

# Virtual Currencies Roundtable

Ben Regnard-Weinrabe, Partner  
Mark Taylor, Partner  
Roger Tym, Partner  
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# Nature of virtual currency

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- What is a virtual currency?
  - Digital medium of exchange in virtual community
  - Not issued by a central bank / not legal tender
  - Pegged to and/or interchangeable with real money?
- How does Bitcoin work?

# Benefits and risks

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- Benefits
  - Capture and control spend
  - "Universal currency":
    - single denomination for international spend
  - Anonymity in a big brother world
- Risks
  - Anonymity
  - Volatility
  - Threat to money supply
  - Technology dependence
  - Lack of legal basis

# Regulatory status

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- Current EU financial services regulation may or may not apply
- US developments
- Need for more tailored regulation?

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