DARTE SERIES

Washington

Initiated by Dr. Nina-Luisa Siedler (siedler legal) and Mariana de la Roche W. (BlackVogel), the DARTE Series aims to enhance legal clarity within the evolving regulatory framework of MiCAR and other adjacent policy domains. Over time, the series has expanded to include roundtables across Europe and internationally, addressing region-specific challenges and global coordination needs in the crypto-asset regulatory landscape.

The Washington D.C. DARTE edition was held on October 29th, 2025, at The Homer Building, in collaboration with the European Commission, Government Blockchain Association (GBA), Trilli Tech, Tezos and Linklaters. This marked the first DARTE session hosted in the United States, bringing together legal experts, protocol developers, policymakers, and compliance professionals to exchange perspectives on decentralized governance, cross-border regulatory recognition, and the emerging Liquid Staking Token (LST) taxonomy.

Discussions focused on three core topics: the global Liquid Staking Project emerging from prior Vienna 2.0 DARTE session, and currently under implementation by the MiCA Crypto Alliance, definitional challenges surrounding "fully decentralized" systems in EU law (led by Joanna Rindell and Alex Liu), and the question of mutual recognition of crypto regulations across jurisdictions (presented by Joshua Klayman). The session opened with remarks by Mariana de la Roche and Joshua K., who also delivered a welcome note on behalf of Gerard Dache (GBA). A closing keynote was presented by Mat Yarger (Demia) on the role of decentralized trust infrastructure in global governance.

In the opening remarks, participants acknowledged the accelerating integration of blockchain technologies into both public and private sector services, over 80% of Fortune 500 companies now engage with blockchain in some capacity. The DARTE initiative was recognized as a trusted forum for surfacing actionable policy insights, with outcomes reported to the European Commission and other authorities to inform regulatory development.

A highlight of the session was the keynote by Mat Yarger (Demia), who underscored that digital assets are no longer experimental, they are now part of global financial infrastructure. However, trust in the underlying data remains fragmented and uneven. Yarger advocated for a bottom-up trust model, where data integrity and interoperable standards form the foundation for cross-border digital finance. In parallel, top-down regulatory architectures must evolve to support efficient, transparent, and verifiable financial flows. He emphasized

the principle that systems which are faster, cheaper, more secure, and reduce intermediaries will be adopted by the market, but only if their data can be trusted.

Throughout the Washington edition, the emphasis was clear: legal clarity, regulatory interoperability, and data trust are critical to ensuring that the digital asset ecosystem scales safely and inclusively across borders.

We extend our sincere gratitude to all participants and supporting partners for making this roundtable possible. This report consolidates key insights from the session. It is important to note that the perspectives and conclusions presented herein represent the collective understanding of the topics discussed and do not reflect the individual positions of any participant or rapporteur.

1. **Defining "Fully Decentralized": Diverging Regulatory Perspectives in the EU and U.S.**

The first topic, jointly presented by Joanna Rindell (TriliTech) and Alex Liu (Tezos Commons), addressed the growing transatlantic divergence on how decentralization is defined, measured, and regulated under the EU's MiCAR and the U.S. proposed CLARITY Act.

At the heart of the discussion was Recital 22 of MiCAR, which provides that crypto-asset services "provided in a fully decentralised manner without any intermediary" fall outside the scope of the regulation. However, participants noted that the threshold for qualifying as "fully decentralized" is extremely high. Under MiCAR's substance-over-form approach, even minimal centralized involvement, such as maintaining a frontend or acting as a facilitator, may suffice to bring a protocol under regulatory scrutiny. This creates legal uncertainty for developers, particularly given the lack of operational guidance from ESMA and divergent interpretations among EU Member States. Innovators risk inadvertently falling under regulatory obligations, despite building toward decentralization as an evolving process.

By contrast, the proposed CLARITY Act proposes a more rules-based system, offering a pathway for decentralized protocols to be reclassified outside the

scope of U.S. securities laws. It introduces quantitative thresholds, such as no single entity or group holding more than 20% of governance power or token supply, along with requirements for open-source code, permissionless access, and community-led upgrade processes. While this provides clearer legal markers than the EU approach, participants emphasized that the CLARITY Act is still under consideration in the U.S. Senate and its implementation remains uncertain, especially given the current legislative delays due to the government shutdown.

