IYC

Study Guide: G20

Agenda: The Regulation of the implementation of Cryptocurrency in financial markets

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Letter From the Executive Board

Dear Delegates,

It gives me great pleasure in welcoming you to the Group of 20 in the International Youth Conference 2022. The Group of 20 is an international economic forum which brings together the most powerful economies in the world and discusses some of the key issues which the world is facing today.

As we familiarise ourselves with new forms of technology, we must be aware of the dangers of such innovations. Cryptocurrency has been in existence for over a decade now, however the potential threats that it poses to our world are only being seen now. This year's agenda focuses on the regulation behind the implementation of cryptocurrency in the financial markets. The number of cryptocurrencies circulating in the market has more than doubled since the start of the year. These digital tokens, marketed with their characteristic of being extremely variable, are decentralized and can bypass government intervention. Hence, legislation and regulation have been put in place to avoid the risk that's involved in terms of illegal monetary activity.

The dangers of allowing cryptocurrency to enter the financial markets without regulation are many, and it is up to you to defend your nation's economic policies and propose a solution which avoids all risks of the implementation of cryptocurrency. In a crisis with such a large global impact, no voice should go unheard. Delegates, I urge you to stand for your nation, and do not let your nation succumb to the negative effects of cryptocurrency. Let the next two days be filled with highly researched and intellectual debates, and bring forth new ideas and resolutions. Delegates, now is the time to take action, prove your worth to your nation and to the entire economic forum, use this platform wisely and voice your opinions in the true G20 fashion. Create an impact and establish your name in the hall of fame, for this is an opportunity like no other.

So, suit up delegates, it's time to debate. Wishing you all the best.

Regards,

Daksh Mor – Chair

Arjun Gore – Vice Chair

About G20

Established in 1999 with the purpose of debating strategies to ensure global financial stability, the Group of 20 was initiated in an effort to include middle-income nations with systemic economic influence, particularly Indonesia, in finding a solution to the global economic conditions affected by the global financial crisis of 1997–1999.

The G20 was first held in 1999 as a gathering of the finance ministers and governors of the central banks, but has since developed into an annual summit attended by the heads of state and government and evolved to become a strategic forum that brings together the world's most developed and enveloping economies. Additionally, working groups, special events, and Sherpa meetings—charged with negotiating and achieving consensus among Leaders—are scheduled all year long.

The G20 has a crucial strategic role in ensuring future prosperity and economic progress throughout the world. Together, the G20 countries account for more than 80% of global GDP, 75% of global commerce, and 60% of global population.

The members of the G20 are: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, the United Kingdom, the United States, and the European Union. Spain is also invited as a permanent guest. The G20 exercise is fully participated in by the guest nations who are invited by the Presidency each year. Additionally, a number of regional and international organizations take part, giving the event a wider presence.

Agenda: The Regulation of Implementation of Cryptocurrencies in Financial Markets

Is cryptocurrency the future of international banking and trade, or is it a dubious means of payment and investment preferred by fraudsters and speculators, organized crime, and anybody excluded from Western banking institutions? The verdict is not yet in. But one thing is certain: Since 2019, the cryptocurrency industry has been expanding as its acceptance has increased. Even many institutional investors who were initially dubious have changed their minds after experiencing some of the astounding gains.

But there can be a cost to that accomplishment. There is an extreme clamour for the industry to be controlled. China, one of the biggest marketplaces for digital currencies worldwide, banned any transactions using cryptocurrencies in 2019.the U.S. Treasury announced that it will for the first time penalize a cryptocurrency exchange for enabling ransomware payments. Additionally, the U.S. Securities and Exchange Commission advocates for stricter enforcement. SEC Chairman Gary Gensler described cryptocurrencies as a class of assets that are "rife with fraud, frauds, and misuse" and said that investors lack sufficient regulatory protection from the hordes of people rushing to utilize them for financing, issuance, trading, and other purposes.

