



Digital Assets Recent Updates

January 6, 2026

We are pleased to provide you with the November and December edition of Gibson Dunn's digital assets regular update. This update covers recent legal news regarding all types of digital assets, including cryptocurrencies, stablecoins, CBDCs, and NFTs, as well as other blockchain and Web3 technologies. Thank you for your interest.

ENFORCEMENT ACTIONS

UNITED STATES

Founder of Terraform Labs Sentenced to 15 Years in Federal Prison

On December 11, Do Kwon, founder of Terraform Labs (Terraform), was sentenced to 15 years in federal prison for committing wire fraud and conspiring to commit securities fraud, commodities fraud, and wire fraud in connection with his role at Terraform and in the collapse of Terraform's LUNA and TerraUSD cryptocurrencies. According to the DOJ, Kwon lured investors by claiming that Terraform was a decentralized financial system with its own cryptocurrencies (TerraUSD and LUNA), payment system, stock market, and savings bank, even though Terraform's products did not function as advertised and were manipulated by Kwon. The sentence was greater than the 12 years that the prosecutors had requested. [U.S. Attorney's Office Press Release](#); [Law360](#); [TheBlock](#); [BBC](#).

Paxful to Pay \$4 Million For Failing to Enforce Anti-Money Laundering Policies

On December 8, Paxful Holdings, the parent company of the now-defunct, peer-to-peer bitcoin exchange named Paxful, agreed to pay a \$4 million criminal fine for willfully failing to enforce and maintain anti-money laundering policies on its exchange. According to the DOJ, Paxful Holdings marketed itself as an exchange that did not require its customers to provide identifying information, lacked compliance infrastructure for years, and collaborated with Backpage.com, a

website that allegedly facilitated prostitution. [Law360](#).

SEC Sues VBit Founder for Alleged \$48 Million Bitcoin Mining Fraud

On December 17, the SEC sued Danh Vo, the former CEO of VBit Technologies Corp. (VBit), for Vo's role in allegedly defrauding VBit investors out of \$48.5 million. According to the SEC, Vo allegedly misappropriated investor funds intended for the purchase of Bitcoin mining equipment, deceiving investors by populating their accounts with hypothetical balances. [SEC Press Release](#); [Law360](#).

DOJ Seizes Web Domain Used in International Cryptocurrency Investment Fraud

On December 2, the DOJ announced the seizure of web domain tickmilleas.com, which allegedly was used by those located at the Tai Chang scam compound (also known as Casino Kosai) to defraud Americans through cryptocurrency investment fraud scams. The Tai Chang scam compound, located in Burma, is affiliated with groups linked to Chinese organized crime and the development of scam centers in Southeast Asia. According to DOJ, the seized domain disguised itself as a legitimate investment platform and advertised lucrative returns to trick victims into depositing their funds. The seizure is part of efforts by the District of Columbia U.S. Attorney's Office's Scam Center Strike Force to combat scam centers operating in Southeast Asia. [DOJ Press Release](#).

New Scam Center Strike Force Battles Southeast Asian Crypto Fraud

On November 12, the U.S. Attorney's Office for the District of Columbia announced the creation of the District of Columbia Scam Center Strike Force, a public-private partnership focused on combating Southeast Asian cryptocurrency investment scams targeting Americans. The Scam Center Strike Force is pursuing Southeast Asian scam compounds, the Chinese transnational criminal organizations and affiliates behind them, and the U.S.-based facilities and infrastructure that enable these cryptocurrency investment scams. [U.S. Attorney's Office Press Release](#).

Samourai Wallet Founders Sentenced for Laundering \$237 Million in Criminal Proceeds

On November 6 and November 19, Samourai Wallet (Samourai) co-founders Keonne Rodriguez and William Lonergan Hill were sentenced to five years and four years in prison, respectively, for allegedly laundering \$237 million in criminal proceeds through Samourai's cryptocurrency privacy services. The government alleged that the co-founders intentionally designed and promoted Samourai's services to conceal the transmission of criminal proceeds. [US Attorney's Office Press Release](#); [CoinDesk](#).

