NEWS FROM DERIVADEX

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Bermuda Monetary Authority Issues World's First License for a DAO-Governed Decentralized Derivatives Exchange

Approval for DerivaDEX establishes a global precedent for decentralized derivatives trading and opens the door for institutional participation and broader adoption

HAMILTON, Bermuda, Nov. 13, 2025 /PRNewswire/ -- The Bermuda Monetary Authority (BMA) has granted a Digital Asset Business License to DerivaDEX, marking the first time a DAO-governed decentralized derivatives exchange has received formal regulatory approval. The milestone establishes a global precedent for non-custodial trading infrastructure, opening the door for banks, hedge funds, and asset managers to access crypto derivatives within a recognized legal framework.

"The future of digital finance depends on establishing a strong foundation of compliance, regulation and customer protections in decentralized markets" said the Honourable E. David Burt, JP, MP, Premier of Bermuda. "Bermuda is committed to supporting decentralized financial institutions that share these same principles. DerivaDEX's license demonstrates this support and also showcases our regulator, The Bermuda Monetary Authority's sophistication in digital assets and ability to regulate innovative financial products."

DerivaDEX was founded by veterans from leading trading and technology platforms, including DRW and Consensys, and is backed by investors such as Polychain Capital, Dragonfly Capital Partners, Electric Capital, and CMS Holdings. The founding team's institutional and regulatory experience shaped the platform's design, which combines high-speed trading performance with a fully transparent governance structure.

In the wake of high-profile exchange failures that underscored the risks of centralized custody, DerivaDEX represents a new generation of regulated, non-custodial trading designed to eliminate single-entity control and improve market transparency and integrity. The platform ensures users maintain full custody of assets while meeting regulatory obligations under BMA oversight, bridging the gap between traditional market structure and decentralized finance.

The milestone also marks a defining moment for DerivaDEX itself. "This license removes the final barrier preventing institutions from participating in decentralized derivatives markets," said Aditya Palepu, CEO of DEX Labs. "For the first time, they can trade with regulatory confidence, retain control of their assets, and operate within a governance framework that's fully transparent and ensures market integrity."

Daily crypto-derivatives volumes on major exchanges frequently exceed US $50–100 billion, with Binance alone recording over US $2.5 trillion in July 2025. Decentralized venues are also surging — Hyperliquid has averaged US $6.4 billion in daily trading over the past three months. With its BMA approval, DerivaDEX becomes the first exchange of its kind to offer institutions a licensed pathway to trade under recognized regulatory oversight, addressing long-standing risk management and custodial concerns that have kept traditional financial players sidelined before.

Built on a Trusted Execution Environment (TEE) architecture, DerivaDEX encrypts orders until execution, safeguarding participants against MEV exploitation and information leakage. The exchange achieves sub-five millisecond acknowledgment times, rivaling centralized exchanges, alongside one-minute deposits and ten-minute withdrawals, meeting institutional expectations for speed and efficiency.

Unlike centralized venues, where trading fees flow to a single operator, DerivaDEX operates under a DAO-based governance framework designed to meet licensed oversight requirements. This structure enables token holders, including institutional participants, to manage platform risk reserves, treasury, and product development in accordance with appropriate regulatory standards. The approach also moves directionally to address the broader DAO ecosystem concerns related to regulatory risk, which left many governance token holders reluctant to vote.

The BMA's Digital Asset Business regime has become a recognized benchmark for regulatory clarity, attracting major exchanges and custodians seeking international legitimacy. Coinbase, for instance, selected Bermuda as its first offshore jurisdiction before expanding globally.

"Bermuda has taken a pragmatic approach to regulating digital asset markets," Palepu added. "This license demonstrates that decentralized exchanges can operate within established regulatory frameworks while maintaining the transparency and risk controls institutions require."

Kendaree Burgess, Managing Director, Bermuda Business Development Agency (BDA), said, "The BMA's approval of DerivaDEX demonstrates what's possible when thoughtful regulation meets technological advancement — proving that we can balance progress with accountability and create the frameworks the future of finance will rely on. It also highlights the power of advocacy and collaboration within Bermuda's ecosystem, and our commitment to amplifying these milestones to enable continued innovation and sustainable growth across the industry."

DerivaDEX plans to launch its platform with Bitcoin and Ethereum perpetual contracts, initially available to verified institutional traders, with future product expansion, including tokenized equity derivatives and prediction markets, subject to additional regulatory approvals. The company is also pursuing opportunities to broaden access across jurisdictions.

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