

BLOCKCHAIN COMPLIANCE BULLETIN 11



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Harrison O'Brien

“*Compliance* is just a subset of *governance* and not the other way around.

— Pearl Zhu

A Word from the Partners

Dear Readers,

We are pleased to present you the 11th issue of our Blockchain Compliance Bulletin.

As usual, we have updated our Blockchain Compliance Rank. Almost all the countries our analysis covers have made to record increases or decreases. This is due not only to the amendments in the regulatory or legal framework applicable to Blockchain and FinTech projects. Both the World Bank's Ease of Doing Business rank and the Euler Hermes' country risks have been recently updated. As you know, the Ease of Doing Business rank and the Euler Hermes' country risks are a part of our Blockchain Compliance Rank. Further details, as always, are available in the Methodology note published on page 6.

From the European regulatory perspective, it worth to mention the guidelines issued by the Bank of Lithuania, the financial regulator of the Baltic state, on Security Token Offerings.

The paper tackles the classification of security tokens, provides recommendations related to their issue and clarifies the boundaries of the applicable legal regulation.

In this issue, we also focus our attention on the topic of transaction monitoring. This activity isn't just a case of being compliant. On the contrary, it plays an essential role to contrast money laundering and terrorist financing effectively.

With an announcement last month, Chinese President Xi Jinping urged his countrymen to "seize the opportunity" presented by the Blockchain technology. With his piece, Mattias Cerini answers the question of whether the divorce between China and Blockchain is over or not.

Finally, our last article this month focuses on cryptos and criminal activities: how cryptocurrencies are used for illicit purposes? In which ways crypto-criminals can be stopped?

Once again, we would like to take the occasion of this issue to inform you that we have launched our new website (blockchainconsultus.io): your comments about it, and the contents of this issue are much appreciated.

Best Regards,

Simone D. Casadei Bernardi
Franco Nicosia
Manuel Olivi

Partners, Blockchain ConsultUs Ltd.

Blockchain Compliance Rank

November 2019

As Blockchain enthusiasts, we continuously study the status of Blockchain-related regulations globally, and have developed our Blockchain Compliance Rank (BCR): an overall indicator (from 0 to 10) that synthesises the current national regulations applicable to crypto-projects, the ease of doing business, and the overall country risk.

Blockchain ConsultUs Ltd has created a “**Blockchain Compliance Rank**” (BCR) to provide the Blockchain-world stakeholders with a synthetic overview of the countries where a crypto-project should be launched from.

The BCR is an aggregate score on a scale of 0 to 10 and is attributed to 178 countries worldwide.

Many offshore jurisdictions have been excluded from the analysis, on the basis of a principled ethical choice.

The BCR covers three topics:

1. the current status of the national regulations applicable to Blockchain projects;
2. the ease of doing business in each analysed country;
3. the assessment of the country risk of each nation.

The BCR is a weighted average of those ratings.

In assessing the **current status of the national regulations applicable to Blockchain projects**, Blockchain ConsultUs Ltd attributes an increasing score from 0 to 10.

The rating takes into consideration:

- the laws and regulations applicable to ICOs;
- any reliable information acquired from the crypto-regulatory environment;
- the number and nature of investigations and sanctions issued by the national Regulator against Blockchain projects;
- the number of relevant Blockchain projects located in each

country.

This information is updated on a monthly basis.

The **ease of doing business** in each state is expressed through the World Bank “Ease of Doing Business” index. The ranking ranges from 1 to 190 and is updated yearly. The research is unanimously considered a benchmark study of regulation.

The “Ease of Doing Business” index measures regulations directly affecting businesses. Nevertheless, it does not measure other general conditions, such as a nation’s proximity to large markets, quality of infrastructure, inflation, etc.

Finally, the BCR takes into account the **country-risk of each jurisdiction**.

“Country-risk” means the risk that a government will default on its bonds (or other financial commitments), and also refers to the degree to which political and economic unrests affect the business operators doing activities in a particular country.

This risk is assessed through a reference to the latest Euler Hermes’ country and sector risk ratings.

These ratings are on a six-level scale, running from AA to DD, in which AA is the highest level of country grade (meaning the lower level of risk) and D is the lowest (higher risk.)

The rating is a combination of three scores:

1. the macroeconomic rating;
2. the structural business environment rating;
3. the political risk rating.

This information is updated on a quarterly basis.

Rank	Country	BCR (Nov. 2019)	Crypto-Regulatory Rank	Doing Business Rank	Country Risk Rank	Previous Rank & Variation	Notes
1	United States	● 8,29	7,65	6	AA	8,29	US
2	France	● 8,21	7,93	32	AA	8,22 ↓ -0,01	FR
3	Australia	● 8,05	7,42	14	AA	8,05	
4	Switzerland	● 8,02	7,71	36	AA	8,05 ↓ -0,03	
5	Austria	● 7,92	7,43	27	AA	7,97 ↓ -0,05	
6	Lithuania	● 7,89	7,72	11	BB	7,33 ↑ 0,56	LT
7	Estonia	● 7,89	7,25	18	AA	7,95 ↓ -0,06	
8	United Arab Emirates	● 7,84	7,73	16	BB	7,75 ↑ 0,09	AE
9	Denmark	● 7,72	6,80	4	AA	7,73 ↓ -0,01	
10	Netherlands	● 7,68	7,32	42	AA	7,79 ↓ -0,11	
11	Liechtenstein	● 7,55	7,93	---	AA	7,55	LI
12	Finland	● 7,49	6,72	20	AA	7,57 ↓ -0,07	FI
13	Czech Republic	● 7,49	7,32	41	A	7,61 ↓ -0,12	
14	Hong Kong	● 7,49	7,03	3	BB	7,42 ↑ 0,07	HK
15	Belgium	● 7,49	7,10	46	AA	7,42 ↑ 0,06	BE
16	Singapore	● 7,42	6,35	2	AA	7,42	
17	United Kingdom	● 7,42	6,43	8	AA	7,43 ↓ -0,01	UK
18	Luxembourg	● 7,34	7,28	72	AA	7,43 ↓ -0,09	
19	Germany	● 7,32	6,50	22	AA	7,34 ↓ -0,02	
20	Canada	● 7,31	6,51	23	AA	7,37 ↓ -0,05	CA
21	Ireland	● 7,31	6,80	24	A	7,38 ↓ -0,07	
22	Japan	● 7,29	6,85	29	A	7,24 ↑ 0,05	JP
22	Israel	● 7,27	7,20	35	BB	7,07 ↑ 0,20	
24	Chile	● 7,19	7,16	59	A	7,23 ↓ -0,04	
25	Sweden	● 7,09	6,00	10	AA	7,09	
26	Slovenia	● 7,04	6,90	37	BB	7,04	
27	South Korea	● 6,95	6,00	5	A	6,76 ↑ 0,19	KR
28	Bulgaria	● 6,90	7,35	61	B	7,02 ↓ -0,12	
29	Spain	● 6,90	6,31	30	A	6,92 ↓ -0,02	
30	Cyprus	● 6,86	7,18	54	B	6,87 ↓ -0,01	
31	Taiwan	● 6,84	6,00	15	A	6,84	
32	New Zealand	● 6,77	5,40	1	AA	6,77	
33	Costa Rica	● 6,65	6,90	74	BB	6,79 ↓ -0,14	
34	Croatia	● 6,62	6,80	51	B	6,62	
35	Mexico	● 6,61	6,63	60	BB	6,73 ↓ -0,12	
36	Iceland	● 6,58	7,40	26	B	6,58	
37	Malta	● 6,53	6,65	88	A	6,57 ↓ -0,04	
38	Romania	● 6,51	6,70	55	B	6,62 ↓ -0,11	
39	Portugal	● 6,46	6,10	39	BB	6,56 ↓ -0,11	
40	Norway	● 6,41	5,00	9	AA	6,42 ↓ -0,01	
41	Malaysia	● 6,37	5,56	12	BB	6,23 ↑ 0,13	MY
42	Slovakia	● 6,32	5,70	45	A	6,38 ↓ -0,06	
43	Thailand	● 6,31	5,90	21	B	6,26 ↑ 0,05	

Notes from page 11. List of the jurisdictions in alphabetical order on page 17.