Co-Founder and CEO of Wolf Capital Crypto Trading Sentenced for \$9.4 Million Crypto Ponzi Scheme

On November 13, Travis Ford, co-founder and CEO of Wolf Capital Crypto Trading LLC (Wolf Capital), was sentenced to five years in prison for his role in leading a cryptocurrency investment fraud conspiracy. The DOJ alleged that Ford solicited investments by portraying himself as a sophisticated investor who could deliver up to 1-2% daily returns (547% annually), even though he knew those results were not consistently achievable. Ford and Wolf Capital raised \$9.4 million from investors, which the DOJ alleged he then misappropriated and diverted for the benefit of himself and his co-conspirators. [DOJ Press Release](#); [YahooFinance](#).

Mistrial Declared in \$25 Million Cryptocurrency Criminal Case

On November 7, U.S. District Judge Jessica G.L. Clarke of the Southern District of New York declared a mistrial in the case of two brothers, Anton and James Peraire-Bueno, who were charged with wire fraud and money laundering for allegedly stealing \$25 million worth of cryptocurrency by exploiting Ethereum's maximal extractable value (MEV) system. According to federal prosecutors, the brothers used "sandwich attacks" to manipulate the order in which transactions were processed on blocks, allowing them to exploit the price discrepancies created by those transactions. The U.S. Attorney's Office has requested a new trial. [Reuters](#); [TheBlock](#); [YahooFinance](#).

U.S. Treasury Sanctions North Korean Bankers and Institutions Involved in Laundering Cybercrime Proceeds and IT Worker Funds

On November 4, the U.S. Treasury's Office of Foreign Assets Control (OFAC) sanctioned eight individuals and two entities for their alleged role in laundering funds derived from a variety of illicit Democratic People's Republic of Korea (DPRK) schemes, including cybercrime—such as cryptocurrency heists—and IT worker fraud. In a press release, Treasury said that "[o]ver the past three years, North Korea-affiliated cybercriminals have stolen over \$3 billion, primarily in cryptocurrency, often using sophisticated techniques such as advanced malware and social engineering." [U.S. Treasury](#); [CoinDesk](#).

Founder and CEO of Crypto ATM Company Indicted for Money Laundering Conspiracy

On October 31, the U.S. Attorney's Office for the Northern District of Illinois unsealed an indictment of Firas Isa, the founder and CEO of Virtual Assets LLC d/b/a Crypto Dispensers (Crypto Dispensers), and Crypto Dispensers. The indictment alleges that Crypto Dispensers operated a cash-to-cryptocurrency exchange business that included cryptocurrency ATMs throughout the United States. The indictment also alleges that Isa knowingly converted criminal proceeds into cryptocurrency, which he then transferred into virtual wallets to conceal the ownership and source of the funds. Isa and Crypto Dispensers have pled not guilty. [U.S. Attorney's Office Press Release](#); [TheBlock](#).

INTERNATIONAL

Argentina Court Freezes \$507K of Assets Tied to Libra Scandal

On November 11, an Argentine court froze the assets of U.S. promoter Hayden Davis and two intermediaries tied to the failed Libra token. The freeze covers bank accounts, crypto wallets, and property. Investigators are supposedly tracking certain funds after price movement in Libra. [YahooFinance](#); [CoinTelegraph](#).

LITIGATION

INTERNATIONAL

Singapore Court of Appeal Rejects Misrepresentation Claims Over STACS Token Whitepapers

On November 26, the Singapore Court of Appeal dismissed an investor's appeal alleging fraudulent and negligent misrepresentation in relation to certain claims made in whitepapers and a website promoting the STACS Protocol and its utility token. The court rejected the investor's appeal for two key reasons. First, the court found that the respondent, Hashtacs Pte. Ltd.

(Hashtacs), who developed and operated the STACS Protocol, was not the maker of the statements concerned. Second, the statements in question were held to be forward-looking aspirational statements about a future project rather than actionable statements of present fact. The court emphasized the whitepaper's forward-looking language, that there was no proof of falsity or dishonesty at the time the statements were made based on the evidence, and that later changes to the protocol did not retroactively make the earlier statements false. [Judgment](#).

