

FORUM OF INDIAN REGULATORS

Virtual Conference

(First Quarterly Webinar)

“DIGITAL ASSETS REGULATION IN INDIA: LEARNINGS FROM THE MAURITIUS MODEL FRAMEWORK”

Date: 27th August, 2020 (Thursday)

Timings: 3:00PM Onwards (IST)

Organized by: -

**Forum of Indian Regulators Centre &
School of Competition Law & Market Regulation, IICA**

in collaboration with

**Bank of Mauritius &
Financial Services Commission, Mauritius**

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Panelists



Lord Meghnad Desai

Member-British House of Lords
Emeritus Professor of Economics,
London School of Economics



Ms. Hemlata Sadhna Sewraj-Gopal

Second Deputy Governor
Bank of Mauritius



Ms. Loretta Joseph

Fintech Advisor
Financial Services Commission, Mauritius

Chief Guest



Mr. Sanoj Kumar Jha

Secretary, Central Electricity Regulatory
Commission
Executive Secretary, FOIR

Convener & Moderator



Dr. Abha Yadav,

Associate Professor,
School of Competition Law & Market
Regulation
Director, FOIR Centre, IICA

About the Panelists



Lord Meghnad Desai
Member-British House of Lords
Emeritus Professor of Economics,
London School of Economics

Lord Meghnad Desai is the member of the British House of London and Emeritus Professor of Economics at London School of Economics. Lord Desai is recipient of Padma Bhushan award, the third highest civilian award in Republic of India. After obtaining his Ph.D from the University of Pennsylvania in 1963, he lectured at the London School of Economics. Later, he founded two essential institutes – namely, the Centre for Study of Global Governance and the Development Studies Institute, in 1992 and 1990 respectively. He has chaired the Fintech and Innovation-driven Financial Services Regulatory Committee set up by the Government of Mauritius for recommending a detailed framework for the country to promote and regulate the FinTech industry. Lord Desai is the Chairman of the Official Monetary and Financial Institutions Forum (OMFIF) Advisory Board, a financial enterprise. He has over 38 years of teaching experience and also a renowned author of various enriching books like Marx's Revenge: The Resurgence of Capitalism and the Death of Statist Socialism, The route to all Evil: the political Economy of Ezra Pound Terror, Nehru's Hero: Dilip Kumar in the life of India, few to state.



Ms. Hemlata Sadhna Sewraj-Gopal
Second Deputy Governor
Bank of Mauritius

Ms. Hemlata Sadhna Sewraj-Gopal is the second Deputy Governor for Bank of Mauritius. She is also the youngest and the first women appointed in an overhaul of the top management of the Institution. Ms. Sewraj-Gopal joined the Bank of Mauritius in 2003. Prior to her appointment as Second Deputy Governor, Ms. Sewraj-Gopal was the Secretary to the Bank of Mauritius. In that capacity, she also acted as Secretary to the Board, Secretary to the Audit Committee, Member of the Investment Committee and Chairperson of the Tender Committee. In the course of her career, Ms. Sewraj-Gopal has overseen several key departments including Human Resources, Procurement as well as Accounting and Budgeting. Prior to joining the Bank of Mauritius, Ms Sewraj-Gopal was Director- Corporate services at the Board of Investment (2001-2003). A State Scholar, the Second Deputy Governor holds a bachelor's in economics and Social Studies (Honours) from the University of Manchester. Ms. Sewraj-Gopal is also a Chartered Accountant from the Institute of Chartered accountants of England and Wales (ICAEW)



Ms. Loretta Joseph
Fintech Advisor, Financial Services
Commission, Mauritius

Ms. Joseph is Fintech Advisor for Financial Services Commission, Mauritius and Chair of the Australian Digital Currency and Commerce Association. She is the Fintech and regulatory consultant to the Government of Bermuda, Antigua/Barbuda, Serbia and the Premier office of South Australia. Ms. Joseph has over 25 years of experience in the global financial services industry and is a blockchain and technology advisor to various companies, organizations and governments worldwide. She is also a member of the regulatory committee on FinTech and innovation driven financial services for Mauritius. She is also a director of Paradym Global. She has held senior positions at investment banks across Asia and India where she was responsible for managing multiple asset classes and emerging markets environments, including RBS, Macquarie Group, Deutsche Bank, Credit Suisse and Elara Capital. Spanning a long career, Loretta has tremendous exposure to global financial markets, multiple asset classes and emerging market environments.

