



**GLOBAL
DIGITAL
FINANCE**

2025 | Year in Review

A YEAR OF HISTORIC MILESTONES FOR CRYPTO AND DIGITAL ASSETS

STABLECOINS AND RWA TOKENIZATION SCALE AT PACE

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INTRODUCTION

Chair's Foreword

The crypto and digital assets markets experienced unprecedented growth with groundbreaking milestones in 2025 as both DeFi and RWA-Fi continue to scale into mainstream markets at a blistering pace.

The global crypto market cap surpassed \$4 trillion for the first time in Q3 2025, with the price of bitcoin (BTC) hitting \$120,000 before a sharp fall in Q4. While Ethereum leads in protocol market share, notable cryptoasset performers in 2025 include GDF member Ripple's XRPL (XRP), and standout performer Zcash (ZEC), with double digit returns as industry players move further into RWAs, cross-border business, and enhanced protocol privacy.

Solana captured community mindshare as it built out its institutional business in 2025 attracting GDF member R3, with its over \$17 billion in digital assets, who will bridge its Corda permissioned protocol to Solana's permissionless network.

GDF member Standard Chartered became the first global systemically important bank to launch a fully integrated digital assets trading

service in June, allowing institutional clients to trade BTC and ETH directly. The bank expanded its digital asset custody services to Luxembourg in January and launched USD and SGD bank account balances on Ant's blockchain-based treasury system.

2025 saw GDF members bolster their compliance functions with a focus on AML/KYC/CFT, the Travel Rule, and responding to the deluge of regulatory consultations. Speed is of the essence to thwart on-chain financial crime and GDF member TRM Labs launched the Beacon Network. The network connects law enforcement, exchanges, and stablecoin issuers to instantly flag and freeze illicit funds, acting as a "kill chain" to prevent stolen assets from being laundered or withdrawn.

Digital Asset Treasury Companies (DATCos) were the play of the year in 2025 with 75 new DATCos launched and an estimated holdings of \$137 billion in digital assets with over 80% of these in bitcoin and 13% in Ethereum. Crypto price weakness into 2026 has seen many of these DATCos now trading below their NAV.



Lawrence Wintermeyer
Chair
GDF

Another big breakout play this year was Prediction Markets, driven by massive growth and rising mainstream interest. With an increasing focus on on-chain financial products, they're still evolving, with regulatory, operational, and trust challenges shaping how big their long-term impact will be. Watch this space in 2026.

2025 was a blockbuster year for crypto IPOs with GDF member Circle leading the way on June 5, followed by Bullish, eToro, Gemini, and Figure. Circle's shares opened 124% above the \$31 IPO price, beginning public trading at \$69 and were just under \$80 a share in early 2026.

Stablecoins have emerged as the killer use case for Web3 digital money surpassing \$300 billion in total market cap, accumulating nearly 50% YoY growth and hitting new all-time highs by

late 2025. The yield-bearing stablecoin market ballooned to \$11 billion by mid-2025 capturing an estimated 4.5% of the stablecoin market. Tether's USDT and Circle's USDC continue to dominate the market by supply and liquidity.

In January, GDF launched a new report at Davos, the Global Stablecoin Regulatory Playbook, developed by stablecoin issuers in the GDF membership. The report is a comprehensive policy framework designed to support the development of clear, credible, and globally interoperable regulatory regimes for fiat-backed stablecoins.

GDF member S&P Global announced a collaboration between S&P Global Ratings, and Chainlink, to bring the capital markets on-chain delivering S&P Global Ratings' Stablecoin Stability Assessments (SSAs) on-chain via DataLink, an institutional-grade data publishing service powered by Chainlink.

GDF member Tether became the largest private holder of gold in the world outside of banks, with an estimated 116 metric tons in its vaults. This is arguably a shrewd play in this era of geopolitical instability with a focus on safe harbor assets.

Non-custodial wallets were a big focus following SEC Chair Atkins comments, "the right to have

self-custody of one's private property is a core American value." GDF member OKX expanded its presence in the US with a new self-custody wallet that supports more than 130 blockchains and allows users to swap tokens and move assets across different chains, with a new TradFi veteran US CEO, Roshan Robert, and a new office in San Jose.

RWA tokenization reached a market size of approximately \$30 billion, representing a growth of over 240% on 2024. BlackRock's BUIDL money market fund asserted its lead with over \$1 billion in TVL and expanded across six different public blockchains to enhance liquidity. Tokenized U.S. treasuries and cash equivalents on public chains surpassed \$8 billion by December becoming a cornerstone of the emerging ecosystem. The scene is now set for digital public shares in 2026.

GDF member Archax had an outstanding 2025, extending its collaborations beyond Blackrock/Hedera/Ownera to Lloyds Banking Group, abrdn, Stellar, tZero, TradingStack, XDC, and Hedera, acquiring Globacap, a US broker-dealer and alternative trading system, and Deutsche Digital in Europe, and expanding operations into Dubai.

Sandboxes were a topical theme in 2025 with the Bank of England's (BoE) Digital Securities

Sandbox, a regulated live testing environment created jointly by the BoE and the UK Financial Conduct Authority (FCA) allowing firms to experiment "on market" with guardrails on distributed ledger technology for issuing, trading, and settling digital securities.

In December, the European Commission proposed a number changes to the DLT Pilot Regime, including removing explicit timeframes, increasing thresholds from EUR 6 billion to EUR 100 billion, and allowing participants to provide trading and CSD services for all financial instruments.

The GDF Industry Sandbox powered by Ownera was deployed for the EU/UK Tokenized Money Market Working Funds Group to deliver six productions use cases for digital collateral mobility and interoperability across TradeFi and DeFi financial market infrastructure. Over 30 top tier European and US financial institutions and digital assets firms along with 6 Layer 1 protocols participated in the sandbox.

A new GDF ISDA co-sponsored Tokenized Money Market Fund working group was mobilized in Q425 and is set to start in January 2026. The working group has mobilized over 200 participants from over 50 firms, 30 that have registered to participate in the GDF Industry Sandbox powered by Ownera.

The US came into 2025 seeking to lead the crypto and digital assets policy and regulatory landscape and set the pace for other jurisdictions. Federal stablecoin legislation was enacted in July through the GENIUS Act (Guiding and Establishing National Innovation for U.S. Stablecoins Act of 2025) ensuring stablecoins have a 1:1 backing with US dollars or approved liquid assets and regular reserve disclosures and regulated by the FDIC as payments.

The CLARITY Act, while not yet completed, endeavors to build on the momentum of 2025 while facing significant multifaceted challenges to completion in 2026. The Act seeks to establish a legislative framework for digital asset markets by clarifying when crypto tokens are deemed securities versus commodities. It also aims to set clear jurisdiction for SEC and CFTC oversight of exchanges, custody, and trading platforms. Completing market structure legislation remains a high priority for market participants and the US Administration in 2026.

In December, the SEC Division of Trading and Markets issued a no-action letter authorizing the Depository Trust Company (DTC) to pilot a program enabling the tokenization of traditional securities, including US Treasury securities and major index ETFs. Also in December, the SEC clarified that broker-dealers can maintain

“physical possession” of tokenized securities under Rule 15c3-3, provided they maintain exclusive control of the private keys.

Outside of the US, the United Arab Emirates (UAE) is a crypto and digital asset hub of note in 2025 and continues to innovate at a breathtaking pace in 2025 including VARA 2.0, Unified Licensing and National Coordination across UAE regulators, VASP inclusion in AML laws, and AED Stablecoin Regulation.

A notable milestone in 2025 was GDF member Binance becoming the first major crypto exchange to secure a global license under the Abu Dhabi Global Market (ADGM) Financial Services Regulatory Authority, covering exchange, clearing house, and broker-dealer services.

GDF’s Regulator ONLY Forum delivered quarterly forums with presentations from: The FSB: The G20 Report, the Dubai Financial Services Authority Roundtable: Building Back Resilience Unpacking the ByBit Hack (DFSA), The ACPR/AMF: Consultation on Smart Contract Certification, and the GDF EU / UK Tokenized Money Market Fund Working Group and Industry Sandbox: Report Findings.

The GDF membership and community rose to the challenge of the 2025 crypto and digital assets

markets with its hallmark fervor balanced by its prolific work ethic and high standards to deliver a record-breaking performance: GDF in numbers in 2025 include:

- **44 regulatory consultation responses across the globe:** 2025 was a record year for regulatory engagement spanning stablecoins, custody, market disclosures, prudential treatment, payments integrity, tokenization, and cross-border reporting and compliance topics
- **11 member-led, working group and “trades” reports:** 2025 was a record year for reports spanning collateral mobility in tokenized money market funds and the GDF Industry Sandbox powered by Ownera, The FIX GDF Interoperability Alliance with FinP2P, joint trades on DLT in capital markets, a survey of crypto firms access to UK banking, tokenized carbon markets, and more.
- **86 events attended and delivered:** 2025 was an especially active year for community convening partnering with Hogan Lovells, DLA Piper, and Latham Watkins and with speaking engagements including partnerships with City & Financial, Digital Assets Week, Digital Asset Forum, Hedgeweek, DA Summits, Salzburg Global Finance Forum, Japan Fintech Festival,

Consensus Hong Kong, Paris Blockchain Week, Point Zero Forum, SIBOS, GITEX DA Forum, ADFW and many, many more!

Big thanks to Elise Soucie Watts, our GDF Executive Director, and Melissa Corthorn, our Director of Member Services and Events and the GDF team for leading this outstanding performance in 2025!

Extended thanks to Melissa Netram, Head of Policy at Block, our 2025 GDF Advisory Council Chair, and to the GDF Executives in Residence and Practitioners in Residence, members of the GDF Board of Advisors and Observers, and members of the GDF Board, for their time and valued contribution to making 2025 another outstanding year for GDF.

Thanks, is also generously extended to the industry and trade associations with whom GDF collaborated in 2025, on a range of consultations and reports, including the Crypto Council for Innovation (CCI), the ACI FMA, the GFMA, ISDA, ADAN, the UK Cryptoasset Business Council, the Startup Coalition, and to the IOSCO team and our community of Affiliate Members.

A very special thanks goes out to our GDF members and our community of contributors.

GDF members and contributors in numbers in 2025 include:

- GDF stablecoin members have over 85% of the share of the global market serving over 600 million verified users and active wallets
- GDF crypto exchange members have more than a 60% share of the global market serving over 450 million customers
- GDF DeFi and RWA-Fi OPEN working group participants include top tier US and European financial institutions, and leading Layer 1 protocols, bringing together the regulated and unregulated innovators in and OPEN forum to move the needle in digital assets.

Your contribution in 2025 has been nothing short of breath-taking and demonstrates why our members and community contributors make GDF the preeminent digital finance members association with industry leaders, agencies, and trades around the globe.

2026 has already kept the GDF team, our membership, and the community, busy with volatile markets, AI generating code faster than anyone can keep up with, and a greater industry focus on the push for regulatory functional equivalence across digital assets regulatory regimes.

We look forward to making more history with you in 2026. ■

A Message from the Chair of the Board of Advisors and Observers

2025 has been a year of meaningful progress for digital finance, and for GDF as an organisation. Across jurisdictions, we have seen regulatory frameworks move decisively from consultation and design into implementation. That shift has brought new complexity, but also greater clarity about the direction of travel and the role that digital assets and tokenised markets will play within the broader financial system.

From my perspective, one of the most encouraging developments this year has been the growing willingness of regulators and policymakers to engage with industry on how frameworks operate in practice. The conversation is no longer confined to high-level principles. Instead, it is increasingly focused on operational readiness, market infrastructure, governance, and risk management, the areas that ultimately determine whether new models can scale safely and sustainably.

This emphasis on implementation has underscored the importance of global alignment. While national and regional approaches will continue to differ, 2025 demonstrated that early engagement, dialogue, and information-sharing

across jurisdictions can significantly reduce fragmentation and uncertainty. Being plugged into regulatory developments, and helping to shape them, is becoming a strategic advantage for firms navigating an evolving global landscape.

GDF has played an important role in facilitating that engagement, bringing practical insight into policy discussions and ensuring that regulatory intent is informed by real-world experience through both our member and community led forums as well as our engagement with bodies



GDF Board Members Greg Medcraft, Elise Soucie Watts, Lawrence Wintermeyer, at Salzburg Finance Forum

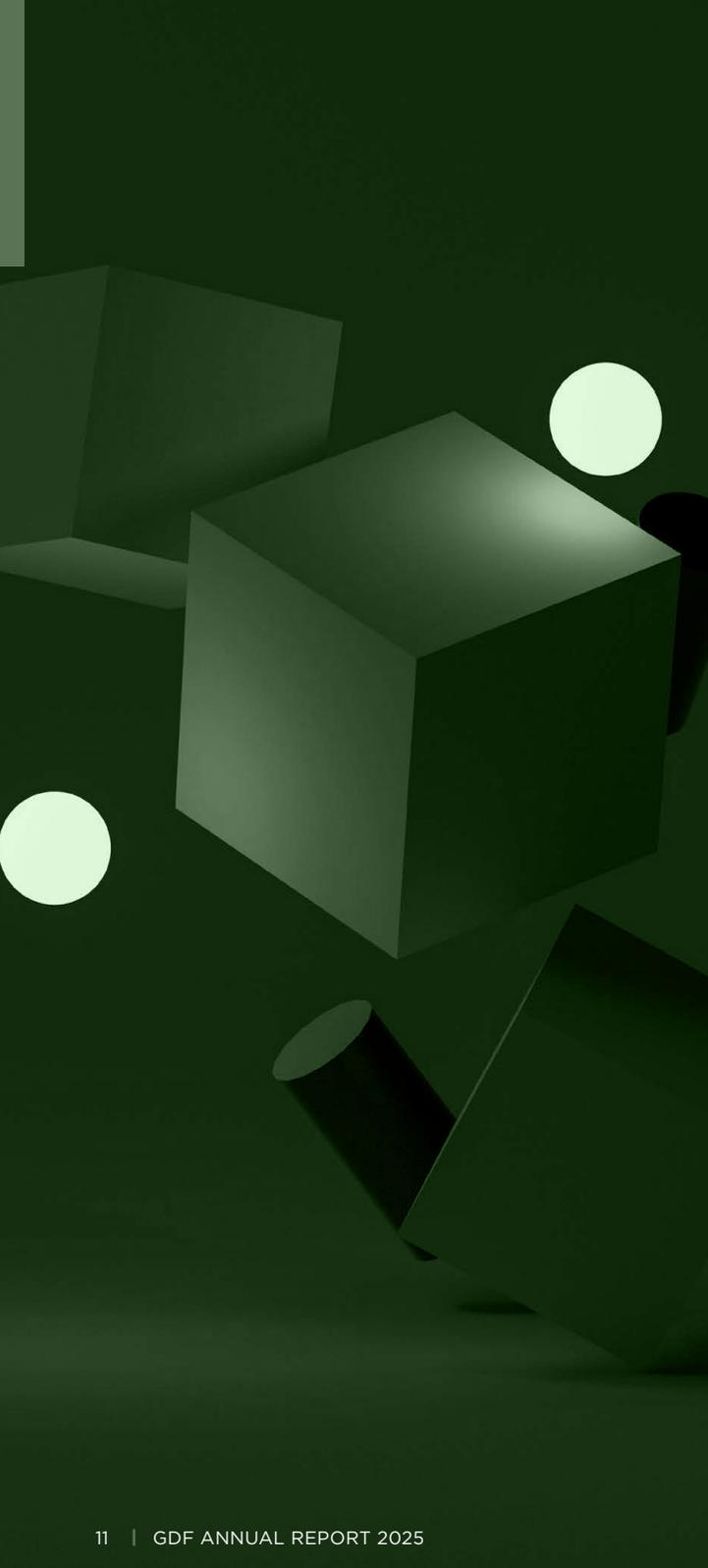


Greg Medcraft
Co-Chair, Board of Advisors and Observers
GDF

like IOSCO where we participate as part of the Affiliate Members Consultative Committee.

A highlight of the year was GDF's participation in the Salzburg Global Finance Forum which I have also been on the board of for seven years. GDF board members including myself, Lawrence Wintermeyer, and Elise Soucie Watts attended Salzburg which provided a valuable setting to step back from day-to-day delivery and reflect on the longer-term trajectory of digital finance, including its intersection with geopolitics, capital markets, and financial stability.

The discussions reinforced a central theme of 2025: digital finance is no longer peripheral. It is increasingly embedded in mainstream financial conversations, with implications for market



structure, cross-border activity, and the future of financial infrastructure.

Throughout the year, I have also been struck by the continued growth and evolution of GDF's community. The Board of Advisors and Observers expanded significantly in 2025, reflecting both the widening scope of GDF's work and the increasing demand for informed, balanced perspectives on digital finance. The diversity of expertise across the Board, spanning regulation, market infrastructure, technology, and institutional finance, has strengthened GDF's ability to engage credibly across sectors and regions.

In parallel, the Executives and Practitioners in Residence (EIR and PIR) programme scaled materially during the year. This programme has become a core part of GDF's delivery model, bringing senior, hands-on expertise directly into policy development, research, and regulatory engagement. The contribution of EIRs and PIRs in 2025 significantly enhanced both the depth and the practicality of GDF's outputs, and I would like to recognise their commitment and impact.

As Chair of the Board of Advisors and Observers, I am encouraged by how GDF has continued to evolve alongside the market it serves.

The organisation's focus on implementation, interoperability, and regulatory engagement reflects where digital finance is today, and where it is heading. Importantly, GDF has maintained a constructive and forward-looking approach, supporting innovation while recognising the critical role of regulation in building trust and resilience.

I would like to thank the Board of Advisors and Observers, our EIRs and PIRs, and the wider GDF membership for their engagement and collaboration throughout 2025. Their collective contribution has strengthened GDF's voice and positioned the community well for the next phase of digital finance development.

As we look ahead, the foundations laid this year, in dialogue, alignment, and delivery, provide a strong platform for continued progress. I look forward to seeing how GDF and its members continue to shape the future of digital finance in 2026 and beyond. ■

The Executive 2025 Program in Review

2025 was a year of delivery for GDF for our members, the broader community, and the team. Across the year, our membership moved from policy discussions to actionable implementation as we engaged directly with regulators, standard-setters, and market infrastructure providers in parallel with digital asset frameworks and infrastructure growing and scaling across the financial services ecosystem.

For GDF, this meant a clear focus on producing practical outputs: detailed policy responses, implementation-focused reports, and closed-door forums where members could explore ideas

challenges and have impactful conversations both with each other, and the broader public sector, in order to shape regulatory outcomes and work towards scalable ecosystem in support of responsible innovation.

This year, GDF focused relentlessly on two things: (i) actionable industry outputs (reports, implementation guidance, and technical workstreams), and (ii) credible, jurisdiction-specific regulatory engagement that also prioritizes regulatory convergence and consistency in our feedback to the public sector across regions.



Elise Soucie Watts
Executive Director
GDF



Melissa Corthorn
Director, Member Services and Events
GDF



Elise Soucie Watts, GDF, at DC Fintech Week



Lawrence Wintermeyer, GDF and Richard Teng, Binance at Abu Dhabi Finance Week



Elise Soucie Watts, GDF at No. 11 Crypto Asset Reception for the Economic Secretary to the Treasury Speech

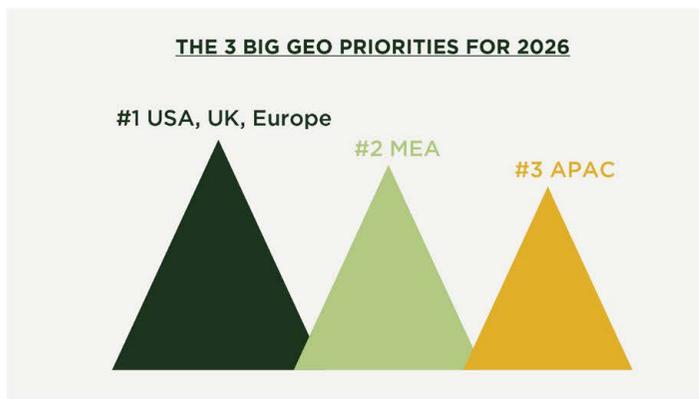
This approach was reflected in both the volume of our work as well as our ways of working. It meant more roundtables, more targeted working groups, and more “build-and-test” programs alongside policymakers and market infrastructure providers.

GDF’s membership continues to be the engine of our delivery model. Throughout the year, our members contributed time, subject-matter expertise, and operational insight across consultations, working groups, and closed-door sessions. We remain grateful to all our members who participated and contributed to these engagements.

Our quarterly Digital Finance Forum (DFF) remained a key touchpoint for members and the wider ecosystem, providing global consultation tracking, jurisdictional policy updates, and market data in a consistent cadence. In 2025, the Forum ran in four quarterly sessions (Q1-Q4) with global time-zone coverage, reinforcing GDF’s commitment to accessibility across APAC, EMEA, and the Americas.

The DFF is the only GDF policy and regulatory fixture that is open to the global community. Policy and regulatory working groups across five regional areas are accessible to GDF members only.

GDF MEMBER PRIORITIES FOR 2026



Alongside the DFF we also expanded targeted roundtables and specialist forums and working groups on tokenization and digital payments as part of the 2025 program. These forums are OPEN to the global sector, enabling global leaders to come together and focused technical discussion and deep dives on GDF member priorities.

In 2025, GDF’s working groups increasingly operated as “delivery units”, not just discussion forums, producing consultation responses,

THE 3 BIG PRIORITIES FOR 2026

#1 DIGITAL MONEY



#2 INSTITUTIONAL SCALING & ADOPTION



#3 OTHER GLOBAL PRIORITIES



hosting technical roundtables, and generating outputs that members can take into product, compliance, and market strategy conversations.

Key Themes in 2025

Across GDF’s work in 2025, three consistent themes emerged through consultation responses, research, and member roundtables.



GDF Senior Industry Dinner at Singapore Fintech Festival supported by Latham and Watkins, Terminal3, and Hedera

Implementation has become the focal point

As regulatory frameworks move from design into application, the most important questions for firms are operational. Members are navigating how requirements translate into day-to-day processes across banking access, Travel Rule implementation, custody models, and stablecoin governance. Those engaging early and proactively are better positioned to adapt as expectations continue to evolve.

Tokenization is advancing where market structure is well defined

Progress has been most credible where tokenization initiatives are anchored in legal



GDF EIR Previn Singh at Hedera Networking Drinks

certainty, operational controls, and robust settlement and collateral mechanics. Work on tokenized money market funds and institutional custody illustrates that sustainable adoption depends on building infrastructure that can support regulated activity at scale.

Regulation is becoming a strategic input, not a constraint

Across jurisdictions, members consistently emphasized the value of being closely plugged into regulatory developments. Early engagement, clear dialogue, and alignment with supervisory expectations are increasingly seen as sources of strategic advantage, supporting long-term planning, investment decisions, and cross-border growth as frameworks mature.



GDF EIR Kene Ezeji-Okoye at Web 3 Trust Summit

Policy Engagement at Scale: 44 regulatory consultation responses across the globe in 2025

2025 was also a record year for regulatory engagement. GDF responded to **44 consultations globally**, spanning stablecoins, custody, market disclosures, prudential treatment, payments integrity, tokenization, and cross-border reporting and compliance topics.

While over double the number of consultations responded to in 2024, this was not “volume for volume’s sake.” Our approach prioritized:

- proportionality (especially for non-custodial and non-retail models),
- technology-neutral outcomes,



The 6th Annual GDF and HL Digital Asset Summit

- cross-border operability and deference/recognition pathways, and
- implementation feasibility (including staged compliance where infrastructures are not yet mature).

At the global level, we also contributed to consultations and initiatives led by international standard-setters and cross-border bodies (including IOSCO, FATF, FSB, and OECD-related workstreams) as reflected across the year’s global consultation program and readouts. Read more about each of the five policy and regulatory working groups, the POLICY AND REGULATION MEMBER WORKING GROUPS section of the report.



GDF Community Event in Dubai Supported by Ripple, Elliptic and BitOasis

Through the year, GDF convened and synthesized regional policy developments (UK, EU, US, APAC, MEA), bringing practical intelligence into member sessions and ensuring our engagement reflected both local detail and global coherence. This model was further embedded in the Digital Finance Forum readouts, which tracked consultation submissions and major regulatory developments across jurisdictions.

Technical Working Group Reports: 11 member-led, working group and trades reports

In 2025, GDF published a total of **11 reports** spanning policy, market structure, and



Stephen McWhirter, Binance, Keynote at the GDF Senior Industry Dinner at Abu Dhabi Finance Week Supported Binance and Elliptic

implementation-focused themes, ranging from roundtable readouts to full-length research and sandbox findings (with an emphasis on practical recommendations and near-term execution).

Some highlights from our 2025 industry led reports include:

RWA and Digital Assets

The Case for Collateral Mobility in Europe & the UK using Tokenised Money Market Funds (TMMFs): This major, sandbox-backed report, co-authored with Ownera, EY, and Hogan Lovells, tested how tokenized money market funds

could be used as collateral across jurisdictions, combining legal analysis, technical design, and simulated market activity.

Key takeaways:

- Tokenized MMFs can materially improve **collateral efficiency and settlement speed**, particularly in cross-border contexts, without requiring wholesale changes to existing market structures.
- Legal certainty around fund tokenization, collateral eligibility, and settlement finality is achievable within existing frameworks in the UK and EU, though targeted clarification would accelerate adoption.
- Interoperability between trading venues, custodians, and settlement layers is the primary constraint to scale, underscoring the importance of coordinated infrastructure development rather than isolated pilots.

Building the Foundations of Trust (Custody and tokenised finance): Produced in collaboration with Deloitte and Zodia Custody, this report explored the evolving role of custody as a foundational layer for tokenized markets, examining governance, operating models, and institutional readiness.

Key takeaways:

- Custody is not a peripheral service in tokenized markets; it is a core trust anchor that underpins market integrity, risk management, and regulatory confidence.
- Institutional adoption of tokenized assets depends on custody models that integrate traditional control frameworks with digitally native asset workflows.
- Regulatory clarity on segregation, insolvency treatment, and operational resilience will be decisive in enabling custody providers to support tokenized market growth at scale.

Crypto Market Access and Competitiveness

“Don’t Bank On It” (Access to Banking): GDF partnered with the UK Cryptoasset Business Council and Startup Coalition to publish evidence on the persistent difficulties crypto and Web3 firms face in securing and maintaining bank accounts, an issue with direct implications for UK competitiveness and the viability of regulated business models.

Key findings include:

- 50% of firms surveyed had either been rejected from opening a bank account or had an account closed by one of the major banks.



GDF Board Member Jannah Patchay at GFTN Insights Forum at Singapore Fintech Festival



GDF Executive Director Elise Soucie Watts at GFTN Zero Forum



Elise Soucie Watts at Paris BlockChain Week



GDF Team at Singapore Fintech Festival

- Only 14% successfully applied for a bank account without it being closed later.
- 81% agreed that difficulties accessing banking services are a significant barrier to success in the UK.
- 70% found it more likely they would leave the UK due to these challenges.
- 76% resorted to using banks they view as riskier due to high street banks' refusal to offer services.

distributed ledger technology in capital markets infrastructure, focusing on interoperability, governance, and the conditions required for DLT-based systems to integrate with existing market frameworks rather than operate in parallel silos.

Key report highlights include:

- DLT is ready to scale: Institutional adoption is accelerating, with tokenized money market funds and digital bond issuances gaining traction globally.
- Technology-neutral regulation is essential: The Joint Trades emphasize that prudential frameworks must focus on the underlying financial activity and risk, not the technology used. Overly conservative capital treatments for cryptoassets risk pushing innovation outside the regulatory perimeter.
- Legislation and regulation must catch up: Reform needs to keep pace with development of DLT-based finance and market developments.
- DLT enables safer, more efficient markets: Use cases such as collateral management, fixed-income issuance, and fund tokenization demonstrate reduced settlement times, improved liquidity, and enhanced operational resilience.



GDF EIR Heather Goldman, GITEX Digital Assets Forum in Dubai

Market Integrity and Operational Resilience

Building Back Resilience: a roundtable-informed report prompted by one of the largest digital asset exploits to date, drawing together market and security expertise to assess post-incident resilience and practical mitigants.

Stablecoins in the Middle East: a regional roundtable report, convened in partnership with Stablecoin Standard, examining stablecoin use cases and policy considerations in a rapidly evolving market.

Market Infrastructure, Scalability and Interoperability

Joint Trades Report: Impact of DLT in Capital Markets: This report examined the role of

Six priority areas for ecosystem development identified in the report include:

1. Accelerate market development in high-potential asset classes.
2. Clarify legal foundations and align regulatory treatment.
3. Establish interoperability to prevent market fragmentation.
4. Address technical and operational integration gaps.
5. Enable scalable settlement with tokenized money and stable payment instruments.
6. Foster public-private coordination.

Travel Rule implementation (with ADAN and CryptoUK): This joint paper focused on the practical realities of implementing the Travel Rule ahead of the July 2025 deadline, drawing on direct industry experience to identify near-term challenges, transitional issues, and areas where supervisory flexibility would materially support effective compliance.

This paper reflects input from surveyed CASPs across Europe and proposes six clear and actionable recommendations:

1. Extension of the transitional deadline
2. Establishing a permanent public-private Working Group



3. Suggesting a transitional regime to full enforcement of provisions pertaining to the verification of SHWs' ownership
4. Taking a risk-based approach to SHW obligations
5. The EU should support and promote the development of a harmonised and publicly accessible register of licensed VASPs to facilitate basic verification and enhance the risk assessment across jurisdictions, reducing reliance on direct outreach and case-by-case inquiries.

6. Encouraging the NCAs and European Authorities to ensure legal consistency in the application of these rules

We also continued to use short "in brief" readouts and roundtable notes where speed-to-market mattered, complementing longer-form reports with timely synthesis for policymakers and compliance teams.

GDF 2025 INDUSTRY PARTNERS



Events, Webinars, and Member Fixtures and Touchpoints: 86 events delivered in 2025

2025 was an especially active year for community convening. In addition to our Policy & Regulatory engagements, GDF's events program included both GDF-hosted sessions and strategic participation at major ecosystem convenings.

GDF partnered with and spoke at City & Financial global conferences including Digital

Assets Week, Digital Asset Forum (London and Barcelona) Hedgeweek DA Summits (London & New York), Salzburg Global Finance Forum, Japan Fintech Festival, Consensus Hong Kong, Paris Blockchain Week, Point Zero Forum, SIBOS, GITEX DA Forum, ADFW and many, many more!

We continued to partner with our leadership member summit events with Hogan Lovells and DLA Piper, hybrid fixtures attracting hundreds of in-person and virtual delegates.

Our partnership with Fintech.TV saw us hosting many member interviews virtually as well as on the ground at NYSE and at Abu Dhabi Finance Week.

Flagship GDF Fixtures

Tokenization Forum: bi-monthly cadence, the Forum continued to surface the most pressing challenges and opportunities facing tokenization programs worldwide

Digital Payments Forum: provided a central venue for industry, technology providers, and regulators to evaluate the opportunities and constraints of an evolving digital money landscape.

Digital Finance Forum: quarterly cadence (Q1-Q4) as the primary global policy and market update for members and the broader community.

Specialist briefings and roundtables: including late-year mobilization around tokenised collateral and institutional market structure topics.

GDF Senior Leadership Community Dinners were held in Paris, Washington, Singapore and Abu Dhabi. Member and Industry Roundtables

convened in these cities as well as London, Dubai and Zurich.

Webinars

In 2025, we used webinars to deliver timely, implementation-focused insights (particularly where firms needed clarity faster than policy cycles move). Examples include:

Stablecoins in the UK: webinar unpacking the UK’s proposed approach and lessons from MiCA implementation realities.

CARF and CRS 2.0: practical compliance-focused session supporting industry preparation ahead of 2026.

GDF | ACI FMA webinar: scenario development for standards stewardship and applied use cases.

External Ecosystem Presence

GDF maintained an active footprint across key industry weeks and convenings (including London-based and international conferences),



Lawrence Wintermeyer, GDF and Richard Crook Deus X Pay with FINTECH.TV at Abu Dhabi Finance Week



GDF EIR Jannah Patchay at FTT Payments Forum



GDF x W3H Policy Roundtable during Singapore Fintech Festival

2025 EVENT PARTNERSHIPS



GDF Executive Director Elise Soucie Watts at Digital Assets Week California

using those moments to advance member priorities, reinforce credible narratives about responsible adoption, and build bridges with regulators and standard-setters.

Communication and Thought Leadership that Amplified Member Priorities

Across 2025, GDF’s communications strategy continued to emphasize “usable” content: not only announcing outputs, but translating them into key takeaways, regulator-relevant messaging, and member-ready summaries through our site and regular updates. Our newsletters and blog summaries increasingly functioned as a practical briefing layer for busy policy, legal, compliance, and product teams.



GDF EIR, Michael Bacina, at Consensus Hong Kong

Looking ahead to 2026

2025 was a year of delivery, by members, for members. We are grateful to every firm and individual who contributed to working groups, shared operational insight candidly, and helped ensure GDF output remained grounded and community driven.

