CryptoUK

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Re;The Taxation of Decentralised Finance Involving the Lending and Staking of Cryptoassets - Call for Evidence

We are grateful for the opportunity to formally respond to the HMRC Call for Evidence.

CryptoUK is the UK's trade association representing the digital asset sector. Our members, comprising over 150 leading organisations from across the sector, believe that crypto and digital assets can help enhance the way we undertake financial transactions, to the benefit of consumers, business and security. We are working to help educate policy makers and regulators about the crypto and digital asset industry, and to work with them to develop a balanced and fit-for-purpose regulatory framework for the UK and Europe. Our members believe that by working together with policy makers and with each other, we can ensure that the UK fulfills its potential to be a global leader in this exciting new industry.

Question 1:
HMRC would like more information about the UK DeFi lending and staking sector. Please provide any information you hold that is relevant to the following questions. Where appropriate, please summarise data using appropriate ranges or categories, rather than providing only totals or minima and maxima.

- **How many DeFi lending and staking platforms are you aware of that are based in the UK? What is the approximate value of their assets?**
- **Approximately how many UK-based individuals engage in DeFi lending and staking, and how much do they lend/stake?**
- **How many non-UK-based individuals are served by UK platforms and what amounts do they invest?**

- **How frequently do individuals transact, and what is the duration of each lending or staking transaction?**
- **Approximately what percentage of UK-based individuals engaging in DeFi are serviced wholly or mainly by UK platforms? Where else are the platforms UK individuals use commonly based?**

CryptoUK's assessment of the cryptoasset market assumes 6.7m users in the UK, referring to HMRC's uptake and understanding survey carried out during Q1 of 2021. Further segmentation of the DeFi lending and staking market has been determined from two distinct types of platform:

1. Decentralised platforms – using transaction data from Dune Analytics on Ethereum, the dominant blockchain for decentralised finance, we have determined that 4.8m Ethereum addresses have interacted with Defi protocols. Using a weighted average of 1.9 addresses per user. We can assume there are 2.5m DeFi users globally and 283k DeFi users in the UK, based on UK web traffic to the top 3 platforms of 11.23%.
2. Centralised platforms – using global customer numbers from BlockFi, Celsius and Nexo – the top 3 lending platforms, we can assume there are at least 321k DeFi lending and staking customers in the UK, based on UK web traffic of 5%.

The assumption is that both segments signal the intent of users to lend and/or earn yield (stake) on cryptoassets; therefore, we assume approximately 302k DeFi lending and staking users are based in the UK.

What is staggering is that the compound annual user adoption growth rate for DeFi services stands at approximately 246% for 2021.

The assessment has been careful to disregard the main cryptoasset exchanges and target the platforms whose primary activity is lending and staking (staking is not to be confused with proof of stake).

The survey we conducted of our members concludes that the majority (55%) are investing over £12,500, with 58% not aware that they are creating disposals of beneficial ownership. Based on the market assessment and our survey, we estimate 150k DeFi lending and staking users in the UK who are unaware they are creating tax disposals.

Being unaware of creating tax disposals and the volatility in the market will bring many taxpayers into a position where their cryptoasset portfolio is worth less than their tax obligation. This particularity punishes the early adopters of the technology.

From the views and experiences of the correspondents to the CryptoUK survey and as a result of the engagement with the CryptoUK tax working group, we can confirm that there are virtually no companies based in the UK operating centralised DeFi lending or staking. This response details why the UK is unattractive as a base for DeFi lending and staking companies in Question 2.

The UK has a huge opportunity to be open for business in this sector, notwithstanding the interaction with other regulatory bodies. We encourage any plans to work together; for example, the Treasury Select Committee should support initiatives to expand the market in the UK for both new DeFi/CeFi businesses as well as existing CeFi businesses who want to operate in the cryptoasset landscape. Opportunities to support and encourage retail users is welcomed but with clear guidance and expectation.

Question 2:

Bearing in mind that UK individuals are subject to the same tax treatment for DeFi lending and staking wherever the platforms they use are located, does the current tax treatment make the UK less attractive to platforms as a place to do business? If so, which jurisdictions are favoured and why?

