

Commonwealth Virtual Working Group Meeting London, United Kingdom: 24-26 August 2015

1. The first meeting of the Commonwealth Working Group on Virtual Currencies took place on 24-26 August 2015 in London, UK. Representatives of 6 Commonwealth member states (the 'Representatives') together with representatives of the Commonwealth Secretariat, Commonwealth Telecommunications Organisation, International Monetary Fund, World Bank and US Government attended. The meeting was chaired by Mr Colin Nicholls, QC.

THE ROLE OF THE WORKING GROUP

2. The meeting is one of the outcomes of the roundtable held in February 2015 to explore the incidence of virtual currencies within the Commonwealth and to report to Member States on their prevalence and impact and to develop technical guidance for Member States.

FACT FINDING BY THE WORKING GROUP

3. The Working Group invited a number of persons and institutions from across the Commonwealth, and internationally, to assist the Group with the benefit of their knowledge and experience of the use of virtual currencies and the challenges which exist, if any. The meeting received presentations from the following:
 - (a) UK Digital Currency Association;
 - (b) British Banking Association;
 - (c) BitPesa, a Kenyan remittance service utilising virtual currencies;
 - (d) Bitt, a Barbadian virtual currency exchange;
 - (e) Bankymoon, a South African virtual currency utilising business;
 - (f) Minku, a Nigerian virtual currency utilising business;
 - (g) Prof Alan Woodward, University of Surrey;
 - (h) Dr Sarah Meiklejohn, University College London; and
 - (i) Ripple Labs, a US based provider of decentralised payment services.

CONCLUSIONS

4. The Group agreed that:

- Virtual currencies have a potential to benefit Member States and to drive development;
- The use of virtual currencies has benefits and risks;
- Awareness, education and funding for training for law enforcement, prosecutors, judges, regulatory authorities and the financial sector are needed;
- Member States should consider developing and improving the capacity of law enforcement especially in the areas of digital forensics and analytics;
- Member States should consider the applicability of their existing legal frameworks to virtual currencies and where appropriate they should consider adapting them or enacting new legislation to regulate virtual currencies;
- Legal frameworks should address risks and vulnerabilities, be technologically neutral and avoid stifling innovation;
- Member States are encouraged to implement the FATF Guidance for a Risk Based Approach to Virtual Currencies (June 2015);
- The Commonwealth Secretariat should create a digital repository of best practice and model regulations as part of an online community to assist Member States in developing policy; and
- Relevant technical terms should be clearly defined in the guidance to be made available to Member States.

OUTCOMES

5. The Group resolved upon the following outcomes (the 'Outcomes'):

- to complete a report on the prevalence and impact of virtual currencies within one (1) month;
- to convene again in early 2016 to consider draft technical guidance for member states on virtual currencies; and
- to continue to raise awareness and develop capacity building on virtual currencies within the Commonwealth.