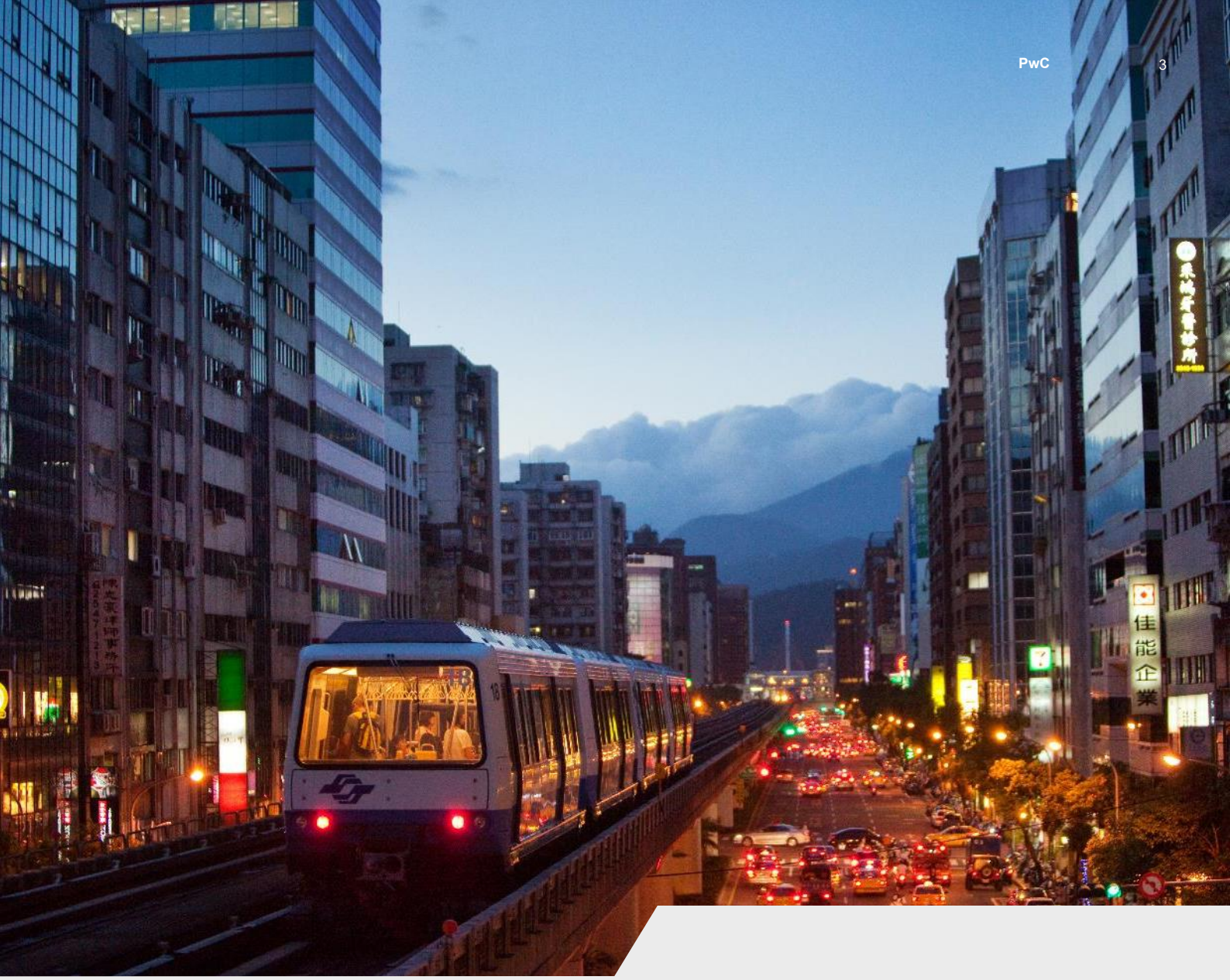
PwC Global Crypto Regulation Report 2026

Navigating the Global Landscape, the 4th edition

January 2026

Contents



Report Overview

01

Report Overview

01 Overview and foreword

The Global Crypto Regulation Report 2026 provides PwC's latest analysis of global digital asset regulation. It tracks how jurisdictions are translating policy into enforceable rules and how supervision is shaping the next phase of market development.

02 Global regulatory trends

2026 marks a shift from policy design to implementation. Stablecoin, custody and disclosure regimes are now operational, tokenization pilots are scaling, and major financial institutions are beginning to issue regulated digital instruments.

03 The state of global stablecoin regulation

Across major jurisdictions, there is increasing consensus on core principles for regulating stablecoins, but divergence remains. Regulation is enabling co-opetition between banks and fintechs by legitimising private stablecoins, rather than mandating state-only alternatives.

04 Views from global standard-setters

International bodies such as the Financial Stability Board, the Basel Committee and The Financial Action Task Force are focusing on implementation and enforcement. Their monitoring work is influencing sequencing, scoping and cross-border alignment of crypto regulation.

05 Global regulatory summaries

The jurisdictional entries summarise key regulatory milestones and supervisory trends across the globe, providing a comparative view of how digital assets are being embedded into national financial systems.

Terminology used in the report

The terminology used in this report includes, but is not limited to, digital assets, cryptoassets, virtual assets, digital settlement assets, virtual currencies and cryptocurrencies. The terminology and spelling follow those adopted by the relevant authority.

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We're crossing a critical threshold for digital assets. Regulation is no longer a constraint it's actively reshaping markets and enabling digital assets to become the architecture that allows them to scale responsibly. Regulatory momentum is accelerating, and with it, the pace of institutional adoption.

What's emerging now is not just clarity, but confidence: confidence for institutions to innovate, scale, and integrate digital assets into the core of the global financial system.

Matt Blumenfeld

Global/US Digital Assets Lead, PwC US

Foreword

Global crypto regulation is entering a period of convergence. Across jurisdictions, policymakers are increasingly aligned on core principles, regulatory objectives, and high-level frameworks for digital assets. While differences in implementation remain, the direction of travel is becoming clearer than before. **As a result, regulatory clarity is no longer the primary obstacle in the evolution of the crypto ecosystem.**

In 2026, the most important changes in the crypto ecosystem are not being dictated by new rulebooks, but by how crypto technologies are being adopted, scaled, and embedded into real economic activity. Regulation is responding to these shifts, not leading them. This report therefore begins with the market and ecosystem context that underpins today's regulatory landscape.

The non-regulatory forces are defining the current state of crypto:

- **Crypto has moved into the monetary system.** The most consequential shift in the crypto ecosystem is functional. Crypto is no longer confined to markets or trading venues. It is being used to move, settle, and manage money. Stablecoins, tokenized cash, and onchain payments are flowing through treasury operations, payment chains, and internal transfers, often invisibly to end users. Crypto is taking on monetary functions that were once the exclusive domain of banks and payment networks.

- **Institutional involvement has crossed the point of reversibility.** Banks, asset managers, payment providers, and large corporates are embedding digital assets into core infrastructure, balance sheets, and operating models. This is no longer optional or peripheral. As institutions commit, they reshape market norms around scale, governance, resilience, and accountability, displacing crypto-native practices with institutional ones and accelerating integration with traditional financial market infrastructure.

- **The crypto stack is professionalising and fragmenting at the same time.** Vertically integrated platforms are giving way to more modular, specialised infrastructure. Custody, execution, settlement, data, risk, and liquidity are separating into distinct layers, with clearer expectations around security, uptime, interoperability, and controls. At the same time, blockchain network adoption is becoming increasingly capability driven, with institutions and non-digital native firms gravitating toward networks based on maturity, transactional privacy, availability of permissioned instances, and interoperability with existing financial market infrastructure.

- **Crypto remains global by design, but local in reality.** While crypto networks are borderless, adoption is not. Payments, remittances, savings, capital markets, and tokenization use cases are emerging unevenly across regions. Economic conditions, financial inclusion gaps, and existing financial infrastructure increasingly shape how crypto is used. The result is a fragmented global ecosystem where the same technology solves very different problems in different markets.

These market realities are the context for this year's Global Crypto Regulation Report. The purpose of this report is not to assess regulation in isolation, but to examine how regulators globally are responding to a market that is evolving faster, scaling wider, and integrating deeper than before.

Regulation is no longer shaping crypto from the outside. It is being pulled into place by market reality.
We hope this report helps readers understand that reality and the regulatory consequences that follow.

Matt Blumenfeld

Global/US Digital Assets Lead

PwC US

Global Crypto Trends for 2026

02

Global Crypto Regulatory Trends for 2026

01

Stablecoin regimes shift from design to implementation

The industry is moving from legislation to consultation to implementation and eventually supervision. Binding requirements on reserves, redemption rights, governance and disclosure are being enforced, with some jurisdictions introducing holding limits to manage deposit-flight risk. Central banks will begin testing interoperability between systemic stablecoins and payment systems.

02

Tokenized money continues to gain traction

Tokenized bank deposits, tokenized cash equivalents and wholesale Central Bank Digital Currencies (CBDCs) are progressing from pilots to scaled deployment. Cross-border settlement platforms combining tokenized assets and interoperable national systems are emerging as policy priorities for 2026.

03

Consumer protections will be embedded in licensing frameworks

Financial-promotion and product-governance obligations are being integrated into crypto licensing. Licensed firms will be required to demonstrate fair-value outcomes, transparent marketing, appropriateness testing and customer redress mechanisms.

04

Regulatory pathways expand for digital assets as eligible collateral

Regulators are increasingly clarifying pathways for digital assets to be approved as eligible collateral for margining and risk mitigation, including under uncleared margin rules (UMR). Recent regulatory changes and supervisory guidance are making approval more feasible where assets meet standards for liquidity, valuation, custody, operational resilience, and enforceability, setting the stage for broader institutional use of tokenized and select crypto assets in collateral management and derivatives markets.

05

Stronger prudential, custody and resilience rules for intermediaries

Crypto exchanges, custodians and stablecoin issuers are being brought within comprehensive prudential and operational resilience regimes. Supervisors are applying requirements on capital, segregation, liquidity and recovery planning equivalent to financial market infrastructure standards.

06

Decentralised Finance (DeFi), trading venues and market conduct converge to global norms

Regulators are applying global market integrity and investor-protection standards to both centralised and decentralised finance. Surveillance, transparency, conflict-management and disclosure obligations are being extended to onchain venues and protocols.

Elise Soucie Watts

Executive Director,
Global Digital Finance (GDF)

Global digital asset regulation has reached an inflection point. Stablecoin frameworks, market structure rules, and custody regimes are moving from consultation to implementation across major jurisdictions, while others are rapidly following.

This is no longer a question of if regulation will arrive, but how quickly firms can now adapt to operating in parallel regimes. Success for the digital finance industry will depend on designing products, governance, and compliance models that are robust enough to meet local requirements, yet flexible enough to scale globally.

The next phase of growth will belong to firms that treat regulation not as a constraint, but as critical market infrastructure.

Crypto Regulation at a Glance

The table provides a summary of digital asset legislative, regulatory, and licensing status as of January 2026. For more information, see jurisdiction-specific pages.

	Regulatory Framework	Licensing/ Registration	Travel Rule	Stablecoins
United States*				
European Union				
United Kingdom				
Argentina				
Australia				
Bahamas				
Bermuda				
Brazil				
Canada				
Cayman Islands				
Channel Islands				
Gibraltar				
Hong Kong SAR				
India				
Israel				
Japan				
Kenya				
Liechtenstein				
Mauritius				
Nigeria				
Norway				

*While elements of federal crypto legislation have been enacted, detailed implementing rules are expected to be developed during 2026. In parallel, state-level digital asset licensing regimes remain in force.

Legislation/Regulation in place	Signifies that extensive crypto legislation/regulations have been established.
Active legislative/regulatory engagement	Indicates that there is ongoing activity, such as regulatory discussions, consultations, or pending implementation of crypto-related laws and regulatory frameworks.
Legislative/regulatory process not initiated	Implies that the jurisdiction has not yet started formulating or considering specific crypto asset legislation or regulatory frameworks.

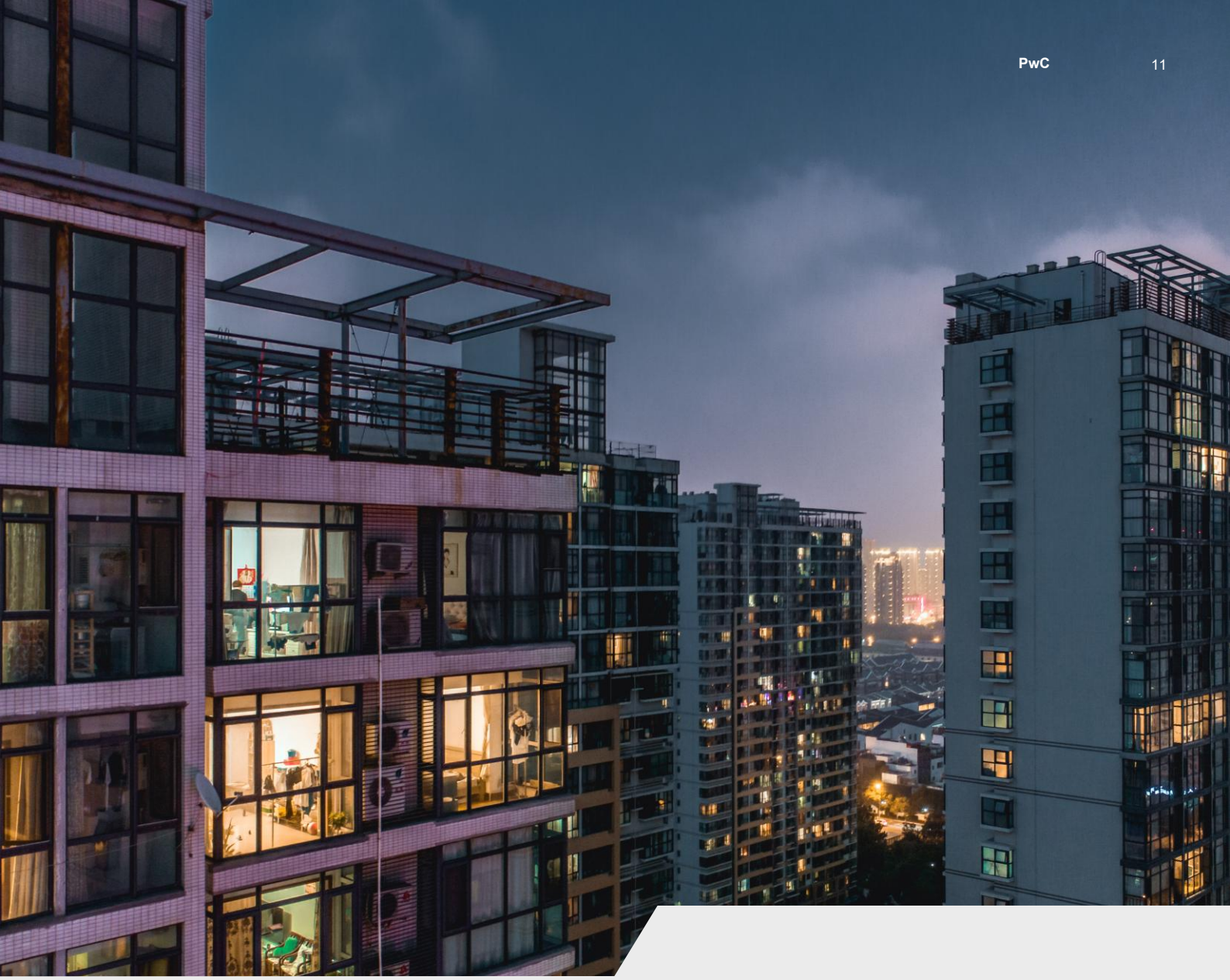
Crypto Regulation at a Glance (Continued)

The table provides a summary of digital asset legislative, regulatory, and licensing status as of January 2026. For more information, see jurisdiction-specific pages.

	Regulatory Framework	Licensing/ Registration	Travel Rule	Stablecoins
Qatar*				
Kingdom of Saudi Arabia				
Singapore				
South Africa				
Switzerland				
Taiwan				
Thailand				
Turkey				
Ukraine				
United Arab Emirates				

Legislation/Regulation in place	Signifies that extensive crypto legislation/regulations have been established.
Active legislative/regulatory engagement	Indicates that there is ongoing activity, such as regulatory discussions, consultations, or pending implementation of crypto-related laws and regulatory frameworks.
Legislative/regulatory process not initiated	Implies that the jurisdiction has not yet started formulating or considering specific crypto asset legislation or regulatory frameworks.

*The Qatar Financial Centre (QFC) and its regulator (the QFC Regulatory Authority (QFCRA)) have issued rules and regulations relevant to Investment Tokens and Digital Assets. However, whilst the Qatar Central Bank (QCB) has issued guidelines on the use of Distributed Ledged Technologies, both the QCB, and the securities sector regulator - the Qatar Financial Markets Authority (QFMA) have yet to issue comprehensive rules and regulations relevant to virtual assets



The State of Global Stablecoin Regulation

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Dante Disparte

Chief Strategy Officer and Head of Global Policy and Operations, Circle

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With a landmark stablecoin law taking effect in the United States and increasing regulatory clarity worldwide, a new era of compliant, programmable, and interoperable finance is coming into view.

By establishing clear legal standards for stablecoins as regulated electronic money on the internet, policymakers are enabling constructive co-opetition between banks and fintechs on shared, risk-managed infrastructure that can scale safely.

In this environment, the future of the dollar will be shaped less by legacy distribution channels and more by trusted global networks whose governance and resilience determine its reach and relevance in the digital economy.

Convergence of Global Stablecoin Regulation

Where global regulation aligns

Across major jurisdictions, there is increasing consensus on core principles for regulating stablecoins. Global frameworks now largely agree on the need for full reserve backing, redemption at par, segregation of customer assets, and Anti-Money Laundering / Counter-Financing of Terrorism (AML/CFT) compliance, including the Financial Action Task Force (FATF) Travel Rule. This convergence is driven by the Financial Stability Board (FSB) and FATF recommendations, translated into regional regulations such as the EU's MiCAR, Singapore's MAS framework, Japan's PSA amendments and the UK's FCA cryptoasset framework.

Common Definitions & Their Maturity

Term	Working definition (source)	Maturity
Stablecoin	Crypto-asset maintaining a stable value relative to a reference asset or currency (FSB)	Settled
Asset-referenced token (ART)	Token referencing a basket of assets (EU MiCAR)	Settled
E-money token (EMT)	Token referencing a single currency with a direct claim on issuer (EU MiCAR)	Broad Convergence
Payment stablecoin	Stablecoin intended for payment/disbursement use cases; full backing and redemption required (FSB, MAS)	Concept Aligned
Tokenized deposit or deposit token	Digital representation of a commercial bank deposit enabling programmable transfers (BoE/BIS)	Still Evolving

Where frameworks diverge

Despite shared objectives, regulatory design diverges significantly across regions. The EU (MiCAR) and Singapore (MAS) have adopted comprehensive licensing regimes, the US has pursued a hybrid state/federal approach (GENIUS Act, NYDFS), while the UK and Japan rely more heavily on structural and activity-based constraints, rather than a single comprehensive licensing regime. These differences create both regulatory arbitrage and localisation pressures for issuers and banks.

Points of divergence

Topic	Examples of Divergence	Jurisdictions Impacted
Issuer type	Banks only (Japan) vs. certain non-bank entities allowed (US, EU)	
Reserve rules	Segregated high quality assets vs. partial deposits	
Redemption timeline	T+0 (Singapore, EU) vs. T+1 (UK)	
Holding limits	UK, proposed or conditional holding limits for systemic sterling-denominated stablecoins vs. none in EU/SG/US	vs. global peers
Third-country access	Strict under MiCAR; flexible under MAS; UAE invites foreign issuers	
Tokenized deposits	No harmonised treatment.	Global

Strategic implications

As global stablecoin frameworks converge on core principles like reserves, redemption, and AML, the next phase will be defined by **how issuers and institutions localise compliance**. Divergences in licensing, reserve composition, and user limits across the US, EU, UK, and Asia mean that one-size-fits-all models are no longer viable. Success in this cycle will depend on **jurisdiction-specific structuring**—tailoring issuance, custody, and settlement designs to fit each regulatory perimeter. Institutions that treat these differences as strategic design choices rather than obstacles will be best positioned to scale regulated digital money solutions globally.

What Happens Next: Regulation as a Catalyst for Global 'Co-Opetition'

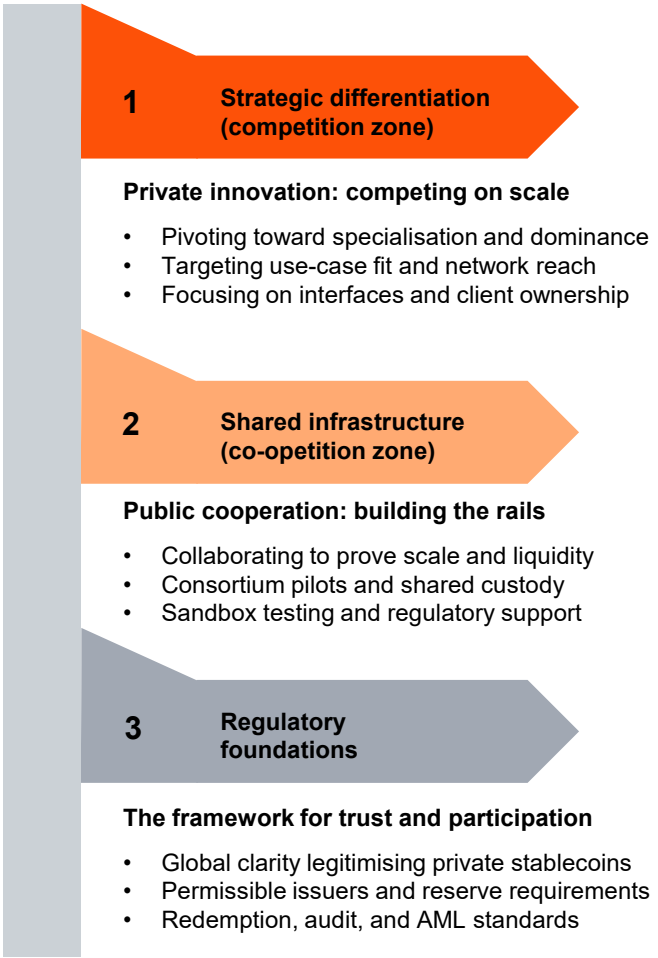
Regulation is enabling co-opetition across banks and fintechs by legitimising private stablecoins, instead of mandating state-only alternatives. This opens the door for public cooperation on shared infrastructure, allowing liquidity, standards, and adoption to scale while setting the stage for long-term competition on specialisation, user experience, and network control. In this transition period, shared rails are not a threat to differentiation; they are the runway for it.

01

Regulation defines the playing field

Regulatory clarity is transforming stablecoins from a policy experiment into a market architecture. Frameworks such as MiCAR, MAS, and forthcoming US rules now define what a "regulated" stablecoin looks like and how it should operate within existing financial infrastructure. This gives banks and non-bank issuers the legal certainty to participate and innovate inside the regulatory perimeter.

In this environment, compliance is no longer defensive; it is strategic. The firms that succeed will treat regulation as market design, not constraint, and structure issuance, custody, and liquidity models that fit each jurisdiction's framework while remaining interoperable across borders.



02

Co-opetition among banks as a strategy for scale

Because no single player can own the stablecoin market outright, cooperation has become an abler of competition. Banks, payment firms and exchanges are collaborating on shared settlement rails and tokenized deposit networks to achieve liquidity and adoption at scale.

This is pragmatic co-opetition: institutions like JPMorgan (Kinexsys), Citi Token Services, and Coinbase recognise that early interoperability is essential to prove utility and de-risk investment. Regulation makes that collaboration safe, through standardising reserves, audits and redemption. As a result, rivals can transact on common infrastructure. Over time, these alliances will evolve into strategic divergence as players specialise: some as issuers, others as network operators or client-facing platforms.

03

Sandboxes and shared governance

Regulatory sandboxes are the laboratories of this co-opetition era. Jurisdictions such as the UK, Singapore, Hong Kong SAR, and the UAE have used sandboxes to test how stablecoins and tokenized deposits integrate with payment systems before full authorisation. These programs convert supervision into structured experimentation, allowing banks, fintechs and regulators to co-design the technical and governance standards for the next phase of digital money.

The US is now signalling participation as well, with the SEC exploring innovation exemptions that could open pathways for controlled digital-asset testing, for instance through the US-UK Taskforce.

As sandboxes mature, they will shift toward shared governance: regulators set boundaries, industry drives execution, and stablecoins scale within interoperable, risk-managed environments.

The Dollar's Digital Future

Stablecoins are redefining how the US dollar functions as the world's reserve currency. By allowing individuals and firms, especially in emerging markets, to hold and transfer dollar value without requiring access to US banks, dollar-backed stablecoins are transforming the dollar from a reserve asset into a reserve network. For populations facing currency volatility or limited banking access, stablecoin wallets act as de facto digital dollar accounts.

This shift expands the dollar's reach into regions historically underserved by dollar liquidity, reinforcing its dominance through technology rather than policy. At the same time, it raises new questions about governance, monetary sovereignty, and the role of private issuers in extending reserve-currency influence beyond the formal banking system.

01

Dollars in traditional finance

The US dollar's dominance in traditional finance is slowly receding as trade and reserve diversification continue, but in the digital realm, the dollar is resurgent. Over 95% of global stablecoin value is dollar-denominated, giving the US currency a new, programmable form that extends its influence into markets far beyond the reach of the US banking system. Stablecoins therefore serve as both a digital amplifier of dollar power and a potential catalyst for its transformation. If dollar-denominated tokens remain backed by US assets (e.g. treasuries, bank deposits, and cash equivalents), they reinforce demand for the dollar as the global store of value. Yet the same technology that strengthens the dollar's reach also enables other jurisdictions to issue local-currency or multi-asset tokens that could gradually rebalance global monetary power. Whether the dollar's next era as a reserve currency is strengthened or diluted by stablecoins will depend on regulatory diplomacy: how governments, central banks, and private issuers coordinate the rules of digital money. The contest ahead is less about replacing the dollar and more about who governs its digital form.

02

Infrastructure as the new reserve system

The next phase of dollar dominance will be defined not by central banks, but by the infrastructure which moves digital dollars globally. For most of the 20th century, reserve-currency power was anchored in who held US Treasuries. In the digital era, it will depend on who operates the networks, public or private, that enable tokenized dollars to circulate. Global payment rails, custodians, and stablecoin issuers are becoming quasi-reserve intermediaries, holding US assets and distributing them through programmable ledgers and APIs rather than correspondent banks. This migration gives the dollar new reach but also transfers systemic importance from central-bank balance sheets to digital infrastructure providers. The trust model of the reserve currency is therefore changing, and credibility will hinge as much on technological resilience and governance as on monetary policy.

> As the financial system becomes more digital, the dollar's future will hinge less on who issues it and more on the infrastructure it can operate across. Interoperability will preserve its relevance in next-generation payments and markets.

Caroline McIlroy

Director, Emerging Payments PwC US

03

Beyond the dollar: rise of non-USD stablecoins

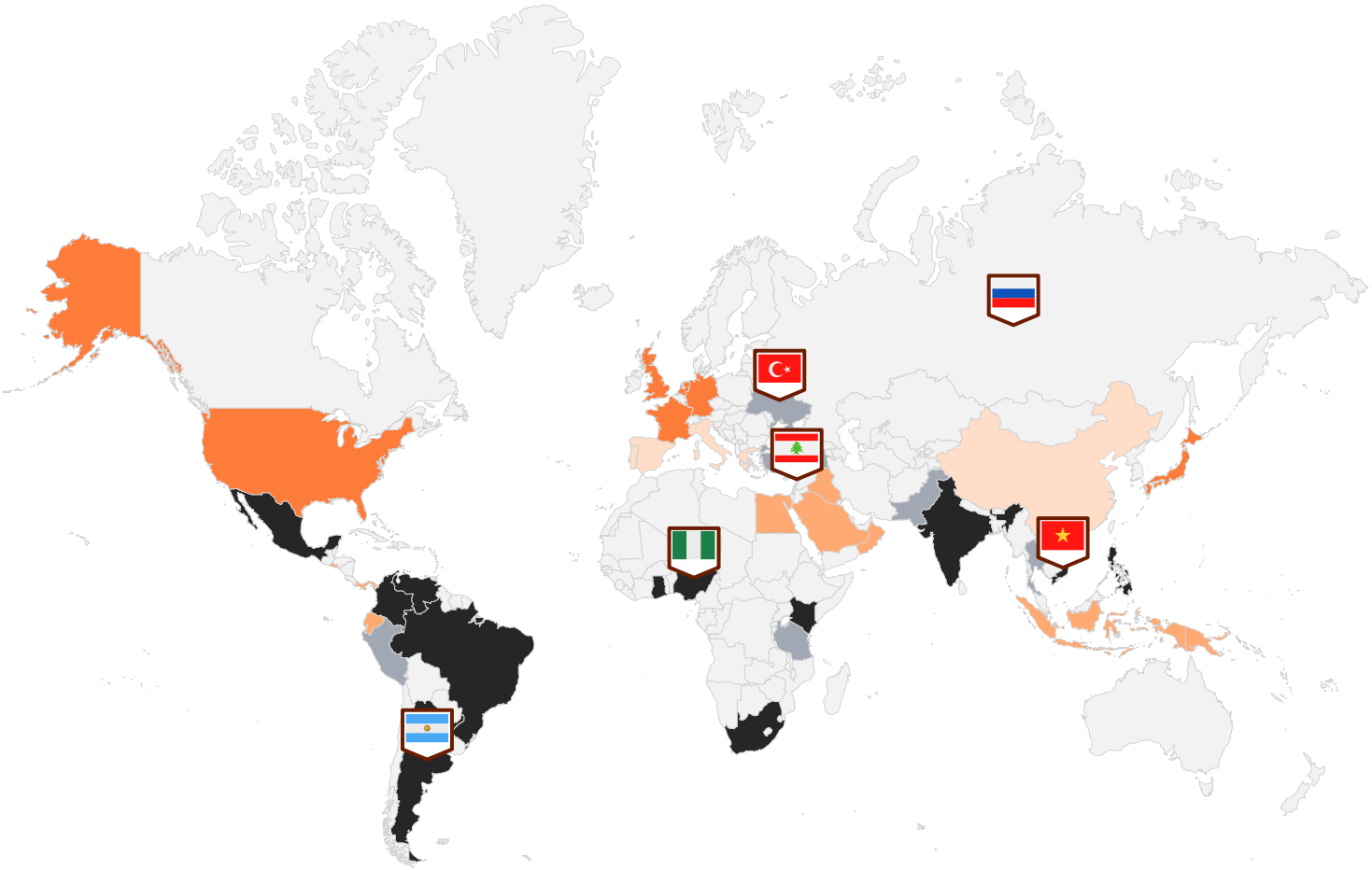
While dollar-backed stablecoins dominate today, alternative models are emerging that could challenge or regionalise the dollar's digital supremacy. Several jurisdictions are exploring euro, yen, and multi-asset stablecoins designed to anchor liquidity closer to home markets. If these gain regulatory legitimacy, they could fragment what has been a single, dollar-centric digital ecosystem into parallel currency zones. For policymakers, this represents both diversification and dilution. Non-USD stablecoins could strengthen regional payment resilience and reduce dependency on US policy, yet they also erode the network effects that have long sustained dollar primacy. For institutions, it signals a multi-currency future where liquidity, compliance, and settlement choices become strategic levers rather than defaults. The competition for reserve-currency status is shifting from balance sheets to blockchains, and the outcome will hinge on which networks scale trust most effectively.

The Dollar's Digital Future (Continued)

04

Mapping the dollar's digital reach

The map illustrates how the structure of US dollar influence is evolving from traditional financial centres which issue and clear dollar liquidity, to emerging markets where digital tokens now provide new access to dollar value. It highlights three layers of participation: economies that anchor the dollar system, regions where stablecoins are extending dollar access through digital rails, and frontier markets where stablecoins are unlocking inclusion in the absence of formal banking.



Core USD Dominance: Countries structurally integrated into the US dollar system. They issue, clear, or heavily depend on the USD for trade, reserves, and energy pricing - forming the backbone of global dollar liquidity.

Emerging Digital Dollar Zones: Markets where stablecoins are expanding access to the US dollar through digital rails. Adoption is rising among consumers, businesses, and fintechs, often ahead of full regulatory frameworks.

Unregulated Adoption Hotspots: Jurisdictions of high-growth markets where stablecoins are enabling new access to dollar liquidity and digital finance. Usage is widespread but informal, driven by inflation, sanctions, or weak banking access.

> With over USD 300 billion in stablecoins in circulation and more than 99 percent pegged to the US dollar, many jurisdictions risk becoming spectators in a market they should help shape. The challenge is no longer whether to regulate, but how leading financial centres create the conditions for non-dollar stablecoins and tokenised money to scale safely and competitively, or risk the next wave of digital finance being driven from a small number of global hubs.
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Views from Global Standard-Setting Bodies

04

FSB: Global Regulatory Framework

The recommendations and guidance from global standard-setting bodies (SSBs) do not carry a legal status but provide an important roadmap for national authorities. Firms should consider the policy standards in the context of the likely implementation into their local regulation.

01

FSB: global regulatory framework

The Financial Stability Board (FSB) published its Global Regulatory Framework for Crypto-asset Activities and Global Stablecoin Arrangements in July 2023. The framework sets out a coordinated global approach to ensure that crypto-asset markets and payment-related stablecoins are subject to consistent oversight and risk-management standards across jurisdictions.

The framework includes two complementary sets of high-level recommendations:

1. Regulation, supervision and oversight of crypto-asset activities and markets: covering governance, disclosure, risk management, operational resilience and market integrity.
2. Global stablecoin (GSC) arrangements: covering authorisation, governance, stabilisation mechanisms, redemption rights, disclosure, recovery and resolution, and cross-border cooperation.

Both sets of recommendations are based on the principle of "same activity, same risk, same regulation." They promote proportionality, technological neutrality and close cooperation among financial authorities. The FSB coordinates its work with other international standard-setters, including IOSCO, the Basel Committee and the International Monetary Fund, to maintain global consistency across prudential, conduct and market-integrity frameworks.

02

Recent developments and implementation outlook

By late 2025, most major jurisdictions had implemented or were finalising national frameworks aligned with the FSB's 2023 recommendations. In February 2025, the FSB launched a thematic peer review to evaluate how jurisdictions are applying these standards in practice, focusing on consistency, supervisory effectiveness and cross-border coordination.

The review concluded in October 2025, with its findings informing ongoing FSB monitoring work and shaping supervisory priorities for 2026.

Looking ahead, the FSB's focus is shifting towards supervisory outcomes, ongoing compliance, and the identification of implementation gaps, particularly in relation to global stablecoin arrangements and systemically relevant crypto-asset activities.

03

Crypto-assets and stablecoins

The FSB's recommendations for crypto-asset activities require that firms conducting regulated functions are licensed and subject to governance, conduct and risk-management obligations. Supervisors must ensure adequate disclosure, segregation of client assets and operational resilience comparable to standards applied to traditional financial market infrastructure.

For stablecoins, the framework establishes requirements for sound governance, redemption at par value, transparent reserve management and robust stabilisation mechanisms. Authorities are expected to assess systemic risks and apply heightened prudential and safeguarding standards to payment-scale stablecoins.