Rank	Country	BCR (Nov. 2019)	Crypto-Regulatory Rank	Doing Business Rank	Country Risk Rank	Previous Rank & Variation	Notes	
44	Russian Federation	●	6,08	5,97	28	C	6,01 ↑ 0,07	RU
45	Philippines	●	6,06	6,66	95	B	5,87 ↑ 0,19	
46	Colombia	●	6,06	5,95	67	BB	6,14 ↓ -0,08	
47	Hungary	●	6,05	6,00	52	B	6,09 ↓ -0,04	
48	Greece	●	6,05	6,40	79	B	6,17 ↓ -0,13	
49	San Marino	●	6,03	6,00	92	A	6,02 ↑ 0,01	
50	Poland	●	5,96	5,40	40	BB	6,10 ↓ -0,14	PL
51	Brazil	●	5,83	6,76	124	B	5,82 ↑ 0,01	BR
52	Turkey	●	5,74	5,55	33	C	5,45 ↑ 0,28	TR
53	Indonesia	●	5,66	5,75	73	B	5,67 ↓ -0,01	
54	Bahrain	●	5,60	5,50	43	C	5,36 ↑ 0,24	
55	Saudi Arabia	●	5,60	5,50	62	B	5,48 ↑ 0,12	
56	Jamaica	●	5,51	5,80	71	C	5,32 ↑ 0,19	
57	Italy	●	5,50	4,73	58	A	5,63 ↓ -0,13	IT
58	Jordan	●	5,46	5,50	75	B	5,17 ↑ 0,29	
59	Vietnam	●	5,39	5,61	70	C	5,41 ↓ -0,02	
60	North Macedonia	●	5,31	4,70	17	C	5,17 ↑ 0,14	
61	Ukraine	●	5,18	5,50	64	D	5,05 ↑ 0,13	UA
62	South Africa	●	5,17	5,50	84	C	5,39 ↓ -0,22	
63	Belarus	●	4,98	5,00	49	D	5,10 ↓ -0,12	
64	India	●	4,89	4,50	63	B	4,50 ↑ 0,39	IN
65	Argentina	●	4,87	6,00	126	D	5,87 ↓ -0,99	AR
66	Kyrgyzstan	●	4,80	5,20	80	D	4,83 ↓ -0,03	
67	Georgia	●	4,73	4,00	7	D	4,71 ↑ 0,02	
68	Nigeria	●	4,72	5,85	131	D	4,46 ↑ 0,25	NG
69	Latvia	●	4,64	3,20	19	BB	4,64	
70	Mauritius	●	4,56	3,00	13	BB	4,44 ↑ 0,13	
71	Lebanon	●	4,41	5,60	143	D	4,52 ↓ -0,11	
72	Bosnia and Herzegovina	●	4,34	4,70	90	D	4,38 ↓ -0,04	
73	Cambodia	●	4,32	5,20	144	C	4,22 ↑ 0,11	
74	Egypt	●	4,29	4,70	114	C	4,14 ↑ 0,15	
75	Namibia	●	4,26	4,50	104	C	4,43 ↓ -0,18	
76	Kazakhstan	●	4,12	3,40	25	D	4,00 ↑ 0,12	
77	Uzbekistan	●	4,07	4,00	69	D	4,02 ↑ 0,05	
78	Azerbaijan	●	3,74	3,00	34	D	3,50 ↑ 0,24	
79	Nicaragua	●	3,73	4,60	142	D	3,84 ↓ -0,12	
80	Peru	●	3,69	2,70	76	BB	3,88 ↓ -0,19	
81	Kuwait	●	3,69	2,80	83	BB	3,55 ↑ 0,14	
82	China	●	3,63	2,22	31	B	3,13 ↑ 0,49	
83	Trinidad and Tobago	●	3,60	3,30	105	B	3,64 ↓ -0,03	
84	Bahamas	●	3,59	3,20	119	BB	3,59	
85	Venezuela	●	3,52	5,00	188	D	3,52	
86	Panama	●	3,51	2,60	86	BB	3,59 ↓ -0,07	
87	Zimbabwe	●	3,47	4,21	140	D	3,27 ↑ 0,20	
88	Albania	●	3,31	3,10	82	D	3,49 ↓ -0,18	

Rank	Country	BCR (Nov. 2019)	Crypto- Regulatory Rank	Doing Business Rank	Country Risk Rank	Previous Rank & Variation	Notes	
89	Kenya	●	3,28	2,10	56	B	2,83 ↑ 0,45	
90	Ghana	●	3,26	3,00	118	B	3,24 ↑ 0,02	
91	Armenia	●	3,26	2,50	47	D	3,26	
92	Botswana	●	3,23	2,50	87	B	3,30 ↓ -0,06	
93	Dominican Republic	●	3,15	2,80	115	B	3,32 ↓ -0,17	
94	Uruguay	●	3,08	2,20	101	BB	3,15 ↓ -0,07	
95	Antigua and Barbuda	●	3,04	2,90	113	C	3,10 ↓ -0,06	
96	Barbados	●	3,03	3,40	128	D	3,19 ↓ -0,16	
97	Bhutan	●	3,01	2,50	89	C	3,16 ↓ -0,15	
98	Qatar	●	2,99	2,00	77	B	2,93 ↑ 0,06	
99	Oman	●	2,94	1,80	68	B	3,11 ↓ -0,17	
100	Montenegro	●	2,94	2,10	50	D	3,03 ↓ -0,08	
101	Belize	●	2,82	3,20	135	D	2,97 ↓ -0,15	
102	Guatemala	●	2,79	2,00	96	B	2,78 ↑ 0,01	
103	Paraguay	●	2,76	2,40	125	B	2,74 ↑ 0,02	
104	Fiji	●	2,75	2,60	102	D	2,76 ↓ -0,01	
105	Dominica	●	2,71	2,40	111	C	2,85 ↓ -0,14	
106	Rwanda	●	2,70	1,00	38	B	2,47 ↑ 0,23	
107	Mongolia	●	2,69	2,20	81	D	2,89 ↓ -0,20	
108	Serbia	●	2,65	1,30	44	C	2,66 ↓ -0,01	
109	Puerto Rico	●	2,62	1,00	65	BB	2,63 ↓ -0,01	
110	El Salvador	●	2,56	1,60	91	B	2,75 ↓ -0,19	
111	Morocco	●	2,47	0,90	53	B	2,30 ↑ 0,17	
112	Benin	●	2,45	2,60	149	C	2,43 ↑ 0,02	
113	Djibouti	●	2,36	2,20	112	D	1,92 ↑ 0,44	
114	Samoa	●	2,36	1,70	98	C	2,47 ↓ -0,12	
115	Moldova	●	2,33	1,20	48	D	2,38 ↓ -0,04	
116	Kiribati	●	2,22	2,50	164	C	2,30 ↓ -0,07	
117	Lesotho	●	2,18	1,80	122	C	2,37 ↓ -0,19	
118	Palau	●	2,14	2,10	145	C	2,30 ↓ -0,16	
119	Maldives	●	2,13	2,40	147	D	2,25 ↓ -0,12	
120	Eswatini	●	2,12	1,70	121	C	2,21 ↓ -0,09	
121	Senegal	●	2,10	1,70	123	C	1,92 ↑ 0,18	
122	Burkina Faso	●	2,08	2,10	151	C	2,11 ↓ -0,03	
123	Congo (Democr. Rep Of)	●	2,07	2,80	180	D	2,04 ↑ 0,02	
124	Honduras	●	2,06	1,80	133	C	2,25 ↓ -0,19	
125	Togo	●	2,03	1,50	97	D	1,41 ↑ 0,62	
126	Gambia	●	1,98	2,30	155	D	2,07 ↓ -0,09	
127	Côte d'Ivoire	●	1,95	1,30	110	C	1,65 ↑ 0,31	
128	Micronesia	●	1,94	2,00	158	C	1,97 ↓ -0,03	
129	Tonga	●	1,90	1,40	103	D	2,04 ↓ -0,15	
130	Niger	●	1,87	1,80	132	D	1,74 ↑ 0,13	
131	Pakistan	●	1,82	1,36	108	D	1,40 ↑ 0,41	
132	Tunisia	●	1,81	0,61	78	C	1,70 ↑ 0,11	
133	Zambia	●	1,81	1,00	85	D	2,01 ↓ -0,20	

Rank	Country	BCR (Nov. 2019)	Crypto-Regulatory Rank	Doing Business Rank	Country Risk Rank	Previous Rank & Variation	Notes
134	Mauritania	● 1,80	2,00	152	D	1,82 ↓ -0,02	
135	Malawi	● 1,77	1,31	109	D	1,76 ↑ 0,01	
136	Gabon	● 1,76	2,20	169	D	1,98 ↓ -0,22	
137	Afghanistan	● 1,76	2,26	173	D	1,66 ↑ 0,11	
138	Ecuador	● 1,75	1,30	129	C	1,87 ↓ -0,12	
139	Tajikistan	● 1,65	1,10	106	D	1,48 ↑ 0,18	
140	Papua New Guinea	● 1,65	1,30	120	D	1,76 ↓ -0,12	
141	Cameroon	● 1,64	2,00	167	D	1,88 ↓ -0,24	
142	Madagascar	● 1,64	1,90	161	D	1,62 ↑ 0,01	
143	Guyana	● 1,63	1,20	134	C	1,71 ↓ -0,08	
144	Nepal	● 1,57	0,80	94	D	1,45 ↑ 0,12	
145	Chad	● 1,55	2,10	182	D	1,58 ↓ -0,02	
146	Angola	● 1,54	2,00	177	D	1,56 ↓ -0,02	
147	Mozambique	● 1,53	1,40	138	D	1,53	
148	Sri Lanka	● 1,52	0,80	99	D	1,39 ↑ 0,13	
149	Vanuatu	● 1,49	0,60	107	C	1,67 ↓ -0,18	
150	Algeria	● 1,46	1,30	157	C	1,36 ↑ 0,09	
151	Equatorial Guinea	● 1,46	1,90	178	D	1,51 ↓ -0,05	
152	Iran	● 1,36	1,00	127	D	1,39 ↓ -0,03	IR
153	Tanzania	● 1,35	0,90	141	C	1,39 ↓ -0,04	
154	Guinea	● 1,34	1,40	156	D	1,37 ↓ -0,03	
155	Uganda	● 1,26	0,40	116	C	1,20 ↑ 0,06	UG
156	Guinea Bissau	● 1,22	1,50	174	D	1,20 ↑ 0,02	
157	Bolivia	● 1,19	1,10	150	D	1,17 ↑ 0,02	
158	Haiti	● 1,17	1,50	179	D	1,14 ↑ 0,02	
159	Burundi	● 1,16	1,30	166	D	1,18 ↓ -0,02	
160	Mali	● 1,14	1,00	148	D	1,19 ↓ -0,05	
161	Suriname	● 1,13	1,20	162	D	1,10 ↑ 0,03	
162	North Korea	● 1,12	1,60	---	D	1,12	
163	Ethiopia	● 1,09	0,80	159	C	0,87 ↑ 0,22	
164	Laos	● 1,08	1,00	154	D	1,22 ↓ -0,14	
165	Bangladesh	● 1,07	1,20	168	D	0,98 ↑ 0,09	
166	Sierra Leone	● 0,98	1,00	163	D	1,02 ↓ -0,03	
167	Liberia	● 0,93	1,10	175	D	0,96 ↓ -0,03	
168	Central African Republic	● 0,90	1,20	184	D	0,90	
169	Syria	● 0,85	1,00	176	D	0,87 ↓ -0,02	
170	Eritrea	● 0,78	1,10	189	D	0,78	
171	Myanmar	● 0,61	0,50	165	D	0,55 ↑ 0,06	
172	Iraq	● 0,61	0,60	172	D	0,65 ↓ -0,04	
173	Cuba	● 0,56	0,80	---	D	0,56	
174	Libya	● 0,53	0,70	186	D	0,54 ↓ -0,01	
175	South Sudan	● 0,40	0,50	185	D	0,38 ↑ 0,02	
176	Sudan	● 0,34	0,20	171	D	0,35 ↓ -0,01	
177	Somalia	● 0,21	0,30	190	D	0,21	
178	Yemen	● 0,10	0,10	187	D	0,11 ↓ -0,01	

> AE

The United Arab Emirates' Securities and Commodities Authority (SCA) has published draft regulations for crypto assets.

