



The Alternative Investor

Performance

News

Trends

Regulatory updates

Crypto Decoded: Disruption, Decentralisation, Tokens, Trends, Trust & Innovation

In this month's Crypto & Digital edition, we explore how digital assets are entering a new institutional phase. **Temple Capital's Vasily Andreev** sees crypto as a rare, evolving alpha frontier — a modern replay of 1980s quant opportunities. **Frontier's Louis LaValle** highlights the need for institutional-grade infrastructure to support sustainable growth. **Marex Solutions' Ilan Solot** charts the shift from speculative asset to mainstream portfolio holding, with structured products bridging TradFi and DeFi. **Crypto Insights' Vin Molino** underscores the importance of having the right tools to navigate an increasingly complex and volatile landscape. **Theta Capital's Ruud Smets** views blockchain at a critical inflection point, where early-stage conviction can deliver generational upside. **Definitive Finance's Daphne Huang** identifies DeFi as a key structural alpha window, while **Walkers' Iona Wright** stresses that institutional investors now demand scale, compliance, and credible business use cases. This month also sees the launch of our new Opinion section, with **CIAM** contributing the inaugural piece — and **Mark Kollar's** Letter from America explores the rise of evergreen funds and their growing impact on private markets.



A Brodie Consulting publication in
conjunction with Capricorn Fund
Managers and RQC Group.

Geopolitics Fuels May Hedge Fund Divergence

Looking back at May, geopolitics remained a central driver of market sentiment, with fresh uncertainty stirred by President Trump's high-profile diplomacy and fiscal manoeuvring. See full market [view here](#). In this environment, most hedge fund strategies, except macro, had a strong month. The HFRI Fund Weighted Composite Index rose 2.0%, taking year-to-date performance to 1.3%.

Equity managers delivered particularly strong results, fuelled by the tech-led rally, resilient corporate earnings and easing investor concerns. The HFRI Equity Hedge (Total) Index gained 3.7%, with technology leading the charge - the HFRI Technology Index surged 6.0%. Healthcare was the one sector lagging, down 1.2%.

Event-driven managers also benefited from the equity rally, with the sector up 3.8%. Activists rebounded sharply, up 4.4% after a challenging start to the year. However, Special Situations stood out, advancing 6.0%.

Macro strategies struggled to find any sort of footing, with markets gyrating to the unpredictable signals from Trump's policy shifts. The HFRI Macro (Total) Index fell 1.0%, with systematic approaches particularly hard hit - the HFRI Systematic Directional Index declined 1.8%, bringing year-to-date losses to 8.8%.

Relative Value strategies continued their steady progress, with the HFRI Relative Value (Total) Index up 0.9%. The standout performer was the HFRI Yield Alternative Index, which rose 1.3%. The one negative print was the Volatility Index, down 0.6%.

Regional performance was led by MENA, up a strong 7.6%, followed by the HFRI Emerging Markets India (Total) Index, up 4.3%. North America-focused managers also performed well, supported by the US tech rebound, with the region gaining 3.2%. The one regional outlier was China, where the HFRI China Index slipped 0.6%.

\$3.4tn

Total Market Capitalisation of
cryptocurrencies (May 2025)

Source: CoinGecko

60.8%

Proportion of cryptocurrencies made up
by Bitcoin (May 2025)

Source: CoinGecko

Thoma Bravo's Tech Record

Thoma Bravo set a new benchmark in tech fundraising, with the software-focused firm announcing a \$34.4 billion raise across its latest flagship funds, including Fund XVI, which closed at \$25 billion, the largest tech buyout fund ever. Discover Fund V and Explore Fund III rounded off the raise, which continues Thoma Bravo's focus on high-growth software companies in sectors like cybersecurity, healthcare IT and fintech. The size of the fundraise also underscores the enduring appeal of brand-name managers.

Blue Owl's Digital Infrastructure Haul

New York-based Blue Owl Capital closed its third flagship digital infrastructure fund, Blue Owl Digital Infrastructure Fund III (ODI III), with \$7 billion in total capital commitments, significantly above the original \$4 billion target. The fund targets the acquisition, development and operation of large-scale, build-to-suit data centres and digital infrastructure assets, supporting the demand for AI, cloud computing and connectivity. ODI III is part of Blue Owl's Real Assets platform, which has now raised \$34 billion and has invested in more than 90 digital facilities across over 25 global markets.

Pioneer Closes Sustainable Infra Fund

Pioneer Point Partners announced the final close of its second sustainable infrastructure fund, Pioneer Infrastructure Partners II, at €1.1 billion. The fund invests in infrastructure sectors supporting the energy transition and environmental sustainability, with capital predominantly deployed in Western Europe. The strategy targets mid-market opportunities to accelerate decarbonisation, resource efficiency and build-out next-generation infrastructure.

Northleaf's Hard Cap for Infra Opportunities

Northleaf Capital Partners hit the hard cap for its flagship infrastructure vehicle, Northleaf Infrastructure Capital Partners IV (NICP IV), at \$2.6 billion. The fund focuses on mid-market, contracted infrastructure assets, namely energy transition, digital infrastructure and transportation. To date, NICP IV has completed five investments, including Shared Tower and Provident Energy Management. With earlier vintages, Northleaf has raised over \$4 billion for mid-market infrastructure strategies.

UPCOMING EVENTS

16 June 2025
SuperReturn Emerging Markets

17 June 2025
Commodity Trading Week Americas 2025

18 June 2025
SuperAI

19 June 2025
AYU Funds, Family Offices and Tokenisation Private Dining

24 June 2025
The 15th Asia Pacific Family Office & Investment Forum

Click [here](#) to see all the listings

UPDATES (cont.)

Crestline Closes Two Credit Funds

Texas based Crestline Investors closed two major private credit funds, raising \$5.2 billion. Its flagship direct lending vehicle, Crestline Direct Lending Fund IV, secured \$3.5 billion to target North American middle-market borrowers; simultaneously, the firm raised \$1.7 billion for its Portfolio Finance Sentry Fund, focused on NAV-based lending to private equity and asset managers. Today, Crestline has over \$16 billion in alternative credit AUM as of end-2024

Ares Leads Antares Credit Continuation Fund

Antares Capital LP closed its first private credit continuation vehicle, raising over \$1.2 billion in a deal led by Ares Management Corporation's Credit Secondaries funds. The vehicle acquired assets and LP interests from two Antares-managed funds, spanning more than 100 senior floating-rate loans, providing liquidity

to existing investors and opportunities for new entrants with access to seasoned private credit assets. The transaction marks Ares' largest credit secondary investment to date and underscores the growing role of continuation vehicles in private markets.

D.E. Shaw Raises Latest Credit Fund

D.E. Shaw Group raised \$1.3 billion for its second Capital Optimization Fund, Diopter Fund II, which focuses on private credit investments. The fund acquires credit risk transfer assets, including synthetic securitisations, enabling banks to optimise their capital and manage risk more effectively. This latest fundraising effort builds upon D.E. Shaw's experience in private credit markets, which dates back to its first credit fund launch in 2008.

