

FOR ILLUSTRATIVE EXAMPLE PURPOSES ONLY

DIGITAL REGULATORY SUPERVISION RECORD

System-of-Record Artifact — Point-in-Time
Digital Assets & Blockchain Infrastructure

Record ID:	DRSR-2026-DACO-JAN29
Record Date:	January 29, 2026
Company:	DACO - Illustrative Digital Asset Infrastructure Company
Supervisory Owner:	James Park, Chief Operating Officer
Prepared By:	DigitalRegIntel

The Supervisory Owner is the individual designated by the Company to exercise and attest to supervisory judgment, regardless of formal title.

This is a single supervisory record composed of three formally distinct sections, each with different evidentiary roles and mutability properties.

Section	Purpose	Properties
1. Regulatory Awareness Record (RAR)	Regulatory Awareness Record — what was known	Immutable; point-in-time
2. Supervisory Applicability & Attestation (SAA)	Supervisory Applicability & Attestation — how it applies	Attested by supervisory owner
3. Supervisory Action Register (SAR)	Supervisory Action Register — what was done	Append-only action log

Generated by DigitalRegIntel

SECTION 1

REGULATORY AWARENESS RECORD (RAR)

Supervisory awareness as of January 29, 2026

1.1 EXECUTIVE SUMMARY

Why This Record Exists

At some point, your next investor, banking partner, or regulator will ask you to show how regulatory risk was supervised. This record exists for that moment.

How regulatory risk was supervised over time — not whether outcomes appear compliant in hindsight.

This record preserves contemporaneous, time-stamped evidence that:

- Relevant digital asset regulatory and enforcement developments were actively monitored
- Applicability to the company's operating model was identified
- Supervisory judgment was exercised before regulatory inquiry, banking partner diligence, or enforcement

This Record IS	This Record IS NOT
Evidence you can produce when asked	Legal advice
A defensible record of supervisory judgment	A compliance audit or certification
Immutable once generated	A risk score, rating, or opinion

1.2 RECORD SCOPE

This Regulatory Supervision Record documents supervisory awareness, supervisory applicability and attestation, and supervisory actions taken by management as of the record date. It does not represent a regulatory determination, examination finding, or supervisory conclusion by any regulatory authority.

1.3 SUPERVISORY MATERIALITY & ESCALATION CRITERIA

Events are included in the Regulatory Awareness Record when they reflect:

- New or changed supervisory expectations for digital asset activities
- Heightened scrutiny of comparable operating models (exchanges, protocols, custodians)
- Emerging enforcement or policy trends in AML, securities, or sanctions
- Context referenced by regulators, banking partners, or material counterparties

Posture	Guidance
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OBSERVED	Monitored for relevance; no current supervisory action required
MONITORED	Potential applicability or trajectory; active tracking in progress
ESCALATED	Heightened supervisory attention requiring management or board awareness
DEFERRED	Reviewed and documented but intentionally postponed pending defined trigger

Supervisory posture reflects management prioritization for oversight and decision-making and does not, by itself, imply legal applicability, non-compliance, or a remediation obligation. Movement between postures reflects changes in supervisory context and is documented contemporaneously.

1.4 SUPERVISORY SUMMARY

Jurisdictions Covered:	United States (Federal); European Union
Regulatory Domains:	AML & Sanctions (BSA/OFAC); Securities & Digital Assets; Money Transmission; EU MiCA
Temporal Scope:	Publicly observable regulatory and enforcement activity through January 29, 2026

Supervisory Posture at a Glance — January 29, 2026

ESCALATED	AML & Sanctions (Binance DOJ precedent; FinCEN mixing rule); Banking partner access risk
MONITORED	Stablecoin activity exposure (Terraform Labs precedent); SEC securities classification (post-dismissal posture shift); State money transmitter licensing; Bank custody accounting (SAB 121/122)
OBSERVED	SEC v. Coinbase/Binance dismissals; CFTC enforcement trends; State-by-state regulatory developments
DEFERRED	EU MiCA CASP authorization (transition period through July 2026); UK FCA crypto registration

1.5 COMPANY REGULATORY CONTEXT

Based on declared inputs, the company operates a blockchain-based digital asset platform providing non-custodial infrastructure and transaction services to institutional and enterprise customers.