Although the growing cryptocurrency sector has the potential to completely transform how money is transferred, it is rife with difficulties and risks as it enters international markets. Creating regulated protocols for their use is essential since virtual currencies are not always accepted as legitimate methods of paying for products and services. Thus, cryptocurrency has caused huge issues in financial markets and some of the reasons they need to be regulated are:

1) Prevention of market manipulation and protect investors: In cryptocurrency, price volatility and market manipulation are frequent occurrences. Consider Bitcoin, the oldest and most well-known cryptocurrency in the world, which reached record highs at the start of 2021 before falling sharply and losing a significant portion of its value. In order to protect investors, laws must be put in place due to the absence of authorized information on these digital assets and the technological challenges they provide

2) Online fraud and cyber security risks: Online fraud is a danger associated with cryptocurrency investment. Cyber-attacks are becoming commonplace, and hacking is a big concern on a global scale. Investors who have invested their assets in cryptocurrencies run the risk of losing money in the event of a cyber-attack. The government can put in place measures to aid bitcoin investors in protecting their money through legislation. Investors can also raise issues or get their money back if they lose it.

3) Regulations will help transform cryptocurrency from purely speculative to usable assets: Because there are currently no laws in place, the majority of cryptocurrencies' use cases are only theoretical in the absence of actual validation. Because they are afraid of receiving the same type of criticism, many businesses are hesitant to integrate virtual assets into their operations. However, if they're looking ahead, millennials are increasingly choosing Bitcoin over conventional investing choices, according to results of a Blockchain Capital poll conducted in 2017 and 2019.

The scale of the illicit usage of crypto assets emphasizes the need for regulation, oversight, and law enforcement in this field. According to a private sector company, more than in the previous two years, an estimated 1.1% of all bitcoin transactions in 2019—transactions worth roughly USD 11 billion—were illegal. A different company discovered that in 2020, criminally connected bitcoin addresses moved USD 3.5 billion, based only on an analysis of Bitcoin. The aforementioned statistics highlight the seriousness and scope of the threat posed by digital assets as well as the necessity of strong regulation and oversight. Even Though Businesses are developing quickly, and the current regulatory framework is still in its infancy. The main issue is the requirement for an internationally consistent legislative approach, which should include definitions and jurisdictional boundaries as well as measures to avoid market manipulation and systemic hazards in the context of exchanges. It will be necessary to address risks related to lending and payments, banking, payments, and antimony laundering (AML), tax policy and tax evasion risks, securities fraud and scams, as well as cyber security, hacking, and privacy threats.

Thus, Regulation is crucial to achieving widespread adoption that genuinely upends the global economy and levels the playing field for all nations and users. Both financial institutions and common investors want to order and a regulated environment in which to conduct business. Regulation shouldn't be the end for the cryptocurrency business; rather, it should be the beginning.

The bitcoin sector must now put aside its divisions and big-fish-small-pond attitude and unite in order to help determine the circumstances of its future. Crypto, welcome to the big leagues. It's our chance to make a difference right now.

Background and timeline of major events

The official attitude on cryptocurrencies across countries remained heterogeneous, with some being open to its adoption, silent on regulation, or outright against it, despite the hazards of cryptocurrencies being acknowledged by policy authorities.. Most nations neither regulate nor support cryptocurrencies, with the exception of several (Nepal, Pakistan, Viet Nam, etc.) that overtly prohibit it. A number of nations, including Italy, Australia, and Japan, demand that bitcoin businesses register and get licenses. The usage of cryptocurrencies as a form of payment is permitted in Mexico and the Isle of Man.

A mysterious individual or group of individuals going by the name of Satoshi Nakamoto sent a white paper titled "Bitcoin: A Peer-to-Peer Electronic Cash System" to several people in 2008. The blockchain formed the foundation of Bitcoin and was created in 1991 by cryptographers Scott Storyette and Stuart Haber. After the creation of Bitcoin, no government showed concern about the need to regulate cryptocurrencies for several years. This was the reason why the crypto industry was usually referred to as the "Wild West."

2018: - In July 2018, The IRS established a team to fight global tax crime and money laundering a year later. The Internal Revenue Service Criminal Investigation (IRS-CI) is closely collaborating on its investigation of the crypto space with four additional agencies: the Australian Criminal Intelligence Commission (ACIC) and Australian Taxation Office (ATO), the Canada Revenue Agency (CRA), the Fiscale Inlichtingen- en Opsporingsdienst (FIOD), and HM Revenue & Customs (HMRC). The Joint Chiefs of Global Tax Enforcement approved unified strategies that they are implementing and communicating to prevent crimes involving cryptocurrency. In June 2018, the Canadian government unveiled a formal draft of new rules for cryptocurrency exchanges and payment processors. The government delayed the publication of its final rules for blockchain and virtual currency businesses until late 2019 in August 2018.