As we move into 2026, our core commitment remains the same: to keep building the bridges between policy and practice, and to ensure that the next phase of digital finance adoption is not just faster, but safer, more interoperable, and globally scalable for all market participants. ■



GDF Chair & Board Director Lawrence Wintermeyer at Digital Assets Week London

The State of Digital Finance 2025

Global Trends, Highlights & Key Developments

2025 will be remembered as a watershed year for digital finance.

Not because of a single breakthrough or regulatory moment, but because this was the year the industry began delivering results. Stablecoins moved from "interesting experiment" to treasury infrastructure. Tokenisation shifted from pilot programs to production deployments. And the conversation with regulators evolved from "should we allow this?" to "how do we supervise it effectively?"

The coming-of-age moment arrived as large corporates integrating stablecoins into their cash management workflows. Financial institutions building on-chain settlement into their existing rails. And treasury teams discovering they could manage liquidity across borders without pre-funding accounts in every jurisdiction.

At a global level, regulatory and standard-setting bodies continued to shape the direction of travel. GDF engaged actively with international consultations throughout the year, including submissions to IOSCO on neo-broker models, artificial intelligence and investor online safety; to FATF on payments transparency and financial inclusion; to the FSB as part of its peer review

and call for evidence; and to the OECD on remote engagement and policy coordination. These engagements reflected a continued emphasis on aligning global standards with practical market realities, particularly as digital finance increasingly operates across borders, platforms and regulatory perimeters.

Stablecoins: From Digital-Native Experiment to Treasury Infrastructure

The most significant development of 2025 was the momentum of stablecoins within corporate treasury and large financial institutions.

This wasn't the retail speculation story of previous cycles. It was CFOs at Fortune 500 companies recognising that stablecoins could solve real problems in cross-border payments, liquidity management and settlement. It was treasury teams at global banks piloting tokenised money market fund integrations. It was payments companies discovering that on-chain FX could eliminate the pre-funding requirements that had constrained their unit economics for years.

Stablecoins demonstrated clearer product-market fit across multiple use cases: cross-border payments, liquidity management and tokenised



Elise Soucie Watts
Executive Director
GDF



Simon Taylor
Vice Chair
GDF

financial products, particularly in regions with less efficient legacy rails. Policymakers increasingly recognised this shift, focusing attention on reserve quality, governance, transparency and interoperability rather than existential questions about legitimacy.

At the same time, international discussions highlighted the importance of avoiding fragmentation, ensuring mutual recognition, and supporting responsible innovation at scale. The conversation has matured. Regulators are no longer debating whether stablecoins belong in the financial system; they are working through how to supervise them effectively.

Fintech is Back — But Different This Time

More broadly, 2025 reinforced the sense that Fintech is back. But this isn't the 2021 version of "back." This isn't valuations disconnected from fundamentals or growth-at-all-costs strategies.

This is Fintech as a deeply embedded layer within traditional finance. Large technology firms, payments providers and financial institutions continued to integrate digital asset capabilities into existing product suites. Infrastructure-level innovation — tokenised funds, on-chain settlement, programmable payments — moved steadily from pilot to production.

This convergence was accompanied by renewed focus on operational resilience, governance and consumer protection, as markets and regulators alike shifted from experimentation to durability. The companies that thrived in 2025 were those that understood compliance was a feature, not a bug.

Cross-Cutting Challenges: AI, Fraud and Financial Inclusion

Global standard setters also increasingly grappled with cross-cutting challenges that extend beyond any single technology. These included the use of artificial intelligence across financial services, the risks of online fraud and

retail harm, and the need to balance financial inclusion objectives with robust AML/CFT controls.

GDF's global submissions consistently emphasised proportionality, outcomes-based regulation and the importance of distinguishing between different business models, activities and risk profiles within the digital finance ecosystem. Not every crypto company is the same. Not every stablecoin carries the same risk. Regulators are beginning to appreciate this nuance.

The Foundations Are Hardening

Taken together, 2025 can be seen as a year in which the foundations laid in earlier regulatory cycles began to harden into durable frameworks. While differences in national approaches remain, there is growing convergence around core principles: risk-based supervision, functional alignment with traditional finance, and the need for international cooperation to support cross-border markets.

GDF's global engagement throughout the year reflected this shift, positioning the organisation as a constructive bridge between global standard setters, national authorities and market participants as digital finance

continues to mature into a permanent feature of the financial system.

The industry has been building towards this moment for years. The infrastructure is in place. The regulatory frameworks are crystallising. The institutional adoption is accelerating.

2025 was the year digital finance came of age. The question now is who will lead the next phase. ■



POLICY AND REGULATION MEMBER WORKING GROUPS

US Policy & Regulatory Working Group

2025 marked a significant year for digital asset policy in the United States, characterised by renewed legislative momentum, increased coordination across federal authorities, and a clearer tone from the executive branch on the strategic importance of digital assets to financial innovation and market competitiveness. While broader market structure legislation is being finalised in early in 2026, the previous year nevertheless delivered meaningful progress, particularly in relation to stablecoins and regulatory engagement across agencies.

During the year, GDF responded to a number of key US consultations and requests for input, including the [Commodity Futures Trading Commission's request for input on tokenised collateral](#), the [CFTC Crypto Sprint initiative](#), and requests for feedback issued by the U.S. Securities and Exchange Commission taskforce on digital assets. GDF also engaged with the US Senate Banking Committee's [request for information on market structure](#), contributing industry perspectives on regulatory clarity, functional alignment with traditional markets, and the importance of proportionate oversight frameworks that support innovation while addressing market integrity and investor protection.

A central development during the year was the passage of the GENIUS Act, representing the most substantial federal legislative advancement on digital assets to date. The Act establishes a framework for permitted payment stablecoins and permitted payment stablecoin issuers, including 1:1 reserve requirements, a dual state and federal supervisory model, and restrictions on the offering of non-compliant stablecoins to US persons. The legislation set out an ambitious statutory timeline for implementation, and in the year ahead extensive rulemaking across multiple federal agencies will be required. Industry engagement through notice-and-comment processes is expected to play a critical role in shaping the practical operation of the regime.

The GENIUS Act also raised a number of important policy questions that will be further addressed through implementation. These include the treatment of decentralised finance, where legislative carve-outs coexist with unresolved practical questions around issuance, liquidity provision and compliance in permissionless environments; the scope and extraterritorial reach of the framework, particularly in relation to definitions of US persons and offers into the US; and the operation of the foreign recognition and equivalency process, which will be central to

2025 Working Group Chairs



Chen Arad
Co-Founder & CXO
Solidus Labs



Connor O'shea
Head of US Litigation and Regulatory
Binance

enabling cross-border interoperability and global stablecoin markets. Transitional considerations and supervisory sequencing are expected to shape enforcement expectations in the near term, with reciprocity and regulatory coordination playing an increasingly important role.

Throughout the year, the Working Group observed a more coordinated approach across US authorities, with complementary engagement by the SEC, CFTC, Treasury and other agencies reflecting a shared direction of travel. GDF's engagement has focused on supporting this momentum through its experience across other jurisdictions, particularly in relation to cross-border recognition, equivalence frameworks and global liquidity considerations. As US rulemaking progresses, the US Working Group will continue to provide constructive input, drawing on international regulatory developments to support US policymakers in achieving a framework that is robust, interoperable and globally competitive. ■

UK Policy & Regulatory Working Group

2025 marked a particularly intensive and consequential year for digital asset policy in the United Kingdom, with the UK Policy & Regulatory Working Group operating at the centre of a broad and highly active regulatory agenda. As the UK progressed from high-level legislative foundations toward detailed rulemaking and supervisory design, the Working Group focused on ensuring that emerging frameworks support innovation, market integrity and international competitiveness, while remaining practical and proportionate in their application.

Over the course of the year, GDF responded to an extensive set of consultations and discussion papers issued by HM Treasury, the Financial Conduct Authority, and the Law Commission, reflecting the breadth of regulatory reform underway. These included consultations on fund tokenisation (Parts 1 and 2), the application of the FCA Handbook to regulated cryptoasset activities, stablecoin issuance and cryptoasset custody, the proposed prudential regime for cryptoasset firms, the lifting of the ban on retail access to certain cryptoasset exchange-traded notes (cETNs), and multiple discussion papers on regulating cryptoassets, market abuse, admissions and disclosures, and transaction reporting. GDF also

provided joint feedback with industry partners on the draft statutory instrument establishing the future financial services regulatory regime for cryptoassets, alongside responses to HM Treasury’s amendments to the Money Laundering Regulations, cross-cutting reforms under the growth and competitiveness agenda, and the Law Commission’s work on digital assets and electronic trade documents in private international law.

The Working Group played an active role in identifying cross-cutting themes across these consultations, including proportionality between retail and non-retail activity, alignment with international frameworks, outcomes-based rather than overly prescriptive regulation, and the importance of avoiding unnecessary divergence between cryptoasset activities and comparable traditional financial services.

Additionally, the UK’s evolving approach to stablecoin issuance and custody reflected growing regulatory maturity, with increasing clarity on roles, responsibilities and risk management expectations. At the same time, the Working Group highlighted areas where further guidance and calibration will be important, including the interaction between

2025 Working Group Chairs



Stuart Davis
Partner and Chair of FinTech
Latham & Watkins



Raphael Landesmann
Director / Regulatory Counsel
GSR

prudential requirements and business models, the treatment of non-retail firms, and the operational implications of transaction reporting and market abuse frameworks designed for crypto-native markets.

Engagement with HM Treasury formed another key pillar of activity. Through responses to consultations on the Money Laundering Regulations, cross-cutting financial services reforms, and statutory instruments underpinning the future regulatory regime, GDF emphasised the importance of competitiveness, global market access and legal certainty. Throughout the year, the Working Group served as a forum for active dialogue between members, policymakers and regulators, supporting detailed technical input and collective industry engagement.



In addition to formal consultation activity, GDF deepened its collaboration with the Crypto Council for Innovation (CCI) throughout the year, reflecting strong alignment across memberships and shared policy priorities. This included co-hosting a joint policy event on the State of UK Crypto Policy, which brought together regulators, policymakers and industry to assess progress, remaining gaps and the UK's strategic positioning in a rapidly evolving global landscape. Insights from this engagement were captured in a joint report, reinforcing common themes around competitiveness, regulatory clarity and international alignment. The year also saw close coordination between GDF and CCI across multiple joint consultation responses, demonstrating a unified industry voice on key aspects of the UK regulatory framework and supporting constructive dialogue with authorities at a critical stage of policy development.

Overall, 2025 represented a pivotal year in shaping the UK's future cryptoasset regulatory regime. While the volume and rapid pace of legislative development was striking, this did demonstrate a clear commitment by UK authorities to building a comprehensive, credible and innovation-friendly framework. The UK Working Group will continue to support this process by providing constructive, evidence-based input, monitoring implementation as rules

are finalised, and engaging with regulators to ensure that the UK remains a competitive and globally connected hub for digital finance. ■

EU Policy & Regulatory Working Group

The EU Policy & Regulatory Working Group remained highly engaged throughout the year as the focus of regulatory activity shifted from legislative development to the implementation of the Markets in Crypto-Assets Regulation (MiCA) across Member States. Against this backdrop, the Group concentrated on monitoring jurisdiction specific implementation and roll-out, identifying best practices as well as emerging inconsistencies, and engaging with EU institutions and national competent authorities on issues affecting market functionality, competitiveness and cross-border activity.

During the year, GDF submitted responses to a number of key EU-level and national consultations. These included the European Commission consultation on the [integration of EU capital markets](#), where GDF highlighted the importance of ensuring that digital asset markets are fully considered within broader capital markets integration efforts, including the role of tokenisation, cross-border market infrastructure and regulatory coherence. The Group also responded to [ESMA's consultation on knowledge and competence](#) requirements, emphasising proportionality, role-based assessments and the need to reflect the technical and operational

realities of crypto-asset services. In addition, GDF contributed to the joint [ACPR / AMF consultation on decentralised finance and smart contracts](#), providing input on risk-based oversight approaches and the importance of avoiding premature regulatory constraints on evolving technologies.

A central theme throughout the year was the differing pace and approach to MiCA implementation across Member States as authorities moved from legislative agreement into operational delivery. In several jurisdictions, enabling legislation as well as authorisation pathways are still being finalised, with some authorities opting to extend grandfathering periods or adopt phased approaches. While this has in some cases created transitional uncertainty for firms, it also reflects a willingness by supervisors to allow additional time for orderly implementation which is very welcome. Continued coordination and convergence will be important to ensure that MiCA's intended passporting and single market benefits are realised consistently across the EU, particularly as supervisory expectations and cross-border approaches continue to evolve.

2025 Working Group Chairs



John Salmon
Partner Global Regulatory
Hogan Lovells



Nathan Catania
Partner
XReg Consulting

The Working Group also monitored a number of technical and supervisory issues that remain under active discussion at EU level. These include outstanding Regulatory Technical Standards, most notably in relation to the custody of reserve assets for stablecoins, where further clarification on asset composition and custody attribution would provide greater certainty for issuers and custodians. In parallel, overlaps between MiCA and PSD2 have highlighted the need for clearer guidance to reduce duplicative authorisation requirements and operational complexity, while discussions around multi-issuance stablecoin models under MiCA are ongoing and continue to benefit from industry engagement and supervisory dialogue.

In addition, proposals under the market integration package, including discussions around a potential enhanced role for ESMA in the authorisation and supervision of crypto-asset service providers, prompted constructive debate among members. While such proposals raise important questions around governance, proportionality and legal certainty, they also reflect a broader policy objective of strengthening supervisory coordination at EU level. Operational challenges, including access to banking services for crypto firms, remained a recurring theme, underscoring the importance of continued engagement between regulators, banks and market participants to support effective implementation of MiCA in practice.

Overall, the year marked a significant step forward in establishing a comprehensive EU framework for crypto-assets. At the same time, it highlighted the importance of ongoing supervisory dialogue, implementation guidance and cross-Member State coordination to address practical challenges as markets adjust. The EU Working Group will continue to play a constructive role in supporting consistent application, contributing technical expertise to outstanding policy questions, and engaging with EU institutions and national authorities

to ensure that the EU's digital asset framework remains competitive as well as supportive of responsible innovation in digital finance with respect to its position in a rapidly evolving global landscape. ■

Middle East & Africa (MEA) Policy & Regulatory Working Group

2025 Working Group Chairs



Abdallah Mukalled
Senior Policy Manager
Ripple



Akos Erze
Director of Public Policy
BitOasis

The Middle East and Africa (MEA) Policy & Regulatory Working Group experienced a particularly active year, reflecting the region’s growing regulatory momentum and increasing engagement with digital asset market infrastructure, stablecoins, tokenisation and cross-border regulatory coordination. While growth across parts of the region has been varied depending on specific jurisdictional priorities, regulatory progress and supervisory clarity have emerged as defining features of the year, positioning MEA as an increasingly important contributor to global digital asset policy development.

During the year, GDF responded to a broad set of consultations across both the Middle East and Africa, supporting authorities as they designed, refined or expanded their digital asset frameworks. In Africa, this included engagement with [Kenya’s draft National Policy on Virtual Assets](#) and the accompanying Virtual Asset Service Providers Bill, where GDF provided input on licensing models, supervisory coordination, and the importance of proportional AML/CFT and consumer protection requirements to support innovation while safeguarding market integrity. In the Middle East, GDF submitted

responses to multiple consultations led by the Abu Dhabi Global Market’s Financial Services Regulatory Authority, including [amendments to the Digital Assets Regulatory Framework](#), updates to their [framework for fiat-referenced tokens](#), and proposals relating to the [staking of virtual assets](#). Additional submissions were made to the Dubai Financial Services Authority on their proposed enhancements to their regime on the [regulation of crypto tokens](#), to the Securities and Commodities Authority on [federal virtual asset regulations](#), and to the Jordan Securities Commission on the [proposed licensing framework for virtual asset service providers](#). GDF also responded to the UAE Ministry of Finance [consultation on the implementation of the OECD Crypto-Asset Reporting Framework \(CARF\)](#), reflecting the growing intersection between tax transparency, data reporting and digital asset regulation.

A notable feature of the year was the breadth of regulatory progress across both maturing and emerging markets. In the Gulf, jurisdictions such as the UAE and Bahrain continued to refine already sophisticated regulatory regimes, introducing or expanding frameworks for stablecoin issuance, fiat-referenced tokens,

tokenisation and regulated market activity. At the same time, significant advances were made in emerging and previously conservative markets. Jordan progressed toward establishing a comprehensive licensing framework for virtual asset service providers, supported by engagement with international stakeholders, while Kenya moved forward with formal legislative recognition of virtual assets and supervisory oversight. These developments reflect a broader regional shift toward regulatory inclusion and structured market participation, rather than prohibition or informal activity.

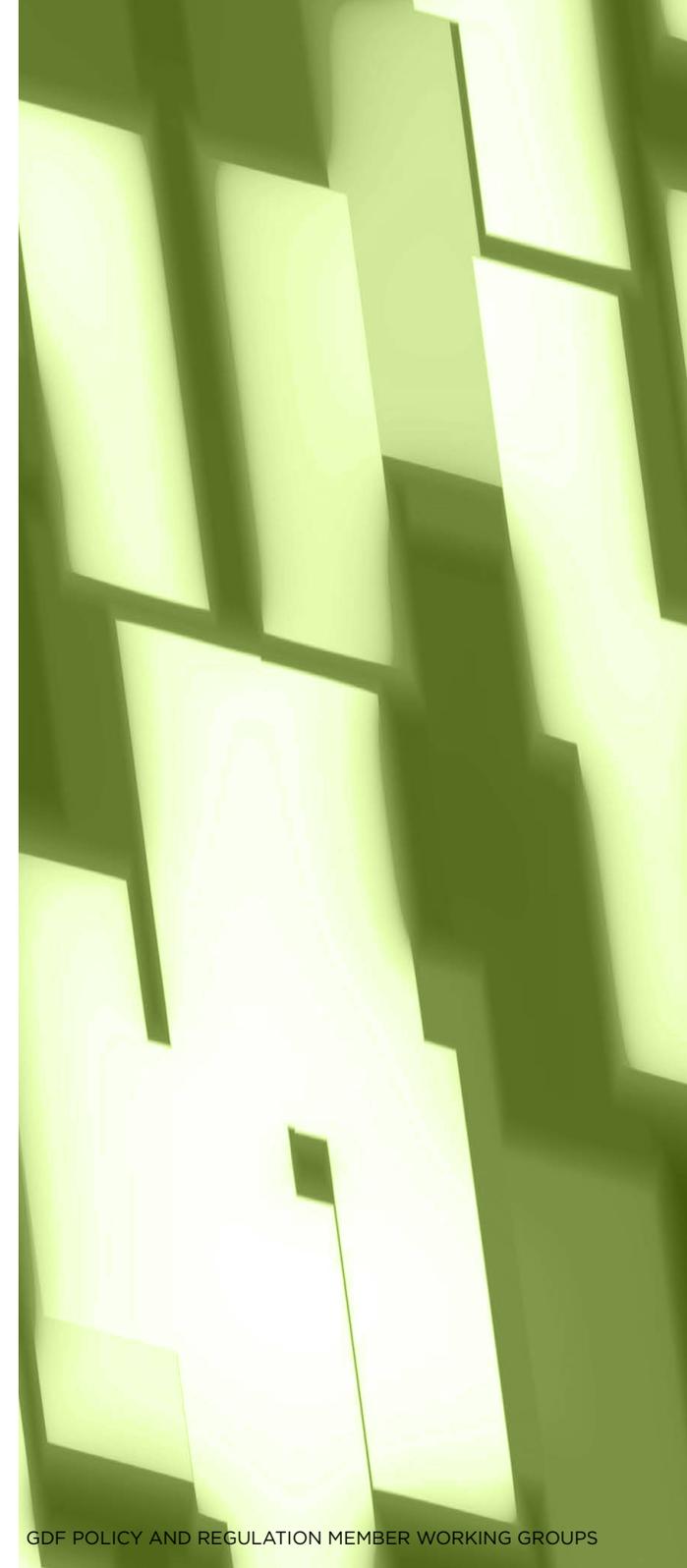
Across the Middle East, 2025 also saw increased focus on stablecoins and tokenised market infrastructure. Federal and local authorities in the UAE advanced complementary frameworks governing virtual asset issuance and regulated use cases, while free zones such as ADGM continued to build out detailed regimes for fiat-

referenced tokens and their use in regulated activities. Tokenisation initiatives, including pilots linked to real-world assets, further underscored the region's emphasis on practical experimentation within regulated environments. Alongside this, regulators increased attention on AML/CFT expectations and enforcement, signalling a maturing supervisory approach and reinforcing the credibility of the region's frameworks.

In parallel to formal consultation responses, GDF maintained a strong on-the-ground presence across MEA through a series of in-person convenings and targeted regulatory touchpoints. These included policy discussions and roundtables on operational resilience following the [Bybit hack](#), a roundtable [stablecoins in the Middle East](#), and a joint event co-hosted with VARA on [the future of real-world asset tokenisation](#). These forums provided valuable opportunities for regulators and industry participants to exchange views on emerging risks, implementation challenges and evolving use cases, and helped ensure that policy discussions were informed by real-world market experience.

Overall, 2025 marked a year of meaningful progress for digital asset regulation across the MEA region. While differences in market maturity and adoption remain, the pace and seriousness of regulatory development highlight a shared

commitment to building credible, proportionate and forward-looking frameworks. The MEA Working Group will continue to support this momentum by facilitating dialogue, providing technical input, and fostering alignment with international standards, ensuring that the region remains well positioned to support responsible innovation and cross-border market activity in the years ahead. ■



GDF X W3H Joint APAC Working Group

Throughout the year, the APAC Policy & Regulatory Working Group remained a highly active forum for regulatory engagement, cross-border coordination, and industry input into fast-evolving digital asset frameworks across the region. Building on its established partnership with Web3 Harbour (W3H), the group continued to convene market participants, policymakers and regulators to support proportionate, interoperable and risk-based regulatory outcomes.

A core focus for the Working Group in 2025 was responding to a growing number of formal consultations across key APAC jurisdictions. GDF and W3H, jointly (as well as individually) submitted responses to several consultations including [ASIC's INFO225](#) on cryptoasset classification and regulatory perimeter issues in Australia; the Monetary Authority of Singapore's [proposed amendments to AML/CFT Notices and Guidelines](#); the Taiwan Financial Supervisory Commission's announcement [preview of the Virtual Asset Services Act](#); and two consultations in Hong Kong covering the proposed legislative frameworks for [virtual asset dealing](#) and [virtual asset custodian services](#). These submissions reflected consistent themes

raised by members across the region, including the need for clarity on scope and definitions, alignment with international standards, proportionality in compliance expectations, and practical implementation timelines that support institutional participation.

Across the region, 2025 was characterised by a clear shift from high-level policy design toward implementation, market readiness and cross-border coordination. Key themes discussed through the Working Group and regional roundtables included improving regulatory clarity to support institutional participation, strengthening banking connectivity and the reliability of fiat on- and off-ramps, and advancing practical standards for custody segregation, operational resilience and issuer reassurance. Members and regulators also focused on the growing importance of cross-border recognition and reciprocity, particularly as licensing regimes mature at different speeds across APAC jurisdictions. Alongside this, there was increased attention on stablecoin governance, reserve transparency and attestation frameworks, as well as the role of public-private pilots in testing tokenised market infrastructure and wholesale use cases. Collectively, these

2025 Working Group Chairs



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Co-Founder & CEO
Terminal 3



Dea Markova
Director of Policy
Fireblocks



Steve McWhirter
Global Policy Lead
Binance

discussions reflected a region increasingly focused on practical delivery, interoperability and responsible scaling of digital asset markets into 2026.

Additionally, the Working Group expanded its approach to regulatory engagement by commencing the submission of native-language responses alongside English versions in selected jurisdictions. This marked an important step in deepening engagement with local authorities, supporting clearer dialogue, and ensuring that technical feedback is accessible within domestic policymaking processes. This approach was particularly well received by members operating across multiple APAC markets and is expected to be further developed in the coming year.

Engagement levels across the Working Group remained consistently high, with strong participation from members in drafting groups, consultation reviews and regional discussions. The Group also served as a platform for broader reflection on regional policy developments, including licensing regimes, AML/CFT expectations, custody and operational resilience standards, and emerging approaches to cross-border recognition and reciprocity. These themes were explored in dedicated roundtables and policy discussions convened during the year, which brought together regulators and industry leaders to assess practical progress, remaining gaps, and priorities for 2026.

As regulatory frameworks across APAC continue to mature, the Working Group has reinforced its role as a constructive, regionally grounded channel for industry feedback, while ensuring alignment with global policy discussions led through GDF's wider international network. Looking ahead, the Group will continue to prioritise coordinated engagement, practical implementation insights, and cross-jurisdictional dialogue to support responsible innovation and institutional adoption across the APAC digital asset ecosystem. ■

2025 Digital Finance Forum



Nicole Sandler
Executive In Residence
GDF

In 2025, the GDF Digital Finance Forum consolidated its role as a global convening platform for policy, regulation, and market infrastructure at a time when digital finance moved decisively into institutional deployment. Across the year, Forum activity reflected the transition from regulatory design to operational execution, with jurisdictions implementing stablecoin regimes, market structure rules, custody standards and tokenisation frameworks at scale.

The Forum’s quarterly global meetings and regional working groups created a continuous channel between policymakers and industry across the UK, EU, US, APAC and the Middle East. This ensured that regulatory developments were assessed not in isolation, but through their impact on liquidity, settlement, custody, payments and cross-border market access.

In the US, 2025 marked a turning point in federal engagement with digital assets. The enactment of the GENIUS Act established a federal stablecoin framework, while parallel market structure legislation clarified the regulatory perimeter for crypto-assets and trading platforms. The establishment of a dedicated SEC Crypto Task Force, alongside the White

House Digital Assets Working Group, provided new mechanisms for regulatory coordination and industry dialogue. Forum sessions examined how these changes would shape institutional participation, banking access, and on-chain settlement models.

In the EU, the full implementation of MiCA and DORA brought regulatory certainty but also introduced new operational complexity. Forum discussions focused on passporting, custody authorisations, anti-money laundering (AML) alignment and the interaction between crypto-

Digital Finance Forum-2025 in Review

 Max Bernt Taxbit	 Reagan Cook Taxbit	 Stuart Davis Latham & Watkins	 Akos Erzse BitOasis	 Zach Fallon Latham & Watkins	 Lex Fisun Global Ledger	 Peter Goodrich FSB	 Lauren Ho Global Digital Finance	 Mustafa Kanchwala Deloitte	 Peter Kerstens European Commission
 Azmina Keshani Zodia Custody	 Gabriel Lakeman Latham & Watkins	 Raphael Landesmann GSR	 Elsa Madrolle VerifyVASP	 Sam Maxson Latham & Watkins	 Steven McWhirter Binance	 Abdallah Mukalled Ripple	 Connor O'Shea Binance	 Matthew Osbourne Ripple	 Will Paul Block
 Colin Payne FCA	 John Salmon Hogan Lovells	 Nicole Sandler Global Digital Finance	 Elise Soucie Watts Global Digital Finance	 Caren Tso Ripple	 Elle Tzvetinova Eunice	 Bryony Widdup Hogan Lovells	 Stephen Wink Latham & Watkins	 Elizabeth Wong SFC	

asset regulation and broader financial market infrastructure. Particular attention was given to how MiCA would interact with tokenised securities, payment tokens and the Digital Operational Resilience Act as firms transitioned from transitional regimes into full compliance.

The UK remained a focal point for the Forum in 2025 as the Government advanced its ambition to position the country as a global hub for tokenisation and digital market infrastructure. The Digital Securities Sandbox (DSS) moved into live operation, and the announcement of a Digital Gilt Instrument (DIGIT) provided a practical demonstration of government commitment to DLT-based issuance. Alongside this, the FCA's cryptoasset roadmap and HM Treasury's draft legislation signalled the desire to transition from consultation to implementation which we expect to see further develop in 2026. Forum engagement ensured industry input into stablecoin, custody, staking and market conduct rules.

Across APAC, regulatory frameworks matured. Singapore's stablecoin regime entered full operation, Hong Kong launched its licensing framework for stablecoin issuers and custodians, and Japan and South Korea progressed institutional market structures for tokenised securities and digital assets. Forum working groups provided regulators with feedback on custody segregation, issuer governance,

and cross-border settlement, helping to align regulatory intent with market reality.

The Middle East continued to emerge as a centre for digital finance innovation. The UAE, through VARA and the ADGM, deepened its focus on tokenisation, stablecoins and institutional market infrastructure, while Saudi Arabia, Bahrain and Qatar expanded frameworks for digital asset activity. In Africa, stablecoins and tokenised payment rails became increasingly important for trade, remittances and financial inclusion, and Forum sessions reflected the need for proportionate, risk-based regulation in these markets.

A defining theme of the Forum in 2025 was the convergence of digital assets and traditional financial market infrastructure. Tokenised bonds, funds, deposits and commodities moved from pilots into early production, increasing the importance of custody, settlement and interoperability. The Forum served as a venue for aligning regulators, financial institutions and infrastructure providers on how digital financial market infrastructure (dFMI) should evolve to support liquidity, resilience and systemic stability. Stablecoins and tokenised money were central to this agenda. As jurisdictions rolled out regulatory regimes for fiat-backed stablecoins, Forum discussions focused on reserve standards, issuer governance, redemption rights and their role in on-chain settlement. Members also explored

the interaction between stablecoins, tokenised deposits and wholesale CBDCs, particularly in the context of cross-border payments and delivery-versus-payment mechanisms.

Throughout the year, the Forum maintained strong engagement with global standard setters, including IOSCO, the FSB and FATF. Travel Rule implementation, market integrity, custody controls and financial crime compliance remained core topics, as firms moved from regulatory interpretation into operational execution. The Forum provided a mechanism for translating global standards into workable industry practices.

Looking ahead, 2025 has marked the start of a new phase for digital finance. With some regulatory frameworks forming or in place across leading jurisdictions, the focus is shifting to scale, interoperability and financial market integration. The GDF Digital Finance Forum will continue to provide the platform for this transition, ensuring that policymakers and industry work together to build a safe, efficient and globally connected digital financial system. ■

GLOBAL AGENCY INSIGHTS

International Organization of Securities Commissions (IOSCO)'s contribution to the 2025 Annual Report of Global Digital Finance (GDF)



Jean-Paul Servais

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Structural changes driven by technological shifts like Artificial Intelligence, tokenisation, distributed ledger technologies, and emerging computing capabilities are reshaping financial markets in ways that are directly relevant to IOSCO's mandate on investor protection, market integrity, and financial stability. Within this landscape, developments in crypto and digital asset markets are of particular relevance as they introduce new cross-border regulatory, supervisory, and risk considerations for financial regulators.

The importance of the role played by standard-setting bodies and IOSCO cannot be overemphasized in these times, characterised by a complex and ever-evolving geopolitical landscape. IOSCO serves as a bridge-builder to provide global solutions to global challenges to financial markets. In 2025, our principles-based regulatory approach has continued to ensure that financial developments and innovation are met with a coherent, proportionate and high-quality regulatory response; for instance:

- When it comes to crypto and digital assets, we have moved in 2025 beyond designing

global regulatory recommendations to a phase of active implementation.

- We have also advanced our shared vision for the future of digital finance, with the publication of reports that underscored the adoption of Artificial Intelligence technology in finance.
- We have also published a first report on the use cases of tokenisation of financial assets across jurisdictions.

Strengthening global consistency in Crypto-Assets

In 2023, IOSCO approved a set of 16 recommendations for the regulation of Crypto and Digital Assets to support greater consistency with respect to regulatory frameworks and oversight in IOSCO member jurisdictions, to address concerns relating to market integrity and investor protection arising from crypto-asset activities.

A major milestone for IOSCO in 2025 was the publication of a [Thematic Review](#) that assessed the implementation of the IOSCO recommendations. Conducted in close

collaboration with the Financial Stability Board's own implementation review, both reviews were published on the same day in October. With a focus on investor protection and market integrity, the IOSCO review examined how twenty jurisdictions have implemented key aspects of IOSCO's 2023 Policy Recommendations for Crypto and Digital Asset Markets. The report provides a representative overview of the state of their global adoption.

We found significant progress in the integration of IOSCO's recommendations into national frameworks. Jurisdictions from both advanced and emerging economies are actively considering our recommendations on governance, custody, cross-border cooperation, and market integrity in the design of their jurisdictional frameworks. This high level of engagement demonstrates a collective commitment to the "same activity, same risk, same regulatory outcome" principle, which is essential for reducing market fragmentation and supporting responsible innovation. The review concludes that, despite rapid regulatory developments, the fast-evolving crypto-asset ecosystem continues to pose risks to investor

protection and market integrity. It therefore calls on jurisdictions to actively monitor existing and emerging risks and to fully implement the CDA Policy Recommendations as early as possible and in line with their legal systems. In support of these efforts, IOSCO intends to strengthen its capacity-building program to promote knowledge sharing and assist jurisdictions in their implementation processes.

Tokenization use cases

In November 2025, IOSCO released a [report](#) on the Tokenization of Financial Assets. We see tokenization not as a separate market, but as a technological evolution of traditional finance. By enabling fractional ownership and 24/7 settlement, tokenization is poised to modernize fixed-income and money market instruments.

