

24 January 2022

Weekly Summary



US Securities and Exchange Commission (SEC) chair Gary Gensler has stated that [cryptocurrency exchanges will be the chief focus of the SEC's crackdown on digital assets this year](#), arguing that it is vital for crypto investors to be afforded the same protections as investors in traditional assets. The agency's primary focus has been the regulation of cryptocurrencies themselves, arguing that nearly all qualify as securities. However, Gensler is now keen to focus on exchanges due to their wide-ranging role within the industry given that other infrastructure and service providers have been slow to emerge. He argues they are not only trading platforms but also take custody of clients' tokens and sometimes trade against their customer base, meaning the introduction of new regulation is vital in order to protect investors.



The Bank of Russia has released a report that suggests making crypto trading, mining, and usage illegal. The report, titled '[Cryptocurrencies: trends, risks, measures](#)', says as cryptocurrencies are volatile and widely used in illegal activities, risk undermining the national economy, and make maintaining optimal monetary policies difficult. The bank therefore suggests Russia needs new laws and regulations to effectively ban crypto-related activities. The report states Russian institutional investors should not be allowed to invest in crypto assets, and no Russian financial institutions or infrastructure should be used for cryptocurrency transactions. However, the bank is not suggesting banning the ownership of cryptocurrencies by private citizens. This marks a significant departure from comments made by President Putin in late 2021 that cryptocurrency "has value" subject to various legal and sustainability issues being overcome, and [work underway by the Central Bank and a federal working group](#) to build a prototype digital rouble platform and update several laws and codes to accommodate a Russian CBDC.



Erik Theede, the vice chair of the European Securities and Markets Authority (ESMA), has said [proof-of-work crypto mining should be banned in the European Union](#) (EU). Wanting EU regulators to push the industry towards the more energy efficient proof-of-stake-mining, Theede stated "the solution is to ban proof-of-work." Despite ESMA's concerns, [Q4 of 2021 saw Bitcoin mining become more sustainable](#), according to a report from the Bitcoin Mining Council. The report found that 58.5% of the global Bitcoin mining industry now runs on renewable energy, an increase of 1% on the previous quarter, while the industry's technological efficiency increased to 19.3 petahashes per MW, an increase of 9%.



The US Federal Reserve (Fed) has released its long-awaited paper examining the pros and cons of a potential US Central Bank Digital Currency (CBDC). The paper, titled '[Money and Payments: The U.S. Dollar in the Age of Digital Transformation](#)' suggests an official digital dollar could give Americans greater and faster payment options, particularly between countries, but that this may come at the cost of some potential financial stability risks. The potential downsides highlighted by the paper include the upkeep of financial stability, coexistence of the CBDC with existing means of payment, preventing the CBDC from hurting privacy concerns, and ensuring that the government is able to fight illicit finance. Although the paper itself fails to make any specific policy recommendations, the [Biden administration is readying an executive order that will outline a comprehensive government strategy on cryptocurrencies](#).



[The Central Bank of Iran \(CBI\) is planning on launching a Central Bank Digital Currency \(CBDC\) pilot](#). The CBDC, which began development in 2018, has been developed using the Hyperledger Fabric platform. This is the latest effort by Iran to combat stringent economic sanctions imposed on them by the US and the so-called 'weaponisation' of the US dollar, which have caused significant financial and economic

difficulties. Iran has continuously turned to crypto-related assets to help bypass trade sanctions and overcome these difficulties, with the CBI and the Ministry of Trade recently agreeing to link the CBI's payment platform to a trading system to [allow businesses to settle payments using cryptocurrencies](#).



[The world's first DeFi \(decentralised finance\) ETF has been approved for listing on the Brazilian stock exchange \(B3\)](#). Provided by Hashdex, a digital asset management firm, in partnership with CF Benchmarks, a crypto index provider, the ETF, ticker symbol DEF111, will track the '[CF DeFi Composite Index](#)', an index that tracks the performance of decentralised financial services. The index has a total of 12 assets, divided into three sub-portfolios; (1) DeFi dApps (decentralised applications), protocols that offer decentralised financial services; (2) Service Protocols, which support DeFi protocols with scalability solutions and data query services (often referred to as 'oracle' providers); and (3) Settlement Networks, blockchains on which transactions are validated and recorded.

Digital Asset Developments



[FCA to Get New Powers to Crack Down on Misleading Crypto Advertisements](#) (Finextra)



[Lawmakers Explore Bitcoin Mining Efficiency, Broader Crypto Policy Issues During Congress Hearing](#) (CoinTelegraph)



[Region-Wide Service Interruption of DCash Platform](#) (Eastern Caribbean Central Bank)



[Bank of Korea Completes First Phase of Digital Currency Pilot](#) (CoinTelegraph)



[Institutional Crypto Custodian Fireblocks Adds Support for Solana](#) (The Block)



[Gemini Acquires Crypto Trading Platform in Push to Offer Prime Services](#) (The Block)



[Google Creates New Blockchain Group](#) (Pymnts)



[CBDCs and Stablecoins: EY Advises Banks to 'Prepare for What's Coming'](#) (CoinTelegraph)



[SEC Rejects Proposed Spot Bitcoin ETF From First Trust and SkyBridge](#) (The Block)

Key:

Regulation

Technology

Ecosystem

Markets