2021: - To help law enforcement combat "dirty money," EU lawmakers recommended in June 2021 that businesses that transfer bitcoin or other crypto assets must gather information about senders and receivers. This would make cryptocurrency transactions traceable and is known as the trip rule. The EU was developing the Regulation on Markets in Crypto Assets as of July 2021. (MiCA). The rule is primarily focused on stablecoins, but it also applies to cryptocurrencies that do not meet the criteria for financial instruments, such as utility and payment tokens. (Italy)- Consob Chairman Paolo Savona expressed reservations about cryptocurrencies in June 2021. He mentioned that there are perhaps 4,000–5,000 cryptocurrencies in use today that are not subject to any meaningful regulation. In its monthly report, the watchdog warned: "Without effective monitoring, market transparency, the foundation of legality and sane decision-making for (market) operators, might worsen. Italy will have to take its own actions if a solution at the European level takes too long to develop. Italy stopped allowing users to purchase cryptocurrency through Binance on all of its sites in July 2021.

Recent developments

Countries are adopting varying approaches to cryptocurrency regulation. Countries from China to El Salvador have already begun evaluating and putting diverse regulatory solutions into practice, despite the fact that they all share the same goal of stabilizing their monetary systems and promoting innovation and economic progress. The goals of those nations appear to be generally congruent: safeguarding consumer interests, preventing illegal funding, preserving market integrity, and fostering innovation. In India, the government has chosen to 'fast track' crypto regulation, while other developing markets such as Brazil and Russia are still considering the best way forward.

In January, the UK government took preliminary steps by announcing that companies will be banned from promoting crypto assets such as bitcoin unless they are registered with the financial regulator. Later this year, the UK government is also expected to receive the results of a separate consultation on what the overarching framework for crypto regulation should look like.

However, one of the biggest complications for crypto regulation is jurisdiction. A feature of cryptocurrency is that it is difficult to accurately ascertain the location of a ledger. As such, the nodes associated with any crypto deal may be situated across different jurisdictions and therefore subject to different and potentially conflicting legal frameworks. The cross-border nature of blockchain technology also makes it difficult to select the 'correct' jurisdiction for blockchain disputes. National regulators will need to address these challenges.
For a truly global coordinated approach, countries and international organizations must work together, leveraging best practices and learnings from each other. As well as risk assessments and establishing common standards, there is also a pressing need to leverage the technology itself to develop fit for purpose and inclusive solutions, through public-private collaboration.

Key terms for understanding
Cryptocurrency - also known as a crypto-currency or crypto, is a type of digital money that operates as a means of exchange through a computer network and is not supported or maintained by any one central organization, such as a bank or government.

Stablecoins - is a crypto asset that aims to maintain a stable value relative to a specified asset, or a pool or basket of assets