The Report seeks to build a shared understanding among IOSCO members of how tokenization is being adopted across capital markets and how regulators are responding. It examines potential implications for market integrity and investor protection to guide members in shaping effective regulatory responses. It finds that tokenization is growing but still nascent, that efficiency gains are uneven, and that risks are familiar but evolving.

One of the conclusions of the report is that the majority of risks arising from the observed

use cases of tokenization fall into existing risk types that market participants are accustomed to managing. However, the manifestation of vulnerabilities and risks that are unique to the technology itself may require the introduction of new or additional controls.

Our technology-neutral, principles-based and outcomes-neutral recommendations for DeFi and crypto and digital assets provide useful considerations that are relevant to tokenized products. IOSCO members may consider the applicability of these standards taking into consideration their legal framework and domestic contexts.

Artificial Intelligence

In March 2025, IOSCO published its comprehensive analysis of [Artificial Intelligence in Capital Markets](#). The report shows that market participants are increasingly leveraging AI for sophisticated data analytics and operational resilience. In the ongoing second phase of the work, we are focusing more specifically on the disclosures and reporting of the use of AI systems in financial products and services by market participants as well as on market participants' governance around the use of AI systems in financial products and services. For regulators, "SupTech" tools have also become central to the thinking of many financial market regulators worldwide, with a lot of attention being paid to ways to harness

technology such as AI or advanced data analytics for supervisory purposes.

A Forward-Looking Agenda

As we look to 2026, IOSCO will strengthen its focus on vulnerability assessment and implementation efforts including capacity building. Our work will be increasingly informed by market developments through strengthened assessment capabilities to monitor the pulse of financial markets as well as technological and regulatory developments globally.

As part of our strengthened focus toward implementation, we will devote attention to ensuring that IOSCO's 130 member jurisdictions have the tools and knowledge to apply our global standards. In conclusion, IOSCO and our global partners remain committed to providing a stable, transparent, and innovative environment for capital markets. ■

Beyond Borders

Why Uneven Crypto Oversight Threatens Financial Stability

The rapid expansion of crypto-asset markets and their growing integration with traditional finance have created both opportunities and significant risks for the global financial system. These developments demand urgent and coordinated action.

The Financial Stability Board (FSB) has been at the forefront of efforts to address these challenges, providing a global regulatory framework for crypto-assets and global stablecoin arrangements. The recently published *Thematic Review on the FSB Global Regulatory Framework for Crypto-asset Activities* evaluates jurisdictions' progress in implementing these recommendations. Markets and regulation are evolving rapidly; point-in-time assessments are inevitably a moving target. Nevertheless, the peer review's central conclusion is clear: implementation remains incomplete, uneven, and inconsistent. Critical gaps remain and stronger international cooperation is needed. Jurisdictions and international standard setters, including the FSB, should prioritise implementation, including beyond FSB jurisdictions.

Of the 29 jurisdictions reviewed (counting the EU and its member states as one jurisdiction), only 11 have finalised regulatory frameworks

for crypto-assets, and just five have done so for stablecoins. Participation extended beyond FSB members, but notable absences remain, particularly of some small jurisdictions that are home to some larger crypto asset services providers that may face challenges to regulate them effectively. This underscores the need for implementation beyond the FSB's membership to mitigate regulatory arbitrage.

Among jurisdictions with more advanced implementation, gaps remain in fully aligning with the FSB recommendations. This fragmented approach creates risks to financial stability and opportunities for regulatory arbitrage, as crypto-asset service providers (CASPs) and stablecoin issuers seek to operate in jurisdictions with less stringent regulations. Key gaps persist in the regulation of high-risk activities such as borrowing, lending, and margin trading, which amplify financial stability risks through leverage and liquidity mismatches. Even in jurisdictions with finalised frameworks, supervision and enforcement efforts lag behind, undermining the effectiveness of regulatory measures.

There is, however, also reason for optimism: many jurisdictions are bringing regulatory clarity to this area, and interest from non-members has



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been strong. Importantly, despite rapid market evolution, the FSB recommendations remain fit for purpose.

Among stablecoin frameworks, the EU and Hong Kong were the only jurisdictions where no gaps were identified relative to the FSB's *High-level Recommendations of the Regulation, Supervision and Oversight of Global Stablecoin Arrangements* (GSC recommendations). The US GENIUS Act is a positive development, though detailed rulemaking is still underway.

The global nature of crypto-assets and stablecoins compounds implementation challenges. Many CASPs and stablecoin arrangements operate across multiple jurisdictions, creating risks of regulatory arbitrage, liquidity mismatches, and operational complexity.

Multi-jurisdictional stablecoins, issued by the same or affiliated entities across different countries, exemplify these risks. Variations in regulatory requirements for reserve management, redemption timelines, and disclosure standards exacerbate operational and liquidity challenges. During periods of stress, users may favour jurisdictions with shorter redemption periods and lower fees, creating uneven risk-sharing and liquidity pressures for issuers. In some arrangements, each co-issuer may be liable for the entire stock of tokens while holding only a fraction of the consolidated reserves, intensifying liquidity risk. Differing redemption timelines and fee structures further concentrate redemption pressure. These inconsistencies not only undermine the soundness of stablecoin arrangements but also complicate comprehensive regulatory oversight.

The report identifies another critical shortcoming: the lack of comprehensive regulatory reporting. Many jurisdictions have yet to establish robust reporting requirements for CASPs and stablecoin issuers, forcing authorities to rely on fragmented and incomplete data from commercial providers and surveys. These data gaps hinder effective monitoring of systemic risks and weaken regulators' ability to enforce compliance. Fragmentation and inconsistency in reporting also undermine the comparability of data across jurisdictions, further complicating the assessment of financial stability risks.

Addressing these deficiencies is essential for safeguarding financial stability and ensuring the integrity of the global financial system.

Cross-border cooperation is a cornerstone of the FSB's recommendations. Crypto-assets and stablecoins are inherently borderless, and without strong international coordination, the risk of a fragmented regulatory landscape increases. Existing mechanisms, such as the IOSCO Multilateral Memorandum of Understanding (MMoU), provide a foundation for enforcement and licensing, but they are insufficient to address broader supervisory objectives or financial stability monitoring in global crypto-asset markets. Jurisdictions should strengthen cooperation frameworks, particularly to address the risks associated with multi-jurisdictional stablecoins and other cross-border crypto-asset activities.

The FSB's recommendations provide a clear roadmap for addressing these challenges. Jurisdictions are urged to accelerate the full and consistent implementation of the FSB's crypto-asset and stablecoin frameworks. This includes closing regulatory gaps, particularly for high-risk CASP activities, and developing tailored frameworks for stablecoins that include robust risk management, capital buffers, and recovery and resolution planning. Enhancing data collection and reporting is equally critical, enabling authorities to monitor financial and

non-financial risks effectively. Furthermore, cross-border coordination must be strengthened to ensure that no jurisdiction becomes a weak link in the global regulatory chain.

While vulnerabilities from crypto-assets appear limited today, this will not remain the case if these markets continue to grow and integrate further into traditional finance. The risks are clear: liquidity pressures, leverage risks, and the potential for systemic shocks originating in the crypto-asset ecosystem to spill over into the broader financial system. The FSB will continue to closely monitor and assess the vulnerabilities associated with stablecoins, particularly those related to multi-jurisdictional issuances, as part of its ongoing supervisory and regulatory efforts.

There is an increasingly widespread view that crypto-assets and stablecoins hold the potential to transform finance, offering benefits such as faster and cheaper cross-border payments and new opportunities for innovation. Whether or not that proves true, these benefits can only be realised if the risks are managed effectively. The FSB's recommendations provide a comprehensive and actionable roadmap for doing so. Policymakers, regulators, and industry stakeholders must prioritise their implementation to ensure that the global financial system remains resilient in the face of rapid technological change. The time for action is now. ■

Harnessing Technological Opportunities Through Responsible Innovation to Strengthen the Integrity of the International Financial System



Violaine Clerc
Executive Secretary
Financial Action Task Force

The virtual asset sector is evolving faster than ever. This of course brings new opportunities, with the [International Monetary Fund](#) recently highlighting the great potential stablecoins have in terms of offering faster and cheaper payment alternatives for businesses, or families depending on remittances.

To achieve this potential, any fast-paced technological innovation demands strong governance that prevents criminal abuse and protects consumers.

Unfortunately, virtual assets are more and more misused as channels for financial crime, with criminals including terrorists relying on them to raise, move and spend funds. Our latest [targeted update](#) on implementation of the FATF Standards on Virtual Assets highlighted an increased use of virtual assets in fraud and investment scams, driven by the professionalisation of scam networks. This is particularly concerning given nearly 90% of countries assessed by the FATF Global Network identify fraud as a major predicate offence in their national risk assessments.

Stablecoins are not an exception – in fact, industry experts estimate most on-chain illicit activity now involves stablecoins. Illicit actors using stablecoins leverage anonymity-enhancing tools and dormant virtual asset service provider (VASP) accounts for layering.

In light of this, it is essential that countries and the private sector harness the opportunities of technology through responsible innovation. Even if technology increasingly enables money to move across borders in seconds, the risks should not.

This means ensuring that new products embed anti-money laundering (AML)-by-Design. We have seen multiple successful cases of stablecoin issuers working together to offer virtual assets and stablecoins with embedded freezing or monitoring capabilities that help to identify and mitigate illicit finance risks.

Countries and the private sector also need to ensure they are assessing and understanding risks related to new developments, such as the growth of stablecoins and De-Fi, and allocating resources to the areas where threats

and vulnerabilities are higher. This is crucial to implementing a proper Risk-Based Approach.

To support countries, the amended FATF Recommendation 15 requires that VASPs be regulated for anti-money laundering and countering the financing of terrorism purposes, that they be licensed or registered, and subject to effective systems for monitoring or supervision. Through FATF peer review mutual evaluations and our regular targeted updates, countries around the world hold each other to account for effective implementation of Recommendation 15, to help strengthen integrity of the international financial system.

Global implementation continues to lag overall, even if materially important VASP jurisdictions (MIVAs), representing 98% of the global market, show steady improvement.

The FATF reached a key milestone last year, by strengthening our Recommendation on payment transparency, known as the Travel Rule in the context of virtual assets. The Travel Rule requires VASPs and financial institutions to obtain, hold, and transmit specific originator and beneficiary

information immediately and securely when transferring virtual assets.

Our latest targeted update showed that a total of 85 jurisdictions have implemented the Travel Rule for virtual assets – a positive increase from last year’s 65, but there remains work to do.

And as well as adopting stronger legislation, countries need to ensure that they’re supervising the rules effectively. To support this, the FATF released new [Best Practices on Travel Rule Supervision](#) last year. The report includes case studies and examples from around the world that jurisdictions can take into consideration when developing their supervisory framework.

To further support implementation, the FATF’s 2025 Virtual Assets Contact Group symposium last month, which brought together up to 450 public sector representatives, highlighted the need for stronger cross-border supervision, particularly in responding to challenges linked to offshore VASPs – those created in one jurisdiction but operating in another. This means that additional efforts are required to ensure effective implementation of FATF’s dedicated recommendation around the world and facilitate international cooperation which is crucial in this area.

The FATF will continue to support countries implementing effective measures that prevent

abuses by criminals. This includes a report identifying emerging risks associated with stablecoins and unhosted wallets, clarifying how the FATF Standards apply to entities involved in stablecoin arrangements, and sharing good practices on how to mitigate those risks among relevant private and public sector stakeholders. Ongoing work also includes analysis on the risks posed by offshore VASPs and the emerging supervisory practices to address them, an area where strong international cooperation is essential.

Innovation in finance does not have to be synonymous with new risks. But with the virtual asset landscape growing at a rapid speed, governance must keep pace to ensure it remains safe, accountable and protected against misuse.

This requires countries and the private sector working closely together, including through public-private partnerships, to assess, understand and mitigate risks.

Virtual assets are borderless, meaning regulatory failures in one jurisdiction can have global consequences. So we need everyone on board to close the loopholes that criminals seek to exploit. ■



Enabling Payments Innovation in a Multi-Money Ecosystem



Sarah Breeden
Deputy Governor, Financial Stability
Bank of England

Driving innovation in payments has long been a priority for the Bank of England. This includes enabling the responsible adoption of tokenisation and distributed ledger technology (DLT) in real-world payments – to harness their potential cost and functionality benefits for households, businesses and financial markets.

To do that, we are building the hard infrastructure (technology systems) and soft infrastructure (rules and standards), while convening and coordinating the financial sector.

In wholesale financial markets, the Bank and Financial Conduct Authority (FCA) launched the Digital Securities Sandbox last year. This enables the private sector to set up live trading venues and settlement systems for tokenised securities, both in sterling and foreign currencies. Sixteen firms are preparing with us to launch these venues early as next year.

One key priority is ensuring the availability of settlement assets with the safety and functionality required to act as money in tokenised wholesale transactions.

Market participants and international standards have long recognised the benefits for market

liquidity and financial stability from settling transactions across accounts at the central bank.

The Bank's upgraded wholesale payments infrastructure supports settlement using a tokenised representation of central bank money. A payment system of this kind is already operational in the UK. Next year, the Bank will launch the Synchronisation Lab, allowing firms to test real-world use cases for fully integrating central bank money with wholesale tokenised transactions, before full production deployment. The Bank is also experimenting with tokenising central bank money itself on a distributed ledger, known as wholesale central bank digital currency (CBDC).

However, central bank money is not needed for all wholesale settlement today, and privately issued settlement assets will continue to play a role. We are working to expand the range of settlement assets in the Digital Securities Sandbox to include not just tokenised deposits but also regulated stablecoins.

In retail payments, the Bank's vision is a 'multi-money' system, offering users greater choice: traditional bank deposits, tokenised bank deposits, tokenised money issued by non-banks

(stablecoins), and potentially a digital version of banknotes (retail CBDC, where conclusions from our current phase of work will be published next year).

For commercial bank money, the Bank clarified two years ago how deposit-taking entities can issue digital money as tokenised deposits. We are also leading with industry the design of the UK's next-generation retail payments infrastructure, aiming for seamless interoperability between different banks' tokenised deposits and also other forms of money.

For stablecoins, we are enabling these to be used for real-world retail and wholesale payments. Legislation in 2023 gave the Bank authority to regulate 'systemic' stablecoins alongside the FCA, while the FCA regulates non-systemic stablecoins. Both authorities have consulted on regulatory regimes this year, and will finalise rules next year, in parallel with US regulators following the GENIUS Act.

Currently, stablecoins are mainly used for crypto trading, which poses limited risks to UK financial stability. These coins will be regulated solely by the FCA. The Bank's systemic stablecoin regime

is designed for coins used as money in the economy, aiming for robustness equivalent to traditional bank-issued money.

The Bank will offer systemic stablecoins the means to achieve this robustness. We'll offer issuers accounts to hold at least 40% of their backing assets, ensuring timely redemptions. Unlike other jurisdictions, where stablecoins rely on competitor banks for accounts, the Bank of England will act as banker to systemic issuers, reducing financial stability risks from interconnectedness between banks and stablecoins.

The Bank is also considering a liquidity facility to backstop solvent systemic stablecoin issuers' ability to monetise the up to 60% of their backing assets they could hold in short-term UK government debt.

Our regime would also require robust legal claims on the issuer for the holders, same-day redemption, and direct access by stablecoins to payment systems – all to support frictionless exchange between different forms of money, as we have today.

Finally, to manage the financial system's transition to use of stablecoins as money, we are proposing temporary holding limits per systemic stablecoin: £20,000 per individual and £10 million per business, with exceptions for

large businesses (eg supermarkets). These limits would not apply to stablecoins used to settle wholesale transactions in the Digital Securities Sandbox, where aggregate limits already apply. Our aim is to avoid a precipitous drop in credit to the economy from significant and rapid outflows from deposits into stablecoins, though we welcome feedback on how best to achieve this. This is crucial in the UK where banks provide 85% of household credit, compared to 30-40% in the US, and where unlike in the EU, systemic stablecoin backing assets cannot be held at banks.

We would remove the limits once we see that the transition no longer threatens the provision of finance to the economy.

Tokenisation holds much potential for retail and wholesale financial services. The Bank is committed to enabling its responsible adoption, and we are modernising our own infrastructure, regulation and convening role to do so. ■

EU's Next Chapter in DLT-based Market Structure



John Berrigan
Director-General Financial Stability,
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European Commission

2025 has been an active year for the Commission's financial services policy work, with progress on the Savings and Investments Union (SIU) being front and centre. Mobilising EU citizens' savings so they can better meet the investment needs of our economy in these challenging times is a priority. An important pillar of advancing the SIU is a well-integrated market infrastructure capable of moving assets and money within our capital markets and between their market participants efficiently and at low-costs. Technology has always played a vital part in providing greater efficiency and better connectivity within capital markets. And the Commission recognises that role by proactively providing 'rules of the road' for emerging technologies. We acted early with MiCA and the DLT Pilot Regulation (DLTPR) because we recognised the potential efficiencies promised by digital assets and the use of DLT.

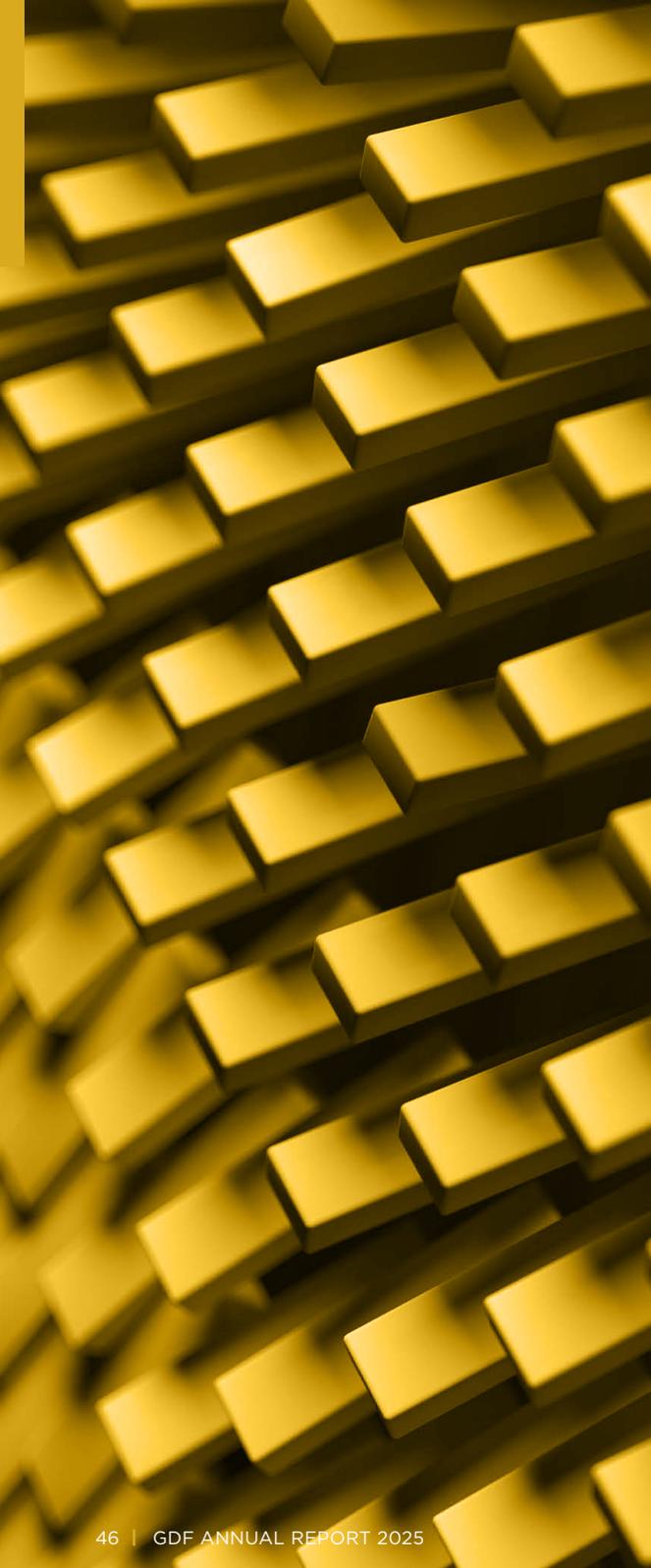
Distributed ledgers are shared, programmable platforms capable of representing and transferring digital assets and hosting financial applications. Because of their sharedness and common IT infrastructure, they can help foster a more open and better-integrated financial ecosystem. If properly harnessed, distributed ledgers can help reduce the fragmentation

that currently exists in our capital markets, introduce efficiencies, and underpin novel services. Mindful of these benefits, in December 2025, the Commission decided to propose a number of DLT-related changes to the financial services rulebook as part of the wider Market Integration Package aimed at advancing the SIU. These changes relate to the Central Securities Depositories Regulation (CSDR) and the DLTPR and put innovation at the core of the comprehensive SIU package. Taken together, these changes demonstrate a two-pronged DLT strategy by the Commission. Firstly, we want to make sure that market infrastructures that want stable rules without any limitations to their activity face an updated CSDR that explicitly takes DLT and its specificities into account, leading to greater legal certainty for those businesses. Secondly, we want to tap into the innovation potential of the industry - which is increasingly interested in using DLT - by making the Pilot bigger and more flexible. I will focus on the Pilot because it underscores well the Commission's policy commitment to innovation.

The Pilot was always meant to be a testing ground for novel business models that try to maximize the advantages of DLT, under close supervision by the regulators and subject to

activity thresholds. However, with six approved applicants over three years of its application, and equipped with a lot of constructive feedback from the industry and our supervisors, we knew we could and should do better. At a high level, our blueprint was clear - we wanted to make the Pilot bigger and more flexible, while retaining robust regulatory and supervisory safeguards.

Concretely, our proposal removes the explicit time limitations of the Pilot, which would now run until the legislation is changed, giving the industry greater commercial and legal certainty. In the long term, and as the market matures, we will reflect on integrating the Pilot framework into a single rulebook for trading and settlement. Furthermore, we propose increasing the activity thresholds from EUR 6 billion to EUR 100 billion and allowing participants to provide trading and CSD services for all financial instruments, not just simple financial assets. DLT is merely a different technology for recording financial assets, and assets created using it shouldn't be considered inherently riskier, especially where intermediaries are subject to clear expectations on risk management, investor protection, and market integrity. We also recognise that scaling a small innovative business is challenging. This



is why our proposal introduces a ‘simplified regime’ for small firms, with compliance requirements commensurate to their risks. Furthermore, one of the advantages of DLT is that it facilitates connectivity between market participants sharing the same distributed ledger. This may open the door to more specialisation in the market for CSD services, which could conceivably be distributed among a wider set of market participants than just CSDs. Reflecting this insight, we propose opening the provision of individual CSD services to a wider set of regulated financial entities, and also testing whether, under certain constraints, regulated financial entities can organise settlement efficiently under more flexibly organised ‘settlement schemes’. Rather than by a single operator of a market infrastructure, settlement within schemes would be organised by multiple regulated participants adhering to the scheme rules. Finally, while DLT is an opportunity to make our markets more integrated, we need the market to cooperate on joint standards and interoperability to get there. That is why the DLTPR review proposal explicitly calls on the industry to collaborate on supporting interoperability.

Of course, from a public policy perspective, creating an innovation-friendly regulatory framework is neither the only nor a sufficient way to make the EU into a leader of digital asset innovation. The efforts of the Eurosystem

in developing DLT-based settlement in wholesale central bank money are key, and they are well under way with two initiatives, Pontes and Appia, paving the way towards a more integrated and safer DLT-based financial ecosystem.

Together, these policy developments promise to make 2026 a successful year for digital innovation in Europe. ■

Navigating Digital Assets Policy and AI in a Transforming Financial World



Peter Kerstens
Adviser on Financial Sector Technological Innovation, DG FISMA
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When I tell people I work on EU digital finance and crypto policy, I usually get one of two reactions: “Can you tell me where Bitcoin is going?” or “Are stamping out money laundering and sanctions evasion?”

While I wish I could slip a Bitcoin under everyone’s pillow—if only for good luck—the reality is more prozaic.

In 2025, digital assets and increasingly artificial intelligence (AI) policy debates felt like two energetic children at a family dinner: full of promise, unpredictable, and demanding attention. I will leave it open whether policymakers and regulators were the children or the adults at the table.

Now that we have entered 2026, it is a good moment to take stock of where policy and regulation are heading for digital assets and AI. I do so from a European Union perspective, but firmly within a global context.

At the European Commission, our goal is not regulation for its own sake, nor the eradication of real or imagined risks. The aim is to foster innovation, protect citizens, and preserve financial stability.

Digital Assets: More Than Just CryptoKitties

Digital assets are long past being libertarian thought experiments debated by hoodie-wearing crypto enthusiasts. They have entered mainstream finance—like an unexpected guest at a party.

2025 marked the first full year of application of the EU’s Markets in Crypto-Assets Regulation (MiCAR). For the industry, this opened access to what the EU offers: regulatory guardrails, more policy predictability, legal certainty, and the right to operate across a market of 450 million consumers through a single license issued in any of the 27 Member States.

We also saw the EU rulebook—imperfect, as all human compromises are—being emulated globally. In the United States, the passage of the Genius Act showed striking similarities to MiCAR’s provisions on electronic money tokens. While the jury is still out on where US market structure legislation will ultimately land, it would not be surprising if it converged toward MiCAR-like regulatory outcomes. The “Brussels effect” remains alive.

This is not because EU policymakers are uniquely brilliant or unusually prescient. Rather, the EU’s deliberative policymaking process—where all perspectives are heard and compromise between 27 countries and more than 700 Members of the European Parliament is the norm—tends to filter out extremes. The result rarely satisfies everyone in every detail, but it usually works for the vast majority. Jurisdictions with similarly open debates often arrive at broadly comparable outcomes.

MiCAR: The EU’s Crypto Rulebook

MiCAR is the EU’s anchor in the shifting seas of digital assets. It provides legal certainty for issuers and service providers, safeguards investor protection, and aims to reduce market abuse and financial crime.

It covers all stablecoins, regardless of the asset or value to which they are pegged, as well as the much larger universe of crypto-assets that are neither stablecoins nor financial instruments. It also regulates the ecosystem of service providers—brokers, custodians, trading venues, and advisers—that form the key interface between blockchain protocols and users.

2025 marked the coming of age of digital asset innovation in global policy and regulatory debates. The discussion has shifted from denial, resistance, and outright prosecution toward a recognition that digital assets and the technologies underpinning them are here to stay and may play a meaningful role in our financial and transactional future—whether we like it or not.

That does not mean all is settled or universally accepted. Globally, regulators still resemble cautious lifeguards, sometimes preferring empty beaches over the challenge of supervising swimmers navigating waves and currents. Yet attitudes are shifting. The focus is increasingly on interoperability between chains and on ensuring that connection points and bridges are as robust as the underlying protocols.

Where progress is made, opportunity follows—and so do bad actors. But policymakers, regulators, and traditional financial institutions are increasingly aware that abandoning innovation to avoid misuse is a losing strategy. Doing so risks handing the benefits of progress to those with malicious intent while depriving the financial system of much-needed modernization.

The Algorithmic Orchestra

Artificial intelligence is the unseen conductor behind many digital finance innovations, from

credit scoring and customer service to trading engines and anti-money laundering tools.

With its growing power comes responsibility—and justified concern about bias, transparency, and governance. The EU's approach to AI aims to ensure it is trustworthy and human-centric, using a risk-based framework that emphasizes robustness, fairness, and explainability, particularly for high-risk applications.

Globally, jurisdictions are at different stages of AI policy development. Yet where policy debates are open and inclusive, the same arguments recur. Some favour delaying regulation in favour of principles and sectoral guidance, while others pursue comprehensive legislation. It resembles an orchestra tuning up: each instrument has its own pitch, but the aim is harmony rather than dissonance.

Cross-Border Coordination: Not a Pipe Dream

Digital finance is not contained by national borders, regulation should not be either.

In 2025, global coordination moved beyond sporadic statements and symbolic gestures. The G20, the Financial Stability Board, IOSCO, the Basel Committee on Banking Supervision, and the G7 have all worked to align understanding, share insights, and develop principles, guidelines, and recommendations. Increasingly, this

work looks forward and engages with the opportunities digital innovation offers.

2026: What Lies Ahead

As we move deeper into 2026, several trends stand out.

A maturing crypto ecosystem.

Digital asset markets are likely to see greater institutional participation and expanding use cases, including tokenized financial instruments and programmable finance. If earlier years were about experimentation and rehearsal, 2026 may mark the opening of a long-running performance.

Regulators face the challenge of keeping pace. Standing still does not equal stability. Like riding a bicycle, balance requires forward motion. Moving too slowly can be as destabilizing as racing downhill without control.

Today's crypto markets, with a global capitalization of roughly \$3–4 trillion and daily transaction volumes around \$100 billion in a 24/7/365 environment, already generate excitement and risk. If even a fraction of the tens of trillions in equities, debt, derivatives, and commodities move on-chain, the implications will be profound. We may not see the end state in 2026, but major traditional players are getting ready to jump in.

Decentralized finance continues to push the boundaries of what is possible. Fully decentralized models may remain niche if scalability remains elusive, but hybrid models—where regulated intermediaries operate on decentralized protocols—could well become the norm.

AI will become even more deeply embedded in financial services. Governance frameworks will mature, with stronger standards for data quality, model validation, and ethical use. This will not be limited to the EU. As regulators grow more knowledgeable about both risks and opportunities, interventions should become more evidence-based and proportionate, rather than driven by dystopian fears or second-rate science fiction.

We are also inching toward a quantum future, though it is still too early to say anything definitive—other than that it will likely reshape our assumptions.

Conclusion

Digital assets and AI are not passing trends. They are structural components of the twenty-first-century economy. At the European Commission, our task is to design policies for the EU that are clear yet flexible, enabling yet protective, globally aligned yet grounded in European values that we hope still resonate universally.

In digital finance, regulation should not be a straightjacket. It is more like a well-fitted sailing rig: strong enough to catch the winds of innovation, flexible enough to weather storms. It may not keep sailors dry, but it is designed to bring everyone safely to shore.

We remain committed to collaboration—with regulators, industry, and civil society—to ensure digital finance is innovative, secure, safe, performant, and inclusive.

GDF demonstrated real leadership in 2025. There is no reason to expect anything less in 2026 and beyond. ■



2025 - “Crypto and Digital Asset Regulation – the DFSA’s Journey Continues”



Mark Steward
Chief Executive
Dubai Financial Services Authority
(DFSA)

In the 2023 Global Digital Finance Annual Report, we described the “Dubai Financial Services Authority (DFSA’s) journey towards regulation of the crypto market,” noting that our first formal step was taken in 2021 with our consultation paper on the regulation of Investment Tokens. At that time, we acknowledged that this would be a journey, one that would require continuous learning, refinement and engagement as the market evolved and new products and services emerged.

That expectation has been proven correct. Since 2021, we have issued an additional four consultation papers, established and run a Tokenisation Regulatory Sandbox, participated in international standard setting taskforces, held multiple roundtables, workshops and firm engagements. Each of these steps has contributed to shaping a regulatory framework which is robust, proportionate, and aligned with global standards, while remaining adaptable to local market needs.

Key themes in 2025

While regulatory approaches vary across regions, several common global themes have begun to take shape:

- the regulation of Crypto Tokens (also referred to as crypto assets, virtual currencies or cryptocurrencies),
- the treatment and expectations for Fiat Crypto Tokens (so called “stablecoins”),
- progress on tokenisation of financial and real-world assets; and
- the evolving impact of Artificial Intelligence on digital asset markets.

Across these themes, regulators are converging toward clearer regulatory expectations, stronger governance, risk-based oversight and alignment with international standards something the DFSA has placed at the heart of its approach since 2021.

1. Crypto Tokens

In October 2025, the DFSA issued its third bespoke consultation on the regulation of Crypto Tokens in CP 168 reflecting two realities:

- The rapid pace at which crypto markets are evolving; and
- The need for regulatory frameworks to be flexible without compromising on standards.

The proposals sought to further align the DFSA’s approach with key global regulators, enhance flexibility for market participants, and ensure the regime continued to support the strategic priorities of the Dubai International Financial Centre (DIFC), Dubai and the UAE.

Following extensive stakeholder feedback, the DFSA adopted the final rule changes on 10 December 2025, with implementation from 12 January 2026. The most significant change is the shift in responsibility for Crypto Token suitability assessments where the previous DFSA-led recognition process has been replaced with a firm-led suitability assessment, placing accountability on firms to assess the Crypto Tokens they intend to use for regulated activities.

In order to support implementation, the DFSA has published materials which provide clarity and practical direction including:

- Supervisory Guidelines outlining expectations on how to conduct a suitability assessment; and

- Frequently Asked Questions (FAQ) document addressing common and bespoke queries received in response to the CP 168 consultation.

2. Fiat Crypto Tokens

Fiat Crypto Tokens remain a focus for regulators given the potential for their use in trading, settlement, and cross-border transfers. The main emphasis in 2025 has been how regulators can put in place standards to improve disclosures, the safeguarding of reserve assets, governance standards, and redemption mechanisms.

The DFSA's approach is to ensure that any Fiat Crypto Tokens used in the DIFC are subject to high standards including requirements around liquidity management, safeguarding of reserve assets, operational resilience and financial crime controls.

3. Tokenisation

Although the tokenisation market remains in a relatively early stage globally, the DFSA has identified it as an area with potential for improving market efficiency, settlement process and access to capital.

