

Scale Compliance

The revolution needs visionaries

Welcome to Scale Compliance's

NEWSLETTER

ScaleCompliance is a highly experienced crypto compliance company and financial intermediary (in Switzerland only). We support our clients in building processes that are easy to understand and fully compliant with the regulatory compliance framework.



In today's newsletter, Scale Compliance discusses Stablecoins facing Compliance regulations, China revised crypto AML regulations and UAE becoming a prominent hub for innovation.

Stablecoins facing Compliance regulations

USDC and USDT have emerged as prominent stablecoins in the digital asset space, but they have also attracted criminal activity due to perceived deficiencies in KYC and AML regulations.

Despite efforts such as regular audits for USDC and freezing mechanisms by Tether, illicit funds continue to flow into supposedly clean stablecoins in both centralized and decentralized exchanges.

Advanced Blockchain analytic tools facilitate thorough investigations into suspicious activities, highlighting the ongoing challenge of combating financial crime in the digital realm.



The Financial Action Task Force FATF has issued recommendations for global regulators based on risk assessments. On one hand, AML measures, overseen by compliance officers at virtual asset service providers, are crucial for detecting and reporting illegal activities. On the other hand, KYC policies simultaneously enhance transparency by collecting personal data from investors, aiding in the identification of potential illicit activities.

Especially the preventive function of AML and KYC is crucial, as the prospect of identification and criminal prosecution deters many from even engaging in illegal activities in the crypto sector. It is therefore important to develop uncomplicated compliance so that crypto firms have a good AML and KYC strategy, preventing illicit activities connected to stablecoins.

Keep an eye out for further news on compliance regulation!

Revised crypto AML regulations in China



China aims to release their first amendment to AML regulations, targeting cryptocurrency-related transactions, by 2025.

Due to broad regulations and the lack of clear definitions of digital assets, the country misses operational guidance to seize assets from money laundering.

Technological advancements enable users to access the crypto market illegally, which imposes AML-related risks. Hence, the amendment aims to impose stricter guidelines to counter these activities.

UAE banks in the national crypto revolution

The UAE has become a prominent hub for innovation, particularly in the crypto sector. Despite this, major banks like Emirates NBD and First Abu Dhabi Bank remain skeptical about digital assets, carefully weighing the benefits against risks, especially in times of strong profitability.

However, alpha banks have the opportunity to drive positive societal and economic change while ensuring their institutions' resilience.

Although industries like real estate in Dubai or oil and gas in Abu Dhabi are crucial for the UAE's economy, there is potential for digital assets and sustainable finance to intersect in the future.



The UAE's advancements in DeFi, tokenization, and CBDC are notable, with Mashreq securing a No Objection Certificate from the central bank for custody of digital assets, awaiting the regulatory license to proceed.



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