Sector:	Digital Asset Infrastructure / Blockchain Services
Business Model:	Non-custodial infrastructure; Protocol-level services; B2B/Institutional
Asset Architecture:	Non-custodial; customer retains private key control; protocol token for network participation and governance

Transaction Flow:	Transaction facilitation via smart contracts; on-chain settlement; no commingling of customer assets
Customer Base:	Institutional clients (~45); Enterprise customers (~20); No direct retail services
Geographic Exposure:	~70% US revenue; ~20% EU revenue; ~10% Other (UK, APAC)

1.6 SUPERVISORY POSTURE MATRIX

Each regulatory domain reflects a deliberate posture — not a passive observation.

Regulatory Domain	Status	Supervisory Rationale
AML & Sanctions (BSA/OFAC)	ESCALATED	<ul style="list-style-type: none"> • Binance \$4.3B DOJ settlement (Nov 2023) • CEO personal liability (\$50M) established • FinCEN CVC mixing proposed rule pending • Tornado Cash sanctions evolution (2022-2025) • Direct applicability: ~\$120M monthly transaction volume
Banking Partner Access	ESCALATED	<ul style="list-style-type: none"> • Debanking pressure on crypto companies post-2023 • Enhanced due diligence requirements from partners • Concentration risk in limited banking relationships • Direct applicability: operational dependency on 2 banking relationships
Stablecoin Activity Exposure	MONITORED	<ul style="list-style-type: none"> • Terraform Labs \$4.47B judgment (June 2024) • Algorithmic stablecoin securities classification • Indirect exposure via transaction facilitation
Securities Classification	MONITORED	<ul style="list-style-type: none"> • SEC v. Coinbase dismissed (Feb 2025) • SEC v. Binance dismissed (May 2025) • Enforcement posture shift; statutory framework unchanged
Money Transmission Licensing	MONITORED	<ul style="list-style-type: none"> • State-by-state licensing requirements • Non-custodial exemption analysis ongoing • BitLicense and state-specific regimes
EU MiCA Compliance	DEFERRED	<ul style="list-style-type: none"> • CASP authorization required for EU operations • Transition period through July 2026 • Authorization decision deferred pending analysis

Acknowledged Areas of Regulatory Uncertainty

- Application of U.S. securities laws to non-custodial, protocol-level services

- Scope of OFAC sanctions authority over immutable smart contracts (post-Fifth Circuit ruling)
- FinCEN final rule treatment of CVC mixing exposure
- MiCA classification of protocol tokens and infrastructure services
- State money transmitter licensing treatment of non-custodial infrastructure

1.7 KEY ENFORCEMENT & REGULATORY DEVELOPMENTS

Enforcement actions and public supervisory statements are cited as supervisory signals only and do not constitute assertions of applicability to the Company unless expressly stated in Section 2.

United States — AML & Sanctions

United States v. Binance Holdings Ltd. (November 2023) — \$4.3B settlement for criminal BSA violations, AML failures, and sanctions breaches. CEO personal liability (\$50M); monitorship imposed. Established DOJ expectations and executive liability exposure. Status: ESCALATED

OFAC Tornado Cash (2022-2025) — SDN designation (Aug 2022); Fifth Circuit limitation (Nov 2024); delisting (Mar 2025). Demonstrated both reach and limits of sanctions authority over protocol-level activity. Status: ESCALATED

FinCEN CVC Mixing Proposed Rule (October 2023) — Section 311 special measure identifying mixing as primary money laundering concern. Final rule pending. Status: ESCALATED

