

## Article Information

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## **Blockchain Bites: RBA hiring for CBDC, Sotheby NFT Auction Generates USD\$26 Million, Judge Not Cutting Ripple Slack Over Internal Messages, A Vast Step Forward for Crypto Customers**

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

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### **Reserve Bank of Australia hiring for Central Bank Digital Currency**

The Reserve Bank of Australia recently posted a job advertisement for a Central Bank Digital Currency team.

This exciting development comes hot on the heels of the RBA's [submission](#) to the Bragg Inquiry, citing 4 year old research, that "the case for issuing a CBDC for use by households has not been established".

However the RBA has been more upbeat on a CBDC for wholesale market participants to take advantage of:

- Speed, cost and robustness of payments;
- Atomic transactions; and
- Programmable money.

The RBA has also conducted several projects to test out distributed ledger technology for wholesale market participants, involving major players such as the Commonwealth Bank, National Australia Bank and Perpetual in those tests.

The [new job advertisement](#) states:-

We are researching whether there is a case for a CBDC in Australia, and if so, how it might be designed and what benefits and other implications it would have. This work is contributing to one of the RBA's strategic focus areas on supporting the evolution of payments in Australia.

A cross-disciplinary team will be established to conduct this research, with a view to:

- Designing research projects aimed at improving the RBA's understanding of the case for and implications of a CBDC; and
- Considering different technical solutions for an Australian CBDC

Given the supplementary submission made by the RBA to the Bragg Inquiry this would seem to include both retail and

wholesale CBDC opportunities. This exciting employment opportunity is now taking applications, and since there are a wealth of projects [around the world](#) already ahead of Australia in the CBDC race, there will be plenty of material and real world data to research as Australia moves closer to a wholesale or retail CBDC.

### **Going Bananas: Sotheby's Latest NFT Auction Generates USD\$26 Million**

Bored Ape Yacht Club ('BAYC') has teamed up with Sotheby's for a two-lot sale of their Bored Ape Yacht Club non-fungible tokens ('NFT's'), a range of computer-generated monkey and dog themed avatars. The sale was held from September 2 to September 9 and included the 101 'Bored Ape Yacht Club' NFT's as well as 101 'Bored Ape Kennel Club' NFT's.

The Kennel Club NFTs, marketed as pets to the tapes, sold for USD\$1,835,000 while the apes climbed to an eye-watering USD\$24,393,000. The buyer will not only receive six 'mutant serums' to generate new ape NFT's but will also take control of their intellectual property, according to the very brief terms of sale on BAYC's website.

Purchasing gives the owner promised access to exclusive club benefits and offerings. [As we've mentioned](#), NFT's are digitally unique, one of a kind tokens that are not-to-be repeated. The collectable tokens have become a means by which artists and musicians can sell their work while ensuring the digital security offered by blockchain technology.

Sotheby's has been at the forefront of [digital currency exchanges](#) and NFT's, having auctioned the [first ever created NFT earlier this year](#).

Projects like BAYC have grown in popularity this year along with NFTs generally. The computer generated apes showcase distinct features programmed from over 170 possible traits with some being more sought after than others; earlier this week [one NFT sold for 740 Ether \(USD \\$2.9 million\)](#).

Yung Labs, the developers of the BAYC NFT's, recently sold 10,000 Mutant Apes in a single hour (for around 3 Ethereum each) and airdropped a further 10,000 vials of 'mutant serums'. The M1, M2 and Mega mutant serums allow owners to generate new apes by exposing their original work to a vial. This comes after the company sold 10,000 original ape NFT's in April for around USD\$200 each.

Many large businesses have sought to ride the NFT wave [through offerings](#) or even [buying NFT's themselves](#). The secondary market for BAYC NFT's has increased dramatically since the original drop and shows no signs of slowing down.

### **Judge Not Cutting Ripple Slack Over Internal Messages**

In the ongoing lawsuit between Ripple and the Securities and Exchange Commission (SEC), Ripple Labs has been ordered by United States Magistrate Judge Netburn to produce over 1 million Slack messages which they overlooked for earlier production. The Commission believes the messages contain vital company communications which may assist them in determining whether Ripple sold unregistered securities.

The lawsuit, [which has been ongoing since the end of last year](#) has pivoted once again. Earlier this year, Ripple [fired back](#) at the SEC and was granted access to the [regulator's internal communications](#), which may be relevant as Ripple had engaged with the SEC around their XRP sale.

Ripple provided some messages last month but the SEC argued these were incomplete. Ripple denied this claim initially but then conceded there was a data processing mistake that resulted in the company only being able to produce a few messages, and more than 1 million were missing.

Ripple also sought to argue that the cost to retrieve the message (estimated at US\$1M) was unfair and unreasonable but Judge Netburn responded, outlining the importance the messages may have to the case:

*Any burden to Ripple is outweighed by its previous agreement to produce the relevant Slack messages, the relative resources of the parties, and the amount in controversy*

Some key take-aways from the recent developments in this case are:

1. care should be exercised with how company communications are stored, so that they can be produced with as little additional cost as possible; and
2. companies should be aware of their record keeping obligations under the jurisdictions in which they operate.

In particular, companies operating in Australia have record-keeping requirements under the *Corporations Act 2001 (Cth)* (**the Act**) which includes keeping appropriate financial records that correctly record and explain transactions and the company's financial position. Financial records must be retained for a period of 7 years and failure to do so is an offence under section 286 of the Act.

### **A Vast Step Forward for Hopeful Crypto Customers**

Vast, a United States bank with Federal Deposit Insurance Corporation (**FDIC**) insurance and a Federal Reserve charter, has become the first in the country to offer Bitcoin services.

Bitcoin, Ethereum, Cardano, Filecoin, Litecoin, Orchid, Algorand and Bitcoin Cash are available to buy, sell and hold directly from an FDIC-insured checking account if you are a customer of Vast Bank.

The landmark feature was approved by the Office of the Comptroller of the Currency (**OCC**) and discussed with the Federal Reserve. The news was not taken well by some, the [New York Times writing](#) that cryptos move into the banking sector 'elicits alarm' in Washington. The article, which focuses on crypto loans and the difficulty regulators face was swiftly countered by Founder and CEO of AvantiBT, Caitlin Long.

*Regarding disclosure & transparency, [#DeFi](#) platforms do a far better job than either centralized [#crypto](#) intermediaries or traditional financial institutions do. Indeed, the transparency (information symmetry available) to users in most of [#DeFi](#) is one of its best attributes.*

Banks which are subject to federal regulations are in a good position to provide crypto services to customers who may not have time, interest or confidence in trading with current institutions. The growing popularity of cryptocurrency and a greater understanding of blockchain technology has allowed Vast to expand into this space.

Vast Bank CEO Brad Scrivner said in an *Forbes* interview:

*A Gallup poll, and our own internal surveys, showed us that more than 60 percent of individuals are at least interested in crypto – what I like to describe as 'crypto curious'. But they're also saying we want to have a bank involved with our custody of cryptocurrency.*

The approval and operation of crypto's on Vast's network will be closely monitored and its success has the potential to spur on other banks to do the same.