

# Andrey Chabanov Emphasizes Urgent Need for Innovative Technologies Amid Proposed SEC Regulatory Changes

*Andrey Chabanov on Innovating Tech for SEC's New Crypto Custody Rule*

NEWPORT BEACH, CALIFORNIA, USA, November 7, 2023 /EINPresswire.com/

-- With the U.S. Securities and Exchange Commission (SEC) publishing proposed Rule 223-1 on February 15, 2023, to amend and supplement the current Advisers Act custody rule, [Andrey Chabanov](#), a seasoned expert in the digital asset space, highlights the pressing need for technological innovations. These innovations are vital to address the evolving challenges posed by the expanded definition of "assets" and the rapidly changing custody requirements, particularly concerning crypto assets.



Andrey Chabanov

The SEC's recent proposal has introduced a paradigm shift by significantly expanding the definition of "assets" that must be held with [qualified custodians](#). In particular, the proposal explicitly includes all crypto assets, including Bitcoin, reflecting a fundamental change in how registered investment advisers (RIAs) must manage and safeguard these assets. As per the new rule, all "client assets," including crypto assets, are mandated to be held with qualified custodians.

Andrey Chabanov underscores the critical necessity for the development of innovative technological solutions that can effectively address these evolving regulatory requirements, stating, "The proposed amendments necessitate the deployment of pioneering technologies that can ensure the security and integrity of crypto assets while meeting the expanded custody regulations. As the crypto industry continues to evolve, these technological advancements will be paramount in enhancing transparency and trust, which are indispensable for the industry's

sustained growth and development."

Proposed Rule 223-1, published by the SEC, focuses on redefining "custody" in the context of crypto assets, introducing the requirement for custodians to have "exclusive control." This new requirement presents unique challenges in a decentralized market. Chabanov emphasizes the potential of innovative custody solutions, such as key sharding and multi-signature setups, which offer both flexibility and security for managing crypto assets. He adds, "While these solutions hold immense potential, further clarification is essential to align them with the SEC's interpretation of 'exclusive' control."

Chabanov highlights the inherent synergy between on-chain asset verification and [Proof of Reserves](#) (PoR) as vital components in addressing the proposed regulatory changes. On-chain asset verification involves the validation of digital assets held by exchanges directly on the blockchain, providing transparency and security. This process complements the principles of Proof of Reserves, instilling confidence in users that their assets can be independently verified.

While the market currently lacks a comprehensive solution, Chabanov notes, "There are strong players actively developing technological solutions for PoR and on-chain asset verification. These innovations will play a pivotal role in building trust within the crypto community, alleviating concerns related to fraud, and ensuring the financial backing required to honor customer obligations."

The proposed amendments also introduce other uncertainties, including obligations related to crypto assets without qualified custodians and the regulatory stance on staking activities. The ever-evolving regulatory landscape necessitates readiness and adaptability from industry stakeholders.

Andrey Chabanov's insights underscore the urgent need for cutting-edge technologies to align with these proposed changes, setting the stage for compliance, transparency, and trust within the crypto industry. Stakeholders are encouraged to actively engage with the proposed amendments, recognizing the pivotal role of innovative solutions in shaping the regulatory landscape.

Andrey Chabanov

Andrey Chabanov

[email us here](#)

Visit us on social media:

[LinkedIn](#)

---

This press release can be viewed online at: <https://www.einpresswire.com/article/666946874>

EIN Presswire's priority is source transparency. We do not allow opaque clients, and our editors try to be careful about weeding out false and misleading content. As a user, if you see something we have missed, please do bring it to our attention. Your help is welcome. EIN Presswire,

Everyone's Internet News Presswire™, tries to define some of the boundaries that are reasonable in today's world. Please see our Editorial Guidelines for more information.

© 1995-2023 Newsmatics Inc. All Right Reserved.