

## Article Information

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# Blockchain Bites: Robinhood's AI and crypto push: the future of finance? CME and Google Cloud pilot tokenised markets, Canadian regulator bets against Polymarket with settlement of enforcement proceedings

*Steven Pettigrove, Jake Huang, Luke Higgins and Luke Misthos of the Piper Alderman Blockchain Group bring you the latest legal, regulatory and project updates in Blockchain and Digital Law.*

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## Robinhood's AI and crypto push: the future of finance?

Robinhood has unveiled three new financial products aimed at younger investors that integrate artificial intelligence (AI) to enhance existing wealth management and private banking services. These new offerings, revealed on a livestream titled 'The Lost City of Gold' and named 'Robinhood Strategies', 'Robinhood Cortex', and 'Robinhood Private Banking', are exclusive to Robinhood Gold members, a premium tier that has grown to over 3.2 million users in 2024.

### **Robinhood's New Offerings**

Robinhood Strategies is claiming to offer AI-powered investment advice with real-time insights. Robinhood Cortex is an AI research assistant, leveraging the current trend of AI agents doing things for customers, like delivering market data and trading recommendations. Robinhood Private Banking is trying to bring a more premium tier of services to users with savings accounts with concierge-style ancillary financial services.

The company aims to position itself as a major player in the [Great Wealth Transfer](#), estimated at over USD\$100 trillion.

### **The Bigger Picture: AI and Automation in Finance**

Robinhood's latest move reflects a broader industry trend where AI-driven financial tools and automated bots are used as trading and advice tools. AI now plays an increasing role in market research, predictive analytics, and risk assessment. Trading algorithms, powered by machine learning, execute trades with speed and precision that us mere meatbags simply cannot match.

AI-driven platforms can analyse vast datasets in real-time, identifying market patterns and making recommendations based on historical trends and predictive modelling. This shift promises to make investment research and financial planning more accessible to lower-income brackets (and younger people in general).

### **The Role of Tokenisation and Smart Contracts**

[Beyond AI, tokenisation, a key component of Robinhood's vision - enables the conversion of real-world assets, such as equities and private investments, into blockchain-based tokens.](#) While there has been plenty of primary issuance of tokenised assets, actual trading of these products has been slow to evolve as regulators and regulated markets have not yet settled on standards. Fractional ownership, faster and cheaper borrowing against assets, increased liquidity, and broader accessibility to financial markets are the promise.

Meanwhile, banking services, from lending to wealth management, can be transformed through decentralised and programmable smart contracts. These contracts automate transactions, enforce agreements without intermediaries, and enable secure, transparent financial operations.

Institutions around the world are experimenting with tokenised securities and blockchain-based settlements, aiming to reduce inefficiencies in traditional markets. As more financial assets move onto blockchain rails, we may see greater adoption of decentralised finance (**DeFi**) services, bridging the gap between traditional banking and digital asset ecosystems.

### **Conclusion**

The integration of AI, automation, and blockchain promises to redefine financial services, breaking down barriers to wealth creation and financial management. This integration will open up new legal questions in relation to liability of AI driven advice or trading and market integrity considerations.

While regulatory challenges remain, these innovations are expected to drive significant industry growth over the coming years. Robinhood's recent developments are just one example of how financial platforms are embracing the future. As AI and blockchain technology continue to evolve, the next decade will likely see even greater accessibility in finance - bringing sophisticated investment tools to a wider audience.

*Written by Steven Pettigrove, Luke Higgins and Michael Bacina*

### **Up up and away? CME and Google Cloud pilot tokenised markets**

CME Group, a leading US financial services powerhouse, has unveiled a new pilot program for tokenisation and wholesale payment solutions leveraging Google Cloud's new Universal Ledger. This strategic move signals the accelerating convergence between traditional finance and digital asset infrastructure.

Google's Universal Ledger is a private, permissioned distributed ledger specifically engineered for better integration with existing financial systems. It aims to simplify asset and account management while enabling secure, compliant value transfers across trusted networks. While permissioned blockchains offer traditional financial firms a safer entry point into blockchain technology, industry giants like Blackrock view [public chains](#) as preferable to private chains.

Google and CME are targeting a 2026 launch for real-world applications after successfully completing their first integration and testing phase. This milestone positions CME Group—one of the world's largest derivatives exchanges—at the forefront of institutional-grade tokenisation on permissioned ledger technology.

