

Book Review of Rosario Girasa, Regulation of Cryptocurrencies and Blockchain Technologies: National and International Perspectives (Palgrave Studies in Financial Services Technology, 2018).

By Dr Iwa Salami, January 2020

This book is a welcomed addition to the growing literature on crypto assets regulation. It discusses the salient issues raised by crypto assets in a well-structured and pragmatic way and at the same time shies not from explaining the workings of the underlying blockchain technology, powering these assets.

Primarily focused on the US perspective on virtual assets regulation, it also considers approaches to crypto assets regulation in selected countries and thus provides a good coverage of this very global subject matter.

Chapter One on **The Digital Transformation**, introduces the book by providing definitions. It considers the types of non-fiat currencies; money; reasons for the rise of virtual currencies; types of currencies; digital currencies; virtual currencies; cryptocurrencies; key actors in digital technology; benefits and risks of digital currencies; US Government Agencies' Risks Advisories likely to be concerned with the risks posed by virtual currencies including: Commodity Futures Trading Commission (CFTC); Government Services Administration (GSA); Securities and Exchange Commission (SEC) Immigration and Customs Enforcement (ICE) and Federal Reserve Board (FED).

Chapter Two on **Technology Underlying Cryptocurrencies and Types of Cryptocurrencies** examines Blockchain Technology; the types of blockchain technology; uses of blockchain technology; banks and blockchain technology; types of cryptocurrencies; other variations of cryptocurrencies; digital tokens; types of tokens, forks. This chapter provides a very clear examination of a quite technical subject in a very comprehensive manner.

Chapter Three on **Legal Issues of Digital Technology** assesses matters arising from blockchain technology and other digital technology disputes and considerations as to whether these should be heard in state federal courts or state courts. It further considers the status of virtual currencies – as money; property or assets. It discusses smart contracts built on to of the Ethereum blockchain; it also considers whether the underlying technologies are protected by intellectual property in the form of patents, copyrights, trademarks, and/or trade secrets.

Chapter Four on **Federal Regulation of Virtual currencies** considers US approaches to regulating virtual currencies from the perspective of the various regulators dealing with different dimensions of virtual currencies. It explores the functions; scope of responsibility; roles and enforcement actions of government bodies and regulators with respect to virtual currency transactions, such as the Securities and Exchange Commission; the Commodity Futures Trading Commission (CFTC); Financial Crimes Enforcement Network (FinCEN); Federal Reserve Board; Consumer Financial Protection Bureau (CFPB); Office of Comptroller of the Currency (OCC); Federal Trade Commission (FTC) and North American Securities Administrators Association (NASAA).

Chapter Five on **States' Regulation of Virtual Currencies** looks at States' approaches to regulating virtual currencies noting that no model uniform legislation exists for states to apply so States have adopted a variety of statutes and regulation ranging from requirements of licenses; regulating money laundering to considering those that have no provisions on virtual currencies but post warnings about the risks of virtual currencies. It also looks at the work of the Conference of State Bank Supervisors with respect to virtual currencies.

Chapter Six on **Criminal Prosecutions and Civil Litigation Concerning Virtual Currencies** considers both federal and state statutes covering virtual currencies as well as criminal prosecutions and civil litigation that have arisen from these statutes.

Chapter Seven on **Crowdfunding and the Taxation of Virtual Currencies** examines linkages with crowdfunding and virtual currencies homing in on the issues around the characteristics of virtual currencies such as their pseudonymous, peer-to-peer and cross-border characteristics - which makes the taxation of virtual currency transactions challenging. It also considers tax treatment of virtual currencies by tax authorities.

Chapter Eight on **International Regulation** considers the international regulatory dimensions to virtual currencies that arises from the cross-border characteristic of the transactions involving them. It highlights the approaches of international organisations to the regulation of virtual currencies as at the time of writing, considering: the Bank for International Settlement (BIS); European Union regulatory authorities such as the European Central Bank (ECB); the European Securities and Markets Authority (ESMA); European Court of Justice ruling on whether bitcoin, the virtual currency, is property, security or currency. It considers, also, the views expressed by the Organisation for Economic Cooperation and Development (OECD), again, revolving around the risks posed by them and the need for their regulation. Other regulatory approaches of international institutions considered include the United Nations (UN), G20 and the International Organisation of Securities Commissions (IOSCO). The chapter also considers the status of the regulation of virtual currencies in selected countries.

Suffice to mention that since publication of the book, more progress has been made with respect to regulation on the international front such as the institution of the Financial Actions Task Force (FATF) travel rules for Virtual Currency Asset Providers (VASPs) outlined in Recommendation 16 of the FATF through which VASPs in member countries of the FATF have till June 2020 to apply. There has also been the implementation of the Fifth Anti-Money Laundering Directive of the EU with the 10 January 2020 implementation deadline. Both provisions have significant implications for VASPs.

Chapter eight Concludes with **The Future of Cryptocurrencies** correctly highlighting that, with the pace of development (from the launch of the blockchain technology to the time of writing), it is difficult to predict what the future holds for this emerging technology.

This is a very easy to read book which explains a quite technical area of financial law and regulation in a very clear, accessible and comprehensive way. It is certainly a 'go-to' book for anyone trying to get into the subject of cryptocurrency regulation.