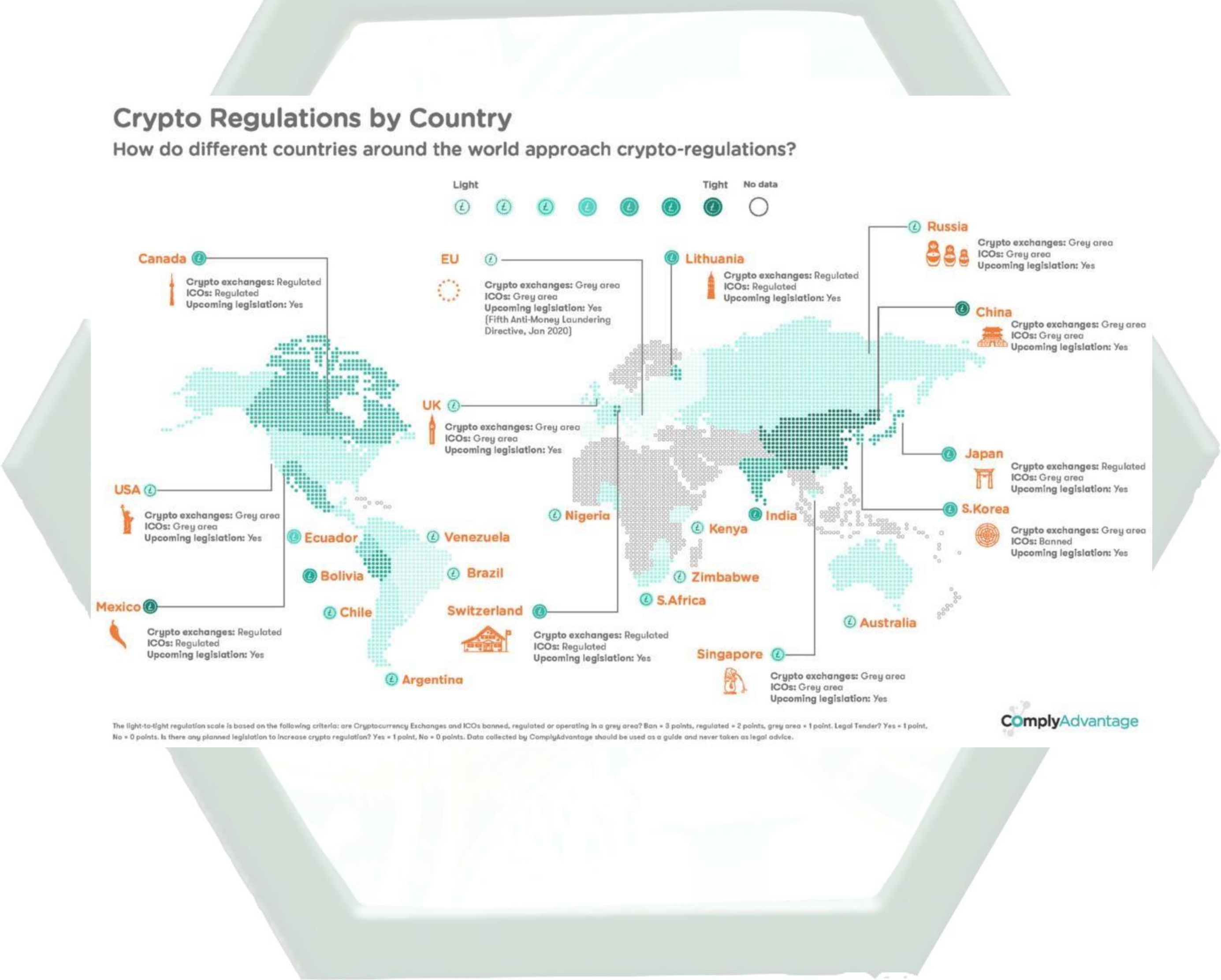
Digital Token - is a certain quantity of digital assets you can possess, transfer to another person, or redeem at a later time.

Financial Action Task Force (FATF) - is an intergovernmental body that was established in 1989 at the G7's proposal to provide guidelines for combating money laundering.
Cryptoassets - can be broadly defined as a type of digital asset that depends primarily on cryptography and distributed ledger or similar technology.

Block chain - Blockchain is a system for storing data in a way that makes system changes, hacking, and cheating difficult or impossible

Tax evasion - Tax evasion is an illegal attempt to defeat the imposition of taxes by individuals, corporations, trusts, and others.

SEC - In the wake of the 1929 Wall Street Crash, the United States federal government established the independent U.S. Securities and Exchange Commission. The SEC's main goal is to uphold the law against market manipulation



Subtopics 1

Money laundering

The United Nations Office on Drugs and Crime reported that in one year, "2% to 5% of the global gross domestic product, or US$800 billion to US$2 trillion" is laundered globally.

The primary illegal activity connected to the unauthorized usage of cryptocurrency is money laundering. The usage of cryptocurrencies in money laundering operations has increased as a result of their rising acceptance and popularity. Virtually all kinds of criminal profits are laundered using cryptocurrencies. These operations range from the conversion of sizable sums of cash into virtual assets to the laundering of gains that are already in digital form, such as the payment of ransoms or the support of criminal infrastructures. The acquisition of cryptocurrencies by criminal networks using illegal revenues and the use of cryptocurrencies to move payments are two examples of how cryptocurrencies are used in money laundering operations. Numerous criminal networks used bitcoins as a form of payment during the COVID-19 epidemic, and the usage of cryptocurrencies in money laundering schemes has been on the rise.