The SCA collected public feedback on the draft regulations from 15th to 29th October.

All parties involved in the crypto industry – including investors, brokers, financial analysts, researchers and the media – were invited to provide their feedback on the document, with the SCA adding that the proposals will be taken into consideration for the final regulation.

The draft consists of 28 parts covering all aspects of the crypto-asset industry in the UAE, including requirements for token issuers, security and custodial policies, measures for protecting investors and combating financial crimes, information security controls, as well as technology governance standards, among others.

After the consultation, the SCA drafted a resolution on regulating crypto-assets.

Speaking to Cointelegraph, Ms Sukhi Jutla, a blockchain author as well as a Financial Times and Google Top 100 European Digital Champion, commented that by drafting this resolution, the UAE is sending a positive sign to the world, adding that: "They are signalling that they are open to exploring this area and by creating guidelines they are giving more reassurance, confidence and stability to businesses owners who may want to enter this field."

This move by the UAE could potentially lead to other nations moving in a similar direction, which would help remove a lot of the obstacles that the industry currently faces. She went on, saying: "The UAE has been smart enough to understand that this innovation will grow in years to come and they don't want to miss it. I wouldn't be surprised if the UAE becomes the leading nation in this space just as they did with the oil and property space."

> AR

In October 2019, Argentina's financial regulator, the Federal Administration of Public Revenue, has introduced cryptocurrency tax rulings, which became effective as of today. In an official release, the government stated that crypto exchanges in the country must provide details of account holders' wallet balances on a monthly basis – and that the reports must be made in Argentine pesos, rather than cryptocurrencies.

The dramatic fall of the Argentinean Peso is pushing the central bank (BCRA) to take drastic measures. After

limiting the amount of the US Dollar purchases, it has turned its "knife" to Bitcoin. According to the 31st October announcement, Argentinians can no longer use credit cards to buy Bitcoins. The BCRA still allows buying Bitcoin using bank wires. However, it was much cheaper to buy it with a credit card. At the moment, it is unclear how long the prohibition will last.

> BE

Belgium's financial watchdog, the Financial Services and Markets Authority (FSMA), has issued a warning against the unauthorised activities of multiple cryptocurrency platforms that are offering investments in the country without complying with Belgian financial legislation.

The investor alert represents the FSMA's latest effort to police the rampant internet-based cryptocurrency schemes which operate into a zone that the watchdog regulates. Based on its investigation, the FSMA said the scheme often includes these firms offering investment contracts and requiring their interested investors to deposit their money to a bank account or through other methods, while promising little or no financial risks.

> BR

Brazilian Congressman Mr Aureo Ribeiro, the author of a bill that purports to regulate the Brazilian crypto market, requested the opening of a Parliamentary Inquiry Commission (PCI) to investigate crypto-related fraud in Brazil.

In October 2019, Cointelegraph got access to a document that asks for an in-depth investigation into companies like Atlas Quantum (and CEO Rodrigo Marques), Zero10, and Trader Group, among others.

"Increasing interest in cryptocurrency transactions has been accompanied by a proliferation of fraud," the document reads. "The lack of regulation and vigilance combined with high levels of abstraction, anonymity, cross-border operations, and other peculiarities inherent to the crypto market shows potential risks to users and investors."

The congressman also explains in the same document why Atlas Quantum – once the most prominent crypto company in Brazil, but now facing legal and financial issues – should be investigated:

"Atlas Quantum published a video on 18th September that shows a cryptocurrency balance of more than \$54 million (at the current price) that would have been withheld on three accounts on the HitBTC exchange. But the exchange denied this through its official Twitter profile on 2nd October

2019 and informed investors that Atlas Quantum leaves no value stuck on the platform. HitBTC further stated that the video is fake and that the Atlas team made no official request for assistance. At the same time, numerous investors fear that the company will not be able to honour its liabilities to customers if they all request withdrawals. After the huge media coverage of the case, Atlas Quantum presented an audit report that allegedly attested to the amount of Bitcoins and stablecoins it has. But would it be sufficient to honour their commitments to the entire customer base?" The congressman also talks about the epidemic of cryptocurrency pyramid schemes in Brazil: "The amount of fraud involving Bitcoin and cryptocurrencies is frightening. We have opened a new page on our website for people who have had problems with pyramid schemes to report their cases, and we have received a huge number of reports and requests from people all over Brazil."

The document asking for the investigation was signed by 234 congressmen, which is 63 more than the minimum required to approve the investigation. "We have received so many reports that the PCI will be a huge effort and will need a big task force. We ask anyone who's had a problem with cryptocurrency companies to go to my website: deputadoaureo.com.br and look for the proper tab to make your complaint about crypto pyramid schemes," the deputy said.

> CA

Canadian blockchain companies want to know where their government stands on the crypto space, a report commissioned by the Canadian Digital Chamber of Commerce (CDCC) showed.

The report sheds new light on the country's nascent crypto firms, which appear mostly bullish on their future and are increasingly eager to know if their government feels the same. Nearly 40% of respondents said that "legal and regulatory challenges" were impeding their growth.

Though separate from US regulators and other global regulatory bodies, Canada's government has been reticent to establish crypto regulations that might conflict with other countries' laws, said Michael Gord, CEO of Toronto-based MLG Blockchain consulting group.

Instead, Gord described a regulatory grey zone that confounds his consulting group and the legal teams he turns to for advice: "Often digital asset regulations in Canada are so ambiguous that lawyers cannot give us a yes or no answer. The regulations have not been defined enough for them to be

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able to.”

Rumours have it that the Bank of Canada plans to make a foray into cryptocurrency. According to a report, the bank is looking into both the advantages and the challenges that may arise from creating its own cryptocurrency. Many schools of thought believe that creating a central bank digital currency (CBDC) will help effectively tackle the perceived threats of cryptocurrencies. Canada is allegedly stating this as the reason for developing its digital currencies. “Central Bank Money: The next generation” was created after two long years of research into cryptocurrency. The document was presented to Mr Stephen Poloz, Governor of the Bank of Canada, in 2018. The paper pointed out that launching a CBDC will help the government to track important information about its citizens. Information that would be indispensable to authorities like the police or tax officials when necessary. Author of the document, Mr Stephen Murchison, had this to say: “We need to innovate to stay in the game. [...] the CBDC would have all the benefits [of a central bank-backed asset,] and all the convenience and security of wireless, electronic payments”. A spokesperson for the Bank, Ms Josianne Ménard, however, disclosed that the bank has not reached a decision about launching a crypto. It is important to note that last year, Canada loosened up on its AML regulations. This was as a result of responses from service providers and several crypto exchanges.

The British Columbia Securities Commission (BCSC) has taken control of a Vancouver-based cryptocurrency exchange. The regulator announced that the Supreme Court of British Columbia has granted its application for “an order appointing an interim receiver to preserve and protect any assets of Einstein Exchange.” Grant Thornton Ltd., the court-appointed interim receiver, entered and secured the premises of Einstein Exchange on 1st November, the commission revealed. The documents filed in court detail that the BCSC had received numerous complaints about customers being unable to access their assets on the exchange. BCSC Executive Director Peter Brady told CBC News, “We had sent some requests for information to the exchange twice, and we didn’t get an answer.” He added that on 31st October: “We were then talking to the company’s counsel and learned that the exchange intended to shut down within 30 to 60 days due to a lack of

profit and subsequently that legal counsel stepped down, so that raised concerns for us.” Brady noted that the commission has also notified federal law enforcement regarding concerns about possible money laundering at the exchange. The commission started investigating the exchange in May.

> CN

China’s Congress has passed a cryptography law to promote crypto development and ensure sound cybersecurity, according to a report from Xinhuanet, China’s news agency, on 26th October. The law will regulate the use of cryptography, facilitate the cryptography business and establish cybersecurity, according to the NPC Constitution and Law Committee, the news agency reported. According to the law, “the state encourages and supports the research and application of the science and technology in cryptography and protects the intellectual property rights in cryptography.” The decree also underlines the training of talent in cryptography and will offer awards for “outstanding contributions.” Under the new regulation, cryptography will be organised into commercial crypto, as well as core and common, which will be governed by special authorities and utilised to keep national secrets secure. See also the article by Mattias Cerini, “China & Blockchain: Is the Divorce Over?” (page 24.)

> FI

The Finnish financial regulator (FIN-FSA) has approved its first five crypto service providers, which can now legally operate within the country. A grace period has now passed for operating within registration. Companies will now need to follow the guidelines in registering, the regulator will then review applications on a case by case basis. A spokesperson for the FIN-FSA confirmed: “Starting from 1st November these five virtual currency providers are the only ones allowed to operate in Finland.”

