Crypto Compliance is Evolving Fast.

Here's what you need to know.

Global regulatory shifts for
Compliance Officers and Risk Managers

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From the EU to the U.S., and Switzerland to Hong Kong, the second half of 2025 has brought a cascade of crypto compliance developments. Regulation is catching up with innovation, and the message is clear: transparency is no longer optional.

At Cense, we've assessed the key developments to give you an overview of what's coming next and what it means for your compliance frameworks.

1. European union: Unified oversight, new reporting mandates

ESMA proposal to take the wheel
The European Commission has proposed, as part of its 4 December 2025 market integration package, to remove barriers and unlock the full potential of the EU single market for financial services.

Regarding crypto, the package seeks to remove regulatory obstacles to innovation, particularly for technologies built on distributed ledger technology (DLT). It proposes targeted amendments to the DLT Pilot Regulation (DLTPR) to:

Here are some of its key provisions:

- Relax usage limits on DLT platforms
- Increase legal proportionality and flexibility
- Improve legal certainty for innovators.

The Commission aims to make the EU a more hospitable environment for the adoption of DLT in financial markets, while still upholding market integrity.

The package also addresses long-standing issues tied to fragmented national supervision, which has led to inconsistencies, regulatory arbitrage, and inefficiencies for crypto and capital market participants.

This includes transferring direct supervisory competences over significant market infrastructures, such as specific trading venues, Central Counterparties (CCPs), CSDs, and Crypto-Asset Service Providers (CASPs), to the European Securities and Markets Authority (ESMA), and enhancing ESMA's coordination role for the asset management sector.

The proposals must now be negotiated and approved by the European Parliament and the Council.

DAC8 is here. Are you ready?
The Directive on Administrative Cooperation (DAC8) marks a pivotal shift in the EU's approach to crypto tax transparency. Aligned with the OECD's Crypto-Asset Reporting Framework (CARF), DAC8 closes regulatory gaps by applying standardised tax reporting obligations to crypto-asset service providers (CASPs). From 2026 onwards, CASPs, including exchanges, brokers, wallet providers, and even non-EU platforms serving EU clients, will be required to collect and report detailed user data to tax authorities.

Mandatory reporting includes:

- Customer identity and tax residency
- Year-end account balances
- Acquisitions, disposals, and transfers of crypto-assets
- Transaction values are based on fair market prices.

The reporting framework applies to all crypto-assets used as financial instruments, including stablecoins and NFTs, which are held for payment and investment purposes.

Key compliance dates

- 1 January 2026: Directive comes into force
- 30 September 2027: Deadline for cross-border data sharing between EU tax authorities

Strategic impact
For CASPs and financial institutions, DAC8 introduces:

- Stronger KYC and reporting system requirements
- Extra-territorial obligations for non-EU firms
- Increased regulatory scrutiny and reduced arbitrage.

It also sets the stage for a more mature, institutional-grade digital asset environment. Forward-thinking firms that invest in compliance infrastructure early will gain a strategic advantage in onboarding clients, meeting regulatory demands and scaling operations across the EU.

2. Switzerland: Stablecoins in focus, AML rules under review

New dual-licence regime for Stablecoins and crypto services
On 22 October 2025, the Swiss Federal Council launched a public consultation to amend the Financial Institutions Act and introduce two new licensing categories:

Payment Instrument Institutions
Authorised to issue fiat-pegged stablecoins under strict conditions:

- Full reserve backing (held as sight deposits or high-quality liquid assets)
- Segregation of client funds
- On-demand redemption at nominal value
- Disclosure regime under financial services law
- The goal is to create a "Swiss-grade" stablecoin regime built on transparency, security, and institutional trust.