Dark Web marketplaces promote bitcoin money-laundering service providers. They also provide details on how criminals might use cryptocurrencies to cash out, for as by trading Bitcoin for gift cards or prepaid debit cards.

Fintech - The technology and innovation known as financial technology (FinTech) aspires to compete with conventional financial techniques in the provision of financial services. An up and-coming sector of the economy, fintech, employs technology to enhance financial operations. Smartphone applications for mobile banking, investing, borrowing, and cryptocurrencies are some examples of technology trying to increase the general public's access to financial services.

Subtopic 2

Tax Evasion

The classic traits of tax havens are present in cryptocurrencies: the anonymity of taxpayers is preserved, and earnings are not subject to taxation. However, cryptocurrency also has a benefit: it doesn't require the presence of financial institutions to function. Therefore, it's possible that cryptocurrencies may undo the progress made by countries in combating offshore tax avoidance recently. We could reasonably anticipate tax evaders, who historically carried out their tax evasion methods by using offshore bank accounts in tax haven countries, to switch from traditional tax havens to cryptocurrencies if cryptocurrencies continue to gain traction. Tax evaders typically execute their tax evasion techniques by using offshore bank accounts in tax haven countries. Despite the fact that governments have given this matter some consideration, I further contend that they have not yet determined how serious the potential issue actually is.

The potential for Bitcoin to help with tax evasion is one of the regulatory issues that governments have noticed with virtual currencies. The growing system in which financial firms act as agents of tax enforcement, however, has not yet been completely taken into account by governments. As an illustration, the IRS (Internal Revenue Service) investigated the possible tax compliance concerns connected to web-based payment systems in 2007 but ultimately decided not to take any action. One of the justifications given for inactivity was the absence of "solid proof of the possibility for tax noncompliance associated with virtual economies."

IRS (Internal Revenue Service) - The Internal Revenue Service is the revenue service for the United States federal government, which is responsible for collecting taxes and administering the Internal Revenue Code, the main body of the federal statutory tax law.

Countries' stances

NIGERIA:

The Central Bank of Nigeria (CBN) and the Securities and Exchange Commission (SEC) of Nigeria forbade Nigerian financial institutions from conducting business with entities engaged in cryptocurrency-related activities. However, the SEC stated in its new regulations that "the offering and sale of digital tokens that are considered securities" must be registered. It also stated that all issuers looking to generate money through the sale of digital assets must abide by the rules. The rule lists digital asset providing platforms, digital asset custodians, virtual asset service providers, and digital asset exchanges as examples of digital asset actors. Before deciding whether the proposed digital asset to be offered qualifies as a "security," the SEC promised to analyse applications in a timely manner. Experts further stated that the nations that had accepted or were thinking of accepting crypto as a form of payment were those on the brink of economic collapse and Nigeria wasn't necessarily one.

UNITED STATES OF AMERICA:

Financial Crimes Enforcement Network (FINCEN) of the U.S. Treasury Department declared in 2013 that purchasing Bitcoin and using it as payment are both acceptable as long as the seller is prepared to accept them. Over commodities and derivatives, the Commodity Futures Trading Commission (CFTC) has extensive power. In the US, derivatives and commodities involving cryptoassets are subject to the same regulations as regular derivatives and commodities. The CFTC thus only has fraud and manipulation power over cryptoasset cash markets, but complete regulatory authority over cryptoasset derivatives. With the majority of the action occurring in the legislative branch, some state governments have proposed and/or approved laws concerning cryptocurrencies and blockchain technology. At the state level, regulation has typically taken one of two forms. Some states have tried to promote the technology by passing very favourable regulations exempting cryptocurrencies from state securities laws and/or money transmission statutes. These states hope to leverage investment in the technology to stimulate local economies and improve public services. One example, Wyoming, has been mentioned as a state seeking a broader impact on its economy. In further stance of this objective, Wyoming passed legislation allowing for the creation of a new type of bank or special purpose depository institution. These crypto focused banks can act in both a custodial and fiduciary capacity and are meant to allow businesses to hold digital assets safely and legally. Indiana enacted legislation adding a new chapter to the Uniform Commercial Code (UCC) that governs transactions involving controllable electronic records.