In 2025, the DFSA launched its first themed regulatory sandbox – the Tokenisation Regulatory Sandbox – designed to:

- support experimentation with tokenised financial investments;
- provide a controlled environment for firms to test tokenisation use cases;
- enable early supervisory insight into operational, legal, and market-structure considerations, and
- align with wider DIFC and Dubai initiatives focused on digital finance and financial-market innovation.

There was significant interest in the sandbox providing DFSA with valuable insight into the diversity and maturity of tokenisation models being developed globally. Applications included proposals to tokenise financial assets and instruments, such as bonds, units in a fund (including money market funds and property funds), and the trading and safe custody of those assets – reflecting the broad potential of tokenisation across the financial ecosystem.

Insights from this initiative will inform future refinements to the regulatory framework as the tokenisation ecosystem expands.

4. Artificial Intelligence

The growing use of AI and automation in the digital-asset sector—whether in trading, risk-management, smart-contract deployment, or blockchain forensics—has created new supervisory considerations. The DFSA continues to monitor developments in:

- AI-assisted trading strategies,
- automated compliance and AML/CFT tools,
- smart-contract auditability,
- cyber-resilience, and
- the use of AI in fraud and market-manipulation detection.

While the DFSA's digital-asset rules remain technology-neutral, firms are expected to ensure appropriate governance, testing, and accountability for AI-driven processes. This aligns with broader international work on AI governance, where financial regulators are prioritising operational resilience, explainability, and model oversight.

Conclusion

The DFSA's work on digital-asset regulation since 2021 has been deliberate and progressive. In 2025, the journey continues, with a focus on:

- aligning with emerging global standards,
- refining frameworks based on supervisory insight and market feedback,
- supporting responsible innovation through initiatives like the Tokenisation Regulatory Sandbox, and
- ensuring high levels of consumer protection, governance, and risk management within the DIFC. ■

From Dispersion to Flywheel

Architecting Real-World Asset Tokenisation for the Future Economy



Deepa Raja Carbon
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 (VARA)

2025 marks a structural inflection point in the growing convergence of the real and virtual economies. It represents the culmination of a decade-long journey from experimentation to validation, and now institutionalisation, of distributed ledger technologies and tokenised market infrastructure. What began as fragmented innovation across jurisdictions and asset classes has matured into a coordinated shift toward regulated, scalable models that connect real-world economic activity with programmable, digital rails.

At this juncture, real-world asset tokenisation is no longer a conceptual exercise. It is emerging as a foundational mechanism for capital formation, liquidity optimisation, and market access within the future economy. [Tokenisation](#) is emerging as a foundational mechanism for capital formation, liquidity optimisation, and market access within the future economy.

Today, it's moving from ideation to balance sheet. Global estimates suggest the [tokenised real-world asset \(RWA\) market has grown almost fivefold in the last three years](#) to around \$20-

25 billion on-chain, with forecasts ranging from [\\$2 trillion to more than \\$10 trillion in tokenised assets by 2030](#).

Interestingly, institutional trust has been a defining force in this transition. Its gradual establishment has not only shaped the direction of market development but has also acted as a powerful accelerant, enabling technological ambition to catch up with economic reality. What once advanced ahead of governance and risk frameworks is now being propelled by them, creating the conditions for scaled adoption rather than isolated innovation. With major global institutions like [BlackRock launching the BUIDL fund and Franklin Templeton expanding on-chain money market funds](#), the question no longer appears to be the 'why' of tokenisation. Moving forward the priority will be on assuring responsible scalability and sustainability.

A foundational enabler of meaningful institutional participation is jurisdictional alignment underpinned by credible regulation. Dubai offers a clear example of how deliberate regulatory architecture can catalyse market

maturity. Through an explicit commitment to the Virtual Assets sector, and the establishment of a purpose-built regulator in VARA, the emirate has moved decisively from experimentation to execution. That transition is now fully visible, not in theory, but in the depth, scale, and sophistication of regulated activity taking place across the ecosystem. To that extent Dubai has operationalised a comprehensive [model for real-world asset \(RWA\) tokenisation](#), setting the stage for innovation, regulation, and participation to advance in sync.

Regulation before reaction

Much in line with VARA's operating philosophy enabling responsible innovation requires evolution of the rules at pace with market movement. This has created a jurisdiction purpose-built to test, trust, and scale new asset classes in a controlled environment.

Tokenisation: From concept to capital flow

The next frontier of value creation lies in bridging traditional and decentralised finance through tokenised representations of Real World Assets.

One of the core needs of society is housing which is why VARA started with this. In 2025, the Dubai Land Department (DLD) launched the [pilot phase of its Real Estate Tokenisation Project](#) in collaboration with VARA, offering tokenised shares in ready-to-own properties with investment tickets starting from just AED 2,000, and with all transactions settled exclusively in UAE dirhams during the pilot.

By lowering barriers to entry and increasing transparency on pricing, risk and asset quality, the project aims to broaden participation and reduce entry thresholds for investors, while providing asset owners with new liquidity options and bringing transparency to a historically opaque asset class.

These use cases herald programmable markets where ownership, transfer, and compliance are synchronised on-chain, turning tokenisation from a technology experiment into core market infrastructure.

This is one example of the asset classes being explored as part of the pilot programme to customise rules for all relevant asset classes.

Trust as the core technology

Global conversations around tokenisation often focus on speed and efficiency, but true scalability is anchored on trust.

Dubai's model is built on this very premise. [ARVAs – virtual assets that reference specified real-world assets and/or income streams](#) – are [governed by dedicated issuance rules](#) that set expectations around reference assets, reserve assets, and disclosure. They sit at the highest end of the regulatory spectrum, with client asset segregation, traceability, source of fund assurance, AML/KYC controls and risk management treated as preconditions for institutional participation.

The first tokenisation approvals under this framework show how high-governance structures can make other RWAs more inclusive to participation [accessible to capital at scale](#).

From jurisdictions to networks

In an increasingly borderless economy, access to assets is no longer constrained by geography, nor is participation limited to local capital pools. Tokenisation should therefore not be viewed as a regional trend, but as the architecture of a new global marketplace. Dubai's model is being deliberately designed to support interoperability across jurisdictions, technologies, and asset classes, recognising that scale, resilience, and trust in the future economy will be defined by connectivity rather than concentration.

There is a growing recognition that fragmented standards will ultimately cap the potential of

tokenised assets. International standard-setters and leading industry analyses increasingly underscore that without common identifiers, consistent disclosure norms, and robust risk controls, liquidity will remain trapped in silos, even as tokenisation volumes continue to expand.

Dubai's approach is purposefully outward-facing. Through continuous dialogue with international regulators, the emirate is contributing to emerging norms for custody, settlement, valuation, and disclosure that can underpin cross-border asset portability.

This aligns directly with the mission of [Global Digital Finance \(GDF\)](#) – a not-for-profit industry body whose mandate is to [promote market standards for crypto and digital assets](#) through best-practice and governance frameworks developed with policymakers and regulators. In practice, this means building bridges, not fortresses: regulatory sandboxes that welcome global technology participants, shared work on taxonomies such as ARVAs, and collaborative thinking on how tokenised instruments interact with existing securities, funds, and payments law.

The decade ahead: From pilot to platform

Globally, leading institutions are already tokenising money-market funds, treasuries, private credit and other fixed-income products,

often using public or permissioned blockchains as their settlement fabric. Credible forecasts now envision a multi-trillion-dollar tokenisation market by 2030, spanning RWAs such as real estate, funds, infrastructure, climate finance/ carbon markets, and other real-economy assets. Dubai's regulatory ecosystem, anchored by VARA's agile rule-making and the UAE's broader digital economy agenda, is positioning itself as a real-world laboratory for addressing these challenges. The combination of an activity-based framework that recognises instruments such as Asset-Referenced Virtual Assets (ARVAs), coordinated pilots including the Dubai Land Department's tokenised real estate programme, and mandatory safeguards around reserves, segregation, and disclosure requirements creates a live environment in which tokenisation can progress from isolated experiments to fully networked market systems.

The future economy will not be defined by the sophistication of technology alone, but by the quality of the systems built around it. Systems that are resilient in the face of volatility, transparent in how they govern risk, interoperable across chains and jurisdictions, and inclusive by design will ultimately determine whether tokenisation fulfils its promise as a durable engine of global economic participation.

From fragmentation to flywheel, Dubai's journey illustrates a simple but powerful principle: when

trust is treated as foundational infrastructure, tokenisation becomes more than an innovation in financial engineering. It evolves into a mechanism for access, linking today's capital markets with tomorrow's networked, real-world digital economy.

The question now is not whether tokenisation will scale, but whether we can align on the rules that allow it to do so responsibly. Common standards, shared risk frameworks, and interoperable market design are not constraints on innovation; they are the conditions that enable it to compound. This next phase is inherently collective. The path ahead is vast and still unfolding, and it can only be navigated through alignment across regulators, market participants, and technologists.

What lies before us is an opportunity to move together from isolated progress to shared momentum, and to build, collaboratively, the foundations of a global marketplace that is trusted by institutions, accessible to participants, and resilient by design. ■

Bridging Traditional and Decentralised Finance Through Regulation of Stablecoins



Emmanuel Givanakis
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 Abu Dhabi Global Market (ADGM)

The developments of the on-chain ecosystem in the financial sector have fueled the rising interest in and adoption of stablecoins, or fiat-referenced tokens (FRTs). These tokens, pegged to traditional fiat currencies, such as the USD dollar, offer a real alternative means of payment in everyday use, due to their stability compared to cryptocurrencies. They enable real-time, 24/7 cross-border payments without intermediaries, significantly lowering transaction costs.

A key advantage of FRTs is their potential to promote financial inclusion for the underserved population without bank accounts. Within decentralised finance (DeFi), FRTs play a crucial role in DeFi protocols, serving as a stable medium for smart contract transactions such as lending, borrowing and yield farming. We are seeing the emergence of autonomous agents acting as economic participants – making decisions, executing transactions, and interacting with markets without human intervention. FRTs are quickly becoming the main currency that autonomous agents rely on to operate.

FRTs are therefore poised to serve as a significant bridge between traditional finance and DeFi, paving the way for greater institutional

participation and mainstream adoption of digital assets. However, like all technological innovations, FRTs come with associated risks. Realising their full potential requires addressing risks inherent in their design, issuance, and market operations. To this end, the Financial Services Regulatory Authority (FSRA) of ADGM launched a comprehensive [regulatory framework](#) for FRT issuers, fostering trust and confidence in this evolving space.

Adequate and Transparent Reserve Backing

The primary utility of FRTs as an effective store of value or medium of exchange depends on their stability and reliability. Ensuring that FRTs maintain their intended peg to a fiat currency at all times is critical. To mitigate this risk, the FSRA's framework mandates that FRTs must be fully backed by reserves equal to or exceeding the value of tokens in circulation. These reserves can include fiat deposits or liquid assets such as government bonds or money market funds, providing a reliable foundation for the token's value.

Another risk relates to an issuer's ability to meet redemption requests, ensuring token holders

can exchange their FRTs for fiat currency at par value, when called upon to do so. In particular, issuers backing FRTs with illiquid reserve assets may face challenges in liquidating these reserves quickly without incurring losses, especially during periods of financial stress or market downturn.

To address this, the FSRA's framework requires that reserves backing the FRTs consist of high quality liquid assets with minimal market, credit and concentration risk. These reserve assets must be readily accessible and sufficiently liquid to meet redemption requests at any time without disruptions.

Stress tests must be conducted at least annually to assess reserve valuation and adequacy under adverse market conditions, ensuring issuers can meet redemption obligations. The framework also mandates regular independent audits to verify the adequacy and liquidity of reserves, with results publicly disclosed. FRT issuers must also provide clear, accurate, and timely information about their operations, including the composition of the reserves, the methodology for maintaining the FRT's peg, and the risks involved in holding the FRT.

Clear Redemption Mechanisms

An integral aspect of the FSRA's regulatory framework is to establish clear and transparent mechanisms for the redemption of FRTs. Key details, including the redemption process, timeframe, applicable fees, and any specific conditions, must be explicitly stated in the issuer's white paper.

The regulatory framework emphasises safeguarding FRT holders' interests and maintaining the stability of the FRT ecosystem by ensuring reliable and timely redemption mechanisms. Specifically:

- **Right to Redemption at Par Value:** FRT holders have the unconditional right to redeem their FRTs at par value with the issuer. This means they can exchange their tokens for the equivalent amount of the pegged fiat currency upon demand.
- **Timely Redemption Processing:** Issuers are mandated to process redemption requests and return the par value of the FRT to holders within two business days (T+2) from the redemption request. This ensures prompt access to funds for holders.

Technology and Cybersecurity Risks

As digital assets, FRTs face technological risks, including cybersecurity threats and infrastructure

vulnerabilities. To address this, issuers must implement robust technology governance and cybersecurity measures, including regular audits and testing. These safeguards seek to ensure platforms remain resilient to cyberattacks and smart contracts are protected from malicious actors.

Regulation is the Key

The emergence of FRTs represents a significant step towards connecting the traditional and digital financial worlds. With benefits like reduced costs, enhanced efficiency, financial inclusion, and expanded investment opportunities, their potential is immense.

At the FSRA, we firmly believe that regulatory principals and best practices anchored in conventional finance can drive the sustainable and secure adoption of innovative financial technologies. By fostering trust and stability in the digital asset ecosystem, ADGM reaffirms its commitment to supporting Abu Dhabi's vision of becoming a global financial hub and solidifying its reputation as a beacon of progressive and innovative regulations and excellence. ■

VOICE OF THE GDF MEMBERSHIP

Why “Same Activity, Same Risk, Same Rules” No Longer Reflects Digital-Asset Reality



Steven McWhirter
Global Policy Lead
Binance

For more than a decade, global standard-setters and regulators have relied on “same activity, same risk, same regulation” as a cornerstone of financial policy. The logic is intuitive: economically equivalent activities should face equivalent safeguards, regardless of the technology used. This framing has shaped thinking across major jurisdictions and features in the work of IOSCO and the Financial Stability Board.

As digital-asset markets have matured, regulators have adapted the language. The focus is shifting from “same rules” to “same regulatory outcome.” This reflects recognition that digital-asset activities do not always map neatly onto traditional analogues and that insisting on identical rulebooks can mischaracterise risks, distort market structure or undermine policy objectives.

When the activity is not the same

Digital-asset ecosystems differ from traditional financial markets. Blockchain-based systems enable direct interaction, automated execution via smart contracts and real-time settlement

on shared ledgers. Functions traditionally performed by intermediaries, such as reconciliation, settlement and record-keeping, can be embedded into the infrastructure layer.

Activities that look similar can therefore differ materially in execution. On-chain settlement is not simply faster clearing; it can collapse multiple stages of the value chain into a single atomic process. Custody can also be different, relying on cryptographic key management, multi-party controls or smart-contract-based safeguards rather than balance-sheet intermediation. Treating these as “the same” risks misunderstanding where value is held, how control is exercised and where responsibility sits.

When the risk is not the same

Digital-asset systems introduce new risks, including smart-contract vulnerabilities and oracle dependencies, but they can also reduce others. Public blockchains can provide near-real-time transparency, immutable audit trails and programmable compliance controls. Settlement finality can be deterministic and some exposures can be observed directly rather than inferred

through periodic reporting. In custody, cryptographic segregation and on-chain assurance mechanisms can reduce commingling and opacity risks.

Many markets also operate 24/7 with real-time margining and liquidation rather than end-of-day processes. This can reduce hidden leverage build-ups and settlement backlogs that have amplified stress in traditional markets. These features do not eliminate risk, but they change its nature and distribution, so legacy assumptions may misalign safeguards with the risks that actually matter.

Jurisdiction-agnostic and composable by design

Digital-asset infrastructure is jurisdiction-agnostic. Networks operate continuously across borders, are not tied to physical location and may rely on multiple independent participants rather than a single operating entity.

Services are also increasingly composable. A single user interaction may involve a wallet provider, a smart contract, a liquidity protocol,

an oracle and a validator set, none of which may be operated by the same legal entity or within the same jurisdiction. This complicates the notion that one firm is performing a clearly bounded “activity” comparable to a traditional intermediary role.

These characteristics have implications for supervision. A significant share of activity is observable on shared ledgers, producing immutable, time-stamped data that can be analysed in near real time. Effective oversight still depends on regulated access points and off-chain controls, but transparency can strengthen supervisory cooperation where robust home-state supervision exists, enabling host authorities to pursue objectives through coordinated oversight and information-sharing.

Importantly, this does not imply weaker standards or diminished accountability. Rather, it recognises that digital markets may require different supervisory tools to achieve the same public policy objectives. Where transparency is higher, controls are automated, and risks are observable in real time, effective oversight may depend less on duplicating formal structures and more on timely access to data, cooperation between authorities and clearly allocated responsibility across market participants.

Focusing on outcomes, not identical rules

Against this backdrop, “same regulatory outcome” is a pragmatic evolution. Core objectives, including consumer protection, market integrity, financial stability and financial crime mitigation, can be achieved through different mechanisms depending on technology and market structure.

In some cases, equivalent outcomes require new rules rather than inherited ones. In others, they justify different interventions where risks are lower, controls are automated or transparency is higher. This creates space for proportionality and iterative supervision as technologies evolve.

A policy position for the next phase

Digital assets now underpin payment services, tokenised markets and programmable financial infrastructure at global scale. This will require regulators to combine traditional supervisory expertise with new technical skills, data-driven tools and an openness to evolving market design.

Policy frameworks should move beyond one-to-one analogies and focus on outcomes, supported by clear accountability and cross-border coordination. A principled emphasis

on “same regulatory outcome,” rather than “same rules,” provides a more accurate and operationally realistic basis for regulation as digital and traditional finance continue to converge.

The challenge now is to ensure regulatory frameworks evolve with market structure, rather than anchoring digital finance to analogue assumptions. ■

A Trans-Atlantic Echo Heard Around the World

Harmonizing Global Rules for Stablecoins



Dante Disparte
Chief Strategy Officer and Head
of Global Policy and Operations
Circle

The world stands at a rare inflection point in financial history. Digital money has escaped the laboratory and entered the bloodstream of the global economy. Stablecoins—once dismissed as a niche innovation—now move trillions of dollars annually, power global commerce, and offer a glimpse of a faster, more inclusive financial system. Yet while the technology has globalized at internet speed, regulation remains stubbornly national. This mismatch is not just inefficient—it is a systemic risk. The opportunity before us is not merely to coordinate rules across the Atlantic, but to harmonize stablecoin regulation around the world.

Encouragingly, the building blocks are already taking shape.

In the United States, bipartisan momentum around stablecoin legislation—often framed through proposals such as the GENIUS Act—signals a long-overdue recognition that dollar-denominated stablecoins are not a threat to monetary sovereignty, but an extension of it. When properly regulated, they reinforce the primacy of the U.S. dollar, modernize payment rails, and export American financial standards globally.

Across the Atlantic, the European Union's Markets in Crypto-Assets Regulation (MiCA) has set the world's first comprehensive framework for crypto assets, including stablecoins. MiCA is not perfect, but it is real, enforceable, and operational. It demonstrates that democratic governments can regulate digital finance without smothering innovation. Meanwhile, the United Kingdom—newly unshackled from EU rulemaking—has signaled its intent to become a global hub for responsible digital asset innovation, with stablecoins positioned squarely within its payments regulatory perimeter.

Viewed together, the U.S., EU, and UK approaches are often framed as competing models. This is a mistake. They are better understood as complementary pillars of a shared architecture—one that can be aligned, interoperable, and globally extensible.

The real prize is not transatlantic consistency for its own sake. The prize is global coherence.

Stablecoins are, by design, borderless. A dollar-backed stablecoin issued in New York may be held by a merchant in Nairobi, settled by a supplier in Singapore, and redeemed through a regulated institution in London. Fragmented

regulation—where each jurisdiction imposes incompatible requirements—creates friction, regulatory arbitrage, and systemic blind spots. Worse, it cedes ground to less transparent alternatives that operate beyond the reach of democratic oversight.

What is needed instead is a common regulatory grammar: shared principles that travel across borders even as they respect national sovereignty.

At a minimum, these principles are already well understood. Stablecoin issuers should be subject to robust prudential oversight, high-quality reserve requirements, clear redemption rights, operational resilience standards, and strong consumer protections. Transparency should not be optional. Neither should compliance with anti-money laundering and counter-terrorist financing rules. These are not radical demands—they are the baseline expectations of trust in modern finance.

The question, then, is not whether harmonization is possible, but how to achieve it.

One promising model can be found in the U.S.–UK Financial Regulatory Working Group and related task forces focused on modernizing markets. These forums do not seek to impose uniform laws, but to align outcomes: mutual recognition where appropriate, coordinated supervision where necessary, and ongoing dialogue as technology evolves. This is regulatory diplomacy in action—practical, iterative, and grounded in shared values.

Imagine extending this model beyond bilateral cooperation. A global stablecoin coordination forum—anchored by the U.S., EU, and UK, but open to G7, G20, and emerging market participation—could serve as a clearinghouse for best practices. It could align definitions, stress-test assumptions, coordinate crisis response, and reduce duplication for compliant issuers operating across jurisdictions.

Crucially, harmonization should not become a euphemism for lowest-common-denominator regulation. The goal is not to dilute standards, but to elevate them—and to ensure that responsible actors are rewarded with clarity and scale, rather than punished with fragmentation.

This matters profoundly for emerging and developing economies. For billions of people, stablecoins are not a speculative asset—they are a lifeline. They offer access to digital dollars in countries plagued by inflation, capital controls, or fragile banking systems. When global rules are clear and consistent, these benefits can be delivered safely. When rules are fragmented or absent, the risks fall hardest on those least able to bear them.

There is also a strategic dimension that cannot be ignored. If democratic nations fail to set the rules of the road for digital money, others will. The choice is not between regulation and innovation; it is between shaping the future or reacting to it.

By aligning the GENIUS-era momentum in the United States, the operational certainty of MiCA in Europe, the pragmatic ambition of the United Kingdom, and cooperative models like the U.S.–UK task force on market modernization, we can move from patchwork governance to principled global stewardship.

Stablecoins are no longer a question mark. They are a fact. The task before policymakers is to ensure that this fact strengthens trust, stability, and shared prosperity—everywhere. The window is open. History rarely waits. ■

The Compliance Trap

Why "Know Your Customer (KYC)" is Knowing Less and Costing More



Richard Crook
CEO
Deus X Pay

KYC remains a tax on the honest, a nuisance to the poor, and a rounding error to the criminal. It is time for a rethink.

To open a bank account today is to endure a bureaucratic hazing ritual that would make Professor Umbridge blush. You must offer a passport, a utility bill (not older than three months, heaven forbid), and perhaps a scan of your face, all to prove you are not a warlord laundering blood diamonds. This is "Know Your Customer" (KYC), the frontline defense of the global financial system. It is a booming industry, a moral imperative, and—increasingly—a spectacular failure.

KYC catches only 1% of illicit payments

The logic of KYC is seductive: if banks know who everyone is, bad actors cannot hide. Yet, the data suggests this logic is porous. The United Nations estimates that money laundering accounts for 2% to 5% of global GDP—up to \$2 trillion annually. Of this illicit cash, authorities seize less than 1%. If KYC were a drug, the FDA would have banned it for inefficacy years ago.

KYC is raising banking fees

Instead, the dosage is being increased. Financial institutions now spend an estimated \$180 billion a year on financial crime compliance, costs that are passed on to clients. This has created a "*compliance industrial complex*" where the metric of success is not crimes prevented, but boxes checked. Banks are not incentivized to catch terrorists; they are incentivized to avoid fines. The result is a defensive crouching posture where a suspicious transaction report is filed not because a crime is suspected, but because a regulator might one day ask why it wasn't.

KYC causes financial exclusion

The costs of this theater are not merely financial; they are human. In their terror of regulatory wrath, larger banks have engaged in "*de-risking*", severing ties with smaller banks in developing nations. The Caribbean and parts of Africa find themselves unbanked, cut off from the global financial system not because they are criminals, but because the paperwork to prove they aren't is too expensive to process. The reduced connectivity between banks requires cross border payments to follow more expensive and delayed routes to be delivered.

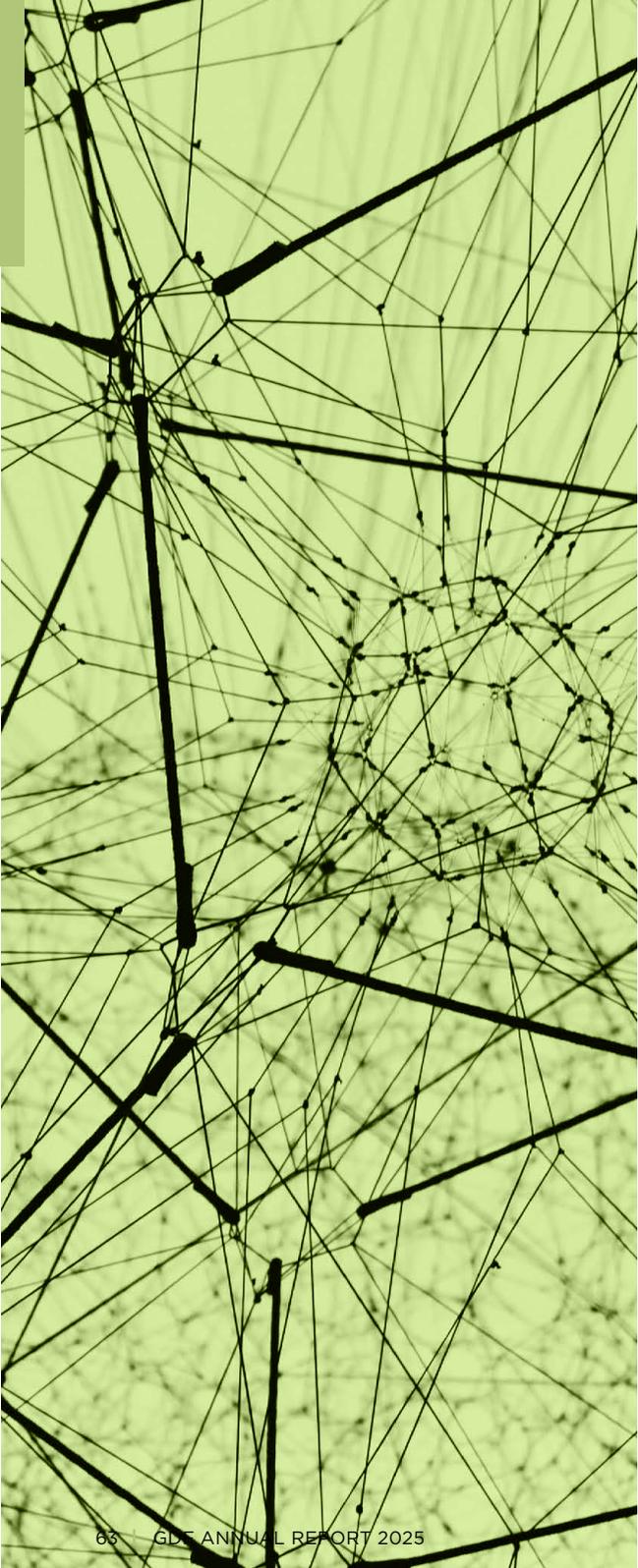
KYC is a privacy nightmare

Furthermore, we have built a privacy nightmare. To satisfy KYC mandates, banks have become hoarders of sensitive personal data, creating honeypots that hackers find irresistible. We are trading our privacy for a security blanket that is full of holes.

KYC is easily defeated by AI

The system is not just inefficient; it is arguably obsolete. The premise of KYC relies on the sanctity of the identity document. Yet, AI has turned the passport scan into a parlor trick. Deepfake technology and "injection attacks" allow criminals to create synthetic identities that are indistinguishable from the real thing to the naked eye—and to the average compliance algorithm.

Crucially, most KYC processes fail to cross-reference these documents against a "golden source" (a government database). They merely check if the document *looks* real, not if it *is* real. We are building a fortress with paper walls, where a \$20 AI subscription can defeat a billion-dollar compliance department.



Follow the Money, Not the Mugshot

While banks obsess over verifying faces, the nature of money itself is changing. As cross border payments migrate, with the help of Deus X Pay, towards stablecoins and blockchain rails, the current compliance model looks increasingly archaic.

Blockchain technology offers a radical alternative: radical transparency. On a public blockchain, every cent is traceable forever. Rather than forcing banks to play detective with static identity documents, regulators could shift their resources to focus on transaction monitoring on the public blockchains. In a stablecoin economy, the focus shifts from "*who is this person?*" to "*where is this money going?*"

It is infinitely harder to hide the movement of funds on a public blockchain than it is to fake a utility bill and hide funds through banks. By monitoring the chain, regulators could detect illicit flows in real-time, bypassing the need for the costly, exclusionary, and privacy-invading dragnet of traditional KYC.

KYC is a Policeman's fallacy

The current regime is a classic "*policeman's fallacy*": the belief that because you are doing something, you are doing something useful. We have built a compliance industrial complex

that taxes the honest, excludes the poor, and creates honeypots of personal data for hackers—all while the criminals sail through using fake IDs.

It is time to stop confusing motion with progress. The future of financial integrity lies in following the money on-chain, not hoarding scans of our passports.

A smarter system would focus on intelligence-led targeting rather than the identity-obsessed dragnet that currently treats every grandmother with a savings account as a potential cartel boss. Until then, KYC remains a tax on the honest, a nuisance to the poor, and a rounding error to the criminal. ■

Infrastructure and Regulatory Requirements for the Trade Everything Future



Dea Markova
Director of Policy
Fireblocks

The story of digital assets is as much about disintermediation as it is about re-intermediation. That is, once technology allows for the dominance of established payments and trading venues to be challenged, it creates an opportunity for new intermediaries to step in and re-architect capital markets.

Having concluded the “if” and “why” chapters of this story, we are now writing the “who” and “how” chapters.

Naturally, intermediaries are interested in aggregating access to the largest possible set of products and services. This means access to crypto-assets as well as financial instruments, to centralized and decentralized liquidity pools, to a multitude of chains, to various yield strategies.

The hypothesis of 2026 is that the consumer bases for all these products will merge, thus growing the proverbial pie for intermediaries.

This new access and trading model could be, and ought to be, instant and programmable, and available 24/7.

This translates to a number of clear infrastructure requirements:

- Secure and scalable wallet infrastructure
- Programmable compliance via policy-based controls
- Real-time policy enforcement across all chains
- Modularity and transparency of transaction signing
- Passportable identity model
- Rapid chain and counterparty integrations, as well as asset listing
- Access to sufficiently deep liquidity pools
- Audit trail and reporting across geographies, asset classes, and regulatory frameworks

In some cases, these requirements can be best met by enabling peer-to-peer DeFi transactions, rather than relying on lengthy integrations by centralized intermediaries. Hence, the rise of embedded wallets and CeFi to DeFi connectivity.

What might be the capital market dream can also seem like a regulator’s worst nightmare.

The demand for cross-border connectivity complicates sovereign oversight. This is self-evident in the issue of accessing third-country liquidity. Instant settlement complicates risk management. Presumed peer-to-peer transactions can obfuscate market manipulation, AML risk, or the role of various intermediaries.

The requirement for cash on chain, for settlement purposes, is another divisive issue. In some (most) parts of the world, Central Banks worry that settlement in private money can expose the financial system to risks, including settlement finality and dollarization. Good controls, including in token governance and operational resilience, are a way to address these concerns.

More broadly, understanding and resolving the tension between new infrastructure requirements and their reasonable regulatory risk management is the job. It is the job of policymakers, indeed, but it is also the job of industry leaders who can understand the push and the pull from either side of the table.

This year, the IMF defined the outlook for economic growth as “dim” even though “unexpectedly resilient”, demand for sovereign borrowing from Japan to the EU is up. At the same time, we saw record-setting crypto thefts. Against this background, it is, in particular, our job to illustrate and quantify the real-economy opportunity lost should capital market infrastructure not be updated to meet the above requirements. ■

Speed is the New Primary Threat in Crypto Security



Yulia Murat
Head of Regulatory Affairs & Compliance,
Data Protection Officer
Global Ledger

Global Ledger was founded in 2019 with a mission to help financial institutions, crypto exchanges, regulators, and law enforcement navigate the fast-moving world of digital assets safely. In 2025, we witnessed first-hand how **speed has become the most significant threat in crypto security**. Hackers exploit every second to move stolen funds before victims or authorities are even aware that a breach has occurred. The Bybit Hack highlights this reality: not only was it the largest crypto exchange hack of 2025, but it also set a record in the history of digital asset security, with over **USD 1.46 billion stolen** in a single incident.

Why Speed Matters

In traditional finance, fraudsters often need time to move funds, and institutions have processes to catch irregular activity. In the world of crypto, the environment operates on an entirely different scale. Funds can be routed across multiple blockchains, decentralized exchanges, or private wallets almost instantly. In the Bybit case, stolen crypto moved rapidly through multiple jurisdictions, wallets and protocols, making tracing extremely difficult.

This rapid movement creates a critical time gap: by the time an exchange, regulator, or compliance team detects suspicious activity, a significant portion of the stolen funds may already be fragmented, swapped, or hidden across networks. The Bybit Hack demonstrated just how little time security teams have to respond, emphasizing the need for systems that act in real time rather than relying on post-incident alerts.

