aware on how AML analytics is done and is dedicated to avoid clustering and identification.**

These efforts include:

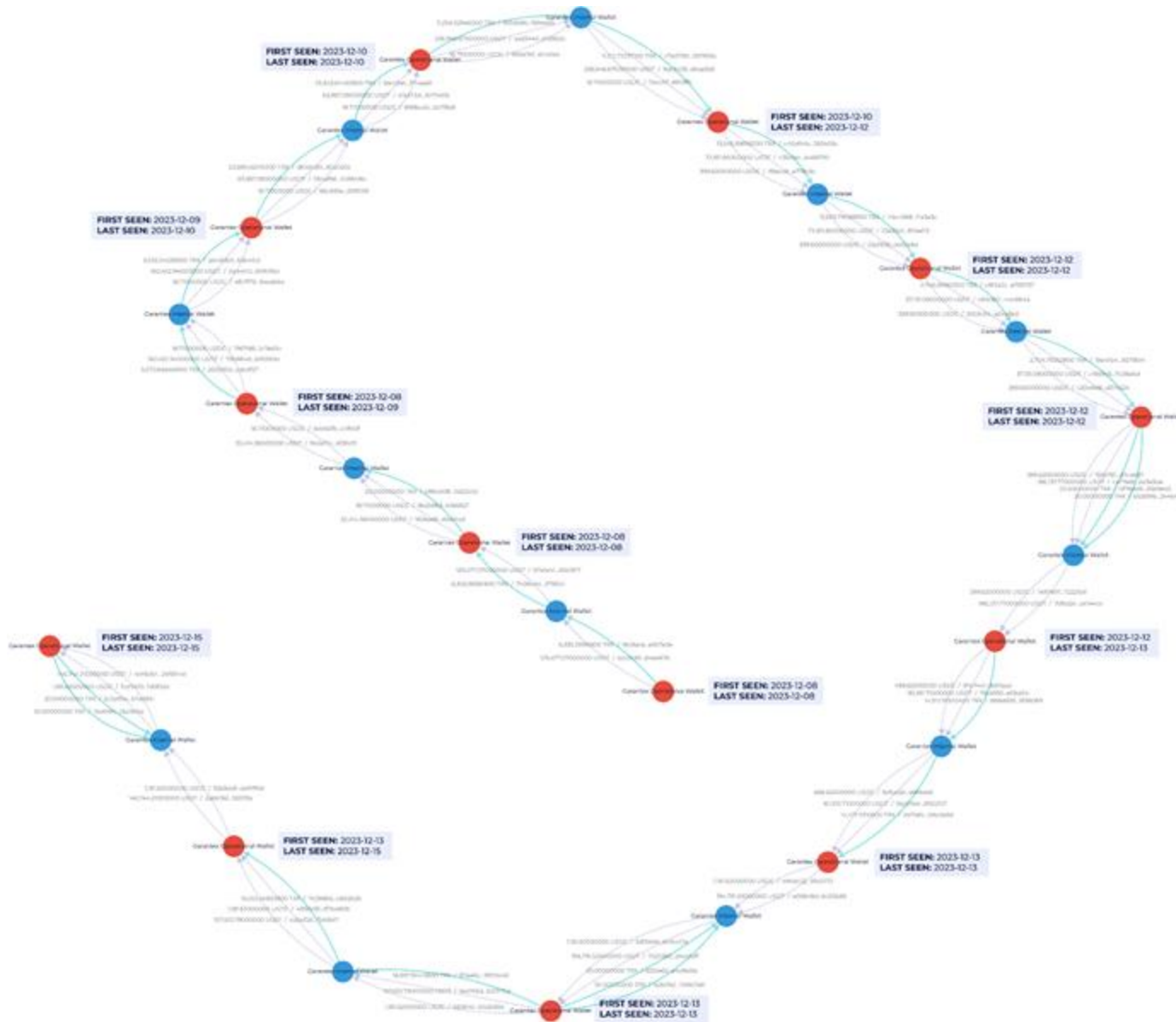
- One-time Deposit Wallets
- Temporary Hot Wallets
- Pattern Changes
- Pass-through withdrawals

and more.

Garantex clients consciously using sanctioned entity for their operations, and so add another layer of complexity for compliance analysis, by using **DeFi, Crosschain protocols, small transactions, mixing and proxy services.**

It is almost never a simple direct deposit or withdrawal.

