

# Binance bows to regulators, announces restructuring

## Article

**The news:** The world's largest crypto exchange will become a centralized entity to ease its compliance across jurisdictions, per Finextra.

**How we got here:** Since its launch in 2017, **Binance** has been controversial for running an exchange with no formal headquarters, which means it didn't seek or struggled to obtain regulatory approval in any country despite operating globally.

**But over the past year, regulators have disrupted Binance's operations by banning its services:**

- In June alone, [authorities](#) in Canada, Japan, and the UK either shut down Binance's operations or threatened to for failing to register locally and not abiding by their anti-money laundering standards.
- The exchange also recently said it would discontinue some services in [Singapore](#) and faces a US [probe](#) into potential insider trading.

**Under pressure from all sides, the crypto exchange is ramping up compliance efforts to ease regulatory concerns:**

- Binance hopes centralizing its operations in a yet undisclosed jurisdiction will help show regulators across the globe it wants to become a regulated financial institution with "clear records of stakeholders' ownership, transparency and risk controls," per Binance CEO Changpeng Zhao.
- Binance also recently hired an ex-Treasury criminal investigator as its global money laundering reporting officer and a former Europol dark web specialist to enhance its audits.

**Our take:** Booming crypto adoption is bringing in record revenues but also makes the industry top of mind among regulators, which is pushing market players to invigorate their compliance efforts.

In the US, [Robinhood](#) is doubling down on crypto features following a record Q2, during which crypto trading represented more than half of its transaction revenues. [Coinbase](#) also set a revenues record in Q2, while Binance saw a **65% surge in trading volume** in September.

Higher trading volumes make it more challenging to monitor suspicious activity effectively, which is increasingly problematic as regulators ramp up oversight. In response, market players will turn to partnering or acquiring crypto regtechs to avoid operational bans that would slow their current growth.

- [Mastercard](#) recently acquired crypto monitoring startup **CipherTrace** to identify illicit activity more easily as it expands its crypto payments offering.
- Coinbase could be next to acquire a regtech: In August, it set aside a **\$4 billion** cash pile in expectation of higher compliance costs.

## Leading US Crypto Exchange/Wallet Apps, Ranked by Download Share, 2018-H1 2021

*% of total*

	2018	2019	2020	H1 2021
Coinbase	78%	57%	62%	43%
Binance	17%	6%	8%	12%
Binance.US	-	-	6%	11%
Voyager	-	1%	4%	7%
Coinbase Pro	-	1%	8%	6%
Kraken Pro	1%	<1%	3%	5%
Other	3%	35%	10%	15%

*Note: numbers may not add up to 100% due to rounding*

*Source: Sensor Tower, "The State of Asset Management Apps 2021," July 12, 2021*

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