Kayne Anderson Closes Third Energy Fund

Kayne Anderson Capital Advisors closed its third flagship energy fund, KPEIF III, at \$2.3 billion, above its \$1.5 billion target. The firm's largest energy vehicle continues Kayne's strategy of investing in private energy companies with large-scale oil and gas

assets generating stable cash flow. Including co-investments, the strategy has raised over \$2.8 billion, with the dedicated team, led by Danny Weingeist and Mark Teshoian, managing around \$7 billion in energy-focused capital.

UPDATES (cont.)**TPG Targets \$13bn for Latest Buyout Fund**

TPG is on the road marketing its latest flagship buyout fund, TPG Partners IX, targeting \$13 billion, slightly below the \$14.2 billion raised by its predecessor in 2019. The fund will continue TPG's strategy of investing in large-scale, control-oriented buyouts across sectors such as healthcare, technology, financial services, and consumer, with

a focus on opportunities where TPG can drive operational transformation and long-term value creation. Despite the more challenging fundraising environment, TPG remains one of the most active and well-capitalised investors in private markets, with \$57 billion in dry powder.

VMG Closes Consumer Brands Fund

VMG closed its sixth fund, VMG Partners VI, at \$1 billion, surpassing the \$850 million raised for its previous fund in 2021. The new vehicle continues the firm's strategy of backing high-growth, primarily North American, founder-led consumer businesses across food and beverage, wellness, beauty, fitness and pet care. The Californian private equity firm is best known for building consumer brands through active partnership and operational support.

OPINION**The Essential Role of Active Fund Management in Safeguarding Market Efficiency and Corporate Accountability**

Active fund management plays a crucial role in ensuring that financial markets function efficiently and responsibly. While passive investing has experienced explosive growth due to its low costs and simplicity, an overreliance on passive or systematic strategies could threaten the integrity of market pricing, corporate governance, and investor protection.

One of the core contributions of active fund managers is price discovery. Through rigorous analysis of company fundamentals, market conditions, and strategic outlooks, active managers help determine a firm's intrinsic value. Their trading decisions contribute to aligning market prices with underlying realities. In contrast, passive strategies simply follow indices, making no assessment of whether a stock is overvalued or undervalued. This dynamic inflates already-expensive stocks - since they carry more weight in indices - and systematically depresses the valuation of small or undervalued companies.

Moreover, active managers serve a key role in corporate governance. They often engage with management, exercise proxy voting rights critically, and push for changes when shareholder interests are not well represented. In the absence of such scrutiny, there is a greater risk of managerial entrenchment and misalignment with long-term shareholder value. Passive funds, on the other hand, typically follow standard voting policies or rely on the guidance of proxy advisors like ISS and Glass Lewis - two U.S.-based firms that exert disproportionate influence - over European companies.

This raises concerns about the sovereignty and representativeness of corporate oversight in European markets.

Furthermore, while active ETFs are sometimes seen as a compromise, they too face structural limitations. To provide daily liquidity and mark-to-market transparency, they are often restricted to large-cap, highly liquid stocks - making them ill-suited to support small and mid-cap companies, where active investing is most needed.

These developments raise a deeper question: how legitimate is it for passive investors - who do not engage, do not assess company fundamentals, and do not assume stewardship responsibility - to wield full voting rights? As we uphold the principle of "one share, one vote," should we not also expect a minimum level of shareholder engagement in return? Otherwise, the concentration of voting power in the hands of disengaged investors - or worse, outsourced entirely to proxy advisors - risks distorting the balance of corporate governance.

In sum, preserving a fair and dynamic market requires more than low-cost index tracking. It requires engaged shareholders who exercise judgment, challenge corporate decisions, and contribute to the long-term health of capital markets.

Anne-Sophie d'Andlau & Catherine Berjal, Founders, CIAM

Fitting AI in IR

In private capital, reputation is everything, giving you credibility, clarity and trust. It is no surprise that many firms remain cautious about AI in marketing and investor relations. But as expectations shift toward speed, transparency and personalisation, embracing AI is no longer optional, it has become essential.



New Rules of Engagement

In our latest booklet, we look at how AI is fast reshaping how we approach marketing and investor relations in private capital. The old-school playbook (and for many the ongoing playbook), with the long decks, slow updates, templated newsletters and gut-feel outreach, is giving way to sharper, faster, more personalised strategies powered by intelligent systems.

Email admin@brodiecg.com to get the latest edition

UPDATES (cont.)

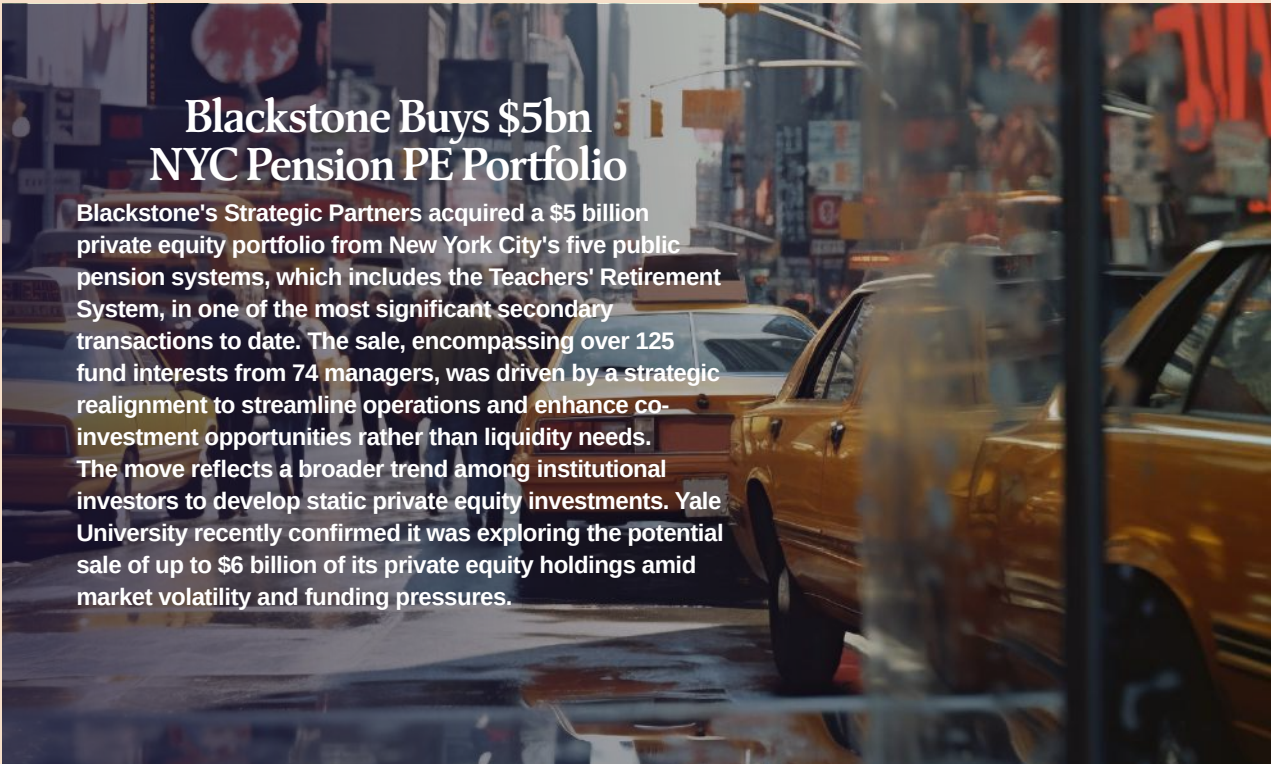
Quadria Closes Asia Healthcare Fund

Singapore-based healthcare private equity firm Quadria Capital announced the final close of its third fund at \$1.1 billion, comfortably above its original \$800 million target. The fund includes \$954 million in primary commitments and \$114 million in co-investment capital, with an additional \$300 million expected

during deployment, potentially bringing total capital to \$1.3 billion. Quadria is South and South East Asia's largest dedicated healthcare private equity investor and today manages over \$4 billion across 27 regional investments.

