



Digital Finance Forum

Key Takeaways

Q2 2025



Digital Finance Forum

Global Policy & Regulatory Updates

GDF Q2 Consultation Responses

Q2 2025



CONSULTATION RESPONSES X 9



GLOBAL

RESPONSE TO IOSCO CONSULTATIONS ON AI AND NEO BROKERS



EUROPEAN UNION

- RESPONSE TO ESMA KNOWLEDGE & COMPETENCE CONSULTATION
- RESPONSE TO EC CONSULTATION ON THE INTEGRATION OF EU CAPITAL MARKETS



UNITED KINGDOM

- RESPONSE TO DIGIT MARKET ENGAGEMENT QUESTIONS; &
- GDF X CCI RESPONSE TO DRAFT SI ON REGULATING CRYPTO ASSETS
- GDF X CCI RESPONSE TO FCA DP 25/1 ON REGULATING CRYPTO ASSETS



SINGAPORE

- RESPONSE TO MAS CONSULTATION PAPER ON PROPOSED AMENDMENTS TO AML/CFT NOTICES AND GUIDELINES



TAIWAN

- RESPONSE TO ACPR/AMF SMART CONTRACT CERTIFICATION CONSULTATION

Total Consultations Responded to Globally in 2025:

x21

All GDF Consultation Response can be found here:

<https://www.gdf.io/resources/gdf-response-to-the-european-commission-consultation-on-integration-of-eu-capital-markets/>

To get involved in GDF Policy and Regulatory work please reach out to **elise@gdf.io**



Digital Finance Forum

Regional – Key Takeaways

Q2 2025



Digital Assets: Current Policy & Regulatory Landscape

Q2 Digital Finance Forum (DFF)

10 June 2025

LATHAM & WATKINS^{LLP}



EMEA

Gabriel Lakeman & Sam Maxson



MiCA Update

Current state of MiCA



01

MiCA now in effect, subject to transitional measures:

- Stablecoin (EMT and ART) requirements applied from 30 June 2024.
- CASP requirements applied from 30 December 2024.
- Transitional measures apply:
 - > for existing tokens until 31 December 2027.
 - > for existing VASPs until up to 1 July 2026 (subject to EU member state requirements).

02

CASP Authorisations:
Breakdown as of 2 June:

Jurisdiction	CASPs
Austria	1
Cyprus	1
France	1
Germany	11
Luxembourg	2
Malta	5
Netherlands	8
Spain	1

03

Authorisation trends:

As of 2 June:

- Only 4 MiCA trading platforms.
- 68 whitepapers listed on EMSA register
- 17 registered issues of EMTs
- However, 0 registered issuers of ARTs

Increasing European Supervisory Authority (ESMA) involvement in authorisation processes.

Key outstanding issues



01

Non-compliant stablecoins:

Significant regulatory pressure ‘non-compliant’ stablecoins (i.e. ARTs/EMTs for which the issuer is not authorised in the EU).

- European Commission Q&A suggesting some CASP services may constitute an “offer to the public”.
- EBA and ESMA public statements pressuring CASPs move to “sell only” position for non-compliant stablecoins.

02

Global platforms and cross-border order routing:

European regulators, particularly ESMA, have challenged ability to implement certain well-established TradFi models in a MiCA context, particularly ‘intermediary broker’ models routing orders to non-EU liquidity.

Accordingly, ESMA has sought to leverage:

- (a) best execution; and**
- (b) reverse solicitation restrictions.**

Represents a centralising trend in EU legislation, as ESAs seek to take more control over the regulatory perimeter.

Currently seeing some diversity in EU member state national competent authorities on permissible approaches.

03

Payments / MiCA overlap:

- E-money tokens (EMTs) are deemed electronic money under MiCA.
- MiCA recitals state that certain MiCA crypto-asset services could constitute payment services under PSD2 and require payments services authorisations.
- Many CASPs/CASP applicants do not have payment services authorisations (or not in the same entity).
- European Commission and European Banking Authority currently engaged in dialogue over possible legislative reform and no-action letter.
- However, proposals under discussion do indicate that dual authorisations may still be required in certain circumstances.