It is more likely that regulatory uncertainty is a bigger barrier than the tax treatment from the platforms' appetite to operate their business in the UK. The UK has been extremely slow to support the industry, and as such, we have lost the first-mover advantage of being the most attractive jurisdiction to base global operations. A key test is that the UK still doesn't have a liquid cryptoasset exchange. Of the top 10 exchanges ranked by liquidity by Cryptowatch, not one is domiciled in the UK. This has forced the majority of cryptoasset investing to go offshore, representing a huge loss to the UK in terms of jobs and future corporation tax revenues.

Platforms looking to operate in the UK market are also acutely aware that offering lending and 'staking' services to UK consumers and businesses is not viable given the uncertainty of changes in beneficial ownership, which is a complex legal issue. There is often insufficient information available from each platform to consider the position.

Should the position result in a change of beneficial owner, then this is not representative of the actual economic activity or the end user's expectations.

UK VAT uncertainty for cryptoasset businesses is also a significant concern to operating in the UK. At present, most customers of such crypto businesses are located outside of the UK (85% plus). However, due to the inherent desire for anonymity of the customer,

the business will rarely be able to verify and retain evidence of the customer's location and satisfy the two pieces of evidence test (or confirm whether the customer is an individual or a business). This leaves the crypto business in a position of uncertainty/risk regarding whether HMRC will charge VAT on all sales where there is insufficient proof of customer location. Furthermore, there is no guidance from HMRC on sufficient proof in the context of crypto businesses.

The US currently dominates the cryptoasset lending market with companies such as Genesis, Gemini, BlockFi and Unchained Capital with billions under management. The US legal system has the concept of ‘managed property’, where if all parties uphold the terms of the loan, the parties should not incur any taxes. This is contrary to the UK position, where tax disposals are created for entering or exiting a cryptoasset loan or staking position as stated in HMRC’s DeFi lending and staking guidance. Our survey concludes that 35% of all DeFi lending and staking activity from UK customers is with US companies, the largest cohort after interacting with decentralised platforms stands at 65%.

CryptoUK accountancy firms have stated that most of their clients’ building lending and staking products have based their activities outside the UK to avoid regulatory barriers and tax uncertainty.

Of those building platforms, the majority are building decentralised solutions which have the advantages of:

- Global liquidity
- Zero counterparty risk (we acknowledge there is smart contract risk)
- A globally accessible market of users

Decentralised services are preferred; however, some favoured jurisdictions are BVI, Dubai, and the Cayman Islands. Other jurisdictions are updating their regulations to be able to register crypto businesses. Japan has also recently stated their ambition to simplify the tax system for cryptoassets to prevent an outflow of crypto startups.

Question 3:
Approximately what proportion of DeFi lending and staking transactions give rise to disposals for tax purposes under the current rules?

Virtually all DeFi lending and staking activity will create taxable events as per HMRC's DeFi lending and staking guidance. The current guidance on participation in DeFi is far too extreme. Entering into a risk position should not be classified as a disposal, this type of calculation will cause great harm to individuals looking to move assets around, stake, wrap and utilise these assets as collateral in other activities.

With centralised DeFi lending and staking services, it's hard not to assume beneficial ownership has passed when the platform takes absolute control of the cryptoassets, controlled by its private keys. Given a change of control, a tax disposal will occur on entry to a platform to exchange a right (or another asset representing a position). When the right is redeemed, there is a disposal of the right and an acquisition of the assets released from the platform.

What is unclear is what exempts interactions with cryptoasset exchanges from being a change in beneficial owner. It is well established that most exchanges act as 'agents' on behalf of their customers; however, there is a nuanced risk that depending on the structure of the exchange, users could be giving up ownership/control and inadvertently creating tax disposals given the current guidance.

HMRC's current DeFi guidance and examples result in the majority of interactions with decentralised platforms as a change in beneficial owner. It is not practical to assess each smart contract on the grounds of:

1. The potential execution states of the contract to determine if beneficial ownership has passed - this is a complex legal issue.
2. The time and cost to assess - in most cases, this will require professional tax advice from an accountant.

It is CryptoUK's position that, given the volatility in the market and the lack of awareness that DeFi users are creating disposals, many individuals will become insolvent as a result of paying tax on their DeFi lending and staking activities. The tax approach is simply far removed from the taxpayer's expectations, with many individuals being penalised for participating in a new asset class that has the ability to change finance as

we know it. HMRC’s stance should be: do no harm - in respect of new and innovative technologies. Those that have embraced the innovation first currently have the most to lose. CryptoUK would like to make it clear that there must be a consideration for early adopters, with any proposed options being made retrospective.

