



# Global Regulatory Updates on Crypto and Financial Markets

Stay informed with the latest regulatory developments affecting cryptocurrency, AI in banking, and financial markets across Australia, Hong Kong, Singapore, the US, and the UK.

# ASIC Seeks High Court Appeal on Block Earner Crypto Financial Product Ruling

On 21 May 2025, ASIC confirmed plans to seek special leave from the High Court of Australia to appeal the Full Federal Court's ruling in the Block Earner case.

The Court had held that Block Earner's fixed-yield crypto lending product was not a "financial product" under the Corporations Act 2001 (Cth).

ASIC argues for a broad, technology-neutral interpretation of "financial product" to protect investors and establish clear regulatory boundaries.

A ruling in ASIC's favour could expand the scope of financial services law to capture more crypto-linked products.

The case will shape compliance strategies for exchanges and issuers, highlighting the balance between technological neutrality and investor protection.



# ASIC Chair Joe Longo Outlines AI Blueprint for Banking at ABA Conference

## Key Message

On 23 July 2025, ASIC Chair Joe Longo delivered a speech at the Australian Banking Association Conference in Sydney.

Longo stated that ASIC will not obstruct responsible AI adoption but warned against harmful deployment.

## Regulatory Framework

Existing obligations under the Corporations Act 2001 (Cth) already apply to directors and licensees deploying AI.

Banks were urged to rebuild consumer trust by demonstrating ethical AI innovation.

## Industry Implementation

Westpac, NAB, and CBA are piloting AI in fraud detection, complaint handling, and scam prevention.

ASIC's Reports 798 and 785 show governance shortcomings and systemic harms, reinforcing the need for oversight.

Principle-based enforcement, not fragmented prescriptive regulation, will guide ASIC's approach.

# ASIC Appeal in Finder Wallet Case Dismissed by Full Court of the Federal Court of Australia Clarifies: Crypto Staking Activities not a Debenture



## Court Upholds Initial Decision

On 24 July 2025, the Full Court of the Federal Court of Australia dismissed ASIC's appeal in the Finder Wallet case. This ruling upheld the initial decision that Finder Earn, a crypto yield product, was not a "debenture" under the Corporations Act 2001 (Cth).

ASIC had argued Finder Earn, which converted AUD deposits to stablecoins for yield, constituted "money lent or deposited," aiming to classify it as a debenture for broader crypto regulation and consumer protection.



## Key Legal Interpretation

The Full Court's decision hinged on a narrow interpretation of "debenture" in the Corporations Act, specifically requiring "money lent or deposited." The Court concluded that the crypto assets involved were not "money" in the traditional legal sense, viewing stablecoins as intangible property.

This distinction was pivotal: because the underlying assets weren't "money," and no traditional "loan of money" obligation existed, Finder Earn did not meet the debenture definition. This highlights how existing Australian financial laws struggle to encompass unique crypto products.



## Implications for Regulation

The dismissal of ASIC's appeal reveals significant ambiguities and gaps in Australia's current regulatory framework for crypto products like staking and lending. While providing clarity for Finder Earn-like structures, it underscores an urgent need for specific, purpose-built legislation for the rapidly evolving digital asset industry.

The ruling reinforces calls for legislative reform to address crypto complexities, ensuring investor protection and regulatory certainty without stifling innovation. Policymakers must now develop a robust regulatory regime to govern the digital asset space effectively, balancing fostering innovation with safeguarding consumers and market integrity.



# ASIC Investor Alert: Unlicensed Crypto Futures Offered by Bitget Breach Australian Financial Services Laws

⚠ On 28 July 2025, ASIC issued a warning against Bitget for offering unlicensed crypto futures to Australians.

Bitget does not hold an Australian Financial Services (AFS) licence under the Corporations Act 2001 (Cth).

## High-Risk Products

Futures contracts offered involve leverage up to 125:1, exceeding Australia's 2:1 retail cap.

## Lack of Protections

Investors lack statutory protections such as dispute resolution and client money safeguards.

## Financial Risk

High leverage significantly amplifies risks of severe financial losses.

Regulators in Spain, Germany, Canada, Japan, and others have also warned against Bitget.

