РАНХиГС
РОССИЙСКАЯ АКАДЕМИЯ НАРОДНОГО ХОЗЯЙСТВА
И ГОСУДАРСТВЕННОЙ СЛУЖБЫ
ПРИ ПРЕЗИДЕНТЕ РОССИЙСКОЙ ФЕДЕРАЦИИ

РОССИЙСКИЙ ЦЕНТР КОМПЕТЕНЦИЙ И АНАЛИЗА СТАНДАРТОВ ОЭСР

REGULATION ON CRYPTOCURRENCY AND ICO IN RUSSIA AND EAEU

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6,4 mln. $

Average sum raised on ICO

From 5% to 25%

of ICO are scams

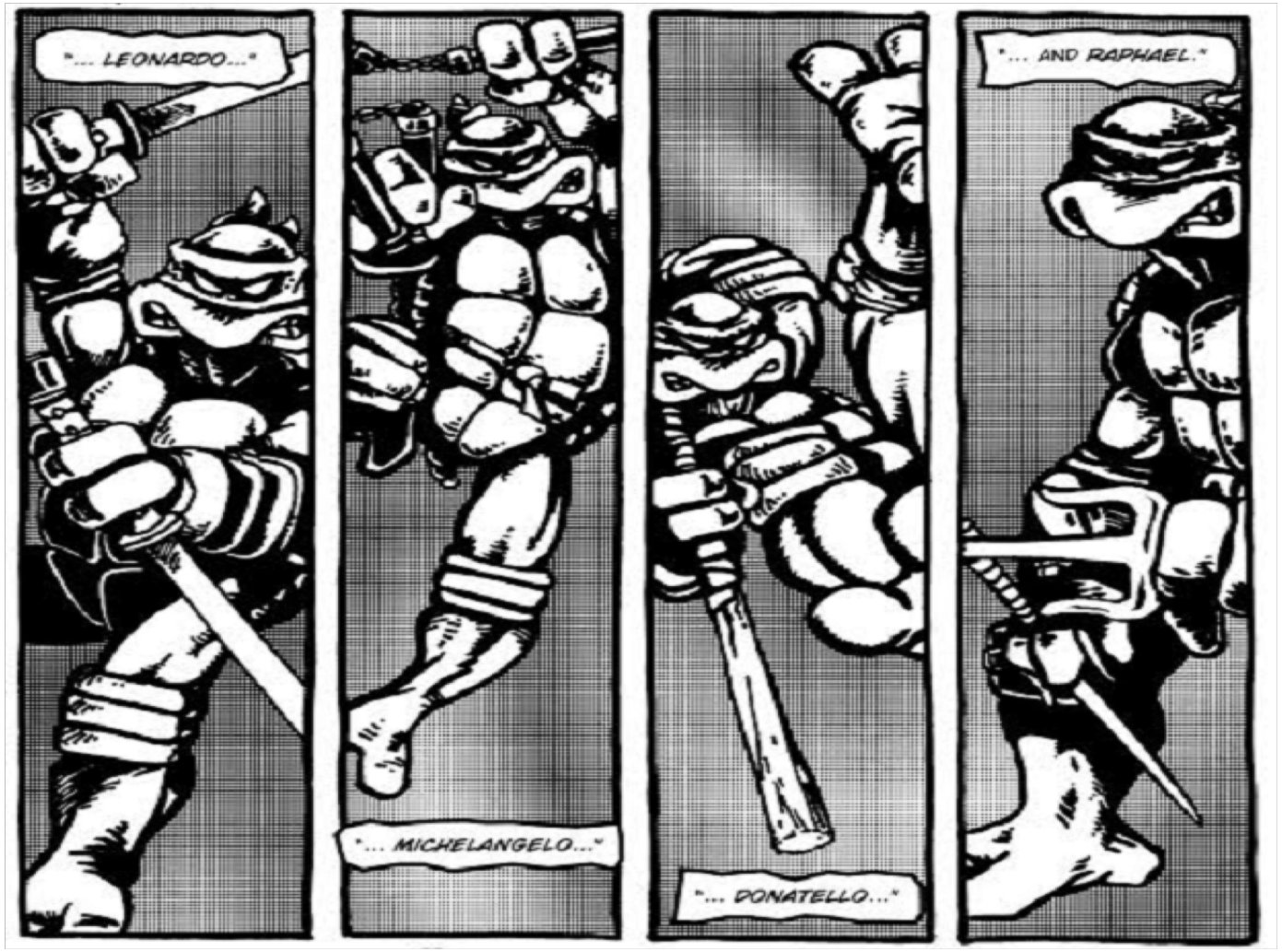
48%

Average profit for ICO investor

WHY OECD and BLOCKCHAIN?