Breaking New Ground

JPMorgan Chase passed the \$1 billion marker for its Private Markets Fund I, which it launched in 2023 to provide high-net-worth individuals with access to private equity opportunities. The fund focuses on secondary transactions and co-investments, and reflects affluent investors' growing demand for broader exposure to alternative assets.



Blackstone Buys \$5bn NYC Pension PE Portfolio

Blackstone's Strategic Partners acquired a \$5 billion private equity portfolio from New York City's five public pension systems, which includes the Teachers' Retirement System, in one of the most significant secondary transactions to date. The sale, encompassing over 125 fund interests from 74 managers, was driven by a strategic realignment to streamline operations and enhance co-investment opportunities rather than liquidity needs. The move reflects a broader trend among institutional investors to develop static private equity investments. Yale University recently confirmed it was exploring the potential sale of up to \$6 billion of its private equity holdings amid market volatility and funding pressures.

L&G Takes 75% Stake in Proprium Capital

Legal & General took a 75% stake in Proprium Capital Partners, the global real estate private equity firm managing \$3.5 billion in assets. This development comes as it looks to grow its private market platform from £50 billion to £85 billion by 2028. It also enhances L&G's capabilities in real estate, infrastructure and private credit, as

well as adding to its real estate geographical diversification. Proprium will continue to operate independently, retaining its leadership and investment approach, with L&G committing up to \$300 million to support its future strategies. The deal will close by Q4 2025, subject to regulatory approvals.

Citi Alternatives Business Moves to iCapital

iCapital acquired Citi Global Alternatives, transferring management of over 180 alternative investment funds. The deal includes private equity, credit, real estate, infrastructure and hedge funds, with Citi remaining the distributor of these funds and iCapital providing the underlying technology and operational infrastructure. The move is part of Citigroup's

CEO Jane Fraser's strategy to streamline and scale the bank's wealth management business. iCapital has already built an impressive reputation as the infrastructure backbone for private market access - as of September 2024, the iCapital platform managed over \$200 billion.

UPDATES (cont.)

Man Strengthens US Business

Man Group made a series of significant US moves in recent weeks. According to Bloomberg, the firm is in advanced talks to acquire Bardin Hill Investment Partners LP, a New York-based credit specialist managing approximately \$3.3 billion. Bardin Hill focuses on middle-market lending, special situations and broadly syndicated credit, and is known for navigating complex credit environments. The potential acquisition supports Man's strategy of scaling its US credit platform and diversify its investment offering in response to rising demand for private credit.

Additionally, Man is strengthening its US wealth management presence with two senior hires: Kristina Hooper, formerly Chief Global Market Strategist at Invesco, and Matt Rowe, previously with Nomura Capital, joining to help drive regional growth. These reflect Man's ambition to broaden its reach beyond institutional investors to tap into the expanding pool of US wealth assets. Another part of this is the firm exploring the launch of active ETFs to meet growing demand from retail-advised clients.

Brevan Howard Names First Executive Chairman

Brevan Howard appointed JPMorgan executive Carlos Hernandez as its first Executive Chairman. Previously Head of Global Banking and Executive Chair of JPMorgan's Investment and Corporate Bank, Hernandez will focus on high-level corporate strategy and client development, working closely with CEO Aron Landy.

The move reflects Brevan Howard's evolution into a diversified investment platform, expanding beyond its macro hedge fund roots into digital assets and global credit. It also signals the next growth stage of a firm that today manages around \$34 billion in assets and employs over 1,000 professionals across Europe, Asia and the US.

Schwab Opens Alts Platform for HNW Clients

Charles Schwab launched an alternative investments platform for eligible retail investors, expanding access to a broader range of alternative asset classes. Initially piloted in October 2024, the platform became widely available in April 2025 to clients with at least \$5 million in household assets at Schwab and a minimum 30-day client tenure.

Developed in partnership with iCapital, the platform offers a selection of third-party funds, supported by Schwab's due diligence, risk oversight, and advisory resources. Such initiatives also align with Schwab's strategy to meet the growing demand for diversified alternative investments among high-net-worth clients.

Global SFO Assets Hit \$4.7tn

According to With Intelligence, single-family offices now control an estimated \$4.7 trillion in assets. Most of this is concentrated in EMEA, with the Americas, led by the United States, managing close to 40% of the total. Asia-Pacific holds a smaller, yet still significant, share. Private equity stands out as the top investment focus, with over 90% of SFOs allocating capital to the space. Public equities and real estate also feature prominently, each appearing in the portfolios of more than two-thirds of the ultra-wealthy entities.



LETTER FROM AMERICA

Evergreens Gain Spotlight as Perpetuity Funds Seen Building for Wealth Channel

In perpetuity is a term not often considered part of the private-equity lexicon, but a certain type of fund that has been around for 20 years by some counts (much longer for the REIT market) is making headlines lately and gaining the attention of investment managers looking to attract the retail investor.

Enter the evergreen fund, not quite a “forever fund,” but an open-ended structure that provides GPs and LPs alike with flexibility and liquidity at a time when both are needed pretty badly.

This column is often focused on the transformation of the PE industry and evergreen funds are perfect illustrations of innovative structures that are being leveraged to broaden the make-up of the investor base.

That may be all good, but what's the real attraction and how are these funds really different?

Well, It's back to perpetual. Because it is not a closed end or a drawdown like with typical buyout funds, the flexible structure gives managers the ability to focus on long-term growth versus short-term performance. They can hold onto investments in good times and bad, when more time within a portfolio allows for even more growth or the time to emerge from sluggish growth.

What's more, with an evergreen structure, GPs can raise money on an ongoing basis so in theory capital is available to deploy for investments, not set to a schedule. Think of it as fundraising on a rolling basis. Another plus: Investment managers can collect fees on a more

regular cycle because the fundraising is continuous.

