Binance Nixes Russia

By: www.ProfitableInvestingTips.com

Binance is having its share of troubles of late. One of the issues that Binance has with regulators has to do with allowing Russians to get around sanctions after their invasion of Ukraine. Now Binance is getting out of Russia. They are selling their Russian operations to a newly created crypto exchange, CommEX. It is telling that two senior Binance executives who ran their Russian operations just quit. **Binance exits Russia** as it sees a host of problems inside of and **outside of the US**. As Binance nixes Russia is it going to help in the long run?

Russia Not Compatible With Binance Compliance Strategy

Binance's chief compliance officer, Noah Perlman, stated that trying to operate in Russia is not compatible with the company,s compliance strategy. It would be hard not to see a connection between the company's current regulatory problems and ridding themselves of potentially troublesome Russian clients. Despite sanctions by the US and EU, some folks are still making lots of money in Russia. What these folks have typically done is move a good portion of their assets to other nations. Some of this is good business practice of hedging risk. Some is likely based on fear of running afoul of Putin's government as the Ukraine war drags on and unrest increases. Binance, with its host of regulatory issues, does not need to be seen helping Russian oligarchs evade sanctions at this critical time.

How Do Russians Use Cryptocurrencies?

Crypto payments are illegal in Russia. So are any crypto exchanges operating in the Russian Federation. What is legal is for companies in Russia and citizens of Russia to use crypto for transferring funds out of the country and receiving funds from offshore. The exchange that is buying Binance's Russian business is headquartered in the middle of the Indian Ocean in the Seychelles islands.

Where Can Russians Send Crypto?

Like Binance, CommEX has governing rules that comply with Hong Kong laws. CommEX is under prohibitions for providing services in the US, most of the EU, Crimea, North Korea, Syria, Iran, and Singapore. This still leaves a lot of nations with whom Russia does business but for whom EU and US sanctions could make money transfers difficult. The transfer of Binance clients and other business issues will take up to a year before Binance is totally out of its Russian operations.

Will Getting Out of Russia Help Binance?

The short answer is that it cannot hurt. With all of the difficulties that Binance is dealing with, they do not need any more potentially dangerous clients. When Russia invaded Ukraine they expected a fast victory. They expected to take the capital, change the government, and absorb Ukraine into Mother Russia. This was a bit like the start of the First World War when leaders expected fast and efficient victories. Like the Great War, Russia's Ukraine adventure is turning into a long, slow, costly, and demoralizing war. Many have left Russia to

avoid having to go to war or getting put in prison for calling it a war! Others see a Russia that is more dictatorial and dangerous for anyone not in lockstep with the government. What this would have meant for Binance is more and more folks trying to avoid sanctions and get out of Russia. Every single one of these folks would have caused more regulatory issues for Binance. We see this as Binance cutting its losses.

The issues with the SEC and CFTC will not go away, however. It could be seen as a gesture of good faith by Binance to leave Russia entirely. It remains to be seen if that makes any difference in any of the current legal actions against the company or the downward slide of is business.

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