Participants engaged in a lively comparison of regulatory philosophies: U.S. participants emphasized decentralization as a shield against liability, once a protocol is sufficiently decentralized, its developers should no longer be held accountable for how it's used. EU participants, however, highlighted consumer protection as the guiding principle, cautioning against definitions that might shield market players from responsibility too early or too easily. This divergence reflects not only legal systems but also the underlying values and risk perceptions shaping digital asset regulation.

A potential middle ground discussed was a multi-dimensional scoring framework to evaluate decentralization across vectors such as:

- Token ownership makeup
- Control of code generation & adoption
- Governance/upgradability
- Control of mining/token emission
- Control of token exchange markets
- Control of validation
- Consensus protocol
- Token category (LST, Coin, utility token, NFT, etc)
- community transparency and participation

These eight core dimensions were proposed, though participants acknowledged the complexity of defining each and aligning them across jurisdictions. A key proposal was to develop an objective framework with a rubric for definitive scoring, requiring both a minimum score in each individual dimension as well as a minimum aggregate score for a system to be considered decentralized.

However, some participants suggested that rather than centering regulation around the concept of decentralization, authorities should focus on regulating specific activities and associated risks, i.e., regulating what is done rather than how decentralized it is.

Several historical and technical complexities were also raised:

- Should a blockchain that once met decentralization standards remain exempt if later taken over?
- What about mutable tokenomics?
- How should AI and quantum computing risks be factored in?

The conversation underscored that any viable regulatory approach must balance precision with adaptability. While some feared that premature standardization would stifle innovation, others warned that, in the absence of guidance, definitions would be set by judges in

courtrooms, often with inconsistent or non-technical interpretations.

Ultimately, the session reinforced the urgency of regulatory dialogue and transatlantic coordination, not just to protect consumers and markets, but to provide innovators with clear parameters in which to build responsibly.

Call to Actions regarding Decentralization and Regulatory Clarity

The key call to actions from the discussion are:

- **Propose a transatlantic working group on decentralization standards**: Bring together EU and U.S. policymakers, regulators, and technical experts to explore convergent principles or mutual recognition for assessing decentralization in protocol governance and operation.
- **Develop a modular assessment framework for decentralization**: Encourage the creation of an open-source rubric that allows projects to self-assess across multiple decentralization vectors (e.g., governance, token distribution, frontend control), enabling more transparent regulatory engagement.
- **Clarify enforcement triggers under MiCAR Article 22**: ESMA and NCAs should publish operational criteria for determining what constitutes "intermediary" or "material control," reducing ambiguity for builders and ensuring consistent supervisory practices across Member States.

2. Cross-Border Regulatory Recognition

The second topic, presented by Joshua Klayman (Linklaters), addressed the persistent challenge of regulatory fragmentation across jurisdictions and proposed a pragmatic shift from full legal harmonization to cross-border recognition of crypto-asset regimes as a viable path forward. The session brought to light how diverging definitions, enforcement patterns, and political priorities are creating legal uncertainty that hampers innovation and market entry, not only globally, but even within single jurisdictions like the U.S.

Participants identified that the United States lacks a cohesive federal framework for digital asset markets. Instead, the U.S. legal environment is governed by a patchwork of judicial decisions (e.g., *SEC v. LBRY*, *Ripple*, *Terraform Labs*) and evolving regulatory postures. These rulings remain binding law unless Congress acts to overturn them, even as federal agencies (like the SEC under the current Trump administration) shift their enforcement priorities. Several noted that

while enforcement has paused in some cases, the absence of final judgments leaves legal uncertainty unresolved. In parallel, U.S. states frequently do not recognize each other's licenses, leading to duplicative regulatory burdens for service providers.

This fragmentation is mirrored at the international level. Definitions of "crypto-asset," "stablecoin," or "decentralized finance" differ significantly between the U.S., EU, UK, and jurisdictions such as Singapore or the UAE. Even globally coordinated efforts, such as IOSCO's DeFi Report, have diminished in practical utility as regulators pivot due to political shifts or agency reorganizations.

The group identified a new type of legal uncertainty: not stemming from enforcement, but from the disconnect between regulatory intentions, case law, and actual compliance obligations.