Crypto Institutions
Designed for custodians, exchanges and crypto platforms, this licence brings crypto services under a unified prudential framework. Obligations include:

- Compliance with AML/CTF rules aligned with international standards
- Explicit conduct and risk-management requirements
- Regulatory certainty for crypto-native financial entities

The proposal draws on key features from both the EU's MiCAR and the US GENIUS Act. Like MiCAR, it sets up a dedicated regime for stablecoins and CASPs, with a focus on licensing, reserves, and investor protection. In common with the GENIUS Act, it mandates 1:1 reserve backing and restricts issuance to regulated financial entities.

Switzerland's edge lies in its regulatory architecture, purpose-built for its financial ecosystem:

- The dual-licence structure splits responsibilities cleanly between Payment Instrument Institutions (for stablecoins) and Crypto-Institutions (for service providers), making it modular, flexible, and crypto-native
- The framework is conservative in risk but agile in design, offering robust investor protections while remaining open to cross-border business models
- Its focus on value-stable, fiat-redeemable tokens, governed by financial-market rules, aligns with global standards while reinforcing Swiss branding as a trusted home for compliant innovation.

If enacted, the outcome will be a distinctly Swiss export - conservative on risk, clear on standards, and designed to attract tech-driven business models without compromising on stability or trust.

Crypto AEOI rollout postponed

Switzerland has officially postponed the activation of the Automatic Exchange of Information (AEOI) for crypto-assets, following a 4 November 2025 decision by the National Council's Economic Affairs and Taxation Committee (WAK-N). The committee has suspended its legislative review of Draft Federal Law 25.052, which would have enabled the country's AEOI-Crypto framework to take effect as early as 2026.

Switzerland had planned to join 74 other jurisdictions in launching crypto-related AEOI, beginning data collection in 2026 and commencing exchanges in 2027. However:

- Several partner countries are not yet ready to implement CARF
- The OECD is still refining key technical standards and infrastructure
- Early implementation could lead to asymmetrical transparency, where Swiss institutions share data without reciprocal inflows.

The decision reflects pragmatism, not hesitation. Switzerland is:

- Avoiding premature deployment of unreciprocated obligations
- Waiting for finalised OECD technical specifications
- Allowing institutions more time to prepare their reporting infrastructure
- Preserving regulatory parity with major jurisdictions.

This cautious approach supports the integrity and long-term success of the global CARF initiative, ensuring that, when Switzerland goes live, it does so with reciprocity, reliability and regulatory precision.

For financial institutions and virtual asset service providers (VASPs), the message is clear: AEOI for crypto-assets remains firmly on the agenda, but the implementation timeline has shifted. The postponement offers firms additional time to prepare, to build technical readiness, align internal compliance processes, and ensure their reporting infrastructure meets future CARF standards.

Transparency and AML reforms progress, despite competitiveness concerns

On 26 September 2025, the Swiss Parliament adopted two landmark reforms:

- The Federal Act on the Transparency of Legal Entities and the Identification of Beneficial Owners (LETA)
- The revised Anti-Money Laundering Act (AMLA).

Together, these measures introduce a centralised beneficial ownership register and expand due diligence obligations for corporate structures, legal advisors, trustees, and other intermediaries, bringing Switzerland closer to OECD transparency standards.

The reforms follow a period of intense political debate. In September, lawmakers raised concerns that tighter rules could erode Switzerland's appeal compared to more flexible regimes in Singapore or the UAE. While some provisions were adjusted, Parliament ultimately backed the core transparency architecture, prioritising international credibility and regulatory alignment over short-term market advantage.

Following adoption, the Federal Council opened a public consultation on the implementing ordinance (TJPV). This ordinance will clarify:

- Which legal entities are subject to the register
- How beneficial it is for owners to be verified
- Operational details for data submission and oversight.

Although technical in scope, the consultation does not change the substance of the reforms. A structured, enforceable transparency regime is now firmly underway.

Switzerland is making a clear statement: it is committed to preserving the integrity of its financial system and meeting global transparency expectations, even amid competitive headwinds. These reforms aim to secure long-term trust in Switzerland's legal and financial ecosystem while maintaining its relevance as a global financial centre, one that is not only open for business but also visibly compliant with the highest international standards.