OECD, 2015: **4 basic technologies for Digital economy**

IoT AI Big data Blockchain



LET'S TAKE BACK INTO HISTORY

Evolution 2012 - 2018: from misunderstanding to support

2012
European Central Bank: not important - to regulate it

2013
European Banking Authority: there are risks of using cryptocurrency

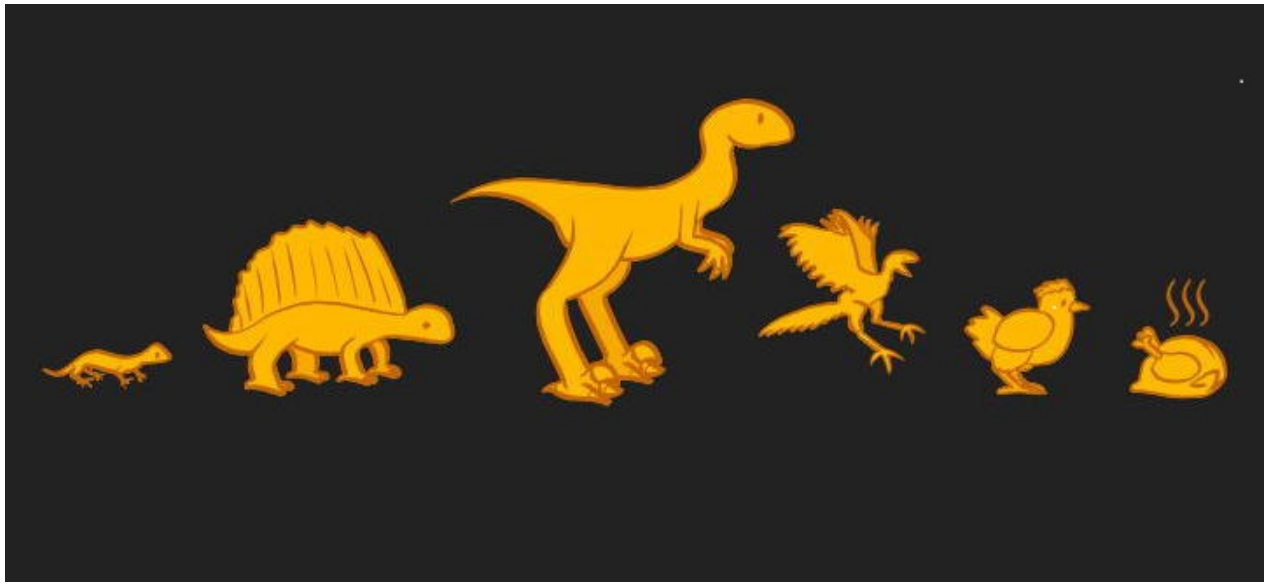
2014
GAO USA recommends that IRS find relatively low-cost ways to provide information to taxpayers

