

Article Information

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Blockchain Bites: RBA on CBDC research, IPO accepting crypto

Michael Bacina, Tom Skevington, Louisa Xu, Jade McGlynn and Tudor Filaret of the Piper Alderman Blockchain Group bring you the latest legal, regulatory and project updates in Blockchain and Digital Law.

Promising US Securities Clarity Act consigned to regulatory purgatory

Following the introduction of the [Securities Clarity Act](#) (H.R. 8378) by Congressman Tom Emmer, and an immediate referral to the [House Financial Services Committee](#), HR 8378 has since languished in committee purgatory.

The Bill has an interesting goal of amending America's securities laws to exclude investment contract assets, or in practical terms, most digital tokens, from the definition of security.

More specifically, H.R. 8378, which Rep. Emmer sponsored with support from both Democrat and Republican co-sponsors, would provide regulatory clarity for the launch of an open blockchain network by making contract assets separate and distinct from a securities offering which may be, for example, the initial offering or private sale of those tokens. The bill permits companies that comply with current securities registration requirements or that qualify for an exemption to provide for the distribution of their assets to the public without fear of increased regulatory uncertainty down the road.

Kristin Smith, the Executive Director of the Blockchain Association [said](#) that the bill helps:

“clarify outstanding issues related to when and how securities laws and commodities regulations apply to digital assets ... [and would do] much to clarify the situation and put into law pro-growth policies for the crypto economy.”

Part of the warm reception to the bill has been due to the relative prospects of success for the Bill, particularly in comparison to its precursor Bills, including the [Token Taxonomy Act](#) and the [Token Safe Harbor](#), both of which were significantly broader than H.R. 8378. By remaining fairly technology agnostic, and avoiding addressing fraught technological issues like defining “distributed digital ledger” and “decentralization” concepts, the bill is a significant step forward for blockchain and digital assets in America. However, with the election today and a divided Congress, it may be some time before we see any progress on the bill in the financial services committee.

New technology increases Australia's appetite for privacy law change

Last Friday, the Attorney General's office kick-started its review into whether the *Privacy Act 1988* (Cth) (**Privacy Act**) is fit for the digital age. This drive for change reflects the global push towards consumer data privacy, with the department highlighting that its main concern is to discover their options to “*better empower consumers, protect their data and best serve the Australian economy*”.

In a nutshell, the review will consider whether the emergence of new technologies means Australian privacy law is no longer “fit for purpose”. There a raft of potential changes including those proposed by the Australian Competition and

Consumer Commission's [landmark digital platforms inquiry](#) in July 2019 which recommended an overhaul of Australia's privacy laws to provide greater transparency about the collection and use of consumer data by companies.

RBA ruminates on wholesale CBDC in powerhouse partnership

After surreptitiously admitting that it was experimenting with a wholesale Central Bank Digital Currency (CBDC) on a private Ethereum network in submissions to the [Senate Select Committee on Fintech and Regtech](#) back in February, the Reserve Bank of Australia (RBA) has announced a fully fledged wholesale CBDC research project to move beyond a [proof of concept project](#).

The RBA will be conducting the research project in partnership with the [Commonwealth Bank of Australia](#), [National Australia Bank](#), [Perpetual](#) and [ConsenSys](#). In a description of the project, the RBA confirmed that:

“the project will involve the development of a proof-of-concept (POC) for the issuance of a tokenised form of CBDC that can be used by wholesale market participants for the funding, settlement and repayment of a tokenised syndicated loan on an Ethereum-based DLT platform”

The current timeline for the project provides for completion by the end of 2020, and the publication of a report on the project and its main findings in the first half of 2021. Given the increasing movements towards retail ready CBDCs by other central banks (notably [China](#) and [the Bahamas](#), [the EU](#), [Canada](#), [the USA](#) and the UK) the RBA's move to at least get a proof of concept approved for wholesale settlement is excellent news.

Australia Initial Public Offering accepting digital currency

The first known IPO (**Initial Public Offering**) to accept digital currency has been announced in Australia. Melbourne-based [West Coast Aquaculture](#) group is raising capital on the [Sydney Stock Exchange \(SSX\)](#) a smaller cousin to the dominant Australian Stock Exchange (**ASX**).

As part of the capital raise, West Coast Aquaculture is offering to accept payment in USDT (**Teher**) citing stability and trading velocity as underling the decision rather than accepting Bitcoin or Ethereum tokens.

The CEO of [Stax](#), an equity raising platform which offers digital currency as well as fiat payment options, Kenny Lee, said:

“The acceptance of USDT in an IPO is a transformative move in Australia and a significant step forward for cryptocurrency adoption in general. It paves the way for the future of capital markets down under”

West Coast Aquaculture does not use any blockchain technology in their business, but operates a fish farm in Malaysia. Capital raised in the IPO is cited as being for expansion of that fish farm.

Businesses (including [Piper Alderman](#)) are increasingly offering payment options using digital currency as this technology continues to grow in popularity.