

Article Information

Authors: Steven Pettigrove, Luke Higgins, Tahlia Kelly, Sophie Nguyen

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Blockchain Bites: Wall Street's new groove: TradFi dives deeper into digital assets

The Piper Alderman Blockchain Group bring you the latest legal, regulatory and project updates in Blockchain and Digital Law.

Traditional finance's push to integrate digital assets has taken another meaningful step forward. Over the past month, several major products and pilot programs slated for 2026 have been announced, signalling that digital asset exposure is rapidly becoming a standard feature of wealth management and capital markets operations.

One notable example is Morgan Stanley's [plan to roll out a proprietary digital wallet](#) in the second half of 2026. The wallet is touted to support both cryptocurrencies and tokenised real-world assets (**RWAs**), including private company equity, traditional securities and real estate.

This comes on the heels of the bank's late 2025 announcement that users of its E*TRADE platform are going to gain access to direct trading of Bitcoin, Ethereum and Solana in 2026, allowing clients direct ownership of the underlying asset rather than relying exposure through third party investment vehicles.

The bank [has also filed S-1 registration statements](#) with the US Securities Exchange Commission (**SEC**) for spot Bitcoin, Ethereum, and Solana ETFs.

Jedd Finn, head of wealth management at Morgan Stanley, [said to Barron's](#) that the wallet reflects a structural shift in financial infrastructure. As tokenisation matures, Morgan Stanley expects to further integrate traditional and decentralized ecosystems.

Morgan Stanley [previously described](#) the January 2024's spot Bitcoin ETF approvals as a "paradigm shift." Since going live, spot Bitcoin ETFs have already generated over \$1.6 trillion in cumulative trading volume. What began as "select high-net-worth access" in 2024 has now expanded to crypto exposure across all client accounts, including retirement plans, after a Trump-era executive order removed earlier restrictions.

Meanwhile, [Bank of America is moving in parallel](#), with 15,000 advisers formally recommending crypto allocations of up to 4% of client portfolios, marking another major U.S. institution entering the mainstream digital-asset investment landscape.

The strategy mirrors a wider institutional shift in Wall Street, with [JPMorgan reportedly exploring both spot and derivatives crypto trading for institutional clients](#) and Bitwise CIO stating that institutions are "charging at crypto full-speed".

This institutional uptick aligns with recent [SEC actions to approve generic listing standards for spot commodity ETFs](#), eliminating the previously slow, case-by-case review process. Under these new standards, exchanges like NYSE, Nasdaq and Cboe can list spot crypto ETFs as long as products meet predefined eligibility criteria.

Beyond investment products, the Depository Trust & Clearing Corporation (**DTCC**) has announced it is partnering with Digital Asset and the Canton Network to [tokenise a subset of U.S. Treasury securities held at DTC](#). This initiative marks the first phase of DTCC's broader strategy to migrate DTC-custodied assets on-chain. The SEC has granted a No-Action Letter allowing DTCC to operate a tokenisation service for RWAs in a controlled production environment. Under the approval, [DTCC is authorised to:](#)

- tokenise real-world assets held at DTC;
- operate the pilot for three years; and
- guarantee tokenised securities retain the same legal entitlements and investor protections as their traditional equivalents.

The CEO of DTCC describes the partnership as creating

a roadmap to bring real-world, high-value tokenization use cases to market, starting with U.S. Treasury securities and eventually expanding to a broad spectrum of DTC-eligible assets across network providers.

Taken together, these moves demonstrate TradFi's accelerating shift into blockchain-based markets offering direct client access to these offerings and underscoring that digital assets are increasingly being treated like any other asset class.

Written by Steven Pettigrove, Luke Higgins and Tahlia Kelly

Vietnam to offer crypto exchange licensing with spicy capital requirements

From 20 January, Vietnam has commenced taking applications for licensing for crypto exchanges, but the requirements for licensing have proven eye watering and designed to lock out all but the largest existing traditional operators. Among the requirements are:

- a minimum capital of approximately US \$380 million;
- ownership stipulations including at least 65% institutional holdings; and
- at least 35% ownership from two institutional investors who are involved in banking and finance; and
- a 49% cap on foreign ownership.

While large global crypto exchanges likely have the balance sheet to meet capital requirements, the requirements for investors to be involved in the traditional finance world and such a stringent local ownership requirement is viewed as protectionist.

