

OPPORTUNITIES AND POTENTIAL FOR GIBRALTAR

Distributed Ledger Technology (DLT) Regulatory Framework - a consultation

At a summit held at the University of Gibraltar on the 9th May, and co-sponsored by EY Gibraltar with HM Government of Gibraltar, the proposed regulatory framework for individuals and firms engaging in activities not otherwise subject to regulation under another framework and that for business purposes use Distributed Ledger Technology for the transmission or storage of value belonging to others, was discussed by globally recognised speakers.

The proposed regulatory framework presents Gibraltar with the opportunity to place itself at the front and centre of this fast developing sector of disruptive FinTech.

It matters because DLT offers the potential to ease regulatory and business issues faced now. Amongst a host of these are an increase in transparency; removing or decreasing the need for intermediaries by facilitating trust; securing data; reduce financial crime risk; reduce (and in a perfect state, eliminate) counterparty risk; reduce (eliminate) collateral use, at least for cash transactions; increase STP; eliminate the need for reconciliations and reduce costs.

Commenting on the opportunities, Johann Olivera, Partner at EY said: 'This new FinTech landscape is not coming, it has arrived and Regulators that understand that will benefit jurisdictions willing to develop an appropriate framework'.

Channing Flynn, EY Global Technology Sector Leader defines that need to shift our thinking and leverage the potential: 'To date, blockchain has transformed only people's thinking. We don't yet even know all the questions blockchain technology will raise, much less the answers. But waiting for the technology to take hold is too late. Now is the time to start defining the questions and influencing policy that will lead to answers.'

Commitment from Government was underlined by Albert Isola, Minister for Commerce who commented: 'This Government made a public commitment to widely consult with the private sector and other interested parties on its vision to establish and develop Gibraltar as a centre of excellence in the innovative financial technology sector. I am pleased to advise that, working closely with the Gibraltar Financial Services Commission, and the private sector Cryptocurrency Working Group we have produced a comprehensive document providing a detailed template on how we believe this should happen'.

HM Government of Gibraltar confirmed at the summit that it would publish for public consultation "Regulating FinTech; Proposals for a Distributed Ledger Technology (DLT) Regulatory Framework". The consultation period runs up to, and including, 6th June 2017. Copies of the consultation document are available on the websites of Gibraltar Finance gibraltarfinance.gi and the Gibraltar Financial Services Commission fsc.gi.