

## Crypto exchange Unocoin to challenge RBI over access to banking services

Move follows Ahmedabad-based CoinRecoil's writ petition in Delhi HC challenging the RBI notification barring banks from extending services to crypto exchanges

Rajesh Bhayani | Mumbai April 20, 2018 Last Updated at 23:18 IST



Representative image

Bengaluru-based Unocoin, one of the largest crypto currency exchanges in India, is considering challenging the Reserve Bank of India's notification asking banks and other regulated entities to disassociate with crypto currency service providers, including exchanges. Unocoin is a multi-crypto currency exchange.

RBI had issued the notification on 6 April. Unocoin spokesperson declined to comment on the kind of action it planned to take, but two industry officials said on the condition of anonymity that the exchange will soon file a writ petition in the High Court challenging RBI's notification, claiming that it violates the fundamental right to practice any profession, trade or business -- a right that is guaranteed under the Constitution.

Banks were providing current account facilities and investors were using NEFT and other such facilities to transfer money to exchange platforms or receive money from them using banking channels.

Vaibhav Parikh, partner and lawyer with Nishith Desai Associates said, "There is a legal case to challenge the RBI notification

on the grounds that legitimate business cannot be denied banking services. It is against the constitutional rights of people to do business or otherwise hold bitcoins."

Bitcoins or crypto currencies are not yet declared illegal in India, though they have not been given formal legal status. A committee headed by the union Secretary of Economic Affairs is studying the subject and is yet to come out with its recommendations. Industry officials say RBI should have waited for the committee's report.

Reserve Bank had said in its policy statement on April 5 that, it had "repeatedly cautioned users, holders and traders of virtual currencies (VCs), including Bitcoins, regarding various risks associated in dealing with such virtual currencies. In view of the associated risks, entities regulated by RBI shall not deal with or provide services to any individual or business entities dealing with or settling VCs. Regulated entities which already provide such services shall exit the relationship within three months' time."

Several bitcoin or crypto currencies had lodged complaints with banking ombudsman earlier saying that they have a right engage in this business for which banking services are essential. they said banks cannot deny service if all the guidelines are followed by them (the exchanges). Sources said, "RBI seems to have pre-empted the ombudsman's judgement and barred regulated agencies from dealing with VC platforms."

Unocoin isn't the only one. Ahmedabad-based crypto currency exchange CoinRecoil, owned by Kali Digital Ecosystems Pvt. Ltd, has filed a writ petition in Delhi High Court challenging the RBI notification. This exchange is yet to formally start trading. It had targeted August for a formal launch.