

Article Information

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Blockchain Bites: Blockchain Community Rallies to support Bushfire Fundraising, RBA continues to research CBDC, Qatar quashes crypto, SEC files emergency motion as Telegram dispute heats up

The Australian Blockchain Community rally around supporting those affected by the recent fires, the Reserve Bank of Australia announces continued research into digital currencies, Qatar are banning all services involving cryptocurrencies, the SEC file an emergency motion in the Telegram case and China continues to evolve guidelines for blockchain patent applications. Michael Bacina, Tom Skevington and Petros Xenos of the Piper Alderman Blockchain Group bring you the latest legal, regulatory and project updates in Blockchain.

Blockchain community rallies around Australian bushfire relief effort

The devastating impact of the ongoing Australian bushfires is hard to conceptualise, with almost 2,000 [homes destroyed](#), more than 20 confirmed dead, and millions of acres of land burned. Joining the massive fundraising effort being spearheaded by [Celeste Barber](#), among others, Australian company [Finder](#), in partnership with [HiveEx](#), has established a fundraising appeal to facilitate crypto donations.

The [Crypto Bushfire Fundraiser](#) is currently accepting donations in a range of cryptocurrencies and intends to donate funds raised to the NSW Rural Fire Service (RFS). This is an excellent initiative to encourage the international community to rally around the fundraising effort quickly, easily and avoiding significant transaction fees. [CryptoSpend](#) have also launched a fundraiser for St Vincent de Paul and the RFS.

For those looking to contribute without donating crypto, fiat donations to the [Australian Red Cross](#), [Foodbank](#) and state-based fire brigades like the [New South Wales Rural Fire Service](#), [Victoria's Country Fire Authority](#) and [South Australia's Country Fire Service](#) all go towards bushfire relief.

RBA continues to research digital currency, doesn't like Libra

The Reserve Bank of Australia (RBA) has published its [submission](#) to the [Senate Select Committee on Fintech and Regtech](#), and covers a broad range of topics including comments on cryptocurrencies, Libra and central bank digital currencies.

On cryptocurrencies, the RBA's submission is consistent with its earlier publications and public comments. In its comments on cryptocurrencies generally, the RBA submission provides that, "The Bank's current assessment is that the cryptocurrencies seen to date do not provide the usual functions of money, which explains why they have not become widely used in Australia as a means of payment ([Dark et al 2019](#))."

However, the RBA acknowledges that the market is continuing to develop and mature, commenting that, "newer cryptocurrencies are emerging or have been proposed, which seek to address some of the shortcomings of earlier generations, and could become more widely used in the future."

The RBA considers stablecoins have the potential to be more efficient and inclusive than existing payment methods, particularly for cross-border payments. On Libra, the RBA acknowledges the Libra has crystallised international regulatory attention on the potential risks and benefits of cryptocurrencies, but is not a fan of the project.

Finally, on the idea of central banks issuing a blockchain-based central bank digital currency (CBDC), the RBA has re-affirmed its [prior position](#) that, “the bank’s assessment — like those of most other central banks — is that the case for issuing a CBDC for use by households has not been established.” The RBA concluded by stating that it is not currently considering a CBDC for retail use, but sees the benefits in a wholesale use-case for CBDC.

Bitmain co-founder commences court action to recapture control over company

Micree Zhan Ketuan, co-founder and former co-CEO of [Bitmain](#), one of the largest cryptocurrency mining hardware companies in the world, recently commenced legal action against his former co-founder Wu Jihan in an attempt to regain control of Bitmain. This latest action follows Zhan’s dramatic [removal](#) from the Company in October 2019.

Zhan is asking the court to invalidate a resolution from a meeting which reduced Zhan’s voting rights in the company.

In Australia, this type of resolution would constitute a variation of class rights under Part 2F.2 of the [Corporations Act 2001](#) (Cth), which restricts the ways in which companies can change the rights of shareholders without the input of those shareholders. Commenting on his unceremonious dismissal from the company he co-founded, Zhan wrote in a letter published through his WeChat social media account in November 2019 that he intends to return to Bitmain and “restore order” as soon as possible. Bitmain has declined to comment to media outlets on this latest development.

IMF forging Philippines into a global crypto player

The International Monetary Fund (IMF) have published a 34-page [Technical Assistance Report](#) on the Philippines, as part of its periodic consultation with the country’s regulators. The contents of the report constitute technical advice provided by the IMF staff to the authorities of the Philippines in response to their request for technical assistance.

The IMF is also helping the Philippines’ central bank, the [Bangko Sentral ng Pilipinas \(BSP\)](#), in several areas to improve the quality of monetary and financial statistics compiled by the central bank. At the request of the BSP, the IMF also delivered a lecture on the treatment of crypto assets in macroeconomic statistics, emphasizing the growing number of crypto exchanges approved by the BSP, with the IMF asserting that, “The Philippines may become an important market for crypto assets.”