04

Global stablecoin (GSC) arrangements

The FSB's framework for GSCs includes ten recommendations that complement the crypto-asset standards. It requires authorities to authorise, supervise and oversee all entities within a GSC arrangement, including issuers, wallet providers, reserve managers and distributors. Supervisors must ensure clear lines of responsibility, effective governance, comprehensive risk management and coordinated oversight across borders.

The FSB continues to emphasise that GSC arrangements must have transparent legal structures, credible redemption processes and contingency arrangements to protect users and financial stability.

FSB: Global Regulatory Framework (Continued)

05

Global implementation lags behind SSB standards

In October 2025, the FSB published a thematic review assessing how its global regulatory framework for crypto-asset activities has been implemented across jurisdictions. The review focused on regulatory powers and frameworks, cross-border cooperation, information sharing, governance and risk management. It covered 37 jurisdictions, including FSB members and select non-members.

The FSB found that while most jurisdictions have begun adapting their frameworks, implementation remains incomplete and inconsistent. Supervisory mandates are often unclear, particularly for activities with cross-border implications. Many jurisdictions have yet to operationalise frameworks for global stablecoin arrangements, and alignment with the FSB's recommendations in this area remains limited.

The review concluded that delays and fragmentation could create risks to financial stability, including through regulatory arbitrage and weak oversight of systemic arrangements. It also highlighted that data collection, risk analysis and supervisory resourcing need to be strengthened across many authorities.

In parallel, IOSCO has reinforced its crypto and digital asset recommendations through further work on implementation and, more recently, through targeted guidance on tokenization. IOSCO has emphasised that while existing regulatory frameworks may apply in principle, tokenized market structures raise distinct market integrity, disclosure, governance and operational risk considerations that require consistent supervisory treatment across jurisdictions.

Both the FSB and IOSCO call for faster implementation, clearer regulatory mandates and stronger cross-border coordination. The FSB will continue to monitor progress and may revise its recommendations to address emerging risks, including DeFi, tokenization and cross-border stablecoin use.

Sources: FSB: Global Regulatory Framework for Crypto-Asset Activities, July 2023; FSB: High-level Recommendations for the Regulation, Supervision and Oversight of Global Stablecoin Arrangements, July 2023; FSB: G20 Crypto-asset Policy Implementation Roadmap Status Report, October 2024; FSB: Thematic Peer Review on the FSB Global Regulatory Framework for Crypto-Asset Activities, February 2025; FSB: Thematic Review on the Implementation of the Global Regulatory Framework for Crypto-Asset Activities, October 2025; IOSCO: Implementation Review of Recommendations for Crypto and Digital Asset Markets, October 2025.

BCBS: Global Prudential Standards

01

BCBS: global prudential standards

The Basel Committee on Banking Supervision (BCBS) has finalised its prudential framework for banks' cryptoasset exposures, including targeted amendments and enhanced disclosure standards, with implementation effective from 1 January 2026. While the framework establishes a global reference point for risk categorisation and capital treatment, particularly for stablecoins and tokenized assets, it has been challenged by both industry participants and some authorities, including concerns expressed publicly by US and UK regulators regarding calibration, proportionality and market impact. BCBS has acknowledged these concerns and indicated it will monitor implementation outcomes closely, but no formal revisions have been announced.

02

Scope and classification

The framework covers cryptoassets held or issued by banks, including tokenized securities, stablecoins and unbacked cryptoassets. It distinguishes between two categories:

Group 1 assets, which meet strict conditions for prudential recognition.

- Group 1a: Tokenized traditional assets with equivalent credit and market risk profiles.
- Group 1b: Stablecoins with effective stabilisation mechanisms and clear redemption rights.

Group 2 assets, which do not meet the Group 1 criteria and are subject to conservative capital treatment.

- Group 2a: Assets with limited hedging recognition.
- Group 2b: Unbacked cryptoassets, algorithmic stablecoins and those relying on speculative value.

Banks' exposure to Group 2 assets should remain limited to no more than 2% of Tier 1 capital, with additional capital surcharges applied to any excess.

03

Disclosure and supervisory expectations

The FSB's recommendations for crypto-asset activities require that firms conducting regulated functions are licensed and subject to governance, conduct and risk-management obligations. Supervisors must ensure adequate oversight, governance, and risk-management arrangements are in place.

04

2026 outlook

National authorities are expected to consult on domestic implementation during 2026, with timelines varying by jurisdiction. The BCBS and the FSB will continue monitoring how banking supervisors adopt the framework and will assess emerging risks related to tokenized deposits, stablecoin issuance and banks' use of distributed ledger technology in custody and settlement.

Sources: BCBS: Prudential Treatment of Cryptoasset Exposures, December 2022; BCBS: Cryptoasset Standard Amendments, July 2024; BCBS: Disclosure of Cryptoasset Exposures, July 2024; BCBS: Technical Amendments to the Cryptoasset Standard, November 2024; Financial Times: Global crypto rules for banks need reworking, says Basel chair, 19 November 2025

FATF: Financial Integrity

01

FATF: financial integrity

The Financial Action Task Force (FATF) continues to report uneven progress in implementing its Standards for virtual assets (VAs) and virtual asset service providers (VASPs). The June 2025 Targeted Update on Recommendation 15 and the Travel Rule found that, while more jurisdictions have introduced legislation, overall compliance and enforcement remain limited.

FATF reports that 99 jurisdictions have now enacted or drafted Travel Rule frameworks, but over 70% are still only partially compliant with the full set of FATF requirements. Key gaps persist in licensing, supervision and cross-border data sharing. FATF has also released Best Practices on Travel Rule Supervision to help authorities strengthen oversight and information exchange.

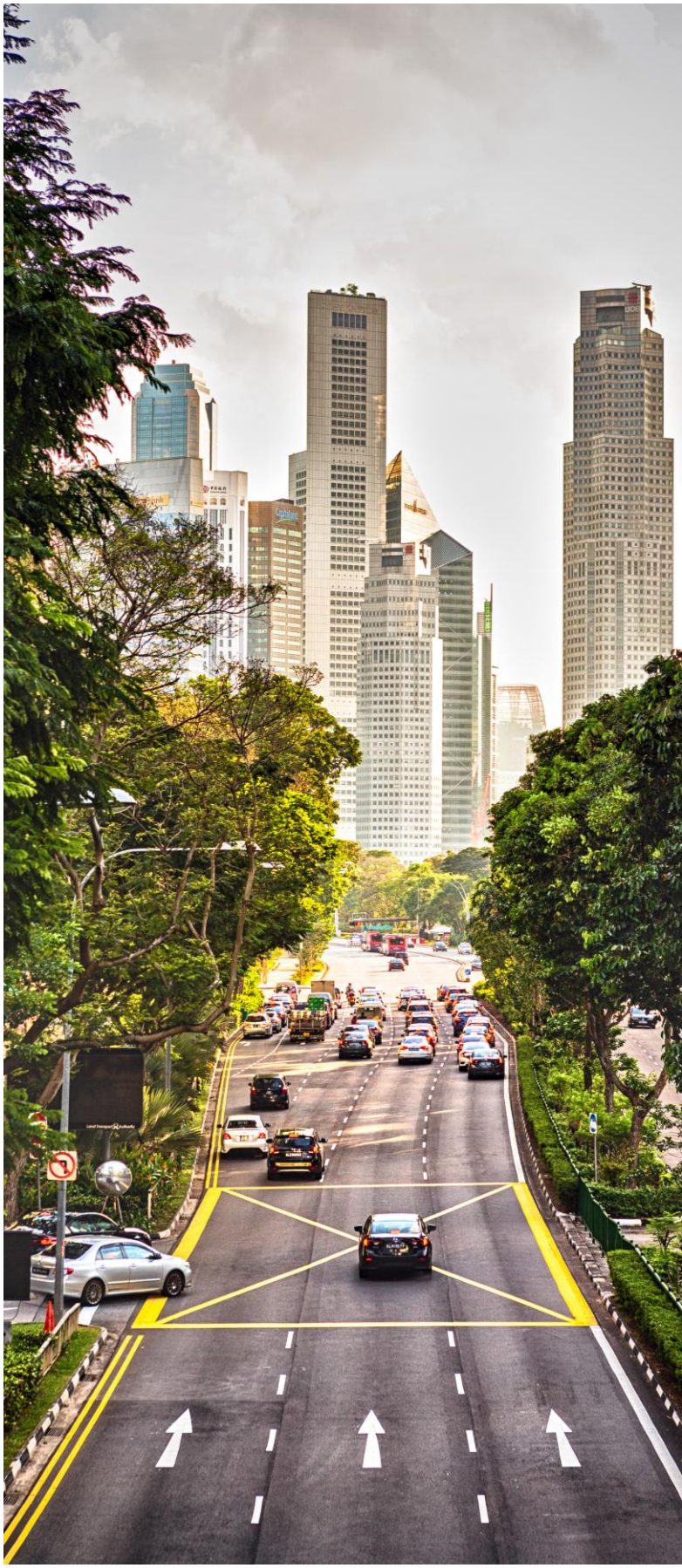
The report highlights that jurisdictions representing nearly all global virtual asset activity now have legal frameworks in place, though implementation quality varies. FATF also notes increasing use of stablecoins and unlicensed VASP networks in complex financial crime typologies, reinforcing the need for consistent supervision and enforcement.

02

2026 outlook

FATF will continue targeted follow-up with high-risk and high-volume jurisdictions and publish a consolidated assessment of Travel Rule implementation and effectiveness in mid-2026. Work will also continue on guidance for cross-border data sharing and cooperation among financial intelligence units.

Sources: FATF: Targeted Update on Implementation of the FATF Standards on Virtual Assets and Virtual Asset Service Providers, June 2025; FATF: Status of Implementation of Recommendation 15 by FATF Members and Jurisdictions with Materially Important VASP Activity, March 2025; FATF: Best Practices on Travel Rule Supervision, June 2025.



The European Union: MiCAR and DORA Implementation

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In 2026, Europe’s digital asset agenda shifts from rule-making to delivery. MiCAR is moving into supervision, regulators will focus on stablecoin resilience, governance and transparency. Firms that embed compliance by design into their operating models will be best placed to scale across Europe.

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The EU's Single Market for Digital Assets

Background

In delivery of its Digital Finance Package, the European Union (EU) has successfully implemented a comprehensive legislative, regulatory and supervisory framework aimed at the burgeoning crypto-asset sector. This framework comprises the Markets in Crypto-Assets Regulation (MiCAR), the new Anti-Money Laundering Regulation (AMLR) along with the associated Anti-Money Laundering Authority Regulation (AMLA-R), the EU's Travel Rule as set out in the second Wire/Funds Transfer Regulation (WTR II) and the Digital Operational Resilience Act (DORA). Each of these legislative instruments address distinct aspects of the crypto-asset ecosystem, collectively ensuring a robust, transparent and resilient framework that also distinguishes when digital assets will be categorised (i) as financial instruments and be subject to traditional financial services legislative, regulatory and supervisory principles and (ii) as crypto-assets subject to MiCAR and crypto-asset specific rules as well as (iii) not (currently) regulated under either of the first two pillars.

Releasing the clutch on MiCAR

MiCAR entered into force in July 2023 and became fully operational in December 2024. It is the cornerstone of the EU's regulatory approach to the Single Market being extended to include crypto-assets, and creates a uniform framework, providing legal certainty for crypto-asset issuers (CAIs) and for crypto-asset service providers (CASPs). The key requirements of MICAR include:

- **Authorisation and supervision**: CASPs must obtain authorisation from national competent authorities (NCAs). This ensures that only entities meeting stringent criteria can operate within the EU.
- **Transparency and disclosure**: CAIs are required to publish a white paper containing detailed information about the project, the issuer and associated risks.
- **Consumer protection**: MiCAR introduces measures to protect consumers, including rules on the safekeeping of client funds and the segregation of client assets from the firm's own assets.
- **Market integrity**: MiCAR includes provisions to prevent market abuse, such as insider trading and market manipulation, fostering a fair and transparent market environment.

Digital Operational Resilience Act (DORA)

DORA addresses the operational resilience of financial entities, including those in the crypto-asset sector. The primary objective is to ensure that firms can withstand, respond to, and recover from all types of information and communication technology (ICT)-related disruptions and threats.

Key requirements include:

- **ICT risk management**: Firms must implement robust ICT risk management frameworks, including regular risk assessments and the adoption of appropriate security measures.
- **Incident reporting**: Significant ICT-related incidents must be reported to competent authorities, enabling a coordinated response to systemic threats.
- **Third-party risk management**: Firms must manage risks associated with third-party ICT service providers, including conducting due diligence and ensuring contractual safeguards across (outsourcing and sub-outsourcing) value chains – including on an intragroup basis.
- **Testing and resilience**: Regular testing of ICT systems and controls is mandated to ensure operational resilience and the ability to recover from disruptions.

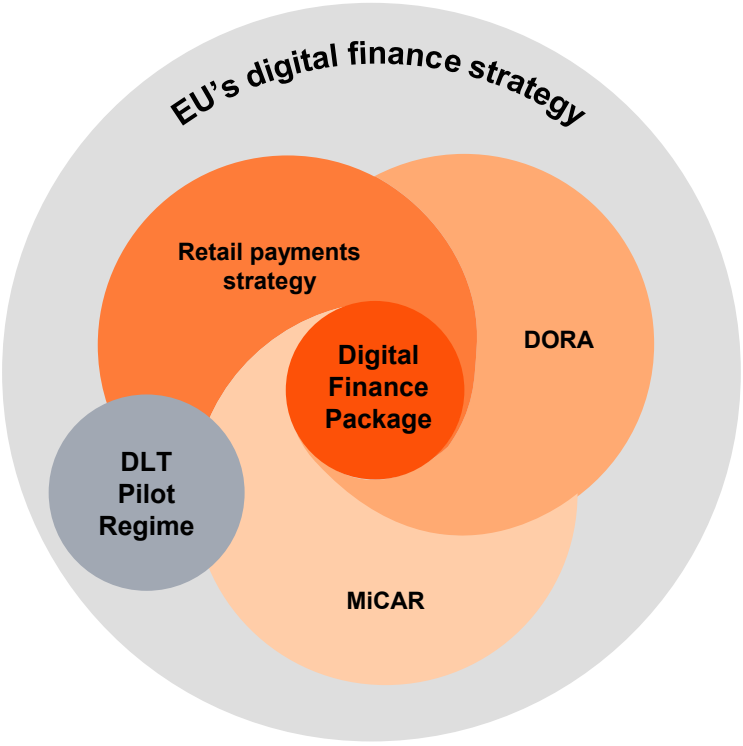
AMLR and the new AMLA

The new AMLR, complemented by the AMLA-R, represents a significant overhaul of the EU's anti-money laundering and countering of terrorist financing framework, with a specific focus on the crypto-asset sector.

Key elements include:

- **Risk-based approach**: Firms are required to adopt a risk-based approach to AML compliance, identifying and mitigating risks associated with their activities and customers.
- **Customer due diligence** (CDD): Enhanced CDD measures must be applied, particularly for high-risk customers and transactions. This includes verifying the identity of customers and beneficial owners, and monitoring transactions for suspicious activity.
- **Reporting obligations**: Firms must report suspicious transactions to the Financial Intelligence Units (FIU) and cooperate with national AML authorities.
- **Centralised supervision**: The establishment of AMLA, during 2025 and 2026, will centralise supervision and ensure consistent application of AML rules across the EU.

The EU's Single Market for Digital Assets (Continued)



Next steps for firms

The impending regulatory framework, comprising MiCAR, AMLR and DORA represent a significant step towards a well-regulated and resilient crypto-asset market within the EU but with possible higher barriers to entry or those seeking to access or otherwise do business with EU established market participants.

By addressing authorisation, transparency, consumer protection, AML compliance and operational resilience, these regulations collectively aim to foster a secure and trustworthy environment for crypto-asset activities.

Firms operating within or considering expanding to this sector must prepare to meet this comprehensive set of requirements to ensure compliance.

Digital Finance Package (DFP)

The European Commission adopted the DFP to support the innovation and competition of digital finance. Aiming to ensure consumer protection, mitigating risks and boosting financial stability.

DORA

Regulation on digital operational resilience (DORA) within the financial sector: aiming to ensure that all financial system participants have the necessary safeguards in place to mitigate cyberattacks and other risks.

MiCAR

The markets in crypto-assets regulation (MiCAR) aims to provide an EU-harmonized framework for the issuance and provision of services related to crypto-assets, exchanges and trading platforms, while mitigating investor risks and addressing financial stability and monetary policy risks.

DLT Pilot Regime

The DLT Pilot Regime created a controlled, EU-wide regulatory sandbox for core market infrastructures to handle tokenized financial instruments using DLT. It also put tokenized financial instruments firmly under the MiFID II remit and remains the subject of ongoing policy discussions and updates.

Retail payments strategy

Retail payments strategy aims to achieve a fully integrated retail payment system in the EU, including instant cross-border payment solutions.

Digital Finance Strategy

Sets out the European Commission's key priorities and objectives over the next four years and how it plans to achieve them. The four stated priorities are:

- Reducing fragmentation in the Digital Single Market for financial services
- Adapting the EU regulatory framework to facilitate digital innovation in the interests of consumers and market efficiency.
- Creating a European financial data space to promote data-driven innovation
- Addressing new challenges and risks associated with the digital transformation.

The strategy aims to promote the uptake of artificial intelligence tools, blockchain technology, innovations in data management, data sharing and open finance.

The EU's Single Market for Digital Assets (Continued)

2023

16th January 2023 DORA and the EU's updated cybersecurity framework **(NIS2)**

Entry into Force.

23rd March 2023 Distributed Ledger Technology Pilot

Results published.

May 2023

MiCAR

Adopted with full enforcement in December 2024.

28th June 2023

Digital Euro

Proposal published following a technical policy investigation.

28th June 2023

New Open Finance Framework

28th June 2023

PSD3 and PSR

Proposal published.

10th July 2023

Privacy Shield 2.0

Entry into force

13th July 2023

Draft DORA technical specifications

Published for art 15, 16, 8, 28(9) and (10).

2024

17th January 2024

DORA technical specifications

Published for Articles 15, 16, 8, 28(9) and (10)

Q3 2024

AI Act

Entry into Force.

17th July 2024 DORA technical specifications

Published for art 20, 26(11), 30(5).

30th December 2024

MiCAR

Rules start applying in full

10th December 2024

Cyber Resilience Act

Entry into Force.

2025

17th January 2025

DORA and NIS2

Compliance mandated

Expected Q1/Q2 2025

AI Act

Technical Standards to be developed and certain provisions of AI Act begin applying.

25th June

ESMA Report on the functioning and review of the DLT Pilot Regime.

2026

2026

AI Act

Full Compliance mandated.

2026

Digital Euro

Estimated adoption (while earliest issuance date in 2027).

MiCAR: Scope

Background

MiCAR is the first cross-jurisdictional regulatory and supervisory framework for crypto-assets that became fully operational on 31 December 2024. It forms part of the European Commission's (EC) goal to establish a regulatory framework for facilitating the adoption of distributed ledger technology (DLT) and crypto-assets in the financial services sector.

The adoption of MiCAR concludes a successful legislative process introducing a new chapter into the EU's Single Rulebook and is applicable to CASPs and CAIs operating in or across the EU.

It replaces a patchwork of individual Member States' national frameworks on the regulation of crypto-assets and aims to strike a fair balance between addressing different levels of risk posed by each type of crypto- asset and the need to foster financial innovation.

The European Securities and Markets Authority (ESMA) and the European Banking Authority (EBA) have issued regulatory technical standards (RTS), implementing technical standards (ITS) and guidelines which will further specify the application of MiCAR.

Several EU Members have or will issue their own legislative instruments to support the implementation of MiCAR, RTS, ITS and guidelines. NCAs will publish final supervisory guidance and expectations of how they will authorise and supervise CASPs and CAIs and/or traditional financial services providers wishing to provide MiCAR regulated activities.

Products in scope

Most digital assets or tokens that are not 'financial instruments' but which are defined as 'crypto-assets' (largely stablecoins (asset-referenced and e-money tokens (ARTs/EMTs)) and utility tokens as well as certain "other" crypto assets are now subject to the bespoke pan-EU regime established by MiCAR. Non-fungible tokens (NFTs) will - due to their "uniqueness" - generally not be subject to MiCAR.

Firms and activities in scope

In general, any business activity related to crypto-assets which is not categorised as 'financial instruments' in the EU is likely to fall under MiCAR.

Certain types of crypto-assets are (currently) exempt from MiCAR. Consideration will need to be given whether these (or activity in respect thereof) are subject to some regulation or completely outside the regulatory perimeter.

Services that are being offered in a truly decentralised way are meant to be out of scope of MiCAR as per its recital 22, which exempts DeFi and decentralised autonomous organisations (DAOs), provided that the respective projects fulfil and exhibit certain technical, structural and legal decentralisation aspects.

Non-EU crypto-asset firms carrying out activities for EU customers must also comply with MiCAR's requirements. MiCAR exempts services provided by non-EU domiciled firms where 'reverse solicitation', i.e. when responding to an initiative from an EU customer under a set of strict terms, as defined in MiCAR, can legitimately be relied upon.

MiCAR clarifications

Digital assets or tokens defined as 'financial instruments' will be subject to the existing financial services legislative, regulatory and supervisory framework rules (in particular, the Markets in Financial Instruments Directive II (MiFID II) and Regulation (MiFIR) (as supplemented by the Investment Firms Regulation (IFR) and Directive (IFD), the European Market Infrastructure Regulation (EMIR), the Securities Financing Transactions Regulation (SFTR) and equally Capital Requirements Regulation (CRR) and Directive (CRD) (each as amended).

MiCAR introduced harmonised rules regarding regulated crypto-asset services, including authorisation, passporting and ongoing supervision requirements for CAIs and CASPs.

MiCAR: Product Classification

Services in scope

The scope of services governed by MiCAR are largely similar to the approach taken in traditional financial services rulemaking instruments (such as MiFIR/MiFID II, as amended by IFR/IFD) and trigger a licensing requirement for persons wishing to act as CASPs.

These services include custody and administration, operation of trading platforms, exchange, execution and transfer activities, investment advice, and portfolio management.

MiCAR does not specify with suitable detail whether lending of crypto-assets is a regulated activity. This may be regulated at the national level or lending activities involving crypto-assets may be undertaken in the context of a lender performing other regulated activities, triggering MiCAR's authorisation requirements.

Out of scope for MiCAR

Digital assets categorised as 'financial instruments' and regulated under other relevant rules applicable to financial instruments are excluded from MiCAR. These include financial instruments as defined in MiFID II (including e-money under the second e-money directive (EMD II)), deposits (including structured deposits, please see separate EU RegCORE* Thought Leadership on Tokenized Deposits), funds (except if they qualify as EMTs under MiCAR), securitisation positions, and pension products under the pan-European Personal Pension Product (PEPP) as well as Non-life or life insurance products, or reinsurance and retrocession contracts within the Solvency II Directive.

The following types of digital assets are specifically excluded from MiCAR: (a) digital assets which cannot be transferred, are offered for free or are automatically created; (b) NFTs unless certain conditions are met; (c) DeFi protocols; and (d) central bank digital currencies (CBDCs).

Significant tokens** and stablecoins

Pursuant to MiCAR, EBA shall designate an ART or EMT (in particular algorithmic crypto-assets and stablecoins) as 'significant'. This depends on the token volume, transaction frequency and systemic risk impact.

The designation as significant triggers a rigorous regulatory regime with additional requirements that the CAI will have to comply with. This includes more stringent requirements on remuneration, liquidity management, higher capital and reserve requirements as well as evidencing the sufficiency and availability of adequate financial resources to be able to withstand potential market fluctuations. The EBA is the lead regulator for any significant tokens.

MiCAR qualification by token categorisation

01 **Asset-referenced token (ART)**

Tokens aiming to maintain a stable value by referencing another value or right or a combination thereof, including one or more official currencies.

02 **E-money token (EMT)**

DLT equivalents for coins and banknotes and uses as payment tokens. EMTs must be backed by one official currency.

03 **Other crypto-assets include**

Tokens with a digital representation of value or rights which may be transferred and stored electronically.

Utility tokens which provide access to a good or service and only accepted by the issuer of that token.

Payment tokens which are not EMTs or security tokens.

*See PwC EU RegCORE Client Alerts covering the EU's Digital Single Market, financial services and crypto-assets here: https://legal.pwc.de/en/services/pwc-legals-eu-regulatory-compliance-operations

**MiCAR may designate ARTs and/ or EMTs (in particular stablecoins) as 'significant'. Whether an ART or EMT is deemed as significant depends on the volume and frequency of transactions as well as systemic risk impact.

MiCAR: Compliance Obligations

Algorithmic crypto-assets and stablecoins

Algorithmic stablecoins are not defined in MiCAR and none of the operative provisions refer to them directly.

Recital 41 of MiCAR makes it clear that stablecoins should fall within the scope of regulation 'irrespective of how the issuer intends to design a crypto-asset, including the mechanism for maintaining a stable value of the crypto-asset'. Meaning that where a stablecoin falls within the definition of an ART or an EMT, Titles III or IV will apply. The same applies to algorithmic stablecoins.

Where the algorithmic crypto-assets do not aim to stabilise the value of the crypto-assets, by referencing one or several assets, the recital states that offerors or persons seeking admission to trading should in any event comply with Title II of MiCAR.

Transferability

Transferability is an important aspect of the definition of crypto-assets, which means that digital assets which cannot be transferred to other holders do not fall within scope of MiCAR (for example, loyalty schemes where loyalty points can be exchanged for benefits only with the issuer or offeror of those points). These assets might qualify as NFTs.

Crypto-Asset Issuers (CAIs)

CAIs will have to meet several obligations before making an offer of crypto-assets (other than ARTs or EMTs) to the general public in the EU or in order to request admission of such crypto-assets to trade on a trading platform.

The requirements include a white paper describing the technical information of the crypto-asset, approved market communication, legal entity registration, financial conditions and details of natural or legal persons involved in the project, brief description of the project, characteristics of the token, key features on utility and information on 'tokenomics', business plan, disclosures on risks, any restrictions on transferability of the tokens issued, and regular audit of reserves.

The obligation to publish a whitepaper does not apply where the crypto-assets are offered for free, are created through mining, are unique and not fungible with other crypto-assets.

A white paper is also not required if the offering is made to fewer than 150 natural or legal persons per Member State, the total consideration of which does not exceed EUR 1 million over a period of 12 months starting with the beginning of the offer, or if the offering is addressed exclusively to qualified investors.

Requirements for ART and EMT offerings

ART and EMT offerings are subject to additional requirements. These include the public disclosure of various policies and procedures, as well as further disclosures of safeguards of reserve funds and internal control systems. NCAs may also set additional supervisory expectations.

CAIs of EMTs are required to be authorised either as credit institutions (i.e. a bank) or electronic money institutions.

CAIs of EMTs and ARTs are prohibited from granting "interest" or any other benefit that is linked to the mere fact or the length of time of holding the token. Discounts, rewards or compensation for holding EMTs will be considered as offering interest.

Crypto-Asset Service Providers (CASPs)

A legal entity wishing to apply to become a CASP must have a registered office in an EU Member State and have obtained an authorisation to provide one or more regulated crypto-asset services from an NCA.

An authorisation obtained in one Member State allows the CASP to passport its regulated activities across other Member States.

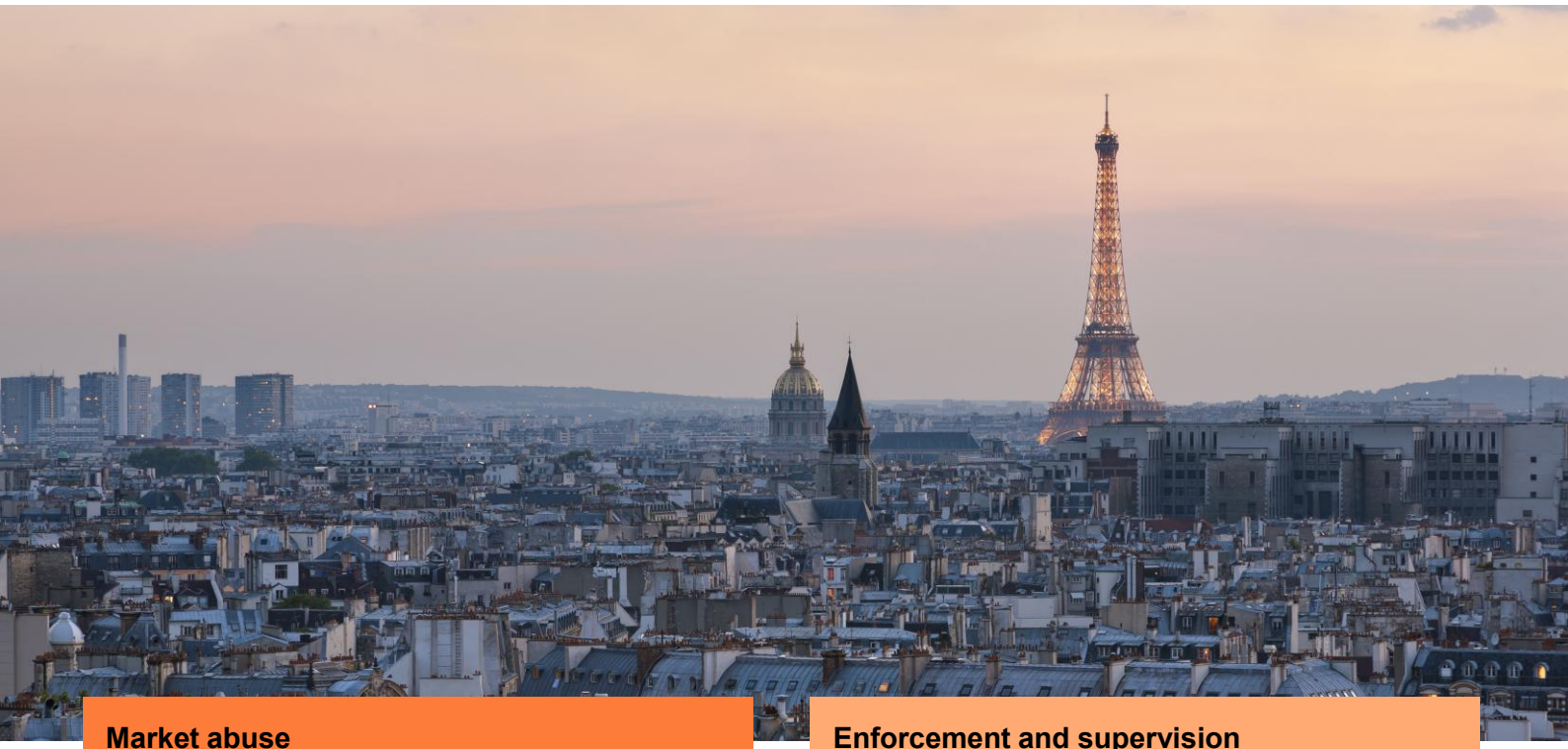
CASPs must also abide by the general conduct of business rules. These include that a CASP has at least one director who is a resident in the EU, has its place of effective management in the EU, and complies with prudential capital and governance, risk and compliance, as well as internal organisational requirements.

CASPs offering custody and/or safekeeping of crypto-assets are required to establish a custody policy with segregated holdings, daily reporting of holdings and have liability for loss of client's crypto- assets in the event of malfunctions or cyber-attacks.

CASPs must place clients' funds received with a central bank or credit institution (other than in relation to EMTs) at the end of every business day.

Trading platforms are required to set operating rules, technical measures and procedures to ensure resilience of the trading system, with the final settlement taking place within 24 hours of a trade. The amount of minimum capital requirements that are applicable to a CASP will depend on the type of regulated activity that it conducts.

MiCAR: Other Regulatory Requirements



Market abuse

MiCAR establishes a bespoke market abuse regime for crypto-assets. The regime sets rules to prevent market abuse, including through surveillance and enforcement mechanisms and core compliance frameworks (including risk-based monitoring and detection systems to continuously monitor orders, transactions and relevant aspects of DLT functioning to prevent, detect and identify potential market abuse) . This amends and extends certain concepts which exist under EU financial services legislative and regulatory instruments, and in particular in the EU market abuse regulation.

The MiCAR-specific market abuse regime clarifies the definition of inside information as it applies to crypto-assets, the parameters of the market abuse regulations and the need for CAIs whose crypto-assets are permitted to trade on a crypto-asset trading platform to disclose inside information.

MiCAR also outlaws market manipulation, illegal disclosure of insider knowledge and insider trading regarding in-scope crypto-assets..

Enforcement and supervision

While a stronger convergence of ESA authority is expected to materialise, NCAs act as the front-line supervisors and enforcement agents of CASPs and CAIs. NCAs will apply a modified set of supervisory tools, including on- site and off-site inspections, thematic reviews and regular supervisory dialogue to identify, monitor and request remedies to compliance shortcomings by CASPs and/or CAIs.

New enforcement powers include powers to:

- Suspend CAIs/CASPs' offering of activity.
- Suspend advertisements and marketing activity.
- Publish public censures or notices that a CAI/CASP is failing compliance.
- Require auditors or skilled persons to carry out targeted on-site and/or off-site inspections of the CAI/CASP.
- Issue monetary fines, other non-monetary sanctions and administrative measures to CAIs/CASPs and/ or the members of management (including bans).

In addition to NCAs, AMLA will oversee the crypto sector through a mix of direct supervision of the riskiest, cross-border CASPs and indirect oversight of the rest via national supervisors, all under a single EU AML/CFT rulebook.

Sources: PwC: Countdown to MiCAR How Swiss firms need to prepare for a regulatory game changer, July 2023, The EU's Markets in Crypto- Asset Regulation (MiCAR), July 2023, Mastering MiCAR – The EU's Markets in Crypto-Asset Regulation (MiCAR) – how to apply and comply, July 2023, Tokenised Crowdfunding – obstacles, opportunities and the outlook ahead in the EU, November 2023.

MiCAR: Transitional Measures

MiCAR includes transitional measures to facilitate a smooth transition for firms and stakeholders. The transitional period ends on 30 June 2026.

Transitional period for existing CASPs and CAIs

- **Existing authorisations**: CASPs and CAIs which are already authorised under national laws of EU Member States can continue their operations during the MiCAR transition period. It is designed to give the entities time to comply with the new obligations.
- **Application for MiCAR authorisation**: during the transition period, existing CASPs and CAIs must apply for authorisation under MiCAR. Firms are required to demonstrate compliance with the new regulatory standards as set out in MiCAR.

White paper requirements

- **Existing offerings:** For Title II crypto-assets admitted to trading prior to 30 December 2024, offerors and persons seeking admission to trading must only comply with marketing rules. There is no white paper requirement.
- **New offerings:** Any new offerings of crypto-assets after MiCAR's entry into application must immediately comply with the white paper requirements. This ensures that investors receive adequate information about the crypto-assets and associated risks from the outset.

Significant tokens and stablecoins

- **Designation and compliance:** CAIs have a transition period to meet the additional regulatory requirements for those ARTs and EMTs which could be designated as significant under MiCAR and therefore must comply with more stringent regulatory requirements.
- **Regulatory Oversight:** The EBA will oversee the compliance of significant ARTs/EMTs, ensuring that issuers have adequate financial resources and risk management frameworks in place.

Market abuse and consumer protection

- **Market abuse regime**: The bespoke market abuse regime under MiCAR will also have transition measures. CASPs and CAIs must implement systems and controls to prevent market abuse, such as insider trading and market manipulation, within the transition period.
- **Consumer protection measures**: Firms must ensure that consumer protection measures, such as the safekeeping of client funds and segregation of client assets, are in place by the end of the transition period.