About the Chief Guest



Mr. Sanoj Kumar Jha
Secretary, Central Electricity Regulatory
Commission & Executive Secretary, Forum of
Indian Regulators

Mr. Sanoj Kumar Jha is an officer of Indian Administrative Service (IAS). He is currently posted as Secretary at the Central Electricity Regulatory Commission (CERC), the Central Regulator in the power sector in India that functions under the provisions of Electricity Act, 2003. Among others, the functions of CERC are framing of regulations for determination and regulation of tariff for inter-State generation and transmission of electricity; licensing of transmission and trading in electricity; adjudication and dispute resolution; market development; regulation of power exchanges; and cross border trade. Mr. Jha has worked in various capacities with the state governments of Sikkim, Jharkhand, as well as the Government of India and the United Nations Development Program in the past 21 years of his career. Mr. Jha has bags of experience in working in a broad range of sectors including district administration, rural development, planning, training, tourism, tribal affairs, heavy industries, commerce, animal husbandry and mines, among others.

About the Convener & Moderator



Dr. Abha Yadav

Associate Professor

School of Competition Law & Market Regulation

Director, FOIR Centre, IICA

Dr. Abha Yadav (Ph.D) is a faculty at IICA who leads research and capacity building initiatives at the School of Competition Law & Market Regulation. She is also Director of the Forum of Indian Regulators (FOIR) Centre at IICA which is the knowledge and capacity building hub for the Central and State government regulators of the country. Dr. Yadav steers policy discussions, thematic discourses and enhancement of capacity building initiatives that are an integral and vibrant part of this unique Centre. Dr. Yadav serves as Course Director of the prestigious Certificate course in Competition Law and Advanced Professional Course in Competition Law and Market Regulation. She is faculty for Competition Law, Law and Public Policy, Freedom of Information, Regulatory Affairs, Laws for Women, Regulatory Impact Assessment, Labour laws etc. Dr. Yadav is a recipient of the prestigious Fox International Fellowship at Yale University, U.S.A. and the Lok Sabha of India Fellowship. She is an eminent scholar who has lectured widely on various legal issues in India and internationally.

Participant Profile

Chairpersons, Members and officials from financial sector regulators & FOIR Member Organizations.

No. of participants who attended the webinar: 73

Participant categorization:

FOIR Member officials: 28

Financial Sector regulatory officials & others: 45



सत्यमेव जयते



Program Outline

The Forum of Indian Regulators (FOIR) and the School of Competition Law & Market Regulation, Indian Institute of Corporate Affairs (IICA) in collaboration with the Bank of Mauritius and the Financial Services Commission, Mauritius organized the first quarterly webinar of FOIR in form of a Virtual Conference on "Digital Assets Regulation in India: Learnings from the Mauritius Model Framework." on 27th August, 2020. The main agenda for the conference was to discuss the need for regulation of digital assets and to learn from the model framework adopted in Mauritius. The main purpose of the conference was to promote dialogue between Indian and Mauritius regulators to ensure coherence in the global regulation of digital assets.

The participants of the conference include chairpersons, members and officials from final sector regulators in India and FOIR member organizations.



Program Flow

The program began with a welcome speech by Dr. Abha Yadav, Associate Professor, School of Competition law & Market regulation & Director, FOIR Centre. She introduced the panelists and the chief guest and threw light on the relevance of the topic in the current scenario. Dr. Yadav further elaborated the format of the conference to the participants.

The introduction was followed by inaugural remarks by Mr. Sanoj Kumar Jha, Secretary CERC and Executive Secretary FOIR.

The conference began with opening note from Lord Desai, Member, British House of London and Emeritus Professor of Economics, London School of Economics and was followed by “Lead talk” by Ms. Loretta Jospeh, Fentech Advisor, FSC Mauritius. The presentation was accompanied by a Panel Discussion and Question–Answer round, where several questions were taken up from the participants by the moderator and efficiently answered by the panelists.

The participants received insights on the global perspective of regulation of Digital Assets adopted by several countries. The panelists and participants appreciated FOIR Centre & School of Competition Law and Market Regulation, IICA for organizing the conference & appreciated the program’s content.

The virtual conference ended with a vote of thanks by Dr. Abha Yadav, Associate Professor, School of Competition Law and Market Regulations and Director FOIR Centre (IICA)

Introduction to the Conference

The 21st century has seen transformation in the manner business is being conducted across the globe. The typical markets are now moving towards the online platforms, accelerating cross border exchange of goods and services. The same has sprouted reforms in the financial sector as well, leading to innovative mechanism for making payments on digital platforms. One such innovation is 'Digital Assets', involving the barter system of exchange.

The idea of digital currency is very new and not many people are well versed about it. The central banks around the globe are still exploring the implication of this technology. Governments across the globe have come with regulations to regulate the new assets class and Mauritius being the first ever jurisdiction to come up with the regulations on digital assets. However, the situation is not the same in India. The government and the regulatory agencies have so far not developed any specific law or policy for the regulation of the digital assets in the country. There stands no clear definition of digital assets including virtual currencies, crypto assets or cryptocurrency in any of the legislations.

