

Article Information

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Blockchain Bites: Aussie blockchain company Civic Ledger recognised by World Economic Forum; Banking for DeFi - the Swiss solution; El Salvador promotes BTC to legal tender

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.

Aussie blockchain company Civic Ledger recognised by World Economic Forum

Brisbane based company Civic Ledger has been recognised as a Technology Pioneer by the World Economic Forum, an international organisation bringing together the worlds “most relevant leaders from all sectors of society”.

With the Forum narrowing its selection to only 100 companies across 26 economies on 6 continents, this prestigious rank was awarded to the company for its effective use of blockchain for social good. Civic Ledger seeks to provide blockchain solutions for government and industry ecosystems to deliver secure and efficient access to shared public resources. This is a sorely needed improvement given the efficiency gains blockchain and distributed ledgers can offer with governments acting as a source of truth in registries.

The abolition of the “data silos” which currently prevent government social services from taking accurate stock of existing public resources is something the company is working closely on. Civic Ledger sees:

an opportunity for governments to create trusted shared information systems for public resources like entitlements, registers, and natural assets

In a recent media release, the World Economic Forum has recognised the company’s work in digitalisation of water rights and credits, helping to smooth a notoriously difficult trading marketplace, seeking to build the water markets of tomorrow: allocation, accounting and market mechanisms tied to time-based activities of local water resources.

According to the World Economic Forum:

Since its beginnings in late 2016, Civic Ledger understood the value proposition of blockchain to build new digital markets for taking accurate stock of shared public resources, especially to help determine the true value of natural assets like water which often suffers from the tragedy of the commons due to unequal access or unsustainable consumption.

CEO and Co-Founder, Katrina Donaghy of Civic Ledger said:

It’s a great privilege to be accepted as pioneer by the World Economic Forum...[i]t is an acknowledgement that our approach to applying blockchain as an enabling technology for creating fair and sustainable ways of producing and distributing value laying the foundations for new markets to emerge.

Through its conferences, the World Economic Forum prides itself on 'bringing together the most relevant leaders from all sectors of global society, and identifying the best ways to address the world's most significant challenges', saying it is "the catalyst for global initiatives, historic shifts, industry breakthroughs, economic ideas and tens of thousands of projects and collaborations".

As Mrs Donaghy further said:

Our whole reason for existing is to look at old problems with new eyes and reimagine solutions that return the best to society, the environment, and the economy and we look forward to openly sharing our ideas with the Forum.

With water an ever precious resource in Australia and around the world, and government systems crying out for greater efficiency and automation, we look forward to Civic Ledger helping to light the path for public servants to better serve their communities.

Banking for DeFi - the Swiss solution

[Sygnum](#), which calls itself the worlds first digital asset bank, has launched a Swiss regulated decentralised finance (**DeFi**) offering. Sygnum has a Swiss banking license and a capital markets services license in Singapore which allows it to offer consumers in those jurisdictions access to institutional grade digital asset custody and regulated trading for a selection of DeFi tokens.

Sygnum's [said](#):

Sygnum Bank ... has launched regulated banking services for leading decentralised finance (DeFi) tokens, Aave, Aragon, Curve, Maker, Synthetix, Uniswap and 1inch Network. Sygnum Bank also adds banking services for the stablecoin, USDC.

This significant expansion of Sygnum's token offering marks the first milestone in Sygnum's ambition to bridge centralised and decentralised finance (DeFi).

The move by a regulated bank into providing increased access to DeFi comes with increasing value in the DeFi space, with an increase from USD 1 Billion last year to [USD 60 Billion this year](#).

Access to banking services while investing directly in DeFi tokens and institutional custody is step one. Sygnum then intends to expand its offering further by offering "[a suite of DeFi yield-generating products and services](#)".

All of these areas have seen serious traction in recent times.

Regulated custodial services are an essential ingredient to protecting consumers and giving institutions greater comfort around digital assets, and are a key factor in approaching regulated financial products which incorporate digital assets. This initial step is likely pivotal in Sygnum's plans to offer a suite of yield generating products.

The contrast of a Swiss Bank being so advanced as to be offering DeFi access is not missed in Australia given the problems digital asset companies regularly face in access to banking in Australia. Australian FinTech businesses have difficulty in accessing reliable banking and as a result the [Senate Select Committee into Australia as a Technology and Financial Centre](#) will be focusing on the issue of de-banking over the next few months.

Access to banking is the backbone of business in a digital world and moves by banks and regulators to clearly signpost digital asset friendly approaches is sorely needed. The [Senate Select Committee into Australia as a Technology and Financial Centre](#) report addressing de-banking will be released in October which will hopefully address the international progress in providing reliable banking and the need for similar certainty in Australia for local FinTech and Blockchain and DeFi development.

Texan State Banks given the green light to custody digital assets

The Texas Department of Banking has [released a notice](#) that "Texas state-chartered banks may provide customers with virtual currency custody services". The notice gives Texas state banks the green light to add custody services to their repertoire as long as they introduce adequate protocols which allow them to offer custody services while operating within

existing legal frameworks.

While the term “virtual currencies” sounds rather vague, the industry announcement affirms that the Texas Department is referring to decentralized blockchain based digital currencies like Bitcoin and Ethereum. It defines virtual currency as “*an electronic representation of value intended to be used as a medium of exchange, unit of account, or store of value*” and continues:

Virtual currencies do not exist in a physical form... they are intangible and exist only on the blockchain or distributed ledger associated with that virtual currency.

How individual state banks choose to operate in harmony with Texan law is up to them, but the Department presents some high-level options concerning how the institutions should consider managing their customers private keys (Private keys are roughly tantamount to passcodes for digital wallets) :

The bank may choose to allow the customer to retain direct control over their own virtual currency and merely store copies of the customer’s private keys associated with that virtual currency.

It continues:

Alternatively, the bank may cause the customer to transfer their virtual currency directly to the control of the bank, creating new private keys that are then held by the bank on behalf of the customer.

One of the greatest barriers to the widespread adoption of digital currency continues to be the complexity of digital wallets and transactions and the lack of convenience and public understanding that follows this complexity. Whichever way a Texan state bank may select to provide a custody service, this decision to open digital currencies to banks secondarily opens the space up to a wider market of people who require the greater confidence and convenience that a bank backed service can provide (like the average person and the elderly). Certainly a positive sign of the Texan general public’s growing acceptance of digital currencies.