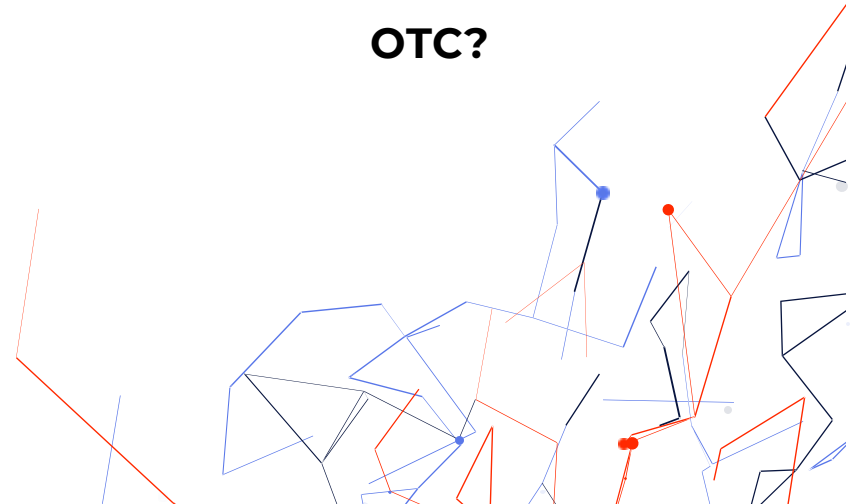
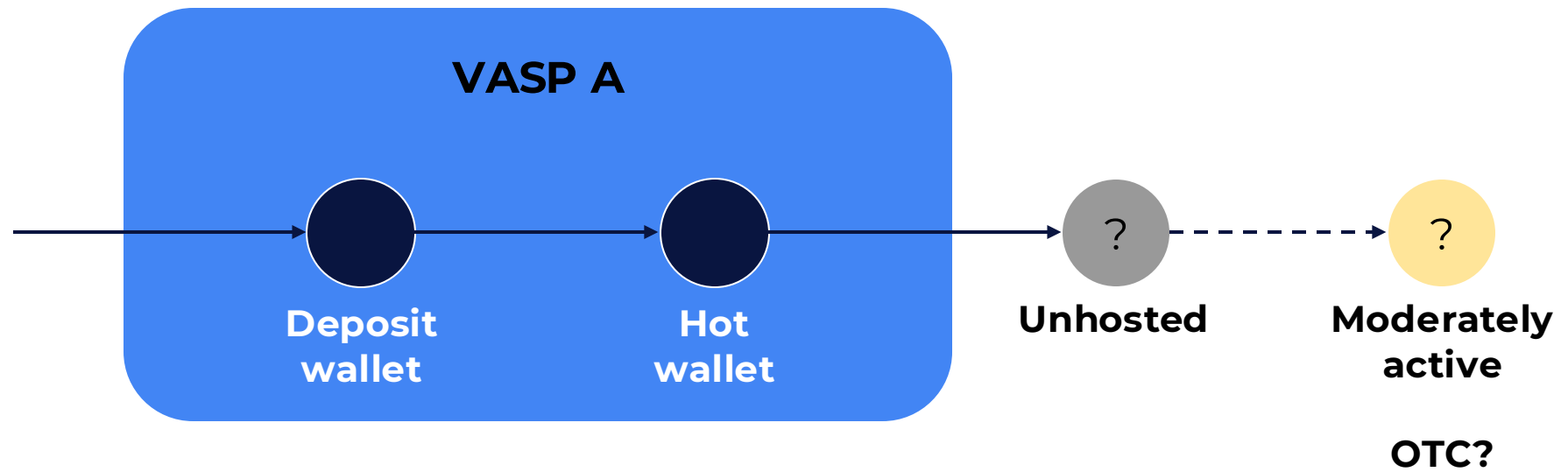