3. United States: Clarity from the sec

The U.S. is entering a new phase of crypto oversight, one marked not by enforcement-first uncertainty, but by regulatory structure, cooperation, and integration. Here are the most significant developments since September 2025.

SEC & CFTC joint guidance on spot crypto trading (2 September 2025)
The SEC and CFTC jointly, through a Joint Staff Statement, confirmed that registered U.S. exchanges are not prohibited from listing and trading "certain spot crypto asset products," including those with leverage, margin, or financing features.

- The statement opens the door for exchanges, designated contract markets (DCMs), foreign boards of trade (FBOTs), or national securities exchanges (NSEs) to submit filings/requests to offer spot crypto trading under regulated conditions. The regulators say they will "promptly review" such submissions.
- The statement doesn't create new law, exemptions or rights. Instead, it clarifies that existing statutory frameworks (e.g., the Commodity Exchange Act) already allow, under proper registration, certain crypto spot asset products to trade on regulated venues.
- Regulators highlight key conditions/expectations for market participants to ensure compliance and market integrity: proper margin/clearing/settlement structures, transparent reference pricing venues, public dissemination of trade data, and fair/orderly market practices.

In practice, the statement provides:

- **Regulatory clarity over prohibition:** The statement changes the narrative; spot crypto trading isn't prohibited by default. For the first time, major U.S. regulators offer explicit clarity and willingness to engage with registered exchanges on trading crypto spot products.
- **Path for legit, regulated crypto trading venues:** Exchanges now have a defined regulatory pathway (via CFTC or SEC registration) to list spot crypto products, including leveraged or financed ones, bridging the gap between traditional finance infrastructure and crypto markets.
- **Institutional opportunity:** For funds, asset managers, and institutions wary of legal uncertainty, this reduces a significant barrier; regulated spot trading becomes viable under clear, enforceable conditions.
- **Ongoing risk and compliance obligations:** Because the statement doesn't change the law, compliance remains critical. Exchanges and their users must meet existing commodity and securities market rules for clearing, settlement, disclosure, data transparency, and investor protections.

Faster ETF approvals for spot crypto

The SEC approved generic listing standards for spot crypto exchange-traded products (ETPs). Under the new framework, exchanges such as NYSE, Nasdaq, and Cboe can list qualifying spot-crypto ETPs without filing individual rule-change requests. As long as an ETP meets the predefined standards for surveillance, liquidity, custody, daily disclosure, and risk management, it can be listed quickly and efficiently. This streamlines a process that previously took many months and was often subject to regulatory uncertainty.

The change dramatically lowers barriers for new crypto-ETPs and is expected to accelerate institutional and retail adoption. It aligns crypto with the regulatory treatment of other commodities, providing issuers with a predictable path to market and investors with access to regulated, transparent crypto exposure through traditional financial infrastructure.

In effect, the SEC has opened the door to a new generation of spot-crypto products, further integrating digital assets into mainstream U.S. capital markets and signalling a shift toward more rules-based, constructive crypto regulation.

White House reaffirms strategic digital asset policy

In late 2025, the White House released an updated policy report under Executive Order 14178, reaffirming its long-term strategic direction on digital assets.

The report outlines a coordinated federal approach focused on five core pillars:

- Maintaining U.S. leadership in financial innovation
- Mitigating illicit finance and national security risks
- Protecting consumers, investors, and financial stability
- Establishing robust regulatory frameworks for stablecoins and crypto-asset markets
- Supporting international coordination and responsible innovation.

It also highlights workstreams involving the Treasury, SEC, CFTC, and the Federal Reserve, especially around stablecoin regulation, tokenised payments and digital asset custody, with further rulemaking anticipated through 2026.

The report confirms that digital assets are now a standing priority of U.S. economic and national security policy, not a fringe concern. Agencies are expected to act with alignment and urgency to clarify market rules, enhance oversight, and promote safe adoption at scale.

