**COMMITTEE:** Special Conference 2 on the Challenges of Exponential Change

**ISSUE:** Regulating the use of e-currencies

**MAIN SUBMITTER:** Republic of Cuba

**COSUBMITTERS:** Syrian Arab Republic, Lesotho, Georgia, Costa Rica, United Kingdom, Guinea, Mongolia, Philippines, Cambodia, Sudan, Haiti, Lebanon, Dominican Republic, Myanmar, Chad, Latvia, Peru, Tunisia, Armenia, Palestine, France, Czech Republic, Nigeria, Malaysia

*Deeply concerned* about the alleged $1.2 billion laundered through cryptocurrency tools in 2017-2018

*Noting* with apprehension that the U.S Federal Bureau of Investigation registered a six-fold increase in complaints regarding cryptocurrency complaints regarding cryptocurrency crime in 2018 compared to 2015.

*Having examined* the Special Conference 2 on the Challenges of Exponential Change, Regulating the use of e-currencies

*Taking into account* the failure of the Venezuelan cryptocurrency, the Petro.

*Taking note* of the fact that $530 million were lost after the hack of a Japanese exchange.

*Acknowledging* that since January 2018 South Korea has taken effective action in reducing cryptocurrency money laundering by disallowing anonymous users from trading cryptocurrencies.

*Concerned* about the enormous energy consumption of bitcoin mining, and the resultant high carbon footprint of this process.

*Emphasizing* the importance of reducing fossil fuel consumption by bitcoin miners, as they consume around 0.13% of total global electricity consumption, this being more than 159 countries.

1) Strongly advises countries to take action to reduce illegal activities stemming from cryptocurrency trading. This can be done by

a. Disallowing anonymous trading to reduce tax evasion and money laundering by:

i. Introducing systems to verify a person’s identity before the person can make a cryptocurrency transaction

ii. Make it mandatory for cryptocurrency exchanges to share user data with local banks,

iii. Creating enforcement agencies to ensure no anonymous accounts persist

iv. Working alongside the Bates Group to freeze and take control of funds of criminal syndicates,

b. Monitoring Initial Coin Offerings (ICOs) transactions to stop the funding of illegal groups such as terrorist organizations.

c. Taxing revenue received in cryptocurrency in the same way that revenue received in fiat currency is taxed

2) Urges the UN to set up a global monitoring agency to regulate and track global cryptocurrency trading in order to further prevent illicit activities. Said monitoring agency may function by taking the measures suggested to individual countries in the previous clause.

3) Suggests countries offer a centralized exchange to cryptocurrency users. These national exchanges should offer services that are not yet offered by the decentralized exchanges of current cryptocurrency systems, such as but not limited to:

a. Help in the prevention of hacking

b. In the case of a successful theft; facilitating the tracking, freezing and recovery of the stolen assets

c. Giving citizens easier access to spend their money, where transactions can take place:

* + 1. On all cellular phone devices
    2. Personal and public computers
    3. ATM’s
    4. Banks

4) Promotes measures to fight the issue of the exponentially rising power consumption of cryptocurrency mining by;

a. Imposing extremely high-density tariffs on small to medium sized cryptocurrency mining enterprises.

b. Declaring limits on the total amount of energy accessible to large servers farming cryptocurrencies.

5) Calls for distributors of e-currencies such as Bitcoin to unify and create standardized digital wallets, giving access to transaction history to fellow governments, enabling:

1. Governments to track identities and transactions of illegal activities and products
2. Added security features, such as:
   1. A mandatory identity checkoff with the creation of each digital wallet, such as a valid passport or government issued identification card
   2. Mandatory uses of blockchain for each transaction ensuring all transactions are recorded by governments.
   3. Cutting out all attempts to deploy randomly generated and false signatures for each transaction
3. Law enforcements to track down the individuals tied to digital wallets, ensuring criminal activity can not only be traced but also pursued;

6) Encourages the cooperation with United Kingdom based Crypto Compliance agency, Elliptic, to give countries the ability to track down crime syndicates and criminals who use more anonymous e-currencies currently and in the past using their ‘crypto-forensic’ technology to:

1. Follow patterns of online e-currency profiles and accounts to unmask true identities
2. Match anonymous payments with real world purchases and currency exchanges to deanonymize users
3. Render anonymous currencies such as Z-Cash and Monero useless in terms of keeping transactions completely private by ridding them of their crypto-fog;

7) organizations such as the Dark Wallet Project and others like it who are attempting to create e-currency trading platforms involving advanced technology to:

1. Create undismissable crypto-fog, enabling users to completely anonymously trade currency
2. Promote the use of crypto-currencies for underground purchases and criminal transactions;

8) Recommends adding restrictions to the mining of e-currencies worldwide to decrease risks of attacks on the market as well as saving energy by:

1. Forcing miners to convert to merged mining pools such as X11, where they would be mining for different cryptocurrencies simultaneously for the same amount of profit, but limited their power in each realm
2. Requesting the alteration of the Bitcoin private code to decrease from a 64 digit alphanumeric code to a 32 bit alphanumeric code, because still being completely effective and a powerful security key on each coin in the world, it will decrease operating energy costs exponentially;

9) Urges governments to become involved in the miners of Bitcoin and other e-currencies to ensure a 51% attack by utilizing KOMODO which will use their cross referencing and data analyzing technology to connect public figures on the web and their bitcoin addresses with addresses on the blockchain linked to criminal activity to match addresses and specific profiles.