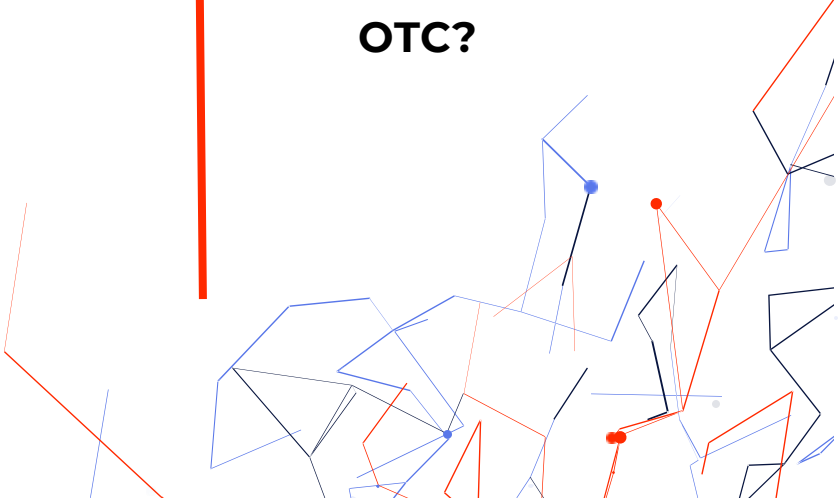
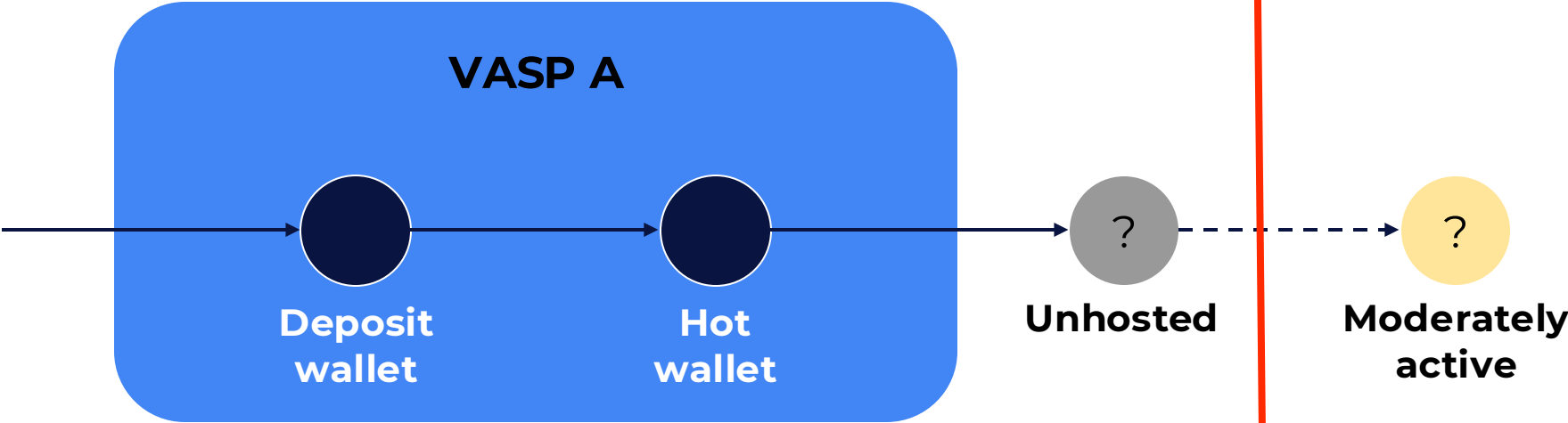
In the visualization you can see a small part of the **chain of liquidity transfers between temporary operational wallets** in the TRON network, highlighted in **red**.

Each **operational wallet lives about 1-3 days**.

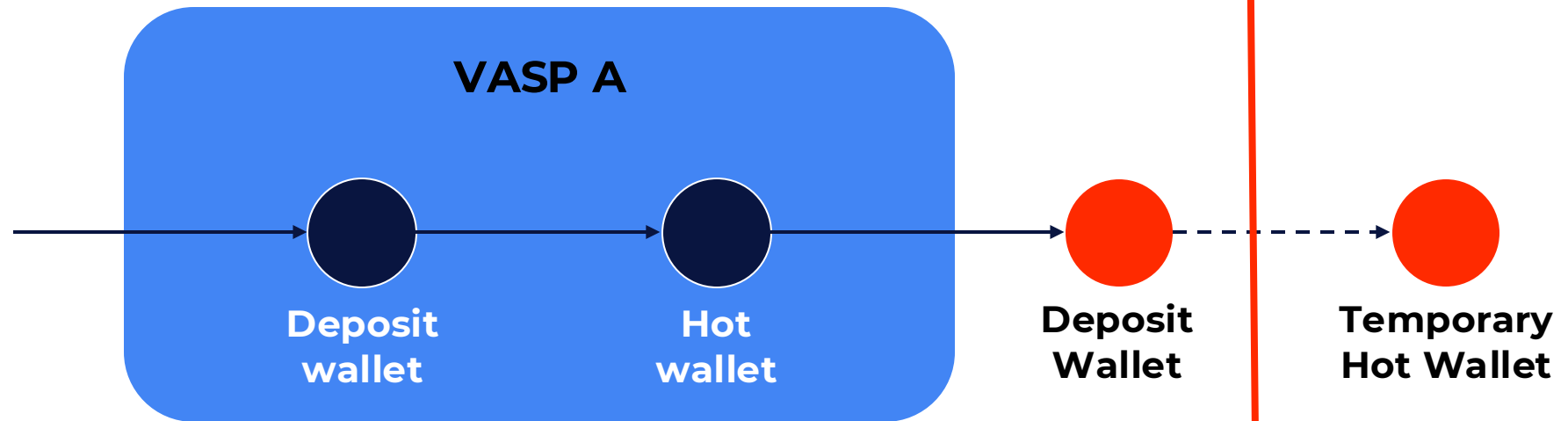
After processing deposits and withdrawals for a few days it sends the rest of liquidity to a new operational wallet (**red**) through one time wallet (**blue**) to make it look like a regular withdrawal.