United States — Digital Assets & Securities

SEC v. Terraform Labs (June 2024) — \$4.47B judgment for fraud and unregistered securities (UST/LUNA). Established that algorithmic stablecoins may be treated as securities; reinforced fraud liability for misleading representations. Status: MONITORED (indirect exposure)

SEC v. Coinbase (February 2025) — Dismissed with prejudice. Allegations of unregistered exchange, broker, and clearing agency activity. Dismissal reflects enforcement posture change; statutory frameworks unchanged. Status: OBSERVED

SEC v. Binance (May 2025) — Dismissed with prejudice. Similar allegations including unregistered securities offerings. Dismissal reflects enforcement posture change; statutory frameworks unchanged. Status: OBSERVED

SAB 121/122 (January 2025) — SAB 121 rescinded by SAB 122, removing accounting barrier to bank custody of digital assets. Underlying custody regulatory framework unchanged. Status: MONITORED

European Union — MiCA

Markets in Crypto-Assets Regulation (EU) 2023/1114 — Comprehensive CASP and token issuer framework. Titles III-IV (ARTs, EMTs) effective June 2024; Title V (CASPs) effective Dec 2024; transition period through July 2026. Status: DEFERRED

1.8 SUPERVISORY AWARENESS TIMELINE

Date	Event	Jurisdiction	Status
Aug 2022	OFAC Tornado Cash SDN designation	US Federal	ESCALATED
Oct 2023	FinCEN CVC mixing proposed rule	US Federal	ESCALATED
Nov 2023	Binance \$4.3B DOJ settlement	US Federal	ESCALATED
June 2024	SEC v. Terraform Labs \$4.47B judgment	US Federal	MONITORED
Dec 2024	EU MiCA Title V (CASPs) effective	EU	DEFERRED
Jan 2025	SAB 121 rescinded by SAB 122	US Federal	MONITORED
Feb 2025	SEC v. Coinbase dismissed	US Federal	OBSERVED
Mar 2025	OFAC Tornado Cash delisted	US Federal	ESCALATED
May 2025	SEC v. Binance dismissed	US Federal	OBSERVED

1.9 VERSIONING RULE

This Regulatory Awareness Record supersedes prior awareness summaries for forward-looking supervisory purposes only. Earlier records remain authoritative for their respective as-of dates and are not amended or restated.

SECTION 2

SUPERVISORY APPLICABILITY & ATTESTATION (SAA)

How it applies to this company

2.1 PURPOSE

This section maps the supervisory awareness documented in Section 1 Regulatory Awareness Record to the Company's specific digital asset activities, services, and operational exposure.

Section 1 documents what supervisory signals existed. This section documents how those signals apply to this company.

This section supports supervisory decision-making by legal, compliance, risk, and operations leadership; attestation reflects supervisory judgment, while execution ownership is reflected in the Supervisory Action Register (Section 3).

2.2 DECLARED DIGITAL ASSET ACTIVITIES MATRIX

Designate activities the Company performs or enables. Supervisory posture applies to declared activities only.

Activity	Performed	Not Performed	Regulatory Nexus
Transaction facilitation / settlement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	AML/BSA, money transmission, OFAC sanctions screening
Protocol-level infrastructure	<input checked="" type="checkbox"/>	<input type="checkbox"/>	OFAC smart contract exposure, FinCEN mixing rule, state licensing
Wallet / key management services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Custody classification, state licensing, MiCA CASP
Custody of customer assets	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Trust charter, qualified custodian, SAB 121/122
Exchange / trading venue	<input type="checkbox"/>	<input checked="" type="checkbox"/>	SEC/CFTC jurisdiction, ATS registration, state licensing
Token issuance (utility / governance)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Securities classification, Howey analysis, MiCA token regime
Token issuance (security / investment)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	SEC registration, Reg D/S exemptions, MiCA prospectus
Stablecoin issuance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Reserve requirements, state licensing, MiCA EMT/ART
Staking-as-a-service	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Securities classification (Kraken precedent), tax treatment

Mixing / tumbling services	<input type="checkbox"/>	<input checked="" type="checkbox"/>	FinCEN Section 311, criminal exposure, OFAC sanctions
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Additional Context:

Company provides non-custodial blockchain infrastructure to institutional clients. Protocol token used for network participation and governance; not offered as investment. No direct retail services.

