

BUIDL in France

Understanding the French Crypto Framework

December 8, 2020



Adan

Who are we?

Adan is an industry body that brings together and represents digital asset and blockchain professionals in France and Europe. Our members cover a wide range of activities, including market makers, custody providers, payment service providers, investment management, analysis tools, events and marketing, and security. We are dedicated to For all the companies that are interested in crypto-assets and are targeting the French market.

Vision

We believe that digital assets represent a **transformational shift in finance and economics**. Crypto-asset technologies challenge centuries-old foundations of economics and monetary theory and offer the potential to create a new social contract built on the principles of inclusion and openness.

Mission

Our mission is to be a **pragmatic voice for the French and European digital asset industry**, contributing to its growth and development through constructive dialogue and education.

Adan into figures

Born in January 2020

50+ members

3 employees

2 Committees (VASP & European Affairs)

8 internal working groups

13 documents drafted: 7 reports, 6 consultation responses, a letter to MPs

5 surveys conducted

8 events organised

11 institutions welcome Adan in regular meetings

Adan

...and a new website!

ADAN

Thématiques Actualités Publications À propos Adhérer à l'Adan

Créer les futurs champions de l'économie numérique

L'Adan a pour mission de promouvoir le développement des acteurs français du secteur des actifs numériques de l'écosystème crypto-blockchain, et d'ériger la France et l'Europe en territoires majeurs d'innovation.

Inscrivez-vous à la newsletter

Prénom

Adresse email

S'INSCRIRE

Vous recevrez environ un email par mois.

Actualités

Actualités de décembre

Voici que s'ouvre le dernier mois de la première année d'exercice de l'Adan. Une année très riche et très fertile mais aussi, par bien des égards, une année unique.

Toutes les actualités

Rapports

La France des actifs numériques – Etat des lieux et bilan de l'écosystème à la rentrée 2020

L'Adan et ses membres ont réalisé un état des lieux de l'industrie crypto française "post-PACTE" et un bilan des points forts et des points faibles de l'écosystème. Le rapport "La France des actifs numériques – Après PACTE et la COVID19 : Etat des lieux et bilan de l'écosystème" réalise la synthèse de ce travail.

Tous les rapports

Consultations

LCB/FT : l'Adan émet ses recommandations sur le plan de la Commission européenne

L'Adan répond à la consultation de la Commission Européenne sur la prochaine révision des règles applicables en matière de lutte contre le blanchiment et le financement du terrorisme (LCB-FT), prévue pour janvier 2021. L'Association prend à cette occasion une position générale.

Toutes les consultations

Agenda

6:00pm: **Opening by Mme Valéria Faure-Muntian (MP)**

6:10pm: **Introduction**

6:30pm: **Roundtable on the French crypto-asset environment**

7:15pm: **What's to be improved?**

7:30pm: **EU level - Comparative analysis and next steps**

7:45pm: **Conclusion**

7:50pm: **Q&A**

Opening

Valéria Faure-Muntian

French Member of Parliament
Parliamentary Financial Commission
Member

Understanding the French
Crypto Regulatory Framework

Free Webinar – December 8th





Introduction to the French Framework

How to build a crypto company in France?

French Crypto Framework

France is a welcoming country for startups

The ambition of a “startup nation”: the good sides

Positive public messages re: innovation & entrepreneurship

Investments from the state and public agencies

Support from the State towards entrepreneurship-focused organizations

Modernized infrastructure (streamlined company creation process, online filings, low creation cost)

Low corporate tax rate (25 % in 2022) and **significant tax credits for research and development activities**

