



2016/2007(INI)

21.4.2016

OPINION

of the Committee on the Internal Market and Consumer Protection

for the Committee on Economic and Monetary Affairs

on virtual currencies
(2016/2007(INI))

Rapporteur: Ulrike Trebesius

SUGGESTIONS

The Committee on the Internal Market and Consumer Protection calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following suggestions into its motion for a resolution:

1. Points out that the virtual currency (VC) industry and VC technology are in a nascent state;
2. Points out that the VC industry and VC technology are innovative technologies which are not being developed on the basis of existing infrastructure;
3. Recognises the potential benefits associated with VCs and VC technologies for consumers, businesses, charities and the economy at large, which include greater speed and efficiency and reduced costs in making payments and transfers, in particular across borders, and potentially promoting financial inclusion and facilitating access to funding and financial resources for the business sector and SMEs; notes also that the use of VCs and Distributed Ledger Technologies (DLTs) has positively contributed to, and facilitated, micropayments for online purchases of goods;
4. Highlights that VCs are the only means of payment other than cash which can facilitate real-time settlement (receiver gets 100 % of funds at the time of payment);
5. Stresses the importance of developing a level European playing field to allow the valuable potential of DLTs to be unleashed and fully developed, as they can be used in numerous innovative fields and in a wide range of industries and services, such as ‘smart contracts’, crypto-equity crowdfunding and dispute mediation services, in particular in the financial and juridical sectors; encourages public bodies, moreover, to evaluate the benefits and explore the possibility of applying such innovative technologies to other fields, with the aim of providing better, more rapid and more efficient services to EU citizens;
6. Acknowledges that VCs could present risks in relation to criminal activities such as the financing of terrorism, money laundering, tax evasion and tax fraud, as well as other potential illegal activities and challenges; notes, however, that there is little evidence that VCs have been widely used as a payment vehicle for criminal activity and that the level of traceability of cash transactions tends to be much lower than that of VCs;
7. Points out that VC holders are vulnerable to illegal activities and challenges, such as scams, stealing of VCs, cybercrime, hacking, malfunctioning of software/hardware, fraud and fraudulent schemes, false pretences or misrepresentations; asks the Commission to ensure that an adequate level of safeguards and effective remedies are in place for consumers who might face some of the aforementioned risks linked to the use of VCs;
8. Acknowledges that VCs, which are not a national or foreign currency, if used as an alternative to fiat currencies, could pose potential risks to the financial system in terms of both regulation and market surveillance and security, and could present risks and threats to financial integrity and effective financial regulation; stresses that risks to financial stability could become more pronounced as VCs become more widespread;

9. Recognises that persons seeking wealth preservation may use independent currencies such as Bitcoin at times of depressed interest rates or as a safe harbour during times of economic instability;
10. Notes substantial fluctuations observed in the past in the exchange rates of some VCs and the potential risks arising from the use of VCs for consumers; stresses that no specific regulatory protection exists in the EU to protect consumers from financial losses if a platform that exchanges or holds virtual currencies fails or goes out of business; notes that VCs can be securitised with underlying assets; highlights the need for consumer protection when using VCs, notably in terms of cybersecurity, algorithms used, contact persons and contact details in case of queries or problems, easily understood terms and conditions, including a clear statement of the risks, and the fact that VCs and their value are not necessarily guaranteed by any bank or country; emphasises that these potential problems should be communicated by the businesses in the VC sector;
11. Recognises the difficulties and uncertainties in predicting how VCs might develop and in identifying any potential specific longer-term policy responses while not stifling innovation; asks the Commission to develop a coherent and comprehensive strategy at EU level, with the aim of identifying the benefits and risks of VCs and VC technologies and potential longer-term policy responses, while taking into account the need to avoid fragmentation and distortion of the Single Market, the principle of better regulation, and the need to promote financial and technological innovation and to work with relevant stakeholders and VC companies in order to keep the EU attractive as a location for R&D and the operation of these technologies; highlights the importance of ongoing monitoring and analysis of the manner in which VCs are evolving and the policy challenges that they pose; suggests that a Task Force, under the leadership of the Commission, support the relevant public and private actors while evaluating and analysing all the potential avenues of evolution of VC technologies and DLT application; calls on the Commission to pay special attention to the algorithms used in VCs and to assess their security;
12. Calls on the Commission to consider the contribution of VCs and DLTs to all sectors, including their role in the development of the digital single market, with a view to ensuring that legitimate businesses in the VC sector are allowed to thrive;
13. Acknowledges that the development of effective regulatory responses to the development of VCs is still at an early and delicate stage; stresses that regulators in some areas have made considerable progress in developing effective responses; notes, however, that a great deal of work remains to be done to put in place effective frameworks to regulate VCs in a manner that guards against the risks while not stifling financial and technological innovation;
14. Stresses the importance of consumer awareness, transparency and trust when using VCs; calls on the Commission to develop, in cooperation with the Member States and the VC industry, guidelines with the aim of guaranteeing that correct, clear and complete information is provided for existing and future VC users, to allow them to make a fully informed choice and thus enhance the transparency of VC schemes in terms of how they are organised and operated and how they distinguish themselves from regulated and supervised payment systems in terms of consumer protection; calls, moreover, on the VC industry in cooperation with the Commission and the Member States to consider applying

the relevant AML/CFT (anti-money laundering / countering the financing of terrorism) requirements specified by international standards to convertible VC exchangers and any other types of institution that act as nodes where convertible VC activities intersect with the regulated fiat currency financial system, and asks the Commission to evaluate and consider extending the scope of the Anti-Money Laundering Directive to include virtual currency exchange platforms.

RESULT OF FINAL VOTE IN COMMITTEE ASKED FOR OPINION

Date adopted	21.4.2016
Result of final vote	+: 31 -: 2 0: 4
Members present for the final vote	Dita Charanzová, Carlos Coelho, Sergio Gaetano Cofferati, Lara Comi, Anna Maria Corazza Bildt, Nicola Danti, Dennis de Jong, Vicky Ford, Ildikó Gáll-Pelcz, Evelyne Gebhardt, Antanas Guoga, Sergio Gutiérrez Prieto, Robert Jarosław Iwaszkiewicz, Liisa Jaakonsaari, Philippe Juvin, Antonio López-Istúriz White, Marlene Mizzi, Robert Rochefort, Virginie Rozière, Christel Schaldemose, Andreas Schwab, Olga Sehnalová, Igor Šoltes, Ivan Štefanec, Mylène Troszczynski, Anneleen Van Bossuyt, Marco Zullo
Substitutes present for the final vote	Lucy Anderson, Birgit Collin-Langen, Edward Czesak, João Pimenta Lopes, Julia Reda, Ulrike Trebesius, Lambert van Nistelrooij, Sabine Verheyen, Kerstin Westphal
Substitutes under Rule 200(2) present for the final vote	Georg Mayer