2.3 DECLARED MARKET & JURISDICTIONAL EXPOSURE

Market	Revenue %	Customer Types	Key Regulations
United States	~70%	Institutional / Enterprise	BSA/AML, OFAC, state MSB
European Union	~20%	Institutional	MiCA, AMLD6
Other (UK, APAC)	~10%	Institutional	FCA registration, local AML

AML & SANCTIONS APPLICABILITY FLAG

Potential indirect exposure via transaction facilitation; monitoring in place

Transaction monitoring and sanctions screening controls implemented; FinCEN final rule monitoring in progress.

EU MiCA APPLICABILITY FLAG

EU customer exposure identified; CASP authorization requirement under legal review

Authorization decision deferred pending transition period analysis (deadline July 2026).

2.4 SUPERVISORY EXPOSURE ATTESTATION**Services in Scope**

Service	Operational Scale	Exposure Level
Transaction facilitation	~\$120M monthly volume	High
Protocol infrastructure	~65 institutional clients	High
Staking services	~\$45M assets under management	Medium
Governance token	Network participation only	Low

Operational Scale Summary

Transaction facilitation — ~\$120M monthly transaction volume across ~65 institutional clients

- Protocol infrastructure — ~45 institutional clients; ~20 enterprise customers
- Staking services — ~\$45M assets under management
- Custody services — N/A — non-custodial model
- Direct retail services — N/A — institutional/enterprise only

Digital Asset Inventory

- Protocol token: 1 (governance/utility — not offered as investment)
- Supported assets for transaction facilitation: ~25
- Tokens classified as securities: 0
- Stablecoins issued: 0

Compliance Documentation Acknowledgment

- AML/BSA Program Documentation (dated October 2024)
- OFAC Sanctions Screening Procedures
- Token Classification Analysis (outside counsel, March 2024)
- State MSB Licensing Analysis (August 2024)

2.5 SUPERVISORY POSTURE ACKNOWLEDGMENT

- ESCALATED domains in Section 1 have been reviewed against our declared activities
- AML/sanctions exposure has been flagged for enhanced monitoring
- Uncertainty areas have been discussed with counsel
- MiCA authorization timeline has been established
- Section 3 (SAR) has been initiated for ESCALATED domains

ESCALATED DOMAIN — DIRECT APPLICABILITY

ESCALATED Domain	Direct Applicability	SAR Reference
AML & Sanctions (BSA/OFAC)	Yes	Section 3.2
Banking Partner Access	Yes	Section 3.3

2.6 ATTESTATION & CERTIFICATION

I certify that the declarations in this section accurately reflect the Company's digital asset activities, market exposure, and supervisory posture as of the record date.

This attestation documents that supervisory judgment was exercised over the Company's regulatory exposure. It does not certify compliance, legal sufficiency, or control effectiveness.

This attestation applies solely to digital asset activities and markets declared herein and does not extend to undeclared or future services, based on supervisory awareness as of the record date and subject to the limitations described herein.

This attestation does not extend to customer-level activity conducted independently on public networks.

Signature:	/s/ James Park
Printed Name:	James Park
Title:	Chief Operating Officer
Authority:	<input checked="" type="checkbox"/> COO <input type="checkbox"/> General Counsel <input type="checkbox"/> Chief Compliance Officer <input type="checkbox"/> Other
Attestation Date:	January 29, 2026

SECTION 3

SUPERVISORY ACTION REGISTER (SAR)

What was done — append-only log

3.1 PURPOSE

This section documents the specific actions taken in response to ESCALATED supervisory domains. It provides drill-down evidence that supervisory awareness was translated into operational decisions.

When a banking partner, investor, or regulator asks "Show me what you did about this," this section provides the answer.