Domestic institutions such as SSI Securities, VIX, Military Bank, Techcombank, and VPBank have signaled their preparedness to apply, though no approvals have been granted as yet.

Notably, the five-year pilot prohibits fiat-backed stablecoins, which have been growing in popularity and Vietnam is emphasizing a cautious rollout focusing on "stability and enforcement". This builds on Vietnam's 2025 crypto law, which first acknowledged digital assets, now operationalizing supervision amid the nation's high adoption rates.

Commentary online highlight a mix of optimism and scrutiny. Community voices point to the high capital barrier—pegged at around \$400 million—as a gatekeeper favouring [major entities](#).

Others have celebrated it as a pathway for [legitimacy of DeFi](#).

Broader sentiments tie this to global trends, with some linking it to Vietnam's [BRICS](#), with the group moving towards launching [a rival to the SWIFT network](#). The BRICS countries have been making steps to de-dollarisation and using alternatives to the US dollar for some time, involving direct transfers between digital currencies, but the Vietnam ban on stablecoins under this pilot system doesn't seem to be aligned with that approach and so may require adjustment.

One user pointed out that practically many Vietnamese don't use local exchanges, given there's no [compensation mechanism](#).

As Vietnam's regime unfolds—600 times stricter than Hong Kong's US\$640,000 threshold and far above most other countries, it seems clear that Vietnam has chosen to only allow the biggest players to offer crypto to citizens, leaving unregulated DEX and other offerings to provide competition on price. With Vietnam a [top 5 country](#) for crypto this may either create a super valuable captive market for large corporates, or help drive the country's adoption rates even higher.

By Steven Pettigrove

Last call: Australia consults on Enhanced Regulatory Sandbox

The promise of the fintech sector as an engine of economic growth has drawn increasing attention from the Australian

Government. In December 2025, Treasury [released a consultation paper in connection with its independent review of the enhanced regulatory sandbox \(ERS\)](#). The Government is seeking views on:

- the extent to which Australia’s regulatory, policy and economic settings foster financial innovation;
- the effectiveness of the current ERS design and regulatory settings; and
- global progress on regulatory sandboxes, including best practice and relevant frameworks.

Treasury is seeking feedback on the consultation paper by **6 February 2026** with the reviewer, Maha El Dimachki, to run targeted consultations with stakeholders. Treasury will typically entertain a short extension for late submissions.

The ERS was introduced in 2020 to encourage innovation in the financial services sector. The sandbox allows natural persons and businesses to test innovative financial services or credit activities without obtaining an Australian financial services (AFS) licence or Australian credit licence (**credit licence**).

There are requirements to apply and enter the ERS and only 19 entities have participated in the scheme, indicating the limited effectiveness and success of the scheme. The current scheme is subject to a net public interest test and strict conditions. Notably, Australia’s ERS (in comparison to other jurisdictions) does not offer a direct route to full licensing.

Of these 19 entities, outcomes have been mixed: 15 entities have ceased using the ERS, with 3 becoming Corporate Authorised Representatives (now ceased) and 1 obtaining an AFSL, while four entities are currently participating in the ERS.

In general, the current ERS does not allow testing of digital asset related offerings unless they fall within eligible financial services or credit activities. This can create potential obstacles where the regulatory treatment of a particular offering is uncertain. Initiatives such as [the RBA’s Project Acacia have filled the gap to some extent by enabling pilot testing of wholesale tokenisation projects](#), but again with no clear pathway to licensing and commercialisation.

Meanwhile, peer jurisdictions [like the United Kingdom have launched new or expanded sandboxes to test innovative offerings](#). The United Kingdom’s Digital Securities Sandbox goes [beyond mere testing and offers the promise of modified regulatory settings depending on project outcomes](#).

Ms El Dimachki is expected to deliver the government a written report within six months of commencing the review. If all goes well, there could be a major shakeup to the ERS in Australia. An expanded sandbox could attract more software developers and innovators to Australia to develop and commercialise their ideas. With its strong domestic economy, talent pool and rule of law, Australia remains an attractive market and has fostered several notable fintech success stories. With other jurisdictions pressing ahead to foster the development of new market infrastructure, the time is ripe for Australia to seize the opportunities presented by technological innovation.

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