> FR

“Lightning Network” is getting a cash injection after one of the start-ups developing it secured over 7Mio EUR in funding total, French business paper “Les Echos” reported in October 2019. The French company ACINQ raised the money to boost the adoption of the Lightning Network worldwide further and boost Bitcoin’s scalability through second-layer solutions. Most notably, the start-up was able to secure 1Mio EUR from Bpifrance, a

public investment bank in the country. It is likely the first time a public entity has invested directly in Bitcoin’s development, let alone any blockchain-related enterprise in France. Bpifrance has some 59.7B EUR in assets managed under its name. ACINQ is currently one of the top 3 companies working on Lightning Network, alongside Blockstream and Lightning Labs.

Mr Denis Beau, deputy governor of the Banque de France, the central bank of France, has said during a speech given at a meeting of the Forum of Monetary and Financial Institutions (OMFIF) in October 2019 that it is necessary to develop an international legislative framework to regulate cryptocurrencies. He said: “There is indeed a need for overall consistency to prevent regulatory arbitrage under the ‘same activities, same risks, same rules’ principle.” According to him, the only possible way to do this is by developing an international crypto regulation.

> HK

Hong Kong’s securities regulator, the Securities and Futures Commission (SFC), has officially released regulations for crypto fund managers. The SFC published the regulatory circular on its website on 4th October 2019. In the 37-page document titled “Proforma Terms and Conditions for Licensed Corporations which Manage Portfolios that Invest in Virtual Assets,” the SFC provided terms and conditions for corporations managing portfolios that invest in virtual assets. According to the document, virtual asset fund managers in Hong Kong should always maintain liquid capital of a minimum of 3 million Hong Kong dollars (EUR 347,900 circa) and its variable required liquid capital. The SFC advised managers to have sufficient human and technical resources for the proper performance of duties as well as to adopt risk management and compliance policies, as well as procedures for Anti-Money Laundering and Combating the Financing of Terrorism. To ensure the safety of fund assets, the SFC also requires crypto fund managers to appoint a functionally independent custodian. The regulator emphasised that a virtual asset fund manager should ensure its fund assets are segregated from its own assets, as well as assets of other clients unless fund assets are held in an omnibus client account. If a manager receives fiat currency on behalf of the fund, one or more segregated bank accounts should be set up for holding clients’ money, the SFC stated. Bank accounts should be established and maintained with an

authorised financial institution in Hong Kong, or a bank in a jurisdiction agreed to by the SFC, the document notes. Additionally, the virtual asset fund manager should evaluate the features of diverse custodial arrangements, including hardware and software infrastructure, security controls over key generation, storage, management and transaction as well as the process of handling blockchain forks, the agency stated.

Hong Kong's financial regulator published new rules in November 2019, that would allow cryptocurrency exchanges to receive an operating license, a step intended to improve regulation and standards and help prevent fraud.

Market watchdogs have been debating whether and how they should regulate the cryptocurrency industry since Facebook's plans to launch its Libra digital currency caused many of them to broaden their focus on digital assets beyond investor protection concerns.

Hong Kong hosts dozens of cryptocurrency exchanges, also called virtual asset trading platforms, including some of the world's largest.

Ashley Alder, chief executive of Hong Kong's Securities and Futures Commission (SFC), said such exchanges had largely escaped regulation until now because most of the virtual assets traded on their platforms were not technically securities.

"After an in-depth examination of their unique technical and operational features, we concluded that some could be regulated by us," Alder said in a speech before the SFC published its new regulations.

Some cryptocurrency exchanges in Hong Kong and elsewhere say they welcome regulation as it would boost standards and allow licensed exchanges to differentiate themselves from unlicensed competitors. Others prefer to operate further under the radar.

The new rules, under which exchanges can apply to be regulated, draw on the standards the SFC expects for conventional securities brokers.

They stipulate that an exchange that wants to be licensed must provide services to professional investors only, have an insurance policy to protect clients in case assets are lost or stolen and use an external market surveillance mechanism.

Cryptocurrency exchanges do not need an SFC license to operate provided they do not trade any products defined as a security. Bitcoin, for example, is not a security, Alder said.

Bringing all exchanges under the SFC's wing would require new legislation. It is not yet clear how many cryptocurrency exchanges will apply for a

license or meet its standards.

Last year, Alder announced a new framework that would allow asset managers investing in digital assets and selling products in Hong Kong to receive an SFC license. Hardly any have been able to meet the SFC's requirements.

In a separate statement on Wednesday, the SFC warned investors about purchasing bitcoin futures in Hong Kong. Alder said in his speech that exchanges allowing trading of such products "may well be conducting an illegal activity".

> IN

India's highest court has delayed its adjudication on rules relating to a cryptocurrency ban in the country, in the latest deferral of the much-anticipated case.

The Supreme Court of India had been due to hear evidence on the decision from the Reserve Bank of India (RBI) to ban cryptocurrency-related business, with a new date set for 19th November.

In spite of the RBI's adverse crypto policy and regulatory hurdles being posed by the Indian government, which saw dozens of Indian crypto exchanges shutting down in the last 15 months, crypto exchanges from across the world are still optimistic about launching in India. While the South Korean crypto exchange Bithumb has decided to engage with Indian authorities over regulatory hurdles, London-based crypto exchange Cashaa which claims to have significant traction in India is launching INR support for Bitcoin, Ether and its own CAS cryptocurrency.

In an email response to Inc42, Cashaa CEO, Mr Kumar Gaurav, said that so far, Bitcoin, Ethereum and their own token CAS is available to buy in INR. He added that Cashaa accounts include a fiat and a crypto wallet, from where people can buy and sell crypto with fiat. So far it was possible only for GBP and EUR, while it is now also possible to deposit INR as Cashaa has added an INR wallet. So people can deposit INR into their Cashaa wallet and buy crypto from there.

"We were able to find a stable solution through our vast network of traders and brokers in India. Our system will solve the problem of liquidity and speed using a P2P engine at the backend, which does all the complex work and makes buying and selling simple for average users. We have not only solved all of the above but also made sure our customers are always in control of their crypto and keep the fundament of your keys, your crypto in our design structure," Mr Gaurav said.

> IR

Crypto adoption appears a problem for the ruling Iranian government. The economy is already severely weakened, primarily due to the crippling international sanctions that have been in place for several years. Tax revenue is down, and the budget deficit is rising. Iran's ruling regime has long struggled to squelch calls for higher democratic reforms. Thus, cryptocurrency use could further reduce the power of the nation's leaders to maintain economic and social control. In July, Nasser Hakimi, a technology official for Iran's central bank, announced that trading Bitcoin is illegal, equating its use to money laundering. He also warned the public against scams and pyramid schemes associated with a crypto investment. Shortly before this announcement, Iranian authorities had confiscated one thousand mining rigs related to two separate mining farms. Despite this open position against cryptocurrency, the Iranian government has realised that blockchain assets offer a means to evade the sanctions that have caused so much economic stress. Iranian officials have acknowledged this fact and asserted that the United States is actively working to block its access to Bitcoin and other cryptos. Now, its position on the legal nature of decentralised digital currency seems to be shifting. Iran is opening the door to mining, issuing regulations and offering tax incentives for overseas mining profits to be brought into the country.

> IT

Late in October 2019, Italy's securities regulator has ordered Italian internet access providers (ISPs) to block local investors' access to five websites offering financial services without the authorisation to do so:

- TomCom Limited (<https://royalfx-pro.eu>);
- Bonatech Ltd e Mitchell Group EOOD (<https://ccxcrypto.com>);
- Next Trade Ltd e TLC Consulting Ltd (<https://aspenholding.co> e <https://aspen-holding.com>);
- "Trader Platinum" (www.trader-platinum.com);
- London Capital Trade Ltd (www.londoncapitaltrade.net).

The "Commissione Nazionale per la Società e la Borsa" (CONSOB) said the listed firms were found engaging in "unlawful" and "misleading" marketing practices concerning the promotion of FX and cryptocurrency products. The financial watchdog clarified that it made the latest decision under the "Decreto Crescita," which allows CONSOB to order internet service providers (ISPs) to block access to such websites in Italy.

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Earlier in June, the watchdog decided to follow in the footsteps of ESMA, banning the sale of binary options to retail customers and also extended its restriction against promoting the contracts for difference (CFDs) to non-professional investors. The CONSOB warning list also features the names of businesses that are dealing in crypto assets, either in the form of the underlying coins or its related derivatives such as CFDs. The Italian regulator warned that said brokers offer cryptocurrency-focused trading services without having the proper permissions. So far, Italy does not have specific legislation governing cryptocurrencies.

> JP

In October 2019, a major Japanese news publication has reported that crypto donations to individual politicians are legal and do not need to be reported publicly as donations. Japan's Ministry of Internal Affairs and Communications verified that even though it is illegal to donate cash or securities directly to a politician or political campaign, crypto donations still fly under the radar due to technicalities in classification. The loophole has some commentators in the country saying current laws "do not keep pace with the times."

> KR

In the first half of October 2019, South Korean crypto exchange CoinOne has been ordered to repay a client after a hacker who stole his login information was able to withdraw 25Mio KRW (19,500 EUR circa) over the withdrawal limit.

The South Korean arm of cryptocurrency exchange OKEX has halted the delisting of two privacy coins due to regulatory pressure from the Financial Action Task Force (FATF). According to a notice from the exchange, the planned suspension of both Zcash (ZEC) and Dash (DASH) support has been put under review. OKEX first announced its intentions to delist five privacy coins – also including Monero (XMR), Horizen (ZEN) and Super Bitcoin (SBTC) – in September citing FATF's controversial "travel rule" for crypto-asset service providers, which sets out how national regulators must oversee the industry.