Virginia legislature looks to blockchain for elections

A lawmaker in Virginia has submitted a resolution that calls on the state government to study the use of blockchain in elections. [The Bill](#) entitled ‘*Requesting the Department of Elections to study the use of blockchain technology to protect voter records and election results. Report*’, was pre-filed just before the end of 2019 by State Delegate Hala S. Ayala, and calls for the state’s Department of Education to “study the use of blockchain technology to protect voter records and election results.”

The bill, if passed, would further request the Virginia Information Technologies Agency, which serves as the state’s primary IT office, to provide assistance during the study. In Australia, blockchain company, [Horizon State](#) were contracted by the South Australia Government to [provide the technology and support](#) for the blockchain-based public election for the inaugural Minister’s Recreational Fishing Advisory Council. Blockchain for voting is an excellent use-case, and a great way for the government to continue introducing itself to blockchain.

China continues to streamline its blockchain patent application process

Blockchain patent applications are set to become effective in China from 1 February 2020. In anticipation for its release, the National Intellectual Property Administration (NIPA) in China have continued to clarify its guidelines. This comes after the NIPA officially [announced](#) its revised guidelines at the end of last year to patent applications for new emerging technologies such as blockchain and artificial intelligence.

One example of the updated guidelines is a method and device for secure communication between blockchain nodes. The invention patent application proposes a blockchain node communication method and device that intends to solve the problem where privacy data is leaked by blockchain business nodes while communicating with each other.

All of this seems to herald the much-anticipated digital renminbi, as China has [formally implemented](#) a law governing cryptographic password management as part of its pre-release plans for its central bank digital currency. The Standing Committee of the 13th National People’s Congress in China passed the law at the end of October 2019. The law divides

passwords at large into three distinct categories, being; passwords, common passwords, and commercial passwords.

Growth in smart contract testing services with EY public beta launch

EY recently launched a public beta of its [Smart Contract Analyzer](#), following the announcement and private beta of the tool in early 2019. Currently, the tool is limited to ERC-20-based smart contracts, but allows a range of input methods, including direct copy and paste of code, uploaded Solidity files (compatible with multiple versions of Solidity from v0.1.3 up to v0.5.11).

EY's Smart Contract Analyzer joins a growing offering of smart contract analysis tools in the market, including; [Crytic](#), [MythX](#), [Chainsecurity](#) and [SmartDec Scanner](#).

There are also numerous consulting firms offering smart contract audit and testing service. As smart contracts continue to become more sophisticated, and more integrated into business processes, tools which analyze and test smart contracts will become increasingly important.

As yet there have been no reported court decisions on liability for smart contracts which have misbehaved after being tested and audited, but this can only be a matter of time. In addition to the Smart Contract Analyzer, EY has announced a suite of blockchain solutions and upgrades at the recent EY Global Blockchain Summit including the release of the first generation of [EY Ops Chain Public Edition](#) into the public domain, as well as the second generation of EY Ops Chain and [EY Blockchain Analyzer](#).

Telegram opposes SEC motion to compel disclosure of bank records

In the latest development in the [ongoing case](#) between the US Securities and Exchange Commission (SEC) and Telegram, on 2 January 2020, the SEC filed an [emergency motion to compel](#) disclosure of Telegram's bank records showing how Telegram used the funds raised in its Initial a Coin Offering (ICO). In the motion, the SEC expresses its frustration with a claimed lack of disclosure from Telegram, asserting that it's "request [for documents] had been pending for weeks".

In its [response](#), Telegram claimed that the production of these voluminous and highly sensitive bank records would impose undue burdens on the company and have little to no bearing on the claims at hand. Whether or not Telegram produces the requested documents, Pavel Durov, Telegram's designated corporate representative pursuant to Fed. R. Civ. P. 30(b)(6), is scheduled to give sworn evidence on this issue on 7 and 8 January 2020 from Dubai.

This lawsuit continues to be one worth watching closely, but ultimately shows why a sensible and clear legislative framework is so important for ensuring a compliant path forward for cryptocurrencies.

Qatar quashes all crypto activity, while security tokens survive

The [Qatar Financial Centre Regulatory Authority](#) (QFCRA) has reportedly [announced](#) that all services involving cryptocurrencies have been banned throughout the Qatar Financial Centre (**QFC**), until further notice.

The QFC has its own special jurisdiction within Qatar, operating in its own legal, business, tax, and regulatory infrastructure. It was specifically designed to attract businesses and facilitate economic development throughout the country. However, as noted via a [tweet](#) from the QFCRA, penalties will now be imposed on firms that provide virtual asset services within the financial centre.

The QFCRA stated that, "*Virtual Asset Services may not be conducted in or from the QFC at this time.*" The QFCRA defines "virtual asset services" in quite broad terms, including crypto to fiat exchanges, crypto to crypto trades, and even services that facilitate the trading, custody, and issuance of virtual assets.

Notably however, security tokens and other financial instruments regulated by the QFCRA, the [Qatar Central Bank](#), or the [Qatar Financial Markets Authority](#), were not included in the ban.