Committee: Economics and Finance Committee (ECOFIN)

Topic: The Question of Regulations of Cryptocurrencies

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Summary

Cryptocurrencies are the latest big leap in the IT monetary space. With people become millionaires in the space of weeks just by investing early in a certain cryptocurrency. So, what are cryptocurrencies? Cryptocurrency is a form of payment that can be exchanged online for goods and services. Many companies have issued their own currencies, often called tokens, and these can be traded specifically for the good or service that the company provides. Think of them as you would arcade tokens or casino chips. You'll need to exchange real currency for the cryptocurrency to access the good or service.

Blockchain is something that is extraordinarily important to understand about the recording and ledging of cryptocurrencies. Blockchain is a decentralized technology spread across many computers that manages and records transactions. A blockchain is a public digital ledger of transactions that records information in a way that makes it difficult to hack or alter. The technology allows a secure way for individuals to deal directly with each other, without an intermediary like a government, bank or other third party. The growing list of records, called blocks, is linked together using cryptography. Each transaction is independently verified by peer-to-peer computer networks, time-stamped and added to a growing chain of data. Once recorded, the data cannot be altered.

Using the Bitcoin system as an example, here's how blockchain — also known as distributed ledger technology — works:

1. The purchase and sale of bitcoin is entered and transmitted to a network of powerful computers, known as nodes.
2. This network of thousands of nodes around the world vie to confirm the transaction using computer algorithms. This is known as bitcoin mining. The miner who first successfully completes a new block is rewarded with bitcoin for their work. These rewards are paid for by network fees, which are passed on to the buyer and seller. The fees can rise or fall depending on the volume of transactions.
3. After the purchase is cryptographically confirmed, the sale is added to a block on the distributed ledger. The majority of the network must then confirm the sale, in a process known as "proof of work."
4. The block is permanently chained to all previous blocks of bitcoin transactions, using a cryptographic fingerprint known as a hash, and the sale is complete.

The concept of blockchain technology first appeared in academic papers dating back to 1982, in a dissertation discussing "the design of a distributed computer system that can be established, maintained, and trusted by mutually suspicious groups." But it was a 2008 paper by the pseudonymous Satoshi Nakamoto titled "Bitcoin: A Peer-to-Peer Electronic Cash System" that brought an academic theory into real-world use.

As of January 2021, over 4000 cryptocurrencies have been created. This is an astounding number when compared to the amount of FOREX currencies in the world today.

Why do cryptocurrencies need regulation in the modern day or adversely why should crypto remain a decentralised unregulated grey financial area?

Cryptocurrencies have been a way for people to earn money and pay for goods and services in the modern day for years, but it is only now that they are really coming into fruition. Many countries around the world are making cryptos such as bitcoin and other cryptocurrencies legal tender in stores. It is only now that people have begun to wonder if we may need to start to regulate these cryptocurrencies.

Many countries are trying to put regulation in relation to cryptocurrencies but there has been major backlash from the crypto finance communities.

Definition of Key Terms

Address: Cryptocurrency coins are identified on the blockchain by unique addresses. You can think about the blockchain as a GPS and your cryptocurrency address as its targeted mailing address. Without an address, no coin is stored; the blockchain can't confirm nor verify its existence. So, without a proper wallet address, you can't own a coin. Every time a transaction is confirmed, the value of your wallet is updated based on your address. Addresses may appear in different formats depending on the currency, but most look something like this: 17VZNX1SN5NtKa8UQFxwQbFeFc3iqRYhem

Decentralised applications (Dapps): These are open-source applications built on a blockchain intended for real-world use. Ethereum is considered the mother of dApps. Ethereum was founded on the idea of enabling developers to create new applications on top of their blockchain.

Decentralized finance (DeFi): DeFi is a blanket term for decentralized alternatives to traditional (centralized) finance. DeFi includes banking, money management, payment processing, insurance, etc. DeFi products and services enable democratized access to a historically exclusive industry. Start paying attention, and you'll see this term thrown around on Twitter. You should probably know what it stands for.

Distributed Ledger Technology (DLT): DLT's operate on a similar concept behind public ledger, that place you go to view all transactions made on a blockchain. DLT refers to a distributed ledger, another term for blockchain technology. When you see DLT, think blockchain.