Excellence in financial and computer science expertise

Access to the whole EU market

Growing VC investments

Legal and regulatory clarity

bpifrance



France FinTech



French Crypto Framework

France is a welcoming country for startups

The ambition of a “startup nation”: the less good sides

French-speaking is still pretty much required

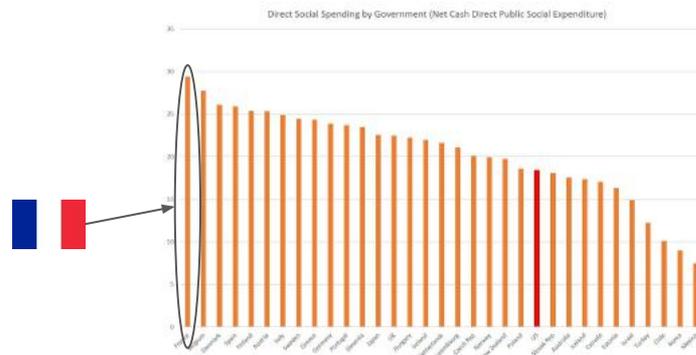
Risk-averse culture:

- VCs have more risk-averse investment thesis & less capital
- Individuals and companies are less literate on finance and have more risk-averse strategies

Frequent legal, regulatory and tax law changes

Brexit-related uncertainties

Costly and complex social security regime

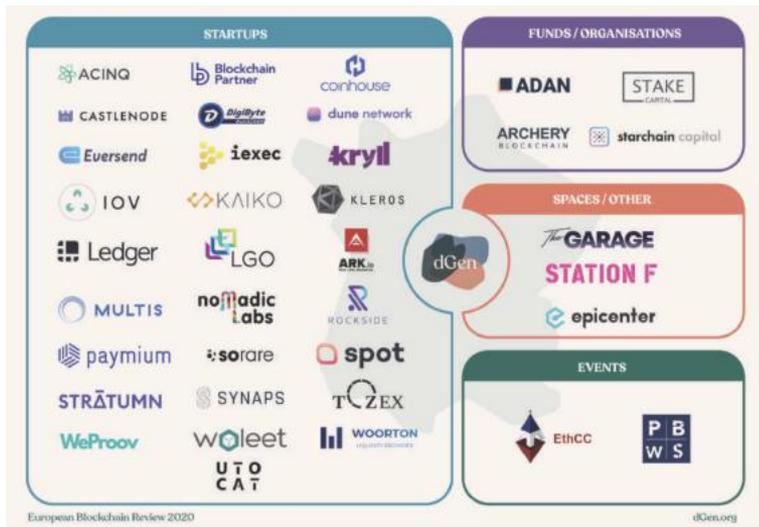


French Crypto Framework

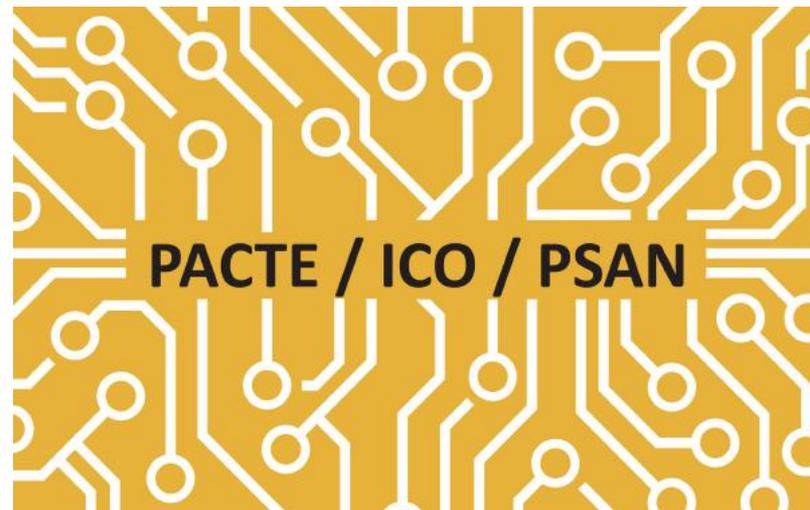
Introduction to the crypto framework

France has a complete framework for crypto-assets activities

Business



Legal and regulatory



French Crypto Framework

France has elevated crypto-assets to strategic status since 2016

At the heart of the innovation policy agenda

Several Parliamentary missions on blockchain & crypto-assets

France's Blockchain strategy developed by the Ministry of Economics and Finance

Paris Blockchain Conference

Blockchain Task Force

Lots of reports



Supported by regulators' growing attention

Fintech desk within French financial regulators (AMF-ACPR)