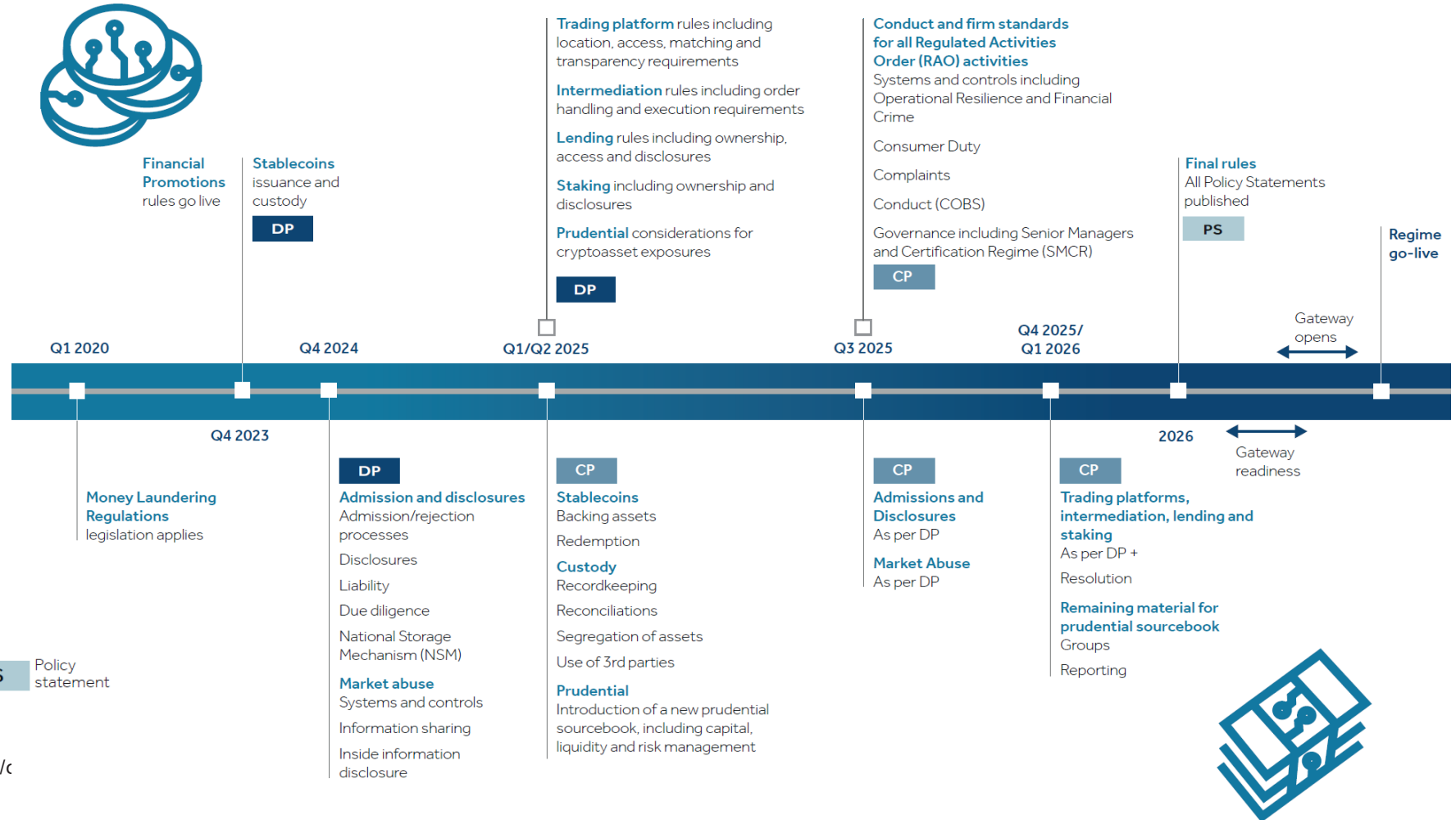


UK Update

FCA Crypto Roadmap



This outlines planned FCA policy publications for cryptoassets where we are seeking feedback and the content they are expected to cover.



