

Consensus

Digital assets in the
post-boom world

Insight | 2025





Building infrastructure, not hype

The digital assets market has entered a new phase. Following years of rapid growth, volatility and tightening regulation, the sector is recalibrating in the wake of the “crypto winter.” Institutional investors are returning with renewed focus on compliance, while regulatory frameworks continue to mature amidst changing policy positions - from shifting US approaches to implementing MiCAR in Europe.

Drawing on direct experience with clients, six partners from our global Fintech team across Bermuda, BVI, the Cayman Islands, Jersey and Hong Kong share their perspectives on what matters most to businesses, how jurisdictional and structuring decisions are being made, and how legal advisers are adapting to meet the sector’s changing needs.

Their insights reveal a market balancing optimism with pragmatism: where innovation now moves hand in hand with compliance, and where credibility, governance and cross-border awareness are critical for long-term growth.

Here is a snapshot of key themes shaping the digital assets landscape in 2025 and beyond.

How client expectations have evolved

“The industry’s evolution has raised expectations: clients now prioritise regulatory clarity, compliance and long-term credibility.”

The digital assets sector has matured considerably, with clients increasingly seeking well-regulated solutions rather than quick fixes. The industry’s evolution has raised expectations: clients now prioritise regulatory clarity, compliance and long-term credibility.

Jersey’s institutional investors demonstrate this shift, embracing regulatory processes and global compliance standards - including AML, FATCA and CRS - even where digital asset fund timelines exceed traditional investment vehicles.

In Bermuda, clients see regulation as a competitive advantage. They expect legal advisers to act as long-term partners, guiding them through the full business lifecycle – from structuring and capital raising to licensing, disputes and governance.

Clients are shifting towards traditional finance models. In Bermuda and the Cayman Islands, there’s a growing acceptance that regulation is both inevitable and necessary. Clients proactively choose jurisdictions offering certainty, while the Cayman Islands continues to complement – not compete with – onshore structures as clients establish both US and offshore entities to balance tax neutrality and operational needs.

This development aligns with increasing institutional engagement: a recent survey by EY-Parthenon and Coinbase indicates 83% of institutional investors plan to increase their digital asset allocations in 2025, citing regulatory clarity as a key driver.¹

In the BVI, clients increasingly look for sector fluency and technical depth. Iona Wright described this as a “knowledge test”: a benchmark for whether advisers truly understand the regulatory and commercial realities of the space. In Hong Kong, Natalie Curtis noted a return of optimism post-crypto winter, with clients eager to move forward but expecting advisers to balance innovation with regulatory insight.

Across jurisdictions, clients want more than legal advice. They expect integrated, commercially minded guidance that addresses rapid sector evolution while maintaining the rigour and credibility essential for success.

¹ <https://www.ey.com/content/dam/ey-unified-site/ey-com/en-us/insights/financial-services/documents/ey-growing-enthusiasm-propels-digital-assets-into-the-mainstream.pdf>

Institutional clients' priorities and challenges

"First-mover advantage, market presence and experience-building are often driving participation alongside commercial outcomes."

Institutional clients are entering the digital assets space with increasingly sophisticated expectations. Their priorities are clear: scale, compliance and credibility – and they look to advisers to deliver all three.

A key challenge is distribution. Clients are developing tokenised products backed by assets ranging from US Treasuries to gold and fine wine, but reaching investors remains a hurdle. Many jurisdictions can "manufacture" the product, but navigating marketing restrictions – particularly into the US and Europe – is far more complex than launching the product itself.

Regulation remains central to conversations. As institutional clients themselves operate under regulatory oversight, the pool of compliant counterparties continues to narrow. In jurisdictions such as Hong Kong, regulated entities may only transact with other regulated entities, creating additional compliance

considerations. Global anti-money laundering (AML), sanctions and MiCAR obligations add further complexity, with clients looking for swift, practical advice to keep up with fast-moving product teams.

Security risks are also top of mind – not just in the digital sphere but in the real world. The conversation around custody now spans both technical safeguards and physical protection, as clients managing large crypto treasuries increasingly face threats like cyberattacks and extortion.