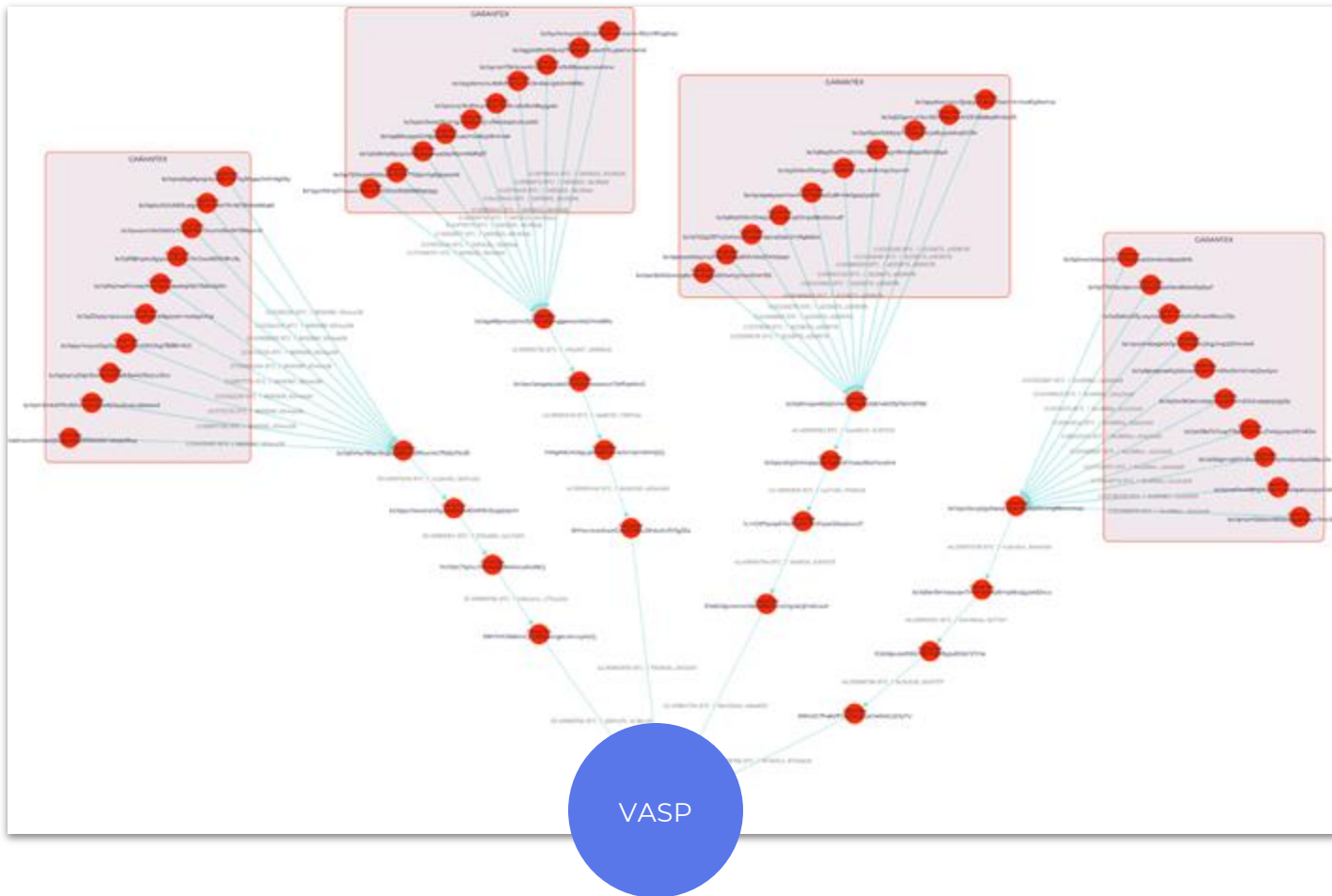


Some VASPs stop here, they do not monitor further funds movements



Some VASPs stop here, they do not
