

February 2022

# Cryptocurrencies Newsletter



## 1. UK Govt Cracks Down on Misleading Cryptocurrency ads to Protect Consumers

The UK government joined a slew of nations in cracking down on misleading cryptocurrency ads to protect consumers. The country has joined Spain, Singapore and India in an effort to reign in cryptocurrency advertisements that promoted crypto trading.

The UK authority plans to bring crypto assets within the scope of financial promotions legislation. It means the "promotion of qualifying crypto-assets will be subject to FCA rules in line with the same high standards that other financial promotions such as stocks, shares, and insurance products are held to," said the UK Exchequer.

The decision to bring these types of advertisements into the scope of regulation will mitigate the risks of consumer harm, ensuring people have the appropriate information to make informed investment decisions.

Earlier Spain, Singapore and India, have stressed on the fact that the advertising of crypto-assets must be clear, balanced, fair and explain risks to the public. Spain's National Securities Market Commission issued new guidelines, to come into force from February 17, that mandates the following warning to be placed on all crypto ads: "Investments in crypto-assets are not regulated. They may not be appropriate for retail investors and the full amount invested may be lost". Moreover, Monetary Authority of Singapore warns again about the high risks involved in cryptocurrency trading and instructs providers of such services not to publicly promote or advertise their offerings, as doing so may encourage consumers to trade on impulse.

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## 2. Cryptocurrency Exchanges Across India Said to Face DGCI Crackdown, Rs. 70-Crore Tax Evasion Detected

After the massive tax evasion of GST by cryptocurrency service provider WazirX, the Directorate General of GST Intelligence has come down heavily on cryptocurrency exchanges operating in the country. "Around half dozen offices of cryptocurrency service providers have been searched and massive Goods and Service Tax (GST) evasion has been detected by DGCI," sources told ANI.

According to sources, around Rs. 70 crore worth of tax evasion has been detected during the crackdown on cryptocurrency trade by Mumbai CGST and DGCI.

The DGCI is investigating CoinSwitch Kuber by M/s Bitcipher Labs LLP, CoinDCX by M/s Neblio Technologies Pvt. Ltd., BuyUCoin by M/S I Block Technologies Pvt. Ltd. and Unocoin by M/s Unocoin Technologies Pvt. Ltd.

Official sources further said, "They are providing facilitation intermediary services for buying and selling of crypto coins. These services attract GST rate of duty of 18 percent which all of them have been evading."

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## 3. Walmart Plans to Enter Metaverse Space, Rollout its own Cryptocurrency, NFTs

Retail giant Walmart has plans to roll out its own non-fungible tokens (NFTs) and cryptocurrency. The retailer filed seven separate applications to the US Patent and Trademark Office on December 30, 2021. The applications indicate Walmart's intent to make and sell virtual goods including electronics, home decorations, sporting goods, toys and personal care products. In a separate filing, the company has said it would offer users virtual currency and NFTs.

According to Walmart statement:

*"We are continuously exploring how emerging technologies may shape future shopping experiences. We are testing new ideas all the time. Some ideas become products or services that make it to customers."*

Walmart is not the only company flirting with the idea of metaverse. Recently, Nike announced plans to introduce NFTs and virtual sneakers. Adidas sold more than USD 22 million in NFTs in December. Gap has also started selling NFTs of its logo sweatshirts. Louis Vuitton and Balenciaga have also entered the Metaverse last month.

The market for transactions in the Metaverse is expected to reach USD 6.1 billion in 2022. And companies like Meta (formerly Facebook) is betting big on VR/AR-based technology to bring immersive experiences to billions in the future. Meta has committed over USD 10 billion to build out its vision for Metaverse.

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## 4. Pak Central Bank Panel Recommends a Complete Ban on Cryptocurrency

A panel of Pakistan's central bank has recommended a complete ban on cryptocurrency and other related activities in the country, according to a media, days after a top court ordered a probe into a USD 100-million digital currency fraud.

The court sought the committee's opinion on whether any form of cryptocurrency could be permitted under Pakistani law, The News International reported. In its report, the committee suggested a complete ban on all cryptocurrency and other related activities in the country.

The committee observed cryptocurrency was traded in speculation, where people could be enticed to invest for short-term capital gains.

The committee said there must be a ban on unauthorized operations of cryptocurrency exchanges, stating that exchanges like Binance, OctaFX, among others, should be banned for their unauthorized operations, while proportionate and dissuasive penalties should be imposed on them.

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## 5. Kosovo Seizes Hundreds of Cryptocurrency Mining Devices

Pristina: Kosovo police seized hundreds of cryptocurrency mining machines and arrested one person in the tense ethnic-Serb majority north as the country suffered an energy crisis.

Cryptocurrencies like Bitcoin are created through solving complex equations an endeavour that consumes enormous amounts of energy tensions between the Serb-majority area and the ethnic Albanian majority government are running high and Kosovo's government brought in a temporary ban on cryptocurrency mining in an effort to bring down electricity consumption. However, police operations raised questions over their legality as experts say there is no legal grounds to ban cryptocurrency mining as Kosovo has no law regulating the issue.

Pristina said in October 2021 it had drafted a bill on crypto currency which the parliament was due to adopt by the end of the last year. However, the legislation is still pending.

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## 6. Asset sale of Diem Association

Diem organisation which is backed by Meta Platforms Inc., sold its intellectual property and other assets to crypto focused bank, Silvergate Capital Corp for a price of USD 182 million which in turn lead to wind down of facebook's cryptocurrency venture.

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## 7. Thailand Axes Planned 15% Cryptocurrency Tax

Thailand has scrapped plans to impose a 15 per cent withholding tax on crypto transactions after facing pushback from traders in one of south-east Asia's biggest markets for digital currencies.

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## 8. Russia Proposes Ban on Cryptocurrency use and Mining, Will Still Allow Citizens to Own Crypto

Russia proposes ban on cryptocurrency use and mining, will still allow citizens to own crypto  
The Bank of Russia has come out with a consultation paper that plans the future of cryptocurrencies in the country. Titled "Cryptocurrencies: Trends, Risks and Regulations," the paper proposes a blanket ban on the use and mining of all cryptocurrencies. In a new proposal, the Russian central bank notes the risk posed by cryptocurrencies to the financial stability of the country. It also raises concerns about the excessive energy demands due to cryptocurrency mining in the country.

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We hope you found these updates useful.

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