

Technology Law Analysis

April 27, 2021

CRYPTO FOR COVID RELIEF, OUR THOUGHTS ON NFTS, FUTURE REGULATION, AND MORE

Over the weekend, in less than 24 hours, a fundraising initiative by well-known Indian crypto-asset entrepreneurs was able to gather crypto-assets worth over USD 1 million / INR 7.5 crore, and counting. The initiative was started with a heartfelt message on Twitter and the publication of an Ethereum smart contract address (available [here](#)). With just that, contributions have poured in from all over the world, including from Vitalik Buterin, Co-Founder, Ethereum, who contributed over USD 600,000 / INR 4.5 crore. In fact, persons have made contributions starting from 0.005 Ether (approx. INR 175).

Of course, the regulatory compliance of the initiative should be assessed closely and structured accordingly. Contributions should be made and brought into India in a manner compliant with the Foreign Contribution (Regulation) Act, 2010, which regulates all donations made by foreign sources, and the Foreign Exchange Management Act, 1999, which regulates inflow and outflow of foreign exchange.

What the initiative shows, however, is the power of crypto-assets for fast, permissionless, cross-border payments, including micro-payments, for a noble cause. The traditional banking system is unlikely to have been able to process as many transactions, particularly micro-transactions, across as many borders in as short a time period. Compounding the surge of mainstream credibility - particularly over the past year - in the crypto-asset and blockchain space, this initiative shows the power of the 'Internet of Value' to bring benefits to a nation.

Over the past few months, we have written extensively on the space, including:

- An article by Jaideep Reddy and Vaibhav Parikh on key developments in the crypto-asset and blockchain space and the future of its law and policy in India, published in [The Hindu BusinessLine](#) on April 20, 2021.
- An article on Jaideep Reddy, Meyyappan N. and Vaibhav Parikh on Non-Fungible Tokens (NFTs), explaining the concept in simple terms and its Indian law implications, published in [The Economic Times Tech](#) on April 8, 2021.
- A television interview by Jaideep Reddy on [CNBC-TV18](#) in March 2021 discussing the way forward for India in crypto-asset and blockchain law and policy.
- Our [letter](#) in September 2020 to the Government of India discussing why a prohibition on crypto-assets is not the appropriate way forward as a matter of law or policy, and proposing a regulatory framework instead, including a licensing and KYC regime for intermediaries.
- A detailed law review article by Jaideep Reddy published in the [Indian Journal of Law and Technology](#), National Law School of India University, Bengaluru, discussing why an outright ban on crypto-assets is likely to be unconstitutional and why a regulatory regime should be considered instead.

After the landmark Supreme Court judgment in Internet and Mobile Association of India v. Reserve Bank of India in March 2020, where we represented the petitioners, the ecosystem has flourished in India with a wealth of innovative activity. Further legal clarity was obtained when the Karnataka High Court in February 2021 quashed criminal proceedings against the founders of Unocoin Technologies Private Limited, who we represented, for starting a crypto-asset kiosk machine in Bengaluru, India.

Crypto-Asset and Blockchain Team

DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

Research Papers

Little International Guide (India) 2024

November 08, 2024

Unmasking Deepfakes

October 25, 2024

Are we ready for Designer Babies

October 24, 2024

Research Articles

The Bitcoin Effect

November 14, 2024

Acquirers Beware: Indian Merger Control Regime Revamped!

September 15, 2024

Navigating the Boom: Rise of M&A in Healthcare

August 23, 2024

Audio

Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

Renewable Roadmap: Budget 2024 and Beyond - Part I

August 26, 2024

Renewable Roadmap: Budget 2024 and Beyond - Part II

August 26, 2024

NDA Connect

Connect with us at events, conferences and seminars.

NDA Hotline

[Click here to view Hotline archives.](#)

Video

"Investment return is not enough" Nishith Desai with Nikunj Dalmia (ET Now) at FI8 event in Riyadh

October 31, 2024

Analysing SEBI's Consultation Paper on Simplification of registration for FPIs

September 26, 2024