Recognition vs. Harmonization

Against this backdrop, the discussion turned to mutual recognition as a more flexible and achievable alternative to harmonization. Rather than waiting for all jurisdictions to agree on a single global framework, regulators could negotiate bilateral or multilateral recognition agreements based on shared principles.

Key principles that might underpin such recognition include:

- Governance transparency and accountability
- Open-source infrastructure and permissionless access
- Operational resilience and market integrity
- Decentralization safeguards and limits on control concentration
- Clearly articulated definitions and stable legal interpretations

This approach could allow countries to maintain regulatory sovereignty while enabling interoperability across systems and reducing compliance friction for global firms.

Participants stressed that recognition and harmonization are not mutually exclusive. In some areas, such as KYC/AML, financial promotions, or custody standards, harmonization might be appropriate. In others, such as decentralization thresholds or token classifications, recognition based on aligned principles may offer more flexibility.

A clear example was given in relation to UK financial promotion rules, which could be extended to recognize similarly regulated entities in the U.S. without requiring UK-specific licensing. Another example was the GENIUS Act, which could become a building block for mutual recognition between U.S. and EU stablecoin frameworks.

Additional Discussion Points

- State-level challenges in the U.S. (e.g., separate money transmitter licenses in all 50 states) were flagged as a major barrier for cross-border recognition.

- Some participants emphasized the political dimension, noting that

large U.S. firms sometimes resist federal licensing in order to avoid stricter consumer protection mandates.

- Atomic swaps, decentralized market-making, and unified ledgers were cited as market realities that regulators must catch up with, rather than regulate based on outdated infrastructure assumptions.

- The convergence of AI, blockchain, and quantum technologies was raised as a reason to avoid overly rigid harmonization, and instead pursue modular principles adaptable to technological change.

- Others cautioned against "regulatory arbitrage through recognition", where jurisdictions with lax standards are granted legitimacy by more stringent ones. Recognition frameworks must include guardrails and minimum standards to prevent abuse.

- A middle-ground proposal emerged suggesting activity-based harmonization (e.g., for custodial services or stablecoin issuance) combined with recognition of domestic differences in governance or decentralization models.

The session concluded with a shared understanding that while full harmonization of crypto-asset regulation remains a long-term aspiration, it is not a realistic near-term objective given geopolitical tensions, jurisdictional divergences, and differing regulatory philosophies. Instead, participants emphasized that regulatory recognition frameworks, rooted in common principles, offer a more adaptable path forward. Such frameworks can accommodate national sovereignty and technological evolution, while still fostering regulatory coherence, legal predictability, and global market access.

Importantly, the group also acknowledged that recognition and harmonization can coexist, with recognition applied to governance models and structural definitions, while harmonization may suit cross-border financial promotion rules, AML standards, and other operational obligations. Achieving this dual-track strategy will require industry initiative, political will, and ongoing transatlantic dialogue, but it is both necessary and feasible.

Call to Actions regarding Cross-Border Regulatory Recognition
The key call to actions from the discussion are: • **Promote mutual recognition over full harmonization**: Encourage bilateral and multilateral agreements recognizing crypto regulatory frameworks that meet shared baseline principles, such as governance transparency, market integrity, and operational resilience. • **Establish an industry-led interoperability coalition**: Bring together legal experts, regulators, and market participants to define and codify the common principles that could serve as benchmarks for cross-border recognition. • **Advance U.S. federal legislation aligned with global principles**: Support Congressional efforts (e.g. GENIUS Act, CLARITY Act) that would modernize the U.S. digital asset framework and enable clearer pathways for recognition by other jurisdictions.

We thank all participants of the Washington DARTE event for contributing to the discussion:

Participants in the Washington D.C. DARTE edition included Alex Liu (Tezos), Brittany Kaiser (AlphaTON), Carol Van Cleef (Luminous Group), Dan Spuller (Blockchain Association), Douglas Horn (EASE Protocol), Jane Heinrich (Federated Hermes), Janet Adams (Artificial Superintelligence Alliance), Joanna Rindell (Tezos), Josh Lawler (Zuber Lawler), Joshua Ashley Klayman (Linklaters), Joshua Kriger, Mariana de la Roche (BlackVogel), Mat Yarger (Demia), Paul Dowding (GBA Banking & Finance WG Leader), Ryan Singer (VEX), and W. Scott Stornetta (SureMark Digital).

Special thanks to our rapporteur Dexter Woods (Linklaters).