

# French regulator discussed bitcoin



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The Autorite de Controle Prudentiel et de Resolution (French Prudential Supervisory Authority), called ACPR, arranged a conference about the arising challenges of new digital currencies and payment services last week in Paris.

The main aim of the event was to clarify the regulatory agency's standpoint on licensing and reporting requirements which businesses in these new services face.

ACPR's task is to monitor activities of insurance companies and banks in France. The agency is connected directly with la Banque de France, the central bank, and its president is the central bank's governor.

Bitcoin is a decentralized validation protocol which is also a very innovative payment system.

The positive aspects of Bitcoin use in France have been highlighted in many events but the crypto currency's risks such as anonymity, volatility, and lack of legal guarantee are some drawback that are often highlighted in various conferences and official discussions.

Most reports suggest that bitcoin and other digital currencies are very likely to instigate and shelter criminal activity.

This is mainly because of its lack of transparency and the absence of regulation by personalities of the financial market.

The ACPR conference held last week confirmed that France will follow the European Banking Authority's report.

The director of licensing, authorizations and regulations, M. Jean-Claude Huysen, informed in the conference that the country is following the EBA's recommendations which were issued in July.

EBA stated clearly in the report that the regulatory body realizes the needs to develop a substantial body of regulation but it will take some time.

Their immediate response is to discourage credit institutions, e-money institutions and payment institutions from purchasing, holding or selling any digital currencies.

Huysen gave the speech with a slideshow mentioning 70 risks related with Bitcoin. The list was made by the EBA. Both opportunities and risks of Bitcoin were analyzed by EBA but Huysen emphasized solely on the risks.

As the regulators' goal is to protect consumers and companies, it is understandable why ACPR looks at bitcoin from a risk perspective. EBA has the opportunities created by Bitcoin enlisted in order to balance the analysis.

Huysen, however, completely ignored the advantages of Bitcoin. His presentation was a version of the EBA report but it lacked objectivity.

The regulators also have non-existent communication with experts in the bitcoin industry who can give them informed views on what the crypto currency really is.

A short video of entrepreneurs building their businesses in new finance innovation domains was played just before Huysen's presentation.

CEO of Paymium, Gonzague Grandval, had the chance to request ACPR to clarify some issues but none of his questions were answered during the event.

The European Bank Authority has not issued any long-term regulatory guidance yet. Clear guidance would assist companies to assess the legal environment of Bitcoin in France.

Bitcoin really is complex but it is an impressive innovation. It is great that EBA not only recognizes the advantages and disadvantages of bitcoin but also accepts that there is need for regulation.