Singapore High Court Clarifies when a Person is “Carrying on a Business” under the Payment Services Act

On November 12, the Singapore High Court issued its judgment in the case of *Chang Jiunn Jye v Public Prosecutor* [2025] SGHC 225 and, in the process, provided guidance as to when a person may be deemed to be “carrying on a business” of providing payment services under the Singapore Payment Services Act 2019 (PS Act). The court confirmed that there are two alternative, disjunctive tests for determining when a person is “carrying on a business”: (i) the system and continuity test, which looks for an organized scheme shown by repeated or closely sequenced transactions conducted in a similar way; and (ii) the readiness to serve all and sundry test, which asks whether the person holds themselves out as ready to provide the service broadly. Applying these principles to the facts, the court held the system and continuity test was met even though there were only two transactions, because they were closely timed, executed using the same method with detailed instructions, and motivated by profit. This decision could have implications for the crypto industry, as the PS Act also regulates activities involving digital assets, such as dealing (i.e., buying and selling), operating an exchange, transfer and custody. [Judgment](#).

REGULATION AND LEGISLATION

UNITED STATES

SEC Issues Statement on Broker-Dealers’ Custody of “Crypto Asset Securities”

On December 17, the SEC's Division of Trading and Markets issued guidance to broker-dealers on how to obtain and maintain physical possession of crypto asset securities, including tokenized versions of an equity or debt security. According to the Division of Trading and Markets, a broker-dealer has physical possession of “crypto asset securities” when the broker-dealer has reasonably designed written policies and procedures in place to assess whether the distributed ledger technology and the associated network are secure, protect private keys, and ensure the continued safekeeping and accessibility of the crypto asset securities in the event of disruption. In contrast, a broker-dealer does not have physical possession of crypto asset securities if the broker-dealer is “aware of any material security or operational problems or weaknesses with the distributed ledger technology and associated network used to access and transfer the crypto asset security or is aware of other material risks posed to the broker-dealer’s business by custodying the crypto asset security.” [SEC](#); [TheBlock](#).

Federal Reserve Withdraws 2023 Policy Restricting State Member Banks From Engaging in Crypto

On December 17, the Federal Reserve Board withdrew a 2023 policy statement that “limited Board-supervised state member banks to the same activities permissible for banks supervised by the other federal bank regulatory agencies.” Under the Federal Reserve Board’s updated 2025 policy statement, the Federal Reserve Board will, on a case-by-case basis, consider whether to

permit uninsured state member banks to engage in innovative products and services not permitted to insured banks, including crypto services. [Statement](#); [Press Release](#); [TheBlock](#).

OCC Announces Conditional Approvals for Five National Trust Bank Charter Applications

On December 12, the Office of the Comptroller of the Currency (OCC) announced the conditional approvals of applications for de novo national trust bank charters for First National Digital Currency Bank and Ripple National Trust Bank and for conversions from state trust companies to national trust banks for BitGo Bank & Trust, National Association, Fidelity Digital Assets, National Association and Paxos Trust Company, National Association. The five national trust banks, subject to meeting the OCC's conditions, will join approximately 60 other national trust banks currently supervised by the OCC. [OCC](#).

OCC Confirms Bank Authority to Engage in Riskless Principal Digital-Asset Transactions

On December 9, the OCC published Interpretive Letter 1188 confirming that a national bank may engage in riskless principal digital-asset transactions as part of the business of banking. In a riskless principal digital-asset transaction, a national bank purchases a digital asset from one counterparty for immediate resale to a second counterparty, without holding any digital assets in inventory. For riskless principal transactions in digital assets that are *not* securities transactions, the OCC stated that such transactions are "both the functional equivalent to recognized bank brokerage activities and are a logical outgrowth of crypto-asset custody activities." The OCC further stated that although riskless principal transactions in digital assets that *are* securities transactions may have some novel features, they nonetheless qualify as permissible riskless principal transactions. The OCC noted that a national bank must conduct riskless principal digital-asset transactions in a safe and sound manner and in compliance with applicable law.

[Interpretive Letter 1188](#); [OCC Press Release](#).

CFTC Greenlights Spot Crypto Trading

On December 4, then Commodity Futures Trading Commission (CFTC) Acting Chairman Caroline D. Pham announced that CFTC-registered exchanges will be permitted to list spot crypto products. Spot crypto trading will allow investors to directly buy and sell crypto. Acting Chairman Pham stated that spot crypto trading on CFTC-registered exchanges offers investors with greater market integrity and protections than offshore exchanges. [CFTC Press Release](#); [YahooFinance](#).