Gas: When you make a transaction on the blockchain, you must pay a fee. That fee is called a gas price. You are basically paying a miner to go out and receive crypto for you. You can choose to pay higher fees for faster transaction speeds, or lower fees for slower transaction fees. Gas prices are one of the biggest challenges facing cryptocurrency markets. If we find a better way to drive down energy costs for transactions, crypto will become more ubiquitous.

Initial Coin Offering: Comparable to the traditional Initial Public Offering (IPO), an ICO is a new method for projects and start-ups to secure funding. Pretty much anyone can participate in an ICO. More importantly, it's about finding the right fit for investors and founders.

Mining: Mining is the process of verifying new transactions on a blockchain. When someone donates computer power to a miner to complete an encryption challenge, that donor is then awarded crypto.

Background Information

The first ever Cryptocurrency was Bitcoin (BTC) it was founded by a programmer or group of programmers under the pseudonym Satoshi Nakamoto. Bitcoin was created alongside a five-hundred-word essay from Nakamoto suggested their anger at the current institutional banks in operation. They said “The root problem with conventional currencies is all the trust that’s required to make it work. The central bank must be trusted not to debase the currency, but the history of fiat currencies is full of breaches of that trust.”

Major Countries and Organizations Involved

Due to Cryptocurrencies’ decentralised nature, it means that this is both nobody and everybody’s issue. Countries like China have put in massive blocks on the use of all cryptocurrencies. Cryptocurrency-related activities have received little tolerance from the Chinese government. Initial coin offerings (ICO) were banned in China in September 2017. Exchange platforms that traded cryptocurrencies or provided facilitation services were also ordered to be closed following the crackdown on ICO. Many exchanges chose to relocate to jurisdictions that are more favourable to cryptocurrencies than China. However, due to the long-arm jurisdiction of the Chinese criminal laws, organizers and promoters of overseas ICO and exchanges may not be free from the jurisdiction of Chinese criminal laws, if those persons are Chinese citizens or if Chinese investors invested in overseas ICO or traded cryptocurrencies on overseas exchanges. But China is far from being the only country to zero in on digital coins. With the financial crisis of 2007–2008 still fresh in memory, state regulators and central banks are increasingly wary of the blockchain bonanza. They fear that the digital-only money could turn out to be an overblown bubble, ready to burst and send shockwaves throughout the “real” economy.

Most countries do not go as far as China and instead try to rein in the largely unregulated cryptocurrency market by incorporating it in their financial and banking system and applying the associated rules and laws.

A few years ago, the Fed and the European Union central bank began accepting cryptocurrencies as virtual currencies. More recently, the Islamic Republic of Iran started preparing the use of cryptocurrencies as one of its legal payment methods. Ukraine introduced a legislation that proposes to tax the gains from “mining” and trading of cryptocurrencies. The Russian Federation is expected to regulate its market next year.

This variety of approaches to cryptocurrencies reflects the ongoing debate on the very fundamentals of the phenomenon. Legislators and market watchdogs are struggling to classify cryptocurrencies, which elude classic, pre-Internet definitions. Opposing factions fail to agree on how to regulate cryptocurrencies and even on whether to regulate them at all.

Even if consensus is finally reached, regulating the decentralized cryptocurrencies will be fraught with difficulties. China’s recent ban is a blatant case in point. Faced with the September blockade, online businesses simply registered elsewhere and continued with their trade.

Within a month of the collapse, cryptocurrencies made up their losses and continued their spectacular growth as if nothing happened.

Decentralized and autonomous, cryptocurrencies are governed by the users' consensus over a set of rules. They are independent from political influence and actions of monetary authorities. This also means, that in case of cryptocurrencies' non-compliance with a country's laws or regulations, there will be no institution to hold accountable.

Yet, despite these challenges, countries have serious reasons for trying to regulate the cryptocurrency market: shielding the economy from another burst bubble, protecting their citizens from uninformed decisions that could cost them their savings and making it difficult for money launderers to move cash across borders.

The very nature of cryptocurrencies makes them a likely candidate for the next financial bubble. "Traditional" assets, such as stocks, bonds, real estate, commodities or other currencies, are underpinned by real-life factors, such as the economic performance of a company or a country, housing situation or the availability of a natural resource. Although the value of these assets is also occasionally inflated, the risk of becoming a financial bubble becomes much greater without such anchors in reality.