Enforcement and supervision

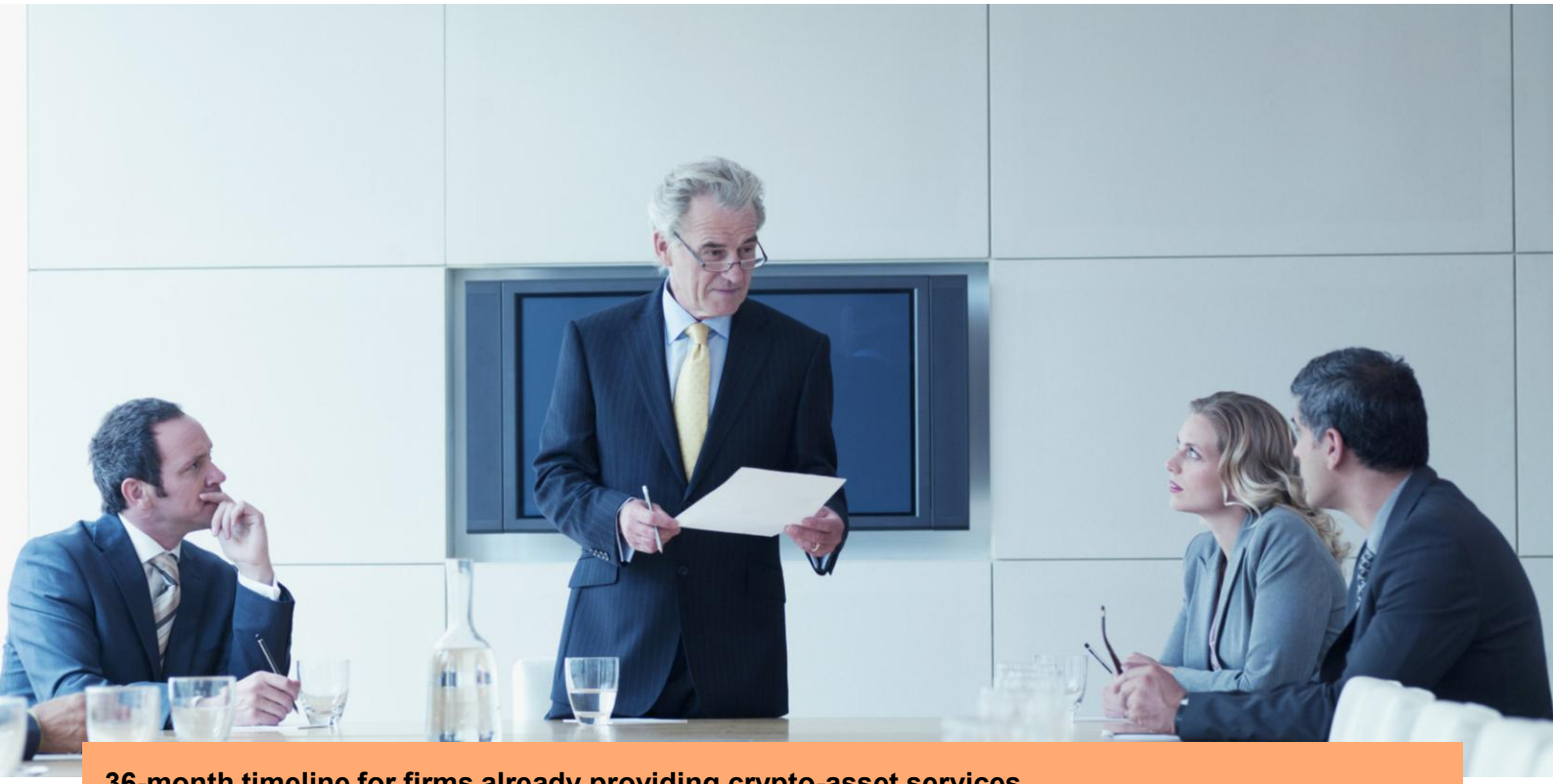
- **Supervisory Expectations:** NCAs in each Member State will provide guidance and supervisory expectations during the transitional period. This will help CASPs and CAIs understand the specific requirements and timelines for compliance under MiCAR.
- **Enforcement:** NCAs will use a range of supervisory tools, including on-site and off-site inspections, to monitor compliance during the transitional period. They will also have the authority to issue public censures, suspend activities and impose fines for non-compliance.

Next steps for firms

The transitional measures under MiCAR are designed to provide a structured and phased approach for firms to adapt to the new regulatory framework. By allowing existing CASPs and CAIs time to align with MiCAR's requirements, the EU's co-legislators aim to ensure a smooth transition while maintaining market integrity and protecting investors.

Firms must take proactive steps to comply with the new standards within the specified transitional period to avoid regulatory sanctions and ensure continued operation in the single market for digital assets.

MiCAR: Transitional Timeline



36-month timeline for firms already providing crypto-asset services

MiCAR entry into force
Firms providing crypto-asset services under national law may continue to do so during the implementation phase.

Entry into application of MiCAR
Transitional measures apply in those Member States which opted in from 31 December 2024. Firms in participating Member States may apply for the simplified authorisation procedure.

2023 June

2024 June

2025 December

2026 June

Deadline to opt-out of grandfathering or reduce duration
Member State deadline to notify the Commission and ESMA for intention to opt-out of the grandfathering in Art. 143(3) MiCAR or reducing the duration.

End of transition period
Firms benefitting from the transitional measures must obtain MiCAR authorisation in by 1 July 2026 to continue providing crypto-asset services.

Past legislative procedure

Expected legislative procedure

DORA: Five Key Pillars

ICT third party risk

ICT third party risk management including risks arising from contracting third party ICT service providers.

Digital operational resilience testing

Establish, maintain, and review digital operational resilience testing programs.

Information sharing

Exchange of cyber threat information and intelligence amongst financial entities.

ICT-related Incidents: management, classification and reporting of risks

Report major incidents to the competent authorities, inform service users and clients.

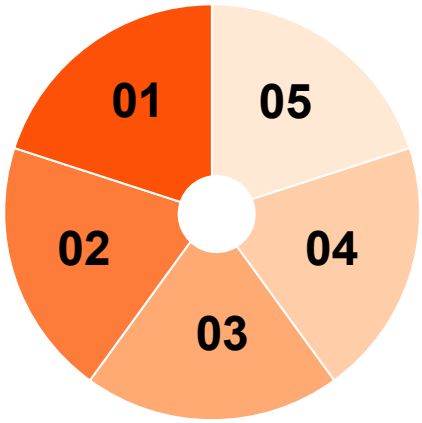
ICT risk management

Evidence internal governance and control frameworks that ensure effective management of all ICT risks.

All participants in the financial system should now ensure they can **withstand all types of ICT-related disruptions and threats.** The regulation create a **consistent incident reporting mechanism** and a **harmonised standard for ICT infrastructure and incident responses.**

Enforcement

Critical ICT TPP will now fall under ESAs enforcement scope which will include the imposition of fines for non-compliance **Wide ESAs discretion in enforcement**



Incident response planning

A significant change is the additional document and reporting obligations and building infrastructure to respond to regulate on the audits.

Value chain governance and asset management

will require extensive information gather in particular to map key dependencies and a banks ICT-third party supply chain.

Executive responsibility

Management is required to maintain a crucial active role in steering the ICT risk management framework.

Testing and scenario mapping

The ICT risk management framework periodically tested for preparedness and the identification of weaknesses, deficiencies or gaps, and prompt implementation of corrective measures.

2023

16th January DORA enter into force.

2024

DORA Technical Specifications published in January and July 2024.

2025

DORA entities must be compliant by 17th January 2025.

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Regulatory Developments in Selected Jurisdictions

06

Contents

United States

Policy roadmap

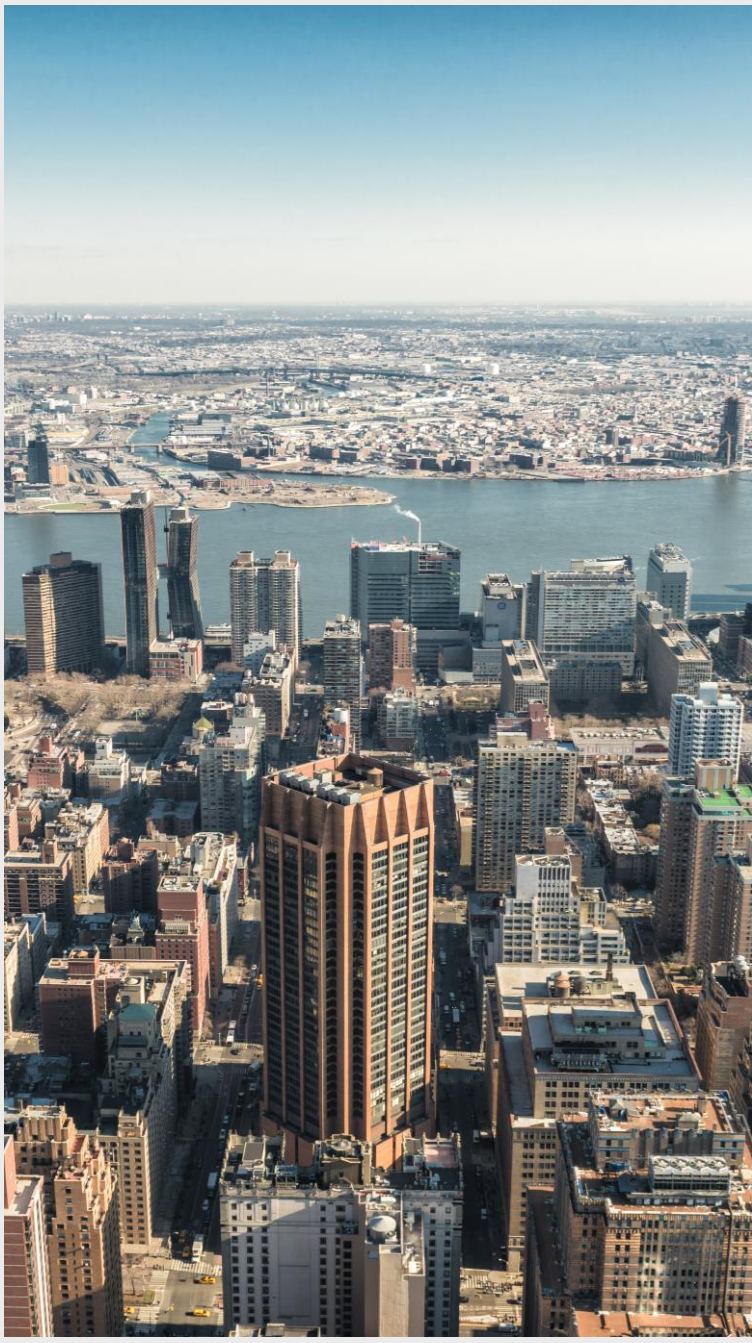
With new leadership in both the executive and legislative branches, US digital asset policy has taken a sharp turn away from "regulation-by-enforcement" to a business-friendly approach that prioritises the reduction of regulatory barriers to financial innovation. This new agenda has been solidified in the White House's July 2025 Crypto Report, which calls for developing clear rules of the road for digital assets, enabling digital asset trading at the federal level, clarifying the process for digital asset firms to receive charters and Fed master account access, and shifting enforcement away from developers and platforms towards illicit actors.

This roadmap has already seen substantial progress through the passage of the GENIUS Act, which creates a regulatory framework for stablecoins, and continued work on the CLARITY Act, which would create a market structure framework. It has been further advanced by guidance and no-action letters from the regulatory agencies, discussed further below as well as the approval of several national bank charters.

Legal perimeter and authorisation

US regulators and policymakers have been setting forth definitions related to digital assets, clarifying permissible activity and encouraging innovation, including through:

- The GENIUS Act, which provides a regulatory framework for registration and oversight of "payment stablecoins" and permitted issuers.
- The Office of the Comptroller of the Currency's (OCC) IL 1183 which affirmed the permissibility of a range of activities including custody, node operations/validation and certain stablecoin activities.
- All three federal banking agencies (the Fed, OCC and Federal Deposit Insurance Corporation (FDIC)) withdrew previous requirements that banks receive written non-objection before engaging in digital asset activities.
- The banking agencies issued joint guidance on crypto asset safekeeping.
- The Securities and Exchange Commission (SEC) voted to permit in-kind creations and redemptions by authorised participants for crypto ETP shares.
- The SEC released guidance that liquid staking activities that meet certain conditions fall outside federal securities laws and are not subject to registration.
- The SEC and Commodity Futures Trading Commission (CFTC) released a joint statement confirming the abilities of certain exchanges to facilitate spot crypto trading, including "leveraged, margined and financed transactions."
- The SEC released a no-action letter clarifying the ability for investment advisers and funds to use state-chartered trust companies to custody crypto assets so long as certain conditions are met.
- The SEC issued a no-action letter focused on tokenization and tokenized entitlements in a specific facts and circumstance instance that sets the stage for further advancements.



United States (Continued)

Regulatory framework

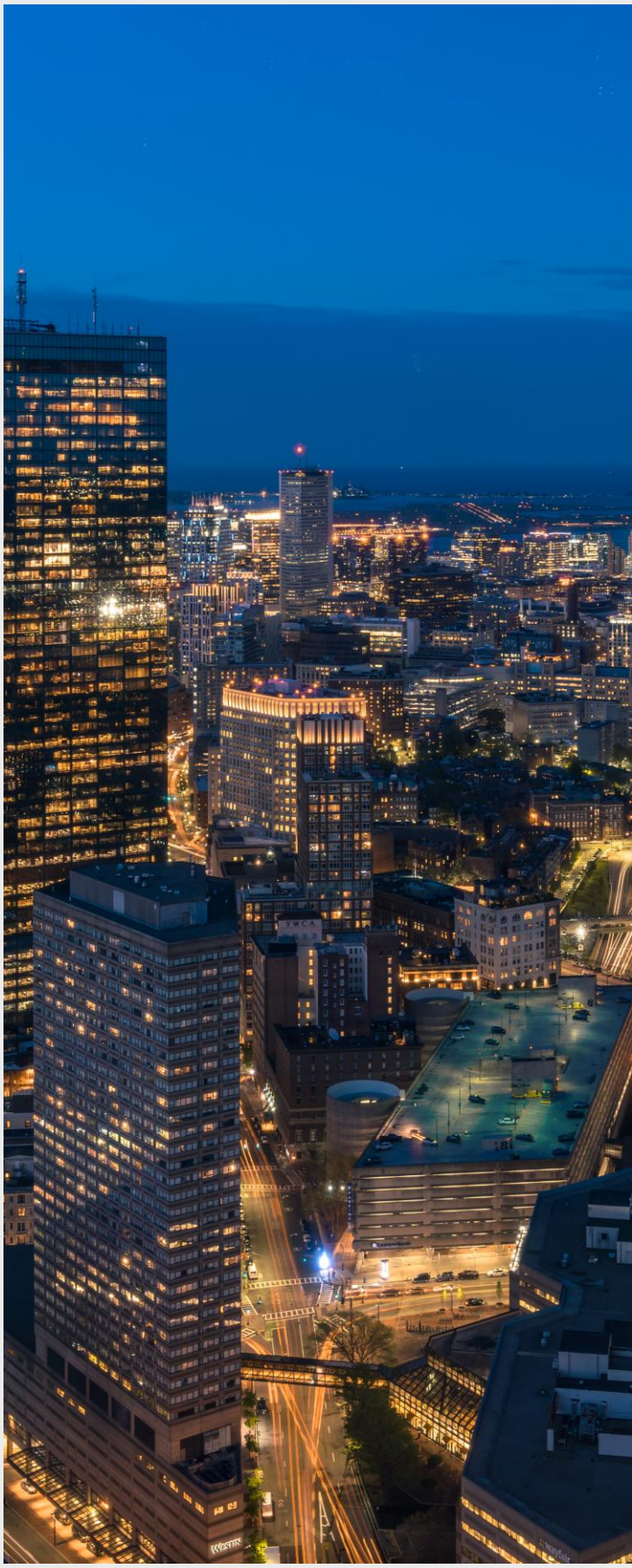
Regulatory efforts have significantly advanced over the past year with the goals of defining the roles of key federal agencies and providing greater clarity for both corporate and retail participants. This includes two major pieces of legislation:

- The GENIUS Act details which federal banking agencies (i.e., the Fed, OCC and FDIC) have oversight over different categories of stablecoin issuers such as insured depository institutions, state-chartered banks and nonbank issuers. It also contains a broad set of requirements for stablecoin issuers including maintenance of 1:1 reserves, disclosures, capital and liquidity requirements, and AML and sanctions requirements. The Act was signed into law in July 2025 but is still being implemented by various regulatory agencies.
- The CLARITY Act, which is still being debated in Congress but has a high likelihood of passage, would provide a framework for crypto assets under which the CFTC would oversee "digital commodities" – the definition of which would encompass most non-stablecoin digital assets such as Bitcoin and Ethereum. The SEC would oversee tokens that constitute investment contracts. The Act also contains requirements around disclosure, registration and consumer protection.

Meanwhile, the new regulatory leadership under the current Administration has taken steps to provide clarity and encourage innovation through guidance and no-action letters (see the Legal perimeter section).

In addition, the OCC has moved forward with encouraging and expanding charter approvals. For the first time, the agency granted a de novo charter to a bank with a digital asset strategy, and it is currently reviewing over a dozen trust charter applications. Regulators at the Fed have also announced that they are working on a proposal for tailored master accounts for payments (including certain crypto) firms, which would give those firms access to the Fed's payment and settlement infrastructure without having to rely on bank partnerships.

At the state level, New York and California maintain strict licensure frameworks and a number of states have introduced AML and consumer protection rules around digital assets. Over the past year, New York has issued guidance to expand the use of blockchain analytics and provide more details around custody expectations for digital assets, and Wyoming has launched a USD-backed stablecoin (although it is not yet available for purchase).



United States (Continued)

Digital money

From a US regulatory standpoint, "digital money" currently spans three distinct tracks. **Payment Stablecoins** as described by the GENIUS Act have moved toward a dedicated federal framework to establish reserve, redemption, oversight and supervisory pathways for issuers. With its signing on July 18, 2025, the focus now shifts from Congress to the regulators. It is now up to the federal banking agencies working in coordination with Treasury and state supervisors to translate the statute into detailed regulatory rules within the 18-month implementation timeline with an effective date no later than January 2027.

In parallel, New York continues to operate the most developed state regime (Department of Financial Services (DFS's) 2022 guidance on 1:1 reserves, daily redemption, and monthly attestations for USD-backed stablecoins). At the prudential level, bank regulators have recently clarified banks' ability to participate in crypto-related activities, reaffirming custody and certain stablecoin/payment uses while issuing risk-management guidance for safekeeping and operations. The OCC has also introduced a de novo national charter framework for digital-asset-focused institutions, including payment stablecoin issuers, and has begun granting conditional approvals to applicants. Together, these moves signal a shift from blanket caution to risk-based supervision.

Tokenized deposits, or bank liabilities recorded on distributed ledgers, fall under existing banking law rather than bespoke "crypto" statutes. The OCC's interpretive letters (notably 1174 and, in 2025, 1183) confirm that national banks may use distributed ledgers, engage in certain stablecoin-facilitated payment activities, and provide crypto custody, subject to safety-and-soundness and compliance controls; the agencies have also issued joint statements on risk management for crypto-asset safekeeping. Meanwhile, the Federal Reserve in August 2025 ended its special "Novel Activities Supervision Program," returning oversight of banks' DLT/crypto activities to the standard supervisory process another indicator of normalisation rather than prohibition.

On January 23 2025, the president issued Executive Order 14178 (Strengthening American Leadership in Digital Financial Technology), which explicitly prohibited federal agencies from establishing, issuing or promoting a CBDC within the US and revoked prior frameworks, namely Executive Order 14067.

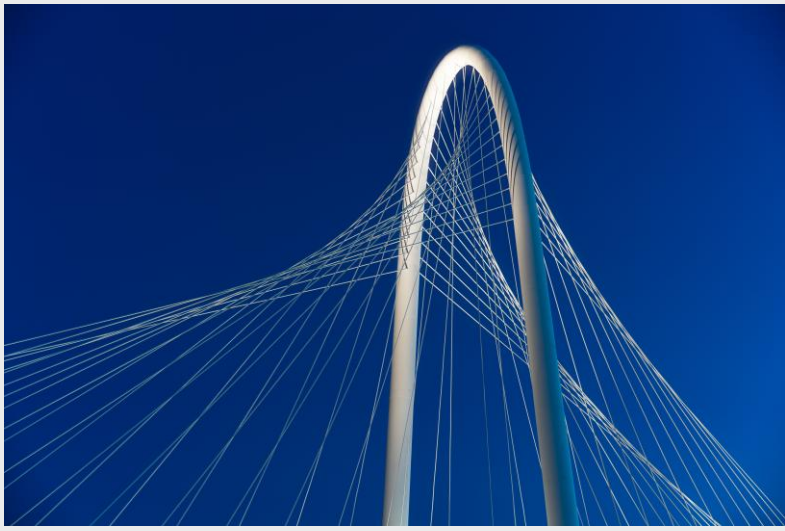
This reinforces the regulatory focus on private-sector stablecoins, tokenized deposits, and innovation initiatives at the Federal Reserve such as the exploration of a "skinny" master account model as digital money and its applications continue to evolve.

Tokenized finance

The new administration has adopted a pro-innovation stance toward tokenized finance. In February 2025, Executive Order 14178 launched the Working Group on Digital Asset Markets, a Treasury led interagency task force bringing together all major US financial regulators to coordinate federal policy on stablecoins, tokenization, and digital assets.

In July, the SEC reaffirmed that tokenized securities remain subject to federal securities laws and emphasized that the method of issuance (e.g. blockchain) does not change the security's legal status. The SEC then launched Project Crypto, an initiative aimed at modernising securities regulations to better accommodate onchain markets, including tokenized instruments and DeFi infrastructure.

The CFTC initiated a "crypto sprint" in August, adhering to guidance published by the Working Group, to facilitate the trading of spot crypto products on registered US exchanges. In September, the CFTC announced an initiative to use tokenized collateral (e.g. stablecoins) in US derivatives markets.



United States (Continued)

Implementation and outlook

- The Treasury Department and the banking regulators (i.e., Fed, OCC and FDIC) will issue rulemakings and guidance on the implementation of the GENIUS Act (likely 2026).
- The Treasury Department will publish guidance on innovative methods to detect illicit finance activity involving digital assets (likely 2026).

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United Kingdom

Policy roadmap

The UK is advancing toward a unified regulatory framework under the amended Financial Services and Markets Act (FSMA 2023) and a final Statutory Instrument published in December 2025. This secondary legislation initiates full FSMA-based authorisation and replaces the current Money Laundering Regulations (MLRs) registration model, subject to final policy statements from the Financial Conduct Authority (FCA), the majority of which have been published as Consultation Papers in December 2025.

The UK's digital asset agenda is tied to broader markets reform. HM Treasury (HMT) emphasises that tokenization and stablecoins should enhance UK competitiveness, improve settlement efficiency and position the UK as a global hub for digital finance. UK authorities also continue to leverage sandboxes and international collaboration, including the US-UK Digital Assets Taskforce, as key enablers for digital asset innovation.

Legal perimeter and authorisation

Under FSMA 2023, cryptoassets are being brought into scope through enabling definitions and secondary legislation. Key legal instruments include the following:

- **FSMA 2023 (section 71(8))** introduces a definition of "cryptoasset", covering cryptographically secured digital representations of value or contractual rights.
- **Financial Promotion Order 2005** defines "qualifying cryptoasset" for the purposes of the financial promotions regime.
- **Digital Settlement Asset (DSA) regime** under FSMA 2023 provides a framework for payment systems using digital settlement assets, with systemic arrangements overseen by the Bank of England (BoE).
- **Regulated Activities Order (RAO)** brings nine cryptoasset activities within the financial services perimeter. The FCA will introduce implementing rules, including admissions and disclosure standards, prudential requirements and a market abuse framework aligned with traditional wholesale markets.
- **Designated Activities Regime (DAR)** will be used to regulate additional crypto-related activities that do not require full authorisation, such as certain disclosure or advertising requirements.
- **Digital Assets (Property) Act** confirms that cryptoassets can be treated as a third category of personal property under English common law, building on Law Commission recommendations from the Leeds Reform.

Crypto firms have registered under the MLRs since 2020. The application period for the FCA's FSMA-based authorisation will open in September 2026. Transitional provisions will apply, and firms must meet a wide range of regulatory obligations.

Regulatory framework

Since October 2023, the UK's financial promotions regime has encompassed qualifying cryptoassets, categorising them as "Restricted Mass Market Investments". The regime is applied through amendments to the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005. This triggers mandatory risk warnings, appropriateness tests, and cooling-off periods, overseas firms marketing into the UK are also captured under the requirements. The FCA has begun enforcement actions, including public warnings and prohibitions on non-compliant firms.

The FCA is considering how Consumer Duty and its principles, including fair value, product governance and consumer understanding, should apply under the forthcoming FSMA-based regime.

Alongside conduct requirements, the FCA is developing a proportionate prudential framework for authorised cryptoasset firms, covering capital adequacy, liquidity, wind-down planning and risk management, reflecting the sector's increasing integration with the wider financial system.

The UK maintains alignment with FATF AML/CFT standards, including implementation of the Travel Rule. Supervision under the MLRs will migrate into the FSMA regime, with enforcement powers extended.

Since October 2025, UK-listed exchanges have been permitted to admit cryptoasset-backed exchange-traded notes (ETNs) for professional investors, following the FCA's reversal of its previous position. The change signals growing regulatory confidence in institutional participation, while retail access remains restricted.

The FCA and HMT have also increased supervisory engagement with crypto firms ahead of the FSMA regime, focusing on governance readiness, client communication standards and cross-border marketing controls. This early intervention approach is designed to ensure firms can transition smoothly once authorisation requirements come into force.

Client asset protection and operational resilience remain central pillars of the UK's forthcoming crypto framework, particularly for crypto custody providers. The FCA has proposed extending the Client Assets Sourcebook (CASS) to crypto custody, introducing requirements for segregation of client holdings, transparent disclosure of custody risks and enhanced oversight of third-party service providers.

United Kingdom (Continued)

Firms will also be expected to meet operational resilience standards, including defined impact tolerances and third-party risk management obligations.
For systemic stablecoin arrangements, the BoE will introduce prudential safeguards under the Banking Act 2009, covering capital and liquidity requirements, recovery and wind-down planning and potential application of the Special Resolution Regime to mitigate contagion risk and preserve financial stability.

Digital money

Fiat-backed stablecoins used as payment instruments will fall under the UK regulatory framework. The FCA will regulate issuance and custody of non-systemic stablecoins, while the BoE oversees systemic stablecoin arrangements.

In late 2025, the BoE advanced its work on systemic, sterling-denominated stablecoins, publishing a consultation which set out the emerging expectations for how large-scale arrangements should be supervised. The paper reiterated the need for full backing with high-quality assets, robust redemption and exchange mechanisms, and operational resilience standards aligned with existing payment system requirements. It also indicated that systemic stablecoins used widely for payments may require direct engagement with the BoE and could face enhanced prudential and resolvability obligations.

These developments reflect a broader policy objective to integrate digital money into the UK payments architecture, with regulatory treatment increasingly linked to scale, systemic relevance and access to core payment infrastructure.

In parallel, HMT and the BoE continue exploratory work on a digital pound. No build decision has been made, but design efforts are ongoing for privacy, access models, intermediated distribution, and technical architecture. Deployment is not expected before 2030.

Alongside this, authorities have begun to assess the role of tokenized deposits in retail and wholesale payments. While these instruments remain within the traditional banking perimeter, policymakers are considering how their use in tokenized payment flows interacts with existing settlement frameworks, and whether additional clarity on backing, redemption, and interoperability with other forms of digital money will be required as the market develops.

Tokenized finance

The UK aims to support the issuance, trading and settlement of tokenized traditional instruments within regulated market infrastructure.

The Digital Securities Sandbox (DSS), operational since 2024, allows trading and settlement of tokenized instruments under a unified set of rules. The DSS is expected to inform a future legislative model for onchain securities.

In October 2025, the FCA published a consultation on tokenized units in authorised funds. It proposed adapting the existing authorised fund regime to allow direct issuance and redemption using distributed ledger technology.

As tokenized markets scale, UK authorities are also considering how existing market integrity, disclosure and settlement finality principles should apply to onchain trading and post-trade infrastructure.

The UK also supports broader tokenization of capital markets through infrastructure reform and targeted regulatory adjustments. Current priorities include settlement finality, tokenized collateral, access to onchain infrastructure, interoperability between ledgers, and legal and tax certainty for tokenized instruments.

Implementation and outlook

- FCA final policy statements on authorisation, custody, conduct, stablecoins and prudential standards (mid-2026); tokenized authorised funds (2026).
- BoE policy statement on systemic stablecoin access to central bank infrastructure; HMT/BoE update on the digital pound (2026).
- PRA expected to consult on the prudential framework for banks, subject to BCBS' updated guidance (2026).
- Digital Securities Sandbox outcomes and launch of a stablecoin sandbox; progress on the US-UK Digital Assets Taskforce (2026).
- Cryptoasset perimeter regulations published 15 December 2025; fully in force from 25 October 2027.

United Kingdom (Continued)

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Argentina

Policy roadmap

Argentina is consolidating a clear regulatory approach to integrate virtual assets and tokenization within its financial ecosystem. The government and key regulatory authorities are advancing the creation of a regulatory framework that seeks technological innovation, promotes and ensures transparency, and provides security for investors.

The institutionalisation of Virtual Asset Service Providers, (PSAVs) and the recent enactment of some regulations related to Tokenization by the National Securities Commission (CNV) represent milestones in a roadmap aimed at fostering digital financial inclusion and the orderly adoption of blockchain technologies in the coming years, balancing innovation with appropriate risk controls.

Legal perimeter and authorisation

In 2022, the Central Bank of the Republic of Argentina (BCRA) issued a prohibition forbidding financial institutions and payment service providers (PSPs) from carrying out operations with digital assets or facilitating cryptocurrency transactions for their clients in any way.

On the other hand, in 2024, the CNV established the Registry of PSAVs, a new regulatory category that identifies and supervises platforms and entities operating with virtual assets in the country. Registration under this legal framework is mandatory for exchanges, digital custodians, and other related services, enabling effective oversight and facilitating compliance with international standards on Anti Money Laundering (AML) and Countering the Financing of Terrorism (CFT).

This categorisation provides legal clarity and regulates authorisation to operate legally within Argentina, offering a solid foundation for the sustainable growth of the ecosystem.

Regulatory framework

With the clear purpose of continuing to regulate activities related to virtual assets and promoting innovation, in 2025 the CNV issued Resolution 1069, Resolution 1081 and Resolution 1087, a set of comprehensive regulations that establishes a legal framework that enables the issuance, offering, and trading of tokens representing securities and real world tangible assets such as shares, Argentine Depositary Receipt (ADRs), notes, public fiduciary trusts' certificates and participations in closed-end public investment fund.

This set of regulations also regulates prior authorisation for issuers and platforms, and defines clear responsibilities regarding transparency, auditing, and investor protection.

The regulation promotes technological interoperability and asset segregation, encouraging an efficient, and secure market that drives the digitalisation of the real economy.

Digital money

Although various proposals regarding the creation of a digital peso have circulated, to date there is no official project for a central bank digital currency (CBDC) in Argentina.

Cryptocurrencies remain unrecognised as legal tender, although their use for saving and value transfer continues to be widespread and significant.

Tokenized finance

The implementation of the Tokenization Regulations and the PSAVs Registry has accelerated the development of platforms enabling the issuance of tokens backed by real world assets.

These initiatives increase liquidity and access to investments traditionally limited to investors due to regulatory or market barriers.

Implementation and outlook

With these recent regulatory enhancements, Argentina is advancing toward a regulated and resilient crypto ecosystem. Looking ahead, broader adoption of tokenized assets and more sophisticated digital financial tools are anticipated.

The country's position as a leader in crypto adoption in Latin America, with the highest number of active users and a thriving technological ecosystem, will be key to driving financial innovation and regional integration. Furthermore, improvements in interoperability and technological infrastructure are anticipated to support market evolution, accompanied by complementary regulatory frameworks to strengthen legal certainty and investor protection.

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Australia

Policy roadmap

In March 2025, the Australian Government released the Statement on Developing an Innovative Australian Digital Asset Industry, setting out a plan to develop a fit-for-purpose regime for digital assets, anchored in the Australian financial services framework. The statement outlines four primary elements:

- A framework for Digital Asset Platforms (DAP's);
- A framework for payment stablecoins, which will be treated as a type of Stored-Value Facility (SVF);
- An enhanced regulatory sandbox; and
- Initiatives to safely unlock benefits of digital asset technology across financial markets and broader economy.

The Government intends to leverage the Australian Financial Services Licence (AFSL) regime with tailored obligations for DAPs and stablecoin issuers.

Forward-looking workstreams were noted to include Central Bank Digital Currencies (CBDC's), Tokenization and DeFi.

Legal perimeter and authorisation

In September 2025, the Government announced draft legislation titled Treasury Laws Amendment (Regulating Digital Asset and Tokenized Custody Platforms). The draft proposes amendments to the Corporations Act 2001 (Cth) to bring DAPs and Tokenized Custody Platforms (TCPs) within the financial product perimeter.

In October 2025, the Australian Securities and Investments Commission (ASIC) published updated Information Sheet 225: Digital assets: Financial products and services (INFO 225) which looks to clarify the application of financial services laws to digital assets. ASIC note that if the digital asset, or a related product, is a financial product, the issuer will need to comply with the relevant provisions of the Corporations Act, such as AFSL requirements and/or other regulatory requirements, subject to any relevant exemptions. INFO 225 includes worked examples and indicates that stablecoins, wrapped tokens, tokenized securities and certain digital asset wallets are likely to be financial products. ASIC has signalled a sector-wide no-action position until 30 June 2026 to allow firms time to assess the guidance and, where required, seek licences.

Also in October 2025, Treasury released Tranche 1a Exposure Draft legislation as part of a phased reform of a new payments regulatory framework. The Exposure Draft proposes to amend the Corporations Act 2001 (Cth) to introduce new definitions and regulatory requirements for various payment services, including those involving digital assets and stablecoins. Consultation closed in November 2025. Further Tranche 1b consultation is expected in early 2026.

Regulatory framework

Australia is developing a targeted, activity-based approach. It focuses on businesses that hold digital assets for clients, rather than on the assets themselves. Where a digital asset falls within existing financial product definitions, current laws continue to apply. The policy intent is to introduce proportionate measures that improve risk mitigation and regulatory clarity, while maintaining consumer protections.

Under the proposed settings, persons who advise on, deal in, or arrange for others to deal in digital asset platforms (DAPs) or tokenized custody platforms (TCPs) would be taken to provide a financial service and would be required to hold an AFSL. AFSL holders must provide services efficiently, honestly and fairly. They must also comply with conduct, reporting and compliance obligations. Using the AFSL framework is intended to avoid a parallel licensing regime and to support consistency with existing consumer protections.

Digital money

The Australian Securities and Investments Commission (ASIC) guidance in Information Sheet 225: Digital assets: Financial products and services (INFO 225) indicates that many stablecoins are likely to be financial products. Issuers and relevant intermediaries may require an AFSL and must comply with applicable obligations.