This heightened focus aligns with broader market growth: the global crypto custody provider market is projected to grow from USD 5.52 billion in 2025 to USD 109.29 billion by 2030, reflecting a compound annual growth rate of 82.12%.²

Reputation has become paramount. Clients increasingly recognise the importance of well-regulated

jurisdictions in attracting institutional capital and mitigating reputational risks, particularly following market disruptions. Technology founders maintain jurisdictional mobility, prepared to relocate if a jurisdiction's framework appears unclear or unsuitable for institutional scrutiny.

Finally, for many institutional clients, entering the digital asset space is not solely about immediate returns – it's also about positioning. First-mover advantage, market presence and experience-building are often driving participation alongside commercial outcomes.

Across these priorities, clients aren't just looking for technical legal answers – they want advisers who can serve as strategic partners, helping them handle complexity, scale globally and safeguard both their business and reputation.

² <https://www.researchandmarkets.com/report/crypto-custody-provider>

Key compliance and regulatory issues

"Clients need clarity on applying AML and sanctions screening to wallets, especially when dealing with decentralised exchanges or unhosted wallets."

For institutional clients, one question dominates: "Do we need a licence?" Whether launching a token, issuing a stablecoin or operating a decentralised exchange, understanding whether an activity crosses the regulatory perimeter is critical.

This matter manifests differently across jurisdictions. The BVI's current licensing timeline of 6-8 months has prompted clients to carefully evaluate whether regulatory approval is necessary. Bermuda, conversely, has innovation-friendly sandbox licensing for supervised development before full licensure.

Meanwhile, Jersey's regulatory framework demands careful product classification: is a tokenised product a security under legacy

laws or captured by virtual asset rules? Updated regulatory guidance in Jersey has helped clients navigate these questions, but complexity remains.

AML compliance cuts across every jurisdiction. Clients need clarity on applying AML and sanctions screening to wallets, especially when dealing with decentralised exchanges or unhosted wallets. Bermuda's prescriptive guidance offers clear expectations, while in Cayman, recent updates to the Virtual Asset Service Providers (VASP) Act have sparked greater client engagement with compliance obligations.

An emerging consideration centres on digitally native issuances – those operating purely on-chain without traditional off-chain

registration. Though technically feasible in certain jurisdictions, achieving regulatory comfort proves challenging. Most firms opt for hybrid structures to mitigate settlement finality risks and potential delays.

Across the board, clients want speed and certainty from their advisers. Regulatory complexity is unavoidable, but the expectation is clear: provide swift, practical answers that balance innovation with compliance, without slowing the business down.

Jurisdictional trends

“Clients are increasingly playing “regulatory hopscotch”, shifting between Cayman, BVI, Bermuda, Jersey and beyond in search of the right fit.”

As regulation tightens globally, clients are choosing jurisdictions more strategically – balancing speed, cost, regulatory certainty and market credibility. Gone are the days of picking a jurisdiction purely for ease; today’s decisions reflect long-term growth and reputational alignment.

Clients are increasingly playing “regulatory hopscotch”, shifting between Cayman, BVI, Bermuda, Jersey and beyond in search of the right fit. Cayman remains popular for its flexibility and growing talent pool, while BVI appeals for token issuances with fewer

regulatory hurdles. Bermuda offers a long history of credibility for institutional clients after regulatory certainty, and Jersey is carving out a niche as a tokenisation hub, using regulatory sign-off as a mark of quality despite longer timelines.

This emphasis on tokenisation reflects broader market developments: Boston Consulting Group and Ripple forecast that tokenised real-world assets will grow at a compound annual growth rate of 53% from 2025 to 2033, reaching USD 18.9 trillion from USD 600 billion today.³

Clients are becoming more sophisticated in matching structures to jurisdictions – the Cayman Islands for foundations, BVI for token issuers, Bermuda for institutional projects, Guernsey for IP trusts, Jersey for tokenisation, Ireland as a MiCAR gateway. Across it all, clients expect advisers who can navigate this fragmented, frenetic map to unlock growth without sacrificing credibility.

³ <https://ripple.com/reports/approaching-tokenization-at-the-tipping-point.pdf>

Balancing innovation and compliance

“Rather than saying ‘no’ when regulations appear to constrain, lawyers are unlocking creative pathways.”