Cryptocurrencies have no physical grounding, and their price is determined largely by the demand. This means they are worth only as much as users are prepared to pay for them at any given moment, making them highly susceptible to volatility and sudden price changes. For example, earlier this month, bitcoin posted a sudden dip of 29 per cent, losing $38 billion in a matter of days. Certainly not an investment for the faint of heart.

United States

Cryptocurrencies: Not considered legal tender

Cryptocurrency exchanges: Legal, regulation varies by state

While it is difficult to find a consistent legal approach at state level, the US continues to make progress in developing federal-level cryptocurrency legislation. The Financial Crimes Enforcement Network (FinCEN) does not consider cryptocurrencies to be legal tender but considers cryptocurrency exchanges to be money transmitters on the basis that cryptocurrency tokens are "other value that substitutes for currency." The Internal Revenue Service (IRS) does not consider cryptocurrency to be legal tender but defines it as "a digital representation of value that functions as a medium of exchange, a unit of account, and/or a store of value" and has issued tax guidance accordingly.

Exchanges

Cryptocurrency exchanges are legal in the United States and fall under the regulatory scope of the Bank Secrecy Act (BSA). In practice, this means that cryptocurrency exchange service providers must obtain the requisite license from FINCEN, implement an AML/CFT and Sanctions program, maintain appropriate records, and submit reports to the authorities. Meanwhile, the US Securities and Exchange Commission (SEC) has indicated that it considers cryptocurrencies to be securities, and applies securities laws to digital wallets comprehensively in an approach that will affect both exchanges and investors alike. By contrast, The Commodities Futures Trading Commission (CFTC) has adopted a friendlier, "do no harm" approach, recognising Bitcoin and Ethereum as commodities and allowing other virtual and cryptocurrency derivatives to trade publicly on exchanges that it regulates or supervises.

Future Regulation

The US Treasury has emphasized an urgent need for crypto regulations to combat global and domestic criminal activities. In 2018, Treasury Secretary Steve Mnuchin announced a new FSOC working group to explore the increasingly crowded cryptocurrency marketplace and in December 2020, FinCEN proposed a new data collection requirement for persons responsible for managing cryptocurrency exchanges, digital assets, DTLs, and crypto payments and on certain private digital wallets. If implemented, the regulation would also require exchanges to submit suspicious activity reports (SAR/CTR) for transactions (over the current threshold of $10,000) and require non-registered financial institutions or MSB wallet owners to identify themselves when sending $3,000 or more in a single or series of linked transactions.

Japan

Cryptocurrencies: Legal, treated as property

Cryptocurrency Exchanges: Legal, must register with the Financial Services Agency

Japan currently has the world's most progressive regulatory climate for cryptocurrencies and recognizes Bitcoin and other digital currencies as legal property under the Payment Services Act (PSA). Following those regulations, crypto exchanges in Japan are required to be registered and comply with traditional AML/CFT obligations. Japan is the world's biggest market for Bitcoin and, in December 2017, the National Tax Agency ruled that gains on cryptocurrencies should be categorized as 'miscellaneous income' and investors taxed accordingly.

Recent regulations include amendments to the PSA and to the Financial Instruments and Exchange Act (FIEA), which took effect in May 2020. The amendments introduce the term "crypto-asset" (instead of "virtual currency"), place greater restrictions on managing users' virtual money, and more tightly regulate crypto derivatives trading. Under the new rules, cryptocurrency custody service providers (that do not sell or purchase crypto assets) fall under the scope of the PSA while cryptocurrency derivatives businesses fall under the scope of the FIEA.

Exchanges

Cryptocurrency exchange regulations in Japan are similarly progressive. Under the PSA, only businesses with a competent local Financial Bureau are allowed to operate as a cryptocurrency exchange, however, in keeping with Japan's progressive stance, foreign cryptocurrency exchanges are permitted to register where they can demonstrate an equivalent registration standard in their host country.

While exchanges are legal in Japan, after a series of high profile hacks, including the notorious Coincheck heist of $530 million in digital currency, crypto regulations have become an urgent national concern. Japan's Financial Services Agency (FSA) has stepped up efforts to regulate trading and exchanges: amendments to the PSA require cryptocurrency exchanges to register with the FSA in order to operate – a process which can take up to six months and which imposes stricter requirements around both cybersecurity and AML/CFT.