CFTC Issues Amended Order of Designation Allowing Polymarket to Operate a Prediction Market in the United States

On November 24, the U.S. CFTC issued an order permitting QCX LLC d/b/a Polymarket US (Polymarket US) to operate as a designated contracts market (DCM) that can facilitate intermediated trading. The amended designation now enables Polymarket US to introduce intermediated access, enabling users to trade through futures commission merchants and leverage traditional market infrastructure, custody, and reporting channels, in addition to onboarding customers directly to the platform. It also subjects Polymarket US to rules applicable to CFTC-supervised derivatives exchanges, including enhanced surveillance, market oversight, and clearing procedures. [CFTC Amended Order](#); [Polymarket Press Release](#); [CoinDesk](#); [TheBlock](#).

SEC Issues No-Action Letter Related to Fuse Rewards Token

On November 24, the SEC's Division of Corporation Finance issued a no-action letter to Fuse Crypto Limited (Fuse), an energy-technology startup that rewards customers with tokens for installing and maintaining distributed energy resources, including rooftop solar, EV chargers, smart thermostats, and other flexible energy assets. The Division of Corporate Finance stated it would not recommend enforcement, under Section 5 of the Securities Act and Section 12(g) of the Exchange Act, if Fuse offers and sells the token in the manner and under the circumstances Fuse described in a November 19 no-action request to the SEC. Fuse had informed the SEC that the token would function like an energy rebate redeemable solely for Fuse's goods and services, and its value would be determined by a consumer's energy consumption rather than by the overall success of Fuse or the Fuse Network. [SEC](#); [Fuse's Letter](#); [TheBlock](#); [CoinTelegraph](#); [YahooFinance](#).

New Hampshire Launches \$100 Million Bitcoin-Backed Municipal Bond

On November 18, the New Hampshire Business Finance Authority (BFA) approved a \$100 million conduit revenue bond, which will be the first of its kind in the United States. The bond is backed by Bitcoin and would allow companies to borrow against over-collateralized Bitcoin that is held by a private custodian. The structure was engineered to bring standard municipal and corporate bond frameworks to bitcoin-backed collateral, with transaction fees earmarked to fund New Hampshire's Bitcoin Economic Development Fund. [YahooFinance](#); [CoinTelegraph](#).

OCC Confirms Bank Authority to Hold Certain Digital Assets to Pay Network Fees

On November 18, the OCC published Interpretive Letter 1186 confirming that national banks may pay network fees on blockchain networks (gas fees) and may hold digital assets as principal in quantities consistent with a reasonably foreseeable need to pay such fees. The OCC also confirmed that "a national bank may hold amounts of crypto-assets as principal necessary for testing otherwise permissible crypto-asset-related platforms, whether internally developed or acquired from a third party." According to the OCC, the ability to test permissible digital-asset-related platforms facilitates feedback that enables national banks to operate effectively and in a compliant manner. [Interpretive Letter 1186](#); [OCC Press Release](#); [TheBlock](#).

IRS Provides Guidance for Trusts Engaged in Staking

On November 10, the IRS issued guidance providing a safe harbor for investment trusts and grantor trusts to stake certain digital assets without jeopardizing their status as trusts for U.S. federal income tax purposes. The guidance clarifies uncertainty surrounding crypto exchange traded products (ETPs). Treasury Secretary Scott Bessent stated that the guidance gives ETPs "a clear path to stake digital assets and share staking rewards with their retail investors." [IRS](#); [CoinDesk](#); [TheBlock](#).

Senate Agriculture Committee Released Crypto Bill Draft

On November 10, the Senate Agriculture Committee released a bipartisan discussion draft of crypto market-structure legislation. Among other things, the draft introduces definitions to classify digital commodities, establishes a spot market digital commodity regulatory regime with the CFTC, requires digital commodity exchanges to hold digital commodities that are the property of a customer with a qualified digital commodity custodian, requires the CFTC and SEC to coordinate and collaborate on necessary inter-agency rulemakings, and establishes listing standards for digital commodities. [Bill Draft](#); [Press Release](#); [Politico](#).

INTERNATIONAL

Hong Kong Finalizes Virtual Asset Dealer and Custodian Licensing Regimes, Launches New Consultation on Advisory and Management Rules

On December 24, the Financial Services and the Treasury Bureau (FSTB) and the Securities and Futures Commission (SFC) jointly published consultation conclusions on legislative proposals to regulate virtual asset (VA) dealing and custodian service providers in Hong Kong. The FSTB and the SFC will proceed with finalizing the legislative proposals with a view to introducing a bill into the Legislative Council in 2026. At the same time, the FSTB and the SFC launched a further public consultation on legislative proposals to establish licensing regimes for VA advisory and management services providers. [FSTB](#).