Question 4:
Of the transactions giving rise to the disposals, what proportion would fall within the (i) Repo rules and (ii) Stock Lending rules, if cryptoassets were treated as securities?

CryptoUK believes treating cryptoassets as securities would benefit centralised lending and staking platforms, where a contractual agreement would dictate what qualifies as a Repo or Stock Lending arrangement.

CryptoUK is currently unclear how this could be applied to decentralised finance where the counterparty is not a ‘person’. More detailed responses are given below at question 6 and question 7.

Question 5:
Do you favour changes to the current rules?

Yes. Other financial assets such as stocks and shares have Repos and Stock Lending tax reliefs. Current rules dissuade any exploratory or innovation activity from being carried out by UK firms or individuals.

Cryptoassets users are indiscriminately subject to excessive taxable events and capital gains charges that are not representative of the economic activity. Retail investors engaging with these protocols do not recognise they are relinquishing control of their assets.

A concern is how HMRC plans to ensure any proposed changes are applied retrospectively or if there will be an amnesty, as many investors are simply unaware or do not have the required expertise to assess if beneficial ownership has passed.

There is still a big education piece to be carried out, which could be done by way of a disclosure programme (these were carried out for offshore assets in various forms over the years).

Alternatively, we would also suggest a concessionary practice for those that have not previously treated the entry and exit to DeFi protocol (either directly or via agent) as a disposal. Prior to a new change in legislation a concessionary practice where transactions on entry and exit to DeFi protocols are ignored as disposals. If Option 3 is chosen then to apply that back would give a compliance burden to accommodate the s104 pooling. Possible options to facilitate this would be either to informally write the practice into guidance or could be considered on a statutory basis to be added to the Extra Statutory Concession list.

Question 6:
Do you consider Option 1 to be a suitable model for DeFi lending and staking transactions? What are the pros and cons?

If appropriate, should the Repo, the Stock Lending or both regimes be expanded to apply to DeFi transactions?

For an end user using a DeFi lending and staking services operated by a centralised service, the terms and conditions would justify a Repo and Stock Loan contractual relationship that would bring many out of the scope of taxation under s.263A or 263B TCGA 1992.

However, it is unclear if a smart contract could constitute a Repo or Stock Lending contractual arrangement for decentralised services. The Repo and Stock Lending rules are part of a corporate regime and whilst the relationships are akin to these rules, the legislation and guidance are not written in the context of individual taxation but refer to ‘person’.

The definition of person for the purposes of s.263A and s.263B TCGA 1992 refers to:

s.263 (a) TCGA 1992

“a person (“the original owner”) has agreed to sell the securities to another person (“the interim holder”)”

In the majority of cases, the smart contract would be the interim holder. Can a smart contract be capable of being a ‘person’? UK law recognises smart contracts, and in this tax legislation case, it is not defined by human or corporate qualities but instead refers to the ‘interim holder’ for which the smart contract is carrying out that function but then also refers to ‘him’ at s.263A (b) in the context of explaining the transaction. Can this be enforceable given the smart contract is not actually a person, and the rules infer a level of knowledge between the parties to the contract, which in the case of DeFi would be different? The smart contract would interact via a user’s or agent’s wallet address, but this is the extent of the relationship.

Rather than define cryptoassets as securities (which will have wider implications to consider for other parts of the tax code), amending the legislation to apply to securities and cryptoassets would be preferable over Option 1 as it’s a new and nuanced asset class that will require its own rule set as the technology develops.

It is the opinion of CryptoUK members that Cryptoassets would not often fit the mould of a security for Repo or Stock Lending purposes and that legislation is required to recognise the unique and nuanced features of the technology. We are also concerned that shoehorning cryptoassets into the securities definition would hamper the agility to adapt legislation as the technology develops.

As part of our response to Question 10 below, we have proposed some language for consideration which follows the model for Stock Lending and Repos but is specific to cryptoassets. This includes rules that would treat a transfer to a smart contract as in scope.

Question 7:
Do you consider Option 2 to be a suitable option? What are its pros and cons?

Extending the Repo rules to cryptoassets would remove a CGT charge upon adding cryptoassets as collateral for a loan (and upon the removal of the collateral), but only to the extent, the arrangement was by way of sale and repurchase of the cryptoassets. However, it does not address the CGT charge upon entry and exit from the other DeFi

activities such as staking, lending and liquidity pools. Or for collateralised loans which were not via sale and repurchase.