Future Regulations

Japan remains a friendly environment for cryptocurrencies, but growing AML concerns are drawing the FSA's attention towards further regulatory steps. Following talks between exchanges and the FSA, an agreement to form two self-regulatory bodies – the Japanese Virtual Currency Exchange Association (JVCEA) and the Japan STO Association – was put in place in April 2020. Japan is the first country to take this self-regulatory step: all exchanges are members of the JVCEA while 5 major Japanese financial institutions collaborated to establish the Japan STO Association. The JVCEA and the STO Association work to provide advice to as-yet unlicensed exchanges and promote regulatory compliance: both promise to play a significant ongoing role in establishing crypto industry best practices and ensuring compliance with the recently implemented regulations

China

Cryptocurrencies: Not legal tender

Cryptocurrency exchanges: Illegal

The People's Bank of China (PBOC) banned financial institutions from handling Bitcoin transactions in 2013 and went further by banning ICOs and domestic cryptocurrency exchanges in 2017. In justifying the ban, PBOC described ICO financing (that raises virtual currencies like Bitcoin or Ethereum via the irregular sale and circulation of tokens) as public financing without approval which is illegal under Chinese law. Unsurprisingly, China does not consider cryptocurrencies to be legal tender and the country has a global reputation for strict currency control regulations on the majority of foreign currencies, including cryptocurrencies. Under a 2020 amendment to China's Civil Code, the government ruled that state-approved cryptocurrencies had the status of property for the purposes of determining inheritances.

Exchanges

Although domestic cryptocurrency exchanges are under a blanket ban in China, workarounds are possible using foreign platforms and websites (the majority of which are not regulated by China). Despite the near-comprehensive prohibition on crypto trading and related services, the law in China currently still permits crypto mining activities: while a ban on mining had been considered, in 2019 the government reconfirmed that it would remain legal but would be increasingly subject to global geopolitical sanctions and export control implications.

Future Regulations

There's no indication that China intends to lift or loosen its ban on cryptocurrencies anytime soon, but recent developments suggest that the government intends to position the country as a leader in the crypto space. Those developments include statements by Chinese government officials endorsing blockchain technology, the extensive trial and testing of the central bank's digital currency (the digital yuan), a joint venture with SWIFT (the international payment and cross-border payment gateway), and the continued status of crypto mining within China. While a timeline is still undefined, China's central bank has been working on introducing an official digital currency since 2012, with efforts accelerating after Facebook's announcement of its plans to

introduce its own currency, Diem (formerly Libra). To this end, in late 2020, the Chinese government drafted a law that conferred legal status on PBOC's digital Yuan: the legislation is expected to result in the demise of the fiat currency, and the introduction of bespoke currency controls covering exchanges and currency fungibility.

According to a report published by the Institute of International Finance, the Chinese government has also expressed support for the implementation of a global regulatory framework for cryptocurrencies.

UK

Cryptocurrencies: Not legal tender

Cryptocurrency exchanges: Legal, registration requirements with FCA

The United Kingdom's approach to cryptocurrency regulations has been measured but has matured in the post-Brexit financial landscape. Although the UK confirmed in 2020 that crypto assets are property, it has no specific cryptocurrency laws and cryptocurrencies are not considered legal tender.

According to the Bank of England, since cryptocurrencies lack classical definitional characteristics, they are not considered 'money' and do not pose a systemic risk to the stability of the banking ecosystem. However, because the legal consequences, regulations, and status of crypto assets and currencies can change depending on their nature, type, and usage, the FCA and the Bank of England have issued a range of warnings and guidance about their use. Those warnings concern the absence of regulatory and monetary protection, the status of cryptocurrencies as stores of value, and on the dangers of speculative trading and volatility.

The regulatory uncertainty associated with cryptocurrencies, prompted the UK government to create a dedicated task force in 2018. The taskforce defined three types of cryptocurrencies and three ways in which crypto assets are used – before setting out a requirement for additional AML/CFT and taxation considerations. HMRC has issued a brief on the tax treatment of cryptocurrencies, stating that their "unique identity" means they can't be compared to conventional investments or payments, and that their "taxability" depends on the activities and parties involved. Gains or losses on cryptocurrencies are subject to capital gains tax.