CEXs: High-Value Targets

Centralized exchanges (CEXs) remain prime targets for hackers accounting for about **54% of total crypto losses**. By consolidating large amounts of crypto in a single location, these platforms create high-value single points of failure.

Why can't we simply "reduce attacks" on CEXs?

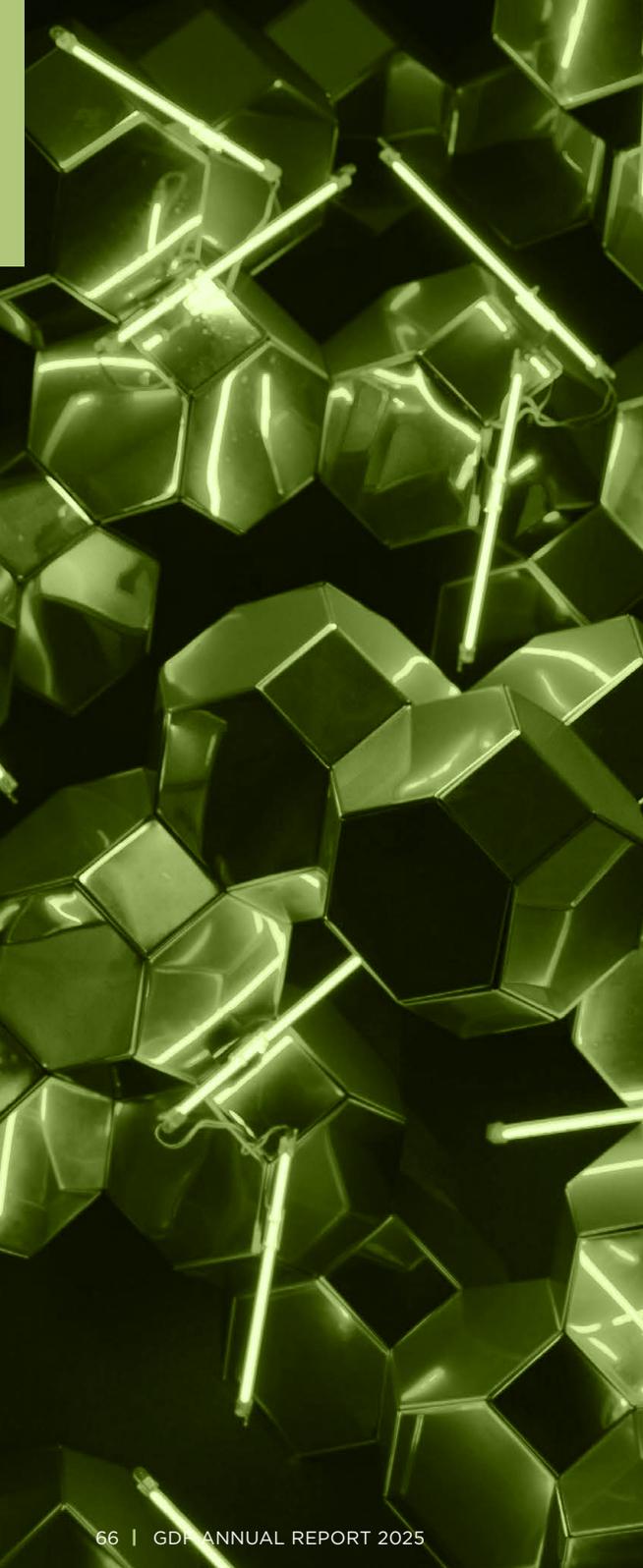
Hackers exploit a combination of technical vulnerabilities and human errors, including compromised private keys, insider threats, and misconfigured access. While improving internal security and monitoring is essential, preventing all attacks is nearly impossible without advanced, real-time surveillance and intelligence systems. Access to detailed analytics and attribution

data can help organizations understand emerging risks more clearly and respond before suspicious activity spreads.

Cross-Chain Movement: The New Blind Spot

Another challenge is the use of cross-chain transfers. In crypto, funds can move from one blockchain to another for example, converting Ethereum (ETH) into wrapped Ethereum (wETH) or staked ETH (stETH) via bridges or decentralized protocols. A real-world analogy is exchanging cash for gold, then quickly converting it into foreign currency across multiple banks, all without a single intermediary to track the flow.

While cross-chain activity is legitimate in normal trading, it creates a technical smokescreen when used for laundering stolen assets. By hopping across networks, attackers make tracing funds exponentially harder. As an example, in one incident we investigated, much of the stolen ETH quickly moved through multiple protocols before eventually landing in deposit wallets on other exchanges. This **speed combined with cross-chain complexity** makes traditional monitoring insufficient.



Preventing Losses with Real-Time Technology

While the pace and complexity of crypto transactions present serious challenges, organizations that adopt **real-time monitoring** and intelligence can significantly reduce risk. Being able to observe fund movements as they happen allows exchanges, regulators, and financial institutions to identify suspicious activity early and trace funds in real time before escalation into irretrievable losses.

Key solutions include:

- **Tech-driven intelligence sharing:** Information on possible threats is quickly communicated between institutions, allowing proactive measures.
- **Automated real-time alerts:** High-risk wallet activity, cross-chain swaps present, or high-value transfers trigger instant notifications.
- **Risk-based tech-enabled controls:** Continuous monitoring and dynamic scoring allow organizations to prioritize the highest-risk activity and escalate issues immediately.

By integrating these approaches, it is possible to stop or mitigate attacks in progress, recover assets faster, and reduce the systemic risk posed by high-speed, cross-chain laundering.

A Call to Action

The data on hacks from 2025 demonstrates an urgent lesson: **speed is a weapon, and delay is the enemy of crypto security.** Centralized exchanges will remain lucrative targets, and cross-chain transfers will continue to present blind spots.

In a rapidly evolving threat landscape, blockchain analytics and investigation tools are critical to support organizations in gaining better visibility into crypto flows and respond faster and more effectively to emerging risks, supporting broader efforts in AML/CFT. **In a world where seconds can mean millions lost, resilience, traceability, and speed are increasingly critical for protecting digital assets.** ■

A Positive Outlook for UK Cryptoassets

With the Statutory Instrument laid before Parliament and the FCA publishing its recent consultations on how it proposes to regulate cryptoassets, the UK's cryptoasset regulatory regime is finally taking shape. This comes after much anticipation with a number of discussion papers, bilateral conversations and industry roundtables all to solicit the views as to how the UK should develop its new regime.

Whilst there is scope for nuanced changes, the broader approach is set, with the regulation of cryptoassets conducted through the extension of the Financial Services and Markets Act. Activities such as dealing or arranging deals in qualifying cryptoassets, operating a cryptoasset trading platform, safeguarding qualifying cryptoassets and relevant specified investment cryptoassets, qualifying cryptoasset staking and issuing a qualifying stablecoin in the UK are all now captured within the new regime. In doing so, the UK has sought to ensure that there is a level playing field between traditional assets and cryptoassets and avoiding numerous calls for a bespoke regime.

The benefit of this is that it is a regime that it looks to build on what is already in place.

The standards that are expected of FSMA authorised firms are well established and as a result, the requirements will not come as a big shock, certainly to those firms that are already authorised. It is also beneficial for the FCA that is authorising this regime. Whilst there will be new business models and new types of activity, it will not be a massive shift from what authorisation teams will already be applying. The drawback of this however, is that cryptoasset firms will be subject to a rule book that has been developed with traditional assets in mind and not accounting for some of the nuances that the cryptoasset industry brings. This has been considered by the FCA who has ensured through its lengthy and in-depth discussions with industry that these will be ironed out to ensure that the regime is proportionate.

One thing to note is that any firm wishing to carry out regulated cryptoasset activities must apply for FCA authorisation. This includes firms who are already registered for Anti-Money Laundering, together with firms who are already authorised under FSMA and wish to vary their permission. There is no automatic conversion or expedited process for this. This is slightly different to, for example, MiCA, where credit institutions are able to perform certain



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activities under their existing permissions and only need to notify its regulator of this activity. Similarly, certain Member States across the EU have performed a gap analysis of existing requirements and what is expected under MiCA to help streamline application processes. The FCA has been positive in its responses to industry's suggestions thus far and hopefully work will be done to ensure that the authorisation process is streamlined.

The UK's regime in a global context

The UK's regime is of course under the microscope given the EU's Markets in Crypto Asset Regulation (MiCA) is already in force. However, the UK has clearly tried to capitalise on second mover advantage by leveraging some of the positives of MiCA such as having in place a clear regime that brings traditional financial services regulation to cryptoassets, whilst

looking to address some of its shortcomings. For example, setting out a regime for staking and allowing cryptoasset trading platforms to have access to global order books through the proposed branch subsidiary model.

However, it is not just the EU that against which the UK will be compared. Over the past year, the US has made significant inroads into its own cryptoasset regime and has taken a very positive stance. The impact of this has seen not only bullish markets but also firms seeking to move to the US given the certainty and pro-crypto stance. The pressure is on the UK to follow suit; there are a number of positives that are coming out of the regime and a clear roadmap for delivery – policy statements by the end of this year and the regime live on 25 October 2027.

The UK has a great opportunity here. Whilst global standards are being pursued through international channels, there are differing approaches already forming between the US and the EU. Furthermore, MiCA does not allow for equivalence and whilst the US regime leaves the door open for this, equivalence is essentially a political measure. With this in mind, the UK could find itself in an opportunist position of developing the regime that is aligned with MiCA requirements and enables firms to have a ‘light lift’ to comply with both regimes, whilst having in place a regime that is deemed to meet the standards of the US and thereby grant firms

access. This position will allow the UK to sit in between the US and the EU, allowing firms to have access to both and become a very attractive jurisdiction of choice for a global firm in cryptoassets.

What is next?

Whilst the regime is being developed and there is widespread positivity around it, it is important that the UK learns not only from the implementation of MiCA but also the implementation of its own AML regime. Authorisation processes must not be prolonged and must be clear in terms of its requirements otherwise it risks frustrating firms and turning them away. The recent announcement of the application window opening in September 2026 in advance of the go-live date is a positive sign, giving both firms and the FCA a good runway, however it will need to be supplemented with guidance on what the FCA is expecting and adequate resources internally at the FCA to deal with the huge influx of applications it can expect. ■

Tokenization in Transition

Diverging Regulatory Paths in the US, UK, and EU

The conversation around tokenization has shifted considerably during 2025, with the US positioning itself as a frontrunner through clear regulatory guidance and a notable focus on digital assets, including tokenized securities. Across the Atlantic, challenges around regulation in the UK and EU persist.

The US Regulatory Landscape

The Trump administration has promulgated a significant shift in the US regulatory landscape for digital assets, triggering a flurry of market activity.

On July 30, 2025, the Presidential Working Group on Digital Asset Markets issued a comprehensive report on digital assets, “Recommendations to Strengthen American Leadership in Digital Financial Technology.” The report included recommendations to the SEC to broadly consider regulatory changes that would better accommodate the tokenization of securities and onchain market infrastructure.

In response, the SEC used its semi-annual agenda to preview proposals that would formalize a regulatory framework for cryptoasset issuance, custody, and trading,

thereby paving the way for related efforts to prioritize facilitating onchain market infrastructure and the tokenization of equity securities. For example, in a pivotal regulatory step for onchain market infrastructure, the SEC’s Division of Trading and Markets recently issued no-action relief to the Depository Trust Company (DTCC), allowing it to offer a tokenization service for certain securities on approved blockchains. DTCC is widely regarded as providing a significant component of Wall Street’s core post-trade utility, responsible for clearing, settling, and safeguarding trillions of US and global securities annually.

Relatedly, the Commodity Futures Trading Commission (CFTC) announced the launch of its digital assets pilot program for the use of certain digital assets as collateral in derivatives markets. This follows Acting Chairman Pham’s tokenized collateral initiative, which was launched in September 2025 as part of the CFTC’s “Crypto Sprint” and framed as a “significant milestone in the expanded adoption of digital assets in regulated markets.”

More broadly, the Guiding and Establishing National Innovation for US Stablecoins Act (GENIUS Act) created a US framework for



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certain payment stablecoins, easing operational headwinds for onchain market infrastructure and signaling regulators’ increasing comfort with financial institutions replacing legacy systems with blockchain technology.

Finally, at the state level, jurisdictions are steadily enacting the 2022 Uniform Commercial Code amendments that include a new Article 12 on “controllable electronic records.” This amendment establishes a uniform state law framework that governs the ownership, transfer, and enforceability of property rights in certain types of digital assets.

As a result, there is now clear cohesion in the US regulatory approach and its direct integration of tokenized securities (as well as digital assets more broadly) into the mainstream regulatory regime.

The UK and EU Regulatory Landscape

The position in the UK and EU is more fragmented. Although regulatory frameworks such as the Markets in Crypto-Assets Regulation (MiCA) do provide a route for tokenization of fiat currency and other assets by providing a clear regulatory framework for stablecoins, regulatory obstacles remain for the tokenization of transferable securities. For example, the Central Securities Depository Regulation (CSDR) imposes requirements for securities traded on a trading venue to be recorded in book-entry form in a Central Securities Depository (CSD), which raises significant issues for 'native' tokenized instruments where the relevant security is constituted by and exists solely on the relevant DLT network.

Encouragingly, there has been a focus on using pilot programs to address such regulatory hurdles, including the UK Digital Securities Sandbox and the EU DLT Pilot Regime. The latter was introduced in 2023 to address the legal framework for trading and settlement of transactions in cryptoassets that qualify as financial instruments (including tokenized securities). In June, the European Securities and Markets Authority published its report on the EU DLT Pilot Regime, outlining recommendations and proposals to enable scalability and to

facilitate efficient supervision for deeper capital markets integration, with a particular focus on reducing administrative burdens.

However, pilot schemes remain restricted, with limited uptake during 2025 and caps on eligibility which have hindered progress. These ongoing limitations with respect to UK and EU market infrastructure have resulted in the proliferation of structures that seek to tokenize financial instruments in other ways, such as by using derivative instruments or the issuance of tokens by an SPV holding underlying shares. Although these structures do not enable native forms of tokenized financial instrument, they do provide tokenholders with exposure to underlying financial instruments and continue to drive both interest in tokenization and market adoption.

Conclusion

As the US landscape develops throughout 2026 and beyond, it will be interesting to observe the extent to which tokenized instruments cross the Atlantic as UK and EU persons trade in US tokenized securities via DeFi platforms. It remains to be seen whether the UK and EU will embrace the direction offered by the US approach, or whether the ability to engage in trading of US tokenized securities will lead to increased caution and a widening gap between

the US and UK/EU markets. In any case, we expect 2026 to deliver further adoption and innovation in tokenization and continue the longer-term trend of increasing cross-over between traditional capital markets and cryptoassets. ■

The AI Revolution Needs Programmable Money



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“Programmable money” used to be one of crypto’s favorite buzzwords, capturing the imagination of developers who saw the potential for code to govern how value moves. Early blockchains like Ethereum brought that idea to life, making money itself “smart” (capable of following instructions and executing rules), and even some of Bitcoin’s earliest advocates saw programmability as the next great leap in how money could work.

But as the industry matured, the conversation drifted. We began talking about other important issues - regulation, adoption, user experience - and programmability quietly faded into the background. It’s time to bring it back. As AI agents begin making financial decisions, programmable money is the only form of value that can keep up with their speed, precision, and complex logic.

The promise of programmability

At its core, programmable money is money governed by self-executing if/then logic: if a certain condition is met, then the payment executes automatically. This turns money from something passive into something active—value

that can make decisions, trigger actions, and operate without human oversight.

Here are three examples of programmable money in action:

- **Subscriptions:** Streaming or cloud services that only charge when used, with payments executing automatically based on activity.
- **Payroll:** Employee salaries that are paid out in real time, with programmable logic handling taxes, bonuses, and benefits as funds are disbursed.
- **Mortgage payments:** Payments that are automatically deducted as soon as income lands, updating balances and schedules in real-time.

All three examples show how programmable money can react in real-time to environmental inputs and data-driven triggers. Its ultimate promise is a financial system where money doesn’t just move, it thinks.

Why it’s relevant now

If programmable money was visionary in 2015, it’s mission-critical in 2025. That’s because we’re entering an era of agentic commerce where software agents, powered by AI, act on behalf of users. These agents don’t take weekends off or wait for banking hours—they operate continuously, making thousands of micro-decisions that are **automatic, contextual, and precise**.

As it turns out, these are exactly the characteristics that programmable money was built to handle:

Automatic

- **AI agents** are designed to initiate and settle payments on their own, without waiting for human approval.
- **Programmable money** ensures that when an opportunity arises, the system doesn’t need to wait for a human to click “send”.



Contextual

- **AI agents** are capable of splitting payments, routing them through multiple parties, and settling across currencies all at once.
- **Programmable money** enables highly complex and context-dependent financial logic to execute in seconds.

Precise

- **AI agents** are designed to handle transactions with pinpoint accuracy, whether it's paying for API usage by the second or distributing revenue shares instantly.
- **Programmable money** ensures every transaction happens exactly as defined through pre-configured smart contract logic.

In short, programmable money is the only thing that can keep pace with autonomous agents and deliver what they're designed to accomplish in real-time.

Closing thoughts

Programmable money isn't just a buzz-worthy blockchain feature—it's the foundation for the future of finance, the killer app that will enable AI agents to do what they do best. As agentic commerce scales, we'll need money that can think, not just move; to operate continuously, not just on command. Programmable money is designed for just that, and we'd be failing to realize the full potential of AI-driven finance if we didn't make full use of it. ■

Beyond Fragmentation:

The Case for Coordinated Crypto Compliance in 2026



Jonathan Brockmeier
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OKX

The year 2026 marks an inflection point where crypto compliance shifts from building rulebooks to making them work together.

Over the past two years, the full implementation of MiCA in Europe, the passage of the GENIUS Act in the United States, and stronger frameworks from Asia-Pacific to the Middle East have settled the question of whether digital assets will be regulated; what remains open is whether those rules can function as a connected system rather than a set of isolated islands, and whether supervisors and industry can build the data, intelligence-sharing, and supervisory bridges to connect them.

This matters because digital assets now sit inside the financial system, not on its fringes. Global stablecoins process tens of trillions of dollars in value each year, and tokenized funds are used by mainstream institutions, not only in pilots. In that context, fragmented compliance stops being a technical inconvenience and becomes a financial-stability concern.

The Fragmentation Risk

Rules on reserves, licensing and custody have advanced significantly in major markets. Clarity inside individual jurisdictions, however, does not

guarantee consistency between them. The same economic activity can trigger different data requirements and reporting standards from one regulator to another.

Fragmentation also forces global institutions to split operations into local silos. Teams duplicate systems to meet different technical standards instead of concentrating effort on detecting and disrupting financial crime. This pattern is visible across regions: retail and High Net Worth Individual (HNWI) usage scaling in Asia-Pacific, tokenization pilots in Europe, and licensed virtual-asset businesses in Dubai all depend on cross-border flows that become harder to supervise when each regime uses a different “data language.”

A Working Model: Collaboration Over Isolation

Cross-border coordination already shows how to manage these risks more effectively. In August 2025, our team worked with Chainalysis, Tether, and Asia-Pacific law-enforcement agencies to freeze [US\\$47 million](#) in stolen funds linked to “pig butchering” scams. Earlier, cooperation with U.S. authorities contributed to the largest-ever Secret Service crypto seizure: US\$225 million tied to organized fraud networks in Southeast Asia.

These results were possible because OKX goes beyond tracking individual wallets; we map and report the full infrastructure of these scams, targeting the networks behind them rather than only low-level operators. That approach has been widely recognized by global law-enforcement entities and has enabled faster, coordinated action across borders.

Three Immediate Priorities

1. Harmonize Data and Risk Standards

Legal frameworks will always reflect local choices. The data that underpins compliance work should be far closer to a common standard. The FATF’S Recommendation 10 provides a baseline for customer due diligence, which many jurisdictions build upon, while other requirements remain subject to local variance. When a high-risk wallet is flagged in Frankfurt, Dubai or Singapore, the information that supports that decision should make sense to a compliance officer in any of those locations.

Shared taxonomies for wallet risk, transaction types, and counterparty indicators, together with compatible formats for exchanging this information, would sharply reduce the “translation cost” of compliance. This is the

dynamic behind the Travel Rule's Sunrise Issue: the same obligation implemented on different timelines, with different local requirements, and different vendor solutions. Firms should be able to put more of their resources into analysis and investigation rather than reconciling one jurisdiction's reporting schema with another's, or choosing which vendor solution to implement.

As bots and software agents take on a larger share of on-chain activity, inconsistent AML expectations will be exploited at machine speed unless supervisors and industry align on what risk looks like in the data.

2. Expand Real-Time Intelligence Sharing

Reporting frameworks built around alerts filed days or weeks after an event do not match the tempo of on-chain movement. By the time a retrospective report is processed, funds may have passed through many hops, protocols, and jurisdictions.

Industry-led information-sharing networks like the Beacon Network, of which OKX is a founding member, are proving how real-time collaboration can change this paradigm. Exchanges, issuers, and law-enforcement agencies now have channels to flag illicit activity with materially reduced latency, enabling funds to be frozen faster than they can be laundered.

In both the pig-butcher case and the

Southeast Asia fraud seizures, risk signals are shared across Asia, Europe, and the US at a speed that made asset recovery possible. This "proactive disruption and referral" model transforms compliance teams from isolated reporters into nodes of a collective defence system.

3. Establish Reciprocal Supervisory Recognition

Institutions that operate under MiCA, the GENIUS Act in the US, VARA in Dubai, and other high-standard frameworks invest heavily in robust control environments. Where regulatory outcomes align, supervisors may consider pursuing mutual recognition to reduce duplication and incentivize best practice.

The United States has already codified this principle in Section 18 of the GENIUS Act, establishing a model others can look to for reference. This is not a call to dilute local rules; it is a call to recognize strong regulatory outcomes wherever they exist.

Doing so would free capital for advanced monitoring technology, customer-protection measures, and training, allowing firms to maintain high standards consistently across jurisdictions while operating within clear, trusted frameworks.

Building the Bridge

Convergence of this kind rests on partnership. Regulators need practical channels for ongoing coordination: joint working groups, cross-border enforcement task forces, and supervisory technology that can operate across borders. Industry players must invest in the plumbing that allows this to function, from shared data models to live risk-sharing platforms.

This mindset sits at the centre of our own strategy. When OKX launched its exchange and Web3 wallet in the US in early 2025, the build was designed to fit both local expectations and a global control framework. Local banking rails and KYC systems were integrated into architecture that already supports operations in Europe, the Middle East, and Asia. In key hubs such as the EU, Singapore, and Dubai, our approach is consistent: regulated platforms with bank-grade custody, transparent proofs of reserve, and clear oversight, because that is what customers, from individuals to institutions, now expect when they treat digital assets as part of long-term portfolios rather than short-term trades.

The US-UK Transatlantic Taskforce for Markets of the Future, ongoing work by International Organization of Securities Commissions

(IOSCO), and the Financial Stability Board (FSB) indicate that major jurisdictions are prepared to align on outcomes rather than operate entirely alone. Industry bodies such as Global Digital Finance (GDF) keep this conversation active as technology and business models evolve.

The Choice Ahead

The sector now has clear legislative anchors in major markets and a track record of joint enforcement actions that have already frozen hundreds of millions of dollars in illicit funds before they disappeared into opaque channels. The building blocks - common reporting frameworks, real-time intelligence networks, and emerging models for mutual recognition - are already available.

What remains is disciplined execution. The path forward is clear: if supervisors and industry can converge on data standards, live intelligence sharing, and supervisory recognition, digital assets can develop into a transparent, well-supervised layer of global market infrastructure. If they do not, the next decade risks being defined by higher walls around smaller pools of liquidity, while activity with the highest risk continues to move through the gaps that remain.

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The Future of Payments

The Growing Role of Stablecoins in Financial Infrastructure



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The global payments landscape is undergoing a structural shift. What was once an ecosystem dominated by batch processing, intermediaries, and geographic friction is evolving into a real-time, data-rich, and programmable financial network. At the center of this transformation are fiat-backed, regulated stablecoins, which are increasingly emerging not as a niche crypto innovation, but as a foundational layer of modern payments infrastructure.

Fiat-backed stablecoins are designed to maintain a stable value relative to trusted reference assets such as fiat currencies. This design allows them to combine the familiarity and reliability of traditional money with the speed, programmability, and global reach of digital assets. In practice, this means money that can move instantly across borders, settle continuously rather than during banking hours, and integrate directly into software, platforms, and workflows.

Among these instruments, US dollar-pegged stablecoins have gained particular prominence. A major inflection point came with the passage of the GENIUS Act in the United States in July 2025. By establishing a federal prudential framework for certain payment stablecoin

issuers, the legislation delivered long-awaited regulatory clarity. More importantly, it signaled a clear policy intent: stablecoin innovation should develop within regulated financial markets rather than outside them. This framework has accelerated institutional confidence, encouraged bank participation, and laid the groundwork for responsible growth at internet scale.

Stablecoins are moving from being enabling infrastructure to delivering tangible economic impact. Their adoption is no longer confined to crypto trading or speculative activity. Instead, stablecoins are being embedded into payments, banking, capital markets, and enterprise finance. Real-time payroll, programmable treasury operations, instant securities settlement, and frictionless global trade finance are no longer theoretical use cases; they are increasingly live implementations.

This evolution is occurring alongside broader experimentation with central bank digital currencies (CBDCs), tokenised deposits, and regulated payment tokens. While these instruments serve different purposes and legal structures, together they reflect a shared direction: modernising money to function in a digital, always-on economy.

Financial regulators and policymakers are cognisant that stablecoins that are widely adopted globally (also known as global stablecoins) may carry significant risks related to macro-financial stability, operational efficiency, financial integrity, and legal certainty. These global stablecoins may contribute to currency substitution, increase capital flow volatility. These risks could be more pronounced in countries experiencing high inflation, weaker institutions, or diminished confidence in the domestic monetary framework.

The regulatory landscape for stablecoins is evolving. The Financial Stability Board (FSB) has developed global policy recommendations for regulating, supervising and overseeing stablecoin arrangements, particularly those with cross-border reach, to address potential financial stability risks while supporting responsible innovation. Authorities and regulators in key jurisdictions have started crafting or implementing international standards, and/or appropriate regulatory framework although a fragmented landscape persists. As stablecoins operate globally, this also increases the potential for conflicts between domestic policies, making international cooperation even more essential.



To ensure stablecoins are adopted safely and at scale, three priorities stand out. Interoperability is fundamental, as stablecoins must function seamlessly across multiple blockchains and payment rails. If stablecoins are limited to a single blockchain or closed network, they create fragmentation and restrict adoption, much like today's siloed payment systems. By enabling stablecoins to operate seamlessly across multiple blockchains, wallets, payment rails, and financial institutions, interoperability supports global reach, real-time settlement, and efficient liquidity use. It also reduces reliance on any single provider, increases resilience, and allows stablecoins to integrate smoothly with existing financial infrastructure, helping them evolve into trusted, scalable payment instruments.

Equally important is global coordination. FSB's Oct 2025 peer review report reveals significant gaps and inconsistencies in implementation of its stablecoin recommendations. FSB urged jurisdictions to prioritise full and consistent implementation of its stablecoin recommendations, so as to minimise risk of regulatory arbitrage and to improve the oversight of an inherently global digital asset ecosystem. As fiat-backed stablecoins represent a new layer of payment infrastructure, they present a unique opportunity for regulators, central banks, and policymakers to align early on shared principles, standards, and regulatory approaches. Such alignment can reduce market

fragmentation, enhance trust, and enable stablecoins to be used safely and consistently across borders.

Finally, strong public-private collaboration is essential. Widespread adoption will depend on governments and regulators working closely with financial institutions and technology providers. By combining regulatory oversight and public trust with private-sector innovation and execution, stablecoins can evolve into secure, scalable, and practical solutions that meet real-world payment needs.

As regulation, trust, and technology converge, stablecoins are no longer simply a digital asset category. They are becoming a core component of the next generation of money and payments. By overcoming the structural limitations of legacy infrastructure while operating within clearer regulatory frameworks, stablecoins are reshaping how value moves across the global economy. The future of payments is not about choosing between traditional finance and digital assets—it is about integrating the best of both to build a faster, more resilient, and more inclusive financial system.

[Note: The article is written by the author in its personal capacity and reflects his personal view]. ■

The Walled Gardens of Digital Cash

Why Regulatory Alignment is Key to Global Stablecoin Fungibility



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Stablecoins were conceived with a clear promise: to deliver stable, digital, and borderless money. By bridging the reliability of fiat currencies with the efficiency of blockchain technology, they are poised to become a foundational layer for global commerce. But the critical question is not if stablecoins will matter, but how their current trajectory will shape global finance. Will they finally unlock truly seamless, low-cost cross-border payments, or will they merely fragment into a disconnected patchwork of local systems?

The answer hinges entirely on achieving fungibility.

In traditional finance, a dollar is a dollar, regardless of which bank holds it. For stablecoins, true fungibility means that a well-regulated digital token, backed by a fiat currency, must be functionally equivalent and trusted everywhere, regardless of the network or jurisdiction from which it was issued. Without this equivalence, stablecoins risk creating digital "walled gardens", silos that undermine their core utility as a global payment instrument.

The most significant barrier to this vision of seamless global value movement is not technological; it is regulatory harmonization.

Inconsistent definitions and licensing requirements across different jurisdictions act as friction points, limiting the global usability of these assets. When one jurisdiction's regulations fail to recognize or trust the robust regulatory framework of another, a stablecoin is essentially blocked at the border, forced to operate only within a defined local system. This fragments the global financial system, undermining the very purpose of a digital, borderless asset and creating an obstacle to widespread global adoption.

The challenge of cross-border payments is fundamentally about trust and cost. Businesses and consumers need value to move reliably, instantly, and affordably across jurisdictions. Stablecoins offer the potential to deliver this efficiency, but only if they can maintain their fungibility. If a stablecoin must undergo costly conversions at every national boundary, or is completely locked out due to differing jurisdictional standards, it simply reintroduces the costs and delays of the legacy system it was designed to replace.

One critical mechanism for achieving this fungibility is the adoption of mutual recognition frameworks. This approach moves beyond simple

harmonization by establishing a system where a regulated stablecoin, licensed in one jurisdiction, is deemed compliant (or at least substantially equivalent) for use in another, provided its home regulator meets a shared standard.

For instance, the GENIUS Act aims to facilitate this exact type of framework. It allows overseas stablecoins to be used in the United States provided the foreign jurisdiction's regulatory regime is deemed comparable by the Treasury Secretary, such that they meet similarly robust standards in terms of reserve requirements, auditing, and consumer protection. This approach is far more effective than forcing every issuer to navigate a full, separate licensing process in dozens of countries, directly supporting the seamless global movement of digital value.

A pragmatic interim approach is also needed, recognising that regulatory frameworks around the world are still evolving and recognition

will take time to implement. For example, the GENIUS Act allows for a three year period during which overseas stablecoins can be used in the United States, before recognition of the home regime becomes mandatory.

The European Union (EU) has also taken steps via its MiCA regulation to ensure that users in the EU are able to access globally fungible stablecoins safely. In this approach, known as 'multi-issuance', global issuers must hold part of their reserves in the EU. However, a lack of clarity has led to diverging approaches within the EU, creating competitive imbalances and stalling progress. A clear interim approach is urgently needed whilst a recognition framework is being developed.

The path forward requires pragmatic convergence. We must move away from the localization requirements driven by national mandates and toward a framework that preserves the global fungibility of stablecoins without compromising national priorities like consumer protection and financial stability.

This also calls for risk-sensitive alignment from global standard-setters. Instead of broad, restrictive measures, regulators must adopt technical and legal standards that differentiate between well-regulated and unregulated

stablecoins. This approach, centered on international collaboration and a "learning by doing" mindset, is the only way to build bridges between traditional finance and the digital asset ecosystem. This will help incentivize bank participation, and will ensure innovative financial activity remains within the regulatory perimeter - a necessary requirement to modernize cross-border payments.

Stablecoins are at an inflection point. Their ability to serve as the connective tissue for a more efficient global financial system depends entirely on whether regulators and industry can collaborate effectively. Fungibility is the destination. How do we get there? Only by dismantling regulatory "walled gardens" through cohesive global policy can stablecoins fulfill their promise to revolutionize cross-border payments.

Learn more: [*The Fungibility of Stablecoins: Unlocking Cross-Border Payments or Fragmenting the Global Financial System?*](#) ■



Privacy for Tokenized Assets

What Banks Need to Know



Jean-Philippe Aumasson
Chief Security Officer, Co-Founder
Taurus

In discussions around tokenization, the term privacy is often used imprecisely. In institutional finance, privacy does not mean anonymity, secrecy, or a lack of oversight. It refers to confidentiality with accountability: the ability to control who sees what information, while preserving full auditability for regulators and internal control functions.

This distinction matters because tokenization is moving closer to real institutional use. Financial institutions are assessing the application of tokenized assets to core activities such as collateral management, fund issuance, and settlement. At this level, privacy is not optional.

1. How tokenization challenges existing confidentiality models

In traditional finance, confidentiality is deeply embedded in market infrastructure. Positions, flows, and strategies are not publicly visible, yet regulators retain full oversight through established supervisory frameworks.