monitor further funds movements



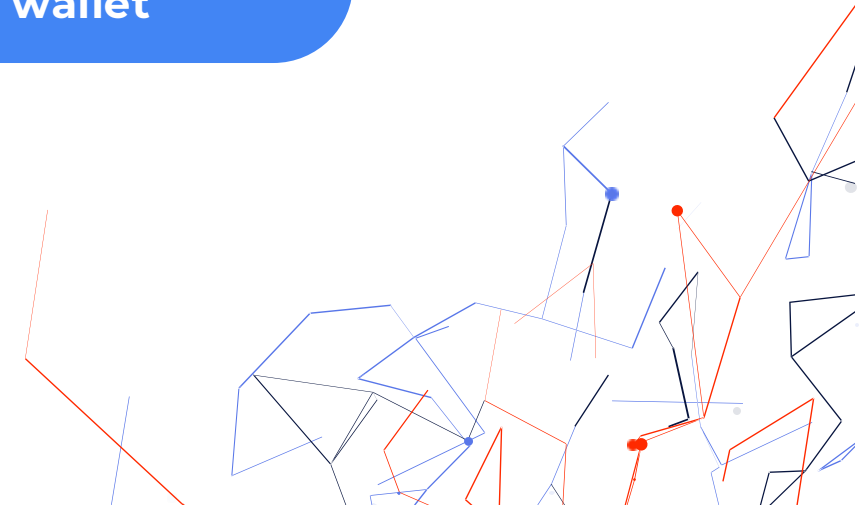
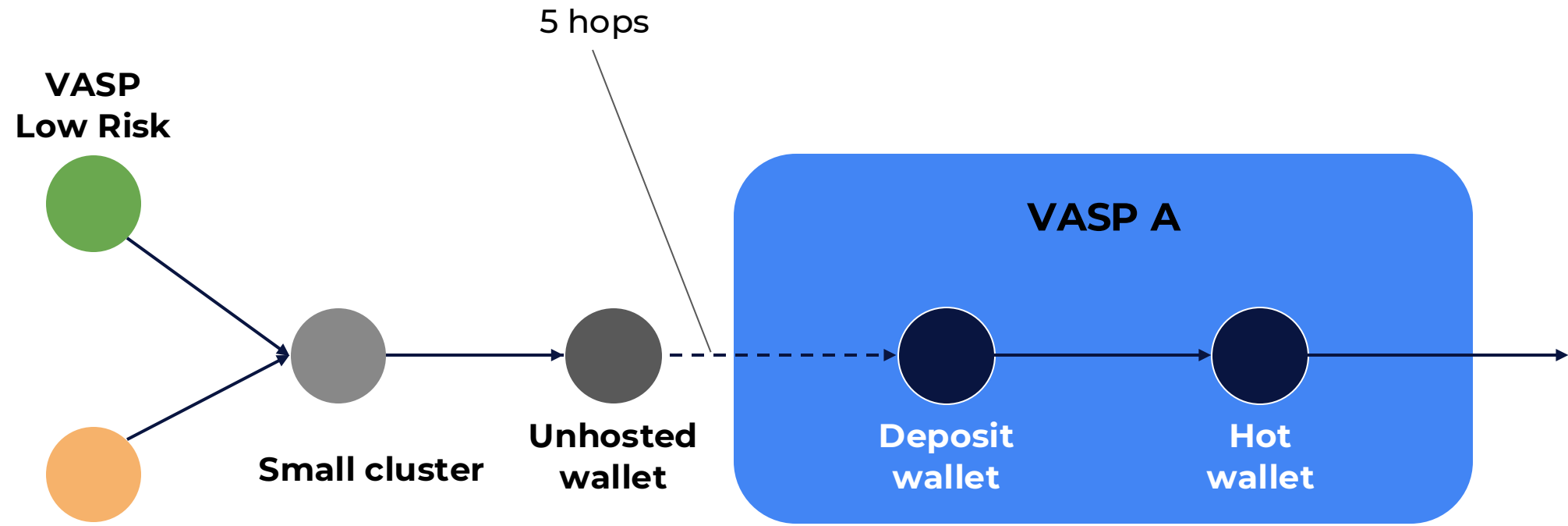