In December 2025, ASIC made and registered class relief instruments for distributors of certain stablecoins and wrapped tokens, and amendments supporting specified custody arrangements for digital assets that are financial products.

In July 2025, the Reserve Bank of Australia (RBA) and the Digital Finance Cooperative Research Centre (DFCRC) announced selected participants for Project Acacia. The programme is exploring use cases involving a pilot wholesale central bank digital currency (CBDC), bank deposit tokens and stablecoins to support wholesale tokenization and settlement research. The RBA stated that a report on the findings is expected in the first quarter of 2026.

The RBA's current focus remains on wholesale applications rather than a retail CBDC.

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Australian Government: Statement on Developing an Innovative Australian Digital Asset Industry, March 2025, Regulating digital asset platforms: exposure draft legislation, September 2025, Information Sheet 225 Digital assets: Financial Products and Services (INFO 225), Regulation of Payment Service Providers: Tranche 1a draft legislation, ASIC Corporations (Stablecoin Distribution Exemption) Instrument 2025/631, ASIC Corporations (Stablecoin and Wrapped Token Relief) Instrument 2025/XXX. Reserve Bank of Australia, Project Acacia, July 2025.

Australia (Continued)

Tokenized finance

The Government's objective is to grow the innovative capacity of Australia's financial services sector while reducing legal uncertainty. The policy direction is expected to support:

- Banks and financial technology firms offering tokenized deposits, programmable payments and regulated-custody digital wallets to reduce merchant costs and improve cross-border payments.
- Start-ups building infrastructure for DeFi platforms, asset tokenization services and blockchain-based credit intermediation within clear regulatory settings.
- Institutional investors accessing more liquid and efficient markets in bonds, commodities and private equity with shorter settlement cycles and safeguarded assets.
- Traditional industries such as agriculture, energy and real estate exploring tokenized models for liquidity, transparency and capital access, including environmental markets and fractional ownership.

Implementation and outlook

Australian policy development accelerated in 2025 with the publication of the Government statement, release of digital asset platform exposure drafts, updated ASIC guidance and the first tranche of payments reforms. Implementation will depend on the passage of amendments to the Corporations Act 2001 (Cth) and the payments framework, finalisation of ASIC relief instruments, and any consequential standards or class orders. The Project Acacia timeline suggests further evidence on wholesale use cases in the first half of 2026, which may inform subsequent regulatory settings.

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Brazil

Policy roadmap

The policy roadmap prioritises three objectives. The first is alignment of virtual asset service providers with the prudential and conduct standards applicable to financial institutions. The second is strengthening of anti-money laundering and counter terrorist financing (AML/CFT) controls. The third is integration of virtual asset activity into the Brazilian payment and financial system. There is also a transitional period for virtual asset service providers that are already active in Brazil.

The current main regulations are: Law nº 14,478 of December 2022 defines the term "virtual asset" and assigns regulatory and supervisory powers to the Central Bank of Brazil (Banco Central do Brasil, BCB) for activities with a financial or payments profile. Decree nº 11,563 of June 2023 designates the BCB as the competent authority for these activities.

Brazil has established a comprehensive regulatory framework for services involving virtual assets. On 10 November 2025, the BCB approved Resolution BCB nº 520 which set detailed rules on the constitution and functioning of virtual asset service providers. It also sets rules on the provision of virtual asset services by other institutions authorised to operate by the BCB. Resolution BCB nº 519 of 10 November 2025 sets out the authorisation processes for virtual asset service providers. Both resolutions enter into force on 2 February 2026.

Legal perimeter and authorisation

Law nº 14,478 of December 2022 defines "virtual asset" and the activities that constitute virtual asset services.

Resolution BCB nº 520 classifies virtual asset service providers as virtual asset intermediaries, virtual asset custodians and virtual asset brokers.

Resolution BCB nº 519 sets the general authorisation framework for virtual asset service providers. Authorisation is conditional on meeting a set of requirements, including:

- Adequate economic and financial capacity of controllers.
- Lawful origin of funds used to capitalise the institution and acquire qualifying holdings.
- Economic and financial viability of the business plan.
- Information technology infrastructure and governance compatible with the complexity and risks of the business.
- Fit and proper criteria for controllers, qualifying shareholders and managers, including integrity and technical capacity.

Regulatory framework

BCB imposes detailed requirements on the segregation of financial resources and virtual assets between the institution and its clients and users. Client monetary resources must be held in individual payment or deposit accounts in the name of the client. These accounts may be held with the virtual asset service provider itself, if it is authorised to provide such accounts, or with other institutions authorised by the BCB.

Virtual assets of clients must be held in wallets that are separate from the virtual asset service provider's own wallets. There must be documented policies on segregation of assets, proof of reserves and the conditions for transfer of client assets in case of interruption or discontinuity of services.

Operations in the foreign exchange market that are carried out with virtual assets are considered foreign exchange transactions for regulatory purposes. The following activities using virtual assets are treated as foreign exchange transactions:

- International payment or transfer using virtual assets.
- Transfer of virtual assets to satisfy obligations arising from the international use of a card or another electronic means of payment.
- Transfer of a virtual asset to or from a self hosted wallet, where the transaction does not involve an international payment or transfer using virtual assets, provided that the virtual asset service provider identifies the owner of the self hosted wallet and maintains documented processes to verify the origin and destination of the virtual assets.
- Purchase, sale or exchange of virtual assets referenced in fiat currency.

The rules on segregation of client assets, proof of reserves, foreign exchange treatment of virtual asset activities and conflict of interest management are consistent with the recommendations of the Financial Action Task Force (FATF) and the Financial Stability Board (FSB).

Brazil (Continued)

Digital money

The development of the Digital Brazilian Real (Drex) by BCB is still in progress. There is still no specific date for the launch of Drex for the population. At this moment, the project is in a testing phase in a restricted environment, the Drex Pilot, which started in March 2023.

Based on the results of the Drex Pilot, BCB should include additional tests with the population. However, the project features and market participants will need to have reached the appropriate maturity level before tests involving the Brazilian population take place. Its development began in 2020.

Tokenized finance

Tokenized finance in Brazil is an emerging sector that leverages blockchain technology to represent traditional financial assets as digital tokens. This innovation enables greater liquidity, transparency, and accessibility within the financial market. Currently, Brazil is witnessing growing interest from both startups and established financial institutions in tokenizing assets such as real estate, equities, and investment funds. Regulatory bodies like the Comissão de Valores Mobiliários (CVM) are actively exploring frameworks to accommodate tokenized securities while ensuring investor protection. Despite some regulatory uncertainties, Brazil's large and dynamic market presents significant opportunities for tokenized finance to expand, driving financial inclusion and innovation in the country.

Current regulatory status

- Securities classification: The CVM considers tokenized assets that meet the definition of a security to be subject to its regulations. This means public offerings must comply with CVM rules.
- Crowdfunding (Resolution nº 88): The CVM is actively working to revise its crowdfunding resolution to better accommodate tokenized debt offerings, with plans for public consultation to consider changes such as increasing the maximum offering amount.
- Token-specific rules:
  - CVM Resolution nº 175 (2023): Established specific investment limits for crypto assets in investment funds based on the investor's profile, with a maximum of 10% for retail funds and 20% for qualified investor funds.
  - CVM Guidance Letter (2022): Provided regulatory guidance for crypto assets classified as securities, including a clear token taxonomy.
- Market infrastructure: Public offerings of tokenized securities must be handled through authorised exchanges
- Regulatory sandbox: The CVM is developing a new framework based on its regulatory sandbox to help align tokenization with existing funding and organised market rules.
- Pilot projects: The Brazilian Financial and Capital Markets Association (ANBIMA) launched a pilot project in October 2025 to test a DLT network for the issuance and trading of tokenized assets in a supervised environment.
- Consumer protection: Token marketing is subject to consumer protection and advertising laws, which prohibit misleading or fraudulent promotion.

Future developments

The CVM's regulatory efforts are expected to continue, with a focus on adapting existing rules and developing new ones to support the tokenization market.

ANBIMA's pilot project aims to provide the market with data and insights to help shape future regulations.

Implementation and outlook

- Currently, Brazil is making significant strides in establishing a clear and secure regulatory framework to promote adoption and innovation in tokenization. Notably, Law nº 14,478/2022 addresses virtual assets, providing legal clarity for the sector.
- ANBIMA has launched pilot projects to improve collateral systems using tokenized securities, potentially reducing credit costs.
- Additionally, the Securities and Exchange Commission of Brazil has implemented measures related to crowdfunding, positively impacting the market. These developments demonstrate Brazil's commitment to fostering a robust environment for tokenized finance.

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CVM: https://www.gov.br/cvm/pt-br

Canada

Policy Roadmap

Canada maintains an open approach to financial innovation with safeguards in place. The Canadian Securities Administrators (CSA) Financial Innovation Hub (FinHub) supports innovation in areas such as cryptoassets and financial technology. It provides guidance, regulatory clarity and a platform for dialogue, including access to regulatory sandboxes and consultation opportunities. FinHub reflects the CSA's commitment to adapting regulation to evolving technologies while ensuring investor protection and market integrity.

Canada's 2025 federal budget confirmed implementation of the Organisation for Economic Co-operation and Development (OECD) Crypto-Asset Reporting Framework through amendments to the Income Tax Act, effective 1 January 2026, with first reports due in 2027. The rules apply to Canadian-resident and certain non-resident cryptoasset service providers, including exchanges, brokers and ATM operators, requiring detailed transaction and customer data reporting. This initiative aligns Canada with international transparency standards and seeks to address compliance gaps in the digital asset sector.

Legal perimeter and authorisation

The Retail Payment Activities Act (RPAA) opened registration for in-scope payment service providers (PSPs) on 1 November 2024. On 8 September 2025, the Bank of Canada (BoC) published a list of almost 1,500 registered PSPs, including some engaged in cryptoasset-related services. Registered PSPs became subject to risk management and end-user fund safeguarding requirements from that date. Banks are excluded from registration, however, bank-PSP partnerships are in scope and must comply with supervisory expectations. The Bank of Canada maintains a public registry of compliant PSPs.

Money Services Businesses (MSBs) are regulated federally by the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC). Entities dealing in virtual currency must register as MSBs and comply with anti-money laundering and anti-terrorist financing regulations, ensuring that crypto transactions are monitored for illicit activity.

Regulatory framework

The CSA acts as the umbrella organisation for provincial and territorial securities regulators, ensuring consistent oversight of cryptoasset trading platforms (CTPs). Platforms must register with a securities regulator and meet investor protection standards, including risk management, custody of assets and transparent disclosure.

Those trading cryptoassets that are securities or derivatives must register as investment dealers with their principal regulator and become members of the Canadian Investment Regulatory Organization (CIRO). In February 2025, CIRO issued updated guidance for CTPs applying for membership, reinforcing expectations for complete submissions and signalling a shift toward integrated oversight.

On 17 April 2025, the CSA adopted amendments to National Instrument 81-102 Investment Funds, which came into force on 16 July 2025. For public cryptoasset funds, the changes clarify eligible cryptoassets, set limits across fund categories, and codify custody and assurance expectations.

Prudentially, the Office of the Superintendent of Financial Institutions (OSFI) issued final Capital and Liquidity Treatment of Cryptoasset Exposures guidelines in February 2025, with targeted updates in October 2025. The guidelines align with the Basel Committee on Banking Supervision approach and cover classification (including tokenized traditional assets), capital, liquidity and disclosure.

Canada (Continued)

Digital money

The Bank of Canada has explored the potential issuance of a Canadian central bank digital currency (CBDC). While no decision has been made to launch a digital dollar, research and consultations have focused on privacy, accessibility, financial inclusion and technological design. The Bank of Canada has scaled down work on retail CBDC, shifting focus to broader payments system policy, but remains prepared to act if required.

In November 2025, the 2025 federal budget announced forthcoming legislation for fiat-backed stablecoins, with the Bank of Canada to administer oversight and related amendments to the RPAA. The proposed framework includes principles such as reserve adequacy, redemption policies, risk management, data privacy and national security safeguards.

Tokenized finance

In 2025, the Bank of Canada continued its work on tokenization, including hosting a dedicated session on the topic at its Annual Economic Conference.

OSFI's 2025 Capital and Liquidity Guideline updates recognised dematerialised securities issued via distributed ledger technology as tokenized traditional assets. These instruments receive equivalent prudential treatment to their underlying assets if classification conditions are met, including legal, risk and liquidity characteristics.

Several organisations collaborated to launch the Canadian Collateral Management Service (CCMS), a repo platform that modernises and digitally enables collateral management. The Bank of Canada confirmed in February 2025 that it will use this platform.

Implementation and outlook

- Stablecoins/RPAA amendment: The 2025 federal budget proposed expanding federal oversight to PSPs using prescribed stablecoins. If adopted, this could reduce regulatory uncertainty and allow RPAA-supervised PSPs to offer stablecoin-based payment functions without triggering additional securities law obligations.
- Supervisory split and definitions: Further detail is expected with draft legislation, including clarity on the definition of "prescribed stablecoin" and the division of supervisory responsibilities between federal and provincial regulators.
- Prudential: Implementation of the Capital and Liquidity Treatment of Cryptoasset Exposures begins in November 2025 or January 2026, depending on the institution's fiscal year.

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Cayman Islands

Policy roadmap

The Cayman Islands is advancing toward a comprehensive digital-asset regulatory framework under the Virtual Asset (Service Providers) Act ("VASP Act'), with Phase 2 now in full effect as at 1 April 2025. This phase establishes a mandatory licensing regime for virtual-asset custodians and trading-platform operators, replacing the previous registration-only model and expanding the supervisory powers of the Cayman Islands Monetary Authority (CIMA). CIMA has also issued binding Rules and Statements of Guidance for custodians and trading platforms, setting out detailed expectations around governance, segregation of virtual assets, custody arrangements, operational resilience, and risk management.

The Cayman Islands' digital-asset policy agenda is increasingly aligned with its core investment-funds proposition. Government consultations in August–September 2025 on enabling tokenized funds through amendments to the Mutual Funds Act, Private Funds Act and VASP Act signal a clear policy intent to integrate tokenization into mainstream fund structures while preserving investor-protection standards. In parallel, the Cayman Islands is implementing the Organisation for Economic Co-operation and Development (OECD) Crypto-Asset Reporting Framework ('CARF'), with the first reporting cycle expected for the 2026 calendar year, thereby embedding digital-asset transparency into the jurisdiction's established automatic-exchange-of-information regime.

Legal perimeter and authorisation

Under the Act, the Cayman Islands has established a dedicated legal perimeter for virtual asset activities. Phase 2, effective 1 April 2025, brings custodians and trading-platform operators into a mandatory licensing regime, replacing the prior registration model and expanding CIMA's supervisory powers.

- VASP Act (2020, as amended 2024) defines a virtual asset as a digital representation of value that can be digitally traded or transferred and used for payment or investment purposes. Regulated activities include custody, trading-platform operation, issuance, and exchange services.
- VASP Amendment Act 2024 refines definitions, enhances enforcement and fit-and-proper standards, and introduces detailed licensing criteria for high-risk activities. CIMA's Rules and Statements of Guidance set expectations for governance, segregation, and operational resilience.
- Tokenized-funds consultations (2025) propose clarifications that tokenized investment interests remain governed by the Mutual Funds Act and Private Funds Act, ensuring regulatory coherence between digital assets and the funds regime.
- The sandbox licence under section 16 of the VASP Act provides for controlled testing of innovative business models, though it has not yet been formally launched.

Currently, licensing is mandatory for custodians and trading-platform operators, while other virtual-asset service providers remain under the registration regime, subject to conduct, prudential, and anti-money laundering and counter-terrorism financing obligations.

Regulatory framework

In the Cayman Islands, the regulation of virtual assets is governed by the Virtual Asset (Service Providers) Act (VASP Act), which provides a comprehensive framework for the licensing and supervision of entities engaged in virtual-asset activities. The VASP Act (2024 Revision), as amended and with Phase 2 now in effect from 1 April 2025, anchors Cayman's digital-asset regime and ensures continued alignment with Financial Action Task Force (FATF) Recommendation 15 while supporting responsible innovation within the jurisdiction's established financial-services ecosystem.

Under the Act, the following constitute virtual-asset services:

- Exchange between virtual assets and fiat currencies.
- Exchange between one or more forms of convertible virtual assets.
- Transfer of virtual assets.
- Virtual-asset custody services.
- Participation in, or provision of, financial services related to a virtual-asset issuance or sale.

Under the current framework, a person shall not carry on, or purport to carry on, virtual-asset services in or from within the Islands unless that person:

- Is a registered person.
- In the case of virtual-asset custodial services or operation of a trading platform, holds a virtual-asset service licence.
- Is an existing licensee granted a sandbox licence or waiver by CIMA.

Phase 2 of the regime introduced mandatory licensing for custodians and trading-platform operators, replacing the prior registration-only model, and enhanced CIMA's enforcement powers, including on-site inspections, fit-and-proper assessments, and risk-based supervision. In tandem, CIMA issued Rules and Statements of Guidance (SOGs) for Virtual Asset Custodians and Trading Platforms, outlining detailed standards for corporate governance, segregation of client assets, operational resilience, custody controls, and cybersecurity.

Cayman Islands (Continued)

Licensees operating virtual-asset trading platforms may also issue virtual assets directly to the public above prescribed thresholds, subject to CIMA's approval via a Virtual Asset Issuance Request. The Act defines a virtual asset as a digital representation of value that can be traded, transferred, or used for payment or investment purposes, excluding digital representations of fiat currency and "virtual service tokens."

Beyond the VASP framework, The Cayman Islands is integrating digital assets into broader regulatory initiatives. The jurisdiction is preparing for implementation of the CARF, expected to take effect for 2026 reporting, bringing enhanced transparency and international tax-compliance obligations for reporting crypto-asset service providers (RCASPs). CIMA has also consulted on a Market Conduct Rule and SOG for VASPs (June 2025), aimed at codifying fair-dealing, disclosure, and conflict-management standards.

Digital money

The Cayman Islands does not currently recognise or issue fiat-backed stablecoins as legal tender. However, under the Act, stablecoins and other forms of digital money may fall within the regulatory perimeter where they meet the definition of a virtual asset. The Act defines a virtual asset as a digital representation of value that can be digitally traded, transferred, or used for payment or investment purposes, excluding digital representations of fiat currency and "virtual service tokens."

Stablecoin issuers and intermediaries operating in or from within the Cayman Islands are therefore subject to registration or licensing requirements under the Act. The regime captures the issuance, custody, transfer, and exchange of such assets and mandates compliance with CIMA's rules on governance, operational resilience, and anti-money-laundering obligations. CIMA's Statements of Guidance further clarify that stablecoin arrangements must maintain full reserve backing, transparent redemption mechanisms, and effective segregation of client assets.

While the Cayman Islands has no current plans to issue a central bank digital currency (CBDC), CIMA and the Ministry of Financial Services continue to monitor international developments, including the work of the Caribbean Central Banks and CFATF, to ensure future interoperability and readiness. In parallel, the Government's 2025 consultation on tokenized funds highlighted potential use cases for stablecoins in fund subscriptions and settlements under controlled, regulated conditions.

Tokenized finance

The Cayman Islands aims to integrate tokenized investment funds into its established funds framework while maintaining regulatory clarity and investor protection.

In April 2025, an amendment to the VASP Act (2024 Revision) clarified that issuing equity interests or investment interests under the Mutual Funds Act or Private Funds Act does not constitute a "virtual asset issuance," ensuring tokenized funds are regulated solely under the funds' regime rather than dual VASP oversight.

In August 2025, the Government launched a consultation on tokenized funds, proposing amendments to the Mutual Funds, Private Funds and VASP Acts to enable onchain issuance and transfer of fund interests. The proposals emphasise operational safeguards, technology oversight, and the principle of "same rights, same regulation" between tokenized and traditional structures

CIMA is expected to oversee tokenized fund operations through enhanced requirements for custody, cybersecurity, and recordkeeping, ensuring that digital representations of fund interests remain backed by underlying assets and fully compliant with AML/CFT obligations.

Implementation and outlook

- CIMA will continue to implement and supervise the Phase 2 licensing regime for virtual-asset custodians and trading-platform operators, which became effective on 1 April 2025. Following its June 2025 consultation, CIMA is expected to finalise the Market Conduct Rule and Statement of Guidance for VASPs, completing the conduct-risk component of the framework.
- The Ministry of Financial Services and Commerce is reviewing feedback from the August 2025 Tokenized Funds Consultation, which proposed amendments to the Mutual Funds Act, Private Funds Act, and VASP Act to facilitate the use of distributed-ledger technology in fund structures. Legislative amendments are anticipated once the consultation process concludes.
- The Government has confirmed its intent to implement the CARF, with first-year reporting targeted for the 2026 calendar year in line with global Automatic Exchange of Information (AEOI) standards.

Cayman Islands (Continued)

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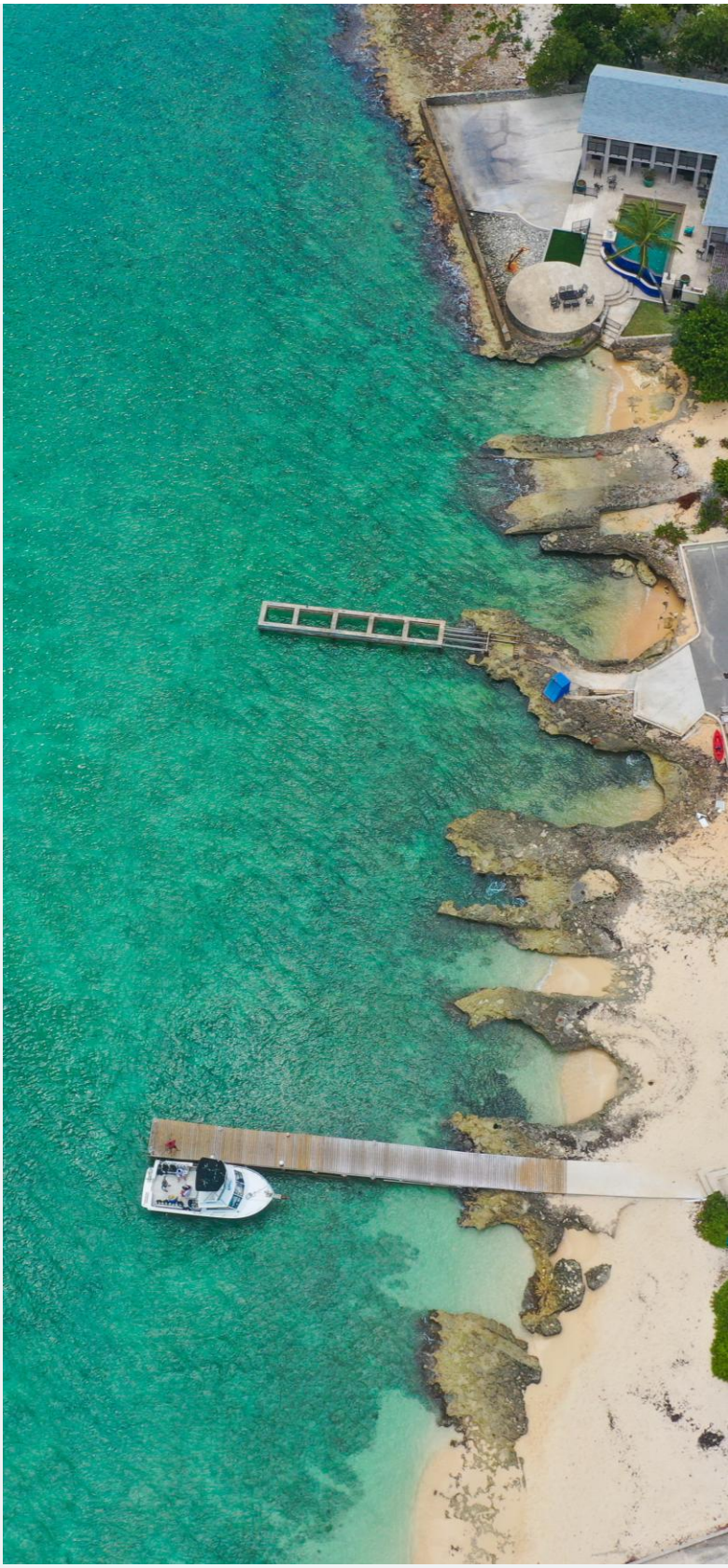

Channel Islands (Guernsey and Jersey)

Policy roadmap

The Channel Islands, comprising the Bailiwicks of Guernsey and Jersey, maintain individual regulatory approaches to cryptoassets. Both jurisdictions share a commitment to innovation, market integrity to protect investors, and financial stability. Guernsey and Jersey incorporate requirements and definitions from the Financial Action Task Force (FATF) and the Organisation for Economic Co-operation and Development (OECD) when developing legislation and regulations.

Regulatory frameworks in both Bailiwicks combine amendments to existing financial services laws with new guidance issued by the Guernsey Financial Services Commission (GFSC) and Jersey Financial Services Commission (JFSC).

Both Guernsey and Jersey have implemented the OECD's Crypto-Asset Reporting Framework (CARF), which aims to combat tax evasion and improve compliance in the crypto-asset sector. CARF became effective in domestic law on 1 January 2026 and the first information exchange is planned for 2027 in respect of 2026 data.

Legal perimeter and authorisation

- The Lending, Credit and Finance (Bailiwick of Guernsey) Law, 2022 (LCF Law) provides Guernsey's legal definitions of a virtual asset and a Virtual Asset Service Provider (VASP), It prohibits conducting VASP business without a licence. Chapter 10 of The Lending, Credit and Finance Rules and Guidance, 2023 outlines the requirements for Part III VASP Licencees.
- Chapter 18 of the GFSC's Handbook on Countering Financial Crime (Anti-Money Laundering, Combating the Financing of Terrorism, and Countering Proliferation Financing, AML/CFT/CPF) specifies VASP obligations under Guernsey's AML regime.
- Jersey's Proceeds of Crime (Amendment No. 6) (Jersey) Law 2022 incorporates the FATF definition of a VASP and brings VASPs operating on or from Jersey within its AML regulatory framework.
- In 2023, the EU Legislation (Information Accompanying Transfers of Funds (Amendment) (Jersey) Regulations 2017 was amended to include VASPs under existing Wire Transfer Regulations (Travel Rule).
- The JFSC's Handbook for the prevention and detection of money laundering, the countering of terrorist financing, and the countering of proliferation financing sets specific AML requirements for VASPs.

Regulatory framework

Both Guernsey and Jersey have adopted the FATF definition of a VASP. The regulatory scope covers the following activities:

- Exchanging virtual assets for fiat currencies.
- Exchanging between one or more forms of virtual assets.
- Transferring of virtual assets.
- Safekeeping or administering virtual assets or instruments enabling control over virtual assets.
- Participating in and providing financial services related to an issuer's offer or sale of a virtual asset.

VASPs operating in or from Jersey must register with the JFSC and are supervised for AML, CFT and CPF purposes. They may be subject to additional regulation if undertaking a "financial services business".

Jersey extended the existing Wire Transfer Regulations to include VASPs in September 2023. The JFSC published specific Guidance on compliance with the Travel Rule in 2024.

In Guernsey, with limited exceptions, entities engaging in VASP activities must apply for a Part III Licence from the GFSC. Part III VASP licence holders are permitted to provide services only to institutional and wholesale clients. Other requirements of Part III VASP licences in Guernsey include:

- Ensuring sufficient oversight resources within the Bailiwick;
- Ensuring the board and senior management possess adequate knowledge and expertise related to their activities;
- Not outsourcing any function abroad without written GFSC consent;
- Producing audited accounts which must be made available to the public on request;
- Publishing annual environmental disclosures, which must remain readily accessible to the public, regarding the environmental impact of the consensus mechanisms of each virtual asset they deal with, including carbon emissions and energy consumption where the consensus mechanism requires the material consumption of electrical or computational power; and
- Avoiding the co-mingling of client virtual assets with those of the licence holder.

Channel Islands (Guernsey and Jersey) (Continued)

Digital money

Guernsey and Jersey do not currently recognise or issue fiat-backed stablecoins as legal tender.

Firms seeking to issue stablecoins in Jersey must, in addition to the requirements of token issuers (see tokenized finance below), include details in their JFSC application of:

- The nature and liquidity of assets that will be held as collateral;
- Custody arrangements for the collateral;
- Who the issuer will sell the tokens to;
- Who can redeem their tokens for fiat currency; and
- Any de minimis amount for issuance or redemption.

Guernsey has no specific legislation or guidance on stablecoin issuance. Firms must assess whether their activities fall under the LCF Law or VASP definition, potentially requiring a GFSC licence.

Neither Jersey nor Guernsey has a central bank and currently has no plans to issue a central bank digital currency (CBDC).

Tokenized finance

In August 2024, the JFSC updated its guidance for initial coin/token offerings and introduce new guidance relating to the tokenization of real-world assets (RWA). Issuers must:

- Register as a Jersey company;
- Adhere to AML, CFT and CPF regulations;
- Obtain consent under the Control of Borrowing (Jersey) Order 1958;
- Appoint a Jersey-resident director; and
- Provide a detailed information memorandum, such as a white paper, as part of the application process.

The JFSC adopts a substance-over-form approach to tokenized RWAs, if the underlying asset is a security, its tokenized form will be regulated as a security.

Guernsey has no specific laws governing tokenized RWAs. Issuers are assessed under existing legislation and guidance. The GFSC supports innovation, including tokenized finance, while ensuring investor protection. Blockchain platforms used for tokenization are generally expected to be private, permissioned and controlled by the relevant fund administrator.

Implementation and outlook

- Guernsey and Jersey enacted the OECD's CARF into domestic regulation with effect from 1 January 2026. Reporting for the 2026 data year will commence in 2027.
- The GFSC's Innovation Sandbox + Concierge, supported by Guernsey Finance and launched in November 2025, facilitates responsible innovation by allowing firms to test products in a controlled regulatory environment.
- The JFSC's Innovation Hub assists firms seeking to launch innovative products and services by clarifying applicable regulatory frameworks. Digital Jersey, a government-supported entity, provides the Digital Jersey Sandbox. This platform offers business licencing and networking support for digital enterprises. In December 2025 the launch of the Innovation Council was announced, designed to help Jersey's financial services industry capitalise on the digital assets market.

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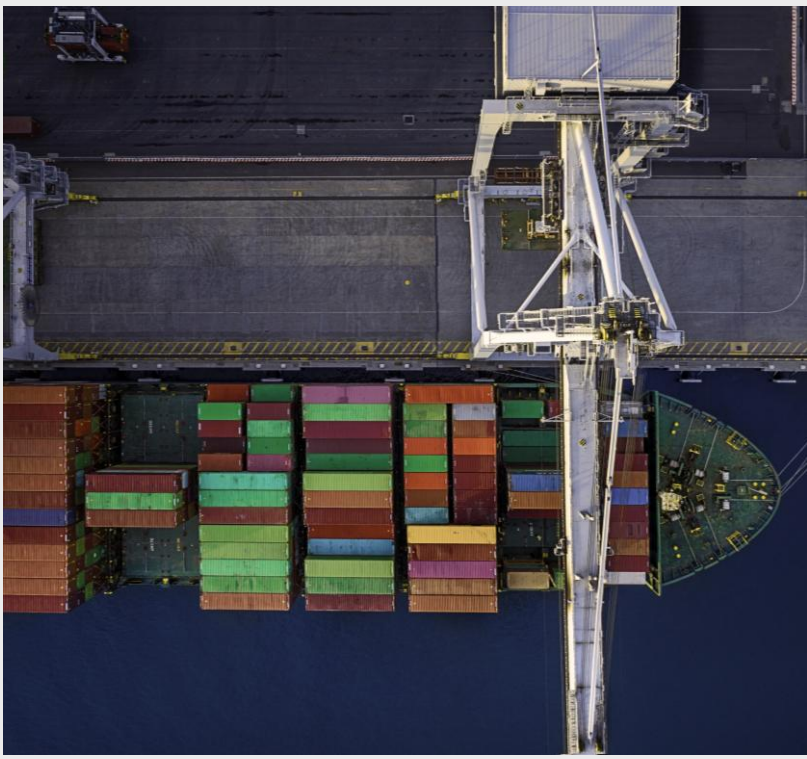

El Salvador

Policy roadmap

El Salvador operates a multi-pillared framework for digital assets. In 2021 it adopted legislation giving Bitcoin legal-tender status. In 2023 it introduced the Digital Assets Issuance Law (Ley de Emisión de Activos Digitales, LEAD), which established a structured regime for public offerings of digital assets as well as the regulation and licensing of Digital Asset Service Providers (DASP). The Law also created the National Commission of Digital Assets (Comisión Nacional de Activos Digitales, CNAD), the institution that issues supporting regulations and oversees compliance of DASPs, certifiers, issuers and issuances.

Legal perimeter and authorisation

The LEAD defines digital assets for regulatory purposes and sets out the requirements for their issuance, offering and transfer when used in public offerings. Issuers must obtain prior authorisation from the CNAD and register their offerings in the public digital-assets register. Public offerings must be supported by mandatory disclosures, including the Documento de Información Relevante where required, and must engage with certifiers and structurers that have been authorised by CNAD to provide services related to Digital Assets.

Digital-asset service providers, including custodians, advisers, platforms and other intermediaries, require CNAD licensing. They are subject to governance, operational, safeguarding, outsourcing, reporting and record-keeping standards proportionate to their role. The regulatory framework assigns distinct obligations to issuers, service providers, certifiers and issuance platforms, and requires clear segregation of duties and appropriate controls to prevent conflicts of interest.

The 2021 Bitcoin Law sits alongside this regime. As of November 2025, it allows private parties to accept bitcoin legally as payment. A Bitcoin Service Provider register exists but it does not displace the authorisation requirements applicable under the LEAD for Digital Asset Service Provider.

Regulatory framework

The CNAD acts as the dedicated regulator for the digital-assets sector. It issues binding technical standards, supervises licensed entities, maintains the public registry of authorised actors and offerings, and conducts risk-based supervision.

Regulations cover organisational arrangements, fit-and-proper requirements, safeguarding and custody, systems and controls, cyber- and operational-resilience standards, disclosures, and rules governing the conduct of public and private issuances. Entities must implement robust AML/CFT measures under the national financial-crime framework.

Investment Banking & Hybrid Services Under the 2025 Investment Banks Law, authorised institutions are explicitly empowered to perform "investment operations in Bitcoin or digital assets." For regulatory purposes, this is defined as a process wherein the Investment Bank provides remunerated custody of Bitcoin or digital assets for their subsequent return to the owner. Crucially, the legislation allows that during the custody period, the Investment Bank may intermediate these assets in other transactions—as agreed with the asset owner—through a specific mandate contract (contrato de mandato). This establishes a regulated channel for the active management and intermediation of digital assets within the banking sector.

The CNAD has powers to perform inspections, require information, impose administrative sanctions, suspend activities and mandate remediation. Certification requirements introduce an additional layer of assurance over the quality and accuracy of information provided to the market.

El Salvador (Continued)

Digital money

Bitcoin operates under the 2021 Bitcoin Law, which was significantly amended in January 2025 to modify its operational framework. While Bitcoin remains a recognised currency within the national system, the 2025 amendment removed the mandatory acceptance requirement for economic agents. Consequently, the acceptance of Bitcoin for payments and the settlement of obligations is now voluntary for the private sector, aligning the statutory framework with market practice and international agreements.