The flexibility goes beyond managers. For the investor, evergreen funds carry lower investment requirements making them more attractive to the retail audience and offer liquidity options more frequently, often on a

set quarterly basis. This provides redemptions on a more regular basis and addresses concerns about lack of liquidity for LPs we hear about so much in recent months. The lower entry requirements, however, can mean higher regulatory hurdles or administrative challenges, and time is still needed on how to structure products for the big prize: the mass affluent

Industry experts say that evergreen funds are one of the fastest-growing segments of the private markets with

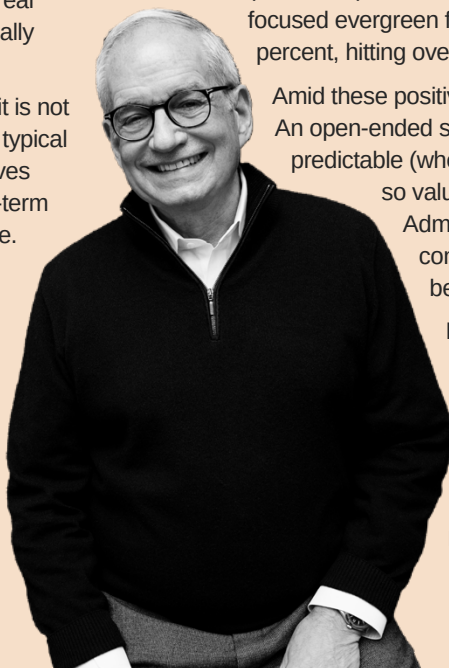
AUMs of approximately \$427 billion at the end of last year (Pitchbook). These experts also say they expect wealth-focused evergreen funds to grow at an annual rate of 20 percent, hitting over \$1 trillion dollars in four years.

Amid these positive projections, challenges do exist. An open-ended structure means redemptions are not predictable (when will investors want their money?) so valuations can be complex and constant. Administrative duties are more time consuming, and fee structures can also be complicated.

In perpetuity is by definition a very long time but clearly not as long as when these structures will become more common and part of the PE lexicon.

Mark Kollar
Partner, Prosek Partners

“...an open-ended structure that provides GPs and LPs alike with flexibility and liquidity at a time when both are needed pretty badly.”



GUEST ARTICLES

Systematic Trading in Digital Asset Markets

Vasily Andreev, CEO and co-Founder, Temple Capital

If you could go back to Wall Street in the 1980s, with today's data science toolkit, you would have a good chance of crushing the markets.

Back then, the "quirks" present in equity and commodity markets gave rise to the first generation of quant traders who, with primitive data and basic models, extracted extraordinary returns from strategies like simple trend-following.

While these traditional markets have matured and become increasingly efficient, crypto markets, especially in perpetual futures on Bitcoin and Ethereum, offer a new type of alpha for systematic trading. Perpetual futures, or "perps", are a uniquely crypto-native derivative that mimic futures but have no expiry. Instead, they use a funding mechanism to anchor their price to spot. Because they trade 24/7, with varying degrees of leverage and deep liquidity, they have become the dominant instrument for short-term positioning in digital assets.

Today, the data sets are vastly richer, the computational power has advanced light years, and the edge is with those who can systematically explore a much larger surface area of signals.

The inefficiencies present in cryptocurrency markets are partly a result of the diverse makeup of participants trading them. Unlike traditional markets, where access to venues like the Chicago Mercantile Exchange (CME) has historically been limited to institutions and hedge funds, the crypto market is far more accessible. It draws a wide range of investors, from highly secretive, under-the-radar firms, executing billions of dollars daily in high-frequency trades with advanced low-latency technology, to individual punters operating with minimal infrastructure and resources.

Importantly, a parallel crypto derivatives ecosystem has emerged outside of traditional finance (TradFi) frameworks, led by offshore centralized exchanges, such as OKX, Binance



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... crypto markets, especially in perpetual futures on Bitcoin and Ethereum, offer a new type of alpha for systematic trading.

Vasily Andreev, Temple Capital

GUEST ARTICLES (cont.)

“That edge isn’t in simple moving averages or price momentum anymore but in the process of discovering signals across many dimensions and extracting nonlinear relationships across massive feature sets...”

Vasily Andreev, Temple Capital

and Coinbase International. These venues operate continuously, enabling around-the-clock trading along with a level of accessibility, composability, and innovation that does not yet exist in TradFi.

The always-on nature of cryptocurrency trading is a data scientist’s dream. Continuous trading provides deep time series with no gaps - no weekends, no holidays, no market opens or closes. This uninterrupted stream of tick, volume, order book, and on-chain data is invaluable for signal discovery.

With modern computer science and infrastructure, this data can be ingested and transformed into tens of thousands of features, including technical, statistical, behavioural, cross-asset, or even blockchain-native indicators like gas usage or miner flows. It allows for faster iteration, deeper statistical confidence, and real-time signal evolution.

The data alone gives systematic strategies an edge, but only if you have the right models and systems to harness it. That edge isn’t in simple moving averages or price momentum anymore but in the process of discovering signals across many dimensions and extracting nonlinear relationships across massive feature sets.

This is a return to the early days of quantitative finance, except now we have better data and better machines - which is mission-critical as the alpha is evolving more rapidly. Those who can build fast, iterate faster, and model higher-dimensional spaces in a systematic and scientific way, will dominate

Vasily Andreev, CEO and co-founder, Temple Capital

Founded in 2018, Temple is a fully systematic hedge fund firm focussed on trading Bitcoin and Ethereum. Temple has assets under management of \$130m and its 6-year live fund track record exhibits high levels of alpha, high risk-adjusted returns and no correlation to Bitcoin, Ethereum, S&P and other trading strategies. Temple’s team of 16 senior investment professional is committed to excellence in systematic alpha capture, operational resilience and building long-term client partnerships. The firm is GP-backed by Bain Capital, Pantera and Belvedere Trading.

GUEST ARTICLES (cont.)

Decoding the Crypto Landscape: From Niche to Mainstream

Ilan Solot, Senior Global Markets Strategist, Marex Solutions

Bitcoin has recently surged to a new all-time high above \$111,000. That headline alone speaks volumes: Crypto is no longer on the fringe - it's now part of the normal financial discourse amongst asset managers and the media. The asset class that was once dismissed as speculative has not only weathered multiple cycles of volatility but has emerged stronger, with deeper liquidity, institutional credibility, and expanding use cases.

What's driving this moment?

At the core is a maturing asset class that now includes spot ETFs, regulated custody, and transparent derivatives markets. U.S.-listed Bitcoin ETFs have been one of the most successful ETF products ever. And demand has come from a wide range of investors, including asset managers, family offices, and even sovereign entities. President Trump's recent executive order to create a Strategic Bitcoin Reserve and the stable coin bills currently in Congress adds to the narrative and commitment by the U.S. administration to continue integrating digital assets into the financial system.

But adoption isn't only about headlines. Beneath the surface, we're witnessing a convergence of traditional finance (TradFi) and decentralized finance (DeFi).

Legacy players like BlackRock and Fidelity are building crypto rails, banks are issuing tokenised assets, and treasuries are beginning to diversify with digital components.

Mindful that investors are seeking ways to participate in this new opportunity, while mitigating its characteristic volatility and other crypto market challenges, the question for institutional allocators is no longer "Should we be in crypto?" but "What's the best framework and products for allocation?"