Regulators do not require remediation — they require judgment. Documenting "No Action — Reviewed" is a valid supervisory response where posture was evaluated and no change was warranted.

Actions may include escalation, analysis, documentation, confirmation of no change, or deferral where appropriate.

This Section IS	This Section IS NOT
Evidence of supervisory judgment on escalated domains	A task management or workflow system
A map from supervisory awareness to operational response	A compliance checklist or audit trail
Pointers to supporting documentation	A replacement for internal controls testing
Append-only once entries are created	A risk rating or compliance certification

3.2 AML & SANCTIONS (BSA/OFAC)

Status: ESCALATED

Supervisory Rationale:

- Binance \$4.3B DOJ settlement establishing criminal liability (Nov 2023)
- CEO personal liability precedent (\$50M)
- FinCEN CVC mixing proposed rule pending
- Tornado Cash sanctions evolution demonstrating OFAC reach
- Direct applicability: ~\$120M monthly transaction volume

Impacted Activities

Activity	Operational Scale	Applicability
Transaction facilitation	~\$120M monthly volume	High

Protocol infrastructure	~65 institutional clients	High
Staking services	~\$45M AUM	Medium

Actions Taken

Date	Action Type	Description	Evidence Ref
12/2023	Escalation	Binance settlement escalated to Board; added AML exposure to quarterly oversight agenda	EV-001
01/2024	Review	Outside counsel review of executive liability exposure under Binance precedent	EV-002
03/2024	Update	Enhanced transaction monitoring thresholds; implemented mixing service detection	EV-003
06/2024	Review	OFAC sanctions screening procedures updated post-Tornado Cash Fifth Circuit ruling	EV-004
10/2024	Update	AML/BSA Program comprehensive refresh; SAR procedures enhanced	EV-005
01/2026	Review	FinCEN mixing rule gap assessment; prepared for potential final rule obligations	EV-006

Reasonableness Statement

Given the DOJ's \$4.3B Binance settlement establishing criminal liability for BSA violations and executive personal liability, combined with the pending FinCEN mixing rule that may create new reporting obligations, management determined that AML & Sanctions warranted ESCALATED status and proactive action. The actions taken were designed to ensure Board oversight of AML exposure, assess executive liability risk under Binance precedent, enhance transaction monitoring and SAR procedures, maintain sanctions screening effectiveness post-Tornado Cash developments, and prepare for potential FinCEN final rule obligations. These actions reflect proportionate supervisory judgment given the Company's ~\$120M monthly transaction volume and ~70% US revenue exposure.

3.3 BANKING PARTNER ACCESS

Status: ESCALATED

Supervisory Rationale:

- Debanking pressure on crypto companies post-2023 enforcement wave
- Enhanced due diligence requirements from banking partners
- Concentration risk in limited banking relationships
- Direct applicability: operational dependency on 2 banking relationships

Impacted Operations

Banking Relationship	Services	Risk Level
Primary Operating Bank	Operating accounts, payroll	High — concentration
Secondary Banking Partner	Treasury, backup operations	Medium

Actions Taken

Date	Action Type	Description	Evidence Ref
02/2024	Escalation	Banking concentration risk escalated to Board following industry debanking events	EV-007
04/2024	Update	Established secondary banking relationship for operational redundancy	EV-008
09/2024	Review	Proactive compliance documentation package prepared for banking partner diligence	EV-009
01/2026	Review	SAB 122 impact assessment; monitoring bank custody developments for future opportunities	EV-010

Reasonableness Statement

Given the industry-wide debanking pressure following the 2023-2024 enforcement wave and the critical operational dependency on banking access, management determined that Banking Partner Access warranted ESCALATED status and proactive action. The actions taken were designed to ensure Board awareness of concentration risk, establish operational redundancy through secondary banking relationships, proactively prepare compliance documentation for partner diligence requirements, and monitor regulatory developments such as SAB 122 that may expand banking options. These actions reflect proportionate supervisory judgment given the existential nature of banking access risk to digital asset infrastructure operations.