The Stock Lending rules may be helpful to all other aspects of DeFi activity not covered by the Repo rules, as their effect is to disregard disposals for CGT purposes; where the lender retains all the risks and benefits arising from the movements in the price, even though legal and beneficial ownership has transferred. However, is it difficult, complex and expensive to determine if there has been a transfer of beneficial ownership and whether the risks and benefits arising from price movements would further add to this already significant over-burden on the taxpayer.

Repo and Stock Lending rules would not solve the problem where there is no sale and repurchase and where the risk/benefits arising from price movements are not retained by the lender/staker. It is also unlikely that the interactions with liquidity pools would meet the requirements of a sales and repurchase or Stock Lending agreement, as the return assets are nearly always different to those lent. The proposed changes must accommodate liquidity pools, as the activity represents a large segment of all DeFi lending and staking activity.

CryptoUK members are continuing to advocate for a new tax regime for cryptoassets. We understand that this is a significant task and with DLT uses changing so quickly, it needs to build in some future-proofing. We encourage further consultation after this Call for Evidence to consider a new tax regime that deals with this nascent asset class which also supports the law commission to overview the law relating to cryptoassets.

However, we understand the need to deal with the cases where applying first principles is giving an inequitable result more urgently and welcome these options and the Call for Evidence to be able to deliver faster action in specific cases. We would also advocate for the income treatment to be looked at in terms of time of receipt as part of a review of DeFi (lending and staking).

- **Should the new rules be modelled on the Repo rules or the Stock Lending rules, or would both sets of rules be needed to cater for different contractual arrangements?**

Both rules would need to be enacted. This route as above still has complexity added for users and advisers to have to assess the terms as to whether they meet Repo or Stock Lending rules and does not deal with LPs.

Question 8:
Do you consider Option 3 to be a suitable option? What are its pros and cons?

The no gain/no loss option appears to be the ultimate catch all solution in terms of getting to a tax neutral position which would also support the LP positions which are a large part of the DeFi market.

In order to get the no gain/no loss provision, it would need to be written in a way to cover the activity carried out in DeFi lending and staking cases.

The current legislation covering no gain/no loss relates to spouses and civil partners at s.58 TCGA 1992 for which part 1 could be rewritten to deal with DeFi but part 2 of the existing legislation exempts out assets that have been trading stock or will form part of trading stock of the acquirer and the current part 2 should be ignored as part of a tax rewrite relating to DeFi.

Unlike Option 2 where there would not be a disposal, Option 3, the no gain/no loss rule still creates a disposal event on entry to and from a DeFi lending/staking position and would still require s104 pooling to be carried out which is a compliance consideration for users. This would require users to engage with software to carry out their taxes and we need more certainty around the rules to ensure that software providers can correctly calculate these transactions. Given that users of DeFi would likely hold other speculative crypto investments, this would not necessarily be burdensome as they would already need to consider their tax position and s104 pooling.

In most cases, DeFi lending and staking transactions are structured through the exchange of one asset for another or a right, with no other metadata to determine if this should be a no gain / no loss situation. It is, therefore up to the user to decide and apply no gain / no loss across all of their transaction activity, which often includes thousands of transactions.

CryptoUK advocates that the default tax position for any crypto-to-crypto exchange should be no gain / no loss, dramatically simplifying tax compliance by only considering crypto to fiat as an economic disposal.

Question 9:
Are there alternative approaches to the taxation of DeFi lending and staking that have been adopted by other jurisdictions that the government could consider? If so, please provide more details and reasons.

Other jurisdictions do not appear to have specifically focussed on DeFi but have broader rules. Crypto to crypto trades are ignored in France with taxation occuring on a change back to fiat. They also do not have to consider s104 pooling.

With a possible non gain/no loss position arising on DeFi transactions, this could be extended to crypto to crypto transactions and only paying tax on a return to fiat. Given that over time, cryptocurrencies will become less volatile and there is already an argument that Bitcoin is a currency, (albeit HMRC do not apply this same view) applying an exemption such as that in s.252 TCGA 1992 could exempt the crypto to crypto trade with a taxable disposal only arising when the asset is transferred back into fiat. Alternatively, the no gain/no loss position could be extended to all crypto to crypto trades with s104 pooling to be tracked through using software which is already calculating these transactions. These options are more reflective of the economic value disposal points and would simplify tax filings and reduce numbers of tax returns for HMRC to manage. It would be a huge incentive to be a UK resident, encourages crypto businesses to want to come to the UK whilst also helping taxpayers ensure that they put aside the tax everytime a GBP transaction takes place, encouraging future compliance by users.