UK FCA consults on Regulating Cryptoasset Activities and Cryptoasset Admissions, Disclosures and Market Abuse Regime

On December 16, the UK Financial Conduct Authority (FCA) published two consultation papers. CP25/40 concerns the regulation of core cryptoasset activities including trading platforms, intermediaries, lending and borrowing, staking and aspects of decentralised finance (DeFi). CP25/41 sets out proposed rules and guidance for a cryptoasset admissions and disclosures regime and a market abuse regime for cryptoassets. The proposed rules cover public offers of qualifying cryptoassets, admissions to trading on cryptoasset trading platforms, and ongoing disclosure obligations. The FCA invites interested participants to submit responses to both consultations by February 12, 2026, with final rules expected later in 2026. [FCA - CP25/40](#); [FCA - CP25/41](#).

DFSA Updates Crypto Token Regulatory Framework in the DIFC

On December 15, following consultations in early 2025, the Dubai Financial Services Authority (DFSA) amended the crypto token regulatory framework applicable in the Dubai International Financial Centre (DIFC), with the revised rules set to take effect on January 12, 2026. The amendments remove the DFSA's list of Recognized Crypto Tokens and place responsibility on firms to assess, on a reasoned and documented basis, whether crypto tokens they engage with meet the DFSA's suitability criteria. The framework also introduces enhanced investor protections and proportionate reporting requirements, aiming to balance consumer protection with continued innovation in the DIFC's digital asset ecosystem. [DFSA](#).

UK Introduces Draft FSMA Regulations to Bring Cryptoassets Within Regulatory Perimeter

On December 15, HM Treasury laid before Parliament the draft Financial Services and Markets Act 2000 (Cryptoassets) Regulations 2025, establishing the statutory perimeter for the UK's comprehensive cryptoasset regime. The draft Order amends the Regulated Activities Order to introduce new regulated activities for "qualifying cryptoassets" (including qualifying stablecoins) and "specified investment cryptoassets", alongside new designated activities covering public offers, admissions to trading and market abuse. The regime is scheduled to go live on October 25, 2027, with transitional provisions allowing firms to seek authorization during an FCA-specified application period. Parliamentary approval is expected in early 2026. [HM Treasury](#).

FSRA Announces Enhancements to Digital Assets Framework

On December 10, the Abu Dhabi Global Market (ADGM) Financial Services Regulatory Authority (FSRA) announced a series of enhancements to its digital assets regulatory framework following extensive industry engagement. The changes refine the process for designating virtual assets as Accepted Virtual Assets (AVA) within the ADGM, set out adjustments to capital requirements and

regulatory fees applicable to virtual asset firms, introduce a dedicated product intervention power in respect of virtual assets, and set out an expansion of the permitted investment scope for venture capital funds. [ADGM](#).

ESMA Issues Reminder on End of Transitional Periods under MiCA

On December 4, the European Securities and Markets Authority (ESMA) issued a statement reminding cryptoasset service providers (CASP) of the approaching end of transitional periods under Article 143 of the Markets in Crypto-Assets Regulation (MiCA). The ESMA emphasized that CASPs operating without MiCA authorization must have orderly wind-down plans in place where transitional relief has expired or is close to expiry. [ESMA](#).

UK Passes Law Confirming that Digital Assets May Qualify as Property

On December 2, the UK Property (Digital Assets etc.) Bill received Royal Assent and became law. The Act confirms that digital and electronic assets are not prevented from attracting personal property rights simply because they do not fall within the traditional categories of “things in possession” or “things in action”. [UK Parliament](#).

VARA Requires VASPs to Conduct Mandatory gap Assessment

On November 28, the ESMA published a statement providing practical guidance on the technical specifications and data standards required under MiCA. The guidance addresses order book record formats, transparency data presentation, record-keeping regulatory technical standard requirements and data standards for cryptoasset white papers. [ESMA](#).

