

# AML & Blockchain

Panel, Networking, Hors d'oeuvres and Cocktails

**AML & Blockchain Panelists**  
October 29th | 5:30-9:30pm | Cambridge Club

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| <br><b>KPMG</b><br>Moderator<br><b>PARITOSH GAMBHIR</b><br>Partner, Head of Blockchain     | <br><b>CSE</b> CANADIAN<br>SECURITIES<br>EXCHANGE<br>The Exchange For Entrepreneurs<br><b>Richard Carleton</b><br>CEO |
| <br><b>coinsquare</b><br><b>Charlene Cieslik</b><br>Chief Anti-Money<br>Laundering Officer | <br><b>Grinhaus</b><br>LAW FIRM<br><b>Aron Grinhaus</b><br>Lawyer, Blockchain<br>Consultant                           |
| <br><b>BLCKSTATION</b><br><b>Jai Waterman</b><br>CTO & CO-Founder                          | <br><b>utlier</b><br><b>Amber D. Scott</b><br>Founder & CEO   |

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## Intro

**Jai**, What is Blockchain?

**Aaron**, How is Blockchain transforming incumbent businesses that are regulated such as the financial services sector, and what impact do you see this having on such services over time?

## AML thread

**Amber** - What's the general state of AML regulation in Canada and can you comment on the anticipated changes to regulation given the recommendations from FATF in June of 2018?

**Charlene** and **Amber** – what types of crypto-economy business models do you see affected by the proposed regulation?

What does it mean to be categorized as a money services business (MSB), and what does this entity need to do for compliance as a result?

**Aaron** and **Jai** – The cost of both compliance and non-compliance, is extremely high, how will Blockchain startups be able to utilize Regtech firms and other KYC/AML automation solutions, to improve efficiency and reduce expenses

## OPEN QUESTIONS TO THE GROUP

**Amber to start us off** In the absence of AML regulation specific to exchanges and other cryptocurrency businesses, what are these companies doing in Canada?

Is the absence of AML regulation hindering crypto businesses ability to access traditional financial services such as banking?

Flipping the last two questions on their heads a little bit, if you were a bank or traditional financial institution, what should you be looking for from companies operating in the cryptocurrency industry? There are quite a few companies that offer services related to tracing transactions, rating the risk related to cryptocurrency wallets, etc. Have you used these, and if so, what are the advantages and limitations?

Are there AML or other compliance considerations when an exchange chooses to list a token?

How much do founders, founding teams and foundations matter in terms of AML? When is it important to understand who is “behind” a token or project?

### ICO/STO thread

**Aaron** - What are ICOs and how are they being issued today? Is there a difference between ICOs and STOs?

**Charlene, Jai** - as a cryptocurrency exchange you must be approached by organizations wanting to list their ICO/STO token offering on your exchange. What considerations do you take into account to list a token offering? Once you have listed a token, how would you handle on-going activities related to the token, i.e., sale, splits, dividends, sunset of tokens?

**Richard** – What regulatory challenges do you see in listing STOs on a traditional exchange? What are traditional exchanges doing to address this market demand, and when do you expect to see STOs hosted on a traditional exchange in Canada?

**Charlene** and **Richard** – We have seen a lot of “pump and dump” schemes where issuers of ICOs have converted the crypto raised into fiat and moved it out of the exchange – what mechanisms, if any, do you see occurring to protect investors from such with STOs listed on your exchange?

**Aaron, Jai** – The Crypto mindset is that crypto and tokens by extension should be global in nature whereas regulations are based on jurisdictions. An issuer can conduct AML/KYC and accredited investor testing for the initial purchaser of the STO, but if these tokens are sold to someone else on a secondary market or through a decentralized exchange, there may be no AML/KYC – how does this impact the compliance of a security token? What needs to be done by issuers and exchanges to address this?

**Richard**, how do you view the control mechanisms being proposed such as the use of surrogate tokens within a regulated exchange impacting the ability to benefit from the global crypto market?

**Amber** and **Aaron** – in light of the global nature of the crypto market – How do you see the Blockchain and crypto markets will react to an approach to offer STOs in a sandboxed environment within an exchange?

**Jai, Richard** - what trends are you seeing in terms of institutional investors getting into STOs – what regulation, security, infrastructure and other assurances would institutional investors need to see happen?

**For all** - Founders, directors and major shareholders in firms go through additional scrutiny for prior records ( criminal, fraud). What are the implications of a prior record of key individuals on a firm’s ability to list and raise funds on an exchange? What can founders do to address this?

### **Blockchain thread**

**Amber** and **Jai**, what are your thoughts on the use of Blockchain technology for applications beyond cryptocurrencies and ICOs?

**Aaron, Charlene** – In light of current and emerging privacy regulations, such as GDPR with the “right to be forgotten,” and given the immutable nature of Blockchains, what recommendations would you have for organizations if they are looking to use Blockchain technology to offer a service in a regulated industry such as financial services?

**Richard** and **Charlene** – How are your organization's planning on using Blockchain technologies to support services?

### **Wrap up**

**For all** - For someone in the audience looking to transition from their traditional career (law, project management, accounting etc.) into the Blockchain ecosystem; what skills (technical/non-technical), courses and/or resources do you suggest they start with to help educate them. (Thanks for remembering TransformationWorx )

**For all** - If you could invest all your extra time in one Blockchain project, what would it be and why?

**For all** – If you can go 5 years from now, how would you describe the impact you see of Blockchain?  
Intro