

# CRYPTO A.M.

PARTNER CONTENT

## CITY A.M.'S CRYPTO INSIDER

JAMES BOWATER

Tonight in London, at the famous American steakhouse Smith & Wollensky, I will be hosting the Crypto AM Keynote, Panel & Networking Event with Keynote Speakers Naem Aslam, Chief Market Analyst of ThinkMarkets and Daniel Doll-Steinberg, Co-Founder of the Atari Token. On the panel will be representatives of Nodal Labs, CDAX, Craft Coin Company and Wirex. There are a few places left and it's free to attend but by application only. Please email me your interest at [CryptoInsider@cityam.com](mailto:CryptoInsider@cityam.com)



The Summer Solstice was celebrated in style with an explosion of positivity in the Crypto markets. I looked back at previous editions of Crypto AM ([www.cityam.com/crypto-insider](http://www.cityam.com/crypto-insider)) and noted that since I started publishing my price watch six months ago that Bitcoin (BTC) has risen from US\$3,275.97 to its current US\$10,809.20, Ethereum (ETH) from US\$83.81 to its current US\$306.99 and the crypto market cap has more than triple since to US\$325.51bn!

Since last week's Crypto AM, BTC has been testing, breaching, falling back and punching through the \$11,000 resistance mark and, at the time of writing, is trading at US\$10,809.20. ETH is at US\$306.99; Ripple (XRP) is at US\$0.4611; Binance (BNB) is at US\$36.87 and Cardano (ADA) is at US\$0.09640. Overall Market Cap is US\$325.52bn (data source: [www.CryptoCompare.com](http://www.CryptoCompare.com))

It is impossible to ignore the biggest news of last week which is that Facebook officially revealed Libra and Calibra. As mentioned above, the markets have been very buoyant and many observers put it down in part to the Libra Effect. I don't propose to address the impact that Libra is having as I have invited a number very bright people to share their thoughts in this very

Libra dominated edition of Crypto AM. What I will say though is that even if Libra is not a true cryptocurrency it doesn't matter, because what this announcement has already done is ignite furious debate and highlighted how broken the legacy banking system in serving the unbanked. So for one very much welcome this addition to the fold.

I'm very pleased to be taking part in an exclusive event called 'Tokenise It!' supported by everToken, Crypto AM, KuCoin Exchange, SMC Capital and Obsidian Capital (Crypto AM contributor Annie Hill is the CEO). I will be taking part in a fireside chat with some special guests.

In the run up I've had the pleasure of meeting Brady Luo the Co-Founder & CEO of everToken, a project that is achieving that holiest of grails: speed. Measured in Transfers Per Second (TPS) the network runs at 10,000TPS which compares to EOS at 4,000 and Ethereum at 25. If you'd like to join me on Friday, 28th June at 1 Wimpole Street please register at [bit.ly/tokenlondon](http://bit.ly/tokenlondon) Doors open at 17:30 - see you there!

Our series on AI, Blockchain, Cryptoassets, DLT and Tokenisation

Historically, financial regulators of any hue have divided their roles to reflect their markets and constituents. Central bankers examine currencies and the systemic stability of the financial system; securities and banking regulators focus on wholesale markets; financial conduct regulators pay attention to consumer finance. As markets globalise, the regulators should in theory collaborate across nations and economic blocks. That has always been financial regulation 101.

This leads to an ambivalent attitude towards cryptocurrencies. Consumer-oriented regulators understandably fret about frauds and criminal usage, as part of their remit to ensure that consumers are protected. Meanwhile, central bankers are dismissive because, to date, cryptocurrencies are minuscule relative to established fiat currencies.

However, what happens when the behemoths of the social media world launch their own currencies? Suddenly, size matters. Perhaps it is unkind to class these social media currencies as cryptocurrencies, given their clearly delineated purpose. However, they have the potential to develop into an extremely popular payment medium, that sits outside established financial markets. So, what's a regulator to do?

The first thing is not to panic, as there are established regulatory frameworks for payment systems and services - such as the EU Payment Services Directive and US Money Transmitters Licence regime - that regulators can adapt to a closed loop payment system. Many regulators can also designate financial systems 'systemically important,' and subject them to direct oversight. Of course, the global nature of a social media currency will require collaboration and harmonisation across various regulatory regimes. Whilst this may be challenging, it is not impossible.

For the central bankers, however, a different problem exists. Although some, such as Mark Carney, have been calling for a more coordinated approach to cryptocurrencies, the general approach is that they are not 'real money' and therefore not significant enough to warrant intervention. With the possibility of a social media currency being developed on a scale to parallel the conventional currency system, the questions are whether the central banks should seek to bring social media currencies within their bailiwicks and, if so, how? The prospect of regulating a social media platform as a credit institution is daunting and it is questionable whether it could be done without the cooperation of the platform itself. However, the cloak of acceptance and respectability may prove to be sufficient incentive, encouraging user confidence in the currency.