As at question 8, to have a no gain/no loss position applied across all crypto to crypto trades including DeFi/CeFi lending and staking would:

- simplify the compliance burden
- ensure the accuracy of tax filings
- increase tax take and uptake of tax return filings but only where actual GBP economic value been created
- reduce the administration in collection of taxes where customers no longer have assets to pay the tax

- encourage investment and new wealth to the UK
- reduce any issue with situs of assets (still to be tested in the courts)

This would also support scenarios for wrapped tokens that are just wrappers over the original asset but making the original asset available across different chains. These transactions for wrapping and unwrapping should not be treated as a disposal as the original asset has not been sold.

Possible Option 4 - Beneficial ownership switch off

A further option that we put forward is in relation to HMRC taking a broader view of where beneficial ownership of digital assets have transferred, that could also give rise to a tax neutral effect and no disposal position.

As the legal consequences of beneficial ownership have a much wider consideration, HMRC could take a broader view of when legal and beneficial ownership is not transferred under DeFi, by legislating that in a set of circumstances that they would not apply the beneficial ownership rules. Given that the use of DeFi is evolving rapidly, and that the Law Commission continues to work on the legal aspects of cryptocurrency and blockchains, there is potentially scope for HMRC to take a more open view of transfers in beneficial ownership in guidance, pending the emergence of settled law in this area.

One notable benefit of changing HMRC's approach through guidance is that it would potentially address the problem for early adopters of DeFi who may otherwise find themselves caught in the existing rules even after any corrective action is taken.

Suggested wording has been included below:

CRYPTO61625 – Circumstances in which there is a presumption that beneficial ownership has not been transferred

As noted in CRYPTO61620, it is important to consider whether the lender/liquidity provider actually transfers their beneficial ownership of the tokens to the borrower/Decentralised Finance (DeFi) lending platform.

Decentralised finance differs from traditional finance in that lending and staking arrangements may include provisions for tokens to be transferred automatically, without

intervention by the lender or borrower, or based on the sole discretion of the lender without the borrower needing to act.

On that basis, there is a presumption that beneficial ownership of a digital asset has not been transferred where,

1. *an asset is staked, lent, or otherwise pledged by a taxpayer*
2. *the taxpayer uses a service or protocol which is widely available, and has not been specifically tailored to the taxpayer*
3. *the same asset is returned to the taxpayer*
4. *the asset cannot be sold, destroyed or converted <u>at the discretion of the borrower</u> whilst it is not in the control of the taxpayer*
5. *the return of the asset occurs either:*
    a. *automatically by operation of a [smart contract] which is triggered solely based on expiration of a pre-agreed period of time, or*
    b. *on demand triggered by the taxpayer*

The requirement that the asset cannot be sold, destroyed or converted at the discretion of the borrower indicates that beneficial ownership has not been transferred, but does not preclude that certain smart contracts may require that a token is altered or changed during the period for which it is lent.

The return of the asset on demand means that there is no prior agreement, whether formal or informal, between the borrower and lender for the return of that asset – ie, that it is legitimately at the lender's discretion.

Where beneficial ownership is not transferred, the transaction should not be treated as a disposal for the purposes of TCGA 1992. Where any additional return is transferred to the taxpayer, in the form of tokens of the same or different kind to those staked, or in the form of cash, that return is to be taxed as income. For the avoidance of doubt, where the value of the assets staked by the taxpayer have increased or decreased since the initial transaction date, that will not generate either a capital gain or capital loss at the final transaction date.

This guidance could be supported by a legislative change to underpin the guidance worded around DeFi lending/staking activities that for tax purposes, beneficial ownership will not apply in a set of circumstances for example as worded above.

In addition to the above, as part of Option 4 we have suggested a new section (263C) of TCGA 1992 which covers similar ground to Repos and Stock Lending, but is targeted to DeFi Staking and Lending. This would require definition for digital assets and smart contracts.