The conference on "Digital Assets Regulation in India: Learnings from the Mauritius Model Framework" aims to promote discussion on the need for a digital assets regulation and help the Indian regulators learn from the experiences of the eminent panelists.

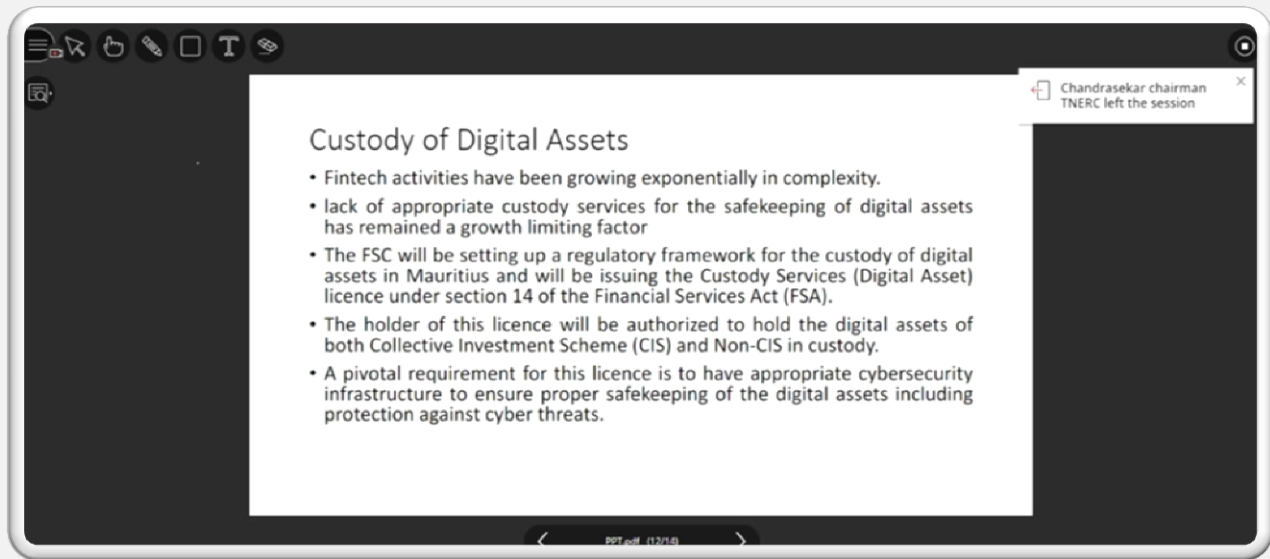
Opening Note by Lord Meghnad Desai

The conference began with the opening comments of Lord Meghnad Desai, Member, British House of Lords and Emeritus Professor of Economics, London School of Economics. He shared his experience of working on regulation of digital assets and stated that the Digital Assets are nothing to be feared about. They are mere technological developments and are mere tokens and should be treated as an asset class only. Lord Desai taking a balanced take on the subject stated that every technological advancement comes with its own merits and demerits. However, with stringent regulation the ill effects of the same can be controlled.

Lead Talk by Ms. Loretta Joseph

Ms. Loretta Joseph, Fintech Advisor FSC Mauritius laid the foundation for the conference with a small video clip on crypto currency and blockchain technology, (Link to the video- https://youtu.be/BdN_-EyB224).