Calm, collaboration and cooperation may facilitate the induction of social media currencies into the financial system, however whilst the ostensible purpose of social media currencies may be the facilitation of payments, there are ulterior uses - prime amongst which is the harvesting of data. Social media platforms already acquire and manipulate personal data; the addition of personal financial data takes the offering to another level. In a conventional banking environment, data on spending habits is inevitably incomplete. Customers have irritating habits such as taking cash out of ATMs, effecting payments using a combination of credit and debit cards, running multiple accounts, and buying and selling things to others who bank elsewhere. The prospect of having a data harvesting business that not only sees the payment flows from consumer to retailer, but also between retailers and users' spending habits with little data leakage, is an appealing prospect.

The question will arise as to whether the payments data collected by Libra amounts to personal data and is therefore subject to the famous EU GDPR. Due to their sizeable subscriber base, Facebook and other social media platforms only need a kernel of information to identify an individual for targeted advertising. Importantly, Facebook will only be allowed to use that personal data for the purposes for which it was initially collected. We are starting to see examples, in the form of complaints to data supervisory authorities and litigation, where that personal data is shared (leaked) with another function or company and used for an entirely different purpose without justification. An individual's consumer behaviour derived from the payments data on the scale intended by Libra will be a frightening insight into our lives, regardless of whether



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## Crypto A.M. shines its Spotlight on ME Group

The ME Group is a LegalTech provider of dispute analysis and quantification, litigation funding, insurance and legal representation for consumers facing complex legal problems. The Group's CEO, Rob Cooper, together with his co-founders John Coxhead and Craig Cornick, have just returned from the 9th Global Family Office Investment Summit in Monaco where they spoke about the Group's journey of rapid growth to become a market leader in its sector.

The ME Group mission is to improve the quality and reduce the cost of dispute resolution for all parties through the use of LegalTech. Speaking at the summit Rob Cooper explained some of the many challenges faced by those involved in a dispute.

"Equality of Arms is part of the right to a fair trial, a right embedded in the European Convention on Human Rights. However for many people involved in a dispute there often feels like there is a significant

imbalance in the power of the parties. With significant changes to the legal industry, including the removal of most legal aid for civil cases, those who are financially vulnerable stand little chance of affording legal representation and other legal costs

For large disputes, often involving businesses or high-net worth individuals, litigation funding can bring greater balance between the parties by facilitating access to legal representation that would otherwise

Our use of AI across the Group plays a significant part in unlocking new opportunities



Rob Cooper, Chief Executive Officer, ME Group

not be available. However litigation funding is often cost prohibitive in smaller disputes, because the litigation funder has to pass on the cost of undertaking their due diligence on the likelihood of the dispute

succeeding." This is where ME Group's proprietary LegalTech is revolutionising the legal services industry for the benefit of all stakeholders. Operating in specific dispute

areas, the Group uses its LegalTech to appraise the expected outcome of a dispute and the level of damages that should be awarded. That appraisal is undertaken in minutes and the Group is able to support large volumes of disputes. Not only does this mean that the cost of dispute resolution is reduced for all parties, it also means it happens quicker, and that the Group's litigation funding and insurance offerings can be opened up to markets and dispute types that would not otherwise be accessible.

Talking about the Group's future growth plans Cooper commented: "Our use of AI across the Group plays a significant part in unlocking new opportunities both in the UK and abroad. As we develop our LegalTech into more dispute areas we are able to identify more people that we can give access to justice. That in turn enables us to safely deploy more capital in both litigation funding and insurance.

As we look to the future the tokenisation of investor opportunities in our sector is something we're taking a close look at. A high-yield asset that is uncorrelated to normal economic cycles is likely to be an attractive proposition, and our LegalTech would ensure such tokens are underpinned by high-quality assets that are effectively managed through to realisation."

More information can be found at [www.megroupholdings.co.uk](http://www.megroupholdings.co.uk)

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## CRYPTOCOMPARE MARKET VIEW

### Bitcoin Soars Past \$10,000 as Facebook Libra Announced

Last week saw the heavily-anticipated Facebook Libra cryptocurrency and blockchain announced, complete with a white paper and accompanying wallet, named Calibra. The new stablecoin is to be backed by a basket of fiat currencies and will be managed by a Geneva-based non-profit with founding members including Visa, Paypal, Uber and Coinbase. The plans almost immediately sparked a regulatory backlash as lawmakers in the US and France voiced their opinion that the Libra plans should be stopped in their tracks.

Bitcoin meanwhile had a stellar week, soaring over the weekend past the key resistance level at \$10,000, before crossing the \$11,000 mark - reaching highs not seen since January 2018. Altcoins also saw impressive gains, with ethereum (ETH) surging past the \$300 mark - a price it last traded at in August 2018.

Quadriga CX, the Canadian cryptocurrency exchange that collapsed after the death of its CEO and founder in 2018, may have

committed fraud according to a report published last week by EY. Aside from losing \$190 million of customer funds, auditors also reported that the founder lost millions of dollars by margin trading on other exchanges with funds taken from QuadrigaCX.