2014
Europol: need to reduce the risks of AML

2015
New York: a law about cryptoexchanges

2016
EU: Directive on AML was developed and adopted in 2018

2017
Japan: law about cryptoexchanges and cryptocurrency



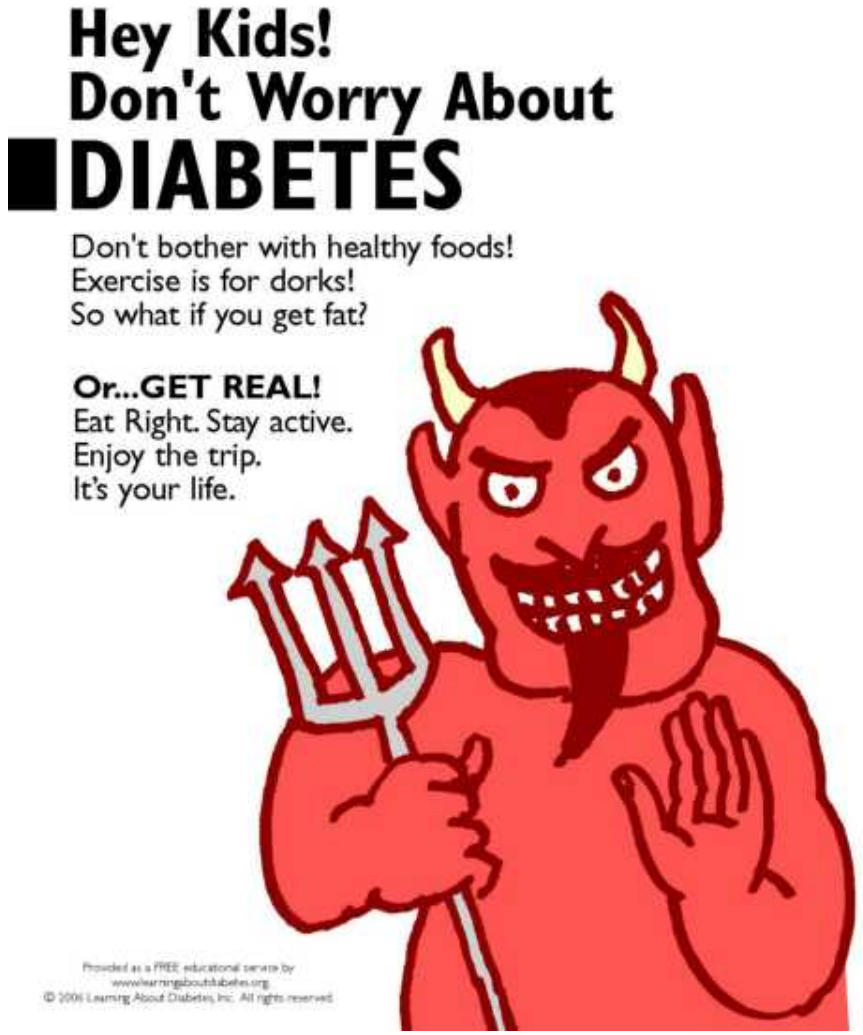
- **IN RESULT** we see **2 risks**: Tax + AML

- Later USA also found **1 more risk**: virtual tokens or coins may represent other rights as well. Accordingly, in certain cases, the *tokens or coins will be securities* and may not be lawfully sold without registration with the SEC or pursuant to an exemption from registration (SEC, 2017). *Most part of countries think like that!*

- But minority of countries (France) give you a chance: your ICO can release a token aka security under special conditions

1+1+1= 3 risks and 3 obligations

1. Pay taxes
2. Identify your client
3. Think about your token



In fact, it is too good to be true…

1. If you are cryptoexchange – you should know what foreign finance legislation applies to you if your clients are residents of these countries (Japan, Switzerland, Germany, USA and etc.)

2. If you are an ICO – you should know what foreign security legislation applies to you if you sell a token to a resident of countries like USA

You should think with whom you are working: extraterritorial laws do not sleep

WHAT IS GOING ON IN RUSSIA?

Honey is sweet, but the bee stings

2014
Central Bank: cash surrogates are prohibited

2015
President: coins more and more widely distributed, but they are not secured

2015
Ministry of Finance develops a bill, which provides a criminal penalty for the creation of cryptocurrency and software for them

2016
Ministry of Finance: updated bill proposes planting miners for 4 years.
Investigative committee: the information war against Russia is paid in bitcoins.