CHINA:

The Peoples Bank of China (PBOC) prohibited domestic cryptocurrency exchanges and initial coin offerings (ICOs) in 2017. This followed a 2013 prohibition on financial institutions handling Bitcoin transactions in China. It should come as no surprise that China does not view cryptocurrencies as legal tender and that it has strict cryptocurrency regulations. The Chinese government decided that cryptocurrencies have the status of property for the purposes of determining inheritances under an amendment to the Civil Code that will take effect in 2020. China first forbade all domestic cryptocurrency mining in June 2021, and then in September 2021 it openly outlawed cryptocurrencies. The new policy effectively outlawed the use of both foreign and domestic cryptocurrency exchanges, which led to a significant token sell-off. Despite China's blanket prohibition on domestic cryptocurrency exchanges, there are ways to circumvent the restriction by accessing some overseas platforms and websites that China's internet firewall doesn't detect. There are no signs that China would lift or ease its prohibition on cryptocurrencies any time soon, but recent comments made by government officials favouring blockchain technology have sparked suspicion that China wants to dominate the digital currency market. China's central bank has been working on launching an official digital currency for years, though a timetable is still unknown. In September 2021, it declared that pilot tests of its e-CNY digital money had been successfully completed in a number of places.

INDIA:

In India, cryptocurrencies are not recognised as legal cash, and the future of exchanges is uncertain as new legislation is being thought upon. Although the tax treatment of cryptocurrencies is not yet clear, finance minister Bhagwat Karad suggested in February 2022 that a 30 per cent tax might be applied to bitcoin transactions. The laws governing cryptocurrency exchanges in India are becoming more stringent. In 2018, the Reserve Bank of India (RBI) outlawed "dealing with or settling virtual currency" by banks and all other regulated financial organisations. The broad law made it illegal to trade cryptocurrency on domestic exchanges and made it necessary for active exchanges to close. But in a historic ruling in 2020, the nation's Supreme Court declared that prohibition unconstitutional and gave in, allowing exchanges to reopen. A leaked, claimed draught bill from 2019 implied that a total prohibition of cryptocurrencies was being considered, with the exception of a planned official digital money. For those who "mine, generate, hold, sell, deal in, issue, transfer, dispose of, or use cryptocurrencies in the territory of India," the measure even offered prison terms.

Although that draught measure was never brought to the floor of parliament, the effort to ban "any private cryptocurrencies, except any virtual currencies created by the state," was renewed in 2021 by a study by the Chairmanship of Secretary (Economic Affairs). The Cryptocurrency and Regulation of Official Digital Currency Bill is a new cryptocurrency bill that was hinted at by the Indian Minister of State for Finance. The Standing Committee on Finance met with representatives of cryptocurrency exchanges in November 2021 and came to the conclusion that cryptocurrencies should be regulated rather than outlawed, despite the fact that the Indian government has made it clear that it opposes private cryptocurrencies. The legislative position of cryptocurrencies in India is still up in the air as of February 2022 because the Lok Sabha, the Indian parliament, has not yet adopted the cryptocurrency law.

JAPAN:

Japan currently has the world’s most progressive regulatory climate for cryptocurrencies and recognizes Bitcoin and other digital currencies as legal property under the Payment Services Act (PSA). Japanese cryptocurrency trade laws are similarly progressive. Exchanges are allowed in Japan, but after a string of high-profile thefts, such as the infamous $530 million digital currency Coincheck robbery, crypto rules have become a pressing issue for the entire country. In order to operate, cryptocurrency exchanges must first register with the Financial Services Agency (FSA), a process that can take up to six months and has stricter AML/CFT and cybersecurity requirements. Japan's Financial Services Agency (FSA) has increased efforts to regulate trading and exchanges. Amendments to the PSA mandate this registration process, which can take up to six months. Custodian services providers were included to the registration requirement in a later change that went into effect in the middle of 2019. Although there are still favourable conditions for cryptocurrencies in Japan, the FSA is beginning to focus more on further regulation due to mounting AML worries. The FSA said in December 2021 that it would put forth legislation in 2022 to regulate stablecoin issuers in order to manage customer concerns and reduce the chances for using stablecoin tokens for money laundering. New security standards and reporting requirements for crypto service providers will probably be part of the law.