3.4 EVIDENCE INDEX

Central index of supporting documentation. Enables rapid retrieval if a banking partner, investor, or regulator requests drill-down evidence.

Evidence references identify the existence, custodian, and location of supporting materials. Supporting materials are maintained in the Company's own systems of record and are not required to be uploaded to this system.

Nothing in this record requires centralization of privileged or confidential materials.

Ref	Document Description	Date	Location / Custodian
EV-001	Board Minutes — Binance settlement escalation	12/2023	Board portal / COO
EV-002	Outside Counsel Memo — Executive liability analysis	01/2024	Legal / Outside Counsel

EV-003	Transaction Monitoring Enhancement Documentation	03/2024	Compliance / CCO
EV-004	OFAC Screening Procedures Update — Tornado Cash	06/2024	Compliance / CCO
EV-005	AML/BSA Program Documentation (refreshed)	10/2024	Compliance / CCO
EV-006	FinCEN Mixing Rule Gap Assessment	01/2026	Compliance / Legal
EV-007	Board Minutes — Banking concentration risk escalation	02/2024	Board portal / COO
EV-008	Secondary Banking Relationship Documentation	04/2024	Finance / CFO
EV-009	Banking Partner Diligence Package	09/2024	Compliance / COO
EV-010	SAB 122 Impact Assessment	01/2026	Finance / Legal

3.5 REGISTER INTEGRITY

Register Created:	January 29, 2026
Last Entry Added:	January 29, 2026
Register Owner:	James Park, Chief Operating Officer

REGISTER INTEGRITY NOTE

This section is append-only. New entries may be added as supervisory actions are taken, but existing entries should not be modified or deleted.

Entries are recorded contemporaneously or as soon as practicable following the supervisory action.

3.6 ACKNOWLEDGMENT

I acknowledge that the actions documented in this section reflect supervisory decisions made in response to ESCALATED domains. This provides evidence of judgment exercised, not certification of compliance or control effectiveness.

Signature:	/s/ James Park
Printed Name:	James Park
Title:	Chief Operating Officer
Date:	January 29, 2026

HOW THIS INTEGRATES WITH ENTERPRISE RISK MANAGEMENT

This Digital Regulatory Supervision Record operates alongside — and does not replace — the Company's AML program, sanctions compliance, and enterprise risk assessment processes.

DRSR Component	Purpose in This Record	Where It Integrates
Regulatory Awareness Record (RAR)	Supervisory signals and developments known as of the record date	Enterprise Risk Assessment inputs; Emerging Risk Identification
Supervisory Applicability & Attestation (SAA)	How supervisory expectations apply to the Company	Risk appetite interpretation; Regulatory risk ownership
Supervisory Action Register (SAR)	Actions and decisions resulting from supervisory awareness	Issue management; Management action tracking; Board reporting

RECORD INTEGRITY & LIMITATIONS

Record ID:	DRSR-2026-DACO-JAN29
Date Generated:	January 29, 2026 (Sections 1, 2, 3)
Methodology:	Supervisory signal analysis based on publicly observable regulatory and enforcement sources; point-in-time record
Format:	Section 1 (RAR): Immutable Section 2 (SAA): Attested Section 3 (SAR): Append-only

Limitations

- Relies solely on publicly available regulatory and enforcement sources
- Reflects supervisory awareness as of stated dates only
- Does not assess compliance or legal sufficiency
- Does not replace advice of internal or external counsel
- Does not certify controls, policies, or operational outcomes

POINT-IN-TIME DESIGN

This record proves what was known and decided at the time—not reconstructed after the fact. Future regulatory developments, operational changes, or inconsistent future use do not negate the supervisory awareness documented herein.

SUPERVISORY VALIDATION OF GENERATED CONTENT

Where any content in this record was initially generated or drafted with automated assistance, supervisory review and judgment were exercised prior to attestation. Supervisory ownership and decision-making authority remain solely with the designated supervisory owner.

END OF RECORD

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