> LI

The American crypto-company Bittrex is reported involved in developing an office in the Liechtenstein capital of Vaduz. The country appeared a very attractive location, given its clear laws surrounding the regulation and operation of crypto and blockchain-based enterprises.

Under scrutiny from the European Union, Bittrex is set to introduce all kinds of new features, including a customer rewards program. Investors will also get access to credit card interoperability and "private token sales." The company is planning to register under what's known as the "Blockchain Act".

> LT

Bank of Lithuania (BoL) has become the first EU regulators to issue guidelines on STOs.

The new guidelines are focussed on the classification of security tokens, assessing specific cases and providing recommendations related to the issue of the security tokens and also clarify on applicable legal regulation. Furthermore, enterprises planning to use the STO method will need to comply with EU and national legislation regulating capital-raising activities.

"The current focus on security token offerings (STOs) is taking over the waning interest in initial coin offerings (ICOs). Businesses are interested in this particular way of raising capital as an alternative to bank lending. The Guidelines on Security Token Offering are aimed at explaining our position in this regard rather than creating new regulatory arrangements. In a strict regulatory environment, such as the securities market, it becomes crucial to set rules in order to avoid any miscommunication, misunderstandings, and consequences," said Mr Marius Jurgilas, Member of the Board of the BoL.

Furthermore, in case if the market participants are not sure if the tokens are subjected to regulation, the bank will provide consultation for the same. The bank, when making the guidelines initiated two public consultations with market participants and also incorporated some suggestions made by them.

The bank will be adopting a technology-neutral regulatory approach, which means that if a particular product has features of a financial instrument, it will be subjected to relevant regulation and supervision regardless of the technology used in its creation. Also, the bank will be considering each case individually while taking into account the substance over the form.

Mr Vaidas Cibas, Head of Regulated Markets Surveillance Division at the BoL, told Cryptonews.com that they have received many calls about STOs. It's quite common for innovations to cause a surge of interest, he explained. Still, one can't know until later who among the interested was exploring and who will end up actually incorporating that innovation and using it. One company attempted to raise capital via

an STO in Lithuania. Still, the number of STO consultation calls to the BoL could be counted in the dozens, according to Mr Cibas.

> MY

Malaysia's finance ministry said both domestic and global adoption rates of cryptocurrencies are low, notwithstanding the significant attention the disruptive sector has garnered.

In its Economic Outlook 2020 report released in October 2019, the ministry nonetheless noted that several prominent firms in critical economic sectors had taken steps toward digital currency adoption, according to a business news report from Bernama on 11th October.

"Although the impact of these projects has yet to be felt more widely, digital assets may well emerge as a part of the wider economy or recede into the background as a novelty, depending on the outcome of its usage," the report is quoted as stating.

The ministry has urged global authorities to formulate frameworks to tackle the issues raised by digital assets, noting that close monitoring of the sector's development is essential. The report took stock of domestic financial regulators' work thus far, including Bank Negara Malaysia's amendment to Anti-Money Laundering and Countering the Financing of Terrorism regulations in February 2018 to include requirements for digital asset service providers.

In January 2019, Malaysia's Capital Markets and Services (Prescription of Securities) (Digital Currency and Digital Token) Order 2019 came into effect to regulate both digital assets and exchange platforms.

The Order determines that any digital assets offered as a form of investment or used as a method of fundraising are classified as securities in the country. Meanwhile, the Securities Commission Malaysia (SC) updated its Guidelines on Recognised Markets to include regulatory requirements for digital asset exchanges (DAX), registering three DAX operators within its scope in May 2019.

As of May, DAX operators were given nine months to become fully compliant and operational and are now the only venues deemed legitimate by the regulator to offer digital asset trading in Malaysia.

The ministry's report also noted the Securities Commission's initial coin offerings public consultation paper and its intentions to introduce formal guidelines soon.

Luno, the London-headquartered company formerly known as Bitx, has announced on Tuesday that it has been approved by the Malaysia

Securities Commission to operate as a recognised market operator in the Southeast Asian country. Luno is one of only three first companies that the Malaysian regulator allowed to register when it began the process in June. Luno has now been found by the regulator to have satisfied all the required conditions for approval.

> NG

The Central Bank of Nigeria is exploring the possibility of allowing Mobile Network Operators (MNOs) to set up banks meant for payment services. This will enable the MNOs to provide mobile money services to the citizens of Nigeria for the first time. Earlier, Nigeria had been one of the few nations in Africa which had barred MNOs from entering this particular field. However, it seems that the central bank has done an about-turn pretty quickly.

The services that an MNO can provide will be strictly restricted to that of a payment services bank. They would not be allowed to forward credit or sell insurance products to their users. However, these banks will be allowed to take deposits and provide payment services. On the other hand, the deposits could be used by the MNO to invest in government securities. In addition to MNOs, mobile money operators, retailers, and banking agents will also be allowed to apply for such a license. Any organisation with \$14 million (EUR 11.8Mio circa) or more to its credit can apply for the license.

Over the past few years, Nigeria and other nations in the African continent have emerged as hotbeds of innovation as far as Fintech is concerned. Hence, it is not a surprise that some of the larger organisations in Nigeria are now vying for a slice of the pie when it comes to the fast-growing payments sector. The fact that significant portions of the population are still unbanked in Nigeria makes this a good move on the part of the central bank.

> PL

In October 2019, Mr Ivan Manuel Molina Lee, the president of the payment processor company "Crypto Capital", has been arrested by the Greek police and transferred to Poland. The defendant is indicted for drug running and money laundering. According to reports, he is the brain behind the laundering of about 1.5 billion zloty (EUR 352 Mio circa), all from illegal activities. He also allegedly transferred funds illegally from Crypto Capital's account to several banks in Poland. This illicit act reportedly took place from December 2016 to February 2018. Polish authorities disclosed that arrest

was possible due to the joint efforts of both the "Polish and international special forces."

Crypto Capital has previously been established as the banking partner for many of the biggest exchanges in the world, having been named as Bitfinex's banking partner after losing their Wells Fargo accounts, but also being tied to failed exchange QuadrigaCX as well as Binance, Kraken and BitMEX. Although they've helped these exchanges with their money, they've also been a consistent source of headaches, allegedly being part of why Bitfinex had \$850 million go missing. A representative for Kraken clarified to CoinGeek that the firm has not worked with Crypto Capital since 2017.

> RU

In October, the Chief of Russia's Central Bank, Ms Elvira Nabiullina, said she doesn't see any pertinent or obvious reason to create a national digital currency, according to a report by Russian News Agency TASS. The regulator made the remarks at the Finopolis forum of innovative financial technologies.

"As Russia's Central Bank, we have been studying this topic, and the need to issue a national cryptocurrency is not obvious for us. Not only for technological reasons, but also because it is (difficult) to really estimate what advantages will the national digital currency give, for example, in comparison with existing electronic non-cash payments. There are many risks, and the advantages may not be obvious enough," she said.

Ms Nabiullina has previously stated that the central bank does not support cryptocurrencies as legitimate, nor does it advocate for their legality. She has said that she sees the promise of blockchain technology, however.

In a move that surprised nobody, Russia's parliament postponed its long-awaited cryptocurrency regulations.

As previously reported, Prime Minister Mr Dmitry Medvedev had set the Duma a deadline of 1st November for the finalisation of the "On Digital Assets" bill, which passed its first reading back in May 2018.

However, the head of the parliamentary finance committee charged with drafting blockchain legislation, Mr Anatoly Aksakov, told news agency Tass that the bill would not be ready in time.

The committee chief did offer some good news for the country's long-suffering crypto-community, however, suggesting that there may be a way to get around the current impasse that is blocking the bill's progress. Ms Aksakov has found himself

between a rock and a hard place, with powerful industries and pro-crypto voices hoping to legalise cryptocurrencies, and sceptical bodies, such as the country's Central Bank, pushing for an outright, China-style ban.

Aksakov has previously spoken about being at a "crossroads" on cryptocurrency policy, with the country facing a binary choice.

However, per Tass, he suggested that a "compromise" was possible, and spoke of "giving people the opportunity to use cryptocurrencies in Russia." But he added a caveat: The Central Bank, which Aksakov admitted "categorically opposes" cryptocurrencies, would need to provide "permission" and would want to retain some element of control.

The committee head also described "unsecured cryptocurrencies" as a "real danger." But he did have positive news for stablecoin issuers, remarking, "Stablecoins are a very real thing." Meanwhile, Interfax reported that Herman Gref, the head of Sberbank, one of Russia's biggest and most crypto-keen banks, has also called for a laissez-faire approach to stablecoin regulation.

> TR

The global crypto-exchange Huobi announced that it plans to launch a fiat gateway in Turkey. If successful, the platform may increase access to over 250 digital tokens for the local investors.

Mr Mohit Davar, Huobi's EMEA regional president, is convinced that this will prove to be a worthwhile investment. He said that the move has come amidst Turkey's efforts to set up a more transparent legal infrastructure for the cryptocurrency market. Reports show that many people in the country already hold cryptocurrencies.

The company announced the project at the Eurasia Blockchain Summit in Istanbul on 17th October. The summit is the biggest crypto and blockchain event yet to ever happen in Turkey. This summit hosted international influencers, Turkish Government officials, the local community, and top bank representatives.

In June this year, Huobi announced that it intended to involve itself more in the Turkish crypto market. However, the company at that time did not give away details about its expansion plans. Mr Davar confirmed that the exchange has already partnered with one of the biggest local banks to develop the infrastructure.