Not exhaustive; all timelines are subject to change according to parliamentary time and/c further steers from government

UK Crypto Regime



Recent consultations

Consultation	Topic	Consultation opens	Consultation closes
FCA DP 24/4	Admissions, disclosures and market abuse	16 Dec 2024	14 Mar 2025
HMT Statutory instrument on cryptoassets	Regulatory perimeter for cryptoassets	29 Apr 2025	23 May 2025
FCA DP 25/1	Trading platforms and intermediaries	02 May 2025	13 June 2025
FCA CP 25/15	Prudential requirements	28 May 2025	31 July 2025
FCA CP 25/14	Stablecoin issuance and cryptoasset custody	28 May 2025	31 July 2025



Key Themes

- UK regulators / government keen to position regime as supporting growth (see, e.g., FCA letter on growth agenda and recent proposed relaxation of restrictions on retail access to crypto ETFs).
- However, questions of extent of global interoperability and impact on specific cryptoasset market structures.



APAC Update

Hong Kong



- SFC “A-S-P-I-Re” roadmap for Hong Kong’s virtual asset market
 - > Consultations on licensing regimes for VA OTC trading and custody eagerly awaited
 - > SFC circular in April allowing licensed VATPs to provide staking services and SFC-authorized VA funds to engage in staking, subject to stringent conditions
 - > SFC engaging with licensed VATPs on a range of topics, including global liquidity structures
 - > SFC reportedly to allow VA derivatives trading for professional investors
- Second VA policy statement from the FSTB anticipated H2 2025
- Stablecoin Ordinance
 - > Regime to go live from 1 August 2025
 - > Two open HKMA consultations, closing 30 June 2025:
 - Consultation Paper on the Proposed AML/CFT Requirements for Regulated Stablecoin Activities
 - Draft Guideline on Supervision of Licensed Stablecoin Issuers

Singapore



- New MAS rules for crypto service providers that operate “outside Singapore” but with Singapore touchpoints
 - > Hard deadline of 30 June 2025
 - > Fact-specific analyses being conducted by relevant market participants to determine business impact
 - > Crypto service providers licensed to provide services “in Singapore” not affected



US

Zachary Fallon & Stephen Wink

US: Recent Crypto Developments

Securities and Exchange Commission (SEC)



Crypto Task Force

- Collaboration with SEC Staff and the public to develop a regulatory framework for digital assets
- Engagement with members of the public through meetings, information requests, and roundtable discussions
- Coordination with relevant regulators across the government

Division of Corporation Finance

- Statement on Meme Coins
- Statement on Certain Proof-of-Work Mining Activities
- Statement on Stablecoins
- Statement on Offerings and Registrations of Securities in the Crypto Asset Markets
- Statement on Protocol Staking Activities

Division of Trading and Markets

- Withdrawal of a 2019 joint statement (with FINRA) that effectively curtailed broker-dealers from custodying digital asset securities
- FAQs related to broker-dealer and transfer agent engagement with digital assets and blockchain

US: Recent Crypto Developments (continued)



Recent Legislative Efforts

- Digital Asset Market Clarity (CLARITY) Act of 2025
- Guiding and Establishing National Innovation for US Stablecoins (GENIUS) Act of 2025



Recent Industry Trends

- Tokenization of Securities
 - > Public Equity/Bonds
 - > Private securities, including fund interests
- No-action relief for token offerings?

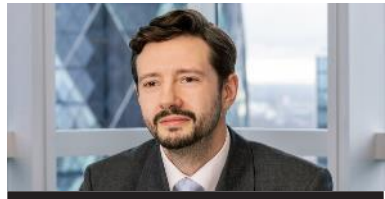
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Our Resources


The LathamTECH Podcast



Where Digital Assets Slot Into a Shifting Fintech Regulatory Landscape: Insights From the US, UK, and EU.

Watch [here](#) or on [Apple Podcast](#), [Spotify](#), or [YouTube](#), or wherever you find your podcasts.



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Global Fintech & Digital Assets Blog



On-Demand Webcast



Crypto Policy Trackers



Accolades



Fintech Practice Group of the Year

For the second year in a row, Latham was named *Law360's* Fintech Group of the Year. This recognition signifies the firm's continued dominance in this space.

Law360 2023 and 2024

Critical to Our Success

"The Latham team has been critical to our success. I really respect their opinions and ability to understand where the regulations are headed and provide really practical guidance."

