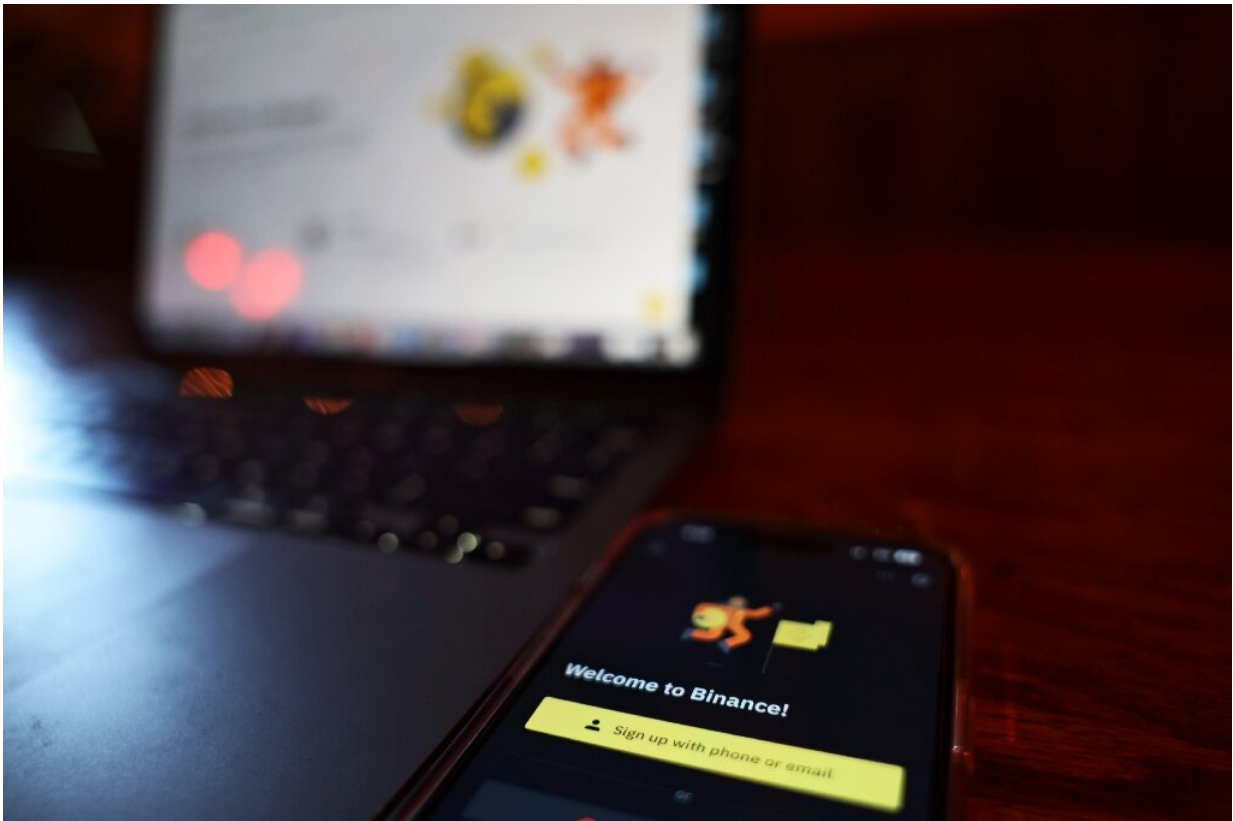


Crypto giant Binance hit with US charges for breaking trade rules

March 28 2023



A top US markets regulator has charged cryptocurrency giant Binance and its founder Changpeng Zhao with multiple violations.

A top US markets regulator on Monday charged cryptocurrency giant Binance and its founder Changpeng Zhao with multiple violations, in

another move by Washington against the once high-flying sector.

Rostin Behnam, chairman of the Commodity Futures Trading Commission (CFTC), said the [charges](#) against Binance, the world's largest crypto exchange, were part of a campaign to "find and stop misconduct in the volatile and risky digital asset [market](#)."

The [allegations](#) targeted Zhao, also known by his Twitter handle CZ, and three entities that make up his crypto empire.

Zhao was often presented as the archrival of crypto tycoon Sam Bankman-Fried, the founder of FTX, who was arrested in the Bahamas in December and faces a US [criminal trial](#) later this year.

"For years, Binance knew they were violating CFTC rules, working actively to both keep the money flowing and avoid compliance," Behnam said in a statement.

"This should be a warning to anyone in the digital asset world that the CFTC will not tolerate willful avoidance of US law," he added.

The charge sheet accuses Binance of failing to uphold standards that are required of a company operating as a derivatives market and dealing with major US trading companies.

Since July 2019, "Binance's compliance program has been ineffective," the statement said.

At Zhao's direction, Binance employees and customers were directed to skirt compliance controls "to maximize corporate profits," the [regulator](#) added.

US media reports have said Binance is under investigation by US [federal](#)

[prosecutors](#), the Securities and Exchange Commission as well as the Internal Revenue Service.

Binance has frequently tested regulators by failing to register as an outright asset trader, espousing the philosophy that cryptocurrencies belong outside the reach of financial rules.

The action against Binance comes just a few weeks after a crisis in US regional banks wiped out two crypto-friendly lenders, Silvergate and Signature, making matters more complicated for the business.

Regulators are increasingly keen for oversight of a sector which boomed during the COVID pandemic when many people were stuck at home and enticed by the big returns seen by trade in Bitcoin.

The global crypto market stands at more than \$1 trillion and has risen sharply in recent months, although it remains far below its 2021 peak of \$3 trillion.

© 2023 AFP

Citation: Crypto giant Binance hit with US charges for breaking trade rules (2023, March 28) retrieved 20 April 2024 from <https://techxplore.com/news/2023-03-crypto-giant-binance.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.