

The Cryptocurrency Explosion

By Franca Ciambella, Managing Director,
Consilium Law Corporation and Lin Yingxin,
Legal Associate

The spark that was the invention of Bitcoin in or around the year 2008 has caused a chain effect resulting in today's explosion of cryptocurrencies in many parts of the world. Bitcoin itself is a cryptocurrency, which in essence refers to digital currencies that use encryption technology to perform the functions of a central bank. The revolutionary aspect of Bitcoin is its underlying technology, Blockchain. The Blockchain is a digital program consisting of a de-centralised public ledger of transactions. This means that the transactions made through Blockchain do not need to be regulated or managed by a central body.

Cryptocurrencies may be designed to be used in a specific market, such as for peer-to-peer lending of fiat currencies, or it may be intended to be used for goods and services in general, supplied by businesses that accept that particular cryptocurrency. Cryptocurrencies may be exchanged for other cryptocurrencies or fiat currency on exchanges. Cryptocurrencies are typically launched through initial coin offerings ("ICO"), whereby the organisation launching the cryptocurrency sells their cryptocurrency in exchange for other cryptocurrencies or fiat currency, which would fund the organisation's further business plans, such as the development of its technology.

Although cryptocurrencies are not regulated by a central body, it is important to be aware of the positions of the governments and the kind of regulations that apply to cryptocurrencies in the various

jurisdictions. The Monetary Authority of Singapore ("MAS") has stated that the offer or issue of digital tokens, such as cryptocurrencies, in Singapore will be regulated by the MAS if the digital tokens constitute products regulated under the Securities and Futures Act (Cap. 289) ("SFA"). Hence, legal advice has to be sought in order to determine whether a cryptocurrency falls under the purview of the SFA, as well as how to re-structure the cryptocurrency to comply with the SFA, where applicable. The launch of a cryptocurrency will typically require the drafting of legal documentation such as terms and conditions of the issuance and acquisition of the cryptocurrency. In this explosion of cryptocurrencies, the legal system should be seen as a useful tool in the frontlines of technology advancement.



CONSILIUM
Law Corporation

Introduction:
Consilium Law Corporation is a Singapore Locally Licensed and International Boutique Law Firm.

Practice Areas:

- ✓ Corporate and Commercial Law
- ✓ Contracts
- ✓ Mergers & Acquisitions
- ✓ Foreign Investment Law
- ✓ Family Law
- ✓ Litigation
- ✓ Mediation



Lawyers:
Qualified in Singapore, Canada, New York, UK & elsewhere in the world.

Contact:
Franca Ciambella, Managing Director
Email: fciambella@consiliumlaw.com.sg
Tel: +65 6235 2700
Website: www.consiliumlaw.com.sg