Stablecoins issued in El Salvador fall within scope where they qualify as digital assets offered publicly. CNAD regulations set requirements for their issuance, including asset-backing, valuation methodologies, governance arrangements, redemption processes and ongoing reporting. Stablecoins outside the public-offering perimeter are not fully captured by the LEAD but remain subject to an admission process to be used withing the scope of LEAD and of general financial-crime obligations by the DASP's that use them.

El Salvador has no regulatory framework for tokenized deposits or tokenized bank liabilities. Deposit-taking continues to be governed under the traditional prudential regime. Tokenized representations of deposits would fall within the LEAD only where they meet the statutory definition of a digital asset and are offered to the public.

The Central Reserve Bank of El Salvador has not published consultations, feasibility studies or policy signals indicating work toward a retail or wholesale CBDC. No regulatory perimeter exists for central-bank digital money.

Tokenized finance

The LEAD allows the tokenization of financial and real-world assets, subject to registration, certification, disclosure and prudential requirements. Offerings may be made by public or private entities provided they meet the statutory definition of a digital asset and comply with the obligations set by the CNAD. Once authorised and the offer is made to the public all information of the issuance must be published and disclosed according to the requirements set forth on LEAD.

Specific regulations apply to stablecoin-type instruments offered to the public. These include requirements on asset-backing, valuation practices, governance, redemption mechanics, holder information, and ongoing reporting.

Trading, settlement and custody activities must be conducted through licensed service providers. Platforms must maintain appropriate systems and controls to manage operational risks, ensure market integrity and prevent abusive practices.

Implementation and outlook

The framework is now operational, and use cases exist as CNAD has begun registering issuances and licensing service providers. Supervisory materials emphasise risk-based assessment, transparency of offerings, operational resilience and the adequacy of asset-safeguarding arrangements.

With the enactment of the Investment Banks Law, the market structure is expected to evolve to include more multisegmented entities bridging traditional finance and the digital asset ecosystem as there are already Banking Groups with a Digital Asset Service Provider license. As practical implementation progresses, further technical standards and supervisory expectations are likely to develop, particularly in relation to custody, cross-border activity, market-integrity controls and ongoing reporting. Market participants should expect continued evolution of the regime as the CNAD expands its rulebook and adapts to market developments.

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This jurisdictional entry has been reviewed and endorsed by the National Commission of Digital Assets, December 2025.

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Gibraltar

Policy roadmap

In 2017, HM Government of Gibraltar issued the Financial Services (Distributed Ledger Technology Providers) Regulations 2017, which became effective in January 2018. These were superseded by the Financial Services (Distributed Ledger Technology Providers) Regulations 2020 (DLT Regulations).

The early introduction of cryptoasset regulations demonstrated the Government's commitment to attracting reputable organisations and ensuring that crypto businesses operate under regulatory supervision.

The jurisdiction continues to refine its regulatory approach. In April 2022, a market integrity principle was added to DLT Regulations. Further amendments are anticipated as the Gibraltar Financial Services Commission (GFSC) considers extending the scope of the DLT Regulations, improving clarity and codifying guidance notes.

In May 2025, the Government, in partnership with the GFSC and Bullish, announced plans for a regulatory framework governing the clearing and settlement of derivative contracts in virtual assets through regulated central counterparties. This initiative will enable virtual asset derivative contracts to be cleared and settled by a recognised clearing house for the first time.

The GFSC and Government are also reviewing the Experienced Investor Fund (EIF) Regulations to allow collective investment schemes to issue tokenized shares, facilitating the tokenization of real-world assets.

Legal perimeter and authorisation

Gibraltar legislation covering cryptoasset and distributed ledger technology activities includes:

- **Financial Services (Distributed Ledger Technology Providers) Regulations 2020 (DLT Regulations) –** Regulations under the Financial Services Act 2019 governing DLT Providers.
- **Proceeds of Crime Act 2015 (Relevant Financial Business) (Registration) Regulations 2021 (POCA Registration Regulations) –** Regulations that implement the EU Anti-Money Laundering Directive and require Virtual Asset Service Providers (VASPs) to register with the GFSC.
- **Financial Services (Experienced Investor Funds) Regulations 2020 (EIF Regulations) –** Regulations under the Financial Services Act 2019 governing EIFs, which are expected to be updated to permit tokenized share issuance.

Regulatory framework

The DLT Regulations require any entity that stores or transmits value belonging to others that use distributed ledger technology to be regulated by the GFSC.

The framework is based on ten principles derived from traditional financial services regulation:

1. Honesty and integrity.
2. Customer care.
3. Financial capital requirements.
4. Risk management.
5. Protection of client assets.
6. Corporate governance.
7. Systems and securities access.
8. Financial crime.
9. Resilience.
10. Market integrity.

Applicants must submit policies and reports demonstrating compliance with these principles, followed by interviews and on-site reviews. DLT Providers are subject to ongoing supervision, including regular meetings, reporting and inspections.

Prudential requirements include segregation and safeguarding of client assets, daily reconciliations and sufficient regulatory capital to ensure sound operations and an orderly wind-down if necessary. Capital requirements are risk-based and tailored to the size and complexity of the business. Monthly regulatory returns must be submitted to the GFSC.

VASP Registration

Providers of cryptocurrency services that do not store or transmit value may fall outside the DLT Regulations but remain subject to the POCA Registration Regulations. These require registration for anti-money laundering, counter-terrorist financing and counter-proliferation finance supervision.

Specified businesses include:

- Undertakings that receive proceeds from the sale of tokenized digital assets using DLT or similar technology.
- Persons that exchange or arrange exchanges of virtual assets for money or other virtual assets.

DLT Providers already regulated by the GFSC are exempt from separate POCA registration.

Gibraltar (Continued)

Digital money

Stablecoin issuers may fall within the DLT Regulations if they store or transmit value, or under the POCA Registration Regulations. Broader financial services frameworks, such as electronic money and investment services legislation, may also apply depending on the structure of the offering. The DLT Regulations cover all digital assets stored or transmitted on behalf of others using DLT. The POCA Registration Regulations apply to other digital assets, including non-fungible tokens (NFTs), unless these are not used for payment or investment purposes.

Tokenized finance

Utility token issuance is covered by the POCA Registration Regulations. Tokens classified as financial instruments fall under existing securities legislation, such as the Gibraltar Prospectus Regulation.

The GFSC, in collaboration with industry associations, is reviewing the EIF Regulations to allow EIFs to issue tokenized shares. This would enable tokenization of real-world assets through collective investment schemes. EIFs structured as Protected Cell Companies (PCCs) could establish separate cells for different asset classes, facilitating tokenization of property and other assets.

Implementation and outlook

Gibraltar continues to strengthen its position as a leading jurisdiction for virtual asset regulation through significant legislative and market infrastructure initiatives.

Digital Clearing and Settlement Framework

In May 2025, HM Government of Gibraltar announced the development of the world's first comprehensive regulatory framework for the clearing and settlement of derivative contracts settled in virtual assets (virtual asset derivatives) through regulated central counterparties. This framework, designed in collaboration with the Gibraltar Financial Services Commission (GFSC) and Bullish, introduces a regulated clearing house that is independent of exchanges and market participants. The initiative addresses systemic risks by separating trading and clearing functions, which have historically been combined within exchanges without sufficient oversight.

Under the proposed regime:

- Clearing houses will operate under robust risk management standards aligned with traditional derivatives markets but tailored for virtual assets.
- Select virtual assets may be eligible as collateral and settlement currency, subject to criteria based on established clearing principles.
- Institutions authorised to hold collateral will be expanded to enhance market integrity and participation.

The framework will cover key areas such as market risk, counterparty exposure, settlement finality and custodial safeguards, ensuring transparency and resilience.
This development marks a milestone comparable to the introduction of EMIR and Dodd-Frank standards in traditional finance and is expected to significantly increase institutional confidence in virtual asset markets.

Amendments to Experienced Investor Fund Regulations

Alongside the clearing initiative, Gibraltar is progressing amendments to the EIF Regulations. The proposed changes would allow EIFs to issue tokenized shares, enabling the tokenization of real-world assets within a regulated collective investment scheme structure. EIFs may also be established as Protected Cell Companies (PCCs), allowing multiple segregated cells to hold different asset classes, such as property or alternative investments. These amendments aim to broaden the jurisdiction's fund offering and support innovation in tokenized finance.

Outlook

The combined effect of these initiatives places Gibraltar at the forefront of global regulatory innovation. These measures are expected to enhance market stability, attract institutional participants and foster responsible growth in the crypto asset sector.

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Hong Kong SAR

Policy roadmap

Hong Kong SAR is aiming to become a global financial hub for Virtual Assets (VA) by implementing a harmonised and sustainable regulatory framework covering the entire ecosystem and is taking a leading role in the development of new regimes. The key policy initiatives driving the city's agenda include:

- ASPIRE Framework by the Securities and Futures Commission (SFC): The SFC's ASPIRE roadmap structures its regulatory approach around five pillars — Access, Safeguards, Products, Infrastructure, and Relationships — with specific initiatives such as licensing regimes for OTC trading and custody, adaptive compliance frameworks, expanded product offerings targeting professional and retail investors, enhanced market surveillance, and investor education programs.
- LEAP Framework by the Financial Services and the Treasury Bureau (FSTB): The LEAP framework complements ASPIRE by emphasising Legal and regulatory streamlining, Expanding tokenized products, Advancing cross-sectoral collaboration, and People and partnership development.

These integrated initiatives are designed to position Hong Kong SAR as a trusted, innovative, and sustainable digital asset hub embedded within the global financial ecosystem.

Legal perimeter and authorisation

Hong Kong SAR's regulatory framework for virtual assets and related activities has evolved significantly, anchored in a principle-based approach that integrates existing securities, commodities, and anti-money laundering (AML) laws with targeted crypto-specific guidelines. These mainly include:

Securities and Futures Ordinance (SFO): The primary legislation regulating cryptographic tokens that qualify as securities or futures contracts in Hong Kong SAR. Virtual asset trading platforms (VATPs) must obtain licenses from the SFC under the SFO for dealing in or advising on securities and operating automated trading services involving such assets.

Non-securities virtual assets: For assets not classified as securities, such as utility tokens or certain stablecoins, regulation falls primarily outside the SFO and generally relies on AML/CFT supervision under the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (AMLO).

Stablecoins: Effective from August 2025, the Stablecoins Ordinance establishes a licensing regime for specified stablecoin issuers and statutory framework for regulated stablecoin activities, with oversight by the Hong Kong Monetary Authority (HKMA).

Licensing under the Money Service Operators (MSO) regime: Crypto exchanges facilitating fiat-crypto conversions or crypto-to-crypto trading involving fiat rails must obtain MSO licensing under the AMLO and comply with AML requirements enforced by the Customs and Excise Department.

Regulatory framework

The SFC is empowered by the AMLO to be the primary regulator and the standards imposed are similar to those under the SFO. By end of 2025, eleven companies are authorised to operate VATPs in Hong Kong SAR, and the SFC published two circulars on the VATP licensing regime to expand on products and services offerings:

1. Circular on expansion of products and services of VATPs: The existing licensing conditions only allow VATPs to offer VAs that have a 12-month track record, but this requirement no longer applies to VA offerings restricted to professional investors (PIs). It remains for retail investors, except stablecoins issued by HKMA-licensed issuers, which are exempt for both. The SFC confirms that tokenized securities and other digital securities are outside the 12-month rule. Further, subject to prior approval, the SFC will consider modifying licensing conditions to permit distribution of VA-linked products, opening custodian trust/client accounts in a VATP's name, and custody (via associated entities) of a broader range of VAs.
2. Circular on shared liquidity by VATPs: The SFC's companion circular authorises shared liquidity, allowing SFC-licensed VATPs to integrate with a shared order book jointly operated with a global affiliated VATP (OVATP) so that Hong Kong SAR client orders can be matched with OVATP client orders. Operators must meet new shared order book terms and conditions by obtaining prior written SFC approval, jointly managing the order book with the OVATP and ensuring the OVATP is duly licensed in its home jurisdiction which must be FATF and IOSCO compliant.

Virtual Asset Custodian: Currently, the associated custodian of a licensed VATP must be a wholly-owned subsidiary, regulated by the SFC and holding a Trust or Company Services Provider (TCSP) License. HKMA regulated Authorised Institutions (i.e. banks) are also able to custody VA for customers. In December 2025, FSTB and SFC completed a public consultation on a new licensing regime for standalone digital asset custody providers and will proceed with drafting legislation.

Virtual Asset Issuers: HKMA is the primary authority responsible for licensing, supervising, and regulating all activities related to the issuance and management of fiat-referenced stablecoins in Hong Kong SAR. The stablecoin regulatory regime adopts a risk-based approach to regulating stablecoin issuers and seeks to apply the "same activity, same risk, same regulation" principle.

Security Tokens: Regulated by the SFC under the existing SFO.

Hong Kong SAR (Continued)

Regulatory framework (continued)

Virtual Asset Dealer – Existing Type 1 (Dealing in Securities) licensed entities may apply for a VA uplift from the SFC under the SFO. In December 2025, FSTB and SFC jointly completed a public consultation on the creation of a dedicated licensing regime for standalone VA dealing services and will proceed with drafting legislation.

VA Advisory and VA Management – In December 2025, FSTB and SFC further launched a one-month public consultation and proposed extending the AMLO licensing regime to separately regulate VA advisory and VA management service providers in addition to VA dealing services, to maintain consistency with the SFO's approach of licensing securities advisory (Type 4), asset management (Type 9) and dealing (Type 1) activities separately, ensuring uniform treatment under the "same activity, same risks, same regulations" principle.

Digital money

Project Ensemble is a new wholesale Central Bank Digital Currency (wCBDC) project led by the HKMA. Its objectives are:

1. Validating the wCBDC as a settlement Layer - To test and confirm the role of a wholesale CBDC as the risk-free settlement layer for onchain transactions involving tokenized assets.
2. Enabling atomic settlement - To experiment with atomic settlement (the simultaneous exchange of a tokenized asset and the wCBDC in a single transaction) to achieve true Delivery versus Payment (DVP) and eliminate settlement risk.
3. Building a unified financial infrastructure - To create a unified and interoperable financial market infrastructure that connects diverse tokenized assets, allowing them to be settled seamlessly using a single, trusted form of digital money.

Four main themes have been defined for testing on the Project Ensemble Sandbox: 1. Fixed income and investment; 2. Liquidity management; 3. Trade and supply chain finance; 4. Green and sustainable finance.

Separately, there is a regulatory regime covering the issuance of fiat referenced stablecoins. Stablecoin issuers in Hong Kong must obtain a licence from the HKMA and comply with comprehensive licensing requirements around localisation, reserve asset management, issuance and redemption process, governance, 'fit and proper', knowledge and experience, prudential and risk management, audit and AML, onboarding and token monitoring.

Hong Kong SAR authorities will be empowered to adjust the scope of application of the new regime as the digital asset market evolves. Importantly, the scope of the regime versus the licensing available (including related licensing conditions) may mean that certain stablecoins are effectively banned or significantly restricted.

Tokenized finance

Hong Kong SAR is strategically building a world-class regulatory ecosystem for asset tokenization. In addition to technological advancements and market development, policymakers have been actively shaping the tokenization landscape through various industry initiatives.

In early 2025, Hong Kong SAR's government regularised the issuance of tokenized government bonds, following successful pilot issuances including green bonds, establishing a precedent for high-quality digital bond offerings. Concurrently, the SFC has emphasised that tokenized securities are fully subject to existing securities laws, maintaining that the blockchain-based issuance and trading mechanisms do not alter the instruments' regulatory status. This clarity supports market confidence and legal certainty for primary issuers and secondary market participants.

Additionally, regulatory efforts include exploring frameworks for tokenized products restricted to professional investors and examining margin financing and derivative trading based on tokenized assets, consistent with Hong Kong SAR's investor protection principles.

Implementation and outlook

- Streamlining of digital asset regulation across VATPs, stablecoin issuers and VA service providers
- New AMLO licensing regimes for VA dealing, custody, advisory and management (LegCo, 2026)
- Cryptoasset prudential standards for banks effective January 2026
- Expansion of tokenized products, including government bonds, RWAs and ETF secondary trading on VATPs

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India

Policy roadmap

India's policy roadmap in 2026 for regulating cryptocurrencies reflects a cautious and primarily supervisory approach, rather than a full-scale licensing regime. The regulations around crypto is primarily driven by the Financial Intelligence Unit – India (FIU-IND) and entities under the Ministry of Finance. India is among the designated 52 nations committed to implement the Crypto Asset Reporting Framework (CARF) by 2027 designed by the Organization for Economic Cooperation and Development (OECD).

Legal perimeter and authorisation

In India, the regulation of cryptocurrencies is characterised by the absence of a comprehensive statute and instead by targeted overarching regulations through tax, anti-money-laundering (AML) and reporting frameworks, and supervisory notices. All crypto assets, NFTs and similar instruments are classified as "Virtual Digital Assets" under Section 2(47A) of the Income Tax Act, 1961.

Key features of the present framework are as follows:
The Financial Intelligence Unit – India (FIU-IND), under the Prevention of Money Laundering Act, 2002 (PMLA), designates virtual digital asset service providers (VDA-SPs) as "Reporting Entities". FIU-IND regularly issues updated guidelines for the VDA SPs. As per the latest guideline dated 8th January 2026, VDA SPs must register with FIU-IND through the FINGate portal and comply with detailed AML/CFT obligations. The guidelines prescribes for the Governance Framework which includes obtaining KYC of beneficial owners, retention of wallet addresses and transaction hashes, submission of Suspicious Transaction Reports (STRs), appointment of Designated Director (DD) and Principal Officer (PO), Client Due Diligence , Periodic CDD Updation, On-going Due Diligence (ODD), Transaction Monitoring and adherence to the FATF-derived Travel Rule for originator and beneficiary information. The latest guidelines also mention approaches for Initial Coin/Token Offerings, unhosted wallets, anonymity enhancing crypto tokens (AECs), crypto tumblers and mixers among others.

As of July 2025, the Finance Ministry has clarified in Parliament that "crypto/virtual assets are not regulated in India" in the sense of a dedicated licensed framework, but oversight is provided through the AML/CFT regime (via FIU) and the tax regime.

Aligning with the commitment to implement CARF by 2027, a new section – 285BAA - has been proposed in the Finance Bill 2025 under the Income Tax Act. This provision mandates designated Reporting Entities to furnish information on the transactions involving crypto assets. It is expected to take effect from 1st April 2026. Alignment to frameworks such as CARF will close major blind spots such as high-value peer to peer transactions in unhosted wallets.

Regulatory framework

The Finance Act 2022 amended the Income Tax Act 1961 to introduce clause 2(47A), defining a virtual digital asset as any information, code, number or token (not being Indian or foreign currency) generated through cryptographic means or otherwise, providing a digital representation of value that is exchangeable with or without consideration. The Government has emphasised that VDAs are borderless in nature and require international cooperation to avoid regulatory arbitrage, and that there is no timeline for the introduction of a dedicated and comprehensive regulatory law for VDAs.

The Government requires all Virtual Digital Asset Service Providers (VDA SPs), including cryptocurrency exchanges, to register with the FIU-IND under the Prevention of Money Laundering Act. Settlement in the context of crypto in India remains fragmented because crypto assets are not legal tender and there is no formal infrastructure for centralised clearing or settlement regulated by any market infrastructure providers, unlike the arrangements in traditional securities markets. The regulatory framework is also silent on non-custodial wallets and decentralised exchanges from a practical and technical perspective, leaving ambiguity as to whether such providers fall within the VASP definition and are subject to PMLA oversight. This absence of a regulated settlement framework introduces key risks such as buyer and seller exposure, asset custody risk, counterparty risk and limited recourse for users in the event of platform failure.

India (Continued)

The Madras High Court in October 2025 recognised cryptocurrency as property under Indian law, which might pave way for legal standing for ownership rights and investor protection within the court system.

From the initial ban on cryptocurrency in 2018, to the removal of the ban by the Supreme Court in 2020, to its inclusion in the formal taxation regime from 2022 and under anti-money-laundering oversight in 2023, India's regulatory landscape reflects a cautious yet incremental shift towards the formalisation and legal recognition of virtual digital assets.

Digital money

India's digital money landscape is anchored by the Reserve Bank of India's Central Bank Digital Currency, the Digital Rupee (e₹),which is being positioned as a new rail within the country's digital public infrastructure. Since the retail pilot launched in December 2022, it has expanded to 19 banks and 7 million users, supportingP2P and P2M payments and achieving interoperability with UPI to preserve user convenience.

A key focus is programmability. Pilots and schemes are using e₹ to deliver funds, subsidies and credit. Examples include Gujarat's livelihood assistance, where payments are spendable only on whitelisted agricultural inputs within geofenced zones; Andhra Pradesh's liquefied petroleum gas subsidy, which is redeemable on delivery of cylinders; employee fuel and meal allowances; Direct Benefit Transfers to farmers linked to carbon credits; and tenant farmer loans delivered through credit cards. Odisha's Subhadra Yojana has routed payments to around 88,000 beneficiaries via e₹, and multiple central and state government entities are exploring targeted transfers that make use of CBDC programmability.

In October 2025, the RBI launched a retail CBDC sandbox, opening the pilot to fintech firms to build and test solutions. The wholesale CBDC pilot includes over ten entities, comprising banks and non-banks. The RBI is also piloting offline capability. Bilateral cross-border CBDC pilots are being explored, with roadmaps being finalised with select countries. The RBI is also considering participation in multilateral initiatives led by the Bank for International Settlements Innovation Hub.

On crypto and stablecoins, the stance remains restrictive. Unbacked cryptocurrencies are viewed as lacking intrinsic value, and stablecoins are assessed as posing currency substitution and monetary sovereignty risks. The RBI maintains that CBDC can meet legitimate stablecoin use cases without those risks.

.Tokenized finance

Tokenization is viewed by the RBI as a means to broaden access to Indian financial markets, strengthen transparency and improve settlement efficiency through the use of smart contracts. The RBI has outlined plans for the Unified Markets Interface (UMI), envisaged as a next-generation financial market infrastructure capable of tokenizing financial assets and settling transactions using wholesale central bank digital currency. Initial findings from the inaugural pilot, which used UMI to issue Certificates of Deposit, have been positive and indicate measurable improvements in market efficiency.

Additionally, the International Financial Services Centres Authority (IFSCA) established on 27 April 2020 under the International Financial Services Centres Authority Act, 2019 and headquartered at GIFT City, Gandhinagar, Gujarat has published a consultation paper for outlining the regulatory approach towards the tokenisation of real-world assets (RWAs).

Implementation and outlook

- India is likely to tighten KYC/AML rules and take measures to enhance transparency into peer-to-peer crypto transactions through un hosted wallets.
- The high-tax stance on VDAs may likely persist as a deterrent and data-trail tool until a broader regulatory model emerges
- RBI may likely position CBDC to explore additional use cases while testing bilateral/multilateral cross-border corridors.
- Tokenized finance use cases are likely to expand gradually with the pilot and development of UMI.

India (Continued)

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Israel

Policy roadmap

Israel's digital assets policy accelerated in December 2022 when the Ministry of Finance published a policy paper on regulatory principles for virtual digital assets (December 2022). An interministerial team comprising the Bank of Israel (BoI), Ministry of Finance (MoF) and the Israel Securities Authority (ISA) recommended a regulatory framework for shekel-referenced stablecoins covering reserves, redemption rights, governance and anti-money laundering and counter-terrorist financing (AML/CFT) controls. In February 2023 the Cabinet approved the Digital Economy and Society reform outline to modernise the regulatory perimeter for digital asset services under an activity-based approach spanning securities, financial services, payments, AML/CFT and taxation (month confirmed: February 2023). In August 2023, the ISA issued a legislative memorandum on digital assets (August 2023). Between 2023 and 2024 an expanded interministerial Committee for Virtual Assets (MoF, ISA, BoI, Israel Money Laundering and Terror Financing Prohibition Authority (IMPA)) engaged various stakeholders through public workshops and written submissions. Over the same period, the BoI advanced its Digital Shekel programme, publishing objectives and scenario papers and design considerations. The Tel Aviv Stock Exchange (TASE) and Ministry of Finance piloted tokenization under Project Eden in May 2023. In August 2024 the Committee released a second-stage draft Virtual Assets Bill proposing a unified statutory regime for trading, custody, staking, payments and token issuance (month confirmed: August 2024; legislative timeline not confirmed). Near-term priorities through 2026 include progressing primary legislation for digital assets, advancing a stablecoin framework, refining licensing of services in virtual currency and continuing central bank digital currency (CBDC) research. No decision has been taken to issue a retail digital shekel as of November 2025.

Legal perimeter and authorisation

Under the Securities Law of 1968, digital assets that confer rights similar to shares, bonds or units in collective investments are treated as securities. Offerings, trading venues and intermediaries are subject to prospectus, disclosure, conduct and licensing obligations supervised by the ISA.

Where tokens do not constitute securities, service providers dealing in virtual currency fall within the Supervision of Financial Services (Regulated Financial Services) Law of 2016, overseen by the Capital Market, Insurance and Savings Authority (CMISA). This perimeter covers exchange, custody and transfer services. Providers of services in financial assets (PSFA) must meet authorisation and conduct requirements set by CMISA.

A dedicated statute for stablecoins is not established as of November 2025. for digital asset offerings to the public. Policy work indicates a prudential-style regime for shekel-referenced stablecoins with requirements for reserves, redemption rights, governance, disclosures and operational resilience (implementation timeline not confirmed).

Foreign providers that actively target clients in Israel are expected to comply with Israeli licensing and AML/CFT rules. Passive access does not remove regulatory expectations where activity is effectively conducted in Israel. Advertising and retail distribution of high-risk products are subject to general consumer protection and securities law requirements. The ISA has emphasised clear risk disclosures

Regulatory framework

Competent authorities

- Israel Securities Authority (ISA) supervises securities markets, intermediaries, trading platforms and securities offerings, including tokenized securities.
- Capital Market, Insurance and Savings Authority (CMISA) licenses and supervises non-bank financial service providers, including services in virtual currency under the Regulated Financial Services Law.
- Bank of Israel (BoI) oversees payments policy and leads the Digital Shekel programme.
- Israel Money Laundering and Terror Financing Prohibition Authority (IMPA) administers AML/CFT policy and issues orders applicable to virtual currency activity.
- Israel Tax Authority (ITA) sets tax policy for virtual currencies and crypto assets.
- Privacy Protection Authority (PPA) oversees data protection requirements.

Israel (Continued)

Regulatory framework (continued)

Core instruments

- The Securities Law of 1968, implements regulations on public offerings, trading platforms, disclosure and market integrity.
- Supervision of Financial Services (Regulated Financial Services) Law of 2016 sets licensing, conduct and prudential requirements for financial service providers, including those dealing in virtual currency.
- Prohibition on Money Laundering Law of 2000, and IMPA AML/CFT orders applicable to virtual currency activity, including customer due diligence, record-keeping, suspicious activity reporting and funds transfer information requirements aligned with the Financial Action Task Force (FATF) Recommendation 16 (adoption and amendment months between November 2021 and June 2023; threshold for funds transfer information not confirmed).
- Israel Tax Authority (ITA) Circular 5/2018 treats virtual currencies as assets for tax purposes (January 2018). Capital gains or business income tax may apply. Value Added Tax (VAT) may apply to certain dealer activities.
- Privacy protection laws and regulations administered by the PPA.

AML/CFT expectations

- PSFA dealing in virtual currency must implement risk-based AML/CFT programmes under IMPA orders, including customer due diligence, monitoring and suspicious activity reporting to IMPA.
- Sanctions screening against Israeli and United Nations lists is required under Israeli law. Screening against the United States Office of Foreign Assets Control (OFAC) and European Union consolidated lists is a common risk-based practice but is not a statutory requirement (as at November 2025).

Israel (Continued)

Digital money

The BoI has not decided to issue a digital shekel CBDC as at November 2025. The BoI has published objectives and scenario papers (month confirmed: May 2023) and design considerations (month confirmed: April 2024), including privacy, resilience and competition. The BoI has participated in international experiments. The BoI and the Bank for International Settlements (BIS) Innovation Hub published the Project Sela report in September 2023, which tested a retail CBDC architecture that limits intermediaries' exposure to end-user funds while maintaining AML/CFT controls.

The 2022 interministerial analysis recommended a tailored regime for shekel-pegged stablecoins, including issuer authorisation, reserve quality and segregation, redemption rights, disclosures, operational risk and governance, and AML/CFT obligations (month confirmed: December 2022). Implementation status is not established. Non-shekel stablecoins and other crypto assets remain subject to the general perimeter. Services conducted in Israel require CMISA authorisation and AML/CFT compliance. If a token functions as a security, ISA rules apply.

The BoI continues to modernise payments oversight and infrastructure. Any future stablecoin regime is expected to align with payments policy objectives. Banks may process virtual currency-related transactions subject to risk-based due diligence and monitoring. The Supreme Court decision in Bits of Gold v Bank Leumi in February 2019 clarified that bank risk management must be proportionate and case-specific for virtual currency activity.

Implementation and outlook

CMISA has been authorising services in virtual currency under the Regulated Financial Services Law since AML/CFT orders applicable to virtual currency activity as introduced and updated between November 2021 and June 2023. Market participants have obtained permits for exchange and custody. Banks have enabled virtual currency-related transfers subject to risk-based due diligence and monitoring. IMPA guidance emphasises risk-based AML/CFT implementation and suspicious activity reporting. The ISA continues supervisory engagement on tokenized offerings and crypto-linked products under investor protection and market integrity standards.

- Outlook to 2026 is for incremental change. Potential developments include progress on the ISA digital assets bill (legislative timeline not confirmed), formalisation of a stablecoin regime (not established as at November 2025) and continued strengthening of AML/CFT supervision and cross-agency coordination. The CBDC programme remains in research and pilot phases as at November 2025. Any decision to issue a digital shekel would depend on triggers set out by the BoI, such as material private stablecoin adoption or payments competition objectives. Tokenization is likely to expand in wholesale and market infrastructure use cases. Retail distribution of high-risk crypto products will remain tightly controlled.

Israel (Continued)

Tokenized finance

The Tel Aviv Stock Exchange (TASE) piloted tokenization of government bonds with the Ministry of Finance under Project Eden in 2023. The pilot demonstrated issuance, distribution and settlement of tokenized securities on distributed ledger technology (DLT) with institutional participation. The ISA applies the existing securities framework to tokenized instruments. Classification follows substance over form. Intermediaries and venues must meet licensing, disclosure and market integrity obligations.

Market infrastructure initiatives explore DLT-based clearing and settlement and programmable workflows. Authorities are considering on-chain cash instruments, including a potential CBDC or regulated stablecoin, to support delivery versus payment. Wider commercialisation depends on legal certainty and alignment with prudential and payments oversight.

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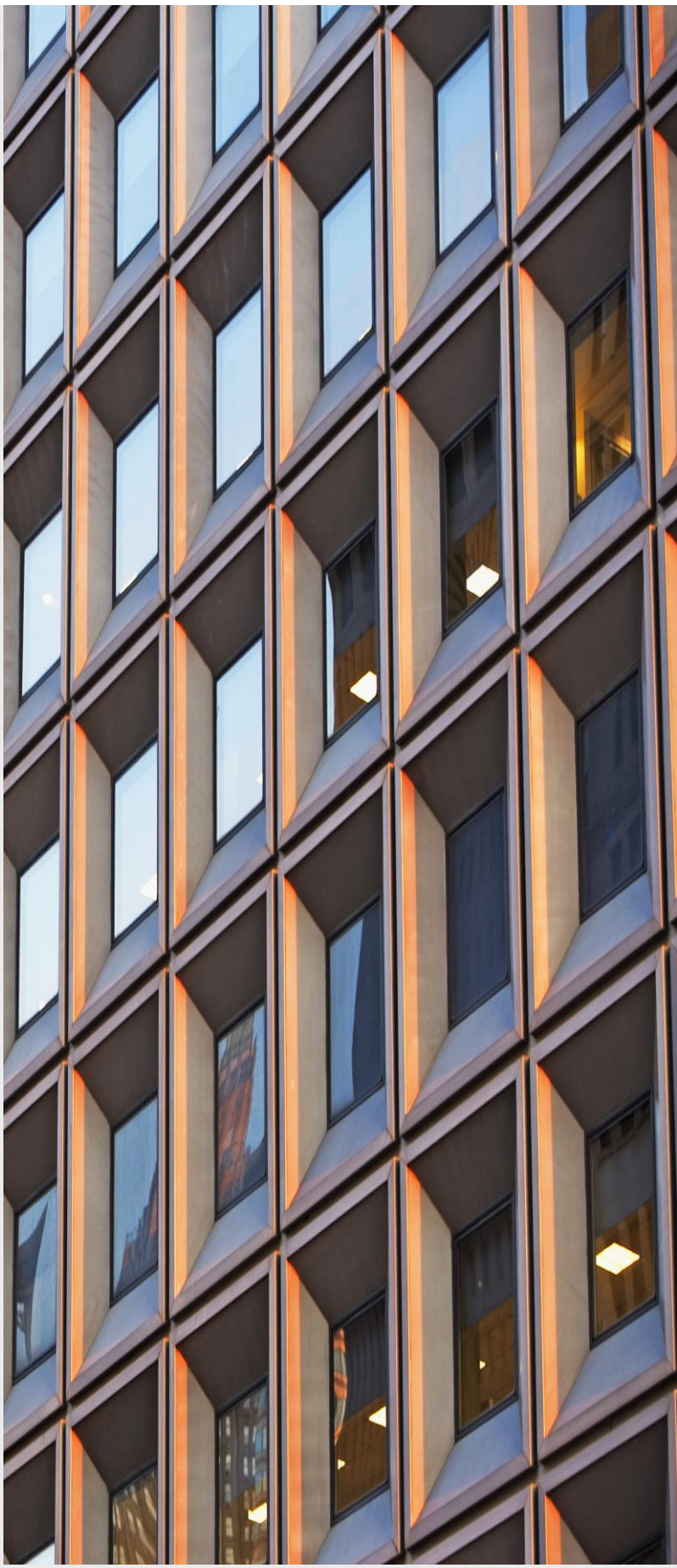

Japan

Policy roadmap

Japan's policy on crypto-assets is undergoing a major shift toward promoting their use while simultaneously ensuring investor protection and maintaining orderly markets, from both a regulatory and tax perspective.

Specifically, major crypto-assets such as Bitcoin are being defined as "financial instruments," with the application of the Financial Instruments and Exchange Act, the lifting of restrictions on bank participation, and the strengthening of disclosure requirements on the regulatory side. On the tax side, from 2026 there is a possibility of moving from comprehensive taxation to separate taxation at a rate of approximately 20%.

Legal perimeter & authorisation

Regulation of blockchain-related digital assets falls into three categories:

- **Crypto assets:** Issuance, intermediation and custody are regulated under the Payment Services Act (PSA), which requires a license as a 'crypto asset exchange service provider'.
- **Stablecoins:** Stablecoins denominated in legal currency are regulated as a distinct category from 'crypto assets'. Because of the reference to legal currency, issuance is governed under existing 'funds transfer' frameworks and requires a licence under the Banking Act or the PSA. Intermediation and custody of such stablecoins require a license under the Payment Services Act as an 'electronic payment instruments services provider'.

  * Stablecoins denominated in crypto assets or algorithmic stablecoins may be treated as 'crypto assets' from a Japanese regulatory perspective.
- **Security Tokens:** Tokenized securities are regulated under the Financial Instruments and Exchange Act, similar to traditional securities. However, tokenization can increase liquidity, and therefore, certain requirements are correspondingly more stringent than those applicable to traditional securities.

