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Blockchain Bites: AU Senate Committee to tackle 'debanking', AU Blockchain Week events live on YouTube, AU Government's "laissez faire" approach to digital currency regulation, Dictionary Publisher auctions NFT of the definition "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.

Australian Senate Committee to tackle FinTech and Blockchain 'debanking'

The issue of 'debanking' is increasing causing practical impediments for many innovative companies and individuals wishing to expand in the digital currency space.

As the use of cash has continued to plummet over COVID-19, the position of payment providers and banks has become even more important. In a digital world, the absence of banking services can completely shut down a business out from a market and deprive customers of more choice. In the third issues paper released by the Senate Select Committee into Australia as a Technology and Financial Centre, the problem of debanking is being tackled.

This paper follows the recently released second issues paper which updated the scope of work for the committee to be finalised in a report in October. Now, in the last phase of its inquiry, the committee will focus on "*removing more barriers to Australian growth as a technology and finance centre*".

A key part of this will be a focus on debanking. The issues paper states that:

> Debanking has been raised as a significant obstacle to the further domestic development of the FinTech sector. The committee will be evaluating the policy framework and the role played by regulators in debanking.

In support, Senator Bragg said:

> we cannot have entities being…shadow banned by financial institutions merely because they pose a competitive threat.

Senator Bragg indicated during the recent Australian Blockchain Week that debanking may be linked to the uncertain regulation of digital currencies which support the Senate's focus on the regulation of digital currencies, and digital assets. It is of course impossible to know as businesses which are debanked are usually never given any more information than the debanking is due to a "commercial decision" or the "risk appetite" of the bank. Senator Bragg has called for attention from the Australian Competition and Consumer Commission saying:

> the ACCC has often declined to act, despite agreeing, in principle, that debanking is a major issue.

Senator Bragg has also highlighted that debanking could be driven by market or policy issues and that APRA may need to explore what isn't working for banks. This push for increased clarification around the policy position governing digital assets may well be a catalyst for change.

Submissions on the third issues paper are **due by 30 June 2021.**

Australian Blockchain Week events live on YouTube

Australian Blockchain Week was a huge success by any metric, and now the events from Day 1 are online for viewing:

1. Blockchain week kick off show
2. Talking Bitcoin – Fireside chat w/ Stephan Livera & Chloe White
3. Episode one – Ethereum Series [LIVE] featuring Anthony Sassano
4. Digital Asset Exchanges 101 – AMA
5. ASIC Perspective – Engagement and Investment with Innovation
6. Central Bank Digital Currencies
7. AUSTRAC – Industry Engagement & Regulation 101
8. Blockchain (in) Education
9. The Role of Innovation & Entrepreneurship in Education

The balance of events will be coming online soon.

Australian Government to support "laissez faire" approach to digital currency regulation

Financial Services Minister Jane Hume, recently told the Stockbrokers and Financial Advisers Association annual conference that the Government rejects calls for undue restrictions on digital asset marketplaces, and she recognises the profound opportunity posed by digital currencies.

Speaking on the Federal Governments plans for a new influx of digital financial platforms, products and advice, reportedly, Hume:

> gave the strongest indication yet of the government's position on regulating digital assets, promising Australians it would not stand in the way of the free market – even for some of the more fringe-dwelling and volatile corners of the burgeoning sector.

The Senator's libertarian approach will be applauded by the growing digital currency industry, with the Federal Government standing behind Australians and their freedom to sensibly choose how to spend their own money, even if that involves speculation, saying:

> *... while it is frustrating for investment professionals to watch, at some point we have to let people make their own decisions ... It's about personal responsibility and common sense*

She continued:

> I would like to make something clear: cryptocurrency is not a fad. It is an asset class that will grow in importance. If you want to invest in Dogecoin, I won't stand in your way. Personal opportunity and personal responsibility are two sides of the same coin.

Unsurprisingly, the opposition criticised the approach, with Labor's MP Stephen Jones, saying:

> *the government was encouraging crypto investors to "swim outside the flags"*

The opposition position is critical of the Federal Governments approach, with the Australian Financial Review quoting unnamed people who continue to perpetuate long debunked myths around digital currencies, with one clearly ill informed individual saying

> Crypto is not an asset class, it is a Ponzi scheme

A Ponzi scheme of course is an arrangement where a scammer takes in funds and returns purported dividends using new incoming investor money. The transparency of digital assets makes it simple to see they aren't a ponzi scheme.

MP Jones continued on a similar tangent, asserting:

> If used for payments and transacting for goods, services and property, unregulated cryptocurrencies could open 'massive loopholes for money-laundering and tax avoidance'

It is of course unfortunate that Mr Jones didn't elaborate on these concerns, given the armies of hard working professionals who have been toiling to ensure AML/CTF risks in digital currency are being managed, as well as clear reporting from Chainalysis showing that digital currency is the worst possible tool for money-laundering or tax avoidance.

We have sent a copy of the Chainalysis report to Mr Jones' office to help him get across this important area, and we can only hope that bipartisanship around this clearly growing and important area of innovation emerges and political point scoring is reduced.

Dictionary Publisher Merriam Websets auctions NFT of the definition "NFT"

Dictionary specialist, Merriam-Webster has announced its plans to go super meta and auction an Non-Fungible Token (NFT) of… the Merriam-Webster dictionary defintion of "NFT."

Using NFT marketplace OpenSea as their sales platform , which claims to be "the word's first & largest NFT marketplace", the publishing company opened auction and sold their NFT, which features a somewhat nostalgic 30s animation.

The definition reads:

> **NFT**
>
> *abbreviation or noun*
>
> **: NON-FUNGIBLE TOKEN** : a unique digital identifier that cannot be copied, substituted, or subdivided, that is recorded in a blockchain, and that is used to certify authenticity and ownership (as of a specific digital asset and specific rights relating to it.

The proceeds of the sale will be donated to children's charity Teach for All , a consortium of 60 organisations who have made if their mission "*to deliver children with the education, support and opportunity they need to fulfill their potential."*

Peter Sokolowski, Merriam-Webster's Editor, promoted this listing as light-hearted fun for a good cause, commenting:

> By auctioning the NFT of our definition of 'NFT,' we're offering people a fun way to own a little bit of Merriam-Webster's thought and meaning.

Nate Chastain, Head of Product at OpenSea, said:

> This project is about establishing NFTs as a medium with lasting value through the permanence of a record in the country's most-trusted dictionary... [w]e're excited that a brand like Merriam-Webster is using NFTs to engage with its audience in new ways.

If you compare Merriam's quirky "NFT" to Oxford University Press and its decision to elect an emoji of the year in 2015 (the much-anticipated winner was the tears of joy emoji for all of those wondering), this fun concept isn't a far cry from the ways other publishing companies have chosen to celebrate language and its evolution.

The demand for NFTs remains highly personalised and that some serious artistic effort is required to drive value in NFTs and that greater marketing to the dictionary loving crowd may be needed before definitions of NFTs become the next hottest investment.