Crypto in the institutional portfolio

As institutional investors increasingly treat crypto as an alternative asset class with distinct properties, a compelling route to accessing this new investment opportunity is the creation of crypto asset-linked structured products that leverage crypto asset performance potential, while mitigating market volatility and other crypto-native challenges.

WisdomTree's partnership with Marex underscores this shift towards more accessible and risk-conscious crypto investing. The collaboration focuses on ETP-linked structured notes - financial instruments that tie the payout to the performance of WisdomTree's regulated cryptocurrency exchange-traded products (ETPs). These ETPs serve as the underlying assets



The fusion of structured product design with crypto asset exposure is a crucial step in the professionalisation and investability of the digital asset landscape.

Ilan Solot, Marex Solutions

GUEST ARTICLES (cont.)



for Marex's structured solutions, combining the transparency and liquidity of listed vehicles with Marex's structuring expertise and robust balance sheet.

The menu of ways to engage with crypto has grown impressively broad:

Bitcoin, in particular, is viewed by many as a digital alternative to gold, with scarcity and decentralisation at its core, and growing appeal in an environment of fiscal strain and sovereign credit downgrades. Other routes include:

- Spot ETFs and ETPs for transparent, liquid access
- Derivatives for hedging and tactical positioning
- Custodied direct holdings for long-term conviction plays
- Tokenized strategies combining digital and traditional asset exposure
- Structured products and notes, offering yield, hedging and multi-asset baskets

The fusion of structured product design with crypto asset exposure is a crucial step in the professionalisation and investability of the digital asset landscape, embedding crypto in portfolios without taking on full directional

risk, critical for wealth managers, pension funds, and endowments exploring the space.

Conclusion: Crypto's next chapter

The lines between crypto and traditional finance are blurring fast. Institutional infrastructure is in place. Regulatory clarity is improving. And with Bitcoin at new highs and policy tailwinds accelerating, digital assets are no longer just an experiment; they're a new investment frontier.

Decoding crypto today means understanding its dual identity: A volatile asset class with high upside, and a maturing system that's reshaping how capital flows globally.

Structured products in particular provide a valuable bridge between TradFi and DeFi solutions. By wrapping digital assets within notes that feature conventional risk control elements such as principal protection, capital barriers, or conditional coupons, investors can gain exposure to the crypto market with defined downside buffers - an increasingly compelling proposition in today's risk-conscious investment climate.

Ilan Solot, Senior Global Markets Strategist, Marex Solutions

For more on Marex Solutions' digital asset offering, you can take a look [here](#).



GUEST ARTICLES (cont.)

The Invisible Ceiling: Why Crypto's Best Managers Can't Scale

Louis LaValle, Co-Founder & CEO, Frontier

Over the past five years, I've met hundreds of crypto hedge fund managers. The talent is real. What's missing is the infrastructure to support it. Until that changes, most of the industry will remain subscale - and structurally off-limits to institutional capital.

The data backs it up: more than 80% of crypto hedge funds manage under \$50 million. Fewer than one in twenty exceed \$500 million. Even as median fund size grows, it remains below the floor where most allocators begin engagement. The ceiling is especially visible among market-neutral and fundamental strategies, where median AUM hovers around \$25–30 million - outside the range of serious allocator interest.

To put it bluntly: the problem isn't alpha. It's structure - and culture.

In traditional asset management, institutional readiness means infrastructure and governance. In crypto, those elements are often absent or misunderstood. Post-FTX, the bar is higher: segregated custody, SOC-2 audits, independent attestations, real-time controls. But most managers fall short. For a fund under \$50 million, simply being compliant can cost hundreds of basis points annually. That math doesn't scale.

And that's just the surface.

Most managers fail basic operational due diligence. Across hundreds of meetings, I've yet to see a single GIPS-compliant track record. Governance and controls often break down under scrutiny. Policies may exist - but enforcement is inconsistent at best. Allocators don't fund intentions. They fund execution.



GUEST ARTICLES (cont.)

Culture is part of the issue. In traditional finance, a culture of compliance is expected. In crypto, it's often treated as a constraint. But for fiduciaries, compliance isn't optional - it's the threshold. That includes personal trading policies, pre-clearance, codes of ethics, and enforceable oversight. These aren't "nice to have" - they're table stakes.

Infrastructure gaps deepen the divide. There's no central clearing for spot, no cross-venue margining, no standardized collateral management. Most trades are bilateral and pre-funded—trapping capital, over-collateralizing risk, increasing counterparty exposure. No consolidated tape. No unified credit. No institutional-grade settlement rails. For fiduciaries, that's a hard stop.

Tri-party custody offers some relief - but not enough. In traditional markets, collateral stays with a neutral custodian while risk and execution remain external. That enables margin efficiency, real oversight, and yield on idle cash. In crypto, adoption is still fragmented. Without scale, most managers remain operationally sub-institutional - regardless of

strategy or Sharpe.

Prime brokerage isn't much better. A few non-bank players extend credit selectively, but capacity remains thin. Even risk-controlled strategies - basis trades, BTC overwrites, term lending - struggle to scale without infrastructure to support leverage, netting, and execution at size.

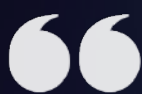
The result is a two-tier market. A few headline managers attract capital. The rest stall - not due to lack of skill or competitive edge, but because the system isn't built to support them.

What breaks the ceiling?

Not another bull market. It breaks with infrastructure. This industry doesn't need more investment innovation - it needs integration: operations, credit, clearing, compliance - all built for institutional scale.

Talent isn't the constraint. Trust is. And trust requires structure. Until that exists, scale will remain the exception - not the rule.

Louis LaValle, Co-Founder & CEO, Frontier



This industry doesn't need more investment innovation - it needs integration: operations, credit, clearing, compliance - all built for institutional scale.

Louis LaValle, Frontier

GUEST ARTICLES (cont.)

Achieving the Attitude Control of Crypto Investing

Vin Molino, COO & Head of ODD, Crypto Insights Group Corp

Bitcoin is moving up, regulatory obstacles appear to be moving down, but the experience of digital asset investing can still be disorientating. For those who have dreamed of being an astronaut, the term for when a spacecraft is spinning in all directions, and a pilot needs to reorientate the ship, is called Attitude Control. It's likely a relatable experience for institutional investors already allocated to crypto investments or having just completed their lift off.

The current marketplace for crypto investment products now offers a number of "flight path" options to consider when building a crypto allocation.

There are venture funds, for which many institutions used as their initial approach in the 2018 - 2022 (pre-FTX) time period, and remain as a common means when bucketing crypto as an emerging technology. In addition, hedge funds, some of which began meaningfully trading crypto as far back as 2017, have been a way for investors to take advantage of the volatility and velocity of the liquid token space. While ETPs, and U.S. ETFs (since early 2024), have provided a constellation of choices for regulated products or initial exposure.

Lastly, there remains the new frontier of crypto-yield products, financial instruments (i.e., options

and perpetual futures), and other soon-to-be launched blockchain enabled structures.

Whichever form of crypto propulsion an institutional investor chooses to complete their mission, one still needs the right instruments to get there.