This partnership will also see the development of compliance standards for the fiat gateway. However, he declined to name the local bank partner. The launch of the Turkish Lira/USDT pair makes Huobi the first crypto

exchange to officially offer its services to the Turkish residents.

He added that Huobi would reveal its partnership at another launch scheduled for December at the latest. The actual date for that launch could be earlier since they have already begun testing the gateway platform.

> UG

In October 2019, the Finance Minister of Uganda, Mr Matia Kasaija, made known the government's official position on cryptocurrency transactions. According to him, the government does not recognise cryptocurrencies as legal tender. Hence, Ugandans that invest/transact with it do so at their own risk, and the government will not be held responsible.

> UA

Ukraine's Ministry of Digital Transformation plans to legalise cryptocurrencies such as bitcoin cash (BCH) and bitcoin core (BTC). The initiative to accomplish this comes directly from its current head, Mr Mikhail Fedorov, local media reported recently, quoting his deputy and IT entrepreneur Mr Alexander Bornyakov. The ministry is already working on a new bill that should be ready by the end of the year and preparing amendments to the country's tax code.

Mr Bornyakov pointed out that although cryptocurrencies in Ukraine are not banned per se, they currently don't have any official status. Their legalisation is necessary to protect businesses dealing with coins from police searches. President Zelensky, a former famous comedian and TV producer, is preparing to appoint a new governor of the province this week, 36-year-old crypto millionaire Mr Maxim Kutsiy.

The new generation of politicians that took over power in Kyiv after the last presidential and parliamentary elections inherited a country facing numerous challenges. These include a depreciating hryvnia and an unresolved military conflict in the East. Allowing the promising crypto industry to flourish will undoubtedly translate into increased budget receipts. Bornyakov and his colleagues think it's time for these companies to come out of the grey sector.

Three of the biggest cryptocurrency exchanges in the world are seeking licenses and banking partners to set up in Ukraine, Mr Andriy Kolodiuk, Chair of the supervisory board of the Ukrainian Venture Capital and Private Equity Association (UVCA), told the Kyiv Post this week.

He reportedly made the comments on the sidelines of the RE:think. Invest forum which commenced in Mariupol, late in October 2019.

Mr Kolodiuk also told the outlet that the exchanges claim that 25-30% of crypto traders across the globe reside in "CIS" countries (ten former Soviet

block republics in Eurasia), with the majority of those traders living in Russia and Ukraine.

"Over the past two and a half years, three global cryptocurrency exchanges have asked me to make it so that they operate legally in Ukraine: to register, get a license, and open a representative office," said Mr Kolodiuk.

"In order to legally receive money, carry out transactions from the hryvnia (Ukraine currency) to the cryptocurrency and back – this is what they are interested in," he added.

> UK

Britain is reportedly considering banning the sale of derivatives involved with cryptocurrency assets. In July 2019, Britain's Financial Conduct Authority (FCA) said the derivatives were not suitable for customers who could not assess their risks or gauge their value. Rumours say that the FCA is considering a ban that would go into effect at the beginning of 2020. However, the World Federation of Exchanges (WFE) said the FCA should try to find a balance between allowing the products to be traded and making sure the people buying and selling them are adequately protected.

"The WFE recognises the volatility identified by the FCA in its consultation report and is supportive of ensuring that proper consumer protection is put in place as a priority for any new and relatively untested product on the market," the WFE said in a statement. The FCA said it could save customers a considerable amount of money with the ban – between 75 million and 243.3Mio GBP (EUR 87 to 283 million circa.)

According to a Financial Times' report released in the first half of October 2019, the FCA has conducted 87 inquiries into cryptocurrency companies. This is a 74% increase in the number of investigations the FCA made between January and October of last year.

The inquiry the FCA has made includes both "early-stage scrutiny" as well as "full-blown enforcement investigations," according to the Financial Times. The increased scrutiny reflects the FCA's increasingly hands-on and no-nonsense approach to enforcing the law in the cryptocurrency market.

"Libra has the potential to become a systemically important payment system," the Bank of England's Financial Policy Committee (FPC) said in a policy statement released in October 2019.

Any such system would have to meet "the highest standards of resilience and be subject to appropriate supervisory oversight", it said.

"The terms of engagement for innovations such as Libra must be adopted in advance of any launch," the

FPC continued. "UK authorities should use their powers accordingly."

The principles established by the FPC include the need for demonstrable operational and financial resilience across the entire payment chain, and for providers such as Libra to provide enough information to regulators to monitor payments.

Crypto wallet and debit card service company Cryptopay started to offer transfers with the British pound (GBP) through the Faster Payments Scheme. Cryptopay revealed the development in a news release with Cointelegraph on 9th October, specifying that its United Kingdom-based users can now fund their accounts and make withdrawals with GBP, avoiding euro conversion charges. The release further explains: "Upon activation, users will get their own sort code and account number, which means that the transfers will bear the account holder's name, not Cryptopay. This is especially important as some banks may block crypto-related transactions resulting in money getting stuck with no way to withdraw." Currently, the company is working on its European card program, having already begun issuance of prepaid cards in Russia. By the end of 2019, Cryptopay is planning to launch a range of other services such as an ERC-20 tokens wallet and exchange, Bitcoin (BTC) brokerage, and Bitcoin bank accounts.

> US

New York Department of Financial Services is looking to hire a Deputy Superintendent in the Research and Innovation Division, with a background in cryptocurrencies, blockchain, distributed ledger technology and other related fields. The person in this position is set to be in charge of policy decisions and the regulation of emerging and innovative markets. The individual will be responsible for directing the development of enforcement procedures, policies and communication strategies in the field, maintaining engagement with industry players, and the development of initiatives and compliance measures.

The United States Internal Revenue Service (IRS) has issued guidelines for tax reporting regarding cryptocurrency airdrops and hard forks.

The Revenue Ruling 2019-24, announced on 9th October, addresses common questions of taxpayers and practitioners.

The guidance also answers questions regarding cryptocurrency transmissions for investors that hold cryptocurrencies as a capital asset. IRS Commissioner Chuck Rettig said:

"The new guidance will help taxpayers, and tax professionals better understand how longstanding tax principles apply in this rapidly changing environment. We want to help taxpayers understand the reporting requirements

as well as take steps to ensure fair enforcement of the tax laws for those who don't follow the rules."

The new guidance adds to Notice 2014-21, which sets "general principles of tax law to determine that virtual currency is property for federal tax purposes."

Earlier this year, the IRS sent thousands of letters to cryptocurrency investors to clarify crypto tax filing requirements. An estimated 10,000 crypto investors received post from the agency, asking some to amend their tax filings, while compelling others to pay back taxes and/or interest and penalties.

Capitalising on the uncertainty surrounding crypto tax reporting, scammers subsequently attempted to con investors out of their digital assets by sending letters claiming to be from the IRS.

Some letters claimed that an arrest warrant had been issued against the recipient due to their unpaid tax obligations and that failure to make a payment immediately could result in an arrest or other criminal action.

US Commodity Future Trading Commission's (CFTC) chairman Mr Heath Tarbert has said Ether, the world's second-largest cryptocurrency by market capitalisation, is a commodity. In October 2019, speaking at the Yahoo! Finance All Markets Summit, Mr Tarbert said he believes Ether is not a security.

"We've been very clear on bitcoin: bitcoin is a commodity. We haven't said anything about Ether – until now," Tarbert said. "It is my view as chairman of the CFTC that Ether is a commodity."

Tarbert continued to say the CFTC is working with the SEC on the two cryptocurrencies and have agreed both are not securities. Going forward, the CFTC may allow ether futures to trade on US markets, he suggested.

The heads of three US financial regulators warned the cryptocurrency industry to abide by banking laws in a joint statement published in October 2019.

The statement, signed by CFTC chairman, Mr Heath Tarbert, Financial Crimes Enforcement Network (FinCEN) director Mr Kenneth Blanco and Securities and Exchange Commission (SEC) chairman Mr Jay Clayton, "reminds" actors in the crypto space that they must comply with various banking and financial services laws in the US, regardless of what they call their cryptocurrencies or tokens. The agencies referred to the Bank Secrecy Act (BSA), which outlines how different financial services businesses should register with regulators. Specifically, the agencies explained that the "nature of the digital asset-related activities" a person participates in will determine which agencies that person should register with, as well as

which other laws they need to comply with.

In October, the US Securities and Exchange Commission (SEC) announced that it is suing two offshore entities, Telegram and its wholly-owned subsidiary, TON Issuer, for holding an unregistered token sale. According to the complaint filed in the federal district court in Manhattan on the same day, Telegram sold approximately 2.9 billion crypto tokens, called Grams (GRM) to 171 buyers for a total of \$1.7 billion (EUR 1.54 billion circa). Around a quarter of that sum allegedly belonged to 31 purchasers based in the United States.

As a result, the SEC has obtained a temporary restraining order against Telegram and TON, seeking "certain emergency relief," as well as permanent injunctions, disgorgement with prejudgment interest and civil penalties. The official Telegram channel for TON investors suggested that the launch, scheduled for 31st October, could be postponed.

Representative Tom Emmer of Minnesota will be the ranking member of Congress on a Task Force to advance the national discussion on emerging financial technology. Mr Emmer previously sponsored legislation such as the Blockchain Regulatory Certainty Act, which helped exempt certain blockchain businesses from onerous reporting and licensing requirements when they do not take control of customer funds. He is also the co-chair of the Congressional Blockchain Caucus. He is described by Patrick McHenry, the House Financial Services Committee's Ranking Member, as having "a strong understanding of the intricacies and great opportunities of financial technology".

Mr Emmer has recently announced three bills to support the development of blockchain technology. "The United States should prioritise accelerating the development of blockchain technology and create an environment that enables the American private sector to lead on innovation and further growth, which is why I am introducing these bills," he explained.