1. *In this section, digital asset means…..[ ]*

2. *A 'DeFi Lending Arrangement' means an arrangement in which:*

    1. *the lender transfers [digital assets] to the borrower otherwise than by way of sale;*

    2. *a requirement is imposed on the borrower at that time to transfer those [digital assets] back to the lender otherwise than by way of sale; and*

    3. *that transaction is effected through a cryptographically secured distributed ledger.*

3. *For the purposes of this section, a borrower may be natural or legal persons based anywhere in the world, or a [smart contract or protocol] which provides for the [digital assets] to be returned to the lender.*

4. *The disposals and acquisitions made in pursuance of any DeFi arrangement shall be disregarded for the purposes of capital gains tax.*

5. *Where in the case of a DeFi arrangement, it becomes apparent that the borrower will not fulfil the requirement to transfer the relevant [digital assets]*

back to the lender, then there will be a deemed disposal at the date the [digital assets] were transferred to the borrower for a consideration equal to their market value at that time.

6. *Subject to subsection 7, where any additional return is transferred to the taxpayer, in the form of additional tokens of the same or different kind to those staked, or in any other form, that return is to be taxed as income.*

7. *The requirement to transfer the same [digital assets] back to the lender in subsection 2(2) is fulfilled where any of the following conditions are met:*

    a. *Substantially similar [digital assets] are returned as a result of a protocol-wide change to the relevant tokens.*
    b. *Where the assets lent are a pair of tokens pledged as a contribution to a liquidity pool, the same assets are returned in different proportions.*

We appreciate that this may be a bigger piece of work and is another option to get to a tax neutral position but it could support part of a wider regime for tax on cryptoassets and gives clear instruction whilst also providing anti avoidance provision and protection for users who get caught in a scam or a celsius type position who will not get the assets that they have paid tax on.

It could also feed into a transitional piece to support concessionary practice in the earlier years.

Question 10:

Besides the options outlined above, are there any further options for change that the government could consider

We believe it is too soon to try to formulate comprehensive rules and guidelines on crypto. In the development of MiFID in 2008, the EU brought the bond market into scope, they failed to understand the market and put the entire market at risk. This was made clear to them by parties exceptionally close and skilled in this market place and over the next period Bonds and OTC trading were brought into scope.

Instead, we would encourage HMRC to take a simple approach at this time to recognise fair gains and income and in time when the industry and technology mature draft more detailed rules for a more mature industry. Hopefully this agile and collaborative approach could also be applied to other areas in which the development of cryptoassets creates challenges with existing tax rules.

The opportunity at this time is UK growth and innovation, we would urge HMRC not to be penny wise and pound foolish. We want the next Google and Facebooks to be built in the UK and recognise talent, services and profits into the UK.

More broadly than the current consultation, we believe that an approach in which crypto to crypto trading doesn't create chargeable events would support the evolution of the industry particularly whilst asset prices remain highly volatile. Gains/losses would be recognised only where cryptoassets are converted to fiat currency.

The government should consider that beneficial ownership has not passed where the user has engaged in DeFi activity that has a right to redeem the same or similar assets.

Income receipts should be treated as arising on exiting DeFi positions. Although some protocols already have a receipt position with rewards not 'arising' until exit due to not being 'received' or 'made available' this still requires a review of all contracts to understand the receipt position.

As it stands, if tokens are allocated on a regular basis throughout the operation of the contract and the contract can be exited and tokens are not locked then the value on receipt can be significantly higher than the amount received at the end of the position with tax in GBP far outweighing the value of the tokens even received. This could be easily fixed with an additional tax rewrite to state that rewards/staking/yield generation is taxed on exit of the DeFi contract/repayment of loan etc.

Question 11:
How could the government be confident that any proposed rules would not discriminate in favour of users of DeFi services?

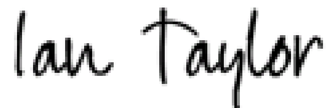
The options are looking to put DeFi services on an even footing with other assets and to look to apply tax closer to where the economic value arises, than under existing first

principles whilst factoring in the volatile nature of the asset class but recognising the future proofing and opportunities in this fast moving and innovative sector.

One unique feature of cryptoassets is that the blockchain is open and in the public domain. HMRC are able to take advantage of that fact to monitor transactions on the blockchain and determine the types of transactions which are taking place, and the potential risks of tax avoidance.

We thank you for your consideration in addressing the points raised and welcome further discussion and collaboration.

Yours faithfully



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