

# Time for crypto regulation: Panelists



**RAJEEV AGARWAL**  
FORMER MEMBER,  
SEBI

**"Because of its anonymous and pseudonymous character it is possible to be used by criminals for drugs, terrorism or money laundering"**



**NISHITH DESAI**  
FOUNDER,  
NISHITH DESAI ASSOCIATES

**"The time has come to embrace crypto. We need to think about regulatory standards. If it is a security, Sebi can regulate it, if currency RBI can oversee it"**



**NISCHAL SHETTY**  
CEO AND CO-FOUNDER,  
WAZIRX

**"Today we have 20 million Indians in crypto, there will be a day when everybody in India will have a crypto address or crypto wallet"**



**ASHISH SINGHAL**  
FOUNDER AND CEO,  
COINSWITCH KUBER

**"Blockchain and crypto cannot be separated into good and bad. It's like saying the internet is good and the browser is bad. Both go hand in hand"**



**SIDHARTH SOGANI**  
FOUNDER AND CEO,  
CREBACO GLOBAL

**"I would say it is bringing humanity on par because it is not differentiating between who is from China who is from Pakistan, US or India"**

## BS REPORTERS

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Cryptocurrencies have an estimated market size of over \$2.6 trillion globally, with around 10,000 types of such assets exchanging hands among investors. The fate of crypto assets in India, however, still hangs in the balance.

Will they be banned or will they gain acceptance from Indian regulators? Who will regulate these assets and in what form will the regulations take? These were some of the key issues debated by a five-member panel at the *Business Standard's BFSI Insight Summit*.

Most of the panellists felt cryptos are here to stay and attention should shift to how it can be regulated.

"The Supreme Court has already indicated that banning crypto would be too harsh. The time has come to embrace crypto. We need to think about standards of regulation," said Nishith Desai, founder of legal counselling firm Nishith Desai Associates.

The asset class could come under the Reserve Bank of India's purview, for instance, if it is viewed as a currency, or under the Securities and Exchange Board of India (Sebi), if it is classified as a security.

"It was recently announced that

Sebi would regulate spot trading and the gold market. Similarly, they can regulate trading in the crypto market, too. Crypto intermediaries can be made recording entities and made responsible under the Prevention of the Money Laundering Act. Or if necessary, a separate regulatory authority can be appointed," added Desai.

Sidharth Sogani, founder and CEO of CREBACO, said: "In the next three to five years, there will be robust crypto regulations. We already lost the opportunity in the '90s when the internet era was booming. Many developers from India moved to the US, and now they are settled because the regulations came in late."

According to the panellists, cryptos could be classified into multiple assets and assigned a regulator accordingly. "What we all agree on is that it does not make sense as a currency. It may make sense as a currency for some countries but probably not for India. If we treat each asset class, how do we classify different assets and go to the right regulator?" said Ashish Singhal, founder and CEO of CoinSwitch.

"It is a lot like asking how do we regulate the internet. Break it down, and if it is e-commerce, we

have one agency. If it is the media, there is another. If it is the currency aspect, one agency can regulate it, if it is security, then Sebi can regulate. The slow way is to get a new regulator who will do all of this. But most countries are opting to break it and regulate it. Before that, India should come up with guidelines. A set of do's and don'ts, like the basic KYC," added Nischal Shetty, CEO and co-founder of WazirX.

Crypto is fast gaining acceptance among young Indians, with an estimated 15-20 million user base. "Today we have 20 million Indians in crypto, there will be a day when everybody in India will have a crypto address or crypto wallet. India is a young nation, and if we look at the demographic of crypto it's built with youngsters. We grew from one million to nine million customers in just one year; I am super excited about the growth," said Shetty.

"Crypto currency exchanges like us play the role of gatekeepers for people to invest in these different use cases. The underlying platform itself has value because of the kind of lending and borrowing infrastructure that we are building," added Singhal.

Investors are funnelling a portion of their earnings into crypto. This

has raised concerns on investor protection.

"You should not go all in. We told some clients a few years ago don't allocate more than 5 per cent of your wealth in crypto. Now that 5 per cent of the portfolio size has gone to 30 per cent," said Sogani.

Former Sebi member Rajeev Agarwal echoed Sogani's views on allocation. "Markets are very good and investors are finding it very convenient to put one or two per cent of their gains in cryptos also. Putting your savings or a large part of savings into cryptos is not a good idea."

Agarwal questioned Bitcoin's claim to being an alternative currency as it was not a store of value as was the case with bullion. "It cannot be considered a store of value at this point of time because it is highly volatile and value is changing every day. It is changing so much that it is not possible to store wealth in it," he said.

"There is already a consumer protection Act. We need to have more disclosure requirements and a regulatory framework for exchanges and licensing. It's not that every asset has to be regulated. But we need to make sure that there is enough information available. We need regulation but the what, how, by whom and when needs to be figured out," said Desai.