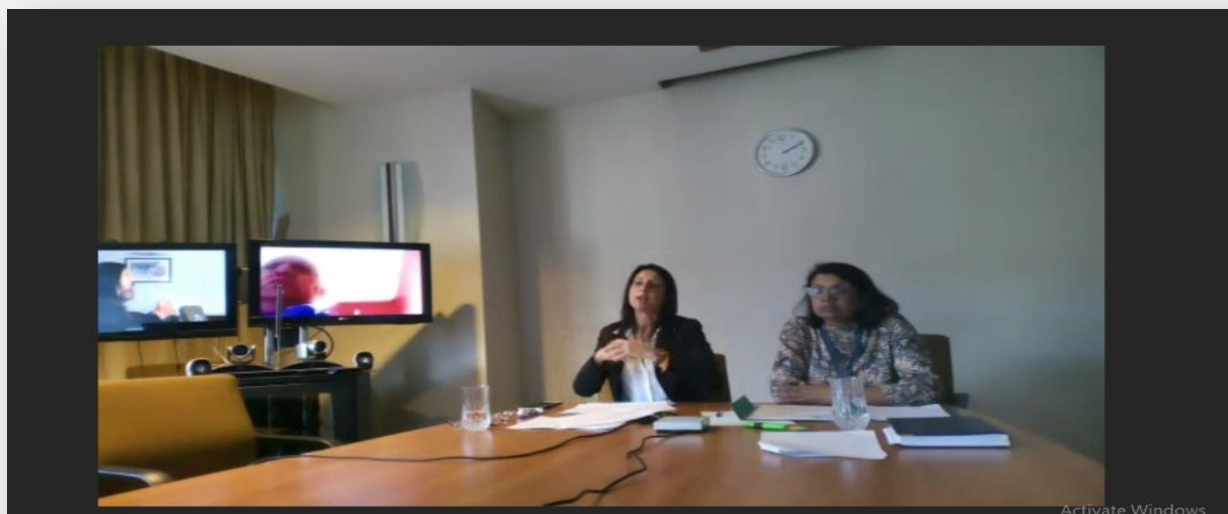




In the course of the presentation she highlighted the merits of cryptocurrency and how these are different from legal tenders. While explaining the Mauritius Model and how Mauritius came up with the regulation, she stated that even in Mauritius the digital assets are not legal tenders and are merely treated as an asset class for the sophisticated investors. Ms. Loretta having drafted legislature in the subject stated that digital assets can easily be regulated with stringent legislations and that they are safe when it comes to security purpose. Drawing a comparison with legal tenders, she stated that legal tenders are tangible in nature and the same have difficulty in tracing the source. However, the bitcoins can be easily traced thereby minimizing the chances of corruption.

Panel Discussion

The Panel Discussion was moderated by Dr. Abha Yadav. In the panel discussion speaking on success of Mauritius framework for regulation of digital assets, Lord Desai stated Mauritius educated population and good governance being the reason for the successful implementation of the framework. He also stated that the people should have a belief and trust in the latest technological advancements, while answering the privacy concerns related to the technology. Speaking on the valuation of the digital assets, Lord Desai stated that bitcoins have no intrinsic values, they attain through transactions in the market by way of demand and supply. He also talked on the security aspects, the major concern of every central bank and regulator, and clarified that these assets and the transactions thereof is not anonymous in nature their source can be traced down easily and transactions are verified by network nodes through cryptography and recorded in a public distributed ledger called a blockchain.



Ms. Hemlata Sadhna Sewraj-Gopal, Second Deputy Governor, Bank of Mauritius also took the opportunity to explain to the participants in detail about the implementation aspect of the regulation. She highlighted the technological advancement undertaken by the Bank of Mauritius to be equipped enough to hold such currency and they are working on a project with IMF to strengthen it further. Ms. Hemlata Gopal while emphasizing on the advantages of Central Bank Digital Currency (CBDC) and its implementation stated that the Central Bank is planning to introduce their own digital currency and these currencies are cost effective and eliminates middlemen and is transparent in the process. CBDCs act as new variants of a central bank's liability denominated in an existing unit of account. As a result, they act as a store of value and medium of storage. While answering to questions pertaining to public acceptance of the new technology, she also stated that the bank in consultation with the committee has come up with guidelines "communiqué" to inform people about the asset class and the new regulation in place. These guidelines have maintained transparency and eradicate information issues pertaining to the new topic. She also gave a brief insight on E-KYC and that the Bank of Mauritius is working with experts to come up with a Regulation for the setting up of an online centralized Know Your Customer (KYC) database for the non-banking financial services sector

Ms. Loretta Joseph while highlighting the need of legislation for digital assets also highlighted that the legislation is uniform across the globe for easy application. Loretta while answering to a privacy infringement question stated that the provisions are made in central banks to install technological advanced measures in order to maintain ledger and keep the data safe from

any hacking or scam concerning the privacy issues. During the discourse, she stated that the cryptocurrency is a technological advancement and shouldn't be treated like a threat as the same can be regulated through government intervention.

Question – Answer Round

Post the Panel Discussion the house was left open for the participants. The participants raised questions and shared several observations and opinions on the emerging asset class and its regulatory issues. The panelists while answering to these questions spoke about how the customers or public are accepting the new technology and elaborated that the government and banks have been issuing guidelines for the public to educate the class on the knowhow of the technology while being transparent about the entire process. Lord Desai also explained the fact that these assets are like commodities and they cannot be legal tenders. He stated that the central banks work on liquid assets and if ever digital assets were to replace the currency the banking system might collapse for, they might face difficulty in cashless society. He further stated that these considerations need to include the fact that poorer populations may prefer cash and make heavy use of international remittances. Ms. Loretta while answering to a question pertaining to effectiveness of digital assets on ease of doing business asserted that these assets can be of real help in improving the conditions as these are real time transactions that are cost effective without any involvement of middlemen.

Vote of Thanks

The conference ended with a vote of thanks by Dr. Abha Yadav thanking the esteemed panelists and participants for sharing their knowledge and allowing the Indian counterparts learn from their experiences. She also thanked Bank of Mauritius and Financial Services Commission, Mauritius for their collaboration and support. The efforts of FOIR and IICA for the conference was also much appreciated by the panelists and the participants.

Queries and Feedback:

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