# Hong Kong Monetary Authority Issues Guidance on Crypto Staking from Custodial Services



## Control Requirements

On 7 April 2025, HKMA issued guidance on staking services provided by authorised institutions from custodial operations.

Institutions must maintain control over staked assets, including withdrawal keys and exit mechanisms.



## Governance Standards

Strong governance, conflict management, and risk-mitigation policies are mandatory.

Clients must be informed of eligible assets, fees, lock-up terms, payout schedules, and risks.



## Protocol Management

Protocol selection requires due diligence with oversight of outsourced validators.

The HKMA encourages pilot testing under its Supervisory Incubator for Distributed Ledger Technology.



# Hong Kong SFC Circular on Custody of Virtual Assets for Licensed Trading Platform Operators



On 15 August 2025, the HK SFC issued a circular on custody standards for licensed VATPs under the Securities and Futures Ordinance (Cap. 571).

## 1 Governance Requirements

Each VATP must appoint a Responsible Officer to oversee custody compliance.

## 2 Cold Wallet Security

Cold wallet governance must use certified hardware modules, offline key generation, and secure backups.

## 3 Withdrawal Controls

Withdrawal addresses must be whitelisted with multi-step verification and air-gapped signing devices.

## 4 Third-Party Standards

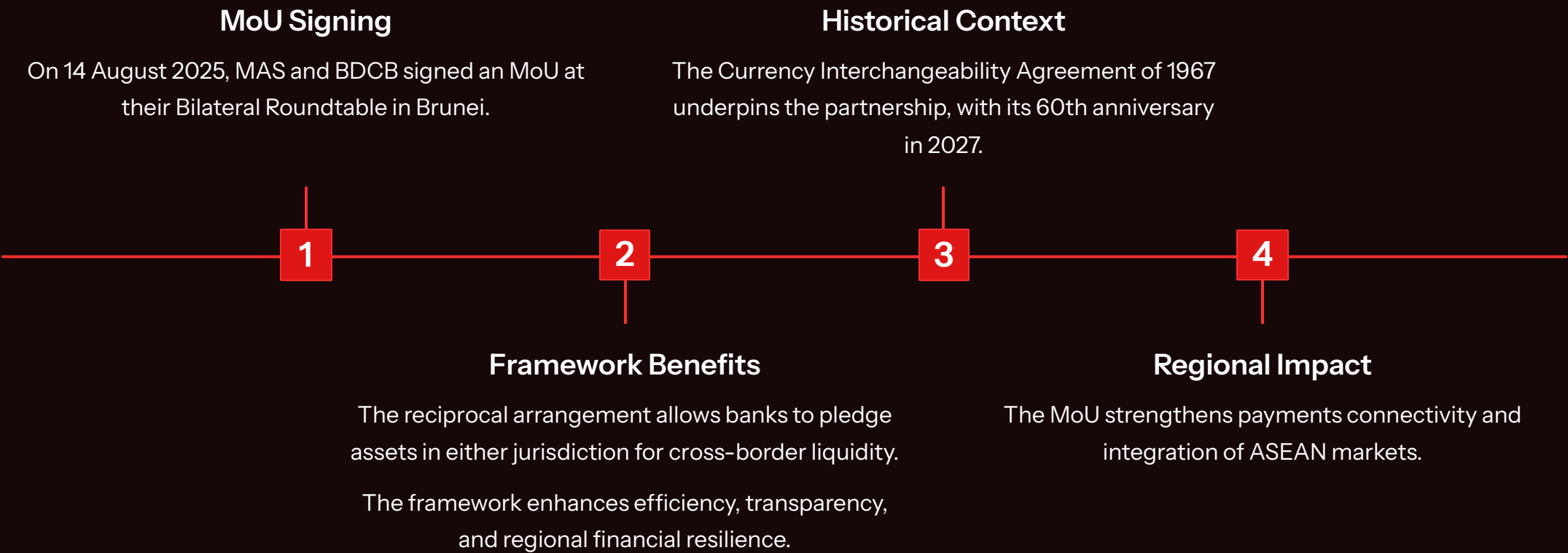
Third-party wallet providers must undergo strict due diligence, including audits and resilience testing.