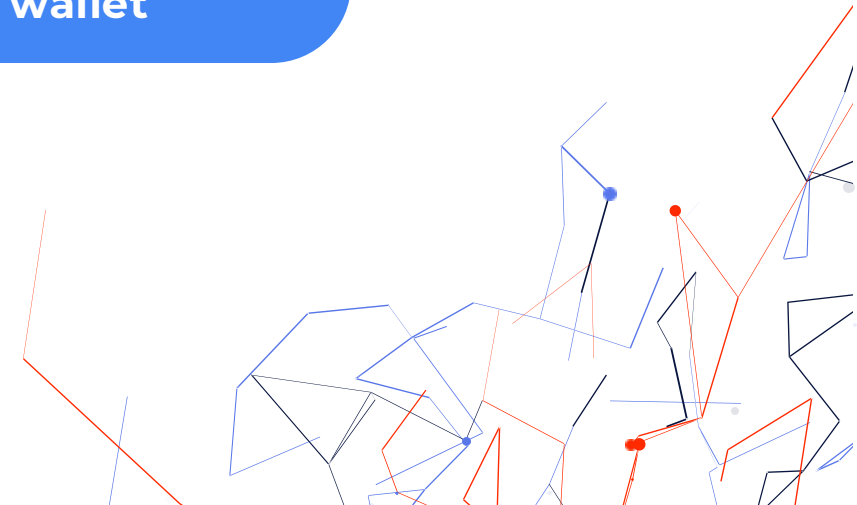
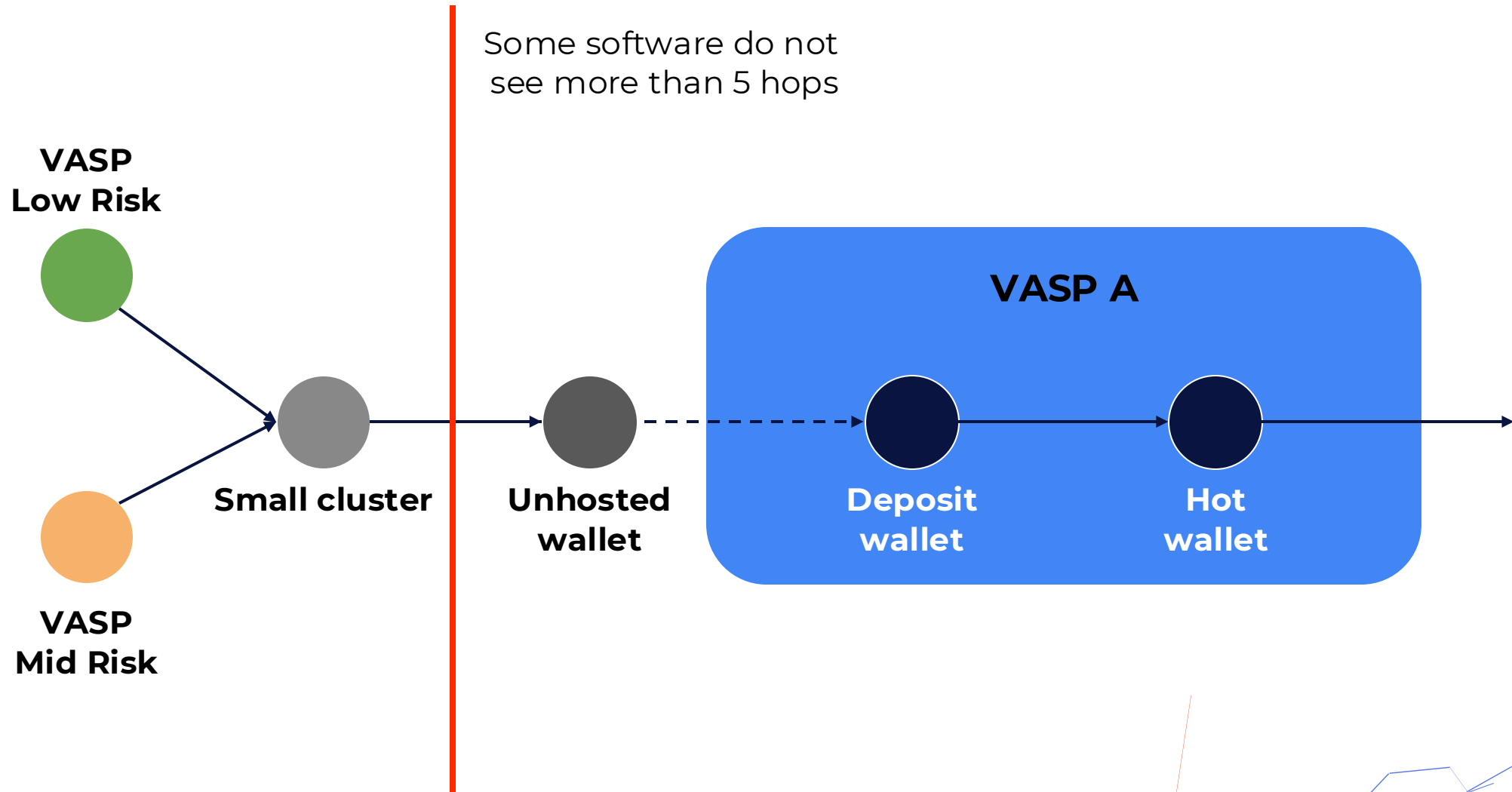
Withdrawal pattern. Garantex. **NOT FOR PUBLIC**