UNICORN program for token issuers

Regulatory efforts like the PACTE law:

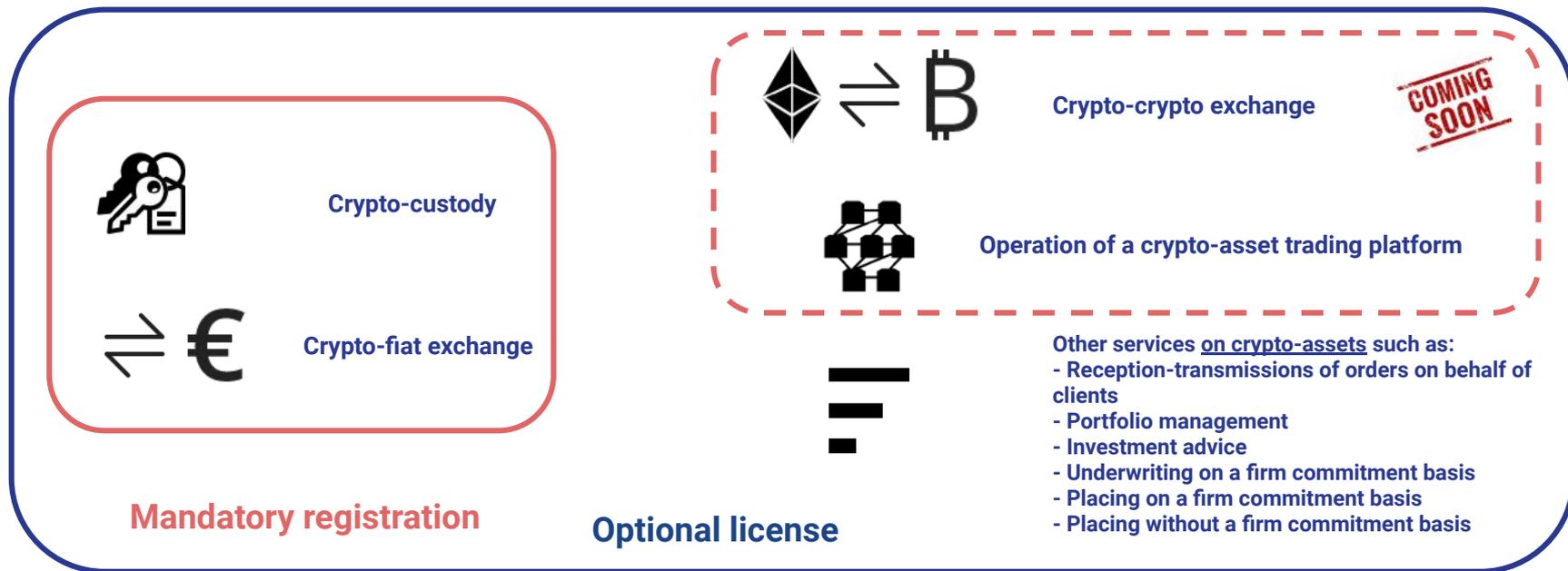
- The first ICO visa is delivered by the AMF in December 2019
- The first CASP/PSAN authorisation is delivered in March 2020

French Crypto Framework

The bold choice of an **ad-hoc hybrid** regime for non-financial crypto-assets (1/2)

For all companies targeting the French market (France-based or foreign)

Deadline for mandatory registration: 18th of December 2020



French Crypto Framework

The bold choice of an ad-hoc hybrid regime for non-financial crypto-assets (2/2)

France built new sets of rules for new asset classes (tokens and crypto-assets)

The ICO visa

Optional

Requirements

White paper
AML-CFT procedures
Promotional marketing materials
Monitoring and safeguarding of the assets collected all along the ICO