Chambers FinTech (USA) 2025

BAND

#1 Leading US Fintech Practice
Chambers FinTech 2025

BAND

#1 Leading US Crypto-asset Disputes Practice
Chambers FinTech 2025

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#1 Leading UK Fintech Practice: Payments & Lending
Chambers FinTech 2025

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#2 Leading Fintech Practice in China (International Firms)
Chambers FinTech 2025

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#1 Leading US Fintech Practice: Corporate, Securities & Financing
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#1 Top Ranked UK Fintech Practice
The Legal 500 UK 2024

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The State of Travel Rule Implementation

VerifyVasp

Latest FATF Developments

- The last FATF targeted update was in July of the previous year; a new update is expected soon.
- Approximately one-third of jurisdictions surveyed have yet to pass legislation implementing the travel rule.
- Out of 65 jurisdictions with legislation, only 17 have taken any enforcement actions related to the travel rule.
- FATF continues to highlight functional limitations of current travel rule compliance tools.
- FATF is now incorporating travel rule implementation effectiveness into mutual country evaluations.
- Two consultations initiated by FATF to revise Recommendation 16 (which mandates the travel rule) occurred in 2024 and 2025.
- Proposed changes aim to improve payment transparency across all payment types, virtual assets included.
- Increased emphasis on pre-transaction beneficiary verification to improve name screening accuracy and reduce asset freezing and recovery issues.

Regulatory Momentum Globally

Asia:

- Significant regulatory advancements and enhancements affecting travel rule compliance.
- Singapore has closed the loophole for unlicensed crypto operations within its borders, requiring strict licensing.
- Indonesia's regulatory oversight of virtual assets is shifting towards its Financial Services Authority.
- Thailand, Malaysia are progressing towards workable regulatory frameworks.
- Australia progressing; New Zealand already live in travel rule compliance.

European Union:

- Transfer Funds Regulation (TFR) became applicable simultaneously with MiCA on 30 December 2024.
- The European Payments Authority (EPA) has granted a tolerance period ending 31 July 2025.
- VASPs have requested an extension of this tolerance period; legal debates continue over grandfathering periods.
- The European Commission is reviewing potential revisions to the TFR and welcomes written input from industry and associations. GDF remains actively engaged

Regulatory Momentum Globally

United States:

- The travel rule has been in effect under the Banking Secrecy Act but is not fully aligned with FATF Recommendation 16.
- Challenges remain: a \$3,000 threshold issue and a one-way data exchange that lacks full interoperability.
- Enforcement is limited thus far.

Self-hosted Wallets:

- Represent a significant regulatory challenge globally.
- Diverse and patchy requirements concerning transfers to self-hosted wallets, and risk mitigation vary widely.

Operational Challenges for VASPs

- Broad intention and commitment among VASPs to comply with the travel rule by the end of 2025, with over 90% showing compliance intent.
- Compliance costs and operational complexity remain major hurdles, especially for smaller or less profitable VASPs.
- Current use of inadequate workarounds such as bilateral agreements and emails, though recognized as suboptimal.
- Counterparty VASP due diligence:
- Variations exist in requirements—sometimes implied, sometimes mandated—leading to high costs and operational challenges.
- Some VASPs are reluctant to sever ties with counterparties to maintain commercial viability.

Operational Challenges for VASPs

Interoperability:

- Limited interoperability between different technological travel rule protocols remains a challenge.
- FATF identifies ongoing functional limitations in some technical solutions.
- Noncompliance issues often stem from implementation problems rather than interoperability per se.

Common Operational Issues:

- Failure to verify legal entity status.
- Sending data to incorrect parties.
- Significant delays in data transmission causing misalignments.
- Lack of communication channels between VASPs.
- Scalability and reliability concerns.
- Variability in resource allocation and implementation sophistication among VASPs leads to inconsistent adherence.

Emerging Market Trends

- VASPs increasingly adopting multiple compliance solutions to handle different types of transactions, reflecting varying risk profiles.
- Transfers to self-hosted wallets are increasingly restricted to authorized first-party transfers, with mandatory verifications.
- Some VASPs ban third-party transfers altogether due to regulatory or operational constraints.
- Some proactive VASPs are adopting pre-transaction verification ahead of FATF recommendation revisions to improve compliance.
- Growing recognition of the importance and benefits of public-private partnerships to facilitate dialogue and effective implementation.

