

Regulatory Environment



Centre For Digital Trust (C4DT) @ EPFL

How to build Trust in Decentralized Finance ?

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**Regulation, enforcement
and accountability — are
they actually compatible
with a decentralized world ?**

FINMA

- Financial regulatory authority

MLL Legal

- Crypto law firm

Sygnum Bank

- Licensed bank

Taurus

- Regulated Exchange

TRM Labs

- Digital Asset Risk & Compliance

Regulatory arbitrage has hitherto been a game that the DeFi space has exploited. At what point will G20 level coordination result in a level playing field ?

The decentralised nature of DeFi platforms & teams presents unique challenges for regulation. Has FINMA found it easy to establish productive communication channels with teams from major DeFi protocols ?

What roles do you see for crypto foundations (L1 & L2) to play in establishing a coherent, coordinated and responsible self-regulatory framework ?

The DeFi transaction space is currently relatively transparent, however with the rollout of zero knowledge cryptography it is going to get increasingly dark. How will this impact the business model of entities such as TRM Labs ?

Can you outline the operational friction points for Sygnum Bank to establish an operational risk management environment in compliance with it's FINMA banking license ?

Can you detail the set of strategic relationships essential to the establishment of Taurus-DX (regulated marketplace to trade any digital asset).

In a decentralised world, who should be responsible for enforcing regulations and ensuring accountability — the users themselves, the developers of the decentralized system, the operators, or centralized authorities ?

How should we approach the question of liability in decentralised systems? Who is responsible when something goes wrong (protocol or custody failure), and how can we ensure that victims are compensated ?

2 trends in DeFi space are minting of stable-coins backed by real world assets and the tokenisation of securities (equity, bonds, real-estate). Systemic entanglement risks are thereby amplified. What are your thoughts upon mitigating such entanglement risks ?

What do you think that the next generation of DeFi, i.e. DeFi v2, will include and will not include ?

Does the manner that investing in DeFi is promoted alone justify the need for regulation ?

DeFi systems have proven useful in respect of minting, trading & settlement of digital assets in the form of fungible & non-fungible tokens. However they have not proved themselves in the context of financial contract issuance & lifecycle management ? In the absence of information & algorithmic standards is it even possible to regulate such a DeFi environment in which financial contracts (long term) are also being serviced ?

Is it fair to hold taxpayers accountable for tracking their transactions on DEXs as there are so many different kinds of transactions that are not so easily trackable ?

Transaction types: staking, lending and borrowing, spot and leverage trading, gas fees, blockchain to blockchain transactions.

Recently startups have toyed with the idea of KYC Tornado Cash. How would this be in any way superior to a bank ? Is there a general argument to be made that KYC DeFi is always inferior to CeFi equivalents ?

The crypto world's attention is captured by the recent and ongoing congressional hearing, with Gary Gensler and the SEC defending the refusal to give definitive guidance or regulation within crypto. This begs several questions, not least of which is: Whether and how the industry would change in hostile, benign, or the currently unclear state of regulatory conditions ?

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