Many blockchain systems challenge this balance by defaulting to global transparency. As a result, banks must ask whether adopting new digital

rails could expose information they have always treated as sensitive, for commercial, operational, and systemic reasons.

From our experience working with leading banks, institutions are willing to adopt new rails, but only if those rails preserve the confidentiality guarantees they already rely on today.

At small volumes, visible transactions may be acceptable. At institutional scale, the same visibility can create risk. For example:

- Large asset movements may signal liquidity stress
- Redemption flows may reveal investor behavior
- Payment patterns may expose funding strategies

In traditional markets, infrastructure deliberately limits who can observe this information to avoid destabilizing effects. Tokenized markets must replicate this containment, otherwise they risk amplifying volatility rather than reducing it.

2. Confidentiality and regulatory oversight are not opposites

A common misconception is that stronger privacy necessarily weakens regulatory oversight. In our experience, this concern usually comes from confusing confidentiality with opacity.

The two are not the same. Confidentiality controls who can see information by default. Auditability ensures that authorized parties, particularly regulators, can access the information they need.

Institutions need systems where:

- Counterparties see their own transactions
- Service providers access only what they require to perform their role
- Regulators can access data through legally defined mechanisms
- The broader market does not have unrestricted visibility

This is already how existing financial infrastructure works. Tokenization should enhance efficiency, not force a regression in regulatory visibility or market integrity.

3. Designing privacy with operational resilience in mind

Much of the discussion around blockchain privacy focuses on advanced cryptographic techniques, such as zero-knowledge proof systems. These tools can be powerful from a technological angle, but they are not a universal solution for institutional markets.

From an institutional perspective, the main concern is operational risk. Some privacy approaches rely heavily on complex key management, credentials, and access revocation. At scale, this can introduce:

- New single points of failure
- Difficult recovery scenarios if keys are lost or compromised
- Increased operational and compliance burden

Financial institutions tend to favor privacy by design rather than privacy layered on top of transparent systems. Approaches based on data segregation, permissioned access, and conservative cryptographic primitives are easier to audit, govern, and operate.

In institutional markets, simplicity and robustness often matter more than novelty.

4. Governance as a foundation for privacy

Privacy and governance are inseparable.

Banks need clear answers to fundamental questions, including:

- Who operates and governs the network?
- Who validates transactions and under what rules?
- Who is accountable in the event of error, dispute, or failure?
- Where does legal and contractual recourse exist?

These questions become especially important as tokenized assets and digital money move into systemically relevant use cases.

Stablecoins are a good example. As long as they remain retail-focused, held in pooled accounts in exchanges, transparency may be tolerated. As soon as they are used for high-value payments, collateral, or wholesale settlement, confidentiality becomes essential. At the same time, institutions must avoid architectures where a single issuer or private key represents a systemic point of failure.

Robust governance frameworks are therefore as important as the underlying technology.

5. Practical considerations for banks

Several principles consistently emerge:

- **Start with familiar use cases:** Focus on areas where confidentiality expectations are already well understood, such as collateral mobility, delivery-versus-payment, and intragroup transfers.
- **Avoid doing everything at once:** Migrating existing workflows to new digital rails is already complex. Redesigning market structure at the same time increases execution risk.
- **Keep sensitive data off-chain:** Personally identifiable information and detailed client data should remain off-chain, supported by verifiable credentials and standardized reference data.
- **Engage regulators early:** Privacy models aligned with supervisory expectations reduce uncertainty and accelerate adoption.

Banks will not move core activities onto infrastructure that exposes strategies, positions, or liquidity signals by default. At the same time, they will not accept opacity that undermines auditability or regulatory oversight. The path forward lies in tokenized systems that deliver confidentiality by default, selective disclosure by design, and full accountability when required. This reflects how financial markets operate today and will ultimately determine whether tokenization matures into a durable and trusted component of the global financial system. ■

The Passport for the Agentic Economy

Why Trust is the Bedrock of Future Financial Services



Gary Liu
Co-Founder & CEO
Terminal 3

The digital economy is navigating a profound structural inflection point. As we transition from the user-driven era of Web 2.0 to the autonomous, agent-driven paradigm of the **Agentic Economy**, the very nature of digital interaction is being rewritten.

Agentic Commerce—the deployment of autonomous AI agents capable of executing complex commercial workflows like discovery, negotiation, and transaction settlement—is no longer a futuristic concept. In 2025, AI and agents influenced **\$11.8 billion** in global Black Friday sales, and by 2030, agent-driven transactions are projected to reach between **\$385 billion and \$1 trillion** in the U.S. alone. Globally, the economic impact could exceed **\$5 trillion** by 2030. However, this massive potential will only be realized if we resolve a critical, underlying issue: the trust gap.

The Identity Crisis in a Headless Economy

Our current digital trust infrastructure was built for humans clicking buttons. Traditional mechanisms like cookies, CAPTCHAs, and device fingerprinting are designed to verify human intent and behavior. But in a headless environment where the customer is a piece of

code, these signals become obsolete. An AI agent does not have a typing speed or a mouse movement pattern that can be verified.

This creates a vacuum for bad bots that use agentic reasoning to bypass traditional defenses. Visa has already identified a **450% increase** in dark web discussions regarding the use of AI agents for fraud over the last six months. Without a new standard for identity, the velocity of the Agentic Economy will be severely constrained by security risks and legal ambiguity.

The Limitations of Centralized Standards

Current attempts to secure these interactions often rely on centralized walled gardens or platform-specific protocols. While these solutions work within a single ecosystem, they are not viable globally. Centralized models create massive honeypots of sensitive data and force vendor lock-in that hinders cross-border interoperability.

Furthermore, they struggle with the rise of Sovereign AI initiatives. Governments globally are becoming wary of foreign, often US-centric corporations holding the keys to their national agent workforce and critical data. In regions like

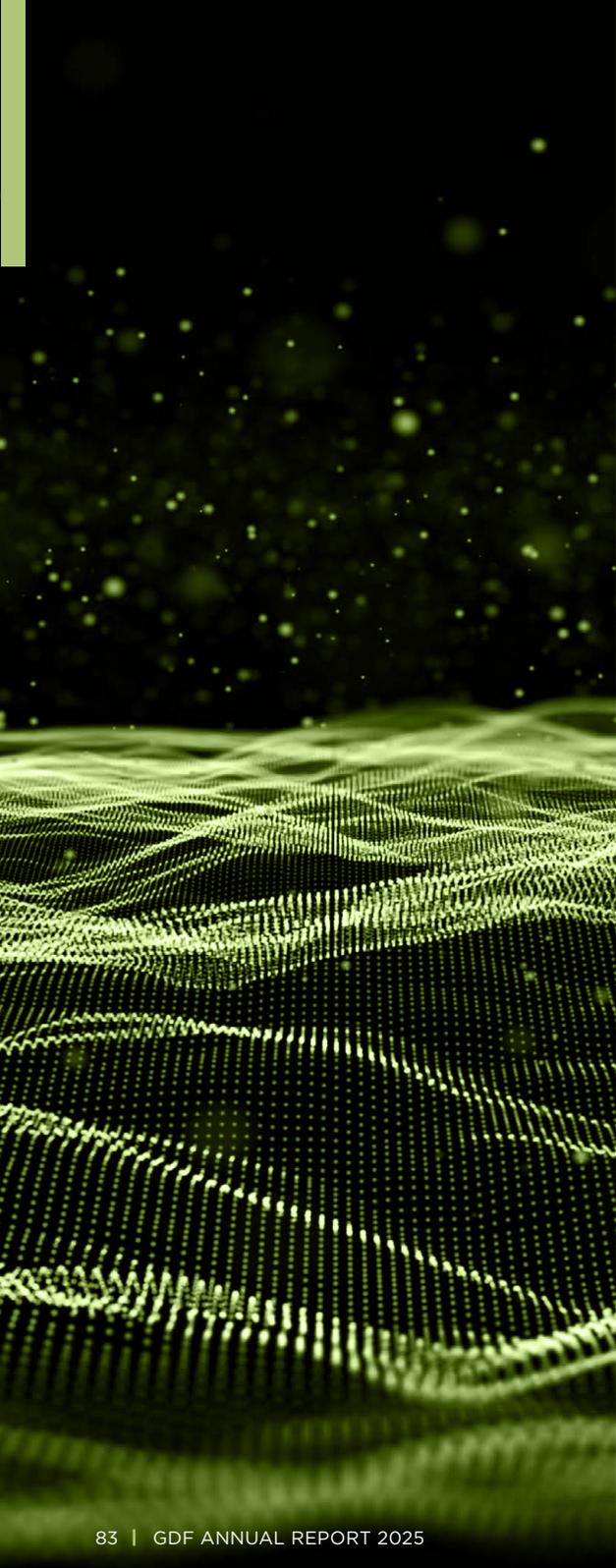
the Middle East (UAE, Saudi Arabia) and Asia-Pacific (Singapore), governments are increasingly investing in their own large language models for ownership over their own AI capabilities.

Decentralized infrastructure is necessary to provide a vendor-neutral, privacy-preserving layer that respects data residency laws and national security priorities. Only a decentralized "Trust Protocol" can enable an agent from one jurisdiction to transact securely with an agent from another without requiring a central intermediary to vouch for them.

The "Know Your Agent" (KYA) Framework

To keep the future digital financial ecosystem safe, we must shift from implicit verification to explicit, cryptographic verification. This necessitates a **"Know Your Agent" (KYA)** framework, analogous to the KYC standards in banking.

A secure trust layer for the Agentic Economy requires four foundational pillars:



- **Verifiable Agent Identity (DID):** Every agent requires a unique, persistent Decentralized Identifier that cannot be spoofed or hijacked.
- **Explicit Mandates (VCs):** Agents must carry Verifiable Credentials proving their specific authority, such as spending limits or the mandate to represent a specific principal. They are issued once, reused, and are programmable for automated transactions.
- **Privacy-Preserving Data Access:** Using "Zero-Memory" querying, agents can access sensitive corporate data (e.g., budget) without pulling raw financial data into their context window, where it could be leaked or hallucinated.
- **Immutable Audit Trails:** Every autonomous negotiation and transaction must be logged on a non-repudiable ledger. This provides the evidentiary standard required to resolve liability disputes when an agent acts outside its scope.

Collaborative Progress for a Secure Future

The path forward lies in collaborative public-private initiatives. In Singapore, **Project Guardian** is testing asset tokenization and agentic payments, requiring agents to be compliant with AML/CFT rules. In the Middle East, **Sovereign AI** mandates are driving

the need for local identity verification that complies with strict data residency laws like Saudi Arabia's PDPL.

Agentic Commerce represents a significant opportunity to unlock trillions in efficiency. By establishing decentralized identity, verifiable credentials, and immutable audit trails as the bedrock of the ecosystem today, we ensure the Agentic Economy is not only high-performing but safe, secure, and resilient for all. ■

2025

The Year of Public-Private Disruption



Ari Redbord
Global Head of Policy
TRM Labs

2025 marked a fundamental shift in how financial crime is confronted. For years, the dominant model was public-private partnership: governments set rules, the private sector complied, and information flowed slowly through formal channels. That model improved transparency, but it could not keep pace with modern illicit finance. In 2025, the focus moved from partnership to disruption — real-time, coordinated, outcome-driven disruption that collapses the gap between detection and action.

This shift was driven by a simple reality: bad actors no longer operate on slow timelines. They move at the speed of software. Networks adapt instantly. Funds cross borders in seconds. Enforcement that waits weeks or months increasingly arrives too late. Public-private disruption emerged as a response to that mismatch — not collaboration for its own sake, but shared operational execution.

Why 2025 Was Different

Two forces collided in 2025. First, illicit activity accelerated dramatically. Scams scaled at an industrial level, powered by generative AI, deepfakes, automated social engineering, and

highly targeted outreach. [TRM observed a 456% increase in the use of AI across scam activity](#), fundamentally changing both volume and velocity. Fraud was no longer artisanal. It was programmable.

Second, defenders adapted. Governments, platforms, stablecoin issuers, analytics providers, and law enforcement stopped treating financial crime as something to analyze after the fact and started treating it as something to interrupt while it was happening. That mindset shift — from retrospective investigation to active interdiction — defined the year.

Beacon Network: From Sharing to Execution

At the center of this evolution was the [Beacon Network](#). Beacon brings together global law enforcement agencies and private-sector firms including Binance, Bitfinex, Coinbase, Crypto.com, HTX, Kraken, PayPal, Poloniex, Ripple, Zodia Custody, and others.

Beacon was built to address a structural asymmetry that criminals have long exploited: fragmentation across jurisdictions, institutions, and platforms. Instead of static typologies or

delayed reporting, Beacon enables trusted public and private participants to share high-confidence threat signals in near real time.

What makes Beacon disruptive is not that it shares information — that has existed for years — but that it is designed for execution. Signals detected by compliance teams can immediately inform enforcement action. Intelligence uncovered by investigators can flow back to industry before threats metastasize. Beacon functions less like a forum and more like a shared operational layer, allowing participants to move together rather than sequentially.

T3 and the Stablecoin Interdiction Model

Another defining expression of public-private disruption in 2025 was the [T3 Financial Crime Unit](#). T3 brings together **TRON**, **Tether**, and **TRM Labs** with law enforcement into a standing operational construct built for active interdiction, not post-incident review. Rather than waiting for investigations to conclude, T3 was designed to act while illicit activity is still unfolding.

In practice, that model proved its value. When illicit networks were identified, action followed immediately: wallets were frozen, funds were seized, and financial infrastructure was disrupted before proceeds could be recycled or redeployed. By the end of 2025, T3-supported actions had resulted in well over USD 300 million in illicit funds frozen or disrupted, demonstrating that this approach is not theoretical — it is operational at scale.

Most importantly, T3 inverted the traditional enforcement sequence. Instead of investigate, indict, and attempt recovery years later, interdiction came first. Legal process followed, but immediate harm was reduced. Enabled by blockchain transparency and private-sector controls, this shift from retrospective enforcement to real-time disruption became one of the clearest signatures of 2025's new enforcement paradigm.

Collective Signal at Scale

Public-private disruption also relied on signal at scale. Platforms like **Chainabuse** transformed victims and companies into active contributors to enforcement by surfacing scam activity early. In 2025, these reports increasingly functioned as live intelligence rather than historical records, feeding analytics and enforcement workflows quickly enough to matter.

Network-Level Disruption

One of the clearest lessons of 2025 was that modern illicit finance cannot be dismantled one wallet or transaction at a time. Adaptive criminal networks are built to survive isolated takedowns. When one address is frozen, activity reroutes. When one intermediary is removed, another fills the gap. What proved effective instead was coordinated action against entire networks — combining sanctions, indictments, travel bans, and asset forfeiture to target the infrastructure, facilitators, and financial rails that make illicit ecosystems viable.

That approach was exemplified by the takedown of the [Prince Group](#). Rather than focusing narrowly on downstream laundering, authorities and private-sector partners mapped and targeted the full operational footprint of the network. The response combined sweeping sanctions designations, criminal indictments, international travel restrictions, and what became the largest forfeiture action in U.S. history. The result was not just the seizure of assets, but the functional degradation of the network itself — disrupting its ability to move funds, pay operators, onboard victims, and continue operating at scale. In 2025, success was measured not only by dollars seized, but by whether a network could keep functioning the next day.

The Promise of Crypto For Coordination and Disruption

None of this undermines the promise of crypto. In fact, 2025 showed the opposite. Public blockchains made real-time interdiction possible in ways traditional finance often cannot. Transparency enabled faster tracing. Collaboration enabled faster action.

The lesson of 2025 is not that crypto creates risk, but that it demands a different enforcement posture — one that is dynamic, collaborative, and operational. ■

Stablecoins and the Gap between Promise and Progress



Julian Sawyer
CEO
Zodia Custody

Throughout 2025, stablecoins dominated industry headlines. Policy consultations accelerated, issuers proliferated, and new pilots emerged across payments, treasury, and cross-border settlement. For a moment, it felt as if tokenised money was finally becoming the financial system’s next mainstream instrument.

But as the dust settles at the end of the year, it’s becoming clear that much of the narrative has moved faster than institutional behaviour. Are stablecoins really ready for mass-market adoption? To better focus on what must happen next to enable this, we must accurately understand where we are.

We’re still in the early adopter phase

Despite the momentum of 2025, most institutions have not integrated stablecoins into day-to-day operations. A handful of pioneering firms including PayPal and Stripe have taken meaningful steps, but beyond these few cases, uptake is limited.

One of the core issues we’ve seen is that, for mainstream institutions, the stablecoin value proposition does not yet exceed that of legacy

payment systems. Faster settlement is attractive, but it’s not compelling enough to drive major process redesigns without one of two things:

- A clear commercial advantage, or
- An explicit customer demand

Today, neither is sufficiently strong. Most institutions that are optimising their treasury or supply-chain payments still see more risk, uncertainty, and operational friction in stablecoins than in existing rails. This is the hallmark of a market still dominated by innovators and early adopters, one that has not yet achieved broader institutional engagement.

The missing piece: a complete, interoperable, end-to-end ecosystem

The industry often describes stablecoins as a faster, cheaper, programmable rail. And while that is true at the middle of the payment flow, it overlooks the much harder parts: the first mile and last mile. In 2025, these remained the biggest blockers to adoption as stablecoin infrastructure still lacks:

- Seamless fiat on- and off-ramps
- Clear, harmonised regulatory regimes across markets
- Merchant acceptance at scale
- Consistent compliance standards
- Robust integration into existing systems

The result is that stablecoin pilots often succeed in principle but struggle to translate production into scale. Moving value on-chain is easy; plugging it into real-world financial workflows is more complex.

There are clear use cases for where stablecoins can deliver most impact: in cross-border payments, remittances, supply-chain financing to name a few, because the inefficiencies are well understood. Without a functioning end-to-end product, however, these remain near-term opportunities rather than mainstream realities. This year, while many firms were making progress building the foundational infrastructure, the most challenging components have not yet been fully resolved.

Universal acceptance over technological sophistication

A key insight from 2025 is that stablecoin success will not be determined by how advanced the technology is. It will be determined by trust, consistency, and wide scale adoption, the same principles that underpin every major payment network.

Visa and Mastercard do not dominate because merchants understand the mechanics behind them, they dominate because a retailer anywhere in the world will hand over goods in return for a card they've never seen before just based on the name. The brand guarantees acceptance and settlement.

Stablecoins have not yet established this level of universal confidence.

We have fragmentation: multiple issuers, chains, standards, and models, but no network that delivers the predictable, borderless acceptance required to shift consumer and institutional behaviour at scale.

There is a practical path forward, however. Stablecoins can prove their value in specific high demand payment routes, such as the United States to the Philippines or the United Arab Emirates to Pakistan. When a stablecoin model

shows clear advantages in a defined corridor, adoption in surrounding markets tends to follow more naturally.

Until stablecoins have developed the operational trust comparable to card networks like Visa and Mastercard, they will most likely be utilised as powerful tools for innovators rather than become the default rails for global commerce.

If 2025 was the year of stablecoin visibility, 2026 needs to be the year of stablecoin viability.

To accelerate adoption, three shifts are essential:

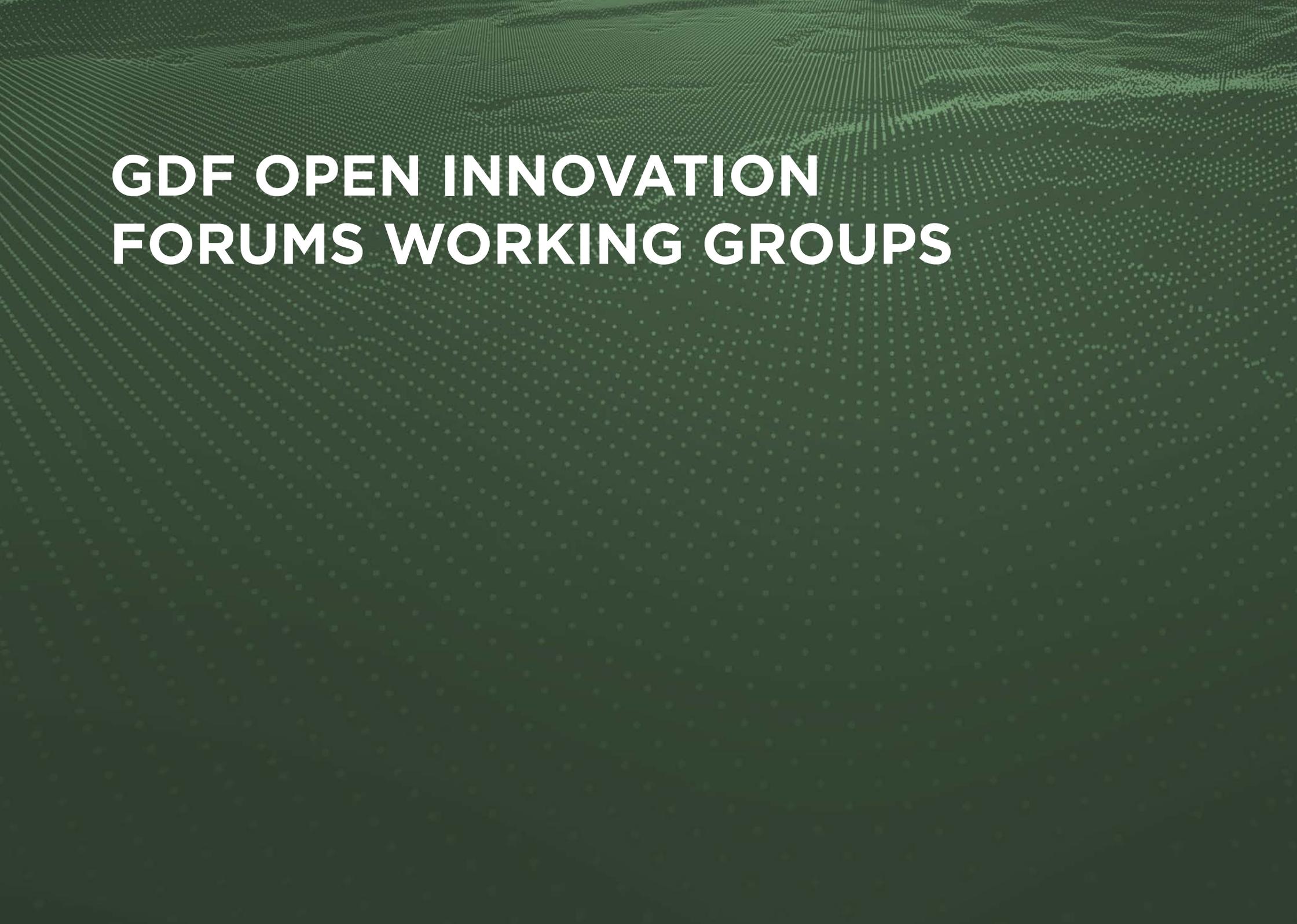
1. Move from pilots to production
Major PSPs, banks, and cross-border networks must operationalise stablecoin-based settlement where it meaningfully improves liquidity, cost, or capital efficiency.
2. Solve the entry and exit problem
Interoperable on-/off-ramps, clear regulation, and merchant-ready integration will do more for adoption than any breakthroughs in core blockchain performance.
3. Simplicity above all else
Users, whether institutional, retail, or treasury team, must reach the point where the underlying rail doesn't matter. When someone can say, "I don't care if this uses stablecoins; it just works," then we're close to mass adoption.

The next phase of stablecoin adoption will be defined execution, not hype

At Zodia Custody, our focus in 2025 has been building the trusted infrastructure for institutions that makes stablecoin networks secure, resilient, and enterprise-ready. Custody, however, is only one part of a wider ecosystem.

For stablecoins to truly achieve widespread adoption, the industry must collaborate on shared standards, interoperable rails, and a clear regulatory framework that supports confidence without stifling innovation. Stablecoins have enormous potential, that much is undisputed, but potential alone does not create mainstream payment systems.

2025 taught us that the next phase of stablecoin adoption will be defined not by hype, but by execution. If we can align on usability, trust, and universal acceptance, we will finally unlock what this technology has been promising for years: a faster, more efficient global network. ■



GDF OPEN INNOVATION FORUMS WORKING GROUPS

2025 Forum Co-chairs



Anthony Woolley
Chief Client Officer
Ownera



Daniel Coheur
Global Head of Digital Assets & Board
Member Tokeny Luxembourg

Tokenization Forum

2025 marked a watershed year for the GDF Tokenization Forum as institutional adoption of digital asset infrastructure accelerated and tokenization moved decisively from experimentation to scaled deployment.

Building on the foundations laid in 2024, the Forum expanded its community, deepened its technical workstreams, and delivered several industry-defining collaborations - solidifying GDF's role as the leading convening body for tokenization across global financial markets.

Operating on a bi-monthly cadence, the Forum continued to surface the most pressing challenges and opportunities facing tokenization programmes worldwide. Attendance remained consistently high, and discussions reflected a market that had entered an execution phase: members focused less on theory and more on operationalizing interoperability, digital asset custody, payments integration, and pathways to liquidity for tokenized assets.

Institutional Adoption Accelerates

Tokenization momentum surged in 2025 amid a confluence of enabling forces: clearer policy direction in key markets, meaningful upgrades

in digital financial market infrastructure (dFMI), and renewed institutional attention following macro-level shifts in the US, UK and EU. Forum members widely agreed that traditional barriers slowing adoption—regulatory ambiguity, cross-chain fragmentation, and the absence of institutional-grade settlement rails—became far more solvable as policy and industry consensus converged.

Insights from ongoing GDF-commissioned research reinforced this outlook. As highlighted in 2024, major institutions had already begun handling tokenized securities and commodities, with 100% of surveyed firms planning near-term expansion. In 2025, Forum dialogues demonstrated that this intent was now materialising in live programmes—with significant rollout in corporate debt, private markets, fund structures, and short-term liquidity instruments.

The UK's Digital Securities Sandbox (DSS), the US administration's pro-crypto policy pivot, the EU's MiCA implementation phase, and MAS's Project Guardian pilots each featured prominently in member discussions. These regulatory milestones were consistently cited as catalysts enabling firms to move from strategy formulation to operational execution.

Custody, Settlement and the Evolution of dFMI

Digital asset custody remained a defining topic, with members assessing how incumbents and crypto-native providers are converging and how custody models must adapt for tokenized RWAs. This dialogue laid the groundwork for the **DAC x Tokenization Working Group**, launching under the leadership of Zodia Custody and Deloitte. The group focused on harmonizing operational standards and risk frameworks for safeguarding institutional tokenized assets.

Considerations around settlement finality innovation also rose in prominence, driven by expanding use of stablecoins and tokenized deposits for intraday or atomic settlement. Members highlighted the growing need for reliable digital money rails as institutions piloted tokenized collateral, repo, and securities

financing products. These conversations frequently intersected with the work of the Digital Payments Forum, reflecting the increasingly interdependent nature of payments and tokenization.

TMMF as Collateral: Enabling Market-Wide Liquidity Mobility

One of 2025's most significant developments for the Tokenization Forum was the completion of the **Tokenized Money Market Fund (TMMF) as Collateral** initiative, culminating in publication of the *Case for Collateral Mobility* report.

While the detailed findings are covered in a separate article, its influence across the Forum was substantial. The initiative demonstrated that TMMFs represent a high-value, near-term use case capable of unlocking faster, more transparent capital mobilization for treasury, derivatives and financing markets.

This workstream reinforced a broader industry conviction: early-stage tokenization wins are emerging where operational efficiency, collateral optimization, and real-time settlement intersect.

Liquidity, Payments and the Maturing Tokenized Market

Liquidity formation remained a core challenge, but members expressed increasing confidence in emerging solutions - including MEV-resistant

routing, cross-chain synchronization models, and unified settlement protocols. These developments, combined with maturing digital payments infrastructure, were viewed as essential pillars for enabling tokenized markets to scale sustainably.

Members also noted that tokenization and payments innovation can no longer be treated as separate tracks; they are now mutually reinforcing components of the future dFMI stack.

A Community Shaping the Market's Next Phase

Throughout 2025, the Tokenization Forum strengthened its role as a collaborative, neutral environment where competitors, policymakers and technologists work shoulder-to-shoulder on shared challenges. The Forum's ability to convene diverse perspectives - C-suite, technical, regulatory, and operational - remained one of its defining strengths.

The year's discussions made clear that tokenization has entered a new chapter. The sector is transitioning from experimental pilots to real-world implementation, backed by maturing policy frameworks, upgraded infrastructure, and growing institutional demand. As this transformation continues, the GDF Tokenization Forum will remain a central force guiding the industry toward responsible, interoperable, and scalable adoption. ■

EU/UK Tokenized Money Market Fund Working Group

2025 will be remembered as the year digital finance crossed a threshold: no longer a parallel experiment, it became an urgent agenda to connect with traditional finance. The GENIUS Act did more than clear away regulatory uncertainty; it gave policymakers, supervisors and industry a shared language and a clear mandate for how tokenisation, stablecoins and decentralised market infrastructure should sit alongside existing frameworks.

It was also the year leading institutions recognised that no single firm could navigate this transition alone. They needed to work together – to innovate safely, strengthen resilience and compliance, and harness new technology to meet common ambitions.

The GDF Tokenized Money Market Fund (TMMF) Working Group emerged as one of the clearest expressions of that collaborative shift from experimentation to implementation – grounded by legal and regulatory clarity.

Against a backdrop of higher rates, tighter collateral, and the global move to T+1 settlement, efficiency, resilience and competitiveness were

no longer abstract objectives; they became board-level imperatives. The industry's response was emphatic. Institutions across the buy- and sell-side leaned in to explore how TMMFs could help unlock intraday liquidity, reduce operational risk and preserve yield, without sacrificing legal certainty or supervisory confidence. Strong demand to join this work signalled a shared determination to step out of the sandbox and co-create safe, scalable solutions ready for live production.

In that sense, the timing of this Working Group could not have been better. The lessons of the 2022 LDI crisis remained fresh in the minds of treasurers, risk managers and regulators who had witnessed, first-hand, how today's multi-step MMF redemption and cash posting workflow can amplify stress precisely when markets most need resilience.

At the same time, early market launches of tokenized MMFs and treasuries showed that the technology was maturing and that asset managers, banks and infrastructures were ready to move beyond proofs-of-concept. Our mandate was clear: prove that TMMFs can serve as eligible

2025 Working Group Co-Chairs



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Executive in Residence
GDF



Meggie Grimaud
Head of Analytics & Innovation
Finastra

collateral in a way that is operationally robust, legally enforceable, and credible to regulators—today, not in theory.

What impressed us most about this Working Group as the Co-Chairs was the calibre and spirit of collaboration across the Group. More than 70 organisations – including global banks, asset managers, MMF sponsors, custodians, CCPs, infrastructure providers, law firms, consultancies, ratings agencies, associations and multiple L1 networks – chose to work together, not in parallel.

Traditional financial institutions brought deep expertise in collateral, liquidity and risk; fintechs contributed programmable infrastructure and interoperability know-how; legal and professional services firms anchored discussions in doctrine, case law and supervisory practice. The working style was open and practical, focused on solving system-wide challenges rather than promoting individual platforms or products.

A distinguishing feature of this initiative has been its dual-track approach. EY and Hogan Lovells led a comprehensive research and assessment stream, mapping the legal, regulatory and eligibility considerations of using TMMFs as collateral under English, Irish and Luxembourg law, and under English-law CSAs. In parallel, Ownera hosted an open innovation industry sandbox in which more than 30 firms tested real-world workflows across six simulations – from simple bilateral transfers and automated margin calls through to de-peg substitution, default enforcement and triparty funding. Together, these streams produced something rare in our industry: a blueprint that starts with first principles and ends with concrete connectivity models, message flows, roles and operational playbooks that can be lifted, adapted and reused globally.

Crucially, this work marked a genuine move from theory to operationalisation. The sandbox demonstrated that posting a TMMF as variation margin could be orchestrated end-to-end within existing legal and operational frameworks, with each token transfer reflecting a change in legal title recorded by the transfer agent.

Substitution events triggered by simulated de-pegs showed that portfolios can be rebalanced dynamically without interrupting trading or triggering fire-sale dynamics. Default scenarios confirmed that enforcement and recovery can

follow familiar title-transfer mechanics while benefiting from on-chain auditability. In short, we proved that tokenised collateral can behave like “real” collateral – only faster, more transparent and more programmable.

The final report also helps bridge an important gap between legal theory, policy objectives and day-to-day operations. By articulating a clear assessment framework, mapping conflicts-of-law issues, and setting out recommendations on standardisation, interoperability and eligibility, the Working Group provides regulators and supervisors with a concrete reference point for their own reviews and consultations. At the same time, the sandbox findings give operations, technology and product teams actionable guidance on how to integrate TMMFs into existing collateral, custody and treasury architectures with minimal disruption.

Looking ahead, our role as Co-Chairs is to help guide stakeholders – from the buy-side and sell-side to market infrastructures and regulators – towards the certainty and evidence they need to manage a safe transition to a more modern finance architecture.

The recommendations in this report are deliberately pragmatic: clarify legal recognition for digitally native transfers; encourage interoperability with today’s collateral and custody systems; facilitate the use of TMMFs

within existing eligible collateral regimes; and support market adoption through harmonised standards and shared industry testbeds. Taken together, they sketch a pathway from niche pilots to scaled adoption that unlocks benefits for all participants, not just early movers.