Afghanistan (1,76)|**Albania** (3,31)|**Algeria** (1,46)|**Angola** (1,54)|**Antigua and Barbuda** (3,04)|**Argentina** (4,87)|**Armenia** (3,26)|**Australia** (8,05)|**Austria** (7,92)|**Azerbaijan** (3,74)|**Bahamas** (3,59)|**Bahrain** (5,6)|**Bangladesh** (1,07)|**Barbados** (3,03)|**Belarus** (4,98)|**Belgium** (7,49)|**Belize** (2,82)|**Benin** (2,45)|**Bhutan** (3,01)|**Bolivia** (1,19)|**Bosnia and Herzegovina** (4,34)|**Botswana** (3,23)|**Brazil** (5,83)|**Bulgaria** (6,9)|**Burkina Faso** (2,08)|**Burundi** (1,16)|**Cambodia** (4,32)|**Cameroon** (1,64)|**Canada** (7,31)|**Central African Republic** (0,9)|**Chad** (1,55)|**Chile** (7,19)|**China** (3,63)|**Colombia** (6,06)|**Congo (Democr. Rep Of)** (2,07)|**Costa Rica** (6,65)|**Côte d'Ivoire** (1,95)|**Croatia** (6,62)|**Cuba** (0,56)|**Cyprus** (6,86)|**Czech Republic** (7,49)|**Denmark** (7,72)|**Djibouti** (2,36)|**Dominica** (2,71)|**Dominican Republic** (3,15)|**Ecuador** (1,75)|**Egypt** (4,29)|**El Salvador** (2,56)|**Equatorial Guinea** (1,46)|**Eritrea** (0,78)|**Estonia** (7,89)|**Eswatini** (2,12)|**Ethiopia** (1,09)|**Fiji** (2,75)|**Finland** (7,49)|**France** (8,21)|**Gabon** (1,76)|**Gambia** (1,98)|**Georgia** (4,73)|**Germany** (7,32)|**Ghana** (3,26)|**Greece** (6,05)|**Guatemala** (2,79)|**Guinea** (1,34)|**Guinea Bissau** (1,22)|**Guyana** (1,63)|**Haiti** (1,17)|**Honduras** (2,06)|**Hong Kong** (7,49)|**Hungary** (6,05)|**Iceland** (6,58)|**India** (4,89)|**Indonesia** (5,66)|**Iran** (1,36)|**Iraq** (0,61)|**Ireland** (7,31)|**Israel** (7,27)|**Italy** (5,5)|**Jamaica** (5,51)|**Japan** (7,29)|**Jordan** (5,46)|**Kazakhstan** (4,12)|**Kenya** (3,28)|**Kiribati** (2,22)|**Kuwait** (3,69)|**Kyrgyzstan** (4,8)|**Laos** (1,08)|**Latvia** (4,64)|**Lebanon** (4,41)|**Lesotho** (2,18)|**Liberia** (0,93)|**Libya** (0,53)|**Liechtenstein** (7,55)|**Lithuania** (7,89)|**Luxembourg** (7,34)|**Madagascar** (1,64)|**Malawi** (1,77)|**Malaysia** (6,37)|**Maldives** (2,13)|**Mali** (1,14)|**Malta** (6,53)|**Mauritania** (1,8)|**Mauritius** (4,56)|**Mexico** (6,61)|**Micronesia** (1,94)|**Moldova** (2,33)|**Mongolia** (2,69)|**Montenegro** (2,94)|**Morocco** (2,47)|**Mozambique** (1,53)|**Myanmar** (0,61)|**Namibia** (4,26)|**Nepal** (1,57)|**Netherlands** (7,68)|**New Zealand** (6,77)|**Nicaragua** (3,73)|**Niger** (1,87)|**Nigeria** (4,72)|**North Korea** (1,12)|**North Macedonia** (5,31)|**Norway** (6,41)|**Oman** (2,94)|**Pakistan** (1,82)|**Palau** (2,14)|**Panama** (3,51)|**Papua New Guinea** (1,65)|**Paraguay** (2,76)|**Peru** (3,69)|**Philippines** (6,06)|**Poland** (5,96)|**Portugal** (6,46)|**Puerto Rico** (2,62)|**Qatar** (2,99)|**Romania** (6,51)|**Russian Federation** (6,08)|**Rwanda** (2,7)|**Samoa** (2,36)|**San Marino** (6,03)|**Saudi Arabia** (5,6)|**Senegal** (2,1)|**Serbia** (2,65)|**Sierra Leone** (0,98)|**Singapore** (7,42)|**Slovakia** (6,32)|**Slovenia** (7,04)|**Somalia** (0,21)|**South Africa** (5,17)|**South Korea** (6,95)|**South Sudan** (0,4)|**Spain** (6,9)|**Sri Lanka** (1,52)|**Sudan** (0,34)|**Suriname** (1,13)|**Sweden** (7,09)|**Switzerland** (8,02)|**Syria** (0,85)|**Taiwan** (6,84)|**Tajikistan** (1,65)|**Tanzania** (1,35)|**Thailand** (6,31)|**Togo** (2,03)|**Tonga** (1,9)|**Trinidad and Tobago** (3,6)|**Tunisia** (1,81)|**Turkey** (5,74)|**Uganda** (1,26)|**Ukraine** (5,18)|**United Arab Emirates** (7,84)|**United Kingdom** (7,42)|**United States** (8,29)|**Uruguay** (3,08)|**Uzbekistan** (4,07)|**Vanuatu** (1,49)|**Venezuela** (3,52)|**Vietnam** (5,39)|**Yemen** (0,1)|**Zambia** (1,81)|**Zimbabwe** (3,47)

Cryptos: the Importance of Ongoing Transaction Monitoring

By **Simone D. Casadei Bernardi**



Transaction Monitoring isn't just a case of being compliant. It's about going above and beyond the minimum standard. Here's why.

Transaction Monitoring (TM) is becoming increasingly important as AML regulations get tighter and tighter.

It's a term used when a financial institution chooses (or is required) to track its customer's transactions to learn more information about them. Having a robust Transaction Monitoring system in place enables them to effectively identify money laundering operations, illicit activity and other financial crimes.

Transaction Monitoring is a com-

pliance cornerstone for financial institutions, payment service providers and trust offices.

Under the EU's original AML (anti-money laundering) directives, transactions were assessed on an individual basis. While the results were very accurate, trying to use this process on a larger scale, simply wouldn't work.

That's where automated Transaction Monitoring systems come in. Using specific reliable software is the best way for crypto businesses and financial institutions to stay compliant.

However, doing the bare minimum to remain compliant is no longer enough. In fact, if a crypto startup

wants to establish themselves as an industry leader, they must consider its long-term strategy as well.

THE CURRENT ISSUE SURROUNDING CRYPTOCURRENCY

Cryptocurrency is built on its anonymity. The only problem is that it encourages criminals to use cryptocurrencies like Bitcoin for fraudulent purposes.

One of the most common forms of laundering Bitcoin and Altcoins is to use currency tumblers. In layman's terms, this is where the coins are passed on to a third party, like an escrow. These coins will then be mixed with other unlawful coins in the third party's wallet.

The coins are passed in small chunks to another wallet owned by the original fraudster. Several other wallets may be used, courtesy of the third party, to further disguise the direction the funds are taking. This makes it very hard for crypto businesses and financial institutions to identify the entities. Nevertheless, this doesn't mean that rectifying the issue is impossible. To successfully combat the illicit use of cryptocurrency and stop any incoming fines, ongoing Transaction Monitoring is imperative.

Just recently, ABN Amro has been ordered to review all existing retail clients to check against various financial crimes.

The Dutch bank stated that they wanted to improve its approach to money laundering by increasing the number of staff working on the files. This suggests that ABN Amro wasn't previously checking customer files.

Last year, ING has to pay out €775mn for not having its client files in order and for failing to provide enough information. Without adopting an automated



Transaction Monitoring system, banks and crypto businesses are running the risk of making mistakes and being non-compliant.

SEIZE THE OPPORTUNITY

The idea of automated Transaction Monitoring is to have procedures in place that make it possible to carry out ongoing checks.

If a local regulator audits a competitor's accounts and they not only meet the standard, but also demonstrate innovative processes to decrease the likelihood of AML activity and SARs, they're already one step ahead.

The competitor is setting the bar higher, meaning a financial institution or crypto business that simply does the minimum will be left straggling behind.

Regulators and advisory bodies will turn to the exemplary to help set future regulatory require-

ments, forcing the others to simply follow suit.

It was this idea that resulted in the FATF issuing an extensive amount of advisory guidance, whereby, Automated Transaction Monitoring is considered an essential of any efficient AML system.

The days of getting crypto-forensic experts to manually check and process information are at an end. Automation is a part of everything we do nowadays, so it's hardly surprising that it's becoming a prominent feature in the innovative world of cryptocurrency and blockchain.

For a crypto business or financial institution to pave the way for future regulation and reduce illicit activity, they must be proactive – instead of reactive.

Hiring more and more compliance officers isn't the answer, in

the same way, that compliance shouldn't be treated as a tick-box exercise. The future of Transaction Monitoring is automation and the keyword is "ongoing".

The underlining issue with hiring an army of compliance officers is that maintaining the same high level of "ongoing" consistency just isn't possible due to fatigue and natural human error. Furthermore, to keep up with the growing scalability demands of a thriving crypto business, hiring multiple officers is neither feasible or sustainable.

This isn't to say that the role of a compliance officer is rendered redundant. On the contrary, it's the complete opposite.

By automating ongoing Transaction Monitoring duties, they'll have more time to focus on proactively developing processes. They'll spend less time handling dull tasks, get a more holistic understanding of entities via streamlined information and will have any red flags promptly presented to them.

