

Regulation of Cryptocurrencies Overview

by

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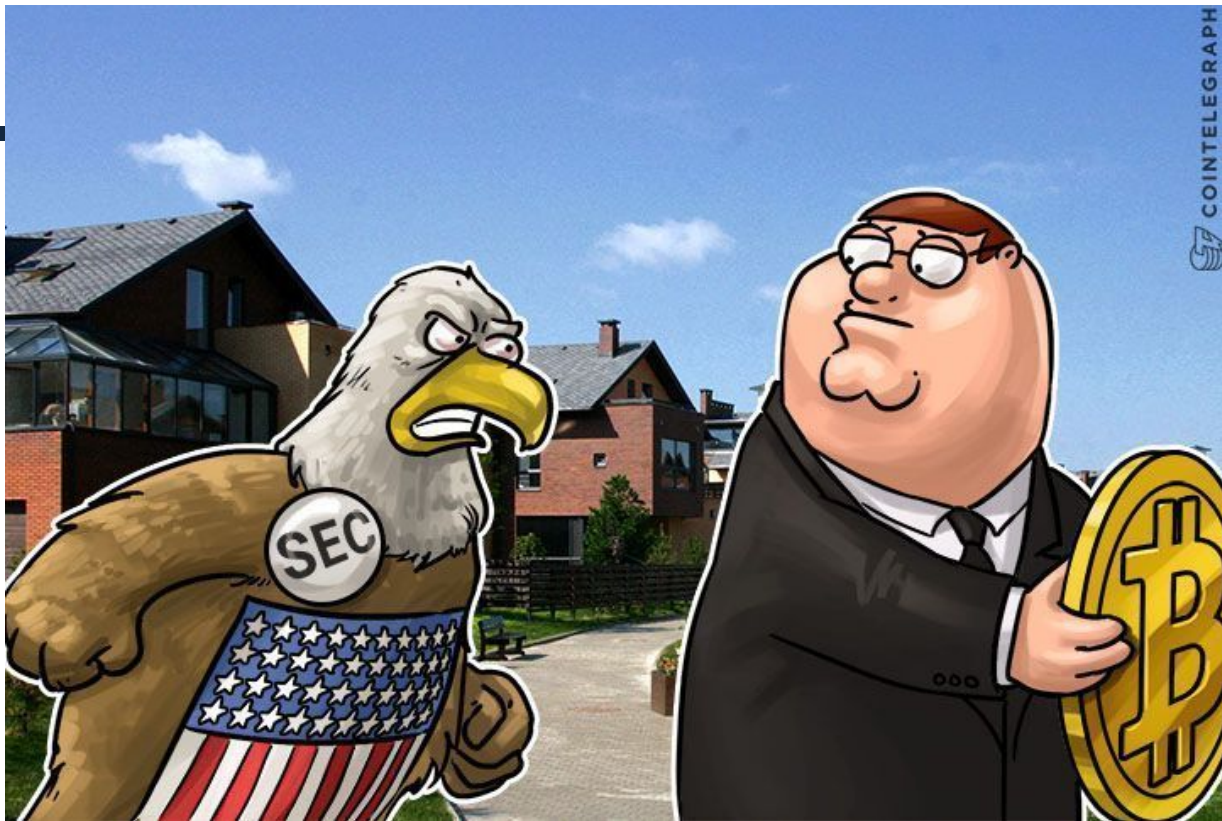
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United States

Who Controls Crypto's in the US

- The Commodity Futures Trading Commission defined them as a commodity in 2014 and claims jurisdiction on them
- The IRS has deemed them taxable and taxes them in the same way that they tax capital gains from stocks
- The SEC claims that they are unregistered securities and therefore technically violate the law
- The government hasn't really cracked down on them and mostly intervene to prevent money laundering





What this means

This means that you as well as your money are not well protected

If your money is stolen by a hack or by shady dealings on an exchange it is hard to get your money back

Most of the responsibility comes down to whether the exchange is willing to give you your money back

A federal judge in Florida did order an exchange called Cryptsy to compensate people who had their money stolen, but you can't necessarily count on this



Stopping crashes

Cryptos are very volatile with daily changes of 10%+ being regular

Since cryptos are decentralized and not regulated there is nothing in place to stop huge overnight crashes such as Bitconnect

Stocks have trading curbs and circuit breakers to prevent this



Banks

Since there is not much precedent, Banks are allowed to do essentially whatever they want in regards to exchanges

Some of them, including Wells fargo, have decided that they will not do a wire transfer of your money to some or all exchanges



Is this good or bad?