Other blockchain-related digital assets, including utility tokens and NFTs, require a fact-specific assessment to determine whether, and how, regulation applies based on their structure and use case.

Regulatory framework

Over the past year, Japan's digital asset regulatory framework has primarily focused on refining the existing legal structure to enhance user protection, promote Web3 innovation, and clarify tax rules. Key developments include a proposed amendment to the PSA, changes to corporate tax rules, and the continued implementation of the Travel Rule.

Key Regulatory Developments (Late 2024 - Late 2025)

- **Proposed Amendments to the Payment Services Act (PSA):** A bill submitted to the National Diet in March 2025 (expected to be enacted in late 2025) introduces several major changes:
- **Domestic Asset Retention Orders:** The authorities are empowered to order crypto-asset exchange service providers (CASPs) to retain sufficient assets within Japan to ensure the return of funds to domestic users in cases of insolvency.
- **New Brokerage Category:** A new, separate licencing category has been established for intermediaries or brokers who do not take custody of customer assets. This is intended to lower the barrier to entry for new service providers in the market.
- **Flexible Stablecoin Reserve Requirements:** Stablecoin issuers (banks, trust companies, and fund transfer service providers) may now hold up to 50% of their reserves in low-risk assets like government bonds or redeemable term deposits, rather than only demand deposits. This aims to boost the competitiveness of Japanese-issued stablecoins.
- **Faster Refund Process:** The amendment introduces direct refund options, allowing banks and trust companies to return funds directly to users following a business failure, significantly reducing the time for users to access their funds.
- **Tax Reforms:** Significant changes were introduced to corporate taxation rules for crypto-assets in 2024 and 2025:
- **Exemption from Unrealized Gains Tax:** Japanese companies are now exempt from year-end mark-to-market taxation on unrealised gains of crypto-assets they hold long-term, including third-party issued tokens like Bitcoin and Ether, provided certain transfer restrictions are met. This reform aims to prevent Web3 companies from leaving Japan due to heavy tax burdens.

Japan (Continued)

- **Proposed Flat Tax Rate:** The ruling Liberal Democratic Party's Web3 Project Team proposed a move from the current progressive tax rates (up to 55%) on individual crypto-asset gains to a flat rate of 20% under a separate financial income taxation system, with loss carry-forward provisions.
- **Anti-Money Laundering (AML) and Counter-Terrorist Financing (CFT):** The "Travel Rule" requirements, which mandate CASPs to share identifying information about the sender and recipient during transfers, were fully enforced in June 2023 and continue to be a focus. The scope is limited to transfers involving jurisdictions with equivalent regulations. Further, the FSA, a regulator of supervising financial institutions including the CASPS, released its Discussion Paper on "Issues and Practices for Dialogue on Validation of Effectiveness of AML/CFT Frameworks" in March 2025. The Discussion Paper requires financial institutions to scrutinise and validate that their AML/CFT programs are functioning as intended.
- **Stablecoins:** The legal framework for stablecoins, established in June 2022, is fully in effect, allowing only licenced banks, fund transfer service providers, and trust companies to issue them. The SBI Group's SBI VC Trade became the first to register for stablecoin handling (USDC) under this framework.
- **Regulatory Approach**: The Financial Services Agency (FSA) is actively working to balance robust user protection and risk management (cybersecurity, fraud) with a national strategy to promote Web3 innovation.

Digital money

The core of Japan's stablecoin regulation, primarily governed by the Payment Services Act (PSA), includes:

- **Legal Classification**: Fiat-backed stablecoins (pegged to the value of legal fiat currency and redeemable at face value) are legally defined as "Electronic Payment Instruments" (EPIs). Non-fiat-backed stablecoins are generally classified as crypto-assets or securities depending on their structure.
- **Permitted Issuers**: Only licenced banks, registered fund transfer service providers, and trust companies are permitted to issue EPIs directly to Japanese residents.

Reserve Requirements: Issuers must ensure redemption and hold reserves in safe, highly liquid assets. A key 2025 amendment to the PSA has provided flexibility, allowing issuers of trust-type stablecoins to hold up to 50% of reserves in low-risk assets like government bonds or redeemable term deposits, rather than exclusively demand deposits, to enhance international competitiveness.

- **Intermediaries**: Entities that act as intermediaries (buying, selling, exchanging, providing custody) for stablecoins must register with the FSA as Electronic Payment Instruments Business Providers (EPIBPs) and comply with the same regulations as crypto-asset exchange service providers, including robust Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) and user-protection measures.
- **Travel Rule**: Japan has implemented the FATF-recommended "Travel Rule", requiring service providers to share customer information for transfers between jurisdictions with equivalent regulations.
- **New Brokerage Category (2025 Amendment)**: A recent amendment introduced a new, lighter brokerage category for entities that only mediate crypto-asset transactions without holding user assets, aiming to lower barriers to entry and promote new services.

Considering the change of crypto asset regulations from the PSA to the FIEL

The Japanese FSA is considering the change of crypto assets regulations from the PSA to the FIEL, the Financial Instruments Exchange Laws. The details are still under discussion, but the potential impacts based on the current status are as follow:

- Definition of crypto assets as a different type of financial instruments from securities under the revised FIEL.
- Enhancement of the disclosure requirements regarding ICO.
- Implementation of the same regulations applied to the current existing securities companies to the crypto asset exchanges, including the regulatory reserve.
- Measures to ban insider trading of cryptocurrencies, imposing surcharges on violators, are being introduced.
- Introduction of the ETF referring to the crypto assets.
- Allowing the banks owns the crypto assets and the subsidiaries operating crypto assets related businesses under the certain conditions.

Japan (Continued)

Implementation & outlook

- The FSA will examine the Effectiveness of AML/CFT Frameworks through dialogue with financial institutions and/or inspection (2025/2026).
- The change of crypto asset regulations from the PSA to the FIEL is assumed to lead to the taxation rules of crypto assets becoming the same as those for current financial instruments, i.e. a separate income tax, which is preferable to the investors in crypto assets.

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Kenya

Policy roadmap

Kenya established its first comprehensive cryptocurrency regulatory framework in 2025 through the Virtual Asset Service Providers Act (Act No. 20 of 2025, Laws of Kenya) (the "VASP" Act, "the Act") which was signed into law in October 2025. This landmark legislation licenses and regulates crypto exchanges, wallet providers, brokers, and payment processors.

The Cabinet Secretary National Treasury retains broad discretionary powers to issue subsidiary regulations that will establish critical operational details including stablecoin frameworks, tokenization standards, capital adequacy ratios, solvency tests, and insurance requirements.

In its 2025 national budget policy, the Government of Kenya formally articulated its strategic vision for virtual asset regulation, acknowledging fast evolution and the emergence of Virtual Assets (VAs) and Virtual Asset Service Providers (VASPs). The policy statement, embedded in the national budget framework, underscores the government's recognition that virtual assets represent both significant opportunities for financial innovation and cross-border efficiencies, as well as substantial risks requiring comprehensive regulatory oversight.

Legal perimeter and authorisation

The VASP Act defines a "virtual asset" as a digital representation of value that can be digitally traded or transferred and can be used for payment or investment purposes and does not include digital representation of fiat currencies, e-money, securities and other financial assets.

Prior to the Act, Kenya had no crypto-specific regulations, creating regulatory uncertainty around whether certain assets fell under the ambit of the Capital Market Authority (CMA) or the Central Bank of Kenya (CBK). Regulators are expected to issue subsequent regulations detailing licensing procedures, disclosure requirements, compliance timelines, and specific transition measures for existing operators.

The VASP Act explicitly excludes digital representations of fiat currencies, securities, and other financial instruments already regulated by existing Kenyan laws, digital representations of fiat currencies issued by the CBK or any other jurisdiction, and non-fungible tokens (NFTs) not used for payment, investment, or other financial purposes.

To be eligible for licensing under the new framework, applicants must be either a local company incorporated under the Companies Act (Cap. 486, Laws of Kenya) or a foreign company with a Certificate of Compliance issued by the Registrar of Companies under the same Act.

Financial safeguards include mandatory prescribed capital requirements that all licensees must maintain, though specific capital adequacy ratios will be detailed in forthcoming subsidiary regulations.

Once licensed, institutions regulated by VASPs face comprehensive operational requirements including maintaining adequate client asset protections, obtaining appropriate insurance coverage, opening bank accounts within Kenya for supervisory visibility, instituting conflict-of-interest policies, keeping detailed records and maintaining customer data, and implementing cybersecurity policies. The law also prohibits the use of "mixers" or "tumblers“ tools designed to obscure the origin of digital transactions to combat money laundering and terrorism financing.

Regulatory framework

Kenya adopts a multi-agency framework with a dual-authority core. The CBK licenses and regulates payment and currency facing virtual-asset services (e.g., conversion services and payment gateways), while the CMA supervises market-facing activities (trading/clearing platforms, brokers, investment services, and tokenization). Initial virtual-asset offerings are overseen jointly by CBK and CMA. The Communications Authority has a targeted role over validators/miners and related digital infrastructure, the Office of the Data Protection Commissioner enforces data-protection compliance, and the Competition Authority of Kenya enforces competition and consumer protection law. The Cabinet Secretary for the National Treasury retains authority to designate additional regulatory authorities through notices in the Kenya Gazette.

Kenya’s cryptocurrency policy framework draws inspiration from international bodies including the Financial Action Task Force (FATF), Financial Stability Board (FSB), and International Monetary Fund (IMF), while incorporating regulatory learnings from the United Kingdom, France, United States, Singapore, Mauritius, Nigeria, and the European Union.

The objectives of the VASP Act include ensuring investor protection, regulatory certainty, and institutional credibility while curbing illicit activity in digital finance. Mandatory licensing and clear AML/CFT guidelines are specifically designed to protect investors and users from the fraud prevalent in unregulated environments. Retail users benefit from mandatory recourse mechanisms, with VASPs required to establish internal dispute resolution units and maintain clear client-facing policies.

Kenya (Continued)

At the core of the framework are stringent transparency and disclosure requirements. The VASP Act requires all licensed providers to ensure full transparency in pricing, comprehensive risk disclosures, clear terms of service, and accessible dispute resolution mechanisms.

The framework also prohibits misleading promotions and requires VASPs to introduce education campaigns to improve public understanding of the risks associated with virtual asset trading. This educational mandate recognises that retail users with low crypto asset literacy are especially vulnerable to fraud, as evidenced by the VASP National Risk Assessment.

The VASP Act fundamentally amends the Capital Markets Act (Cap 485A, Laws of Kenya) by explicitly including "virtual assets" in the definition of securities and empowering the CMA to regulate Virtual Asset Service Providers. This legislative amendment provides a clear legal pathway for tokenized securities, establishing explicit accommodation for tokenized instruments within Kenya's securities framework. Under this structure, the CMA has regulatory authority over investment advice on virtual assets, tokenized securities, and real-world asset tokenization.

Digital money

The Central Bank of Kenya (CBK) is the primary authority for digital money regulation, marking a significant evolution from the previously unregulated landscape. Stablecoins, which were previously unregulated in Kenya, now fall under the comprehensive VASP framework with the CBK designated as the licensing authority responsible for regulating stablecoins and other virtual assets. Stablecoins can be defined as a virtual asset pegged to a reserve asset such as a currency, commodity, or other virtual asset to maintain a stable value.

This regulatory development aligns with international standards, particularly the Basel Committee on Banking Supervision's 2024 amendments to crypto asset standards, which address requirements for determining changes to stablecoin reserve asset composition and the use of statistical tests by banks to assess stablecoin market value stability.

On the Central Bank Digital Currency (CBDC) front, Kenya has actively explored digital currency development. In 2022, the CBK issued a Discussion Paper on Central Bank Digital Currency. The technical paper comprehensively summarised key global developments on crypto assets, with analysis informed by recent instability in the global crypto assets market that amplified concerns and underscored the need for careful review of innovation and technology risks associated with digital currencies.

Asset protection measures form a cornerstone of the digital money regulatory framework, addressing historical vulnerabilities in unregulated crypto markets. The new VASP Act requires operators to segregate client funds from company assets, preventing commingling that has led to customer losses in international crypto failures.

Robust insurance coverage requirements mandate that operators protect client assets against various risks, while the requirement to hold bank accounts within Kenya's financial system ensures supervisory visibility and regulatory oversight. These protective measures represent a significant advancement for Kenyan users, who previously operated in an environment without such safeguards.

Tokenized finance

Kenya's regulatory framework for tokenized finance has evolved significantly with the CMA emerging as the primary regulator for tokenized securities, token offerings, and real-world asset tokenization. This regulatory clarity marks a transformative shift in how digital securities are governed within Kenya's financial ecosystem, positioning the country to unlock innovative capital markets applications while maintaining investor protection.

While the regulatory framework accommodates tokenized securities and the structural oversight exists for integration, the practical implementation details, including whether tokenized assets might trade alongside traditional securities, settlement mechanisms, and clearing procedures remain unclear.

Disclosure requirements for tokenized offerings remain an area awaiting detailed regulatory specification.

The VASP Act does not currently set out specific requirements regarding the contents of digital asset white papers or other mandatory disclosures that must accompany Initial Coin Offerings or Security Token Offerings.

Implementation and outlook

The outlook for Kenya's digital asset sector is cautiously optimistic. The recently amended regulatory framework removes previous uncertainty that hindered legitimate business development, potentially attracting international crypto firms seeking a well-regulated African hub. However, the framework's success ultimately depends on effective regulatory capacity-building, consistent enforcement, international cooperation on cross-border issues, and the ability to balance innovation with consumer protections and financial crime prevention measures embedded in the legislation.

Kenya (Continued)

Looking ahead, the successful implementation of Kenya's VASP framework depends on timely issuance of subsequent regulations providing operational clarity on licensing criteria, prudential ratios, disclosure templates, IT-audit scopes, and transition windows. These regulations are expected to be issued by the Cabinet Secretary for National Treasury.

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Liechtenstein

Policy roadmap

Liechtenstein has maintained a consistently innovation-friendly, technology-neutral approach anchored in its Token and Trusted Technology Service Provider Act (TVTG, "Blockchain Act"), in force since 2020. The Government and the Financial Market Authority (FMA) apply a risk-based, proportionate supervisory model, providing legal certainty through detailed guidance and pragmatic supervision. As an EEA member, Liechtenstein has incorporated the EU Markets in Crypto-Assets Regulation (MiCAR) and related EU instruments while retaining the TVTG's core civil-law elements. The FMA continues to refine expectations for TT (Trusted Technology) service providers, including custody, governance, outsourcing, operational resilience, and handling of private keys and smart contracts. The EU Transfer of Funds Regulation (TFR) is in force, and the travel rule fully implemented, ensuring alignment with FATF standards.

A central policy feature is the TVTG's "Token Container Model," which distinguishes between a digital token and the underlying right, providing a coherent civil-law basis for ownership, possession, transfer, enforcement, and disposition of crypto-assets. With MiCAR now operational via the EEA framework, the authorities prioritise a smooth transition that preserves the TVTG's civil-law architecture while shifting prudential and conduct oversight of in-scope activities to MiCAR. The Government continues to position Liechtenstein as a compliant, cross-border-ready hub for regulated digital-asset business with seamless EU/EEA market access.

Legal Perimeter and Authorisation

Liechtenstein's regime combines the TVTG with general financial-market legislation and MiCAR. The TVTG establishes legally recognised concepts such as Trusted Technologies, TT systems, TT keys, TT identities, and TT service providers. Registered TT service providers must meet governance standards and ongoing conduct, safekeeping, and technical requirements.

Traditional financial legislation applies where activities fall within banking, investment, e-money, payment services, or securities/markets rules. Under MiCAR, crypto-asset service providers (CASPs) require authorisation for in-scope services unless they already hold a sectoral licence covering the activity. Issuers of asset-referenced tokens (ARTs) and e-money tokens (EMTs) are subject to MiCAR authorisation, governance, reserve, and disclosure obligations.

Entities operating outside financial-law and MiCAR perimeters may still require TVTG registration if they qualify as TT service providers. The FMA acts as the competent authority for authorisation, registration, supervision, and cross-border passporting under MiCAR.

Regulatory Framework

The Token Container Model treats tokens as neutral digital carriers capable of embodying a wide range of rights. Regulatory requirements depend on the rights embedded and the activity conducted.

Under the combined TVTG/MiCAR architecture:

- **Security-like tokens** qualifying as financial instruments fall under EU/EEA financial-market rules (MiFID II/MiFIR, Prospectus Regulation, Market Abuse), including licensing, conduct, and safekeeping obligations where relevant.
- **Payment-type tokens** are generally covered by AML/CFT obligations, where designed to maintain stable value, they may qualify as EMTs or ARTs under MiCAR. Otherwise, tokens such as BTC or ETH are treated as "other crypto-assets," triggering CASP authorisation and MiCAR rules on admission to trading and marketing.
- **Utility tokens** typically fall under MiCAR as "other crypto-assets" when publicly offered or admitted to trading, engaging MiCAR transparency and conduct rules.
- **Tokens outside MiCAR and financial-market scope** (e.g., many NFTs or digital collectibles) may still trigger TVTG registration and compliance requirements for intermediaries, especially for custody or operation of TT systems.

Disclosure, marketing, and admission requirements for in-scope crypto-assets follow MiCAR. Where tokens qualify as transferable securities, the Prospectus Regulation and national securities-prospectus law apply. The TVTG continues to govern transfer, good-faith acquisition on a TT system, and segregation of client assets in insolvency.

AML/CFT obligations under the Due Diligence Act (SPG) and its ordinance apply to CASPs and digital-asset providers, requiring customer identification, risk assessment, transaction monitoring, suspicious-activity reporting, and compliance with the FATF travel rule.

Liechtenstein (Continued)

Digital money

Stablecoins are regulated according to their design. ARTs and EMTs are subject to MiCAR issuer authorisation or e-money rules, with reserve, governance, prudential, and whitepaper requirements, and additional obligations for significant tokens. Intermediaries providing custody, exchange, or related services must be authorised as CASPs or hold the relevant sectoral licence.

Liechtenstein uses the Swiss franc (CHF) through a monetary arrangement and has no national central bank. There is no domestic Central Bank Digital Currency (CBDC) initiative. Swiss National Bank developments in wholesale CBDC may be relevant for cross-border settlement and market-infrastructure access but do not imply a domestic retail CBDC project.

NFTs generally fall outside financial-instrument definitions and MiCAR if they are genuinely unique and non-fungible. However, fractionalised NFTs, those used as payment instruments, or those traded in ways resembling fungible instruments may fall under financial-market or MiCAR rules. AML/CFT duties may apply depending on the business model. TT service providers dealing with NFTs may require TVTG registration for custody or operation of TT systems and must meet segregation, governance, and technical requirements.

Tokenized finance

The TVTG provides civil-law certainty for tokenized shares, debt, fund units, and other claims on TT systems, with statutory recognition of ledger-based transfer, good-faith acquisition, and insolvency segregation when custody is provided by a TT service provider. Where tokenized instruments qualify as financial instruments, EU/EEA rules apply to issuance, trading, custody, and portfolio management. MiCAR CASP authorisations may also be required for services relating to non-security crypto-assets on the same platform. The framework enables end-to-end tokenization with clear TT service-provider roles and compatibility with cross-border settlement models.

Implementation and outlook

MiCAR has reshaped issuance and intermediation rules across the EEA. Liechtenstein-based businesses currently registered under the TVTG that fall within MiCAR's scope are expected to transition to MiCAR authorisations during the transitional period ending 30 June 2026, while continuing to comply with the TVTG's civil-law and technical requirements. Firms outside MiCAR's scope will remain under the TVTG regime. The TFR travel-rule framework complements this migration, aligning with FATF guidance and strengthening cross-border compliance.

Liechtenstein's key strategic asset is its EEA passporting capability. MiCAR-authorised CASPs and issuers in Liechtenstein can serve clients across the EU/EEA. Non-EEA groups, particularly Swiss firms, frequently use Liechtenstein as a hub to access the single market under a harmonised rulebook. Conversely, EEA-based firms targeting Liechtenstein clients must comply with both MiCAR and relevant national rules, including TVTG obligations for TT activities outside MiCAR's scope.

With its mature TVTG foundations, pragmatic FMA supervision, and full MiCAR alignment underway, Liechtenstein remains a legally robust, cross-border-oriented domicile for institutional digital-asset activity.

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Mauritius

Government outlook

Mauritius is one of the early adopters of regulatory frameworks for virtual assets. In 2018, the Financial Services Commission (FSC) issued a guidance report on the Recognition of Digital Assets as an asset-class for investment by Sophisticated and Expert Investors. In the report, the definitions of 'digital assets' and 'cryptocurrency' were aligned with those provided by the Financial Action Task Force (FATF).

With the Financial Services (Custodian services (digital asset)) Rules 2019, Mauritius became one of the first jurisdictions to offer a regulated landscape to supervise the general safekeeping of digital assets. Following the enactment of the Virtual Asset and Initial Token Offering Services Act 2021, custodian services are now regulated by the legislation.

In 2019, the FSC issued guidance notes to set the approach for regulating security token offerings. In 2020, a third guidance note was issued by the FSC outlining a common set of standards for security token offerings and the licensing of security token trading systems.

In line with its commitment to attracting investors and bolstering its economy, the Mauritian Government enacted the Virtual Asset and Initial Token Offering Act 2021 (VAITOS). The VAITOS Act has been effective since 7 February 2022 and signifies a progressive approach to emerging technologies in the financial sector in Mauritius. Mauritius has positioned itself to be the first offshore jurisdiction with such an innovative framework, the aim being compliance with the 40 FATF Recommendations.

Mauritius has adopted a forward-looking and dynamic mindset in the ever-changing landscape. To support the VAITOS Act, the FSC through a robust rule-making process has issued the following rules: Travel Rules, Client Disclosure Rules, Custody of Client Assets Rules, Cybersecurity Rules, Statutory Returns Rules, Capital and Other Financial Requirements Rules.

The FSC issued its AML/CFT Guidance Notes for Virtual Asset Service Providers (VASPs) and Issuers of Initial Token Offerings on 28 February 2022 (updated on 4 July 2022). This guidance note establishes compliance with international standards and safeguards against illicit financial activities by VASPs.

The FSC has further clarified its regulatory stance regarding the: regulatory treatment of non-fungible tokens (NFTs), stablecoins and decentralised autonomous organisations (DAO).

Asset classification framework

The VAITOS Act makes a distinction between virtual assets and virtual tokens.

A virtual asset is a digital representation of value that may be digitally traded or transferred, and may be used for payment or investment purposes. It does not include a digital representation of fiat currencies, securities, and other financial assets that fall under the purview of the Securities Act.

A virtual token means any cryptographically secured digital representation of a set of rights, including smart contracts, provided on a digital platform and issued or to be issued by an issuer of initial token offerings. Under the Securities Act, the virtual token is expressly excluded from the definition of securities.

The framework also creates a different category of token, namely a securities token. These are the digital representation of securities as defined in the Securities Act. Security tokens and their issuance are governed by the security laws.

The guidance notes on NFTs provide that an NFT is a token recorded using DLT, whereby each NFT recorded is distinguishable from any other NFT. For the regulatory treatment of the NFTs, the FSC identifies scenarios which determine the regulatory regimes applicable, if any.

If the NFTs have overlapping characteristics of digital collectibles and a transferable financial asset, it may trigger the application of security laws.

Regarding NFTs that fall under the category of virtual assets, (that is those not being digital collectibles or securities), the provisions of the VAITOS Act are applicable.

Stablecoins

The FSC issued a draft guidance note on stablecoins for public consultation in July 2023. Stablecoins are defined as a type of virtual asset that relies on stabilisation tools to maintain a stable value relative to one or several fiat currencies or other reference assets, including virtual assets. The objective is to inform industry stakeholders about the FSC's regulatory policy on stablecoins, and it should be read together with the provisions of the VAITOS Act.

We understand that the FSC intends to issue the final version of the guidance note in the near future. While scope and timing will be confirmed on publication, the guidance note is expected to outline the regulatory perimeter for stablecoin issuance, reserve composition and related service providers.

Mauritius (Continued)

The draft guidance classifies stablecoins into two main categories: asset-linked stablecoins and algorithmic stablecoins.

Asset-linked stablecoins tie their value to physical or financial assets for stability, while algorithmic stablecoins use supply regulation protocols to maintain a steady value in response to demand fluctuations.

A stablecoin may be treated as a virtual asset under the VAITOS Act, if it may be digitally traded or transferred, and used for payment or investment purposes. Any business that conducts one or more of the following activities with regard to stablecoins shall come within the scope of the VAITOS Act and would be a licensed activity in Mauritius: exchange between stablecoins and fiat currencies or other forms of virtual assets, transfer of stablecoins, safekeeping or administration of stablecoins or instruments enabling control over the stablecoins, and participation in, and provision of, financial services related to an issuer's offer and/or sale of stablecoins.

Offering stablecoins to the public for fiat currency or virtual assets is considered an initial token offering (ITO), requiring registration as an Issuer of Initial Token Offerings (IITO) under the VAITOS Act.

Depending on the protocol of the stablecoins, they may be considered securities, for instance, if they are linked to individual securities by means of a contractual right for delivery of the individual securities to the holder of the stablecoins.

Central Bank Digital Currency (CBDC)

In June 2023, the Bank of Mauritius (BoM) released a public consultation paper on the issuance of a CBDC, the digital rupee. The BoM intends to provide the public with a Digital Rupee which is safe and convenient to use in everyday life. To establish the elaboration of the digital rupee in the most optimal conditions, the BoM requested technical assistance from the International Monetary Fund (IMF).

Registration/licensing regime

Firms must hold a valid virtual asset service provider licence to carry out business. Different classes of licences apply depending on the type of business activity, including broker-dealers, wallet services, custodians, advisory services, and exchanges. IITOs must be registered with the FSC before carrying out their business.

Once the licence for a VASP is granted by the FSC or an application for registration of an IITO has been successfully entertained by the FSC, firms must comply with ongoing regulatory obligations and reporting mandated by the VAITOS Act.

Financial crime

In February 2022, the FSC issued the AML/CFT Guidance Notes for VASPs and IITOs. The guidance provides an outlook on the risks associated with virtual asset activities and guidelines to VASP and IITOs on their AML/CFT compliance obligations under the VAITOS Act.

Sales and promotion

In 2022, the FSC issued rules on the advertising and marketing of relevant products and services by VASPs and IITOs. The rules set out the general requirements and obligations for advertisements.

Regulatory announcements

The Income Tax Act 1995 has been amended to extend the exemption for income from securities sales to virtual assets and tokens. This change addresses a critical gap in Mauritius's tax framework for virtual assets.

Furthermore, VASPs can now benefit from the 80% partial tax exemption regime, subject to meeting the prescribed substance requirements. By allowing VASPs to benefit from this exemption, Mauritius positions itself as a leading destination for VASPs.

Mauritius (Continued)

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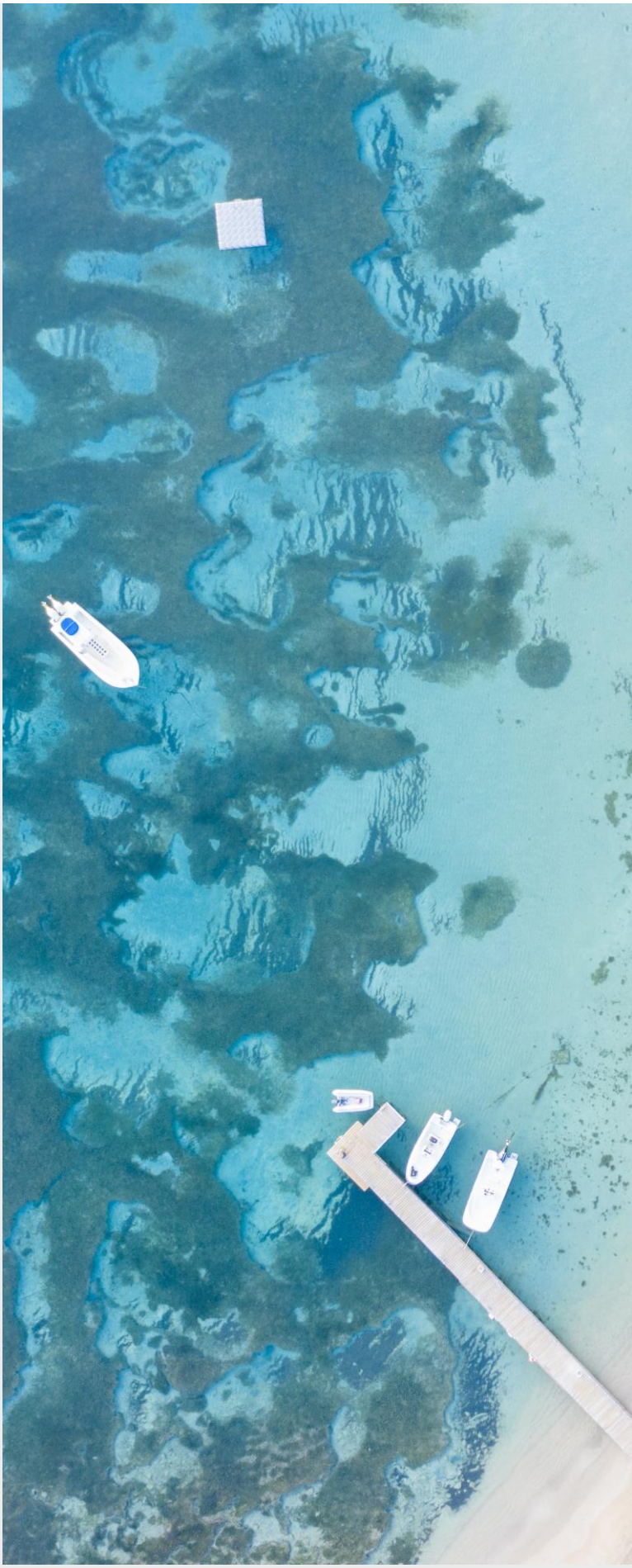

Nigeria

Policy roadmap

Nigeria is progressing towards a unified and coordinated regulatory framework for virtual assets. In May 2023, the Federal Government adopted the National Blockchain Policy, which set out a cross-sector strategy for blockchain adoption and directed regulators to issue sector-specific rules. This move resolved earlier jurisdictional conflicts between the Central Bank of Nigeria (CBN) and the Securities and Exchange Commission (SEC).

In October 2023, the CBN reversed its 2021 restriction that prohibited banks from facilitating crypto transactions and issued the Guidelines on the Operations of Bank Accounts for Virtual Asset Service Providers (VASPs). The Guidelines allow banks and financial institutions to maintain accounts for SEC-licensed VASPs under strict anti-money laundering (AML), countering the financing of terrorism (CFT), and consumer protection measures, aligning Nigeria with the FATF Recommendation 15 (R.15) standards.

Furthermore, the Investments and Securities Act (ISA) 2025 repealed the 2007 Act, formally recognising digital and virtual assets as securities and commodities under SEC oversight. These developments consolidate digital assets into Nigeria's capital markets and commodity exchange framework, marking a transition from regulatory prohibition to structured supervision and innovation.

Legal perimeter and authorisation

The legal perimeter for virtual assets in Nigeria is now clearly delineated under ISA 2025, the CBN VASP Guidelines (2023), and the Money Laundering (Prevention and Prohibition) Act (MLPPA) 2022.

- The SEC regulates capital-market and commodity-related digital assets. The Rules on Issuance, Offering Platforms and Custody of Digital Assets (2022) and ISA 2025 jointly govern securities-type tokens, custody, and platform conduct.
- The CBN supervises legal tender, payment systems, and the eNaira central bank digital currency. The CBN has authorised designated settlement accounts for SEC-licensed VASPs and ensures compliance with AML/CFT and risk management standards.
- The Nigerian Financial Intelligence Unit (NFIU) oversees AML/CFT compliance and coordination with SEC and CBN to ensure surveillance and enforcement across hybrid financial products.

Authorisation approach: VASPs operating within the securities perimeter must obtain SEC licensing or participate in the Regulatory Incubation (RI) or Accelerated Regulatory Incubation Programme (ARIP). Platforms conducting fiat-linked transactions require CBN approval for designated settlement accounts. Banks may only operate such accounts for SEC-licensed VASPs under CBN risk control measures. Financial institutions remain prohibited from directly trading or holding virtual assets on their own account.

Regulatory framework

Nigeria's regulatory architecture now operates as an integrated digital markets regime grounded in ISA 2025 and the 2023 CBN Guidelines.

- Securities and Commodities: Tokenized securities, collective investment schemes, digital custodians, and exchange operators fall under SEC oversight. "Commodity" now expressly includes digital assets, enabling tokenized commodity trading under SEC-registered exchanges.
- Banking and Payments: The CBN framework allows banks to operate designated VASP accounts for settlement in naira only. Accounts must be licensed, non-interest-bearing, fully KYC-compliant, and subject to strict operational and reporting limits (e.g., no cash withdrawals, capped transfers, 150% collateralisation, and T+3 settlement cycles).
- AML/CFT Compliance: VASPs qualify as "financial institutions" under the MLPPA and must apply customer due diligence (CDD), transaction monitoring, suspicious transaction reporting (STRs), and record-keeping in line with FATF standards. The 2025 FATF Targeted Update places Nigeria among jurisdictions that have made progress in licensing VASPs and implementing risk-based AML supervision.
- Consumer Protection: Banks are required to establish complaint redress mechanisms and fraud prevention systems as part of VASP account management.

Nigeria (Continued)

Digital money

Cryptocurrencies and privately issued tokens are not legal tender in Nigeria. Legal tender remains the naira, whether physical or digital.

- Central Bank Digital Currency (CBDC): The eNaira, launched on 25 October 2021, remains the CBN's sovereign digital currency, supporting domestic payments and financial inclusion. However, adoption of the eNaira has been very low.
- Private stablecoins: The cNGN (compliant Nigerian Naira), a naira-pegged stablecoin has entered the SEC sandbox trials in early 2025. Their regulatory status remains under assessment, pending formal issuance or reserve compliance frameworks by the CBN or SEC.

Tokenized finance

Tokenization activity is progressing via SEC incubation routes and exchange pilots.

- Digital securities platforms: In January 2024, NASD Plc's Digital Securities Platform (N-DSP) received SEC incubation approval to pilot tokenized securities and real-world asset trading.
- The Nigerian Exchange Group (NGX) has expressed interest in tokenization frameworks, subject to SEC rules on custody, investor protection, and settlement.

Implementation and outlook

Nigeria's virtual asset ecosystem is in a consolidation phase, marked by regulatory clarity and stronger coordination between the SEC, the CBN, and the Nigerian Financial Intelligence Unit (NFIU).

The SEC's 2022 Rules on Issuance, Offering Platforms and Custody of Digital Assets remain in force, as they have not been repealed by the ISA. These Rules continue to guide licensing, disclosure, and custody arrangements for digital asset operators. This continuity ensures regulatory stability.

Nigeria has also legislatively implemented the FATF "Travel Rule", which requires VASPs to collect and transmit originator and beneficiary information during transactions. The FATF's 2025 Targeted Update on Virtual Assets and VASPs recognises Nigeria among jurisdictions that have enacted Travel Rule measures. Implementation is, however, still advancing from legal compliance to full supervisory enforcement, with ongoing efforts to strengthen inter-agency monitoring and cross-border cooperation.