VARA Requires VASPs to Conduct Mandatory gap Assessment

On November 24, the Dubai Virtual Assets Regulatory Authority (VARA) notified VASPs of the publication and entry into force of Federal Decree Law No. (10) of 2025 Regarding Anti-Money Laundering, and Combating the Financing of Terrorism and Proliferation Financing. The Decree expressly brings VASPs within the perimeter of supervisory authorities for AML/CFT/CPF oversight and introduces updated preventive measures. VASPs will be required to take certain mandatory actions, such as conducting a gap assessment of current AML/CFT/CPF policies against the Decree, submitting a report of the assessment to VARA and implementing remedial measures where applicable. [VARA](#).

Japan's FSA Proposes 20% Flat Tax on Crypto Gains

On November 16, Japan's Financial Services Agency (FSA) indicated its intention to reclassify 105 digital assets, including Bitcoin and Ethereum, as financial products under the Financial Instruments and Exchange Act (FIEA) instead of as miscellaneous income. The proposal would also shift taxation of gains on these tokens to a flat 20% rate, similar to stocks, instead of income tax rates that can reach 55%. In 2026, the FSA reportedly plans to bring the FIEA to Japan's main parliamentary meeting for approval. [CoinTelegraph](#); [YahooFinance](#).

Monetary Authority of Singapore Publishes Guide on Tokenization of Capital Markets Products

On November 14, the Monetary Authority of Singapore (MAS) published its Guide on Tokenization of Capital Markets Products (Guide). The Guide focuses on the application of securities law and other relevant legislation to issuances and offerings of tokenized capital markets products (CMPs) and entities that facilitate activities in relation to tokenized CMPs. The Guide also serves as an update to the Guide on Digital Token Offerings, which was first published in 2017. The Guide reiterates the MAS's technology-neutral and substance over form

approach in assessing whether a digital token qualifies as a tokenized CMP. In addition, the Guide provides illustrative examples of when a token may qualify as a tokenized CMP and sets out factors as well as a checklist which projects should consider before reaching out to the MAS for clarification as to the regulatory treatment of their tokens. [MAS](#).

Bank of England Consults on Regulatory Regime for Sterling-Denominated Systemic Stablecoins

On November 10, the Bank of England (BOE) published a consultation paper setting out its proposed regulatory regime for sterling-denominated systemic stablecoins. Under the proposed regime, issuers would be allowed to hold up to 60% of reserves in short-term UK government debt with the remaining 40% placed in unremunerated Bank of England accounts to ensure robust redemption, while issuers deemed systemic at launch or transitioning from the Financial Conduct Authority (FCA) regime could initially hold up to 95% in short-term UK government debt. The BOE is also considering central bank liquidity arrangements to backstop issuers under stress. To mitigate risks, the BOE has proposed temporary holding limits of £20,000 for individuals and £10 million for businesses, with exemptions for the largest firms and exclusions for wholesale settlement in the Digital Securities Sandbox. The proposed regime would not cover stablecoins used as assets for non-systemic purposes, such as the buying and selling of cryptoassets, which is the predominant use of stablecoins today; those will be supervised by the FCA. [BOE](#).

Brazil Classifies Stablecoin Payments as Foreign Exchange

On November 10, Brazil's central bank set new rules (Resolutions 519–521) that put crypto firms under bank-style oversight. Stablecoin purchases, sales, and transfers will be treated like foreign-exchange transactions, requiring licensed firms and a \$100,000 limit per transfer when dealing with unlicensed foreign counterparts. While self-custody is not barred by the new rules, providers must identify wallet owners and track flows, which will likely raise compliance costs and put pressure on smaller crypto businesses. The rules will take effect in February 2026.

[CoinTelegraph](#).

Dubai Virtual Assets Regulatory Authority Clarifies Risk-Assessment Obligations for Virtual Asset Service Providers

On November 7, VARA issued a circular to all regulated virtual asset service providers (VASPs) clarifying the requirements under Part II—Rule III.D (Risk Assessments) of the Compliance and Risk Management Rulebook. The circular clarifies that all VASPs are required to maintain a documented, data-driven AML/CFT Business Risk Assessment. VASPs are also required to demonstrate that the Business Risk Assessment has been reviewed against recent operational developments, supervisory findings and emerging typologies. Further, VARA expects VASPs to conduct quarterly reviews to ensure that the Business Risk Assessment remains accurate, relevant and responsive to the risk environment. [VARA](#).