That's kind of complicated

More government regulation means more security of your money, meaning you could invest more confidently and without having to worry about huge price spikes and drops

But it could stunt the growth of blockchain startups who would not have to deal with a lot more regulations and government oversight



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South Korea

Financial Services Commission

South Korea's FSC has started to pay more attention to Cryptos and created a special department that will run for two years and begin to put regulations on cryptos

They have started to work with China on different initiatives which could be bad for South Korean Bitcoin miners and investors

However South Korea has tax benefits to incentivize investment and Cryptos could be added to that program

South Korea wants to put measures in place to verify accounts on exchanges to prevent money laundering



Goals of South Korean government

Ensure foreigners cannot use South Korean exchanges

People cannot create accounts in other people's names

Money cannot be laundered through cryptos

Stop foreigners from being able to do arbitrage using the “kimchi premium”

To create a system where exchanges are treated as banks, so your assets can be monitored and protected



China



Discourages Bitcoin mining firms

China to Crypto Miners: Time to Make an “Orderly Exit”

Chinese mining operators were told that they needed to have a plan to cease operations by Jan. 10.







They still like blockchain though...

One-billion dollar investment from Huobi, a Singapore-based Cryptocurrency exchange company into a “Creative Blockchain Lab,” alongside Chinese government



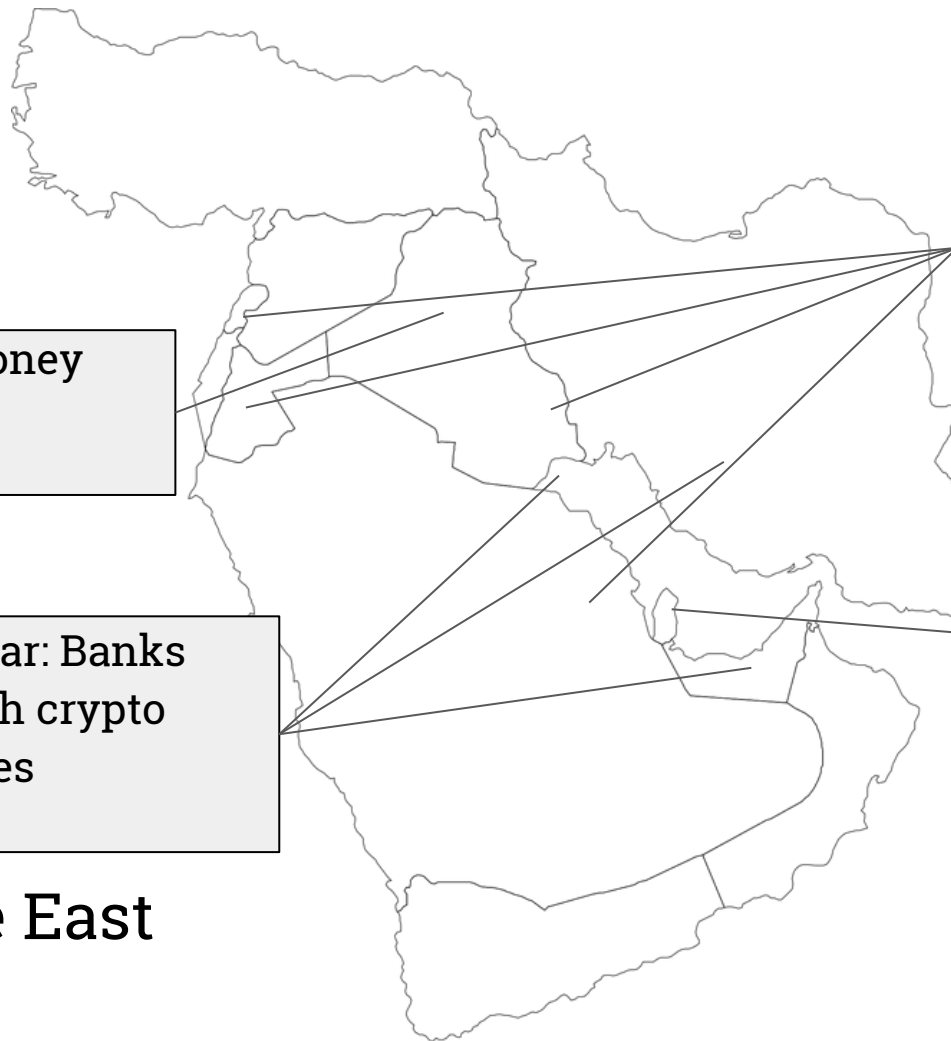
<https://ethereumworldnews.com/china-crypto-ban-successful/>

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Other Countries

As the popularity of cryptocurrencies spreads to around the globe, countries have been forced to take a stance on them





Iraq: treated as money
laundering

Bahrain, Jordan,
Lebanon, Saudi
Arabia,

Warned citizens
against it

Iran, Kuwait, Qatar: Banks
cannot deal with crypto
exchanges

United Arab
Emirates:

Illegal

The Middle East

Outside of the Middle East

Countries that have warned their citizens about cryptos:

Egypt, Ghana, Kenya, Lesotho, Mozambique, Namibia, South Africa, Swaziland, Uganda, Zambia, Zimbabwe, Australia, Indonesia, Malaysia, Taiwan, Brazil (and pretty much every other country not specifically mentioned)

Countries where it is illegal:

Morocco (you will be fined), Nepal, Bangladesh, Vietnam, Bolivia

Countries where you cannot deal with exchanges:

India, Thailand



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