LOOKING AHEAD

Automated Transaction Monitoring is not only the present, but it's also the future too. Without implementing it, a crypto business or financial institution won't be able to complete "ongoing" checks to reduce money-laundering and other financial crimes.

Sticking with manual methods of checking entities alone historically results in more errors – as we saw with ING. It simply isn't sustainable, scalable or smart.

The key is to get the crypto business or financial institution in a position where it can prosper in a highly volatile and toughly regulated environment.



China & Blockchain: Is the Divorce Over?

By **Mattias Cerini**

The CCP is ready to embrace Blockchain technology.

With its announcement in October, Chinese President Xi Jinping urged his countrymen to “seize the opportunity” presented by Blockchain technology.

From the stage of the 18th collective study of the Political Bureau of the Central Committee, the top Chinese official listed the numerous advantages of fully implementing the technology on a countrywide scale, such as augmented capabilities in financial services and much more.

This is groundbreaking, considering that Xi never personally remarked on the technology and this sets the tone for the seriousness with which China, the second world power, is addressing the edge that to fully embracing the Blockchain could bring to the Chinese people.

It is well known that China has been working relentlessly on the technology under the proverbial “hood”, even though “officially” cryptocurrencies have been banned since 2017 by the People’s Bank of China. Let’s remember that the majority of Bitcoin

mining facilities are located in China and that the country has been silently stacking up huge reserves and is allegedly participating actively in the crypto markets.

THE CCP APPROACH

The day after the president’s announcement, the Standing Committee of the 13th National People’s Congress approved a piece of legislation on cryptography that will take effect starting 1st of January 2020.

In words reported in the proposal, we can hint on the approach chosen by the Chinese government: “Clear guidelines and regulations are needed to evaluate commercial cryptography technologies used in the major fields related to the national interest as the current ‘loose’ system is not suitable for the industry anymore.”

True to its core beliefs, the CCP will take a top-down approach regarding the implementation and regulation of Blockchain technology, as president Xi remarked, it is “necessary to implement the rule of law network”. Therefore, the view of Blockchain technology promoted and highlighted by Chinese officials will be utterly dis-

tant from the decentralized world envisioned by Satoshi Nakamoto in the Bitcoin whitepaper.

The new legislation aims to provide the industry with clear market standards and regulatory system, ensuring full control over the space by the government while at the same time harness the full power of research and development of commercial cryptography technologies.

AN ENTIRE COUNTRY IS MOVING ON THE BLOCKCHAIN

Enterprise blockchain projects in China have been advancing at an unprecedented pace. With the introduction of the new regulation, the CCP is attempting to ensure that they maintain their control and supervision over them moving forward. Based on reports from the Chinese Cyberspace Administration, the entity in charge of supervising every blockchain project in mainland China, more than 506 projects have been vetted and are currently underway.

The most relevant applications emerging from the published list of projects undertaken are supply chain, trade finance, cross-border transactions as well as asset



management.

Chinese big tech has, of course, been very active in the space since the beginning. Baidu is creating Xuper Chian, a project aimed at delivering basic infrastructure for the creation of a full suite of blockchain services.

Alibaba has also been pioneering in the space, filing more than 90 patents applications putting to shame even its American counterparts.

Major banks such as ICBC, Ping An Bank and CCB have all filed several patents and Union Pay, the “Chinese Mastercard”, has been developing an application based on blockchain technology to track cross-border payments and one related to digital certificates.

We would all expect the private sector to be leading the charge

in the development of the space, but let’s remember that there’s no such thing as the “private” sector in China.

The Chinese government has been indirectly participating in many of the projects listed above, but it’s also working to implement large scale blockchain solutions directly at the state level. Among its main applications, we can find Blockchain-based invoicing, taxation systems, cross-border capital transfer platforms and much more.

WHAT’S NEXT

It is clear that China is stepping up its Blockchain game and that the rest of the world risks falling behind.

Many in the US are deeply concerned with the announcement, especially in the midst of the trade

war between the two superpowers.

America has been surprisingly reluctant in fully embracing the technology, especially when talking about the controversial cryptocurrencies and the consequences that their acceptance could mean for the dollar.

The announcement of Libra has entrenched the regulator positions, and it’s further slowing growth in the space.

If the US and other countries won’t surpass their contrasting views and start taking serious steps toward adoption, China will undoubtedly be so far ahead in the next years that we could experience a paradigm shift in the world power balance.

Technology is power in the 21st century, and the western world is already losing the race.

Security Token Offerings in Europe

A definitive guide to security tokens in Europe from a legal and compliance viewpoint.

Simone D. Casadei Bernardi

September 2019



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The pros and cons of security tokens
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Crypto and Criminal Activity: How It's Being Used and Ways to Stop It

By Harrison O'Brien

Cryptocurrency may have opened up the door of opportunity for businesses, but it's become an integral part of many criminal networks too. Learn how it's being used and ways to stop it.

Over the past few years, cryptocurrencies have grown rapidly in price, popularity and mainstream adoption. To put it into context, the numerous online cryptocurrency exchanges and markets have daily dollar volume in the billions.

As of January 2018, the total market capitalisation of bitcoin alone exceeds \$250 billion, with a further \$400 billion making up the other 1,000 cryptocurrencies. However, the rapid growth in the market and the anonymity nature of the technology has subsequently attracted the wrong type of users as well.

Criminals can carry millions of pounds across borders without detection with crypto transactions requiring no use of real names. They can essentially commit a crime without leaving a trace of evidence.

The biggest issue towards regulating transactions is that crypto-assets often fall outside the scope of the EU financial regulations. This makes it hard to build context around individual transactions.

Common types of criminal activity funded via cryptocurrencies include illegal trading (drugs, pornography, murder-for-hire), money laundering, avoiding capital controls and the potential to fund terrorism.

THE FACTS AND THE FIGURES

Without being able to track the source to illegal activity, governments and law enforcement agencies have found it almost impossible to stop cybercriminals from striking.

Peer-to-peer platforms such as Uber and Airbnb are among two of the most notable victims. Crafty criminals have been able to make a profit by creating fake riders and drivers, with real drivers being able to tap other technologies like fake GPS apps to bump up fares. The mass global usage of these platforms has enabled them

to easily hide their illicit profits amongst legitimate ones and easily move payments across borders undetected.

To give you an idea of how significant and rife criminal crypto activity is in numerical terms, the reported cases of money laundering alone exceeds \$5.2 billion in Europe.

In a paper published in January 2018, it states: "approximately one-quarter of all users, 25 per cent, and close to one-half of bitcoin transactions, 44 per cent, are associated with illegal activity." "Furthermore, approximately one-fifth, 20 per cent, of the total dollar value of transactions and approximately one-half of bitcoin holdings, 51 per cent, through time are associated with illegal activity."

The paper concludes that these "users annually conduct around 36 million transactions, with a value of around £72 billion, and collectively hold around \$8 billion worth of bitcoin."

According to CipherTrace, the larg-



est single incident of loss cited in 2019 was the PlusToken scheme, which defrauded users and investors of £2.9 billion.

HOW TO COUNTER CRIMINAL CRYPTO ACTIVITY

If this continues to happen and sanctioning bodies don't get a grip on it fast, the market valuation of cryptocurrencies will continue to plummet.

In recent months, the market has already experienced an astonishing 75% decline.

There are several ways to combat this downward spiral. The first is to tap into criminal error. Believe it or not, bitcoin isn't as anonymous as you may think, as it uses a blockchain system that serves as a virtual record of all transactions on the network.

Remember, the blockchain is publicly accessible, which allows anyone with a bit of computer-

savvy to trace digital footprints of anonymous traders. It's for this very reason that bitcoin is often used on the Darknet with the anonymising software, The Onion Router (Tor) for extra security and anonymity.

Although, the open, transparent, nature of crypto transactions means that it's very hard for criminals to convert it into fiat currency and get away with it.

Thinking proactively, it would be wise for businesses to increase communications between various governments to detect certain patterns and produce more annual reporting standards to show their legitimate use of cryptocurrency.

The final way of minimising criminal crypto activity is to introduce tighter regulations. Luckily, this is a hot topic at the moment, with a lot of continual alterations happening around the world. The EU's anti-money laundering regulations are a casing exam-

ple, whereby, all cryptocurrency exchanges have to comply with them.

Know your customer (KYC) has been applied in many countries as a way of getting people to disclose their identities before carrying out a crypto transaction.

Further measures are also being taken to align digital currencies with existing Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) legislation.

Every week, another country introduces its stipulations on regulating cryptocurrencies.

It's therefore vital that you stay in the loop about the latest regulatory changes and move with the times to make sure you utilise this richly rewarding technology. If you don't, you could be left behind and end up paying a hefty fine for being non-compliant.

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- > Preparation of compliance measures
- > Drafting of documents for the AML/KYC procedures
- > Elaboration of the optimal legal concept of tokens
- > Privacy and GDPR
- > Preparation of agreements with investors and user agreements
- > Dealing with competent regulatory authority and self-regulatory organisations
- > Opening of accounts with banks and payment institutions
- > Escrow services



Strategy

- > Investor relations
- > Business planning
- > Road mapping to find the right go-to-market partnerships
- > Marketing and PR in the crypto industry
- > Risk assessment and sustainability analysis
- > Brand creation



Technology

- > ICO/STO/crowdsale ready-made platforms
- > Recruiting of technical specialists
- > Drafting of technical tasks

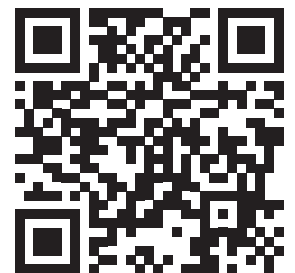
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