Further underscoring this progress, Nigeria's removal from the FATF grey list in 2025 signals significant improvement in its AML/CFT regime, particularly in the areas of virtual asset supervision, inter-agency coordination, and enforcement capacity. This milestone reinforces investor confidence and marks Nigeria as one of the few African jurisdictions showing measurable progress in aligning with FATF Recommendation 15.

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Norway

Policy roadmap

The Markets in Crypto-Assets Regulation (Regulation (EU) 2023/1114) (MiCAR) was implemented into Norwegian legislation through the new Crypto Asset Act ("Kryptoeiendelsloven") as at 1 July 2025. The implementation aligns the Norwegian crypto framework with the broader EU.

From 1 January 2026, all entities that provide crypto-asset services and/or issue asset-referenced tokens (ARTs) and e-money tokens (EMTs), are considered regulated entities under the supervision of the Norwegian Financial Supervisory Authority ("Finanstilsynet" or "NFSA") and are subject to licensing requirements.

This regime replaces the prior anti-money laundering (AML) registration regime for virtual currency services and registration as "virtual asset service providers" (VASPs). Finanstilsynet has proposed a transitional arrangement under which VASPs currently registered with Finanstilsynet may continue to provide their services until 30 July 2026.

Legal perimeter and authorisation

MiCAR applies to the provision of crypto-asset services and the issuance, public offers, and admission to trading of ARTs and EMTs. Defined exclusions (for example, NFTs, central bank digital currency (CBDC) and entirely decentralised services) apply.

Tokens that are financial instruments fall outside MiCAR and into the MiFID II regime, as implemented in Norwegian legislation.

Entities in scope must obtain authorisation from Finanstilsynet to continue delivering regulated services from 1 January 2026. Existing financial institutions (such as credit institutions, investment firms and e-money institutions) may provide specified crypto-asset services via notification. Authorised CASPs benefit from EEA passporting.

Digital money

The Central Bank of Norway continues to investigate a potential CBDC but has not yet concluded whether to recommend its implementation.

Regulatory framework

Legislation: MiCAR and related Regulatory Technical Standards (RTS) supplementing the regulation*, represent the main regulatory framework for crypto-assets and digital assets in Norway.

* Regulatory technical standards will be phased in and incorporated into Norwegian legislation by incorporation into the Crypto Asset Regulation ("Kryptoeiendelsforskriften") on a continuous basis.

Related frameworks: AML and ICT risk and resilience requirements (following the EU Digital Operational Resilience Act (DORA)), apply to entities in scope of MICAR.

Competent authority: The NFSA is the national supervisor for issuers and CASPs, cf. the Crypto Asset Act § 2. Guidance published by European Securities and Markets Authority (ESMA) and the European Banking Authority (EBA) will be directional for NFSAs regulatory role.

Tokenized finance

The DLT pilot regulation (Regulation (EU) 2022/858) was implemented into Norwegian legislation and enforced on 1 August 2024. The legislation regulates tokenized finance in Norway, cf. the Securities Act Section 2-2:

Implementation and outlook

- The introduction of MiCAR represents a significant transition for existing actors in the Norwegian market, and some entities might not survive the new requirements.
- Norway's national regime is now aligned with the EU, enabling like-for-like cross-country comparison on perimeter, authorisation, supervision, token categories, issuer obligations, CASP rules and market integrity.
- Passporting possibilities might result in more trans-border services delivered from Norway

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Qatar

Policy roadmap

Qatar's policy approach to virtual assets is evolving under the Second National Development Strategy (2024–2030) and the Fintech Strategy led by the Qatar Central Bank (QCB). The country's broader objective is to position Doha as a regional FinTech hub while maintaining strict monetary and consumer-protection controls.

Historically, Qatar had a risk-conscious approach towards crypto trading, however Qatar's position is gradually shifting from prohibition to regulated innovation. The QCB has publicly committed to exploring distributed-ledger technology (DLT) and digital-money use cases as part of its Digital Payments and Infrastructure Programme, launched in 2024. Examples includes the launch of the QCB's DLT Guidelines in July 2024, along with its Regulatory Sandbox framework.

The Qatar Financial Centre (QFC) – a common law-based free zone – through its Regulatory Authority (QFCRA), continues to promote FinTech experimentation, including tokenization, blockchain-based settlement, and RegTech pilots.

Legal perimeter and authorisation

Qatar currently maintains multiple regulatory perimeters: the QCB oversees national monetary and payments activity, while the Qatar Financial Markets Authority (QFMA) regulates the capital markets and securities sector within Qatar. The QFCRA regulates financial firms licensed within the QFC.

QCB: In 2020, the QCB prohibited unlicensed crypto trading and the issuance of private cryptocurrencies, but it has since expanded its Regulatory Sandbox to include digital payments, tokenized remittances, and blockchain-based settlement systems. We understand that a formal Virtual Asset Framework is in development, expected to define licensing conditions for virtual-asset service providers (VASPs) operating under QCB supervision by 2026.

QFMA: The QFMA regulated the capital market and securities sector in Qatar (outside of the QFC and QFCRA framework), listed market activities, and is studying frameworks for tokenized securities, post-trade infrastructure modernisation, and potentially VASP sector regulation.

QFCRA: Within the QFC, the QFCRA allows controlled innovation under its FinTech Regulatory Sandbox and the QFC FinTech Circle, including use of DLT for custody, fund administration, and tokenized instruments.

Regulatory framework

Since 2024, Qatar has begun formalising a coordinated approach to digital assets across the QCB, the QFMA, and the QFCRA.

Within the QFC, the QFCRA's Digital Assets Framework (2024) established the legal basis for tokenization, recognising property rights in tokens and underlying assets, and setting rules for creation, custody, transfer and exchange, including recognition of smart contracts. In addition to the launch of its Digital Asset Regulations, it has also issued rules on Investment Tokens and updated its rules and regulations (from customer and investor protection and AML rules to company and contract regulations) to support the development of the digital asset economy. This positions the QFC as the primary venue for institutional tokenization and custody within a defined legal perimeter.

At the national level, the QCB continues to supervise monetary and payments activity. While prior circulars and warnings restrict unlicensed crypto-asset trading or promotion, QCB has shifted from prohibitive messaging toward regulated innovation via its Regulatory Sandbox (expanded scope and guidance updated 2024–2025) and a structured CBDC programme. QCB publicly announced completion of CBDC infrastructure work in June 2024, moving to pilot wholesale settlement use cases and signalling future prudential treatment for any payment-token activity under its remit.

Supervisory priorities across QCB/QFCRA emphasise prudential governance, custody segregation, and AML/CFT alignment with FATF standards. QCB's communications reinforce that virtual-asset activities must not be offered without authorisation and that licensed firms must treat virtual asset exposure as subject to enhanced financial-crime controls, QFCRA's framework applies securities-like expectations to token service providers operating in the QFC.

Capital markets modernisation is progressing in parallel: we understand that the QFMA is developing post-trade policies to accommodate DLT and tokenized instruments, and QFC policy work through 2025 highlights interoperability and legal certainty for real world asset tokenization as near-term priorities.

Qatar (Continued)

Digital money

The QCB is pursuing a structured, multi-phase digital money strategy centred on the Qatari Digital Currency (QDC) project and the broader Digital Payments and Infrastructure Programme. The programme aims to strengthen national payment rails, improve cross-border transaction efficiency, and support the shift toward a cash-light economy.

In 2024, the QCB confirmed completion of the CBDC infrastructure design phase, advancing to a proof of concept (POC) pilot for interbank and cross-border settlement. The pilot focused on wholesale use cases with domestic large value payments, trade finance settlement, and liquidity optimisation between Qatari and regional institutions. The QCB is assessing interoperability with global experiments such as Project mBridge and other BIS-linked CBDC initiatives, signalling intent to integrate with international settlement networks.

The QCB's public statements in 2025 indicate that the next stage will examine retail and government-payment scenarios, emphasising privacy, scalability, and AML/CFT compliance. Technical feasibility studies are supported by selected commercial banks and payment service providers operating under regulatory sandbox approval.

Privately issued stablecoins and unlicensed crypto-tokens remain outside Qatar's regulatory perimeter. Promotion or exchange of such instruments is prohibited unless authorised by the QCB. However, the QCB has signalled potential openness to bank issued or institutionally collateralised payment tokens subject to prudential and reserve-asset requirements equivalent to e-money standards.

Tokenized finance

The QFCRA and the QFMA are integrating tokenization into the country's financial market infrastructure. In the QFC, the QFCRA Digital Assets Framework (2024) recognises tokenized securities, fund units, and real-world-asset instruments, defining property rights, custody obligations, and legal recognition of smart contracts. Appropriately licensed QFCRA-regulated firms may issue or administer tokenized products within existing fund-management and custody regimes, subject to disclosure and audit standards.

The QFMA, working with the Qatar Stock Exchange (QSE), is modernising post-trade operations through distributed-ledger pilots for clearing, settlement, and collateral management, aligning with IOSCO and CPMI standards.

Implementation and outlook

The QCB is expected to publish a consultation paper on virtual asset and payment token regulation in early 2026, setting licensing, prudential and AML/CFT requirements for digital asset and payment service providers.

Expansion of the QDC pilot from interbank settlement to selected domestic banks and payment firms is planned through 2026–27, accompanied by guidance on interoperability between CBDC infrastructure and private-sector digital-payment systems.

Additionally, the QFCRA is expected to issue supervisory guidance on tokenized custody and fund administration, formalising pathways for sandbox participants to obtain full licenses under the Digital Assets Framework. We also expect that the QFMA will explore its potential role as the VASP sector in Qatar outside of the QFC/QFCRA framework.

By 2027, the QCB, QFCRA and QFMA are expected to establish a national virtual asset coordination framework to align licensing, data sharing and risk oversight across payments, tokenization and custody functions.

Qatar (Continued)

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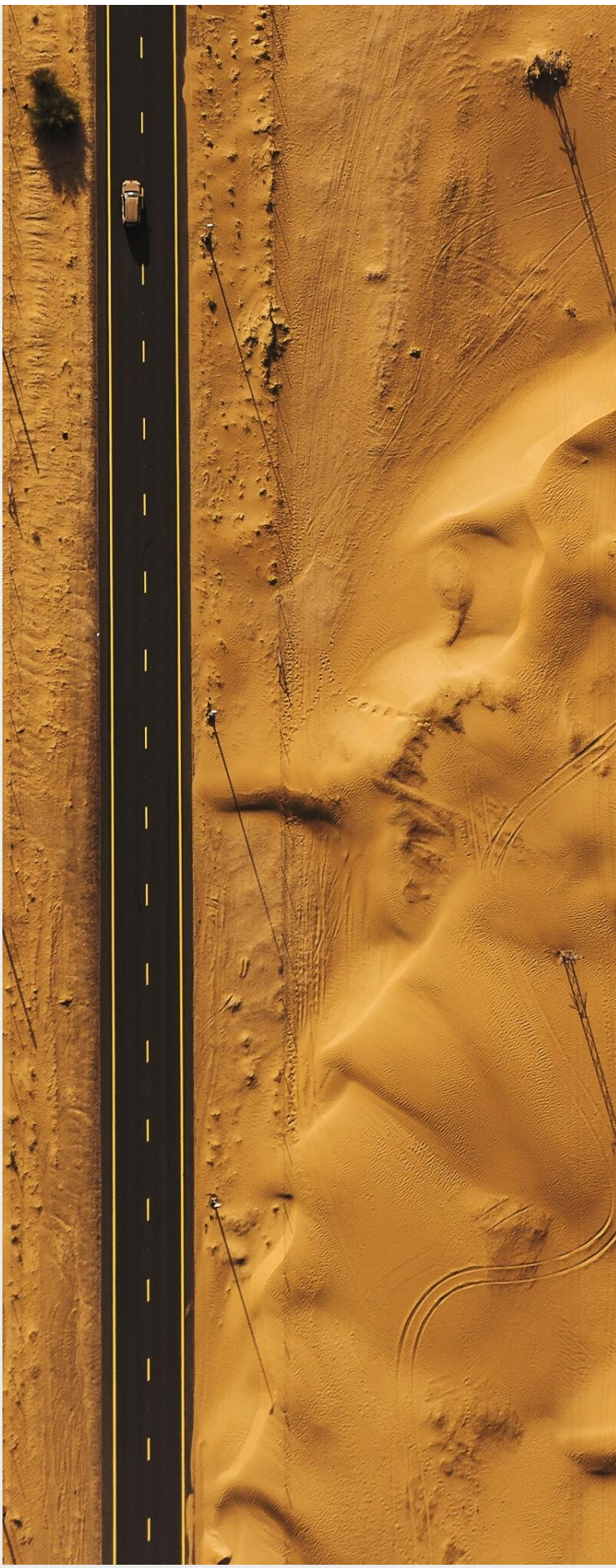

The Kingdom of Saudi Arabia

Policy roadmap

Saudi Arabia's virtual-asset policy forms part of the Kingdom's broader Vision 2030 programme, which prioritises digital transformation, financial-sector diversification and fintech innovation. The Saudi Central Bank (SAMA) and the Capital Market Authority (CMA) have both emphasised the need for an innovation-friendly but risk-aware regulatory approach to digital assets.

SAMA is actively exploring distributed-ledger technologies to enhance payment infrastructure and cross-border settlement efficiency. In June 2024, it joined the Bank for International Settlements (BIS)-led Project mBridge, placing Saudi Arabia among early participants in cross-border central-bank digital currency (CBDC) experimentation. Concurrently, the CMA is developing frameworks for digital asset securities and market infrastructure to support the tokenization of traditional financial instruments.

Legal perimeter and authorisation

The Kingdom does not yet have a fully implemented licensing regime for virtual-asset service providers (VASPs), but groundwork is underway.

- SAMA and CMA jointly oversee financial-sector innovation under the Fintech Saudi initiative, which includes limited sandbox testing of blockchain-based solutions and tokenized payment concepts.
- Cryptocurrencies are not recognised as legal tender, and only licensed institutions may engage in virtual-asset-related activities with regulatory approval.
- The CMA has indicated that tokenized securities and investment fund units will fall within its remit under forthcoming amendments to the Capital Market Law.

Regulatory framework

Since 2024, Saudi Arabia has accelerated the development of a coordinated Virtual Asset (VA) framework, with the Saudi Central Bank (SAMA) and the Capital Market Authority (CMA) working under the Financial Sector Development Program (FSDP) to embed digital asset innovation within the Kingdom's broader financial transformation agenda. The approach remains prudentially anchored but increasingly innovation-driven, reflecting SAMA's shift from monitoring to structured policy development.

SAMA's focus lies in the monetary and payments domain. Following its participation in the BIS-led Project mBridge in June 2024, SAMA has advanced pilots for wholesale central-bank digital currency (CBDC) settlement and tokenized payment rails with regional partners. These pilots mark a transition from exploratory testing to practical design for cross-border use cases and interbank settlement efficiency. In parallel, SAMA's Fintech Regulatory Sandbox, relaunched in 2024, now allows controlled testing of blockchain-based remittance solutions, tokenized sukuk settlement, and programmable-payment mechanisms. SAMA has issued guidance to banks and fintechs on managing digital asset exposure and ensuring compliance with AML/CFT obligations under the 2024 update to the Anti Money Laundering Law.

The CMA leads regulatory work on tokenized securities and capital-market infrastructure. Pilot projects with the Saudi Tadawul Group and local custodians are testing issuance and secondary trading of tokenized sukuk and fund units. A subsequent CMA consultation paper (July 2025) proposed enhancements to investment fund regulations to enable blockchain-based issuance and redemption, aligning with IOSCO principles on custody and settlement finality.

Together, SAMA and CMA operate within a coordinated innovation model. Through the Fintech Saudi platform, both authorities share supervisory oversight for sandbox participants, collaborate on cyber-resilience and operational-risk frameworks, and align with FATF standards on virtual-asset transfers. Cross-agency working groups are also assessing the interoperability of payment-token and capital-market infrastructure to ensure consistency once formal VASP licensing is introduced.

While a dedicated virtual-asset licensing regime has not yet been finalised, the regulatory direction is clear: innovation within existing prudential perimeters. Institutional pilots, tokenization programmes, and wholesale CBDC initiatives demonstrate growing regulatory maturity and confidence.

The Kingdom of Saudi Arabia (Continued)

Digital money

Saudi Arabia is advancing its digital-money agenda through the Digital Riyal project under SAMA's CBDC Programme. Building on its participation in Project mBridge, SAMA has moved from feasibility testing to wholesale settlement pilots, connecting domestic and regional payment infrastructures. Retail use cases remain exploratory, though a limited-scale test is expected in 2026.

There is no standalone regulatory framework for privately issued stablecoins or payment tokens yet, and any such activity requires explicit SAMA approval and adherence to prudential and AML standards. However, SAMA has indicated openness to public–private collaboration on tokenized-payment solutions that complement its CBDC roadmap.

Tokenized finance

The CMA is progressing toward regulated tokenization of traditional financial instruments within existing capital-market infrastructure. Its 2025 roadmap and consultation papers propose allowing tokenized sukuk, funds, and securities to be issued and settled on distributed ledgers, using licensed exchanges and custodians.

Parallel sandbox pilots under Fintech Saudi explore smart-contract-based settlement and tokenized collateral models. Together, these initiatives lay the foundation for an institutional tokenization ecosystem within the Kingdom.

Implementation and outlook

The SAMA is expected to publish a consultation on the regulatory treatment of stablecoins and payment tokens in early 2026, setting prudential, reserve and redemption standards consistent with global stablecoin guidance. Expansion of the Digital Riyal pilots from wholesale to limited retail settlement is expected through 2026, accompanied by a policy paper on interoperability between CBDC infrastructure and licensed payment-service providers.

The CMA will issue draft rules on tokenized securities issuance, custody and post-trade settlement under the Capital Market Law in 2026. A follow-up consultation in 2027 is expected to finalise conduct and governance requirements, enabling licensed exchanges and custodians to admit tokenized instruments for institutional trading.

The Fintech Saudi programme will continue to act as the implementation hub for blockchain and tokenization pilots, onboarding additional domestic banks and international fintech partners to test compliant use cases under joint SAMA-CMA supervision.

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Singapore

Policy roadmap

Singapore places strong emphasis on responsible innovation and risk-based regulation in respect of digital assets. The Monetary Authority of Singapore (MAS) promotes controlled experimentation through industry initiatives and related work on interoperable market infrastructures, while tightening consumer protection and anti-money laundering/counter-financing of terrorism (AML/CFT) safeguards. Its policy focuses on clear activity-based rules, enhanced segregation and safeguarding of customer assets, and public education through the national financial education programme, with the aim of developing a sustainable and well-supervised digital asset market.

Legal perimeter and authorisation

MAS is the Singapore financial regulator and supervisor responsible for authorisation, prudential oversight, and market conduct in respect of digital assets and related activities conducted in or from Singapore.

MAS' regulatory approach for digital assets is generally to assess the features and characteristics of a digital asset rather than labels, and apply the relevant regulatory regime accordingly.

Key legal instruments include:

- Securities and Futures Act 2001 (SFA): digital assets that qualify as "capital markets products" under the SFA are regulated in a manner similar to other capital markets products.
- Payment Services Act 2019 (PS Act) and Payment Services Regulations 2019 (PSR): digital payment token (DPT) services and e-money issuance, including exchange, transfer, and custodial services, fall within the payment services framework. Stablecoins may qualify as "DPTs" and accordingly be regulated under the PS Act. Further, in August 2023, MAS issued a consultation paper on single-currency stablecoins (SCS) issued in Singapore that meet specified criteria.
- Financial Services and Markets Act 2022 (FSMA): digital token service providers (DTSPs) that are Singapore corporations, or that carry on business from a place in Singapore, and provide digital token services outside Singapore, are subject to licensing and conduct requirements under the FSMA.
- Commodity Trading Act 1992 (CTA): trading in certain asset-backed token arrangements may constitute spot commodity trading and thus be subject to the regulatory requirements under the CTA.
- Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act 1992 (CDSA) and Terrorism (Suppression of Financing) Act 2002 (TSFA): all persons must comply with suspicious transaction reporting, sanctions, and related AML/CFT obligations regardless of licensing status.
- MAS instruments: including Notices, Guidelines, and circulars setting out AML/CFT, custody, conduct, technology risk, and disclosure requirements.

Firms dealing in tokens classified as capital markets products require the relevant capital markets services licence, while DPT service providers require a standard or major payment institution licence under the PS Act, subject to thresholds and exemptions.

Regulatory framework

Licensing Regime

Singapore adopts a licensing regime for the regulation of digital asset-related activities. Service providers must apply for the relevant licence under applicable legislation depending on the nature of the digital asset. For instance, firms dealing in digital assets considered capital markets products must apply for a capital markets services licence through a process similar to that for a capital market services licence.

MAS generally prioritises licence applications from firms with strong risk management capabilities and the ability to contribute to the growth of Singapore's FinTech and digital asset ecosystem.

In particular, a stringent approach is applied to granting FSMA licences to DTSPs, due to heightened money-laundering risks when the regulated activities predominantly occur outside Singapore.

Broadening Territorial Scope

In June 2025, the territorial scope under the FSMA was broadened to regulate DTSPs that are Singapore corporations, or that participate in business from a place in Singapore, and provide digital token services outside Singapore. As a result, such entities are subject to licensing, business conduct rules, regulatory reporting, and AML/CFT requirements aligned with the Financial Action Task Force (FATF) Standards. The scope of "digital token services" includes advising on offers or sales of digital tokens, dealing in digital tokens, safeguarding digital tokens, and inducing purchases or sales of digital tokens. Without a licence, such DTSPs would have to cease their regulated activities. Providers offering services exclusively related to utility or governance tokens are not subject to licensing or regulation under this regulatory framework.

Singapore (Continued)

Strengthening User and Consumer Protection

MAS has focused on strengthening user and consumer protection. Previously, the PS Act expanded the scope of regulated payment services beyond dealing in DPTs and facilitating the exchange of DPTs to include custodial services for digital payment tokens, among other services. Consistent with this approach, the PSR introduced additional measures effective from October 2024 to safeguard customer assets held by DPT service providers. These include the segregation of customer assets, placement of customer assets in trust accounts, maintenance of proper books and records, and effective systems and controls to protect the integrity and security of those assets.

The Guidelines on Consumer Protection Measures by DPT service providers (PS-G03) were also revised. Measures aimed at providing retail customers with the appropriate risk awareness, such as conducting a Risk Awareness Assessment, took effect in June 2025.

AML/CFT

MAS recognises that transactions involving digital token services present higher inherent AML/CFT risks due to their anonymity and speed. Regardless of regulatory status, all persons must comply with the CDSA and TSFA, including the reporting of suspicious transactions. MAS regularly reviews and updates AML/CFT requirements to further strengthen Singapore's regulatory framework.

Stablecoins

Generally, stablecoins are treated as digital payment tokens and regulated under the PS Act. In October 2022, MAS published a consultation paper proposing to set out a regulatory regime for issuers and intermediaries of single-currency stablecoins (SCS) issued in Singapore that meet specified criteria. MAS then published its response in August 2023 to the said consultation paper, which sets out its finalised regulatory approach for stablecoins. Details include:

- 'Stablecoin issuance service' will be introduced as an additional regulated activity under the PS Act,
- Only SCS pegged to the Singapore dollar or Group of Ten (G10) currencies may fall within the proposed SCS framework. Other types of stablecoins will continue to be subject to the existing DPT regulatory regime, and
- SCS issuers subject to the SCS framework will be required to (a) maintain a portfolio of reserve assets with very low risk, which is held in segregated accounts separate from their own assets, and (b) meet specified prudential requirements including base capital requirements, solvency requirements, and business restrictions.

MAS continues to monitor the growth of Singapore Dollar (SGD)/global stablecoin developments. As of October 2025, MAS is preparing legislation to formalise the stablecoin regulatory framework and may issue a public consultation at the end of 2025. Once implemented, the framework will distinguish MAS-regulated stablecoins from other unregulated stablecoins, which may have no fundamental value or may not be backed by adequate reserves.

Tokenized finance

MAS continues to progress tokenization through controlled pilots, common standards, and interoperable infrastructure.

Project Guardian

Project Guardian is an industry collaboration convened by MAS to test the use of tokenization across asset classes and market functions. Trials have covered asset and wealth management, fixed income, and foreign exchange. MAS has published industry frameworks such as the Guardian Funds Framework and the Guardian Fixed Income Framework to guide best practices and implementation for tokenized funds and tokenized debt capital markets respectively.

Global Layer One (GL1) initiative

The GL1 Whitepaper, published by MAS in June 2024, discusses the role of a shared ledger infrastructure that would comply with applicable regulations and be governed by common technological standards, principles and practices, on which regulated financial institutions across jurisdictions could deploy tokenized assets. The GL1 initiative now seeks to expand its scope to support the development of an ecosystem of compatible market infrastructures to enable seamless cross-border trading of tokenized assets, such as through the development of specifications for market infrastructures and asset lifecycles to facilitate interoperability between diverse systems (among others).

BLOOM initiative

In October 2025, MAS launched the new BLOOM (Borderless, Liquid, Open, Online, Multi-currency) initiative to enable settlement in tokenized bank liabilities and well-regulated stablecoins, thereby expanding the settlement capabilities offered by financial institutions. Through the BLOOM initiative, MAS will collaborate with the financial industry to encompass the use of multiple currencies (G10 currencies and Asian currencies), domestic and cross-border payments, and wholesale use cases. The BLOOM initiative seeks to complement the ongoing MAS-industry collaboration on asset tokenization under Project Guardian and foundational infrastructures under the GL1 initiative.

Singapore (Continued)

Crypto-Asset Reporting Framework (CARF)

The Crypto-Asset Reporting Framework (CARF) is designed to standardise the automatic exchange of tax-relevant information on crypto-assets globally, thereby enhancing transparency and compliance in tax matters. In Singapore, CARF supports efforts to strengthen regulatory oversight and integrate tokenized asset initiatives within the financial sector. Reflecting Singapore's commitment to international tax transparency, the Inland Revenue Authority of Singapore (IRAS) signed the Multilateral Competent Authority Agreement on Automatic Exchange of Information pursuant to the Crypto-Asset Reporting Framework (CARF MCAA) on 26 November 2024. Singapore is expected to commence exchanges under CARF by 2028.

Implementation and outlook

Singapore is expected to formalise and implement the SCS regime through amendments to the PS Act and subsidiary legislation, which may include the introduction of a "stablecoin issuance service", with detailed requirements on reserves, redemption, prudential measures, and disclosure. MAS may continue to refine DPT custody and safeguarding standards and to expand industry pilots supporting tokenization in capital markets and payments, with a focus on interoperability and cross-border use cases.

On prudential standards for banks, MAS has consulted on the domestic implementation of the Basel Committee on Banking Supervision standards for the prudential treatment and disclosure of crypto-asset exposures. The Basel framework distinguishes Group 1 crypto-assets (including tokenized traditional assets and crypto-assets designed to be redeemable for a peg value which is the value of predefined reference asset(s) and with effective stabilisation mechanisms) from Group 2 crypto-assets (all other crypto-assets).

Group 2 crypto-assets are perceived as higher risk and are subject to more conservative prudential treatment. Although MAS has deferred the implementation of prudential treatment and disclosure of crypto-asset exposures to January 2027 or later, banks with crypto-asset exposures, or intending to take on crypto-asset exposures, must notify and engage with MAS on the appropriate prudential treatment.

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South Africa

Policy roadmap

In response to increased adoption of cryptoassets, South African regulatory authorities have taken proactive steps to address regulatory requirements.

In 2019, the government established the Crypto-Asset Regulatory Working Group to investigate all aspects of cryptoassets and related blockchain concepts, with the aim of developing a cohesive governmental response.

The group recommended the implementation of anti-money laundering (AML) and know-your-customer (KYC) frameworks, the adoption of a framework for monitoring cross-border financial flows, and the alignment of relevant financial sector laws with cryptoassets. These recommendations have led to several regulatory changes in subsequent years.

Legal Perimeter and Authorisation

There is no single regulatory body or piece of legislation providing comprehensive oversight and supervision of cryptoassets in South Africa. Several government bodies collaborate through the Intergovernmental Fintech Working Group (IFWG).

In April 2018, the South African Revenue Service (SARS) confirmed that normal income tax rules would apply to any losses or gains from cryptoassets.

In August 2022, the Prudential Authority (PA) issued guidance for banks on AML and counter-financing of terrorism (CFT) controls in relation to cryptoassets and cryptoasset service providers (CASPs), emphasising a risk-based approach rather than blanket de-risking.

In October 2022, the Financial Services Conduct Authority (FSCA) declared cryptoassets to be a 'financial product' under the Financial Advisory and Intermediary Services Act 2002 (FAIS).

Since November 2023, any person offering advisory or intermediary services in relation to cryptoassets has been required to apply for a licence under FAIS.

Regulatory framework

In November 2022, the definition of an 'accountable institution' in the Financial Intelligence Centre Act 2001 (FICA) was amended to include persons conducting business involving the exchange of cryptoassets for fiat currency, transferring cryptoassets, offering safekeeping or administration of cryptoassets, or providing financial services related to the offer or sale of cryptoassets.

This regulation, effective from December 2022, requires such persons to comply with additional governance, risk, and compliance requirements, including specific obligations regarding AML, CFT, and sanctions controls.

On 15 November 2024, the Financial Intelligence Centre (FIC) issued Directive 9 of 2024, requiring CASPs to apply the 'Travel Rule' to cryptoasset transfers from 20 April 2025, in alignment with the Financial Action Task Force (FATF) Recommendation 16.

Digital money

'Cryptoasset' is defined as a digital representation of perceived value that can be traded or transferred electronically within a community of internet users who consider it a medium of exchange, unit of account, or store of value, and use it for payment or investment purposes. This definition excludes digital representations of fiat currency or securities as defined in the Financial Markets Act 2012.

Stablecoins and non-fungible tokens (NFTs) are considered cryptoassets for the purposes of FICA. The risks associated with stablecoins are viewed as heightened in the absence of domestic regulatory influence over issuers, particularly regarding the ability to impose prudential requirements to guarantee redeemability at par during a run. While stablecoins are not currently considered a systemic risk, the regulatory environment is evolving, and a framework for stablecoins, including regulations on the weighting and capital treatment of cryptoassets and tokenized deposits, is intended to be introduced in the near future.

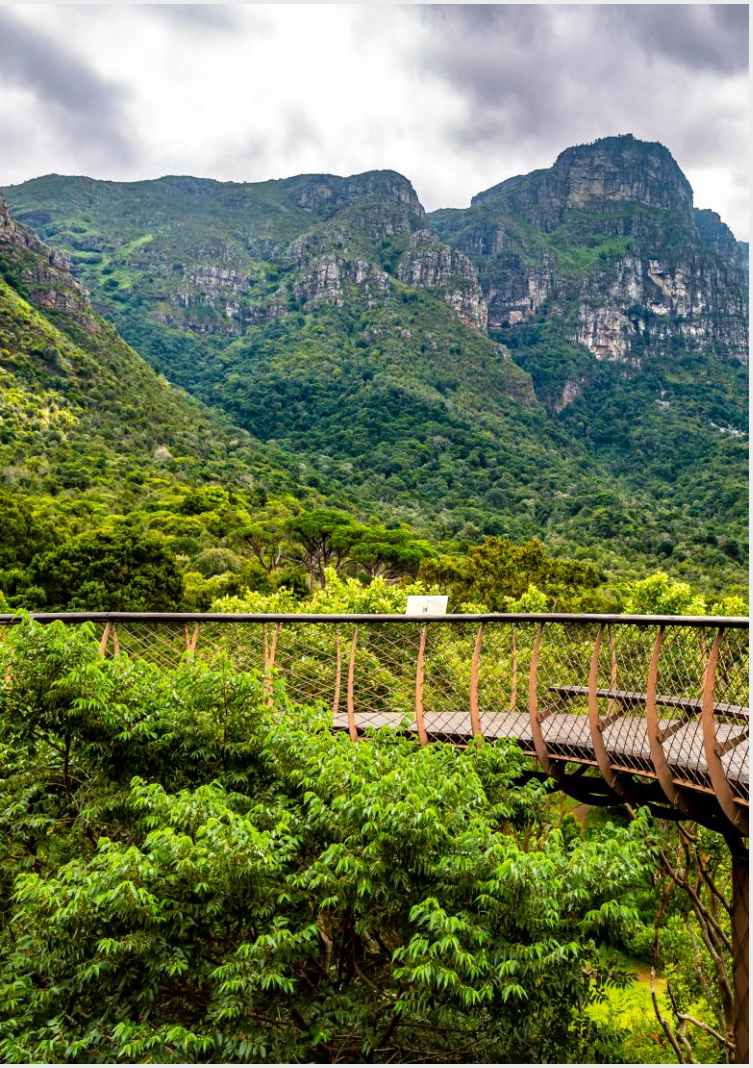
The South African Reserve Bank (SARB) continues research on a potential central bank digital currency (CBDC) and participates in Project Dunbar, which tests wholesale cross-border CBDCs. The SARB has also undertaken projects to investigate other types of tokenized money.

South Africa (Continued)

Tokenized Finance

Tokenized finance in South Africa is an emerging sector, offering increased access to global investments, enhanced liquidity, and lower transaction costs, while navigating ongoing regulatory development and legal uncertainties. Local financial institutions and exchanges are actively exploring and implementing tokenization solutions.

CASPs enable South Africans to buy and sell tokenized shares in major United States companies and exchange-traded funds (ETFs), thereby democratising access to international markets. Local tokenized exchanges offer a variety of tokenized products. Major South African banks are exploring blockchain and tokenization for applications such as cross-border payments and trade finance.



Implementation and outlook

Following South Africa's addition to the FATF 'grey list' in February 2023, the regulatory focus has been on enhancing frameworks to address deficiencies in combating money laundering and terrorist financing. Legislative enhancements have impacted cryptoassets, particularly in relation to AML.

With South Africa's removal from the 'grey list' in October 2025, the focus is expected to shift towards further regulatory enhancements, including implementation and supervision of cryptoasset regulation. The outlook includes continued development of the regulatory framework and increased oversight of the sector.

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Switzerland

Policy roadmap

The Government and the Swiss Financial Market Supervisory Authority (FINMA) continue to demonstrate a constructive and technology-neutral approach to blockchain and digital assets. Switzerland was among the first jurisdictions to adopt a dedicated regulatory framework for decentralised technologies, following amendments to its financial market legislation in 2020. FINMA applies the "same risk, same rules" principle to ensure a level playing field across financial activities. To enhance legal certainty, FINMA may issue declaratory rulings (comparable to "no-action letters" in other jurisdictions), clarifying the regulatory treatment of specific business models or products in advance. The authority has also published guidance on the qualification of staking models and the issuance of stablecoins, reinforcing the predictability of the Swiss regulatory environment. The Distributed Ledger Technology (DLT) licence — which enables entities to operate both trading and settlement infrastructures for security and other tokens — has continued to mature, with one licence granted by 2025. This confirms the growing adoption and operationalisation of Switzerland's DLT framework. The Federal Council has reaffirmed its commitment to maintaining a modern and pragmatic approach. A public consultation has been launched until February 2026 on amendments to Swiss financial market laws to further strengthen the regulatory framework for stablecoins and digital assets.

Legal perimeter and authorisation

Switzerland has introduced a coherent set of legislative instruments designed to promote innovation while maintaining financial stability and investor protection. This approach encourages the development of new technologies and business models, while providing a predictable and stable environment for companies and investors.

