



# How other countries regulate blockchain

And a comparison to the Maltese regulations



# Intro



## Some context

- **Japan's** Financial Services Agency in 2017 confirmed Bitcoin and several cryptocurrencies can be used as legally accepted means of payment
- **Australia** and Japan are regulating Digital Currency Exchanges
- **Switzerland** ranks in the global top 5 ICO issuing countries
- The city of **Zug** officially accepts bitcoin payments



## Some context

- **Liechtenstein's** banks are still handling crypto investments on behalf of their clients, and even offering advice on ICOs
- **Estonia** has embraced the blockchain technology
  - X-road
  - E-residency

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# Switzerland

ICOs



# Switzerland's approach

Switzerland sub-divided ICO tokens into **3 categories**:

1. **Payment token**
2. **Utility token**
3. **Asset token**

In line with the Financial Instruments Test issued by the MFSA



# Switzerland's approach

No regulations published - **just 1 guideline**

ICOs must use a Swiss company to perform KYC on all ICO participants

- Only a handful of companies are in a position to perform such checks - charging up to \$25 per check

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# Liechtenstein

Drafting the “Blockchain Act”

Making it really easy to incorporate a blockchain business





# Liechtenstein's approach

- Liechtenstein's forthcoming bill is touted to “**go much further**” than the blockchain legislation of other countries
- The law is intended to cover more than merely the issuing of cryptocurrencies and utility tokens
  - The law is intended to provide the necessary legal framework for a wide range of new services and business models relating to these technologies



# Liechtenstein's approach

- It's really easy to incorporate a cryptocurrency business - you can deposit initial share capital in Bitcoin or Ethereum
- The country's leading financial institution Bank Frick offers a wide variety of cryptocurrencies on its trading platform
  - Cryptos are stored in cold wallets
  - KYC procedures required under Liechtenstein and EU/EEA law are adhered to

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# Gibraltar

Whitepaper published in Mar 18

Plan to finalise the blockchain regulation by end of 2018



# Gib's approach

- What will be regulated:
  - ICO issuers are required to appoint individual to supervise the issue of tokens
  - Authorise secondary market operators
  - Regulate token-related investment advice
- What will **not** be regulated:
  - smart contracts
  - sale/ distribution of tokens

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US

Plan to finalise the blockchain regulation by end of 2018



## US' approach

- There is no ban or blanket block out, but ICOs are expected to be registered and licensed with the SEC if they are to sell these assumed securities
- Recently, in a discussion at the Senate, the SEC hinted at even further, and tougher, regulations for ICOs
- The Chairman of the SEC, Jay Clayton, noted that every ICO token the SEC has seen so far is considered a security."



## US' approach

- ICOs offer tokens intended for use on a platform that doesn't exist yet.
- While waiting for the platform to appear, token purchasers and resellers speculate on the future value of the token.
- The SEC therefore claims that tokens purchased for speculative purposes constitute a securities even if they're intended to be used as utility tokens
- In December 2017, the SEC issued a cease-and-desist order to Munchie on the basis that the marketing materials placed an emphasis on the increase in the value of the tokens post-ICO

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# Crypto-friendly banks





## Crypto-friendly banks

Country	Bank	Comments
Netherlands	ING and Bunq	<b>Bitfinex</b> (moved its seat to CH) has an ING account
Germany	Some small banks: Fidor and VPE Bank	Commerzbank & Deutsche have shut their doors
Switzerland	<b>Falcon Bank accepts wealth originating from Crypto;</b> <b>Swissquote Bank and IG Bank offer Bitcoin trading;</b> <b>Hypothekarbank Lenzburg opens business accounts for crypto businesses</b>	The <b>Swiss Blockchain Taskforce called for more banks to open their doors</b>



## Crypto-friendly banks

Country	Bank	Comments
Estonia		Very conservative in on-boarding cryptocurrency companies
France		France's Central Bank wants to prevent financial institutions from taking part in crypto-assets
UK		British banks are shunning crypto companies



# Thanks!

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