

# Funs.AI's SocialFi Compliance Strategy: Navigating SEC Regulations

*Funs.AI is building a compliant SocialFi project aligned with SEC regulations, ensuring user security and investor trust through a robust strategy.*

FREMONT, CA, UNITED STATES, November 4, 2024 /EINPresswire.com/ -- [Funs.AI](#) is dedicated to building a sustainable [SocialFi](#) project that operates within the regulatory frameworks set by the U.S. Securities and Exchange Commission (SEC) and anticipates potential impacts from the FIT21 Act. By implementing a robust compliance strategy, Funs.AI aims to create a secure ecosystem for both users and investors, aligning with U.S. and global regulatory standards.

## 1. Regulatory Landscape for the Crypto Industry

In the U.S., multiple agencies oversee cryptocurrency, including the SEC, Commodity Futures Trading Commission (CFTC), Financial Crimes Enforcement Network (FinCEN), Internal Revenue Service (IRS), Department of Justice (DOJ), Office of Foreign Assets Control (OFAC), Federal Trade Commission (FTC), and Office of the Comptroller of the Currency (OCC). Together, they work to stabilize the market and protect investors' interests. By 2024, these agencies have imposed over \$19 billion in fines on crypto companies. The SEC has also indicated that cryptocurrencies will be a priority for its 2025 reviews, underscoring the need for crypto projects to prioritize compliance to protect users and investors.

## 2. The Impact of New Legislation on the Crypto Sector

The FIT21 Act, passed by the U.S. House of Representatives in 2024, introduces a new legal framework for digital assets. This act establishes guidelines for consumer protection, decentralization, transparency, and exchange regulations, promoting legal compliance within the



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industry.

**Regulatory Clarity:** FIT21 divides oversight between the CFTC and SEC, with the former managing “digital commodities” and the latter overseeing “digital securities.” This helps reduce ambiguity and provides crypto projects with a clearer compliance roadmap.

**Decentralization Standards:** Assets meeting specific decentralization criteria, such as no controlling entity owning more than 20% of voting rights, can qualify as commodities. This encourages decentralized project designs while meeting legal requirements.

The FIT21 Act is currently under Senate review and, if passed, could reshape crypto regulations as early as 2025.

### 3. Funs.AI's Crypto Compliance Strategy

a. [Security Token Offering](#) (STO): Funs.AI's KNOWP token will be issued through a Security Token Offering (STO) under an SEC exemption. Unlike traditional ICOs, the KNOWP token will offer holders shareholder rights, including dividends, fostering trust and providing a tangible return on investment.

b. **Due Diligence:** Funs.AI has undergone a rigorous due diligence process by a compliant exchange, covering corporate structure, team background, project roadmap, and MVP prototype. This ensures that the project meets high standards, fostering transparency and credibility.

c. **Investor Protection:** To safeguard investors, U.S. investors must meet Accredited Investor requirements, while international investors undergo Know Your Customer (KYC) and Anti-Money Laundering (AML) checks. Funds are held in escrow until fundraising goals are met, with a one-year lockup on tokens post-distribution. This approach enhances investor confidence and security.

d. **Tokenomics Design:** Funs.AI collaborates with legal experts and compliant exchanges to design the KNOWP token economy, ensuring it meets securities regulations while supporting platform utility. Funs.AI monitors regulatory developments like the FIT21 Act to ensure alignment with evolving laws, protecting users and token rights.

e. **Exchange Compliance:** The KNOWP token is slated for listing on a U.S.-based STO-compliant exchange in late 2025. This exchange adheres to stringent listing standards and has an end-to-end custodial digital securities trading license. Listing on this high-standard platform provides greater liquidity and a secure exit strategy for investors.

f. **Global Compliance Expansion:** Funs.AI implements global compliance strategies to meet financial and data privacy regulations in various regions. High-risk countries such as North Korea, Iran, Syria, and Cuba are excluded, and region-specific KYC and AML policies are applied, enabling legal participation worldwide. Regular compliance reviews help Funs.AI stay current with regulatory changes.

g. **DAO Governance:** Funs.AI's decentralized autonomous organization (DAO) model empowers users to participate in key platform decisions, from submitting proposals to voting. This community-driven approach not only enhances transparency but also reduces governance costs while increasing productivity.

h. **Compliance Education:** Funs.AI plans to launch a user education program focused on compliance, helping users understand how to engage legally in crypto investments and trading. By improving users' risk awareness, this program aims to build a well-informed, engaged

community.

#### 4. Compliance: A Path to Success

In the emerging SocialFi sector, compliance is crucial for project success. Funs.AI's compliance strategy lays a strong legal foundation while safeguarding future growth. As regulatory clarity from the SEC and FIT21 Act unfolds, Funs.AI is committed to meeting global standards, ensuring a secure, transparent, and legally sound platform.

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