In today’s digital asset space, clients aren’t asking whether to comply – they’re asking how to innovate within compliance. Across jurisdictions, a clear trend has emerged: businesses want legal advisers who enable innovation, not inhibit it.

At the heart of this balance lies early regulatory clarity. Clients increasingly seek guidance on the ‘regulatory perimeter’: understanding which activities require a licence, where grey areas exist and what approvals are needed upfront.

This proactive approach mirrors wider market trends: 86% of institutional investors already have exposure to digital assets or plan

to allocate in 2025, according to EY, reinforcing the importance of regulatory certainty as institutional capital grows.⁴

Many jurisdictions now offer graduated licensing frameworks – such as sandbox or testing licences – that allow businesses to trial products under regulatory oversight before moving to full licences. These models act as “safe harbours,” giving clients room to innovate while building regulatory credibility.

Legal advisers are also playing a more strategic, solutions-focused role. Rather than saying ‘no’ when regulations appear to constrain, lawyers are unlocking creative

pathways: using alternative structures, cross-jurisdictional solutions or phased approaches to help clients stay compliant while moving forward.

Above all, clients value cross-border expertise. With businesses operating globally, understanding overlapping regulatory regimes is critical. Advisers are expected to provide a global perspective, anticipating regulatory shifts and structuring solutions that hold up across jurisdictions.

The message is clear: innovation and compliance aren’t opposites. Today, compliance is part of the innovation strategy – both a safeguard and a competitive advantage.

⁴ <https://www.ey.com/content/dam/ey-unified-site/ey-com/en-us/insights/financial-services/documents/ey-growing-enthusiasm-propels-digital-assets-into-the-mainstream.pdf>

Custody and tax structuring concerns

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Custody and tax structuring remain core priorities for institutional clients navigating digital asset projects. Across jurisdictions, organisations want clarity on asset custody arrangements, safeguarding measures and regulatory requirements.

The custody conversation extends beyond technical considerations. Key questions include custodian licensing, asset segregation and bankruptcy remoteness – fundamentals for building investor confidence and meeting regulatory standards. Jurisdictions like Bermuda and Jersey provide tailored structures, such as segregated accounts or formal

regulatory approvals, to give clients that extra layer of certainty.

At the same time, tax neutrality remains a major driver for offshore jurisdictions, attracting projects after efficient, compliant structures. Clients are balancing global tax reforms like OECD Pillar Two with the advantages of tax-neutral platforms. In Bermuda and Jersey, tax structuring focuses on alignment with global standards while maintaining offshore advantages.

Importantly, clients increasingly recognise the importance of demonstrating economic substance to mitigate risks. Legal advisers

play a crucial role in helping clients meet substance requirements and preserve tax efficiency.

As custody frameworks expand and global tax rules tighten, clients are looking for legal advisers who can connect the dots between regulation, tax and operational risk across multiple jurisdictions.

Common client misunderstandings

“Another common misconception is the belief that a licence in one jurisdiction unlocks global operations.”

A recurring challenge across jurisdictions is managing client expectations about speed, scope and regulatory reach. Many clients assume digital asset projects can launch as fast as their underlying technology moves. The reality is that regulatory approvals take time – whether it’s weeks or months – requiring early alignment between commercial ambitions and compliance timelines.

Another common misconception is the belief that a licence in one jurisdiction unlocks global operations. Clients are often

surprised to learn that approvals are not passports (save in the EU); each jurisdiction requires its own legal and regulatory analysis, particularly for marketing and distribution.

Clients also tend to underestimate the rigour of offshore regulation, assuming it’s light touch. In fact, jurisdictions like Bermuda, BVI and Cayman apply standards comparable to onshore regimes, with robust licensing, AML compliance and governance expectations.

Tax neutrality also creates confusion. Clients frequently ask for tax counsel

or expect mandatory resident directors where none are legally required. Advisers play a key role in clarifying what’s regulatory necessity versus market practice or tax advice convention.

Ultimately, legal advisers help bridge these gaps, guiding clients through fragmented global frameworks and correcting assumptions that could otherwise derail timelines or expose compliance risks.