Benchmarking

A common issue that arises for investors attempting to coordinate their digital asset allocations is not having appropriate assessment tools for crypto investment returns.

Using traditional financial benchmarks, such as those for equity or fixed income investing, might at first appear to be the logical support systems when considering the characteristics of certain crypto products, but quickly stall as one understands how the underlying constituents of most crypto portfolios derive their returns, pricing and valuations, from a new array of measurements.

Fortunately, there has been development in crypto index creation over recent years, which can be used to navigate through individual products amongst a peer-set, or used to calculate the relative performance of an allocator's crypto cohort. Examples of such new indices have been



Whichever form of crypto propulsion an institutional investor chooses to complete their mission, one still needs the right instruments to get there.

Vin Molino, Crypto Insights Group Corp

GUEST ARTICLES (cont.)

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...mission critical features of a crypto fund database should include scale of strategy coverage, timeliness of performance reporting, and indications of a fund manager's operational readiness.

Vin Molino, Crypto Insights Group Corp

provided by traditional players such as S&P and MSCI, as they realize the momentum shift towards institutional adoption, and crypto-native providers such as CoinDesk, MarketVector and CF Benchmarks, who have developed benchmark offerings with hundreds of linked products.

Data

Not just the name of a Star Trek character; Data, as in all professional investing, is a critical component for achieving success in the mission of digital asset management.

As has been established in the traditional fund space, database providers of all sorts exist to provide information and analytics when assessing private investments, such as private equity and private credit, while mutual funds and ETFs can be easily researched using publicly available internet tools.

It should come as no surprise that seeking a centralized crypto information repository is challenging, as many of the traditional players have not prioritized digital asset coverage. However, due to increasing institutional allocator product research, and crypto fund managers not having formal capital introduction and placement agent offerings (many crypto brokers don't offer such services), platforms, such as Crypto Insights Group, are now available

for investors seeking crypto offerings, with the same portfolio analytics they are accustomed to for traditional funds.

Recently working as a former crypto allocator (having helped manage a crypto fund of funds), mission critical features of a crypto fund database should include scale of strategy coverage, timeliness of performance reporting, and indications of a fund manager's operational readiness.

(Crypto) Spacefaring

Just as astronauts have to undergo months of training and conditioning to prepare for their journeys, institutional allocators need to do the same for exploring the crypto space.

Although there may be times of feeling the g-force of crypto investing on an institutional portfolio, via the volatility of the asset class, or lack of proper exposure, it is always important to remember to trust your instruments to get your allocation back on track.

So aim your thrusters towards the opportunity in digital assets, and be light years ahead in the future of finance.

**Vin Molino, COO & Head of ODD,
Crypto Insights Group Corp**



GUEST ARTICLES (cont.)

A Zero-to-One Moment: Capturing Asymmetry Before Blockchain Venture Goes Mainstream

Why investors who wait for clarity in blockchain may miss the only phase that truly matters

Ruud Smets, Managing Partner & CIO, Theta Capital

In investing, some windows only open once. By the time a transformational technology reaches public consensus, the asymmetry is gone. The early internet, mobile communications, and cloud computing all passed through periods of underestimation. Protocols like TCP/IP and mobile networks were once considered niche or impractical - until they became the invisible rails of modern life.

Blockchain today stands at a similar inflection point. As we highlight in our industry outlook [The Satellite View](#), we're in what we call the "zero-to-one" moment: when foundational rails are being laid - decentralized finance (DeFi) protocols, zero-knowledge cryptography, real-world asset tokenization, Ethereum scaling layers. As a result, global adoption curves are steepening, but institutional capital hasn't yet priced in the full scope of the shift. This phase is **uniquely high in asymmetry**

and low in visibility. By the time scaling kicks in and the narrative becomes obvious, the edge is already gone.

Historical parallels abound. In the 1990s, most analysts failed to predict that mobile phone adoption would exceed 10% of the global population. By the time smartphones took off, the foundational bets had already been made. Likewise, the early internet's base layer protocols were not broadly understood. It was only years later that applications like e-commerce and social media made the infrastructure visible.

We believe blockchain technology is now in that foundational stage. The numbers tell the story. Blockchain adoption is projected to reach **1 to 1.5 billion users by 2030** - a pace that would outstrip the early internet, with multiple sources confirming this growth trajectory. Crypto-native VCs now fund **95% of the most promising blockchain projects**, while



As a professional investor, you only get to enter during the zero-to-one moment once. This is where early-stage conviction meets generational opportunity.

Ruud Smets, Theta Capital

GUEST ARTICLES (cont.)

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generalist funds remain on the sidelines. Venture cycles move at **10x the speed** of traditional finance, with **liquidity arriving in just 3–3.5 years**, rather than a decade.

But this isn't just about timing. It's about access. Most institutional investors can't enter this phase directly. Generalist venture firms often lack the technical fluency, local intelligence, or network to operate in crypto's high-velocity terrain. That's why **specialized venture managers and fund-of-funds structures** like *Theta Blockchain Ventures* are critical—offering curated exposure across managers, verticals, and stages, and capturing the structural upside without relying on single bets. Specialized structures are needed to reach where most institutions can't go directly - and that access is where the asymmetry lives.

This upside isn't abstract. It's visible today across high-impact verticals. Maturing **DeFi** protocols and **stablecoins**, which are the most successful blockchain application to date with an annualized transaction volume of \$16trn (surpassing VISA's!), are building an open, programmable capital market layer for the internet. In the emerging field of **DePIN**—the acronym for decentralized physical infrastructure

networks - startups are turning energy generation and infrastructure into tokenized, distributed networks.

At the intersection of **AI x Crypto** token-incentivized ecosystems are coordinating compute and data through decentralized marketplaces. These are not speculative trends. They are the emerging base layer of the next internet. Or rather, the scaffolding of a **true internet economy**.

What unites all of this is timing. As a professional investor, you only get to enter during the zero-to-one moment once. This is where **early-stage conviction meets generational opportunity**. The historical

pattern is clear: the internet, mobile, cloud—those who saw the early asymmetries and positioned early captured generational wealth. Those who waited arrived late, when the risk-reward profile had fundamentally shifted.

Today, blockchain offers the same kind of moment. But the window may be narrow, and the market is moving fast.

**Ruud Smets, Managing Partner & CIO,
Theta Capital**

To learn more about blockchain VC from the industry's leading investors and founders visit [The Satellite View](#).



GUEST ARTICLES (cont.)

Beyond Bitcoin: Seizing Alpha & Outsized Returns in DeFi Markets

Daphne Huang, Head of BD & Operations, Definitive Finance

As digital assets mature, a new frontier of opportunity has emerged in decentralized finance (DeFi), where sophisticated players are able to capture outsized returns. Alpha is now greatest in DeFi markets, with many new token assets launching and trading billions in volume onchain before ever being listed in Centralized Finance (CeFi).

DeFi's Transformation of Capital Markets

Permissionless DeFi token issuance has ushered in a new era of capital formation. In contrast to the limited set of investable assets on CeFi, DeFi now hosts thousands of tokens ranging from tokenized real-world assets (RWAs) to consumer apps. For hedge funds seeking Bitcoin benchmark outperformance, this proliferation presents massive opportunities.