As we close this phase of the work and prepare to extend the model to new jurisdictions and asset classes, our overriding reflection is one of cautious optimism. 2025 has shown that when policy clarity, institutional demand and technological maturity align, our industry is capable of moving with speed and discipline.

The TMMF Working Group is a testament to what can be achieved when TradFi and DeFi, public and private sectors, and global and regional actors choose to build together. We are grateful to every organisation and individual who contributed to this effort, and we look forward to seeing this blueprint copied, improved and carried into markets around the world in the years ahead. ■

2025 Working Group Co-Chairs

EU/UK TMMF Industry Sandbox

Demonstrating Interoperable Collateral Mobility at Scale

The *GDF Industry Sandbox* for Tokenized Money Market Funds (TMMFs) stands as one of the most significant demonstrations of interoperable digital market infrastructure to date. Designed to answer a simple but industry-defining question - *can tokenized money market funds function as enforceable, operationally integrated collateral under existing market frameworks?* - the sandbox provided the clearest evidence yet that the answer is yes.

Built in collaboration with more than 30 firms - spanning global financial institutions, custodians, market infrastructures, and legal experts - the sandbox went far beyond typical proofs-of-concept. It tested real-world stress scenarios, legal enforceability, cross-platform transfers, and integration with existing systems. Above all, it validated that **interoperability**, not tokenization alone, is the true enabler of collateral mobility.

A critical success factor was the technology underpinning the simulations: **Ownera's FinP2P routing network**, which served as the interoperability layer connecting diverse wallets, custodians, transfer agents, collateral systems, and DLT environments.

Purpose-Built to Test Interoperability Under Real Market Conditions

The sandbox took direct aim at one of the biggest challenges identified by market participants: tokenized assets must operate across multiple systems - custodians, clearing agents, fund administrators, risk engines, counterparties, and legacy collateral infrastructures - to be viable at scale. Without interoperability, tokenization risks recreating the fragmentation it aims to solve.

To address this, each simulation was constructed to test not only token behaviours, but system-to-system coordination from legal title updates to operational flows across institutions that today operate entirely separately.

Ownera's FinP2P routers were the backbone that enabled these cross-institution processes - routing TMMF tokens securely and compliantly between participants, ensuring that each movement triggered the correct off-chain actions such as register updates and collateral system notifications.



Natasha Benson
COO and Head of Collateral Projects
Ownera



Madeleine Boys
Business Development &
Client Solutions Lead
Ownera

This design allowed the sandbox to demonstrate interoperability by design in practice.

Six Interoperable Simulations That Proved Production Readiness

Across six orchestrated scenarios, the sandbox demonstrated that TMMFs can function as a production-ready collateral instrument, with no fundamental blockers across legal, regulatory, or operational dimensions. Incrementally increasing in complexity, each simulation was designed to address specific real-world use cases and stress conditions identified as pain points in collateral management, including:

1. Manual Bilateral Transfer: Foundational Interoperability - The first simulation established that a token transfer routed via FinP2P could result in a legally recognized title change recorded by the transfer agent - validating alignment between on-chain operations and off-chain legal registries.

2. Automated Margin Calls via Third-Party Systems - FinP2P connected token movements with existing collateral management systems, demonstrating plug-and-play integration with minimal friction and showcasing an ROI-positive path to adoption for large institutions.

3. Dynamic Substitution During a Depeg Event - Enacted a stress event wherein one posted MMF token “de-pegs” or drops in value (e.g. due to a market disruption in the underlying fund) triggering an automated substitution whereby the impaired fund was replaced with another eligible TMMF via a DvD atomic swap orchestrated by Ownera routers between wallets.

4. Default Scenario and Insolvency Enforcement - This simulation confirmed that digitally native TMMF tokens could be seized in an insolvency scenario and redeemed according to English title-transfer law, with FinP2P facilitating the collateral movement and registry updates required for enforcement.

5. Triparty Integration - One of the sandbox’s most impressive outcomes was demonstrating that tokenized collateral can flow through the highly complex triparty ecosystem, with FinP2P brokering movements between custodians and triparty agents in a manner consistent with current market operations.

6. Settlement in Seconds: The Future of Collateral Mobility - The final simulation successfully demonstrated that a TMMF can move from bilateral margin posting to triparty repo funding and settle in under one minute, even when the cash leg is digital commercial-bank money rather than central-bank reserves.

A Catalyst for Global Adoption

Reinforcing many of the industry pilots, the sandbox successfully demonstrated that TMMFs can function as effective, enforceable, and operationally integrated forms of collateral in bilateral derivatives transactions.

This rapid convergence between industry experimentation and market reality underscores what the sandbox has proven: tokenized MMFs are ready today, and interoperable dFMI is already entering production.

This is not a theoretical concept. It is a functioning model for a new era of collateral mobility - one built not just on tokenization, but on interoperability as the defining architecture.

The sandbox has shown the industry what the future looks like. Now, with global expansion underway, that future is within reach.

The Next Phase: Launching the US Chapter in January 2026

Given the overwhelming success of the sandbox, GDF announced that the US working group will launch in January 2026.

This signals the beginning of a global programme to harmonize TMMF collateral practices across the world’s largest derivatives markets, leveraging the framework and interoperable blueprint proven in Europe and the UK. ■

Digital Payments Forum

Digital payments use cases exploded in 2025—from cross-border stablecoin settlement to tokenized deposits, money-market funds, and early-stage programmable payment pilots. The Digital Payments Forum provided a central venue for industry, technology providers, and regulators to evaluate the opportunities and constraints of an evolving digital money landscape. Across the year, we saw three big themes come up in the Forum:

The first theme was the acceleration of regulatory activity globally. Members assessed how diverging frameworks, from the EU’s MiCA to the US mix of legislation and executive action, are shaping adoption. Stablecoin oversight was a key focal point, as was the continued importance of global harmonization that recognises local political and market realities.

A second theme centered on the operational mechanics and policy foundations of digital money. The Forum heard about the evolution of stablecoins into real-economy sectors; the development of non-USD stablecoins for embedded FX and regional liquidity; and how tokenized deposits and tokenized MMFs gained traction as complementary instruments designed to support interoperability, liquidity, and

predictable redemption. Through discussions on the “singleness of money,” sessions explored how traditional assumptions translate into environments where settlement occurs on programmable, networked ledgers, and the need to regulate for stability rather than enforce traditional frameworks.

The final theme was ecosystem readiness. Policymaker education, clear frameworks for AML and sanctions compliance, and operational clarity for cross-border transactions emerged as persistent requirements. The forum emphasized that the utility of digital payments infrastructure is increasingly visible at scale yet regulatory uncertainty continues to shape strategic decisions for institutions and innovators.

In 2026, the forum will continue to convene diverse perspectives, focusing on the interplay between technology, regulation, and market adoption, as the evolution of digital payments continues at speed. ■

2025 Forum Co-Chairs



John Salmon
Partner Global Regulatory
Hogan Lovells



Will Paul
Global Public Policy Lead for Payments,
Hardware, and Small Business
Block

VOICE OF GDF PARTNERS

Implementing Good Market Practices in the Cryptoasset Market... On a Continuous Basis



Rui Correia
Chief Executive Officer
ACI Financial Markets Association

Recently, a mid-sized regional bank airdropped its native token to raise capital in order to fund the development of its blockchain platform.

To oversee the token sale process, the bank has developed a comprehensive framework and established a dedicated governance committee which defines clear ownership of protocols and processes for key stakeholders from legal, compliance, finance, and technology. Such committee included an executive manager, a risk manager and a compliance officer (amongst other staff members).

During the capital raising process, the bank undertook several activities which are mentioned below. In your opinion, which of them demonstrate alignment with the guidelines and good market practices of the GDF Global Cryptoasset Standards (“Standards”)?

- a. Implementation of a structured governance framework to ensure regulatory compliance and to protect investor interest
- b. Initiation of the token sale without the performance of third-party security audits

- c. Bypass the token’s regulatory registration and onboarding investors without proper due diligence
- d. Adoption of enhanced governance protocols from third party audits based on the size and scale of the bank

From the alternatives above, a) and d) are correct. As mentioned in the Standards, all Market Participants should take reasonable steps to safeguard investor and client’s confidential information, and they should also promote corporate governance structures like independent board oversight and senior management to oversight crypto issuance processes.

Naturally, b) and c) do not reflect good market practices, as smart contracts should be audited to protect against security vulnerability, and the issuance of cryptoassets brings the activities around the product into a regulated space, so failure to register the token might lead to legal consequences. Additionally, inappropriate due diligence could lead to suspicious and illicit activities like money laundering and terrorist financing.

The Scenario described above has been designed for integration in the ACI FMA ELAC Portal, for E-Learning, Attestation and Certification on the Standards (specifically, it covers their principles 8 and 46). Aimed at reflecting a potential “real life” situation, it is important to state that the names, characters, businesses, places, events and incidents in this Scenario are either the product of imagination or used in a fictitious manner. Any resemblance to actual persons or entities or actual events is purely coincidental.

By now, you might be asking... Why is the sample of a Scenario being described at the 2025 GDF Annual Report? Well, by presenting one Scenario, we aim to show case the excellent work developed by the Joint Standards Stewardship Working Group (WG) that created several of these Scenarios for integration in the ELAC Portal, as this is an important tool that assists all Market Participants on the implementation of good market practices for their roles in the Cryptoasset Market... and on a continuous basis.

The WG is a collaborative initiative jointly launched by GDF and ACI FMA to focus on driving integrity, transparency, and best practices in the global Cryptoasset Markets. With EY and Kaiko as supporting and important partners, the WG continued, throughout 2025, to build momentum in advancing the adoption of the Standards. In fact, the developed Scenarios now cover a significant portion of the 65 principles included in the Standards, with additional ones to come in 2026 as we are looking to address all the guidelines of this set of global principles of good practice that “is intended to promote a robust, fair, liquid, open, and appropriately transparent Cryptoasset Market in which a diverse set of Market Participants, supported by resilient infrastructure, are able to confidently and effectively transact at competitive prices that reflect available market information and in a manner that conforms to acceptable standards of behavior”.

With a long history in the promotion of good market practices for financial markets, ACI FMA is fully supportive of these Standards and we strongly encourage all Participants in the Cryptoasset Market to implement them. With the ELAC Portal, we can assist those implementation projects as all relevant staff members should continue to embed good market practices in their professional roles,

with regular training and attestation being essential tools to achieve that purpose.

Our full gratitude goes to GDF as we are allowed to share our views on its 2025 Annual Report, whilst we are also grateful to the members of all Associations affiliated to ACI FMA as they continue to positively influence and enthusiastically promote the adoption of best market practices within the financial markets industry.

We wish you all a very successful 2026.

Rui Correia ■

France and crypto assets in 2025

A Year of Regulation and Political Awareness

In 2025, France enters a decisive phase. Seven years after the PACTE law established the continent’s first comprehensive crypto framework, and one year after MiCA began reshaping regulatory architectures across the EU, France positioned as a leading jurisdiction—both in reputation and regulatory maturity.

A year of political turbulence, and rising parliamentary attention

2025 has also been marked by significant political movements: cabinet reshuffles, shifting ministerial portfolios and a reorganization of responsibilities across economic, financial and digital affairs. This instability has at times complicated the policy dialogue, but it has also propelled crypto onto the parliamentary agenda at an unprecedented level. Over the past year, hearings, amendments and missions of inquiry have multiplied. Crypto assets now appear in debates on money laundering, narcotics trafficking, financial crime, consumer protection, competitiveness and digital sovereignty. This heightened visibility is a turning point: crypto is no longer perceived as a marginal financial innovation, but as a cross-cutting policy issue touching security, economics and Europe’s role in global digital finance.

From PACTE to MiCA: the benefits of early structuring

France’s first-mover approach under PACTE (voluntary licensing, mandatory registration, risk-based supervision) has proven to be an asset rather than a constraint. By 2024, more than 110 PSANs (French crypto-asset service providers) were registered with the AMF, and many had already initiated internal alignment with MiCA requirements: governance, prudential expectations, AML controls. This early discipline has paid dividends in 2025. French firms have been among the first to apply for CASP authorization under MiCA.

Regulatory clarity is not enough: competitiveness matters

Several players have warned of approval timelines that threaten their ability to operate or scale within the EU. Without faster, more predictable authorization processes, firms consider relocating parts of their operations to jurisdictions offering clearer timelines, pragmatic supervision. Also more favourable tax treatment. This is not simply a French issue, it is a European one. But France, as the original architect of PACTE and one of the strongest regulatory



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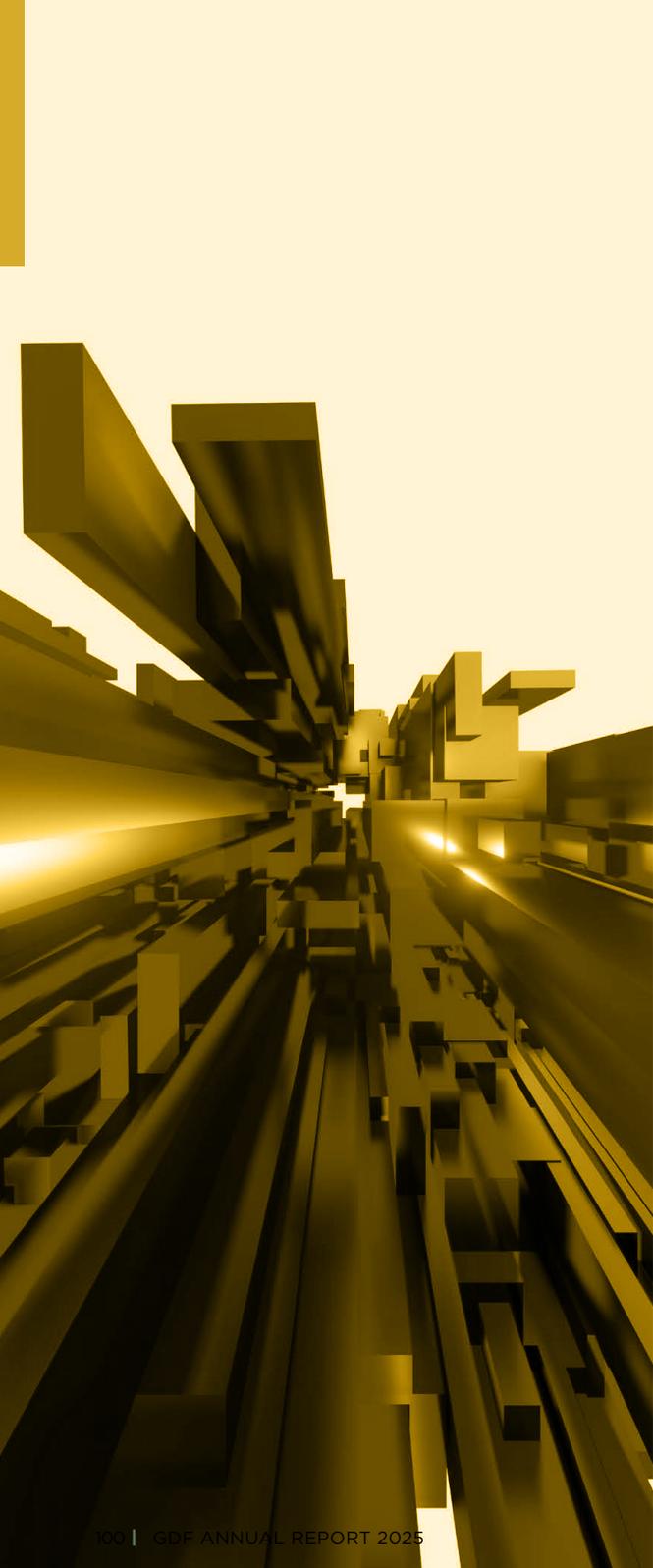


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ecosystems in the EU, is well-placed to lead the response. That means ensuring supervisory resourcing keeps pace with demand, providing transparency on approval pipelines, and aligning prudential interpretations across Europe (notably for EMT/stablecoins), where divergent national approaches could undermine the level playing field MiCA aims to create.

Security and resilience: from AML to the protection of professionals

2025 has seen a new focus on operational security. Following several cases of extortion and kidnappings targeting crypto entrepreneurs in Europe, France has launched cooperation mechanisms between industry, law-enforcement agencies and the Ministry of the Interior. This includes best-practice guidelines, case-sharing channels, early-warning mechanisms



and the preparation of legislative solutions to protect founders and employees operating in high-risk environments. France is also leading EU-level discussions on the Travel Rule and AML implementation. The industry now faces significant frictions in applying the TFR.

Looking ahead: France as an anchor of European crypto policy

France positions itself as an influential voice in defining the European regulatory path for digital assets. This role aligns with France's ambition to ensure the EU market remains attractive for players while ensuring consumer protection, and to solidify Paris as the Union's leading crypto and financial center. Paris has been a key proponent of regulatory clarity and proportionality. The next chapters: stablecoins, tokenization, travel rule and decentralization. Although political instability has occasionally complicated policy discussions, the intense developments in Brussels have ultimately intensified our dialogue with French negotiators. 2025 has been defined by permanent collaboration and sustained discussions, particularly concerning stablecoins. Multi-issuance schemes have faced strong challenges from the European Central Bank (ECB), the European Systemic Risk Board (ESRB), and Members of the European Parliament, raising financial stability concerns and suggesting that such schemes are not explicitly permitted

under MiCA. Expectations are that by the end of the year the European Commission provides clarity through long-awaited Q&A clarifying that current rules do accommodate these models. Another significant point of discussion concerns the payment rules applicable to EMTs. Regulatory duplication and dual licensing requirements risk disrupting the market, and undermining the credibility of the European regulatory framework. The industry expects a final agreement end of the year will deliver the necessary proportionality and clarity. The close of the year also delivered ambitious proposals on Market Integration, including revisions to the DLTPR, CSDR and UCITS among others, intended to unlock the full potential of tokenization and to ensure the integration of capital markets. The pivotal question for 2026 is whether these efforts will successfully establish the necessary conditions for more competitive and innovative European financial markets. France's ambition is a determined yes. ■

Cyber Risks Continue to Mount

(Updated from an article published in The Banker in November 2025)

In an EY and IFF survey of global chief risk officers published this year, cybersecurity remains the biggest concern for 75% of those surveyed, with 87% stating that it will remain so for the next three years. It's easy to see why. Recent major cybersecurity incidents at JLR, Marks and Spencer and others have shown both the risk of such incidents and of course the terrible business impact such incidents cause.

Many banks may give a sigh of relief that they have not suffered such cataclysmic harm, but that's not due to them not being a target; JPMorgan reportedly faces approximately 45bn cyber attack attempts per day according to the bank's leaders in January 2024.

That such bank cyber incidents are relatively rare gives a strong indication of just how strong bank cyber defences are, but the rate of development of new forms of cyber attack, together with more sophisticated defences, means this is a never-ending battle, with the stance having moved from a focus just on prevention to one focused on cyber resilience, as complete prevention is no longer a realistic goal.

Cyber attackers vary from state actors to highly sophisticated criminal gangs to teenage hackers, employing a variety of approaches including Supply Chain attacks (where the vendor of commercial software used by a bank is attacked); Ransomware attacks (demanding a ransom to decrypt critical data, as suffered by Marks and Spencer, costing £136m in lost profits); And more recently newer forms of attack using AI. Famously ARUP faced an AI-driven deep fake video attack convincing a Hong Kong-based employee to transfer £20m to the attackers.

Initiatives such as the Financial Services Cyber Collaboration Centre (FSCCC), the UK's National Cyber Security Centre and many other initiatives support collaboration across the industry and help continually improve defences. Such approaches are complemented by simulated cyber attacks under the Bank of England's CBEST initiative, complementing banks' own so-called "red-team" simulated.

Whilst increasingly sophisticated attacks, and the increased use of AI by both attackers and by banks' cyber defences, yet another new cyber risk is lurking in the near future.



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Diving deeper into Cyber Quantum Exposure

Quantum computing, where bits are replaced by Qubits, represents a new computing paradigm, where calculations such as optimization problems and complex risk calculations can be potentially performed in a fraction of the time of a classical computer. In particular, quantum computing, combined with a mathematical approach called Shor's algorithm, has the potential to break encryption algorithms used across banking such as RSA. RSA is based on the principle that calculating n , where $n=p \times q$ (when p and q are very large prime numbers) is trivial, calculating p and q given n is extremely difficult, and in fact can take decades for a classical computer. Google estimate that a quantum computer with 1 million "noisy" qubits could break RSA-2048 (~617 decimal digits) in under a week.



Whilst 1 million qubits is many years away, quantum computers are continually growing in size with companies such as IBM, Google and Rigetti regularly making new announcements of their progress.

In parallel the US National Institute of Standards and Technology (NIST) has highlighted a number of quantum-resistant cryptographic techniques, with advice to institutions to analyse the cryptography they and their suppliers use and to migrate to safer forms of cryptography in order to minimize the risk of bad actors “harvesting now and decrypting later”. Several banks are advanced in their approach to both the risks and benefits on quantum computing, for example HSBC has opened Quantum Centres of Excellence in London and Singapore, focused on post-quantum cryptography as well as new applications of quantum in secure communications and financial modelling.

In effect there is a race between ever more powerful quantum computers contending against the slow process of banks migrating to safer cryptography due to the sheer numbers of applications (thousands in a large institutions) and the effort needed to categorise cryptographic methods. Where these paths intersect is not known, though many expect in the 2030’s timescale. It is in effect a repeat of Year2000 with no fixed date.

What this means as Financial Markets tokenise

The risk of quantum computing to financial institutions though has another twist. We are in the early stages of a migration to tokenised financial markets, with assets and digital money existing on blockchains. In recent weeks both Larry Fink, CEO of Blackrock, and Bill Winters, CEO of Standard Chartered, have both commented on this inevitable progression to fully tokenized markets.

However, the underlying blockchain technology itself has a unique exposure to quantum computing. This was highlighted in November by Vitalik Buterin , co-founder of Ethereum, who warned there may be a 20% “Quantum Risk” to Bitcoin and Ethereum by 2030. Unlike traditional finance where data often has a limited shelf life, blockchain transactions are public and permanent. This creates a “Harvest Now, Crack Later” risk where an adversary can copy public keys today and derive private keys once a sufficiently powerful quantum computer exists.

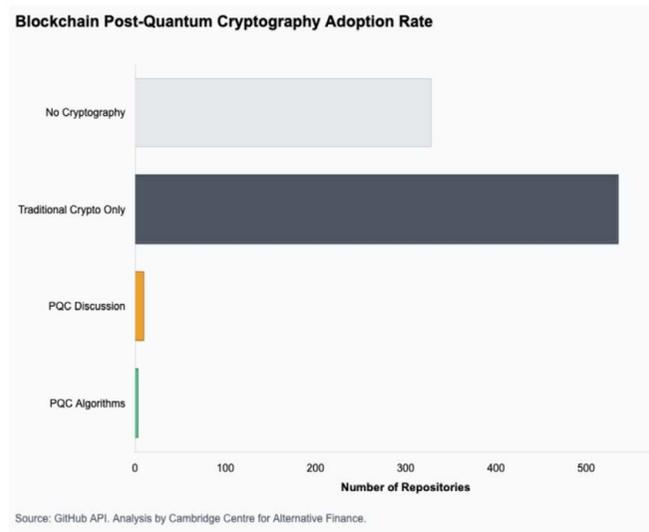
Our research at CCAF on this topic reveals a gap between this risk and industry readiness. A review of the top 26 blockchains shows that 24 rely purely on quantum-vulnerable signature schemes like ECDSA. Major networks including Bitcoin, Ethereum, Solana, and Ripple fall into

this category. Only a few, such as Algorand and R3 Corda, are experimenting with quantum-safe alternatives.

Furthermore, an analysis of 879 blockchain developer repositories found that while over 60% contained cryptographic code, only 1.6% referenced post-quantum cryptography (PQC), and a mere 0.5% had implemented actual PQC algorithms like Dilithium. This suggests the industry is largely unprepared. The stakes are high: we estimate that up to a quarter of the total bitcoin supply are currently stored in addresses that directly expose public keys, making them immediately vulnerable to a future quantum attack.

Technical solutions are emerging, such as NIST's newly standardized post-quantum algorithms and Ethereum's "account abstraction" which could allow users to rotate to quantum-safe signatures. However, the transition requires complex upgrades to consensus rules and governance. Much like the Y2K challenge, this requires coordinated action, but unlike Y2K, the quantum threat has no fixed deadline.

In summary, cybersecurity is a never-ending battle between bad actors and bank cyber-defence teams. New technology such as AI makes the battle even more complex and challenging, and if that wasn't enough, the prospect of the many forms of cryptography



that banks have relied on for decades being exposed by quantum computing raises additional risks – especially as markets themselves migrate to the increased levels of efficiency and transparency that tokenisation brings, together with yet new quantum risks faced by its underlying technology. In order to mitigate these risks, banks need to ensure all aspects of the cyber defences are in peak condition; assess the impact that quantum computing will have on the use of cryptography through building a register and developing a roadmap to PQC; and if they start using blockchain rails for stablecoins or tokenized assets, that they pay special attention to blockchains own flavour of quantum exposure. ■

Resilience of Cash and Payments Infrastructure as a Strategic Priority for 2026

As economies become increasingly dependent on complex, interconnected payment systems, the resilience of cash and payments infrastructure has shifted from a technical concern to a central policy priority. In 2026, and indeed for the foreseeable future, the ability of cash and digital payments infrastructure to withstand disruption will be an important indicator of the broader health of the global financial system.

Recent evidence from a range of jurisdictions—emerging markets, small island economies, and highly digitalized advanced economies among them—underscores one fundamental lesson: payment system resilience is a necessary prerequisite for economic stability, public trust, and financial inclusion.

Periods of acute disruption have demonstrated how fragile payments ecosystems can become when foundational infrastructure is compromised or fails completely. Severe weather events in Jamaica or Sri Lanka, for example, have exposed the vulnerability of systems that depend on continuous connectivity and telecom networks. Cases such as these demonstrate the enduring value of cash as an indispensable, resilient, and stabilizing force.

At the same time, resilience is not solely about preserving cash. It is about ensuring that the entire payments ecosystem can operate under adverse conditions and abject stress. This requires sustained investment in cash logistics, currency processing, and distribution networks, alongside long-term planning for facilities and supply chains that may need to function during times of crisis. Decisions about infrastructure design, redundancy, and geographic distribution have implications that stretch decades into the future. Resilient systems are not built reactively, nor are they the happy but unintended byproduct of innovation; they are the result of deliberate foresight and institutional commitment.

Trust sits at the center of this resilience agenda. A payment system’s credibility cannot be divorced from its reliability, particularly during moments of stress. When payment systems fail, the public’s confidence in the sovereign currency and financial institutions often diminishes in parallel. And as many can attest, that forfeited trust is harder to restore than the power grid. Resilience, therefore, is increasingly understood not just as an operational issue but as a cornerstone of monetary legitimacy.



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Digital payment innovations add another layer of complexity. Mobile money, instant payment rails, tokenized deposits, and central bank digital currencies promise efficiency, inclusion, and convenience, but they also introduce new dependencies on technology, connectivity, and cybersecurity. As digital adoption accelerates, authorities are recognizing that innovation without resilience will only amplify systemic risk. The challenge is not to slow digital progress—a fool’s errand—but to ensure that new systems are robust, interoperable, and capable of functioning in degraded environments.

The development of offline digital payment solutions, particularly in highly digitalized economies where cash usage has declined sharply, is seen as a critical buffer against system risk. Cyber threats, large-scale outages, and climate-related disruptions have made it clear to central banks and payment system operators that reliance on real-time network access represents a single point of failure. Offline-

capable digital payments, including device-to-device transfers, offline card transactions, and offline functionality for digital currencies, are increasingly viewed as essential tools.

The shift toward offline digital payments reflects a broader rethinking of what resilience means in a cash-lite environment. Where cash once served as the primary offline safeguard, declining usage requires additional layers of protection. Moving forward, a resilient system will need to be multi-layered: maintaining access to cash where possible while also deploying digital instruments able to operate independently of central systems during disruptions. This layered approach mirrors principles used in other critical infrastructures, where redundancy and diversity reduce the risk of total system failure.

These considerations are especially pronounced for smaller and more vulnerable economies, including island states and remote regions. Structural constraints—limited infrastructure redundancy, heightened exposure to extreme weather events, and dependence on imported technology and cash—magnify the consequences of payment system disruptions. In these contexts, resilience is inseparable from economic sovereignty and disaster preparedness. More than merely a financial concern, ensuring continuous access to money becomes a matter of social resilience and even national security.

The fragmented political and economic landscape, set against a backdrop of unpredictably catastrophic weather, demands an urgency to our collective approach to financial market infrastructures. Reflected in our policy frameworks, investment decisions, and regulatory oversight is the notion that these systems should be considered critical national infrastructure. This means protecting and modernizing cash systems, designing digital payments with offline and fail-safe capabilities, strengthening coordination and collaboration across the public and private sectors, and aligning payments strategies with broader efforts on climate adaptation and cyber preparedness. Resilient payment systems are a necessary condition for stability itself. ■

From Consultation to Implementation

The UK's Digital Asset Journey in 2025

The U.K. policy landscape for digital assets reached an important point of maturity in 2025 and the pace of work has reflected this. The FCA has released a sequence of consultation papers covering stablecoins, trading platforms, market abuse, disclosures, staking, custody, and the broader regulatory architecture expected to carry the regime to go-live. The Bank of England has published its long-awaited proposals for stablecoins, setting out how it intends to regulate sterling-denominated systemic stablecoins. HM Treasury is preparing to finalise the statutory instrument that will underpin the future regime. Together, these developments mean that the U.K. remains on track for implementation from 2026, a milestone that would bring cryptoassets firmly within the mainstream of financial regulation.

While the domestic agenda has been active, 2025 has also been the year in which cross-border collaboration has moved to the forefront. The launch of the U.S./ U.K. “Taskforce on Markets of the Future” marks a step change in the way the two jurisdictions intend to coordinate on digital-asset policy, market infrastructure, and the future of international capital markets. The Taskforce is jointly convened by HM Treasury and the U.S.

Department of the Treasury, with involvement from financial regulators. Its purpose is to reduce friction in cross-border capital formation, deepen supervisory cooperation, and explore opportunities for wholesale market innovation, including tokenised instruments and settlement models. Although industry is not a formal member, structured external engagement is anticipated, reflecting the growing recognition that international alignment is essential for both safety and competitiveness.

For firms on both sides of the Atlantic, the Taskforce represents an important opportunity. While U.K. efforts to date have focused on enabling traditional financial institutions to put financial instruments on-chain, developments in the U.S. are expected to unlock additional significant innovation across a range of issues, including, among others, new approaches to how digital and traditional financial assets can be issued, accessed, and transacted in a more open and decentralised environment. This opens the door to deeper market participation and new sources of capital for corporations. U.K. firms and investors in particular, stand to benefit from greater cross-border access and reduced friction in global capital flows. To



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harness these opportunities, close U.K.-U.S. collaboration on tokenisation will be essential. Stablecoin reciprocity will also be a critical enabler to provide a shared, reliable settlement asset for tokenised markets.

2025 also saw meaningful progress in the U.K.'s thinking on decentralised finance. Regulators are increasingly focused on the regulatory perimeter and how decentralisation should be assessed. Recent HMT and FCA publications acknowledge that genuinely decentralised systems warrant distinct regulatory treatment, but they do not yet set out the criteria that determine when a system is, or is not, decentralised. Without objective standards, responsible firms lack the certainty needed to build confidently in the U.K., while bad actors may claim decentralisation without meeting any meaningful threshold. It also remains imperative that regulators recognize the inherent attributes and benefits of decentralisation as they assess how the U.K. can lead on broader innovation.

In DeFi, meeting the goals of intermediary licensing does not require eliminating all control; only ensuring that no individual or coordinated group can direct user funds, censor transactions, or override the network. Clear, control-based criteria in FCA rules and guidance would give builders certainty, provide supervisors with a technology-neutral framework, and maintain strong user protections. By tailoring these standards to the risks of different activities, the U.K. can support responsible innovation and the growing integration between centralised and decentralised finance, positioning itself as a leading home for the next generation of market infrastructure and capital formation.

As the U.K. moves toward implementation from 2026, coordinated international engagement will be essential. The Taskforce, together with sustained dialogue between policymakers, regulators and industry through bodies like GDF and CCI, offers a meaningful opportunity to build a digital-asset market that is open, safe and globally connected. With deliberate action now, the U.K. can reinforce its position as a natural home for the next generation of financial services. ■

From Pilots to Production

Why Tokenization and Digital Assets Become Essential in 2026



Victoria Gago
Co-CEO and Co-Founder
European Blockchain Convention

Looking back at 2025, it is clear that we have crossed a structural threshold in the evolution of digital assets and finance. For years, tokenization, stablecoins, and institutional DeFi were presented as compelling concepts, future possibilities that lived in whitepapers, innovation labs, and conference panels. But this year, for the first time, we saw the narrative break decisively toward **execution and intent of scale**. What institutions demonstrated in 2025 is not curiosity; it is commitment.

Across the Digital Assets Forum and the European Blockchain Convention, the shift was undeniable. As I said in interviews this year, “We’ve finally moved from asking whether institutions should engage with digital assets to asking how fast they can integrate them.” The tone of the industry has matured, the projects have deepened, and the urgency has intensified.