Future Outlook

- In jurisdictions with high travel rule compliance, user adoption of compliant exchanges is increasing.
- Initially, users resist sharing personal data but gradually accept it, leading to increased trading activity.
- Travel rule service providers assist in asset recovery in the event of hacks or scams.
- Near elimination of impersonation scams in regions with comprehensive travel rule enforcement.
- Future benefits include complementing blockchain analytics and enhancing pattern recognition capabilities.
- Implementation is considered critical infrastructure for virtual asset compliance and law enforcement collaboration.



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The State of CARF & Crypto Taxation

Taxbit

GDF Digital Finance Forum

The Global State of CryptoTax-Information Reporting

Key Challenges in CryptoTax

- Borderless Phenomenon, no uniform rule-set for de-facto taxation
- Individual side: Legal uncertainty around crypto taxation and amounts of data
- Enforcement side: How to identify individuals and deal with bulk-data sets?
- What steps are being taken?
- The introduction of CARF/DAC8 (addresses the **reporting and automatic exchange of information** related to crypto-asset transactions)

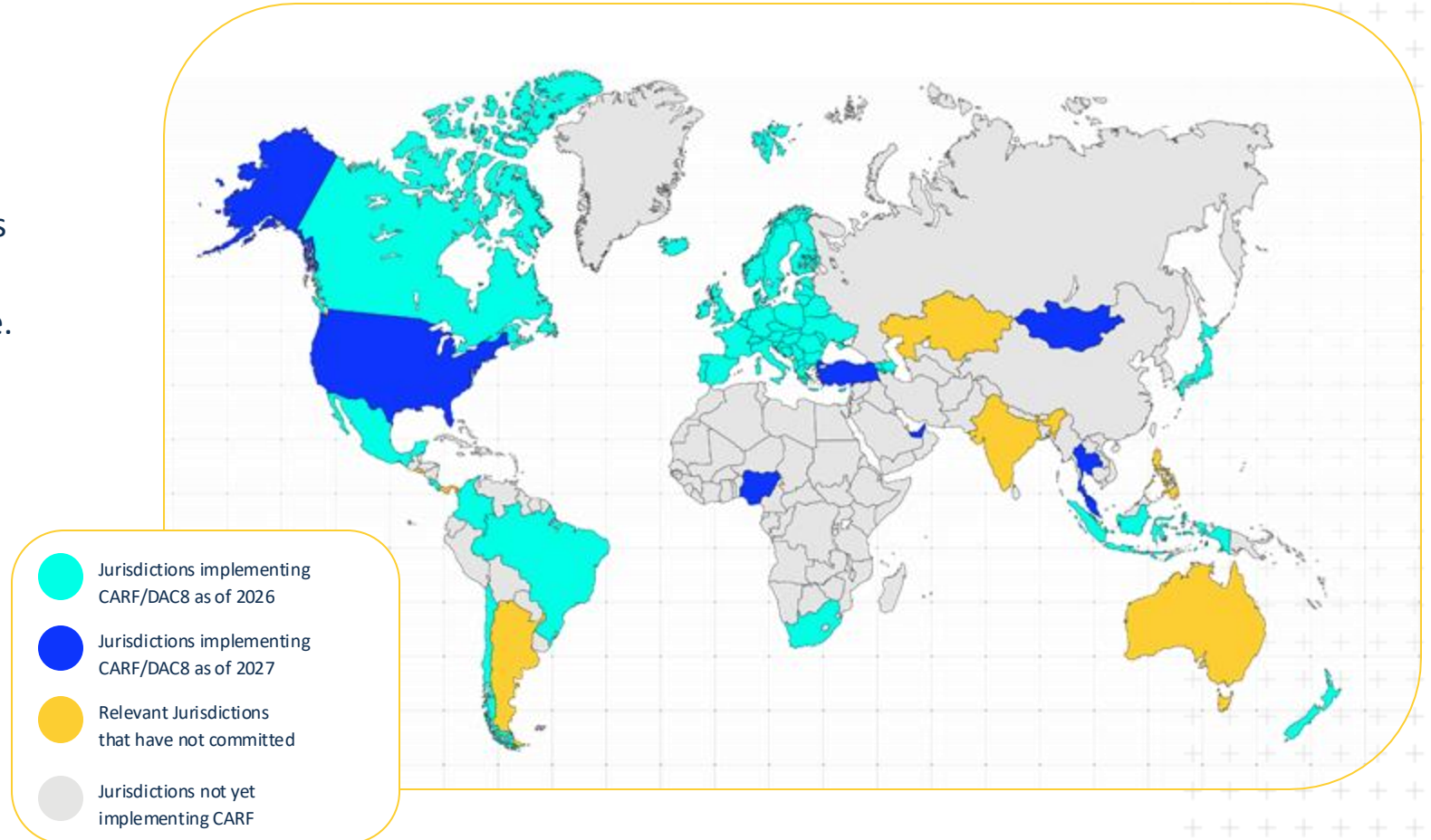
CARF/DAC8 implementation across 65+ regions by 2026