Hong Kong's Virtual Asset Roadmap Develops Further Through Relaxation of Liquidity Requirements and Increased Product Diversity

On November 3, the Hong Kong Securities and Futures Commission (SFC) issued two new circulars for SFC-licensed virtual asset trading platform operators (Platform Operators) permitting them to tap global liquidity and diversify the range of their product and service offerings. The first circular permits shared liquidity with eligible offshore affiliate platforms through a unified order book, subject to stringent conditions to reduce the risk of settlement failure. The second circular expands the scope of products and services that can be offered by Platform Operators by lifting

the 12-month track-record requirement for specified HKMA-licensed stablecoins and for all virtual assets offered to professional investors. The second circular also provides guidance on applying to the SFC for approval to distribute digital asset-related products and tokenized securities and provide custody services over digital assets that are not available for trading on licensed virtual asset trading platforms. These developments demonstrate the SFC's commitment to progressive and forward-looking regulation of the virtual asset industry. [SFC](#).

OTHER NOTABLE NEWS

Strategy Submits Letter Advocating Against MSCI's Proposal to Exclude Digital Asset Treasuries From MSCI's Global Investable Market Indexes

On December 10, Strategy, the world's first and largest Bitcoin treasury company, responded to MSCI's invitation for feedback on its proposal to exclude all companies whose digital asset holdings represent 50% or more of total assets from MSCI's Global Investable Market Indexes. Strategy argued that digital asset treasury companies (DATs) are operating companies, no different from REITs or oil companies that invest in a single asset class, except that the asset class is digital. Strategy also argued that MSCI's proposed of 50% threshold would be "discriminatory, arbitrary, and unworkable," would inappropriately inject policy judgments into index construction, and would conflict with the priorities of the federal government and chill innovation. In a separate letter to MSCI, Strive, a significant public holder of Bitcoin, argued that MSCI's policy would prevent passive investors from accessing a growing sector of the market. [Strategy's Letter](#); [TheBlock](#); [CoinDesk](#); [YahooFinance](#).

CFTC Chairman and FDIC Chairman Confirmed by Senate

On December 18, the Senate confirmed President Donald Trump's nominees for CFTC chairman Michael Selig, and FDIC chairman Travis Hill. [Bloomberg](#).

SEC Commissioner and Head of SEC's Crypto Task Force Advocates for Self-Custody of Assets and Online Financial Privacy

On November 28, SEC Commissioner and Head of SEC's Crypto Task Force Hester Peirce appeared on *The Rollup* podcast. Commissioner Peirce stated: "It baffles me that in this country, which is so premised on freedom, that would even be an issue—of course, people can hold their own assets." Addressing online financial privacy, Commissioner Peirce added: "It has become the presumption that if you want to keep your transactions private, you're doing something wrong, but it should be exactly the opposite presumption." [Interview](#); [CoinTelegraph](#).

FCA Launches Dedicated Regulatory Sandbox for Stablecoins

On November 26, the FCA announced the launch of a dedicated stablecoin cohort within its Regulatory Sandbox. The initiative allows firms planning to issue stablecoins in the UK to test products and services in a controlled environment while the regulatory regime is finalized. Applications close on January 18, 2026, and the FCA has indicated that policy sprints will follow in early 2026. [FCA](#).

Coinbase to Leave Delaware and Reincorporate in Texas

On November 12, Coinbase announced in a regulatory filing that it will reincorporate from Delaware to Texas, citing Texas' growing appeal to innovative companies. Coinbase Chief Legal Officer Paul Grewal stated in a Wall Street Journal op-ed that "Delaware's Chancery Court in recent years has been rife with unpredictable outcomes," while "Texas offers efficiency and

predictability, in part thanks to recent corporate-law reforms that enhance governance flexibility and legal predictability.” [Coinbase Blog](#); [SEC 14C Filing](#); [Reuters](#); [Wall Street Journal](#).

SoFi Bank to Bring Crypto Trading to U.S. Customers

On November 11, SoFi announced that it will begin a phased rollout of consumer crypto trading, offering access to dozens of cryptocurrencies like Bitcoin and Ether. CEO Anthony Noto said SoFi is the first and only nationally chartered U.S. bank to launch such services to consumers, enabled by the Office of the Comptroller of the Currency’s March 2025 guidance rescinding the requirement that OCC-supervised institutions receive supervisory nonobjection prior to engaging in crypto-related activities. Such trading began in December. [Reuters](#); [CoinTelegraph](#); [SoFi Statement](#); [SoFi Landing Page](#).

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