- **Banking Act and Ordinance:** Applies to crypto-asset businesses engaging in banking-like activities, such as accepting public deposits or providing custody of digital assets. Such entities must meet capital adequacy and risk management requirements and may require a banking or fintech licence.
- **Anti-Money Laundering Act and Ordinance:** Applies to crypto-asset service providers, including exchanges, wallet providers, and token issuers, when they qualify as financial intermediaries. Obligations include Know-Your-Customer (KYC) procedures, transaction monitoring, and the reporting of suspicious activities to the competent authorities.
- **Financial Institutions Act and Ordinance:** Regulates asset managers and firms providing investment services in crypto-assets. These entities must obtain authorisation, adhere to conduct and organisational requirements, and safeguard client assets appropriately.
- **Financial Services Act and Ordinance:** Governs financial service providers when digital assets qualify as financial instruments, such as security tokens or tokenized investment products. This includes rules for investment advice, portfolio management, and distribution activities.
- **Financial Market Infrastructure Act and Ordinance:** Applies to blockchain-based trading platforms and facilities qualifying as financial market infrastructures. It establishes requirements for transparency, market integrity, and systemic risk management.

In addition, FINMA regularly communicates its supervisory practice by issuing guidelines and guidance to clarify the application of the various financial market laws to evolving crypto-asset activities. The authority adopts a collaborative approach involving various stakeholders, conducting public consultations, and works closely with other federal authorities to ensure consistency.

When it comes to the authorisation or licensing regime, Switzerland has not introduced a dedicated licensing regime for Virtual Asset Service Providers (VASPs). Instead, the applicable authorisation requirements depend on the activity conducted and the classification of the digital asset involved. Unregulated entities distributing security tokens on behalf of third parties may be required to register in the client adviser register. Entities providing crypto services solely (without being subject to licensing) may affiliate with a recognised self-regulatory organisation (SRO).

Regulatory framework

Each classification triggers different obligations under financial market law:

- Payment Tokens: Represent a means of payment for goods, services, or value transfers. Their issuance or exchange generally falls within the scope of the Anti-Money Laundering Act (AMLA).
- Security Tokens: Represent ownership, debt, or other rights comparable to equities, bonds, or derivatives. These may trigger prospectus requirements and licensing obligations depending on the related activities.
- Utility Tokens: Provide access to a digital application or service. Pure utility tokens typically do not fall within the scope of financial regulation.

Switzerland (Continued)

- Hybrid tokens combining features of the above categories are assessed on a case-by-case basis. For example, a token may simultaneously qualify as both a payment and a utility token.

There is no specific regulation for the issuance, distribution, or marketing of digital assets, however, such activities may trigger obligations under existing laws depending on their structure and function.

Digital money

Stablecoins: FINMA has issued multiple guidelines on stablecoins since 2018, confirming that they are classified in line with their economic function and underlying assets. Depending on their design, stablecoins may fall under the Banking Act, AMLA, Financial Institutions Act (FinIA), or the Financial Services Act (FinSA).

Central Bank Digital Currency (CBDC): In addition to stablecoins, central banks around the world have been exploring the potential of CBDCs as a new form of digital money. The Swiss National Bank (SNB), for instance, plans to issue a wholesale CBDC to be deployed on a national digital exchange. This development builds on the results of pilot tests conducted in 2022 with five different banks, which explored the settlement of interbank, cross-border, and monetary policy transactions. The Helvetia project, led by the SNB, explores two approaches for settling transactions involving tokenized assets. The first approach relies on a wholesale CBDC issued by the SNB and used on an infrastructure based on DLT, enabling integrated settlement. The second approach uses traditional central bank money, connecting DLT platforms to the Swiss Interbank Clearing payment system for synchronised settlement. This project, scheduled to run until 2027, aims to evaluate solutions for modernising financial infrastructures while supporting private sector innovation. It reflects a commitment to adapting to technological and regulatory developments.

Other types of digital assets (NFTs): Due to their non-fungible characteristics, NFTs generally fall outside the definition of securities or payment tokens. However, certain NFT-related activities may trigger AMLA obligations, particularly where NFTs are traded in a manner resembling financial transactions or are used for value transfer.

Tokenized finance

Since 1 February 2021, Swiss law has allowed the issuance of ledger-based securities — rights registered in a securities ledger that can be transferred exclusively through that ledger. This framework provides a legal basis for the tokenization of shares, fund units, and other financial claims directly on blockchain infrastructures.

On 18 March 2025, FINMA issued the first licence for a DLT trading facility, enabling regulated trading of DLT securities. This milestone marks Switzerland's transition from a conceptual framework to a functioning regulated market.

Building on the DLT framework, a leading Swiss stock exchange and a private asset management institution successfully piloted the tokenization of corporate debt in July 2025, allowing fractional allocation of tokenized assets within managed portfolios. This reflects growing institutional engagement with tokenized finance under Swiss law.

Implementation and outlook

Although Switzerland is not part of the European Union, the Markets in Crypto-Assets Regulation (MiCAR) indirectly affects Swiss market participants offering cross-border services to the EU or European Economic Area (EEA). In the absence of a third-country regime under MiCAR, such entities may need to establish an EU-licensed subsidiary. Reverse solicitation exemptions are narrowly defined. Conversely, EU-based firms serving Swiss clients must comply with Swiss financial market laws, which may include registration or local licensing requirements. Swiss firms aiming to serve EU clients must therefore consider MiCAR compliance, including whether licensing or other obligations are required in the EU. Some Swiss firms may choose to serve only Swiss or non-EU markets to avoid the full MiCAR requirements, leveraging Switzerland's favourable regulatory environment, though international standard-setting pressures continue to increase.

In parallel, Switzerland is taking steps to strengthen its own regulatory framework regarding crypto assets and stablecoins. In October 2025, the Federal Council launched a consultation, currently open until February 2026 to amend the FinIA and related legislation, with proposals to create two new licence categories:

- Payment Instrument Institutions: Enabling stablecoin issuance and replacing the existing fintech licence by removing the CHF 100 million public deposit threshold.
- Crypto-Institutions: Covering trading, custody, and operation of organised trading systems, similar to securities firm licences.

Switzerland (Continued)

Switzerland is implementing the Crypto-Asset Reporting Framework (CARF) to enable automatic exchange of crypto-asset transaction data. On 9 September 2025, Parliament approved extending the Automatic Exchange of Information on Financial Accounts (AEOI) to crypto-assets, aiming for a first exchange in 2026 with 74 jurisdictions. However, due to delays in key markets and ongoing Organisation for Economic Co-operation and Development (OECD) discussions, the parliamentary commission decided on 4 November 2025 to suspend work until 2026. As a result, data collected in 2026 will not be exchanged in 2027, pending further OECD guidance.

On 12 January 2026, FINMA has published a communication on the custody of crypto-assets, providing regulated institutions with enhanced clarity on the Swiss prudential expectations applicable to this service. The guidance outlines best-practice standards for managing operational and legal risks regarding cybersecurity resilience and asset protection in insolvency scenarios. It sets out the different requirements across banks, asset managers and institutions subject to the Collective Investment Schemes Act (CISA). In addition, FINMA reiterates the regulatory framework applicable to crypto-based structured products, including crypto-ETPs, thereby reinforcing Switzerland's position as a leading jurisdiction offering regulatory certainty and sophistication for digital-asset-related activities.

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Taiwan

Policy roadmap

Taiwan is moving towards the goal of enacting specialised legislation for virtual currencies, although it is still in the draft phase. Since virtual assets are based on distributed ledger technology and cryptography, they have gradually evolved to serve functions such as payment or investment, which are distinct from traditional financial assets. To promote the healthy development of the digital asset industry, improve the management of digital asset services and trading markets, and protect the rights and interests of traders, thereby enhancing the application of emerging technology and financial technology innovation, a draft specialised law is moving towards a licensing system. Additionally, the regulatory authority is the Financial Supervisory Commission (FSC).

Before the introduction of the draft law, Taiwan‘s supervision and administration had progressed from phase one to phase three. The first phase involved compliance declarations for anti-money laundering regulations, the second phase was the establishment of a Virtual Asset Service Provider (VASP) association and self-regulatory standards, and the third phase required VASPs to register with the regulatory authority to continue operations. Registration conditions include the anti-money laundering framework and related internal control systems.

Legal perimeter & authorisation

Before enacting a specialised law for VASPs in Taiwan, the legal framework requires VASP operators to register with the regulatory authority under the Regulations Governing Anti-Money Laundering Registration of Enterprises or Persons Providing Virtual Asset Services. The scope of business activities requiring registration includes virtual asset dealers, custodians, underwriters, and transfer agents. Registration conditions involve not only assessing the fitness and propriety of VASP responsible persons and their business process planning but also mandate VASPs to establish internal control procedures for anti-money laundering, transaction processes, separate custody of client assets, wallet management, and the publication of virtual asset underwriting white papers. Additionally, the regulations require CPA to conduct a written review of the anti-money laundering and internal control systems of the applicant VASP and to provide an audit opinion.

To date, a total of 9 VASPs have successfully completed the registration process and been approved by the FSC.

Regulatory framework

In the draft of the Virtual Asset Services Act, a single regulatory framework is provided for VASP operators. VASP operators include virtual asset exchanges, platform providers, transfer agents, custodians, underwriters, and lenders. The regulatory authority is designated as the Financial Supervisory Commission (FSC), and the following are the main points of the regulation:

- Financial Innovation: To promote inclusive finance and fintech innovation, VASP operators can apply for innovative experiments in virtual asset services, with the regulatory authority considering experimental results when adjusting relevant regulations.
- Licensing System: In the future, no VASP-related businesses may be conducted without a licence from the regulatory authority. The regulation states that financial institutions may, upon approval from the regulatory authority, concurrently operate virtual asset services.
- Financial Conditions: VASPs must deposit operational guarantees with financial institutions, adhere to liability ratio limits, and store collected fiat currency in dedicated deposit accounts at financial institutions.
- Governance Environment: VASPs are required to establish internal control, information systems security management, and audit systems. They must regularly publish financial reports audited and certified by accountants. Custodians must perform regular reconciliations and appoint accountants to issue reports.

The overall regulatory framework incorporates IOSCO's recommendations by introducing sections on investor protection, assigning VASP operators the responsibility for internal controls and providing public investment information, enhancing international regulatory cooperation, and requiring industry associations to uphold self-regulatory principles to ensure healthy industry development and maintain market order.

Taiwan (Continued)

Digital money

In the draft of the Virtual Asset Services Act, there is a chapter dedicated to the issuance and management of stablecoins. In the future, stablecoins will need to be permitted by the regulatory authority for issuance or trading, so that VASPs can offer transaction or custodial services. Algorithmic stablecoins are excluded from the compliance scope, and stablecoin issuers should establish and maintain sufficient reserve assets, which must be stored at domestic financial institutions. These reserve assets must be segregated from the VASP's own assets and be subject to regular audits. Additionally, the regulatory authority currently leans towards having banks serve as stablecoin issuers.

In parallel with the Central Bank Digital Currency (CBDC), the central bank is conducting research and engaging with the public regarding retail and wholesale CBDCs. There is ongoing research into potential application scenarios, platform usage technologies, and ecosystem planning, but no definitive conclusions have been reached yet. Given the current ubiquity of financial payment systems, there is no immediate urgency for retail CBDCs. The focus on wholesale CBDCs is to enhance clearing and settlement efficiency of tokenized assets, in light of the asset tokenization trend.

Implementation & outlook

- The Virtual Asset Services Act will be announced once it has passed through the legislative process.
- To strengthen VASP's establishment of internal control systems for the segregation and custody of assets, and to ensure regular audits conducted by accountants, relevant regulatory guidelines will be issued in the future.
- Stablecoins and CBDCs coexist, with stablecoins issued by the private sector under the Virtual Asset Services Act (currently in the draft stage), while CBDCs are issued by the central bank as legal tender digital currency.
- With an increasing number of publicly listed companies discussing the possibility of increasing Bitcoin reserves or using stablecoins as tools for cross-border financial payments, additional application guidelines are expected to be introduced.

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Thailand

Policy roadmap

The government aims to drive digital transformation and position Thailand as an innovation hub, while maintaining investor protection, market integrity, and financial stability. To support this direction, the Emergency Decree on Digital Asset Businesses B.E. 2561 (2018) establishes clear legal definitions, licensing requirements, and supervisory responsibilities for digital asset intermediaries. Building on this foundation, the framework is complemented by coordinated guidance from the Securities and Exchange Commission (SEC) and the Bank of Thailand (BOT), particularly in areas of tokenized finance, electronic money, and digital money.

Legal perimeter and authorisation

Thailand has developed a regulatory framework to keep pace with the rapid growth of digital assets. The aim is to support innovation while ensuring proper supervision and investor protection. The key laws governing this area are outlined below.

The core legal framework governing digital assets in Thailand is the Emergency Decree on Digital Asset Businesses B.E. 2561 (2018), which defines "digital assets" as comprising two main categories:

- Cryptocurrencies – used as a medium of exchange for goods, services, or other digital assets.
- Digital Tokens (referred to in this article as 'tokenized finance') – representing rights, further divided into investment tokens (linked to assets or revenue) and utility tokens (linked to specific goods or services).

The Decree establishes a licensing regime for Digital Asset Business Operators. Entities conducting activities such as operating exchanges, brokerage, dealing, fund management, advisory services, ICO portals, or custodial services must obtain a licence from the Ministry of Finance, with the SEC as the primary regulator.

In addition to this, activities related to electronic money, including fiat-backed stablecoins, fall under the Payment Systems Act B.E. 2560 (2017), regulated by the BOT. Digital representations of securities are governed by the Securities and Exchange Act B.E. 2535 (1992).

Apart from the Emergency Decree, the regulation of specific digital activities is split across existing financial laws of Thailand. For instance, activities related to electronic money, including Baht-backed stablecoin (used as a medium for payment), fall under the Payment Systems Act B.E. 2560 (2017), regulated by the BOT. The BOT has stated that such stablecoins, which may fall under the category of Electronic Money (e-Money) services, will be regulated in the same manner as e-Money and that it will manage additional risks in various dimensions. Similarly, digital representations of securities are governed by the Securities and Exchange Act B.E. 2535 (1992).

Regulatory framework

The Emergency Decree on Digital Asset Businesses B.E. 2561 (2018) empowers the SEC to regulate licensing, investor protection, information disclosure, custody, and cybersecurity standards. Licensed Digital Asset Business Operators must comply with SEC notifications covering capital adequacy, risk management, conflict-of-interest prevention, client asset segregation, and IT security.

Electronic money (e-Money), which is generated by topping up or transferring funds into an electronic wallet (e-Wallet) or a mobile application, is regulated by the BOT under the Payment Systems Act B.E. 2560. The BOT also oversees digital money, including fiat-backed stablecoins, to ensure the safety, efficiency, and stability of the country's payment systems.

Thailand (Continued)

Digital money

Digital money refers to electronic forms of value used for payments and settlement purposes. In Thailand, digital money is regulated by the BOT, which clearly distinguishes it from digital assets, the latter being regulated by the SEC. Thai baht-backed stablecoins and e-money tokens used for payments are classified as electronic money and require prior authorisation before issuance or distribution.

Thailand is also advancing research and pilot programmes for a Retail Central Bank Digital Currency (Retail CBDC). Following earlier wholesale CBDC projects (Project Bangkhunprom), there is a limited-scale pilot phase to test the use of Retail CBDC among the general public. This phase aims to assess the efficiency and security of the CBDC without affecting the overall financial stability of the country, during the period from 2022 to the third quarter of 2023. However, the BOT has not yet announced any plans to launch the Retail Central Bank Digital Currency (CBDC) across the entire country yet.

Tokenized finance

Tokenized securities, including investment tokens and asset-backed tokens, are regulated under the Securities and Exchange Act and the Emergency Decree on Digital Asset Businesses B.E. 2561 (2018). Issuers must obtain SEC approval and comply with disclosure and offering requirements.

Investment tokens are treated similarly to traditional securities. Fundraising through an Initial Coin Offering (ICO) must be conducted via an SEC-approved ICO portal, which performs due diligence on the issuer and the project. Utility tokens are also regulated, with requirements varying depending on whether they are ready-to-use at the time of offering.

Implementation and outlook

Thailand adopts an active and coordinated approach to digital asset regulation, continuously refining its legal and operational framework. The SEC maintains oversight over disclosure templates, custody standards, cybersecurity, advertising, and listing requirements, while the BOT develops policies on stablecoins and advances the Retail Central Bank Digital Currency (CBDC) pilot to integrate digital money into the financial system.

A significant recent development is the Emergency Decree on Digital Asset Businesses (No. 2) B.E. 2568 (2025). The main purpose of this decree is to enhance oversight of digital asset businesses, particularly those located outside Thailand that provide services to individuals within the country. Previously, such foreign platforms operated beyond the reach of Thai supervision, creating risks of misconduct and financial crime.

The decree seeks to prevent the misuse of digital assets for illegal activities, such as money laundering and fraud, and to ensure that investors using offshore platforms receive protection equivalent to that under Thai law. It requires that any foreign digital asset business offering services to customers in Thailand, whether through marketing, advertising, or other methods, must obtain authorisation from Thai authorities.

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Turkey

Policy roadmap

Regulatory policy has progressed in stages. The Central Bank of the Republic of Türkiye (CBRT) prohibited the use of crypto assets for payments with a regulation published in April 2021. The law amending the Capital Markets Law (Law No. 7518) introduced a statutory basis for crypto assets in July 2024. In March 2025, the Capital Markets Board of Türkiye (CMB) issued two communiqués that established licensing, prudential, and conduct requirements for crypto asset service providers (CASPs).

Legal perimeter and authorisation

Law No. 7518 introduced a legal definition of crypto assets and brought CASPs within the perimeter of the CMB. CASPs, including trading platforms and custodians, must obtain establishment and operation permits from the CMB. The minimum initial capital is TRY 150 million for platforms and TRY 500 million for custodians for the year 2025. These amounts may be revised annually by the CMB.

According to the Law, CASPs are held liable for crypto asset losses arising from acts such as the operation of information systems, any kind of cyber attack, information security breaches, or any behaviour of their personnel. In cases where it is not possible to compensate for such losses from the CASPs, the members of the CASPs are held liable to the extent that the losses can be attributed to them based on their faults and the circumstances.

The CMB communiqués introduced entry and operating criteria, governance, risk management, information systems and controls, and cybersecurity controls. The communiqués also set out rules on the services and activities that CASPs may provide, the trading, custody and transfer of crypto assets, the listing of crypto assets on platforms, and capital adequacy requirements.

Regulatory framework

Primary legislation: Law No. 7518 amending the Capital Markets Law, published in the Official Gazette on 2 July 2024 (No. 32590).

Secondary legislation: Communiqué No. III-35/B.1 on the establishment and operating principles of CASPs (Official Gazette 13 March 2025, No. 32840).

Communiqué No. III-35/B.2 on operating procedures, principles and capital adequacy of CASPs (Official Gazette 13 March 2025, No. 32840).

Related CMB decisions in 2025 clarified proof-of-reserves audit requirements for CASPs.

Payments perimeter: The CBRT's Regulation on the Disuse of Crypto Assets in Payments (Official Gazette 16 April 2021, in force 30 April 2021) prohibits using crypto assets in payments and restricts payment and electronic-money institutions from intermediating such uses.

Financial crime: The Financial Crimes Investigation Board (MASAK) applies anti-money laundering (AML) obligations to CASPs, including customer due diligence, suspicious transaction reporting, and record-keeping, under guidance first issued in May 2021, with subsequent materials including an April 2022 guide on electronic suspicious transaction reporting.

Marketing and disclosure: CASPs must comply with CMB rules on publications, announcements, advertisements, and other commercial communications, including risk disclosures and prohibitions on misleading statements.

Custody and safeguarding: Client crypto assets may be held by authorised institutions or banks. CASPs must segregate client assets, maintain reconciliation systems, and meet capital-adequacy and debt-limit tests.

Digital money

Stablecoins: Not established. There is no specific legislative framework for fiat-referenced stablecoins. The CBRT has not formally stated whether a stablecoin pegged to a fiat currency would constitute electronic money under Law No. 6493. (Classification unclear.)

Central Bank digital currency (CBDC): The CBRT published a call for participation in the Digital Turkish Lira project ecosystem on 3 September 2025, seeking proposals from banks, payment and electronic-money institutions to inform Second-Phase use-case development.

Turkey (Continued)

Tokenized finance

Tokenized securities and other capital markets instruments: Not established as a dedicated regime. Where a token qualifies as a capital markets instrument, it would fall under the Capital Markets Law and relevant CMB communiqués. The CMB has not yet issued instrument-specific rules for tokenized shares, bonds or fund units.

Implementation and outlook

The CMB communiqués entered into force with staggered effective dates in 2025. Many obligations, including key operational, systems and capital requirements, were scheduled to apply by 30 June 2025, with additional transitional provisions and clarifications issued by the CMB during 2025 (for example on proof-of-reserves audits). Ongoing supervisory focus areas include safeguarding of client assets, listing principles, cross-border provision of services and information-systems resilience.

Overall outlook: The framework now provides a licencing and prudential baseline for platforms and custodians, while payments use remains prohibited. Stablecoin classification and detailed rules for tokenized securities are the main outstanding gaps for 2026 policy development.

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Ukraine

Policy roadmap

Ukraine's legislative framework on virtual assets is under active development to align with international standards and ensure market stability. The Law of Ukraine "On Virtual Assets" (VA Law), adopted on 17 February 2022, is the primary legislative act governing virtual assets. The VA Law is expected to enter into force upon the enactment of amendments to the Tax Code of Ukraine concerning the taxation of virtual assets. As of October 2025, these amendments have not yet been enacted. The Verkhovna Rada (Parliament of Ukraine) approved Draft Law No. 10225-d in the first reading in September 2025. This draft law aims to comprehensively legalise the virtual asset and cryptocurrency markets, however, the timing of its second reading and final adoption remains uncertain. According to the Ukraine Facility plan, the legislation is intended to be enacted and brought into force by the end of 2025. Whether this will occur within the planned timeframe is currently unclear.

Legal perimeter and authorisation

The VA Law defines virtual assets (VAs) and establishes a legal perimeter for their regulation. It classifies virtual assets into the following categories:

1. Unsecured virtual assets, which do not certify property rights.
2. Secured virtual assets, which certify property rights and include:

- Secured virtual assets backed by currency values (SVA(CV)).
- Secured virtual assets backed by securities or derivative financial instruments (SVA(FI)).

Virtual asset service providers must obtain licences to operate, as stipulated under the VA Law. Regulatory responsibilities are divided between the following authorities:

- The National Bank of Ukraine (NBU) regulates secured virtual assets backed by currency values, and
- The National Securities and Stock Market Commission of Ukraine (NSSMC) regulates other categories of virtual assets.

Regulatory framework

The 2023 amendments to the Civil Code of Ukraine established the legal status of VAs as a type of 'digital thing'. Virtual assets are generally recognised as intangible assets capable of exchange. The draft legislation (Draft Law No. 10225-d) anticipates establishing a comprehensive regulatory framework aligned with European Union standards. However, it does not specify which authority will assume primary regulatory oversight after adoption. The Draft Law is expected to come into effect on 1 January 2026 if approved by the Verkhovna Rada.

Digital money

The National Bank of Ukraine (NBU) is developing a central bank digital currency (CBDC) known as the e-Hryvnia. The original target for implementation was 2027. However, the NBU has officially postponed the launch due to the ongoing war in Ukraine. Despite this delay, the NBU continues to conduct research and pilot initiatives, incorporating international best practices with a focus on resilience and operational efficiency. The full deployment of the e-Hryvnia remains contingent on the cessation of hostilities and the stabilisation of the national economy.

In addition to the CBDC, the Ukrainian legislative framework recognises other forms of digital money, including stablecoins. Under the VA Law, one category of virtual assets comprises secured virtual assets. These include virtual assets that are backed by currency or other value anchors, such as stablecoins, which are designed to facilitate payments and enhance the stability of the virtual asset ecosystem.

Tokenized finance

Not established. No specific legislative framework or regulatory guidelines addressing tokenized finance exist at present in Ukraine.

Implementation and outlook

The legislative framework is expected to mature following the potential adoption of Draft Law No. 10225-d. The law's anticipated effect will clarify regulatory competencies, taxation, and legal status for virtual assets, thus formalising market operations. The NBU's continued efforts on the e-Hryvnia and steps to licence virtual asset service providers suggest a progressive regulatory environment. However, the ongoing war in Ukraine is affecting economic stability and legislative progress, posing significant challenges to implementation. The timing of full implementation remains subject to political and economic developments.

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United Arab Emirates

Policy roadmap

The UAE's approach to virtual assets (VAs) sits within a broader strategy to build a globally competitive digital economy. At the federal level, the Central Bank of the UAE (CBUAE) is responsible for payments and payment tokens, and the Capital Market Authority (CMA), formerly known as the Securities and Commodities Authority (SCA), is responsible for regulating VA activities and VASPs.

At the Emirate level, the Virtual Assets Regulatory Authority (VARA), established under Dubai Law No. 4 of 2022, positions Dubai as the UAE's innovation hub for VAs. VARA's mission statement explicitly targets promoting Dubai as a global hub for virtual assets.

In addition, the UAE's two common law-based Financial Free Zones (FFZs), the Abu Dhabi Global Market (ADGM) and the Dubai International Financial Centre (DIFC), each have their own independent regulators (the Financial Services Regulatory Authority (FSRA) and the Dubai Financial Services Authority (DFSA), respectively), have reached a mature supervisory phase for virtual assets, with a focus on principles-based, firm-accountability supervision.

Legal perimeter and authorisation

The UAE has developed a multi-tier authorisation system for VA activities:

- **Emirate-level -Dubai Virtual Asset Regulatory Authority (VARA):** As the first dedicated VA sector regulator globally, VARA acts as the dedicated authority for virtual assets in Dubai (excluding DIFC). Its 2023 Virtual Assets and Related Activities Regulations define eight regulated activities. VARA's framework is recognised internationally for being purpose-built, activity-based, and risk-sensitive, designed to align innovation, consumer protection, and AML/CFT compliance.
- **Federal – Capital Markets Authority (CMA):** The CMA (formerly known as the SCA) is the federal VASP-sector regulator under Cabinet Resolution 111 of 2022. It licenses and supervises VASPs providing exchange, brokerage, custody, and platform-operator services in mainland UAE, excluding Dubai. In addition to regulating VASPs, CMA has introduced a framework for tokenization, setting out how traditional securities and other financial instruments may be issued, recorded, and traded using distributed ledger technology.
- **Financial Free Zones:** The ADGM and the DIFC also maintain their own regimes through their own independent regulators – the FSRA and the DFSA, respectively.

Regulatory framework

Dubai's VARA has enforced its Virtual Assets and Related Activities Regulations, establishing a dedicated licensing and supervisory regime for eight virtual-asset activities, including exchange, brokerage, custody, advisory, investment, transfer, and issuance. Firms must meet stringent governance, disclosure, and asset-segregation standards, supported by detailed Compulsory Rulebooks applicable to all licensed categories on Compliance and Risk Management, Technology and Information, Market Conduct, Company (including, amongst other things, corporate governance, outsourcing, environmental, social and governance (ESG) disclosures, corporate governance, etc.), all of which outline clear consumer-protection and fair-dealing duties. For each activity, there is a detailed activity rulebook for each license category outlining specific requirements which, together with the Compulsory Rulebooks, have had major updates in what has been labelled as 'Rulebook 2.0'. Additionally, VARA's Marketing Regulations (and detailed guidance) outline when VA activity and VAs themselves can or cannot be marketed within the Emirate of Dubai (excluding the DIFC). VARA has also issued multiple public alerts and enforcement actions against unlicensed activity, signalling a proactive supervisory stance focused on transparency and deterrence.

At the federal level (beyond stablecoin / payment token related services, which is regulated by the CBUAE), the CMA regulates VASPs under Cabinet Resolution No. 111 of 2022, covering activities in the UAE mainland outside the FFZs and the Emirate of Dubai (where outside of the DIFC, which has its own regime, it has delegated authority on VASP sector regulation and supervision to VARA under Cabinet Resolution No. 112 of 2022). These include VA licenses across activities such as brokerage, financial consultation, portfolio management, custody and exchange platform operators. CMA regulations also provide a framework for security and commodity token contracts (i.e., derivatives), further integrating tokenization within the existing securities law perimeter.

In ADGM, the FSRA continues to supervise virtual-asset activities through its established regulatory and financial-resources regime. In the DIFC, the DFSA's Crypto Token framework entered a new supervisory phase with updated rules issued in January 2026. Firms are required to conduct their own documented assessments of crypto-token suitability, with responsibility for product governance, due diligence, and ongoing monitoring resting firmly with regulated entities rather than through a regulator-maintained approved token list. The revised framework also strengthens conduct, operational, and investor-protection requirements, reflecting a shift toward governance-intensive, principles-based supervision.

United Arab Emirates (Continued)

Digital money

The issuance and use of fiat-referenced tokens used for payments is clearly articulated within the UAE regulatory perimeter. The CBUAE regulates UAE Dirham (AED)-backed fiat-referenced tokens under its Payment Token Services Regulation (PTSR). Licensed providers must maintain high-quality reserves, ensure redemption at par, and meet governance, risk-management, and safeguarding standards broadly aligned with other licensed financial institutions.

Under the PTSR, the CBUAE prohibits merchants accepting VAs towards payment of goods and services unless through licensed AED-backed stablecoins (with limited exemptions related to the purchase of other VAs through non-AED-backed stablecoins).

Algorithmic or anonymity-enhanced tokens remain outside scope and are prohibited for issuance or promotion under the rules and regulations of all the regulators in the UAE.

In parallel, the CBUAE continues to develop the Digital Dirham under its Financial Infrastructure Transformation (FIT) Programme, a cross-border CBDC initiative. Current pilots focus on wholesale and government payments, with retail use cases planned later in the decade.

VARA complements this by supervising the issuance and marketing of fiat-referenced tokens in Dubai, within its virtual-asset perimeter, mandating reserve verification, detailed disclosures, and restrictions on unfair, ambiguous, or misleading promotions. Together, the CBUAE and VARA are shaping a dual-layer system for digital money in the UAE: public digital money in the form of a CBDC, alongside fully collateralised private stablecoins which combines innovation in payments with financial-stability and consumer-protection oversight.

Tokenized finance

Tokenized finance in the UAE is progressing primarily through ADGM and DIFC, where financial-instrument tokenization falls under the mandates of the FSRA and DFSA. Both regulators support the issuance, trading, and custody of tokenized securities and funds within their respective market-infrastructure frameworks.

VARA regulates VAs and certain asset-backed VA issuances, but it does not supervise tokenized securities or other regulated financial instruments (which fall outside if its regulatory mandate) which remain under the CMA at the federal level. VARA's rulebooks focus on disclosure, governance, and market-conduct standards for VA issuances, while coordination with the CMA ensures clear boundaries between VASP activity and the traditional securities perimeter in Dubai (noting that the CMA covers VASP activity as well outside of the Dubai).

Recent regulatory developments in the DIFC reinforce the institutional orientation of tokenized finance. The DFSA's updated Crypto Token framework, effective from January 2026, places greater responsibility on regulated firms for product governance, suitability assessment, and ongoing risk management.

Similarly, pilot projects have emerged with VARA to foster innovation on issues such as the tokenization of Real-World Assets (RWA), with some notable examples in the real estate space.

The DIFC also issued its Digital Asset Law in 2024, establishing digital assets as legally recognised property and providing a clear framework for their ownership, control, transfer, and use within the DIFC. Additionally, the DIFC Courts introduced a framework for Digital Asset Wills to specifically recognise the validity of virtual asset transfers in testamentary succession.

Implementation and outlook

- The CMA is expected to expand on its regulations, refining prudential, disclosure, and governance requirements for virtual-asset service providers.
- The VARA plans to continue to release updated rulebooks, expanding guidance on more complex topics such as cross-border marketing, RWAs, alongside implementation of an integrated supervisory-reporting platform for licensed entities.
- We anticipate other Emirates within the UAE to work together with the CMA to explore legal and regulatory frameworks for the tokenization of RWAs across a wide range of RWA categories.
- The UAE's CMA-regulated main securities exchanges – the Dubai Financial Market (DFM) and Abu Dhabi Securities Exchange (ADX) are expected to start listing both tokenized securities and as well as Security Tokens and potentially token treasuries.
- The FSRA in the ADGM and the DFSA in the DIFC will continue iterative updates to their VA and Crypto Token frameworks to enable wider institutional access and tokenized-collateral use. The most recent update in January 2026 signals a shift towards greater firm accountability for product suitability, governance and risk management.

Across jurisdictions, continued coordination is expected to strengthen national oversight through shared supervisory data, Travel Rule implementation, and alignment between stablecoin and CBDC initiatives, supporting the ongoing maturation of the UAE's federated virtual-asset framework.

United Arab Emirates (Continued)

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Virtual Assets Regulatory Authority (VARA): Rulebook Updates – Treatment of Client VAs, FATF Travel Rule, Virtual Asset Issuance Rulebook, May 2025 Securities and Commodities Authority (SCA): Unified Regulatory Framework Agreement with VARA, August 2025 Ministry of Finance (UAE): Crypto-Asset Reporting Framework Guidance Document, September 2025

PwC Services and Capabilities

07

PwC Services and Capabilities

01

For service providers and crypto-native companies

- End-to-end support to establish business by obtaining the relevant regulatory licenses and/or registrations.
- Value proposition and high-level target operating model (incl. market analysis, business model, strategy, capabilities, financial projections).
- Regulatory and legal support, including analysis of business plans, intended activities and /or products, filings and representation before financial authorities and execution of business strategy.
- Automated digital disclosure and transparency tools.
- Post-submission support (review feedback from the regulator and support with compliance actions).
- Growth opportunities (incl. growth and scalability in the local market).

02

For financial Institutions

- Digital asset market entry strategy (incl. bank's goals and market role, competitors, regulatory landscape, business model).
- Risk and regulatory requirements (incl. digital asset risk analysis, risk framework, compliance and reporting, risk capabilities).
- Operational and organizational requirements (incl. delivery model, operational and org. changes, capability and resource needs).
- Technical requirements (incl. IT capabilities, infrastructure, integration).
- Delivery (incl. marketing strategy, implementation plan, outsourcing and other legal agreements, operations ramp-up, managed services, service provider onboarding, transaction monitoring, and compliance).
- Legal and financial services regulatory analysis and assistance, including in applications with regulators and contractual support.

03

For regulators

- Definition of the licensing, registration and supervisory framework.
- Preparation of the crypto firm onboarding plan and ongoing PMO support to facilitate interactions.
- Support to define the license and/or registration conditions from a strategic, operational, risk, and legal perspective (including benchmarking).
- Service provider review (incl. conditions eligibility and risk assessment, including checks and onchain analysis).
- Framework buildout, 'strategic' framework for licensing and supervision.
- Framework future-proofing and prototyping.
- Managed services, ongoing licensing and supervisory support.

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Reports

Annual Global Crypto Hedge Fund Report

Tokenization in Financial Services: Delivering Value and Transformation

Stablecoins for treasurers: Where to start, what to watch, and what can wait

Further information can be found on PwC Global Digital Assets page for Financial Services, PwC US Digital Assets page and PwC Legal's EU RegCORE centre.

Videos and podcasts

What's next for digital assets?

Crypto in the capital: Digital Assets, Regulation, and the Road Ahead

CARF rules apply soon

The digital assets transition: Stablecoins, CBCDs, and regulatory crossroads

Tokenisation: Redefining the future of funds and financial markets

Crypto assets - Accounting for stablecoins, staking, and lending

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