Exchanges

Exchanges have registration requirements in the UK. Although it left the EU in 2020, the UK previously transposed the cryptocurrency regulation requirements set out in 5AMLD and 6AMLD into domestic law. From 10 January 2021, all UK crypto asset firms (including recognized cryptocurrency exchanges, advisers, investment managers, and professionals) that have a presence or market product in the UK, or that provide services to UK resident clients, must register with the Financial Conduct Authority (FCA). Critically, these groups must comply with AML/CFT reporting and customer protection obligations. FCA guidance stresses that entities engaging in activities involving crypto assets must also comply with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLRs). Amendments to those regulations came into force in January 2020 and incorporate the latest FATF guidelines.

Future Regulations

After leaving the EU in 2020, it is likely that the UK's cryptocurrency regulations will remain largely consistent with the bloc in the short term, implementing directives equivalent to the EU's Markets in Crypto-assets (MiCA) and E-Money proposals, along with various Payment directives.

In the future, however, it is likely that the UK will diverge from the EU's crypto-regulatory landscape to some degree. Currently, there is no specific UK crypto legislation on the horizon but HM Treasury guidance, issued via the UK Crypto Asset Task Force in January 2021, emphasized the UK's intention to consult on bringing certain cryptocurrencies under the scope of 'financial promotions regulation' and to continue to consider a 'broader regulatory approach' to crypto assets.

The EU

Cryptocurrencies: Legal, Euro-backed member-states may be restricted on introducing their own cryptocurrencies.

Cryptocurrency exchanges: Regulations may vary by member-state, and by compliance with the European Banking Authority (EBA), European Commission (EC), European Central Bank (ECB), European Insurance & Pension (EIOPA), European Supervisory Authority for Securities (ESMA).

Cryptocurrencies are broadly considered legal across the European Union, but cryptocurrency exchange regulations depend on individual member states. Cryptocurrency taxation also varies but many member-states charge capital gains tax on cryptocurrency-derived profits at rates of 0-50%. In 2015, the Court of Justice of the European Union ruled that exchanges of traditional currency for crypto or virtual currency (and vice versa) constitute supply of services but should be exempt from VAT.

In January 2020, the EU's Fifth Anti-Money Laundering Directive (5AMLD) came into effect. 5AMLD brings cryptocurrency-fiat currency exchanges under the scope of EU anti-money laundering legislation, requiring exchanges to perform KYC/CDD on customers and to fulfil standard reporting requirements. In December 2020, 6AMLD came into effect: the directive made cryptocurrency compliance more stringent by adding cybercrime to the list of money laundering predicate offences.

Exchanges

In the EU, cryptocurrencies and crypto assets are classified as qualified financial instruments (QFI's). EU laws do not prohibit banks, credit, or investment firms from holding, gaining an exposure to, or offering services in, crypto assets or cryptocurrencies. Exchanges that deal in QFi's are regulated at a regional level and firms can simply rely upon their existing QFi licences in order to provide cryptocurrency-related products and services. Firms must, however, comply with an extensive range of EU legislation and rules including AML/CTF, CRD/CRR, EMD2, MiFID II, PSD2, compensation, margin, deposit, and sanctions obligations.

In certain EU member states, exchanges have registration requirements with their respective regulators such as Germany's Financial Supervisory Authority (BaFin), France's Autorité des Marchés Financiers (AMF), or Italy's Ministry of Finance. Authorizations and licenses granted by these regulators can then "passport" exchanges, allowing them to operate under a single regime across the entire bloc.

Future Regulations

The EU is actively exploring further cryptocurrency regulations. An EU draft document expressed concerns about the risks associated with private digital currencies and confirmed that the European Central Bank is considering the possibility of issuing its own digital currency. The EBA is concurrently promoting the adoption of a Single AML/CFT Rule Book which member states would be obliged to follow without exception.

In January 2020, the European Commission announced a public consultation initiative, seeking guidance on where and how crypto assets fit into the EU's existing regulatory framework. The Commission followed up in September 2020 with a new proposal known as the Markets in Crypto-Assets Regulation (MiCA). The proposal sets out draft regulatory measures for cryptocurrencies including the introduction of a new licensing system for crypto-asset issuers, industry conduct rules, and new consumer protections.

