**FORUM:** Special Committee 2

**QUESTION OF:** The Question of Measures to Regulate the Use of E-Currencies such as Bitcoin

**SUBMITTED BY:** Finland

SPECIAL COMMITTEE 2,

*Recognizing* the recent popularity and resurgence of cryptocurrencies, most prominently Bitcoin, in the global community as it has seen a 12.46% increase among companies endorsing it,

*Drawing attention to* the recent volatility in the value of Bitcoins driven by press, value in relation to fiat currency, currency liquidation of large investors, and foreign direct investments,

Aware of the usage of cryptocurrencies for speculative investment, which most illustratively led to the cryptocurrency Bitcoin losing nearly half of its value in 2017,

*Understanding* a mistrust in e-currencies for their semblance to ponzi-schemes or other investment frauds,

*Taking note of* the rise of Initial Coin Offerings (ICO) and its turn out rate of 80% of ICOs ending up being investment scams,

*Alarmed by* the abuse of the anonymity guaranteed by cryptocurrencies in order to engage in illegal activities, nearly $72 billion of illegal activity is estimated to be conducted through cryptocurrencies,

*Further alarmed by* the very unregulated state of cryptocurrencies, as they currently stand,

*Encouraged by* the fact that the illegal share of cryptocurrencies has declined conversely to increase in mainstream interests,

1. Considers countries to accept cryptocurrencies as source of benefit in creating opportunities for business development and one able to augment our understanding of it and therefore allow us to use it for other measures such as:
   1. disaster relief for areas in which a bank is not as easily accessible, phone towers would be more viable for victims or refugees in need of access
   2. providing economic stability for citizens undergoing high inflation rates
   3. have a means for impoverished peoples within areas that lack infrastructure to have access to banks;
2. Calls for the establishment of a World Cryptocurrency Council (WCC), that would act as a functional commission of the United Nations, the progress of which is to be biannually reviewed by the GA3:
   1. further calls for the council to include one representative each from 4 countries in a regional bloc, the countries and representatives being non-permanent members and subject to re-election biannually
   2. asks that said preliminary council reach out to cryptocurrency organizations in order to ensure that each cryptocurrency with a market cap larger than $5,000,000 send a representative to be a member of the council
      1. individuals appointed representative must be physically present for any and all meetings of the WCC
      2. reappointments can be made at the discretion of the organization, as long as the WCC and GA3 are given 3 months notice, and gain the requisite UN security clearance;
3. Recommends that the UN Secretariat assign financial, economic, and cryptocurrency experts and specialists to the WCC, at its own discretion;
4. Suggests that the WCC formulate a comprehensive collection of behavioural and commercial standards for all represented currencies to abide by and present it to the GA3 before its first review, so that the GA and member states might review, revise and eventually pass into international and national law said collection of standards;
5. Encourages that the aforementioned collection devise mechanisms through which individual cryptocurrency organizations may prevent their product from being used for illegal activity without substantially or disproportionately infringing upon the privacy and anonymity which their users value, including but not limited to the following methods:
   1. securing IP addresses to manage Dark Wallet transactions by countering stealth addresses and coin mixing through Quantum Key Distribution which utilises quantum mechanics to ensure that the subatomic particles involved in transactions aren’t convoluted with malware which would effectively prevent:
      1. large scale money laundering
      2. illegal transactions through Bitcoin or other cryptocurrencies
      3. fraudulent investment schemes from occurring;
6. Calls upon the WCC to ensure that the question of regulating cryptocurrency mining is additionally addressed in said collection of standards in order to further legitimise cryptocurrencies and eliminate the potential of drastically sinking overall value due to an abundance of coins;
7. Proposes that after the GA approval and national ratification of said standards, member states impose a ban on the selling, mining, usage of cryptocurrencies that are represented on the WCC but not in accordance with the, now regulatory, standards;
8. Strongly suggests that the WCC devise Initial Coin Offering (ICO) regulations that the GA3 and member states may successively adopt,
   1. such regulations would be enforced by investors and would have to be upheld before ICOs are allowed to be invested in
   2. further recommends that such regulations build on the criteria stated in the Howey Test that determines what is recognised as a security or asset, the criteria follows which consists of:
      1. an investment
      2. expectation for profit
      3. a common enterprise;
9. Further suggests that said regulations mandate the publishing of a financial report to ensure compliance with said regulations and secure investors holdings on the asset or (because many ICO’s usually act on smaller scales than large firms) they must submit the initial white paper to a third party legal authority to verify its authenticity;
10. Further recommends countries to improve digital literacy as part of educational standards which would function as:
    1. capacity building measures for developing nations to function within the cryptocurrency global exchange with all the capabilities or advantageous Bitcoin offers such as mining
    2. encourage entrepreneurship within impoverished nations as cryptocurrency being a means of investment
    3. allow local businesses to flourish through cryptocurrency investments and discourage them from only seeking opportunity outside of their developing nation;
11. Endorses further investments in cheaper sources of energy for nations to have equal opportunities for their cryptocurrency mining with sources such as:
    1. Nuclear energy through thorium for its higher efficiency, safety, and less waste production with a shorter half life in comparison to uranium
    2. Wind and solar energy dependent on regions capacity for these sources.