Nowhere is this more evident than in the acceleration of **tokenization**. The rise has been nothing short of extraordinary. By late 2025, major institutions such as JPMorgan and Amundi had each deployed nine-figure capital into tokenized money-market funds on Ethereum, with total initial commitments exceeding \$200

million. For an asset class once regarded as experimental, this is unprecedented traction. It confirms what many of us have been saying for years: tokenization is not a theoretical enhancement to capital markets; it is becoming the **default infrastructure layer** for the assets institutions touch every day.

Tokenization: The Shift From Early Pilots to Institutional-Scale Markets

The transition we observed in 2025 can be defined across three clear stages, which the industry is now moving through rapidly:

- 1. Pilots**, where tokenization lived for most of the past decade these were controlled PoCs, small-scale asset wrappers, and sandbox experimentation.
- 2. Scaling**, the dominant phase of 2025 Institutions began investing in infrastructure, integrating compliance frameworks, and partnering with crypto-native specialists. Custody solutions matured, tokenization protocols standardized, and regulated players entered the market at unprecedented speed.

- 3. Production**, the phase we enter in 2026 Full deployments with programmable settlement, real-world assets (RWAs) moving on-chain in size, and tokenized liquidity becoming part of day-to-day treasury and asset management operations.

This transition is being driven by real economics. The RWA tokenization market is projected to reach **\$4 trillion by 2030**, and based on conversations we’ve had with banks, asset managers, and infrastructure providers, the majority of that early growth will occur **between 2026 and 2028**. Institutions are no longer preparing, they are building.

Regulation: The Accelerator of Institutional Adoption

Regulatory clarity has been a key catalyst. As I noted in a 2025 CCN interview, it is regulatory certainty - not deregulation - that unlocks institutional participation.

That view is increasingly echoed by the world’s largest asset managers. [BlackRock CEO Larry Fink has repeatedly underlined that institutions](#)

can only engage at scale through regulated structures, describing ETFs as the critical bridge that allows capital to enter digital assets within familiar legal and risk frameworks — precisely because much of the underlying market is still maturing from a regulatory standpoint.

We now see this clearly across three major jurisdictions:

- **Europe (MiCA)** delivers clear rules for stablecoins, custody, and tokenized assets, enabling institutions to move from pilots to production.
- **United States (GENIUS Act)** signals a policy shift, accelerating institutional adoption through regulated, compliant digital-asset vehicles.

United Kingdom (FCA stablecoin framework) having a [roadmap](#) positions stablecoins as core financial infrastructure, linking traditional liquidity with on-chain settlement.

2026: The Year Digital Assets Become Essential Infrastructure

If 2025 was the year institutions proved their seriousness, then 2026 will be the year **digital assets become just finance**. Not optional, not exploratory, essential.

Three themes define the road ahead:

1. Digital Assets embedded into core market infrastructure

Tokenization will touch everything: money markets, treasuries, funds, real estate, collateral, and structured products. The benefits, instant settlement, transparency, efficiency, are now undeniable.

2. Stablecoins and tokenized deposits as institutional rails

Regulated stablecoins will underpin cross-border settlement, intraday liquidity management, and the movement of collateral. Tokenized deposits will integrate traditional banking with on-chain networks.

3. Institutional DeFi as a controlled, compliant liquidity layer

The language has shifted from “DeFi vs TradFi” to “composable institutional finance.” Smart-contract-driven settlement, automated markets, and programmable collateral will define the next evolution of institutional trading and risk management.

From Possibility to Permanence

The most important lesson from 2025 is that digital assets are no longer emerging technologies, they are transformational financial infrastructure. The thematic pillars shaping 2026, tokenization, stablecoins, compliance-aligned DeFi, and cross-market interoperability, are not separate trends; they are converging into a single, irreversible shift.

As I said in one of my closing remarks this year: *“Digital assets are not the future of finance, they are the operating system of the next financial era.”*

And in 2026, that truth will become visible across the global institutional landscape. ■



A Record Year for Fintech IPOs at NYSE

2025 was a big year for fintech and FINTECH.TV did not miss a beat with its daily flagship coverage from the floor of the New York Stock Exchange (NYSE). With the deluge of fintech IPOs that came through NYSE including Circle, Chime, Klarna, Figure, eToro, Gemini, and a revolving door of fintech business leaders, regulators and policymakers, the two daily shows captured the big fintech news stories in 2025:

- Market Movers: The Opening Bell, anchored daily by Remy Blaire, and
- Taking Stock: a new segment in 2025 airing at the closing bell and co-produced with the NYSE and Money20/20.

The Market Movers series recently reported live from Cityscape Global 2025 in Riyadh with coverage of Saudi Arabia's sweeping economic reforms. FINTECH.TV is also an official media partner for Abu Dhabi Finance Week (ADFW) to elevate the event's global reach and visibility, aligning with its mission to showcase transformative ideas in the financial world, and providing extensive coverage, including interviews and daily reports.

The network reach of FINTECH.TV's has surged to millions of monthly viewers through several key channels: Broadcasts now reach 90 airports and over 500,000 hotel rooms across North America via partnerships like ReachTV. Global CTV Reach using Amagi for distribution sees FINTECH.TV now airing on FAST channels (Free Ad-supported Streaming TV) in more than 40 countries.

Recently, FINTECH.TV partnered with Datavault AI Inc. to launch patented AI Rating Technology. This technology is being piloted globally to provide automated, data-driven perception and valuation for the industries FINTECH.TV covers, including fintech, finance, biotech, and real estate.

FINTECH.TV recently partnered with the Canadian University Dubai (CUD) to launch a specialized Fintech Education Hub. This initiative, launched at the New York Stock Exchange, aims to bridge financial news with academic learning in the Middle East. With a new studio in Dubai and other new studios across the Middle East coming in 2026, FINTECH.TV is set to capture the momentum and growth of fintech in the rapidly expanding Middle East market for its global viewers.



Vincent Molinari
Founder and CEO
FINTECH.TV



Troy McGuire
Co-Founder and Head of Global Content
and Operations
FINTECH.TV

Now in its sixth year, FINTECH.TV's partnership with GDF has seen hundreds of GDF member segments on the channel at the iconic New York Stock Exchange and at many global conference coverage fixtures, and 2026 promises to continue this great and long-standing partnership with more content and global platform for GDF members to tell their stories. ■

Bridging Identity and Compliance in Blockchain Finance



Alexandre Kech
CEO
GLEIF

“Every stock, every bond, every fund – every asset – can be tokenized. If they are, it will revolutionize investing. (...) One day, I expect tokenized funds will become as familiar to investors as ETFs – provided we crack one critical problem: identity verification.”

– **Larry Fink**
Chairman & CEO of BlackRock¹

As the blockchain industry works to meet regulatory expectations and attract institutional capital, new initiatives are embedding real-world identity and compliance checks directly into digital asset infrastructure. Recent collaborations, such as Chainlink’s Automated Compliance Engine (ACE), Cardano Foundation and Key State Capital’s verifiable smart contracts, and GLEIF’s Global verifiable LEI (vLEI) hackathon, highlight a growing emphasis on credential-based entity identification and compliance. These efforts aim to prevent fraud, automate regulatory obligations, and prepare tokenized finance for mainstream adoption in 2026 and beyond.

Chainlink ACE: Embedding vLEI Credentials into On-Chain Compliance

A strong example is [GLEIF’s partnership with Chainlink Labs](#), which delivers a new institutional-grade identity solution for the blockchain ecosystem. By combining GLEIF’s verifiable Legal Entity Identifier (vLEI) with Chainlink’s Cross-Chain Identity framework and Automated Compliance Engine (ACE), the solution embeds verifiable organizational identity directly into on-chain wallets, smart contracts, and tokenized assets. This directly addresses what experts consider one of the biggest barriers to institutional blockchain adoption: the lack of trusted on-chain identity. As a result, institutions and service providers can now meet regulatory requirements, automate compliance, and verify counterparties across jurisdictions, all while preserving privacy through zero-knowledge proofs.

Verifiable Smart Contracts with the Cardano Foundation and Key State Capital

Further momentum is evident in the collaboration between Key State Capital, the

Cardano Foundation, and GLEIF on verifiable smart contracts. Their [joint research](#) shows how binding smart contracts to vLEI credentials can prevent fraud and enable automated compliance. Currently, smart contracts generally lack insight into the real-world entities behind blockchain addresses, creating a level of anonymity that limits regulatory acceptance and increases exposure to fraud. When vLEI credentials are integrated, however, smart contracts can cryptographically and automatically verify the legal identity and authority of participating organizations. The collaboration also highlights enhanced security by utilizing decentralized identity technologies, namely the Key Event Receipt Infrastructure (KERI), for cryptographic key management. This enables authorized representatives to securely recover control of a contract’s identity if private keys are lost or compromised. Such features strengthen resilience and trust, addressing compliance vulnerabilities that traditional smart contracts cannot. The collaboration’s research report shows how public blockchains and regulated identity frameworks are converging to combat fraud and enable compliant automated workflows. Importantly, it also urges Web3

¹<https://www.blackrock.com/corporate/literature/presentation/larry-fink-annual-chairmans-letter.pdf>

builders to adopt verifiable smart contract standards now, before they become mandatory.

Global vLEI Hackathon Showcases Industry Buy-In

Industry interest in credential-based compliance was further confirmed at GLEIF's Global vLEI Hackathon. At Chainlink's SmartCon event in New York this October, the [London Stock Exchange Group](#) (LSEG) won the Digital Asset & Financial Infrastructure category. LSEG was selected from 110 global submissions. Its solution integrates credential issuance, smart contract logic, liquidity verification, and regulatory reporting into a secure, automated framework for digital transactions. Using the Legal Entity Identifier (LEI) as the global standard for entity identification and the verifiable LEI (vLEI) for cryptographic verifiability, LSEG's solution enables automated compliance, delegated authority, and real-time auditability, making them foundational to trust, transparency, and operational efficiency in the LSEG ecosystem.

[Clearstream](#) was also announced as the category runner-up. By utilizing the vLEI as the login standard for its ClearstreamXact post-trading services portal, Clearstream has demonstrated how its global base of 1,500 institutional clients can benefit from instant identity verification, streamlined onboarding, and digitized trust in every transaction they perform.

Outlook: From Pilot to Production in 2026

Together, these developments show that blockchain identity has reached an inflection point. Credential-based compliance frameworks, verifiable smart contracts, and enterprise-grade prototypes are now proven and will quickly find their way into live deployments. The shift from piloting the prototypes and standards that were refined throughout 2025, to deployment in live production environments and systems is expected over the next year. These deployments would enable automated compliance checks and trusted identity verification as seamless parts of blockchain transactions, significantly reducing both cost and fraud risk compared to current practices.

The promise for 2026 is clear: regulated institutions will finally be able to scale participation in digital asset markets. Identity, trust, and compliance will be built into the underlying technology. Tokenized financial ecosystems could soon offer the security and oversight of traditional markets, while also benefiting from the speed, efficiency, and automation of blockchain-based systems. ■



Unlocking Efficiencies

Applying Tokenization to Collateral Management

As a global trade association with more than 1,000 members in 78 countries, ISDA's mission is to foster safe and efficient derivatives markets to facilitate effective risk management for all users of derivatives products. One of the ways we do this is by exploring how innovative technologies could be used to bring greater efficiencies and reduce risk in key operational processes in the derivatives trade lifecycle.

Over the past five years, we have observed multiple episodes of market stress when heightened volatility led to a spike in margin calls on derivatives trades. These include the dash for cash at the start of the pandemic in 2020 and the UK gilt market crisis in 2022. On both occasions, market participants suddenly had to source large amounts of cash to meet their variation margin requirements, causing liquidity to drain away.

These destabilizing episodes have led policymakers and market participants to reflect on the lessons learned and to consider how market resilience could be improved. It is critical that firms have sound liquidity risk management, liquidity stress testing, resilient operational processes and sufficient levels of cash and liquid

assets to meet their margin calls. But it's also vital that collateral gets to where it needs to be quickly and efficiently.

In response, ISDA has developed suggested operational practices for collateral management and we've expanded the Common Domain Model (CDM), a standardized data and process model, to digitize key documents, represent eligible collateral terms and automate cash collateral calculations and payment processes.

With tokenization, we believe there is an opportunity to bring the collateral management infrastructure into the modern age and reduce the risk of liquidity shortfalls. For example, it could be used to alleviate workflow challenges by enabling near-instantaneous settlement of collateral transfers. We're also exploring how tokenization could enable firms to tap a wider range of assets as collateral.

For example, money market funds (MMFs) haven't typically been posted as collateral because they'd have to be liquidated, posted as cash and then transformed by the custodian, which can lead to increased liquidity and operational risks. Once tokenized on a shared



Scott O'Malia
CEO
International Swaps and
Derivatives Association

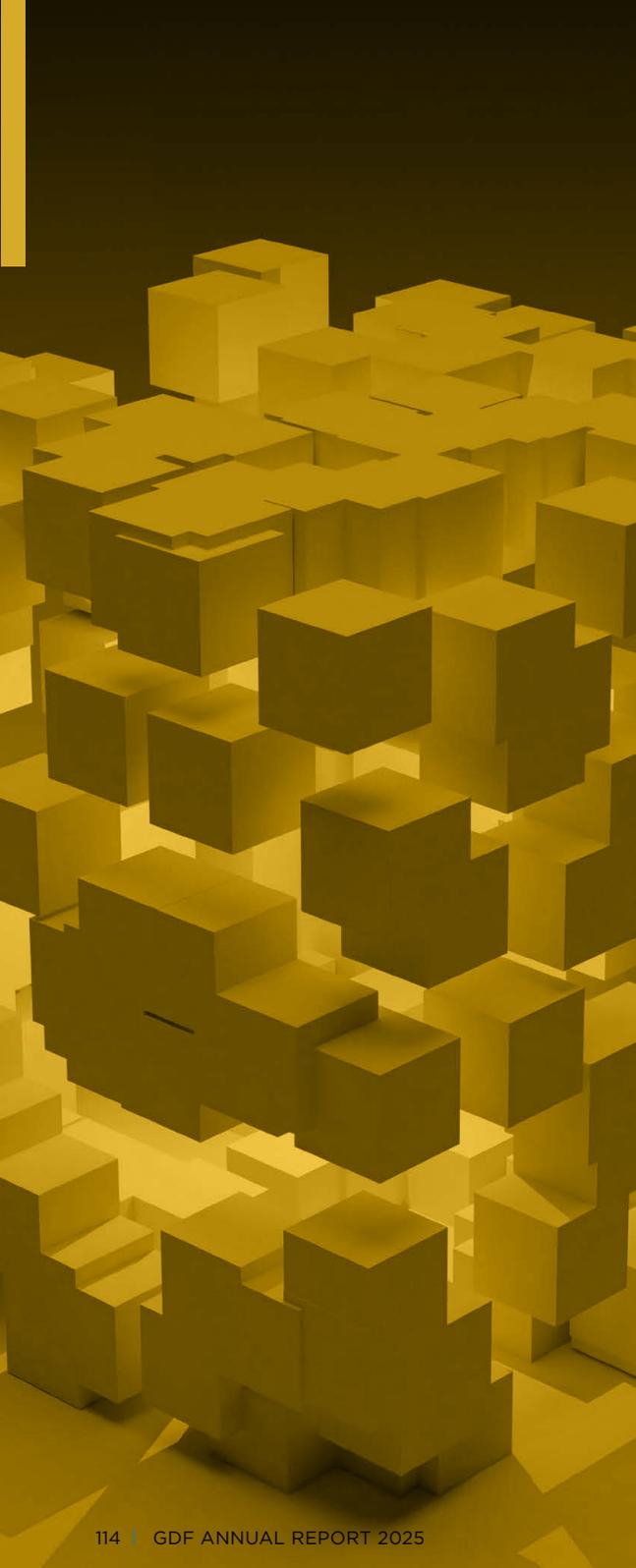


Amy Caruso
Head of Collateral Initiatives
International Swaps and
Derivatives Association

ledger, MMFs could be much more efficiently mobilized – shares could be directly posted and returned without the need for MMF liquidation within the collateral management process.

The potential economic and operational benefits of this technology are very compelling. That's why we're now engaging with experts across financial markets to identify and address the legal, regulatory and operational challenges that need to be overcome to enable the adoption of tokenization.

In 2025, we worked with seven other trade associations to develop an [industry report](#) that provides a comprehensive analysis of the practical applications, opportunities and challenges posed by distributed ledger technology and tokenization in global capital



markets. The report explored several industry use cases, including the opportunity to use tokenization to mobilize assets such as MMFs as collateral. We've also developed the [ISDA Digital Asset Derivatives Definitions](#) and [legal guidance for tokenized collateral](#), which we will continue to update as the use of tokenization evolves.

As we move forward, ISDA will focus on two key areas. First, we'll work with the official sector to establish clear and consistent legal and regulatory frameworks, enabling cross-border adoption and building market confidence. Second, we'll aim to establish interoperability, underpinned by common data standards and smart contracts, to reduce fragmentation, lower integration costs and enable cross-platform connectivity. We believe the CDM can play a vital role here, establishing the common standards that will be needed to avoid technological fragmentation and ensure workflow automation combined with digital documentation.

The application of tokenization to collateral management is a very exciting opportunity for derivatives market participants, which is why ISDA will continue to work with key stakeholders to bring it to reality. We were very pleased to contribute to last year's [GDF report on collateral mobility using tokenized MMFs in Europe and the UK](#), and we're looking forward to co-sponsoring the US tokenized MMF working group this year.

It is through ambitious, collaborative initiatives like these that we will realize true progress and enable the successful adoption of tokenization in the derivatives market. ■

On Your Marks

The Race Between Code and Policy



Chris Brummer

Board Advisor

GDF

Agnes Williams Sesquicentennial
Professor of Financial Technology;
Faculty Director, Institute of
International Economic Law
The Fintech Foundation

For most of modern history, progress was measured in physical increments—railroads, highways, skyscrapers. Then code arrived, and with it, the possibility of scaling ideas faster than institutions could understand them. In the digital age, lines of software have replaced lines of steel, and scalability itself has become the new infrastructure. But as technology now races ahead at a velocity that defies old categories, a new tension defines our age: the ability of policy to scale at the same pace as the technology it seeks to govern. The history of innovation is filled with examples of code outpacing law. Crypto, artificial intelligence, autonomous systems—all have evolved in environments where experimentation ran faster than rulemaking. The mantra “move fast and break things” once sounded rebellious and visionary; now it sounds reckless, even naïve. As networks become financial systems and models make life-altering decisions, the need for policy to scale alongside technology is no longer a matter of governance—it is a matter of survival.

When innovation occurs within regulatory vacuums, fragility hides behind speed. A protocol can reach millions of users overnight yet crumble in the face of a single enforcement action or a

loss of confidence. A model can power billion-dollar industries yet reproduce bias at scale. The tragedy is not that innovation is stifled by regulation; it is that it is rendered unsustainable by its absence. Policy is not the enemy of scale—it is its precondition.

When Policy Becomes Infrastructure

Technology, for all its elegance, is brittle without legitimacy. It can solve for efficiency but not for trust. It can replicate transactions but not institutions. The lesson of the past decade, from stablecoins to AI chatbots, is that governance must be built into the system architecture, not bolted on as an afterthought. Rules, disclosures, auditability—these are not bureaucratic relics; they are the social code that allows technical systems to function in public life. When policy fails to evolve in step with technology, it doesn’t merely lag; it corrodes. Uncertainty drives away capital. Users hesitate. Innovators spend more time interpreting enforcement actions than designing new products. The result is a system that grows in code but shrinks in credibility.

To scale sustainably, technology requires more than speed—it requires clarity. Policy offers that

clarity in the same way that standards once allowed industries to interoperate. A developer who knows what counts as compliant can code accordingly. An investor who knows what disclosures are required can price risk correctly. A consumer who understands their rights can participate confidently. Clarity, like code, is a form of infrastructure. But unlike software, which can be patched, policy must be deliberate. It takes negotiation, iteration, and above all, predictability. Once established, it becomes the scaffolding on which markets grow.

The irony is that many innovators still see regulation as friction. In reality, it is the framework that makes growth durable. Without scalable policy, technology becomes trapped in its own velocity—able to move fast but unable to endure. The firms and protocols that will define the next decade will be those that internalize this lesson, designing systems where compliance and innovation are not opposites but complements.

Toward Synchronous Scaling

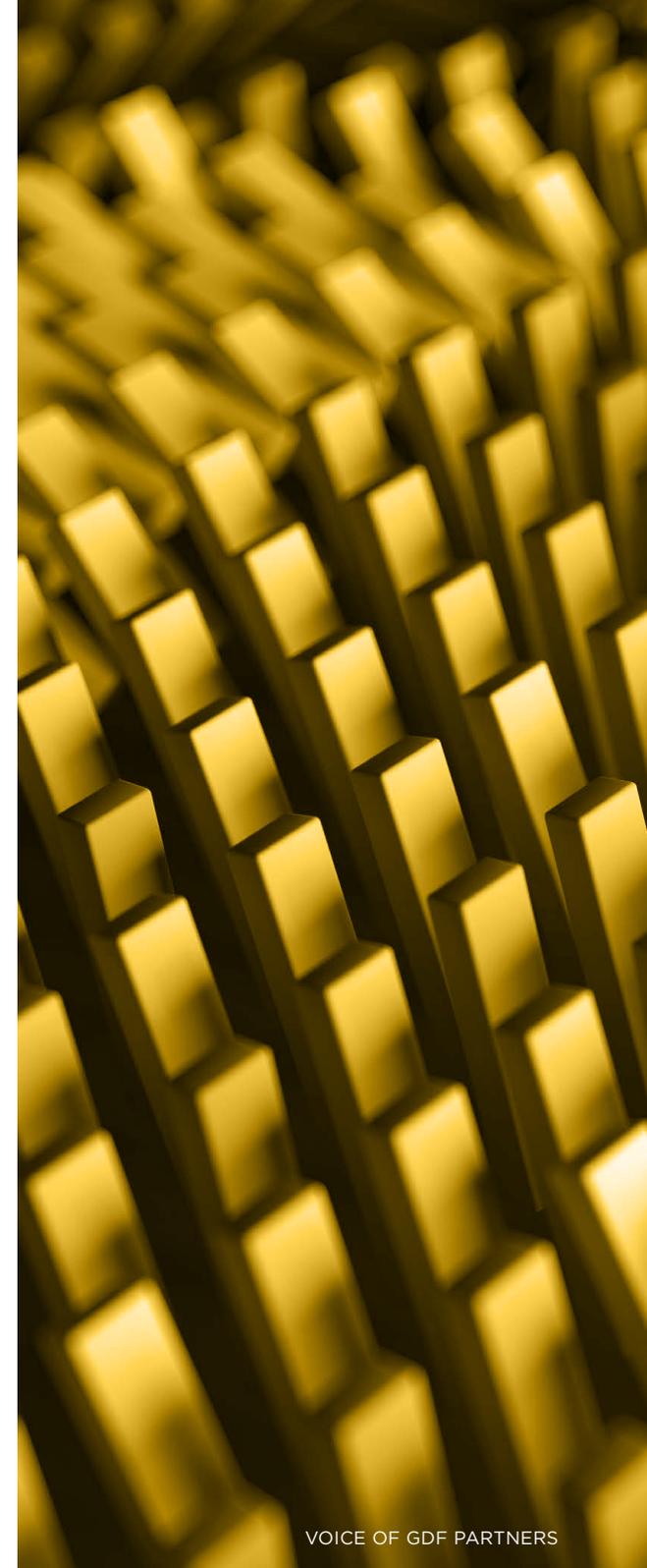
If technology can scale instantly, then policy must learn to scale dynamically. That does not mean abandoning caution for speed; it means

building adaptability into the policy process itself. Just as modular code can be updated, modular governance can evolve through pilots, sandboxes, and data-driven iteration. What matters is synchronization—the ability of the two systems to learn from one another in real time. When that happens, policy stops being reactive and becomes generative. It ceases to chase technology and begins to shape it.

The future belongs to those who understand that scalability is not purely a technical challenge but an institutional one. The great platforms of our time—financial, informational, or algorithmic—will not succeed because they move fast; they will succeed because they move in rhythm with the laws, disclosures, and ethical norms that give them legitimacy. This is the next frontier of innovation: scalable technology paired with scalable legitimacy.

We are entering an era where policy, like software, must be open-source in spirit—transparent, participatory, and iterative. The regulators who will matter most are those who treat rulemaking as infrastructure design. The technologists who will matter most are those who see governance not as a constraint but as a core feature of the systems they build. Together, they can create a world where innovation does not just outrun risk but absorbs it intelligently, where progress and protection advance in tandem.

For a long time, we told ourselves that software was eating the world. It did. But now, as code governs money, identity, and decision-making, the world must learn to eat back—to meet speed with structure, capability with credibility, and code with clarity. The challenge of our century is not just to build scalable technology, but to build scalable policy. Only then will innovation mature from the art of disruption to the architecture of trust. ■





Anna Andrews
Editorial Director
Worldwide Business Research

Institutional digital assets in 2025

From Fragmentation to Functional Markets

The past year marked a noticeable shift in how traditional financial institutions engage with digital assets. What once sat at the periphery of market structure debates is now central to conversations on liquidity, collateral management, capital efficiency, and the future architecture of money. Rather than asking whether institutions will participate, the prevailing question in 2025 became how they should position themselves in a rapidly maturing, yet still uneven, digital marketplace.

For over twenty-five years, WBR has convened major market participants across global institutional FX, fixed income and equity markets to examine how new technologies, regulations and mechanisms reshape how markets function. DigiAssets was launched in 2023 in response to the growing demand from traditional financial institutions for clear regulatory frameworks, institutional-grade infrastructure, and practical pathways for adopting digital assets within regulated market environments. What began as exploratory interest had shifted decisively into questions of risk, interoperability and integration- how these instruments interact with existing workflows, and what changes would be required for them to scale. By June 2025, this shift was unmistakable. Three themes anchored

the discussions, each reflecting the industry's movement from experimentation toward implementation:

- policy formation and regulatory coherence,
- the emergence of interoperable market infrastructure, and
- tokenisation moving from pilots to commercial applications.

Regulation and policy: clarity arrives, but alignment lags

Across Europe, the implementation of MiCA marked a milestone: a comprehensive regulatory perimeter for digital asset activity. Yet supervisory divergence quickly emerged as a constraint. Institutions described inconsistencies across national authorities- particularly around stablecoin oversight, capital requirements and cross-border permissions- which created operational friction and delayed market entry. At the same time, the post-FTX regulatory cycle elevated expectations around risk governance and segregation, pushing custodians and trading venues toward more conservative, institution-aligned models.

Jurisdictional contrasts sharpened. Switzerland's early legal clarity enabled banks to move confidently into spot crypto, tokenised bonds and collateralised lending. In the United States, despite limited federal guidance, institutional demand accelerated and banks issued RFPs for digital custody and tokenised workflows. But a fragmented regulatory environment- driven by enforcement rather than policy- reinforced Europe's temporary advantage in regulated activity.

A recurring observation was the need for regulatory reciprocity. Without alignment- particularly on custody, reserve assets, disclosures and the definition of "digital cash"- institutions face duplicated compliance burdens and limitations on cross-border liquidity. Policy clarity is improving, but uneven adoption continues to slow capital formation and operational scaling.

Market infrastructure: solving the hard problems beneath the surface

Where early digital asset discussions focused on innovation at the edges, institutional conversations in 2025 centred on the least visible layers of market structure. Custody models, collateral workflows, operational resilience and post-trade interoperability became focal points for banks, asset managers and trading venues.

Custody debates highlighted a familiar tension: few institutions want to internalise wallet infrastructure, yet reliance on third-party custodians raises questions around segregation, governance and regulatory consistency. MPC, HSM and off-exchange settlement models evolved quickly, but institutions stressed that the real bottleneck lay not in technology, but in integrating custody into existing front-to-back workflows- particularly for FX, repo and derivatives.

Collateral management emerged as a clear area of potential transformation. The LDI crisis underscored the fragility of multi-day settlement cycles, manual reconciliations and cash-only variation margin. Digital collateral models- using tokenised money market funds or tokenised bonds- offer a path to faster mobilisation, but require interoperability across tri-party agents, custodians, CSDs and settlement platforms. Progress depends less on new technology and more on shared standards and coordinated adoption.

Importantly, fragmentation is not unique to digital markets. Traditional infrastructures carry their own frictions: cross-CSD transfers, inconsistent post-trade processes, and non-standard reference data. Blockchain does not remove fragmentation overnight; it provides a cleaner substrate for addressing it- if institutions align on how to use it.

Tokenisation: from experimental pilots to purpose-built products

Tokenisation continued to attract the most visible institutional activity in 2025, but with a notable recalibration. The narrative moved from “tokenise everything” to “tokenise where it solves a problem.”

Early adopters demonstrated this pragmatism. Tokenised EIB bonds were treated not as experiments but as functional securities that could be lent, repo’d and used in collateral transactions. Their value lay in proving that tokenised instruments must integrate into the full lifecycle of fixed-income markets.

Money market funds emerged as a compelling use case. Institutions emphasised their utility as the “yield-bearing digital cash leg” in a world where stablecoins- though operationally useful- do not distribute yield. Tokenised MMFs enable collateral mobility without constant subscription and redemption cycles, offering meaningful improvements in treasury and collateral operations.

In private markets, tokenisation focused less on generating liquidity and more on lowering operational barriers. Semi-liquid evergreen structures, fractionalisation and automated transfer-agency processes point toward a future where private markets

become accessible through lower ticket sizes and digital-first distribution channels. Here, blockchain is the catalyst for long-overdue modernisation of the fund administration and distribution stack.

Across all tokenisation discussions, a common truth emerged: standardisation is the unlock. Without shared rules for cash legs, data models, token formats and corporate actions, tokenisation risks recreating fragmentation in digital form.

Looking ahead to 2026

We will reconvene the community in Zurich next June, where the focus will shift toward implementation roadmaps, interoperability standards, and early evidence from live deployments. Regulatory frameworks will continue to settle; infrastructure will converge around risk governance and cross-venue connectivity; and tokenisation will move further toward scalable, revenue-generating products.

The direction of travel is clear: institutional adoption is no longer theoretical. The challenge- and opportunity- lies in building the connective tissue that allows digital markets to function at scale. ■

FINANCE AND TALENT

The background of the slide is a dark green color with a pattern of lighter green, wavy, overlapping lines that create a sense of movement and depth. The lines are thin and vary in curvature, some flowing horizontally while others curve upwards or downwards.

2025 Finance and Talent



Abdul Haseeb Basit
Chief Financial Officer
GDF

2025 has been another outstanding year for GDF.

Our net membership increased year on year in volume and revenue, continuing the positive momentum from 2024, and our cash runway has been fully restored in 2025 after the volatile environment and conditions of 2022 and 2023.

Melissa Corthorn, Director of Member Services and Events, joined the Members Board and was appointed a Board Director at the start of 2026, alongside existing Board Directors Lawrence Wintermeyer, Elise Soucie Watts and Abdul Haseeb Basit.

We welcomed Armin Peter and Jannah Patchay to the GDF Member Board during 2025, both who went above and beyond the call of duty in the 2025 GDF Executive in Residence (EIR) programme, to co-chair GDF working groups in a year of record delivery.

The Board of Advisors and Observers will see new Co-Chair, John D'Agostino, joining Co-Chair Greg Medcraft, and we welcomed new members Glen Fernandes, Neal Kumar, Alison Parent, Daniel Gorfine, Sean McHugh, Carole House, and Stephane Malrait, who will also Chair the GDF Regulator Only Forum in 2026.

In 2025 we said farewell to Madeleine Boys, who left GDF after four years, to take a role with GDF member Ownera. We thank Madeleine for her impact on the GDF membership and community, especially her outstanding contribution to GDF Open Innovation forums and working groups, We wish her the best for the future at GDF member Ownera.

We were joined in Q4 by Fabienne van Kleef, Graduate Analyst supporting the Executive as our first MENA hire based in Dubai.

Finally, the Executive in Residence (EIR), and Practitioner in Residence (PIR) Programmes expanded to welcome new members Andrew O'Neil, Andrew Whitworth, Alex Wu, Caroline Malcolm, Kene Ezeji-Okoye, Lauren Ho, Liz Towler and Polina Evstifeeva.

We would like to take this opportunity to thank the GDF team who have contributed to the great success of GDF in 2025, and we look forward to continuing our shared and collective mission in 2026. ■



GDF Team, London Summer drinks

The GDF Team



Micheal Bacina
Executive in Residence



Abdul Haseeb Basit
CFO, Company Board
Member, Board Director



Keith Bear
Board Advisor



Chris Brummer
Board Advisor



Melissa Corthorn
Director, Member Services
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Richard Crook
Practitioner in
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Stephane Malrait
Board Observer, Chair, GDF
Regulator-Only Forum



Sean McHugh
Board Observer



Greg Medcraft
Co-Chair, Board of Advisors and
Observers; Company Board
Member



Andrew O'Neill
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Allison Parent
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Nicole Sandler
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Previn Singh
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Lavan Thasarathakumar
Company Board Member



Simon Tatylor
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Elise Soucie Watts
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