4. Global developments

Hong Kong

Stablecoin KYC / licensing regime (effective August 2025)

As of 1 August 2025, Hong Kong has activated its formal regulatory regime for stablecoin issuers, establishing one of the world's most stringent and structured compliance frameworks for fiat-backed digital assets. The Hong Kong Monetary Authority (HKMA) now requires any entity issuing a stablecoin that references the value of the Hong Kong dollar or other fiat currencies to be licensed, and identity verification (KYC) required for all holders.

Under the new regime, all licensed stablecoin issuers must demonstrate:

- Full reserve backing of their tokens, using high-quality liquid assets
- Strong AML/CFT compliance frameworks, including transaction monitoring and reporting
- Governance, operational, and audit controls comparable to those of financial institutions
- KYC on all token holders, regardless of whether they interact directly with the issuer.

This last point is critical: unlike most international regimes, Hong Kong requires KYC at the end-user level, not just at the minting, redemption or high-value transaction stage. Issuers can comply by:

- The issuer (even without a direct customer relationship),
- A regulated financial institution or VASP (e.g. banks or licensed exchanges), or
- A trusted third-party KYC provider that meets HKMA standards.

Other jurisdictions, including the EU's MiCAR, Singapore's PSA, and the U.S. GENIUS Act, generally limit KYC to:

- Direct customer relationships (e.g. minters and redeemers)
- High-risk or large-value transfers (especially involving self-custody).

Hong Kong goes further. The HKMA's position is that blockchain analytics alone is not yet sufficient to mitigate money laundering and terrorism financing risks from:

- Peer-to-peer transfers
- Unhosted/self-custody wallets.

As a result, the HKMA has adopted a "KYC every holder" default, creating a walled-garden structure around licensed stablecoins, one that could evolve as international standards mature and technological solutions improve.

The regime imposes high compliance costs, favouring institutional-grade players and discouraging smaller or informal issuers. Issuers must now build or outsource KYC, AML, and reserve management capabilities. Permissionless circulation is not viable for licensed products.

UAE

New AML/CFT law raises the bar for crypto and financial institutions

On 14 October 2025, the United Arab Emirates enacted a sweeping new financial-crime law: Federal Decree-Law No. 10 of 2025 on Combating Money Laundering, Terrorist Financing, and Proliferation Financing. Replacing the 2018 framework, this law brings the UAE's AML/CFT regime firmly in line with evolving international standards and, for the first time, explicitly includes virtual assets and VASPs within its scope. The law introduces deeper obligations, tougher enforcement mechanisms, and broader prosecutorial powers, reflecting the UAE's commitment to regulatory credibility and financial-market integrity following its removal from the EU "grey list."

The decree formally brings crypto exchanges, custodians, platforms, and other VASPs under the UAE's AML/CFT umbrella. These businesses are now subject to:

- KYC obligations
- Transaction monitoring
- Suspicious transaction reporting (STRs)
- Internal governance and training requirements
- Ongoing risk assessments.

In addition, the law empowers authorities to:

- Freeze and seize assets more easily
- Enforce mandatory reporting and audit obligations
- Expand the Financial Intelligence Unit (FIU) data collection and international cooperation.

This aligns the UAE more closely with FATF recommendations, UN sanctions regimes, and global AML enforcement trends. The timing of the reform is deliberate. Coming just weeks after the UAE's removal from the EU's "grey list", the law serves as both a signal and a safeguard:

- It strengthens regulatory resilience
- Builds trust among correspondent banks and G7 partners, and
- Lays the foundation for the UAE's ambition to become a regulated, institutional-grade crypto and financial hub.

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A new era of accountability for digital assets

What's the key takeaway from H2 2025?
The rules of engagement for digital assets are being redefined, fast. Crypto is going mainstream – and compliance is non-negotiable. Financial institutions that move now, upgrading systems, aligning with international standards and partnering with compliance-first platforms will put themselves ahead of the curve.

Start a conversation with cense

Transform your approach to compliant crypto onboarding at speed and scale.

Contact us now