How legal advisers' roles have changed

"Lawyers have become business enablers, balancing regulatory compliance with commercial goals."

As the digital assets industry matures, legal advisers are playing an increasingly strategic role. It's no longer just about licensing or setting up entities: clients want trusted partners who can help them understand the legal jargon, drive innovation and build a sustainable business.

Lawyers have become business enablers, balancing regulatory compliance with commercial goals. Our teams across jurisdictions have expanded their remit: advising on product categorisation under legacy laws, guiding AML and CDD frameworks, and interpreting changing global standards. Clients rely on advisers to simplify the complex and map out practical paths forward.

Institutional clients now expect comprehensive support beyond licensing and transactions. From corporate structuring and equity raises to tax advice, employment, M&A, relocation and disputes, they want one firm to guide them throughout their journey. Advisers are increasingly acting as ecosystem connectors: introducing clients to service providers, regulators, recruitment firms and local networks to help them realise their vision.

At the heart of this shift is a closer, more collaborative client relationship. Digital asset founders value direct access to legal experts who understand the nuances of crypto markets. They're after reassurance that their lawyers speak the language of the sector and can

provide creative, solutions-driven advice – not just caution or constraint.

Today's legal counsel must be both technical and strategic, regulatory and commercial, local and global. By blending these perspectives, advisers help clients stay compliant while remaining competitive, innovative and scalable in an increasingly regulated global market.

Key developments to watch

"From tokenised funds and debt instruments to tokenised real-world assets, the market is expanding – but questions remain about its true commercial value."

We are closely monitoring the next wave of digital asset growth, focusing on turning innovation into scalable, institutional-grade solutions.

Across jurisdictions, tokenisation remains a key theme. From tokenised funds and debt instruments to tokenised real-world assets, the market is expanding – but questions remain about its true commercial value. Our teams are watching how tokenised products achieve broader investor access, scale and liquidity, with regulated exchanges and infrastructure playing a pivotal role.

Stablecoin regulation is swiftly rising up the global agenda.

Jurisdictions are moving towards tailored frameworks that emphasise transparency, prudent reserve management and investor confidence.

DeFi presents ongoing regulatory challenges, sparking discussions about how decentralised models can meet compliance expectations through licensing, reporting or hybrid approaches. Our lawyers are monitoring how regulators globally look to balance oversight without stifling innovation.

Clients also want clarity on custody and asset segregation structures, particularly around bankruptcy

remoteness and safeguarding investor assets. We are tracking how different jurisdictions are adapting their legal frameworks to meet institutional needs.

We are also observing signs of greater international collaboration, with mounting calls for cross-border regulatory alignment or "passporting" to streamline operations across markets. In an increasingly global industry, legal harmonisation could unlock new opportunities for scale.

Our advice for the post-boom world

Across our global digital assets team, one nugget of wisdom stands out: plan early, get expert advice and choose your jurisdiction wisely.

From Jersey, Dilmun Leach urges clients to invest time upfront understanding regulatory and marketing requirements across key markets, warning that early oversights can lead to costly compliance hurdles.

In Bermuda, both Natalie Neto and Rachel Nightingale emphasise the importance of embracing regulation as a competitive advantage. Natalie urges clients to work with trusted advisers from the outset, while Rachel highlights that businesses aligning with strong regulatory frameworks will be “light-years ahead” of those still resisting compliance.

In the Cayman Islands, Melissa Lim encourages clients to partner with advisers who bring genuine fintech expertise and a passion for innovation.

From the BVI, Iona Wright cautions that the “race to the bottom” is over: successful businesses must prioritise credibility, reputation and regulatory alignment from day one to scale sustainably.

And in Hong Kong, Natalie Curtis stresses the need for advisers with cross-border insight, warning clients to check credentials carefully in a sector where deep expertise is still rare.

Together, our experts send a clear message: compliance isn’t a barrier – it’s a foundation for growth. Clients who innovate alongside trusted, expert advisers will be better prepared to thrive in the next chapter of digital assets.

Get in touch with our global digital assets team to find out how we can help you navigate what’s next.

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