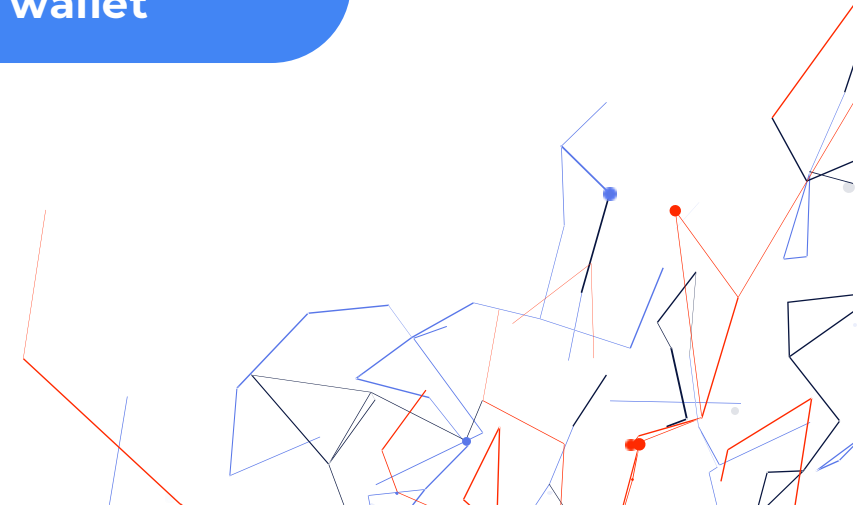
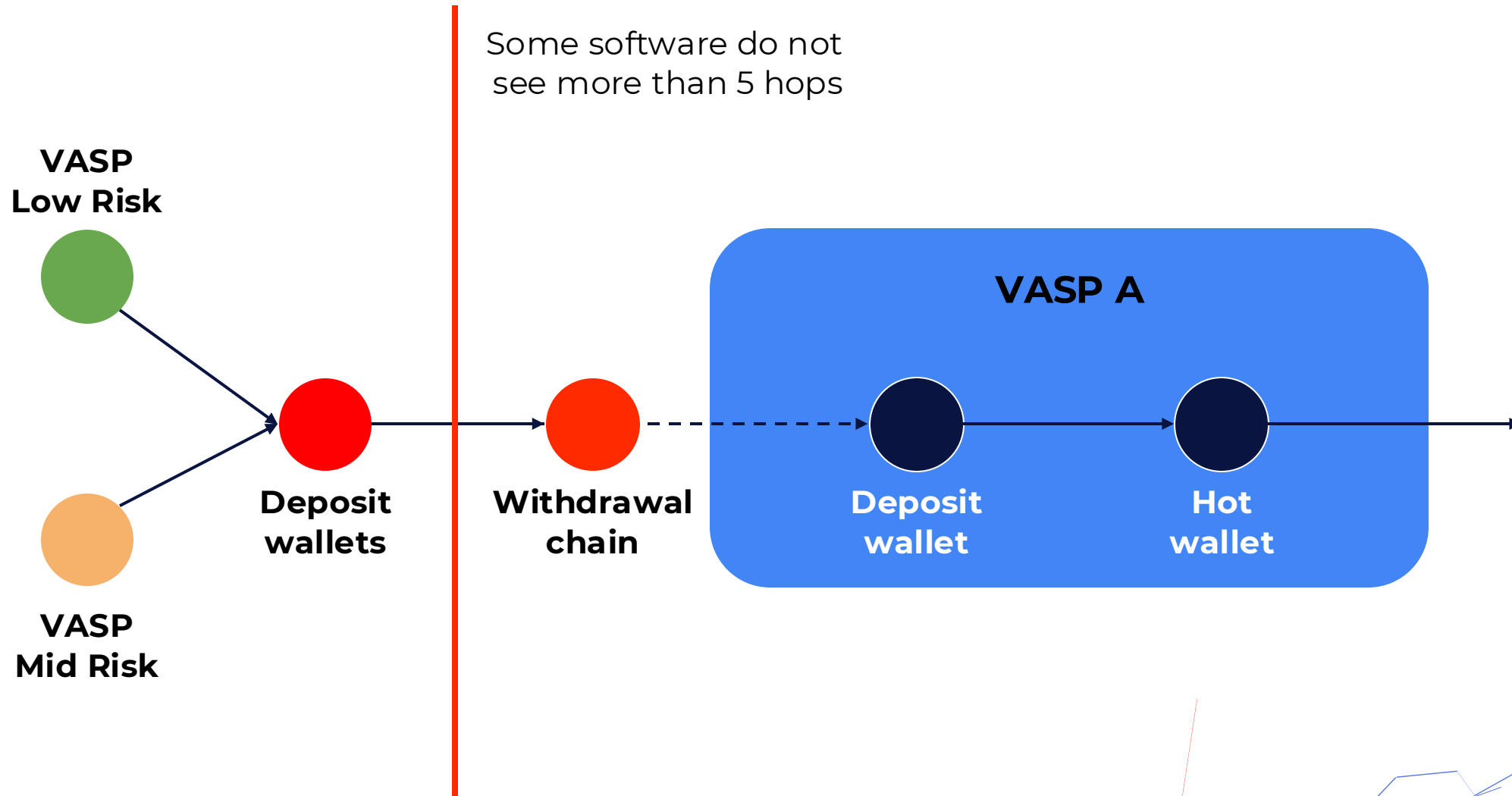
In this example you can see typical withdrawal pattern when coins from small temporary clusters make **exactly 5 hops before being deposited to a VASP.**