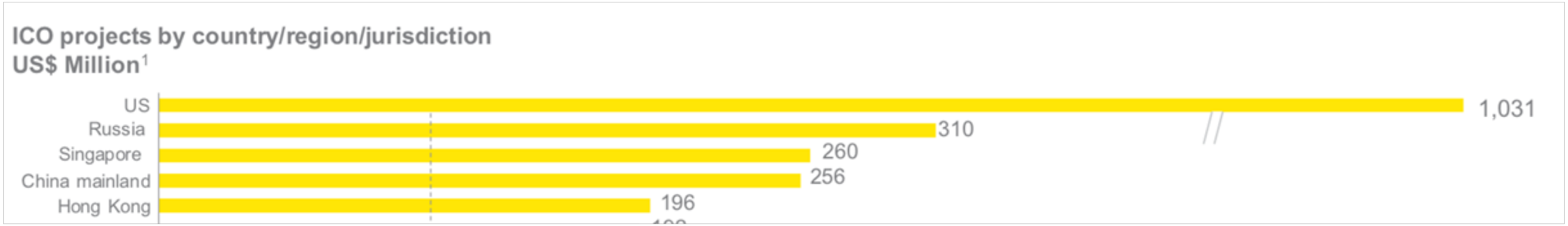
2017
Central Bank proposed to regulate cryptocurrency as a "digital product"

2017
Duma: the law on cryptocurrency will be adopted before the end of the year

2018
We have **3 bills** in cryptoeconomy.
No one is good!

Special way of Russia

- **Russia doesn't have any regulation (just 3 bills) for cryptoeconomy. But we have negative rhetoric.**
- **Russia doesn't close 3 risks (like OECD countries). It creates business uncertainty.**
- **But we have a huge potential in this new market**



Some points about regulation in Russia

1. You can make your business in cryptoeconomy in Russia now. *Everything which is not forbidden is allowed*

2. But you will have *some problems*:

- with taxes (Federal Tax Services doesn't have any strong guidelines on this aspect)
- with banks (Russian banks don't know – how to work with cryptocurrencies and cryptoexchanges because Central Bank and Federal Financial Monitoring Service doesn't have any strong and positive position on this aspect)
- with cryptoexchanges (foreign cryptoexchanges don't work with Russian banks and in Russia there are no AML/CFT guidelines on how cryptoexchanges should work)

3. We have *3 bills* in Russia now. Each touches the new market. But one bill is the most important (about financial digital assets) has several disadvantages.

- It is not clear - why do we need it?
- the content of the bill will become another barrier to business!

Ok! You are superhero and you decided to do business in Russia

You will get a surprise!

1. Do you have a business in Russia? Congrats - you are the Russia currency resident. Russian currency law applies to you.

2. Currency law has a strong restrictions on the use of your foreign accounts and crypto transactions are not allowed. But you need to use these accounts when you make ICO in Russia.

3. You made ICO. You are the hero! You sold tokens and got cryptocurrency. And then you will need to get a fiat currency. You go to the cryptoexchange and receive your fiat currency. On your foreign account. But – see point 1 and remember you are currency resident of RF. So you can't receive money from cryptoexchanges on your foreign account.

4. Penalty: 75-100% of the transaction amount.

New law – new hope?

1. Bill on DFA in Russia limits possibilities on using of cryptocurrency

2. Bill on DFA does not contain any changes about AML's standards

3. Bill on DFA does not have any clarifications about taxation

HA! HA!
I can be on this side too!!!

WHAT ABOUT REGULATION IN EAEU?

Eurasian Union – new economic integration

Country	ICO regulation	Cryptocurrency regulation
Armenia	X	X
Belorussia	+	+
Kazakhstan	X	X
Kyrgyzstan	X	X
Russia	X	X

ICO vs IPO

OECD, 2018

IPO

- Planning 12-18 months
- Public proposal 6-9 months
- Old companies
- Main task – to get rid of venture financing
- Any
- Fundfraising – 94.5 mln $ (2016)
- Right to property
- Costs during (3-7% from borrowed funds)

ICO

- Planning 2-3 months
- Public proposal 1-2 months
- Startups
- Give opportunity to realize project at the beginning of the company
- Blockchain-company
- Fundraising – 6.4 mln $ (2016)
- Different rights
- Costs during - 3%