In a new era of cross-border tax transparency, introducing sweeping reporting requirements for Reporting Crypto-Asset Service Providers (RCASPs)

Between **2025 - 2026**, jurisdictions will focus on passing legislation, building compliance frameworks, and setting up IT infrastructure.

RCASPs likewise need to establish due diligence procedures and build the infrastructure needed to collect and report on relevant data.

Reminder: this is a global standard developed by the OECD to **ensure tax transparency** in the crypto-asset market.



Global overview of CARF implementation

Jurisdictions committed to implement the Crypto-Asset Reporting Framework (CARF) in time to commence exchanges in 2027 or 2028 as part of the Global Forum's CARF commitment process

Last update: 27 May 2025

Jurisdictions undertaking first exchanges by 2027 (52)

Austria, Azerbaijan, Belgium, Bermuda, Brazil, Bulgaria, Canada, Cayman Islands, Colombia, Croatia, Cyprus*, Czechia, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Guernsey, Iceland, Indonesia, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Kazakhstan, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Romania, San Marino, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Uganda, United Kingdom.

Jurisdictions undertaking first exchanges by 2028 (16)

Bahamas, Barbados, British Virgin Islands, Costa Rica, Hong Kong (China), Malaysia, Mongolia, Nigeria, the Philippines, Saint Vincent and the Grenadines, the Seychelles, Singapore, Thailand, Türkiye, United Arab Emirates and the United States.

Jurisdictions identified by the Global Forum as relevant to the CARF that have not yet committed to implement the CARF (6)

Argentina¹, Australia¹, El Salvador, India², Panama², and Viet Nam.



CARF – Crypto Asset Reporting Framework

What is Covered?

Entities:

- CASPs conducting one or more Crypto-Asset Services effectuating Exchange Transactions (i.e. Buy/Sell & Trading) for or on behalf of a Reportable Users
-

Crypto-Assets Included:

- payment token (e.g., Bitcoin, Ethereum, etc.),
 - asset-referenced token (e.g., Tether?),
 - equity/debt token (i.e., equity share in a company/organization or debt instrument such as mortgages/bonds), and
 - certain NFTs.
-

Transactions included:

- exchanges between reportable crypto-assets and fiat (i.e., Buy/Sell);
- exchanges between one or more reportable crypto-assets (i.e., Trading);
- transfers of reportable crypto-assets (i.e., Transactions leaving a platform, for example to a cold wallet); and
- high-value retail payment transactions (i.e., transfers for goods or services for a value exceeding USD 50.000 or the equivalent amount in any other currency).