Rights

Unrestricted access to banking services
Tokens are eligible assets for some investment funds (up to 20%)
Direct marketing

The registration of CASPs

Mandatory

Requirements

AML-CFT procedures
Honorability and competence of managers & individuals having a supervisory power

Rights

No prohibition to provide services to the public
Unrestricted access to banking services
Direct marketing

The license of CASPs

Optional

Requirements

Common condition package for all service providers
Specific rules depending on services

Rights

Unrestricted access to banking services
Direct marketing

French Crypto Framework

Opportunities for security tokens

*While the regulation of financial instruments is European,
France strives to encourage the development of security token markets where possible*

- “Minibon” and “blockchain” decrees allowing the use of distributed ledgers for the issuance, registration, and transfers of some non-listed security tokens
 - Legal analysis on the application of financial regulations to security tokens, identification of current stumbling blocks to be raised
 - Clarifications regarding crypto-derivatives
 - Precisions on the concepts of “trading platform” and “bulletin board”
 - Recommendation to create an **EU Digital Lab** = experimentation framework granting exemptions to financial regulations
- This inspired the EC’s proposal for a **pilot regime** for market infrastructures willing to operate on security token markets

French Crypto Framework

Taxation

France has also adapted its tax rules to crypto-assets



Individuals

For **individuals**:

- **30% flat tax** on **all** the realized gains (sale or use for purchase)
- **no tax** on crypto-to-crypto transactions
- **complex mechanism to compute the gain** (cash-out minus a proportion of the cash-in)
- ⚠ different rules for individual businesses



For **companies**:

- **Rules drafted by the national accounting standards body** (Autorité des Normes Comptables) adapted to ICOs and other token distribution mechanisms to report the taxation at the time where the proceeds of the sale are used.
- **No specific tax regime** (application of the corporate tax to all gains).

French Crypto Framework

Towards the EU framework for crypto-assets



France ran ahead the building of an EU crypto ecosystem

- Both MiCA and Pilot regime proposals by the European Commission got inspired from France's: Pacte Law, Digital Lab
→ **France is ready for the implementation of the EU regime**
- As a member state of the EU, France benefits from:
 - **Passporting mechanisms**
 - **EU programmes (financing, sponsoring)**
- **Experimentation for a "digital euro" started by the French Central bank from Spring 2020**



Roundtable - The French Crypto-Assets Environment



Pierre Person
*Member of the French
Parliament
Rapporteur of the
"Crypto-assets" report*



Laurent Camus
*Fintech-Innovation Officer,
French Prudential
Supervision and Resolution
Authority (ACPR)*



Timothée Huré
*Deputy Head of Savings &
Financial Markets, French
Treasury, Ministry of Finance*

French Crypto Framework

What's to be improved?

Remaining issues in the French crypto-assets framework

- General insight regarding crypto-assets
- Persistent bad image and preconceived ideas about crypto-assets
- Limited access to bank accounts
- Impossible access to sales promotion channels (GAFA)
- Legal certainty, stability of the regulatory framework



Bitcoins: enquête sur une escroquerie planétaire



Roundtable - EU: comparative analysis and next steps



Marina Markezic
*Board Member of Blockchain
Think Tank Slovenia*



Florian Glatz
*President of the German
Blockchain Association
(Bundesblock)*



Simon Polrot
President of ADAN

EU: Next step

EU Crypto Initiative

Helping building the best EU-wide crypto-assets regime

Upcoming regulations in the EU would have a significant impact on the ability for companies, projects and any form of service provider located in the EU or targeting the EU to grow, scale and compete.

The EUCI is an informal initiative focused on impacting the future regulation in favor of decentralized use cases, open blockchains, and generally innovation in the crypto-assets space.

Now, more than ever, there is a need for an open discussion & dialogue with the European Institutions.

More info, contact & how to help: euci.io





Conclusion

THANK YOU

Questions?