Because clusters are small and one time use, they **may appear as unhosted wallets or passed through during source of funds analysis.**

In this case compliance officer may think that funds are coming from many different sources, where **in fact they were coming from Garantex.**

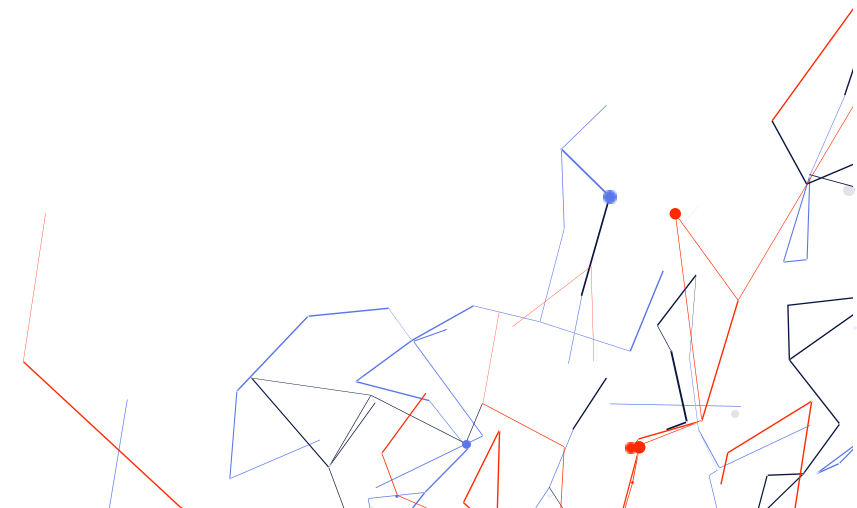






Conclusions. Actions.

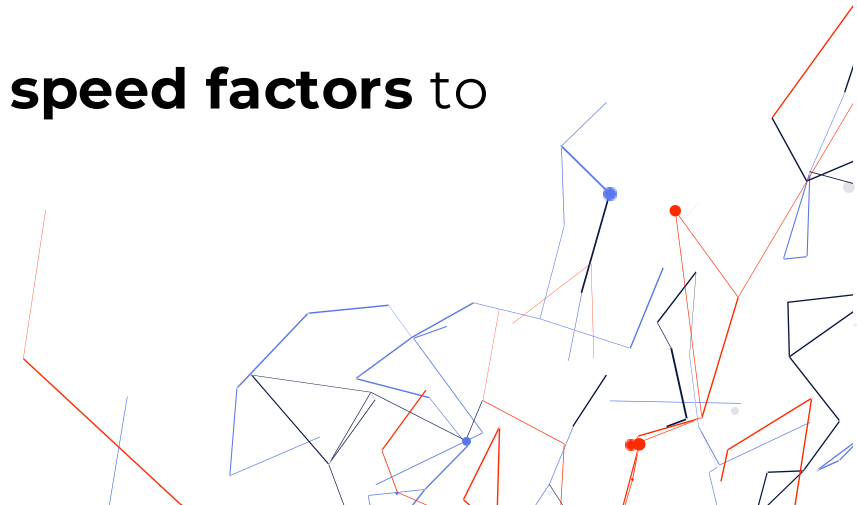
1. Garantex and its customers **exploit poor attribution quality and speed** to evade sanctions.
2. This works in combination with known BA tools and common compliance practices **limitations**.
3. However as seen in the research, this activity **can be identified and labelled**, with an extra effort.



Total Success for Garantex / Disaster for sanctions enforcement

This is not a “Garantex problem” alone. Same model can be used by anyone.

Fraud actors learn from Garantex and use **time and speed factors** to **outrun and overload** compliance departments.





Questions and enquiries
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Digital Finance Forum

Fireside Chat – EU Regulatory Update
with Peter Kerstens, European
Commission

Fireside Chat



Peter Kerstens – European Commission, GDF Board of Advisors & Observers

Listen [here](#) to the full fireside chat here where Peter and Nicole discuss the legitimisation of crypto and how MiCA has contributed to the legitimacy of crypto asset activities in Europe as well as challenges in implementation including: Legal complexities and interpretations by lawyers as well as the rapid evolution of the crypto market since MiCA's original drafting.



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