Latin America

Cryptocurrencies: Laws vary by country

Cryptocurrency exchanges: Sparse regulation, laws vary by country

In Latin America, cryptocurrency regulations run the legislative spectrum. Those countries with harsher regulations include Bolivia which has comprehensively banned cryptocurrencies and exchanges, and Ecuador which has issued warnings on the use, investment, and circulation of all cryptocurrencies apart from the government-issued "SDE" token (a form of e-money pegged to the USD). By contrast, in Mexico, Argentina, Brazil, Venezuela and Chile, cryptocurrencies are commonly accepted as payment by retail outlets and merchants. For tax purposes, cryptocurrencies are often treated as assets: they are broadly subject to capital gains tax across the region while transactions in Brazil, Argentina, and Chile are also subject to income tax in some contexts.

Exchanges

Cryptocurrency exchange regulations in Latin America vary by country although many jurisdictions have no specific laws governing cryptocurrency trade beyond the scope of existing legislation. The degree of variation reflects the acceptance and licensing requirements needed to operate an exchange or accept cryptocurrencies or digital assets across the region. The lack of regulation combined with high adoption rates has made parts of Latin America an attractive option for businesses looking to capitalize on the interest in virtual currencies.

While there is a broad regional regulatory agreement that cryptocurrencies lack legal tender status, many Latin American countries have developed divergent views.

This disparity has led to friction between and within the region's traditional banking industries and prompted some banks in Chile to close accounts held by cryptocurrency exchanges in late 2018. Subsequent court rulings have offered short-term protection to these exchanges, but it is clear that more definitive guidelines are needed.

In contrast to other Latin American countries, Mexico does, to an extent, regulate cryptocurrency exchanges through the Law to Regulate Financial Technology Companies. The law extends Mexican AML regulations to cryptocurrency services providers by imposing a variety of registration and reporting requirements.

Future Regulations

Many Latin American countries have expressed concern about the effect of cryptocurrencies on financial stability and their associated money laundering and sanctions risks. Beyond issuing official warnings, however, most financial authorities across the region are still developing their positions and have not revealed plans for any significant future cryptocurrency regulations.

However, some exceptions have emerged: Chile, for example, introduced draft cryptocurrency legislation in April 2019 but has offered scant detail on the legislation since – or what it will do if it comes into effect. In 2020, working with crypto exchanges, Colombia introduced a sandbox test environment for cryptocurrencies, before Brazil's Securities Commission and its Central Bank did the same. The respective cryptocurrency sandbox programs are intended to help firms try out their business models while legislation is being drafted.

Timeline of Events

1976–2002	Background research	The key advances in public-key cryptography, proof-of-work systems, etc., are made during this period.
2003–2007	Lull?	(This is the period during which anyone with sufficient knowledge and insight could have invented Bitcoin, but nobody did.)
2008–2010	Early days of Bitcoin	Satoshi Nakamoto's white paper is published, the Bitcoin client is released, and some "firsts" take place, like the first trade for fiat money and first trade for a good. Satoshi Nakamoto is still around during this period.
2011–2012	Continued development	Satoshi Nakamoto disappears, but Bitcoin growth continues. Silk Road, BitPay, and Coinbase all launch during this period.
2013	First crash	The price of one Bitcoin reaches US$1,000 for the first time. Shortly after, the price quickly begins to decline, plummeting to around U$300. It would take more than two years before the price reached $1,000 again.
2014–2016	Temporal stall	In January 2014, Mt.Gox, the world's largest Bitcoin exchange, goes offline, and the owners lose 850,000 Bitcoins This is considered the biggest Bitcoin heist in history. Quickly the Bitcoin price falls below $1,000 around the time, and would struggle below the key level for a few years.[1] 2014 is characterized by mainstream investors discovering their appetite for bitcoin start-ups.
2017	Mainstream popularity	Bitcoin sees a roughly 20-fold rise since the beginning of the year, growing also exponentially in popularity. Throughout 2017, Bitcoin value would grow from US$900 to almost US$20,000.
2018	Bitcoin crash	In January, the Great crypto crash occurs. After an unprecedented boom in 2017, the price of Bitcoin falls by about 65 percent during the month from 6 January to 6 February. In late March, Facebook, Google, and Twitter ban advertisements for initial coin offerings (ICO) and token sales. The price steadily drops all year. By November 15, Bitcoin's market capitalization falls below US$100 billion for the first time since October 2017 and the price of Bitcoin falls to $5,500.
2019	Resurgence	Bitcoin sees a new resurgence in price and volume, rising to around US$10,000. As of the end of 2019, the price of one Bitcoin is of around US$7,250.
2020–2021	New heights	Bitcoin valuation surpasses the 2017 bubble highest value. Increasing institutional adoption is experienced as the first real signs banks, money managers, insurance firms and companies start to embrace fast-growing markets for cryptocurrencies and digital assets.