[In a press release](#), CME's Group Chairman and Chief Executive Officer Terry Duffy referenced new legislative direction which spurred on the collaboration.

As the US President and new Administration have encouraged Congress to create landmark legislation for common-sense market structure, we are pleased to partner with Google Cloud to enable innovative solutions for low-cost, digital transfer of value.

Rohit Bhat, GM of Financial Services at Google Cloud, said the move is part of a broader push to empower institutions to "overcome the complexities inherent in today's financial systems" and unlock new efficiencies through cloud-native infrastructure.

The partnership coincides with a significant [regulatory shift in the US](#), as the new Administration pushes legislation that could unlock digital asset innovation in regulated markets—building on President Trump's pro-crypto stance and [commitment to a strategic crypto reserve](#).

The decision to implement a permissioned, private chain rather than a public one will face scrutiny as it shapes future market infrastructure. Critics dismiss private chains as merely expensive databases which lose the benefits of decentralisation, while defenders highlight their controlled environments for managing sensitive trading data. The outcome may help inform a crucial blueprint for how legacy financial institutions can modernize market infrastructure while navigating regulatory requirements.

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## Canadian Regulator bets against Polymarket with settlement of enforcement proceedings

Another day, another crypto enforcement proceeding comes to an end. A combination of shifting policy winds ending regulation by enforcement and crypto businesses seeking to engage with regulators and offer compliant products or just the wheels of Canadian justice moving forward?

The Ontario Securities Commission (**OSC**) initiated an enforcement proceeding against [two US companies operating the popular Polymarket prediction service](#). The companies, Blockratize Inc. and Adventure One QSS Inc. were accused of operating an unlicensed global options trading platform that violated Ontario securities regulations by offering binary options (i.e. bets on the outcomes of events) to Ontario residents between June 2020 and May 2023.

Polymarket connected users with smart contract wallet addresses on the Polygon blockchain to place bets against each other using USDC with contract resolution initially managed by Polymarket's Markets Integrity Committee and later by the UMA Optimistic Oracle, a decentralised oracle designed to record and verify data on a blockchain.

Polymarket's platform made heavy use of advertising like "bet on your beliefs" gives a gambling vibe to the site and event-based options trading on topics ranging from politics and sports to cryptocurrency and pop culture have been viewed by regulators as financial products, if not gambling products.

Canada bans binary options under Multilateral Instrument 91-102 unless narrow and specific exemptions are met. Australia [has imposed a similar ban until 2031](#). [Despite regulatory concerns, proponents continue to advance the financial and social utility of prediction markets](#).

The OSC's case relied on three key violations:

- Offering binary options in Ontario without appropriate regulatory exemptions
- Providing a trading platform accessible to Ontario residents through blockchain technology
- Engaging in solicitation activities that encouraged speculative trading, including features like a leaderboard displaying top traders and automatic social media trade sharing

This enforcement action aligns with broader international regulatory efforts to provide oversight in the rapidly evolving cryptocurrency and blockchain trading landscape, signaling scrutiny of decentralized financial platforms that potentially expose investors to unregulated financial risks, while some jurisdictions, like Canada, do not provide a pathway for a compliant offering of those products as yet.

During the "Material Time", the OSC says Polymarket offered over 6,044 event-based contracts with approximately \$254 million in trading volume, with substantial engagement from Ontario residents, but notably Polymarket only derived approximately \$23,000 in revenue from the breaches.

Significantly, the US Commodity Futures Trading Commission (CFTC) had previously [sanctioned Polymarkets in January 2022](#), ordering cessation of much of their activities in the USA and Polymarket paid a US\$1.4M penalty. Later the founder's house was [raided by the FBI](#) over allegations Polymarket was still serving US customers. France also [shut down Polymarket's access to that market](#).

Critically, Polymarket did not engage in discussions with the OSC but instead put geoblock restrictions on Canadian residents in mid-2023, prohibiting Ontario residents from purchasing new options while allowing existing positions to close out. The OSC has asked for Court approval of a settlement with Polymarket, the details of which are not yet known.

### **Takeaway**

This action shows simply geoblocking a country in response to a regulator's concerns is not likely to lead to a happy ending, projects should ensure they get sensible advice and engage with regulators to explore if compliance is possible (in many countries it may not be) prior to launch. Meanwhile, the debate over the utility and risks of prediction markets as an investment and predictive tool looks set to rage on.

*Written by Michael Bacina and Steven Pettigrove*