

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

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