## 5 Monitoring Requirements

A 24/7 Security Operations Centre is required for monitoring and reconciliation.

Standards align with July 2025 consultations on statutory licensing of virtual asset custodians.

# Singapore MAS and Brunei BDCB Strengthen Cross-Border Financial Cooperation with MoU on Collateral Framework





# US SEC Division of Corporation Finance Clarifies Application of United States Securities Laws to Liquid Staking

On 5 August 2025, the US SEC Division of Corporation Finance issued a staff statement on liquid staking.

Liquid staking activities, as defined, are not securities transactions under the Securities Act of 1933 or Exchange Act of 1934.

Applying the Howey Test, staking providers' activities were found administrative, not entrepreneurial.

Staking receipt tokens are evidentiary of ownership, not securities unless linked to investment contracts.

Providers offering guaranteed yields or discretionary management may still trigger securities laws.

The statement provides operational certainty but does not replace case-specific analysis.



# US SEC Commissioner Caroline A. Crenshaw Responds to Liquid Staking Guidance: "Caveat Liquid Staker"



## Dissenting Opinion

On 5 August 2025, Commissioner Caroline Crenshaw expressed a dissenting opinion regarding the SEC staff's liquid staking statement.



## Criticism of Guidance

Crenshaw criticized the guidance, noting it was based on assumptions and not legally binding on the Commission.



## Warning to Providers

She warned that providers cannot rely on the statement as a safe harbor.



## Regulatory Risk

Any deviation from the assumed conditions means providers remain subject to securities law obligations.



## Internal Division

The dissent reflects internal division within the SEC concerning staking regulation.

# United States SEC puts Cboe BZX Proposal under Review to Permit Staking in VanEck Ethereum ETF

On 19 August 2025, the SEC published Release No. 34-103743 on a Cboe BZX proposal.

The amendment would permit the VanEck Ethereum ETF to stake ether held in the trust.

Rewards would accrue to the trust as income, while custody remains with the custodian.

Assets would not be pooled with third parties, ensuring segregation.

The proposal aligns with SEC's May 2025 protocol staking statement.

Public comment is invited before the SEC makes a decision within 45 to 90 days.



# United States SEC Notice of Filing and Immediate Effectiveness to Amend BOX Rule 3120 on Bitcoin ETF Options



## Approval Details

On 20 August 2025, the SEC approved BOX Exchange's amendment to Rule 3120, effective immediately.



## Rule Changes

The amendment raises position and exercise limits for GBTC, BITB, and BTC ETF options.

Fixed caps of 25,000 contracts are replaced with graduated thresholds based on trading volume and float.



## Expedited Process

The SEC waived the standard thirty-day delay, citing minimal investor protection impact.



## Ongoing Oversight

Surveillance, reporting, and oversight remain in place with FINRA and intermarket coordination.

# United States SEC Notice on BOX Proposal to Raise Position and Exercise Limits for iShares Bitcoin Trust ETF Options



On 20 August 2025, the SEC published Release No. 34-103747 on a BOX proposal.

The filing removes IBIT options from fixed 25,000 caps, applying graduated tiers under Rule 3120.

IBIT currently qualifies for the 250,000 contract tier based on shares outstanding.

The change brings IBIT in line with products like GLD, SLV, and BITO.

Surveillance and margin requirements remain to mitigate risks.

The proposal became effective immediately, with public comments invited.



# US SEC Appoints Judge Margaret Ryan as Director of Enforcement Division

## 1 Appointment Announcement

On 21 August 2025, the SEC appointed Judge Margaret Ryan as Director of Enforcement, effective 2 September 2025.

She succeeds Acting Director Sam Waldon, who returns as Chief Counsel.

## 2 Leadership Statements

Chairman Paul Atkins praised Ryan's judicial service and commitment to investor protection.

Ryan pledged strict enforcement against misconduct and fraud in securities markets.

## 3 Professional Background

Her background includes service on the US Court of Appeals for the Armed Forces and Harvard Law teaching.

The appointment ensures strong leadership during a period of heightened regulatory focus on crypto and systemic risks.

