

## Article Information

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# Blockchain Bites: US Federal Reserve releases CBDC insight, Libra's lament? Diem to die? Stablecoins slain? Carpe Diem, NASA: No NFTs right now, please

**Michael Bacina, Luke Misthos and Jordan Markezic of the Piper Alderman Blockchain Group bring you the latest legal, regulatory and project updates in Blockchain and Digital Law.**

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## US Federal Reserve releases CBDC insight

The United States Federal Reserve Bank (**Fed**) has released its insight to a US Central Bank Digital Currency (**CBDC**). [The paper](#) weighs up the positive and negative implications of issuance of a retail a CBDC in the US but doesn't give clear indication of any potential future US policy.

Well known benefits of CBDCs which are outlined in the report include:

- Providing a safe, digital payment option for households and businesses;
- Faster and cheaper payment options both domestically and worldwide;
- Greater access to digital banking for the 7 million US households that remain unbanked;
- Adapting the US financial sector to keep up with an increasingly digitised industry.

While the report does mention potential drawbacks, such as financial stability risks and privacy protection, the Fed considers major questions such as policy requirements, privacy concerns and combatting illicit finance.

The Fed believes there are significant disruptive opportunities to be had by issuing a CBDC, noting one:

could fundamentally change the structure of the U.S. financial system, altering the roles and responsibilities of the private sector and the central bank.

As finance becomes more and more digitised with the increasing issuance of cryptocurrencies and other digital assets, a US CBDC allows for a digital token to be issued by a centralised government entity, as opposed to a private commercial actor.

While the report takes no clear position on policy, it indicates an intention to deeply consider the potential of a US backed CBDC to improve transferability and efficiency of payments. With the Chinese CBDC already in release and [other countries actively developing CBDCs](#) the US and Australia need to get a move-on.

## Libra's lament? Diem to die? Stablecoins slain? Carpe Diem

Meta (formerly Facebook) made serious waves in the mainstream when it [announced a new stablecoin in 2019](#), to be backed by a basket of currencies. The US Government freaked out and hauled in Meta executives for a grilling and showed how much education is still needed in government around digital currencies. Perhaps this was doomed to happen while Facebook itself has come under increasing pressure around spreading and profiting from misinformation.

We have closely followed as the project sought a [payment licence in Switzerland](#), [complained about legacy payment](#)

[systems](#), survived the US government [bullying Stripe, Visa and Mastercard into leaving the consortia](#), with [booking.com](#) leaving shortly afterwards and Mark Zuckerberg [testifying](#) (and being grilled) before the US Congress. Despite media hostility, including a [front page attack by the Australian newspaper](#), Diem (then Libra) continued to [work hard on the project](#), was the [subject of a debate](#) at the Australian Payments Network Summit, [quietly deleted](#) a reference to investment returns for investment tokens, and was used as a measure of when the [Bank of Canada](#) might get involved in stablecoins.

Further changes were made, moving [away from a single token](#) backed by multiple currencies towards jurisdiction specific tokens, with a [simplified whitepaper](#), then a licence application was [finally lodged with Switzerland's FINMA](#). A [CEO](#) and [Chief Legal Officer](#) were appointed, [three new members](#) joined the consortia and the Libra wallet became rebranded to 'Novi'. As 2020 ended, the Financial Stability Board started examining Libra and stablecoins and the [consortia rebranded into 'Diem'](#).

In 2021 Diem [partnered with Silvergate bank](#) to issue a US Dollar stablecoin and moved primary operations from Switzerland to the US. Despite registration with the US Financial Crimes Enforcement Network (FinCEN), the US Fed continued their dim view of the plan and declined to confirm approval of the issuance of such a stablecoin. A partnership between Novi and Paxos was announced but not much was heard from Diem for the latter half of 2021.

Despite Paypal [announcing plans to launch a stablecoin](#), this week reports came in that Diem had [entered into a deal to sell its assets \(organised under Diem Networks US\) to Silvergate Bank for \\$200M](#). If the sale proceeds, Diem will be in a position to return funds to investors and wind down operations.

While no doubt many blockchain skeptics will dance on Diem's grave and declare this the death of stablecoins, the lessons learned from the skilled team and hardworking individuals who strived to make Diem a success will all form part of the ongoing knowledge base building towards retail CBDCs and a decentralised future.

*Carpe diem*, indeed.

### **NASA: No NFTs right now, please**

Shattering the dreams of astronaut cat artists around the world, NASA has updated their [media usage guidelines](#) to request that their imagery not be used or represented in NFTs.

NASA has an extensive and impressive [galleries](#) and [videos](#) of digital imagery, many of which easily become hot collectibles. However, for now, NASA doesn't plan to launch into the NFT space, saying:

NASA makes its imagery and video available for educational and information purposes in accordance with these guidelines. Non-Fungible Tokens (NFTs) are, in essence, digital tokens owned by someone as a "one of a kind" digital asset. NASA does not wish for its images to be used for these purposes.

NASA has long had a careful approval process before becoming involved in film or other commercial deals, but in recent years have considered sponsorship branding of rockets and other launch vehicles (which thankfully didn't go ahead - I'm not sure anyone wants to hear "3-2-1, and the launch of the General Insurance Rocket is a success... you too can be a success and save money with General Insurance"). NASA branded merchandising for individuals however is hot property with [official shirts and other merchandise](#) available. But when it comes to NFTs:

NASA is not approving any merchandising applications involving Non-Fungible Tokens (NFTs), as they are not consistent with the categories of products the Agency is approved to merchandise

Despite this position, others have been offering up [space](#) themed NFTs for collectors, but sadly there won't be an official NASA NFTs in the foreseeable future. This might be a good thing in some ways, as NASA isn't supposed to be engaging in profit making enterprise, and their mission of education and disseminating space knowledge widely might be seen to be contrary to the unique ownership of NFTs (but this would easily be able to be managed by appropriate licensing).