SWITZERLAND:

Cryptocurrencies and exchanges are legal in Switzerland, and are regarded as assets by the Swiss Federal Tax Administration (SFTA), which means that they must be disclosed on annual tax returns and are subject to the Swiss wealth tax. Cryptocurrency exchanges must be registered in Switzerland and receive a licence from the Swiss Financial Market Supervisory Authority (FINMA) in order to operate. ICO rules are also in existence in Switzerland, and FINMA applies current financial legislation to offerings across a variety of industries, including banking, securities trading, and collective investment schemes (depending on the structure). Switzerland enacted the Distributed Ledger Technology (DLT) Act in 2021 with the intention of modifying Swiss legislation to benefit from the development of cryptocurrencies. A new category of licences for bitcoin trading sites was introduced in the DLT Act. The Swiss government has said it will keep attempting to create a regulatory environment that is favourable to cryptocurrencies. The borough of Zug, a well-known global centre for cryptocurrencies, began accepting Bitcoin as payment for city taxes in 2016. In January 2018, Swiss Economics Minister Johann Schneider-Ammann declared his intention to turn Switzerland into "the crypto-nation." Similar to this, Jörg Gasser, the Swiss Secretary for International Finance, has underlined the importance of promoting cryptocurrencies while respecting current financial rules.

Prepare for the MUN research

- Have a good understanding about the economic and financial background of your country.
- Understand the same for your neighbouring countries and countries which have economic importance to your country.
- Understand the global regulations which have been passed for the implementation of cryptocurrencies and what have been the outcomes of these regulations. - Understand how regulations by other countries impact your country.
- Understand the regulations taken by your country for the implementation of cryptocurrencies.
- Maintain statistics and numerical data for your country as well as other countries.
- Understand if any country has passed similar resolutions as your country for the regulation of implementation of cryptocurrencies and how beneficial/detrimental these regulations have been for your country as well as the other countries.
- Understand the capabilities of your country towards regulating cryptocurrencies.
- Make a list of countries which support your country's ideas and approach towards the regulation for implementation of cryptocurrencies.
- Make sure you use credible and reliable sources of news to get your information as the source for your information can be challenged by other countries or the EB. Credible sources of information include official government websites, UN websites, and the official G20 website. Other sources are
    1. Reuters
    2. BBC
    3. The Economist
    4. The Wall Street Journal
    5. Bloomberg
- When conducting your research, always keep the following in your mind
    1. Country profile
    2. Topic background
    3. Past international actions
    4. Country policy
    5. Possible resolutions

Lobbying:

- Always be open to ideas, suggestions and comments from other delegates in your bloc.
- Communicate with other delegates to understand their country's stance and interest - Always speak up in committee keeping your country's interest in mind.

GSL:

Start with addressing the committee and the chair with a simple greeting and thank the chair for giving you the floor. Make sure you never use any personal pronouns anywhere in the GSL or anytime in the committee session. Briefly describe the agenda and how serious it is. Address the committee with your country's stance and its effort to come to a solution for the impending problem.

Some links for reference: https://www.bis.org/fsi/publ/insights31.pdf
https://repository.upenn.edu/cgi/viewcontent.cgi?article=1133&context=wharton_research_scholars
https://www.adb.org/sites/default/files/publication/513726/adbi-wp978.pdf
https://news.electroneum.com/the-evolution-of-cryptocurrency-and-regulations-since-theinception-of-bitcoin https://blockpit.io/en/blog/crypto-regulations-a-timeline/
https://www.europol.europa.eu/cms/sites/default/files/documents/Europol%20Spotlight%20-%20Cryptocurrencies%20-%20Tracing%20the%20evolution%20of%20criminal%20finances.pdf
https://www.fsb.org/wp-content/uploads/P050419.pdf

Possible resolutions

The White House’s Executive Order is a noteworthy step in the right direction toward enabling cross-agency collaboration. A globally coordinated approach, encompassing international cooperation around regulation for crypto-assets, will be economically optimal, protect consumers and prevent abuse of cryptocurrencies for illicit activities.