In response to the proliferation of problematic exchanges such as QuadrigaCX, CryptoCompare has launched a new Exchange Benchmarking Tool to reveal trusted exchanges. Ranking exchanges across several metrics from geography to team and market quality, the new tool arrives at a notion of "trusted volume" for exchanges ranked from AA to B.

In other news, Algorand, the proof-of-stake-based blockchain from respected cryptographer Silvio Micali, completed its token sale. Using a Dutch auction, the Algo tokens were sold at a value of \$2.40 - raising \$60 million. The token sale gave the project an implied market cap of \$24 billion - not far off that of leading altcoin Ethereum.

## CRYPTO A.M. INDUSTRY VOICES

### Facebook has changed the game with Libra

Love them or Hate them Facebook has changed the game. Libra coin is what every alt coin wishes it could be. An amazing collection of paying partners that will act as nodes, provide liquidity for the token, and eventually govern the project. Combined with access to over 2 billion people and, providers, Libra shows what projects can be when scale is involved. It is important to look at Libra not through the lens of a Western crypto early adopter, but through that of a member of a future global economy.

In the near term Libra coin allows Facebook to implement a global version of WeChat. If you haven't used WeChat, it is hard to understand how dominant and pervasive it is. So, why can't Facebook just launch the same functionality? Why does Libra need to exist?

Simply put, WeChat runs on RMB. Facebook's 2.5 billion active users span hundreds of countries and currencies. Libra will allow Facebook to provide similar, seamless functionality without tripping up over the global payments system. The involvement of Stripe and Visa makes clear that Libra will be fungible both on and off line.

Sitting in London with our easy to set up and use bank accounts it is tempting to dismiss this kind of innovation as bandwagon jumping. I think it is revolutionary. Libra's website makes it clear that they see the unbanked as their first challenge. In countries such as India there are more smartphones than there are bank accounts. From 2020 unbanked users will be able to set up the equivalent of account on their mobile using their PAN card (a type of ID all Indians carry) and suddenly they will exist in the financial system. This is huge.

People will work, be paid cash, and convert to Libra via the local store. This opens up untold opportunities instead of remaining economically restricted to


their immediate area. Think this will not happen? Just look at mPesa in Kenya. Libra will be cheaper, faster, ubiquitous and global. Facebook do not want to own these services. By making Libra programmable, they are banking on entrepreneurs building on top of it.

Many dismiss Libra as an evil plan by Facebook. Virtue signalling abounds by people condemning an initiative they don't want to understand. Libra does not pretend it is a decentralized system, but have laid out a clear roadmap to proof-of-stake. They are even more clear that this is not about marrying data to financial transactions - undoubtedly others will, but this is not their end. Facebook was founded on the notion of connecting the world. Libra is a logical next step.

Facebook will benefit if this is a success. But they are not acting as a rent seeking centralised entity. So many blockchain businesses have preached a decentralised utopia, accessible only if you recentralise all the money to their pockets. Libra has been designed to be built upon, any profit Facebook makes will be reward for their connecting of over 2 billion people. It is the rails upon which crypto will live or die.

Many of the mutterings across the cryptosphere remind me of angry teenagers upset their favourite band is popular. Crypto and blockchain are not single entities. They are a paradigm shift of technology and economic philosophy. Importantly, 99.99% of people do not care what the technology is. Libra will deliver the users, developers, partners, and network needed to see if we can deliver on all of the promises we've made about blockchain. It's structure, and arrival, marks the time for building real companies.

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## CRYPTO NOT REQUIRED

Jon Walsh, Associate Partner Blockchain Rookies

Cryptocurrency and Blockchain go hand in hand right? Actually, there are a plethora of use cases for enterprise Blockchain that does not require any token or crypto.

In 2016/17 we saw a glut of companies utilising Blockchain purely as a reason to justify using a token and raise a boatload of money through an ICO. In most cases, it was an attempt to deliver on their project and avoid the whole venture capital conversation. VCs require thorough due diligence on teams and projects and regulators require substantial filing and reporting when raising funds from the general public.

If you are a Twitter user you'll see lots of talk, debate and arguments over cryptocurrency and which ones have value, and very little discussion around enterprise blockchain - Blockchain without crypto just isn't anywhere near as exciting...

Enterprise Blockchain will surely be here well beyond most tokens in the market today. I would also argue that aiming to solve food supply chain transparency, reduce oceanic shipping times, or prevention of blood diamonds entering the market are far more important things that Blockchain can help solve - and none of this requires a nonsense token in the ecosystem.

When you understand that Blockchain is little more than a fancy database to record ownership (or custody) of a given item, and then apply that to places where trust is low, it's easy to see how adding in a token just creates multiple complexities that aren't required.

If you're considering doing a Blockchain POC to solve industry woes that are awash in whatever industry you work in, focus on how a shared ledger with common and agreed standards (to act as a central source of truth), is able to deal with this and forget all about the idea of tokens or coins - it's a smokescreen.

Get in touch with us  
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Craft Coin Company Presents:

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