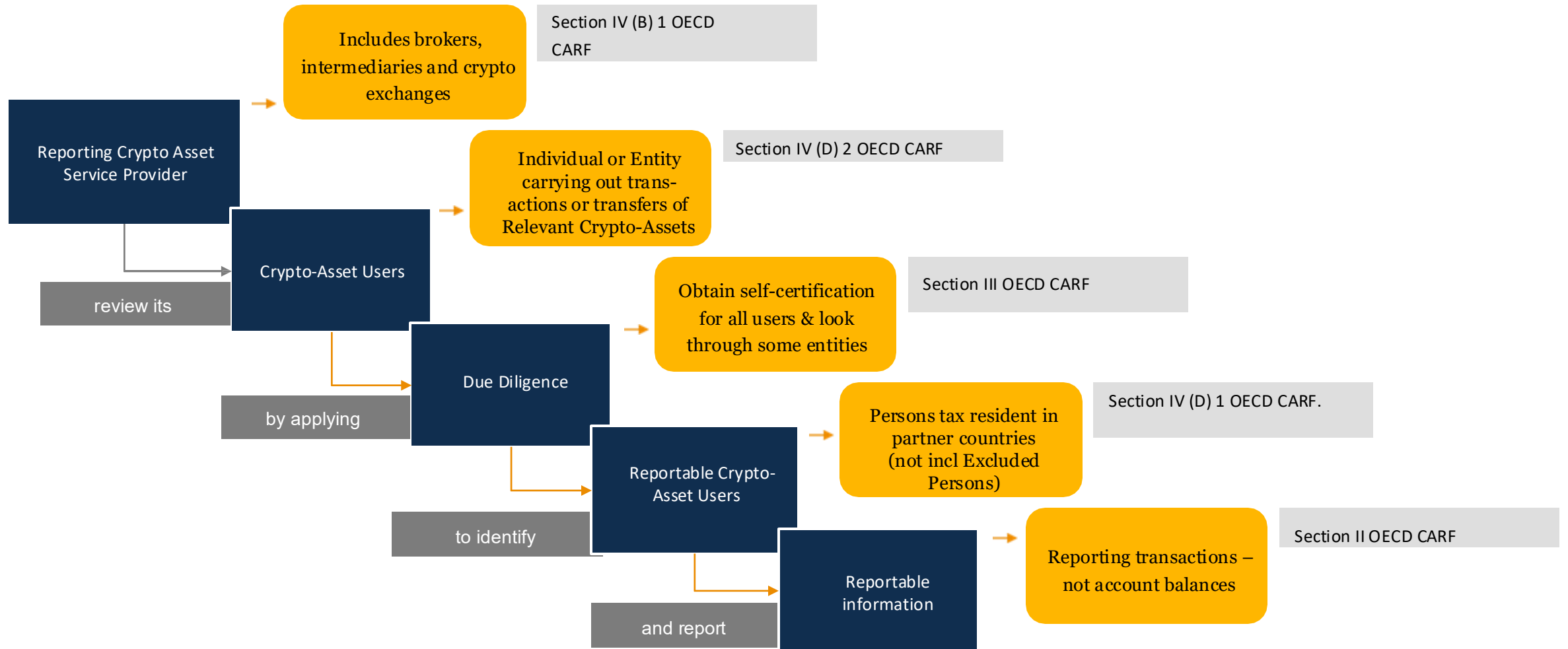
Key Compliance Obligations



What's mandated under DAC8/CARF?

1. **Collection of Self-Certifications** - Entities must verify and confirm their customers' tax residencies through a self-certification process
 - DAC8: Restriction of Customer Activity: If a customer does not provide the required self-certification after two (2) reminders from the RCASP within 60 days, the RCASP must block the customer from performing reportable transactions on the platform.
2. **Transaction Tracking & Aggregation** – By January 1, 2026, providers must have systems in place to track all crypto transactions of their users
3. **Jurisdictional Reporting** - Annual reporting of relevant customer and transaction data to local tax administrations commencing in January 2027
4. **Cross-Border Exchange of Information** starting January 2027.

Systematic Overview of CARF



Thank you.

Questions?

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Fireside Chat – UK Regulatory Update
with Colin Lloyd, FCA

Fireside Chat



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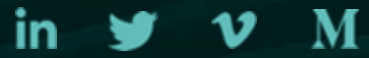

Nicole Sander
Global Digital Finance


10 June 2025


GDF


Colin Payne – Financial Conduct Authority, Head of Innovation


Listen [here](#) to the full fireside chat where Colin and Nicole discuss how the FCA is balancing their growth and innovation objective with consumer protection and other FCA objectives. What the tangible areas where they are driving growth, views on the recent CPs/DPs on regulating crypto assets and stablecoins key areas where they really want feedback from industry, and what is coming next - how the FCA plans to be bold when it comes to innovation!



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