The Forum’s Digital Currency Governance Consortium, composed of more than 80 organizations and representing diverse sectors and geographies, is working to this end. It has focused its second phase of work on examining the macroeconomic impacts of digital currencies and informing regulatory approaches for the same, as stakeholders continue to experiment with these instruments and the adoption of cryptocurrencies, stablecoin, and central bank-issued currencies.

For a truly global coordinated approach, countries and international organizations must work together, leveraging best practices and learnings from each other. As well as risk assessments and establishing common standards, there is also a pressing need to leverage the technology itself to develop fit for purpose and inclusive solutions, through public-private collaboration.

Parties can use smart contracts to call for arbitration as it would all be logged and traced on the blockchain (Tapscott & Tapscott, 2018). Blockchain technology can provide a source of truth for solving the traditional dispute through an effective mechanism of managing and examining relevant documents. Furthermore, parties can take advantage of blockchain technology's benefits to provide potential opportunities for a wide range of applications.

Cryptocurrencies and blockchain technologies also offer terrorist groups and organized crime a financing method. It grants them easy access to funding against standard traceability protocols such as banks (Aamir et al., 2020). It is possible to handle these issues by providing more rigorous controls and regulations to maintain blockchain safely. Many scholars provided solutions and approaches to solving security and privacy concerns. Banerjee and Choo (2018) proposed a multi-layered security solution that can protect cloud computing and apply to the secure permissioned distributed network that relies on three layers; firewall and access control, identity management intrusion prevention, and convergent encryption

Arbitration as a means of Resolving Cryptocurrency Disputes- Arbitration is a non-national and neutral dispute resolution forum that enables the parties to nominate a tribunal or technical specialists to efficiently and effectively resolve the different types of disputes that may arise. The ease of cross border enforcement also makes it highly compatible with the transnational nature of technology and investors of the blockchain industry. While uncertainty remains regarding the classification of crypto-based transactions as ‘investments’ under the existing investment arbitration regime, the regulation and ban by certain states mean that investment arbitration can be used as a viable option to resolve regulatory disputes.

We find that crypto platforms predominantly resort to domestic litigation and international arbitration to resolve future disputes. Moreover, we find that the ability to prohibit class proceedings seems to be the strongest explanatory factor in crypto platforms’ choice of international arbitration. In contrast, providing for the venue seems to be most strongly linked with choosing domestic litigation.

Websites that facilitate the exchange of Bitcoin to real currencies must hold some information on their account holders (such as a bank account number, credit card number, or PayPal account) in order to enable the exchange. It might be possible for tax authorities to regulate such intermediaries in the same manner in which they regulate financial intermediaries under the FATCA regime.

A more radical possibility is to operate against Bitcoin users. This form of action is interventionist and carries with it substantial political and normative implications. Under such an approach, for example, legislators could take action to chill the enthusiasm about Bitcoin by disallowing payments in Bitcoin. While not addressing the issue of tax evasion directly, it could harm Bitcoin liquidity and value, and as such make it ineffective for tax-evasion purposes. Such an overreaching approach would probably result in the loss of the social benefits associated with Bitcoins. Also, given that the number of Bitcoins is finite and that current market capitalization is low, governments could theoretically eliminate Bitcoin by owning it all. For example, central banks could purchase Bitcoins, and governments could employ sizable computing powers to mine Bitcoins and, by doing so, take Bitcoin out of circulation. This, again, will make Bitcoin irrelevant for tax-evasion purposes. Even assuming we are able to clear the legal and normative hurdles associated with such an approach, however, there is no assurance that other virtual currencies will not take Bitcoin's place.

Questions a resolution must answer

1. What approach will be economically optimal, protect consumers and prevent abuse of cryptocurrencies for illicit activities.
2. What issues has cryptocurrency and its underlying technology, blockchain, have proven to be a solution to?
3. For a truly global coordinated approach, what must countries do?
4. How can Conviction among economic players be increased?
5. Beyond a method for payment, what are the other functions of cryptocurrencies?