

Article Information

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Service: Blockchain, FinTech

Sector: Financial Services, IT, IT & Telecommunications

Blockchain Bites: Aus Senate Technology Committee 2nd Interim Report, Five US CBDC pilots to take flight, Sotheby's to auction the first NFT

Michael Bacina, Barbara Vrettos and Jade McGlynn of the Piper Alderman Blockchain Group bring you the latest legal, regulatory and project updates in Blockchain and Digital Law.

Blockchain abound in Aus Senate Technology Committee 2nd Interim Report

The Senate Select Committee on Financial Technology and Regulatory Technology, chaired by Senator Andrew Bragg, has published its 2nd interim report [making](#) 23 recommendations to “*lift skills and investment in the fintech sector*”, including two which strongly lobbied for a “*standalone RDTI scheme for software startups*” and “*the potential adaptation of [an affiliate or intermediary model of Consumer Data Rights \(CDR\)](#) [like Britain], which could help Open Banking to take hold in Australia.*”

Afterpay CEO, Anthony Elisen, was [reported](#) encouraging Australia to capitalise on its successful COVID-19 response to get ahead in the “*emerging global war for software engineering talent*” which the RDTI incentive and CDR approach seeks to address.

In an effort to respond to increasing calls for the improvement of tech-policy to boost competition and innovation, the Senate committee also [called for](#):

a review of the global talent visa program, changes to insider trading rules to encourage ASX listings, and [as “a matter of priority”] improved clarity on the legal standing of “smart contracts” running on blockchains.

The advocacy to harness blockchain technology and make Australia a more hospitable place for innovators to set up shop was apparent, with recommendations supporting blockchain including:

1. That the Council of Financial Regulators Cyber Working Group take into account international data standards for blockchain and smart contracts via Standards Australia (Recommendation 14);
2. That the Department of Industry regularly publish information about the National Blockchain Roadmap's implementation and evaluation of that implementation (Recommendation 15);
3. That the Department of Industry “act flexibly and responsibly” to update the National Blockchain Roadmap (Recommendation 16);
4. That National Cabinet consider supporting a blockchain land registry pilot (Recommendation 17);

5. The Australian Government improve clarity on the standing of smart contracts “as a matter of priority” (Recommendation 18);

The committee also sought the digitisation of compliance feeding through to a [“rules as code”](#) innovation hub to enhance compliance. These recommendations demonstrate tangible ways for various facets of government and regulatory bodies to provide clarity for start-ups, consumers and also push for potentially pivotal initiatives.

Digital asset policy are high on the committee’s agenda as “an area that will be of continued focus for the remainder of the committee’s inquiry”. This is the best opportunity the Australian Blockchain community has to help guide Australia’s regulatory landscape and we look forward to receiving the full picture of how the government proposes to help Australia continue to strive to be a [“a successful tech-based](#)

[economy.”](#)

Five US Central Bank Digital Currency pilots to take flight

After the [swell of support](#) emerging from the U.S. for digital asset related projects, the US non profit [Digital Dollar Project](#) has announced the first major move for the US into CBDCs.

The Digital Dollar Project (**DDP**) is an initiative between Accenture and the Digital Dollar Foundation with a [mission to:](#)

launch at least five pilot programs over the next 12 months with interested stakeholders and DDP participants to measure the value of and inform the future design of a U.S. central bank digital currency (CBDC), or “digital dollar.

Former chair of the Commodity Future Trading Commission and co-founder of the Digital Dollar Foundation, Christopher Giancarlo [stated that](#) there was a gap of “*real data and testing in the U.S.*” to inform the CBDC debate.

The DPP will complement the [Federal Reserve’s partnership with MIT for the ‘Fedcoin’](#) but the DPP has taken a divergent approach. While the DPP acknowledges the Fedcoin’s ambitions to move more slowly and ‘get it right’ the first time, there are practical realities that other countries such as China are moving ahead in the CBDC space and in order to incorporate U.S. values such as [“privacy, freedom of commerce and speech”](#) into the development of CBDCs, the U.S. must take a more active role.

Three of the DPP’s pilot programs are set to launch in the next two months and will generate data ranging from sociological aspects to business needs when assessing the desirable aspects of a CBDC. This data is [reportedly](#) due to be publicly released.

With the DPP clearly noting the need for a timely U.S. response to engage in CBDCs it will be interesting to see if this impacts the initial hesitant timelines touted by the Federal Reserve. Australia meanwhile continues to consider CBDCs with innovative work being done by our Reserve Bank but no plans for a pilot of a retail CBDC at this time.

Sotheby’s to auction the first NFT

[Sotheby’s](#) has jumped aboard the NFT auction trend and in its [second auction](#) will offer Quantum, universally regarded as the first NFT ever created (timestamped 05-03-2014 09:27:34).

This comes of the back of Christie’s recent success as [the first major auction house to offer a purely digital work with a unique NFT \(Non-fungible token\)](#).

NFTs are considered one of the groundbreaking artistic technical breakthroughs of this century.

Sotheby’s recently announced second NFT auction, [Natively Digital: A Curated NFT Sale](#), will be held in June. This curated sale is set to present some of the most historically important NFTs to date and a diverse selection of ground breaking artists in the space.

In addition to Quantum, by Kevin McCoy, two other historically significant works have been [announced](#), CryptoPunk #7523, by Larva Labs and The Shell Record, by Anna Ridler.

The remaining works, by ground breaking artists in the space, are set to be announced in coming weeks. We only expect success in this space to continue as NFTs continue to redefine the nature of art and the artist’s place in the world.

With all the excitement around NFTs - and without wishing to be a wet blanket, buyers need to consider exactly what they are getting when they buy a NFT as the rights attributed to them can vary wildly.

Generally when creating or purchasing digital art, the NFT acts as a “print” with copyright remaining in the original. Smart contracts are also often used, where each time the ‘work’ or NFT is sold, royalties are sent to the artist, or only certain rights are sent to the purchaser. As a precaution, these are terms worthwhile being aware of. On the flip side, smart contracts present significant promise to safeguard artists’ copyright in the digital versions of their works and provide ongoing income for a traditionally underpaid sector.