A Structural Alpha Window

In CeFi, tokens undergo an often months-long listing process before they're available for trading. By then,

the initial price discovery, and alpha, have already passed. DeFi presents an alternative path, making it fast and frictionless for teams to launch a token. Onchain, projects can deploy a token contract, seed a liquidity pool on Uniswap or other automated market maker (AMM) platforms, and open these pools to global liquidity within hours, leading to more tokens launching onchain first. The gap between onchain debut and CeFi listing often represents a structural alpha window.

Real-World Alpha Opportunities

Maple Finance's [\\$SYRUP](#)

Maple Finance, an institutional credit protocol and prominent DeFi project, introduced its token, \$SYRUP, in November 2024 on the Ethereum blockchain. Initial liquidity pools priced \$SYRUP at approximately \$0.12 per token. In May 2025, over five months after its DeFi debut, Binance was the first major centralized exchange to list \$SYRUP at \$0.35, representing a 190% potential gain for DeFi traders.



Alpha is now greatest in DeFi markets, with many new token assets launching and trading billions in volume onchain before ever being listed in Centralized Finance (CeFi).

Daphne Huang, Definitive Finance

GUEST ARTICLES (cont.)**\$LAUNCHCOIN by Believe App**

The native token of Believe App, a modern-day Kickstarter platform, traded on Solana-based DEXs at an all-time low of \$0.00018 in March 2025. \$LAUNCHCOIN was first listed on centralized exchange [Gate.io](https://gate.io) on May 16, 2025 at \$0.17 per token, and is still not available to trade on major U.S. exchanges like Coinbase as of this writing.

The \$TRUMP Memecoin

Donald Trump's official memecoin, \$TRUMP, launched on January 17, 2025 on Solana at ~\$1.21. Due to Trump's prominence, it was quickly picked up by several CeFi exchanges on January 18, 2025, just one day after its DeFi launch. However, even in this short (and volatile) period, CeFi listing prices were significantly higher, ranging from ~\$4 to ~\$14.

Navigating DeFi Opportunities & Common Pitfalls

Despite the plethora of opportunities, trading in DeFi requires nuanced knowledge. Sifting through the growing universe of onchain projects is daunting, but various onchain data services can help funds research and identify tokens with

robust fundamentals. Onchain trade execution also presents challenges, from avoiding MEV attacks where sophisticated bots detect and exploit pending trades, to understanding how to produce post-trade PnLs from blockchain data. DeFi trading tools must be carefully evaluated, as most lack institutional-grade support, making execution of large trades, optimized order routing across liquidity pools, and portfolio management difficult.

As onchain trading proliferates, DeFi markets unlock vast alpha potential. Success hinges on disciplined onchain research coupled with institutional-grade execution tooling. However, for funds able to incorporate DeFi into trading strategies, onchain tokens represent a sustained opportunity for asymmetric returns.

Daphne Huang, Head of BD & Operations, Definitive Finance

Definitive Finance is the leading institutional-grade trading platform for onchain execution trusted by top hedge funds, institutions, and pro-traders.

www.definitive.fi



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...DeFi markets unlock vast alpha potential. Success hinges on disciplined onchain research coupled with institutional-grade execution tooling.

Daphne Huang, Definitive Finance

GUEST ARTICLES (cont.)

Moving from 'proof of concept' to 'proof of use': The next step in digital assets

Iona Wright, Partner, Regulatory & Risk Advisory, Walkers

The digital assets market has seen unprecedented growth, particularly in the last 18 months and a recent report by Boston Consulting Group (BCG) and Ripple doesn't see this slowing down. They predict tokenised real-world assets (RWA) will grow at a compound annual growth rate of 53% from 2025 to 2033, reaching \$18.9 trillion from \$600 billion today. However, in the wake of the infamous 'crypto winter', the sector is recalibrating with a renewed focus on making sure continued growth is sustainable.

Digital assets and tokens have led the way in demonstrating the latest developments and technological capabilities of the blockchain and

we've had the great opportunity to advise clients on several market-firsts in this regard. However, as more traditional institutional investors turn to digital assets, there is increasingly the need for the sector to drill down and prove the additional benefits of RWA tokenisation and what being 'on-chain' brings for business and financial markets. This is needed to differentiate RWA tokenisation from the headline grabbing trends of non-fungible tokens (NFTs) and meme coins, often seen as an easy target for industry critics. The sector is therefore changing how we discuss innovation and regulation.

The expectations of investors and clients are increasingly sophisticated with three priorities



Regulation... is no longer seen as a block to innovation. Rather, compliance is part of the innovation strategy – acting as both a safeguard and a competitive advantage.

Iona Wright, Walkers LLP

GUEST ARTICLES (cont.)

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Tokenisation is able to prove itself as a benefit to the sector, showcasing 'proof of use' in enabling lower overheads, fractional ownership and greater investor access.

Iona Wright, Walkers LLP

at the top of their mind: scale, compliance and credibility. As institutional clients themselves operate under regulatory oversight, the pool of compliant counterparties continues to narrow. For example, in jurisdictions such as Hong Kong, regulated entities may only transact with other regulated entities, creating additional compliance considerations.

Regulation, therefore, is no longer seen as a block to innovation. Rather, compliance is part of the innovation strategy – acting as both a safeguard and a competitive advantage. This mindset can help businesses expand on their ideas and products beyond 'proof of concept', and instead focus on demonstrating the business advantages of the blockchain and 'proof of use' in asset issuance, settlement and capital access.

As financial margins remain slim, major institutions will see any cost savings or an expanded investor pool as a major win. Take for example the real estate sector: with more than \$300 trillion in global asset value, it remains one of the most opaque and illiquid asset markets. The

same report from BCG and Ripple gives the test case of a \$5 billion AUM real estate fund where tokenisation can result in administrative cost savings of \$100 million and unlock an additional \$500 million in new capital inflow by lowering access thresholds. In this instance, tokenisation is able to prove itself as a benefit to the sector, showcasing 'proof of use' in enabling lower overheads, fractional ownership and greater investor access.

For digital asset and blockchain businesses hoping to scale and attract the interest of institutional investors, understanding that new audience is key.

Demonstrating regulatory compliance and a pure business use case will be essential as we enter the next stage of the digital assets space.

Iona Wright, Partner, Regulatory & Risk Advisory, Walkers

Iona Wright is based in Walkers' British Virgin Islands office where she is a Partner in the firm's Regulatory & Risk Advisory Group.

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I don't think that a computer can sit down with five business plans from VC companies and figure out in advance which one is Amazon. I think that requires a unique human insight. Of course, most people can't do it either.

Howard Marks, Co-Founder, Oaktree Capital Management



REGULATIONPresented by  **RQC GROUP**

FCA finds most smaller asset managers and alternatives meet expectations... but areas for improvement highlighted

On 8 May 2025, the Financial Conduct Authority ("FCA") published its [findings](#) from its review of business models for smaller asset managers and alternatives.

The review followed an intention, announced in [August 2022](#), to focus on smaller firms to identify business models posing greater consumer harm risks.