Relevant UN Treaties and Events

There have been no General Assembly debates in the issues surrounding the regulation of crypto currencies by the United Nations thus far.

Previous Attempts to solve the Issue

Many countries have attempted to “solve” the issue of the regulation of cryptocurrencies, without international treaties it will always be ineffective. The issue of regulation is a global issue and cannot be solved country by country, or even just in the EU, AU (African Union) or the ASEAN (Associations of Southeast Asian Nations). If not tackled globally it will not be effective and companies will just move to greener fields.

Possible Solutions

There are many possible solutions the Issue at hand. Many of which would cause international uproar from the cryptocurrency community.

If cryptocurrency regulation is to be done correctly it must be done by an international monetary organisation such as the IMF or the World Bank. And it also must not infringe on the decentralised nature of cryptocurrencies. The whole reason people have flocked to crypto is the fact that it is not controlled by and government or bank, cryptocurrency is also finite. One cannot just mint more to keep up with demand.

There is also the possibility of allowing each country to choose their own way to regulate cryptocurrencies. This would allow each country to choose their own laws and would allow them to hold their national sovereignty, and with this companies would still hold their autonomy to choose a market in which to set up and run their business from. Currently countries like Switzerland with their low capital gains tax have lots of large cryptocurrency trading companies this is because currently there is no international, EU, or EEA treaty or law stating that countries must regulate the flow, mining and trading or cryptocurrency.

Bibliography

https://one37pm.com – great website with just general information on cryptocurrencies if you are new to the concept of crypto and would just like to be read up on the topic.

There are many reports on the UN.org website in relation to crypto currencies.

https://www.nerdwallet.com have very good information on the general basis of cryptocurrencies. Think of it has a more advanced one37pm

https://www.complyadvantage.com is the be all and end all of great cryptocurrency information, it is far more in depth than any other website listed above and is where to go if you plan on writhing a resolution on the topic of cryptocurrency regulation comply advantage is the best place to go for information on the topic.

https://www.mondaq.com have information relating to regulation of cryptocurrency in China but not much on general regulation or global scale regulation.

China: Regulation Of Crypto Currency In China. Written by: Shen Wenhao, partner in the JunZeJun law offices in Beijing. Dated: 12th of June 2020.

- This article provides great contextualisation to the issues of regulation of crypto in China up to June 2020.
- This article goes very in depth into the legal grounding that the PBOC (Peoples Back Of China) have on blocking trade and use of these currencies.

Blockchain & Cryptocurrency regulation 2021 Third Edition. Contributing Editor: Josias N. Dewey. Published by: Global Legal Group.

- Massive research paper on the utilisation and frameworks of these currencies.
- Lots of quantitative and qualitative data presented by the authors and allows the reader to draw conclusions surrounding the issue of crypto regulation.

https://www.weforum.org/agenda/2021/09/meeting-the-crypto-regulatory-challenge/ this article presents some brilliant ideas on how regulation could be done and is a great was to understand and contextualise the primary issue at hand and allows for further thought on the question and creates a bassline that can be worked off.

- Personally I think that the World Economic Forum has great documents and articles on crypto currencies and is my go to for the ECOFIN committee, and is the best place for finding information for a resolution.
- https://www.weforum.org/search?query=crypto+currency+regulation this link will take you to a search for articles on the WEF website about Cryptocurrency regulation. All of the articles will provide solid and reliable information.

Investopedia.com provides up to date information on the current market and what is good and what is bad in terms of current investment, although this is not a great source in relation to the regulation of cryptocurrencies if you wished to us it to provide up to date data on the current crypto market this or coinbase.com are the two best websites to do so on.

The International Financial Law Review provides more in-depth data than Investopedia or coin base but less than the WEF, but I have found that some of the data is more accurate to the date of publication and there is almost always constant revisions of articles on this website. The IFLR website is a great source of information surrounding current regulation of crypto markets in certain countries and I found Winston Ma's article on China's regulations having an impact on global regulations quite thought provoking and is a very interesting read. (when trying to search for other articles the website will ask you to make an account for a free trial. It will not accept a personal email, so use a school one if you don't have a personal one.)