The FCA supervises almost 1,000 buy-side firms with less than £1 billion assets under management. The FCA sent a survey to 410 of these firms, with sixty firms then undergoing a more in-depth assessment.

The review focussed on three aspects:

(i) High-risk investments ("HRIs")

HRIs include alternative investment funds. Since HRIs carry a higher risk of capital loss, they are subject to stricter marketing rules including restrictions on marketing to retail clients.

The FCA highlights the need to carefully target the distribution of HRIs to ensure compliance with these marketing restrictions and the "fair, clear and not misleading" requirement.

This should be based on effective product governance, for instance establishing the target market and ensuring

distributors follow the plan, and a robust client assessment and categorisation process.

Firms should be aware of the restrictions on promoting alternative investment funds to retail clients, and have a clear understanding of the "customer journey" for such clients. This encompasses regulatory requirements such as risk warnings and cooling-off periods.

Examples of poor practice include unclear risk warnings on websites and social media, an inability to explain likely investment returns and incomplete investor cost disclosures.

Regarding professional clients, the FCA assessed opt-up processes for elective professional clients ("EPCs"). These are clients that are by default retail clients but that meet specific criteria, including a qualitative test and – where relevant – a quantitative test.

The FCA found that some qualitative assessments had a limited number of questions, unclear pass and assessment criteria or overly simplistic confirmatory questions. Among other considerations, the assessment criteria should create a clear distinction between a retail client and an EPC.

(ii) Conflicts of interest

The requirement for firms to take reasonable steps to



REGULATION (cont.)Presented by  **RQC GROUP**

identify, prevent and manage conflicts is a well-established regulatory concept. In its review, the FCA explored this in the context of smaller asset managers.

Where senior staff take on more than one role (“**multi-hatting**”), conflicts of interest may be more pronounced. This is often the case in smaller firms. The review considered how firms managed such conflicts through effective governance and conflict mitigation policies. In addition, where applicable, it considered whether appropriate disclosure was made to investors.

The FCA found:

- Whilst most firms kept a conflicts register, these were not always maintained to log conflicts, mitigation strategies and explain ongoing monitoring arrangements;
- Potential conflicts arising from multi-hatting were not always considered;
- Some conflicts policies lacked tailored procedures for the firm’s business model; and
- Where conflicted positions could not be avoided, these were not always disclosed clearly to investors.

(iii) The Consumer Duty

Introduced in 2023 to improve consumer outcomes, the Consumer Duty (the “**Duty**”) continues to be a regulatory priority.

The Duty doesn’t apply to professional clients, but it does apply to the processes used to categorise clients. For example, a firm encouraging a customer to seek a

professional client classification to avoid the additional protections afforded to retail clients would breach the Duty.

The FCA found some firms:

- Had not considered the application of the Duty. These firms should have already considered this application including whether they deal with retail clients or investors as part of a distribution chain;
- Were unable to provide meaningful Consumer Duty reports, even when taking proportionality into account;
- Lacked content on what good and bad outcomes look like for investors, and any actions that may need to be taken as a result; and
- Could not provide evidence demonstrating effective challenge on their Consumer Duty board reports from governing bodies and senior management.

Where the Duty applies, the FCA expects firms to put right any foreseeable harm to retail customers caused by acts or omissions by the firm. This includes, where appropriate, providing redress.

Identified problems include unsuitable high-cost investment strategies and inappropriately onboarding retail investors to alternative investment funds with unclear product structures, uncertain drivers of return and opaque charging strategies.

The FCA has taken supervisory action where a firm’s Consumer Duty arrangements fall below par. These include restrictions on a firm’s regulated activities, fee adjustments, or product withdrawals; or initiating an orderly product wind-down.



REGULATION (cont.)Presented by  **RQC GROUP****Next steps**

Boards or management committees are encouraged to review the findings.

Where the review identified weaknesses, the FCA is working with certain firms to make improvements.

Going forward, the FCA will continue to monitor firm conduct on these topics. Additional tranches of the questionnaire

will be issued, and there will be a particular focus on the supervisory priorities set out in the [FCA portfolio letter](#), Asset Management and Alternatives (February 2025).

Where applicable, firms should also consider the review in the context of the FCA's [2025 review](#) of private market valuation practices.



FCA enhances access to investment research: Payment optionality for fund managers

On [9 May 2025](#), the FCA finalised the [rules](#) that allow fund managers (UK UCITS management companies, UK alternative investment fund managers and residual collective investment scheme operators) to pay for investment research using a joint payment option for research and execution services. These [rules](#) took effect immediately.

This option is based on the rules introduced for MiFID investment firms in August 2024.

Historically, research costs were typically bundled with execution commissions arising from trading on behalf of investors. Effective 1 January 2018, MiFID II “unbundled” these costs by introducing separate charges for research, either from a firm’s own resources or charging clients via research payment accounts.

In 2023, the UK Investment Research Review concluded that the MiFID II unbundling requirements adversely affected the provision of investment research in the UK. This led to the joint payment option being introduced.

The joint payment option must be operated within certain “guardrails”. These cover, among other things, setting and managing a budget for the purchase of research using joint payments, allocating costs of research purchased using joint payments fairly between clients, periodic reviews and client and investor disclosures.

In addition, the changes to the list of acceptable non-minor monetary benefits (i.e., scenarios that fall outside of the research requirements) have been extended to fund managers:

- Extending of the list to include: “*Short-term trading commentary and advice linked to trade execution*”; and
- Exclusion from the list of research on equities where market capitalisation is <£200 million.

REGULATION (cont.)

FCA restricts CFD firm Direct Trading Technologies from carrying out regulated activities

In a case that highlights the regulator's powers to effectively shut down a business, the FCA on 2 May 2025 [announced](#) that on 27 March 2025, it had placed restrictions on Direct Trading Technologies ("DTT"), restricting access to its assets and preventing it from carrying on any regulated activities.

The main concerns cited by the regulator were:

- Financial crime prevention: lack of systems and controls. Especially, DTT's systems and controls were inadequate to detect or prevent a staff member from allegedly falsifying documents for the firm's audit;
- Poor governance and oversight: DTT apparently lacked effective processes to identify, manage, monitor or report risks. It also lacked adequate internal control mechanisms, including administrative and accounting procedures; and
- Failure to co-operate: DTT was not open and co-operative with the FCA, and provided information to its auditor that appeared inconsistent with information provided to the regulator.

A [First Supervisory Notice](#) explains the reasons why the FCA took action against DTT on 27 March 2025.

From 28 March 2025, the regulator imposed the following [restrictions](#):

- Asset requirement: preventing DTT from reducing the value of its assets without FCA consent;
- Notification requirement: DTT must notify any client, insurer, liquidity provider or other affected person, providing to the FCA copies of the template notification sent to recipients, and of up-to-date bank and trading statements;
- Secure records: the firm must secure all books and records, preserving information and systems such that they can be provided promptly. When compliant, which must be by 4 April 2025, it must notify the FCA.

From [7 April 2025](#), the FCA varied DTT's Part 4A permissions, such that the firm may no longer conduct regulated activity.

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