

UK takes significant step towards legal certainty for blockchain technology and cryptocurrencies as worldwide smart contract market expected to reach \$300m by 2023¹

- The worldwide smart contract market is expected to reach \$300m by 2023 and the World Economic Forum predicts 10% of global GDP will be stored on the blockchain by 2027²
- However, legal uncertainty is often cited as the most significant barrier to adoption, investment and development of cryptoassets and smart contracts
- The legal statement takes significant steps to address this uncertainty, by setting out answers to critical questions as to the classification and characterisation of cryptoassets and smart contracts
- By providing investors with increased confidence of their rights, the statement helps to provide a dependable foundation for mainstream utilisation of cryptoassets and smart contracts

The UK Jurisdiction Taskforce of the Lawtech Delivery Panel, chaired by Sir Geoffrey Vos, Chancellor of the High Court, has today published its legal statement on the status of cryptoassets and smart contracts under English and Welsh law.

The landmark statement seeks to address legal uncertainty by recognising cryptoassets as tradable property and smart contracts as enforceable agreements under English law.

Smart contracts can be used to create more secure and more efficient ways of implementing (and automating performance of) contracts between parties. This could revolutionise agreements, from **mortgages** and **medical research** to **property ownership**, as **smart contracts automatically execute transactions and remove the need for a middle man**.

For example:

- smart contracts remove the need for expensive services in property ownership and could even enable sellers to handle transactions independently.
- smart contracts can be applied to mortgage transactions - allowing both parties to digitally agree to the sale before processing the payment, making the process more secure and reducing the likelihood of fraud.

¹ <https://www.marketresearchfuture.com/reports/smart-contracts-market-4588>

² http://www3.weforum.org/docs/WEF_Building-Blockchains.pdf

Not only will this legal statement be beneficial for consumers but also for investors. Cryptoassets are already demonstrating considerable traction, with the top 100 cryptoassets worth a collective quarter of a trillion dollars.³ **This statement will provide more certainty to investors in the UK market** providing them with a greater understanding of their legal rights when they trade in cryptoassets.

The statement will also provide a dependable foundation for the mainstream adoption of cryptoassets and smart contracts, in particular offering a strategic boost to startups and scaleups operating in this space. The UK already has an established Blockchain ecosystem and community. London is home to more blockchain and crypto meetup members than San Francisco, Berlin and Seoul⁴.

The common law system of England and Wales makes the UK well-suited to adapting to and dealing with fast-changing technologies, as well as expertly positioned to provide a sound legal foundation for their development - with 40% of all arbitration cases globally applying English and Welsh Law.

The legal statement has been drafted by Lawrence Akka QC, David Quest QC, Matthew Lavy and Sam Goodman and supported by members of the UKJT, Linklaters LLP and the respondents to a public consultation which included businesses, academics and the wider legal sector.

Chancellor to the High Court, the Rt Hon Sir Geoffrey Vos, chair of the UKJT, comments: “I am delighted to welcome the publication by the UK Jurisdiction Taskforce of a Legal Statement on the Status of Cryptoassets and Smart Contracts.”

“In legal terms, cryptoassets and smart contracts undoubtedly represent the future. I hope that the Legal Statement will go a long way towards providing much needed market confidence, legal certainty and predictability in areas that are of great importance to the technological and legal communities and to the global financial services industry.”

Christina Blacklaws, Chair of the Lawtech Delivery Panel, comments: “It is excellent to see that English and Welsh law has no issue embracing new technology - recognising cryptoassets as tradable property and smart contracts as enforceable. That this work was initiated and powered by the UKJT is a great example of how the LawTech Delivery Panel can support the growth of new technology.”

Jenifer Swallow, Director - Lawtech Delivery Panel, comments: “The worldwide smart contract market is expected to reach \$300m by 2023 and the World Economic Forum predicts 10% of global GDP will be stored on the blockchain by 2027. It is great to see the adaptability of our common law system to fast-changing technology, demonstrated in this landmark legal

³ Total Market Cap: \$240,471,000,000 as of 13/11/19 <https://coinmarketcap.com/>

⁴ <https://technation.io/report2019/#21-meetups>

statement from the UKJT. Tech Nation is excited to work with the Lawtech Delivery Panel on leading initiatives such as this, to support business growth, clarity in law and the evolution of new tech."

Notes to editors

The members of the UK Jurisdiction Taskforce (UKJT) are:

Sir Geoffrey Vos, Chancellor of the High Court and Chair of the UKJT

Lawrence Akka QC, Twenty Essex

Sir Nicholas Green, Chair of the Law Commission of England and Wales, as an observer

Richard Hay, Linklaters LLP

Peter Hunn, Accord Project

Mary Kyle, City of London Corporation

Christopher Woolard, Financial Conduct Authority

Sir Antony Zacaroli, Justice of the High Court

The drafting team:

Lawrence Akka QC, Twenty Essex

David Quest QC, 3 Verulam Buildings

Matthew Lavy, 4 Pump Court

Sam Goodman, Twenty Essex

Guidelines

The guidelines are available for download at <https://technation.io/about-us/lawtech-panel>.

The Lawtech Delivery Panel

The Lawtech Delivery Panel was established in 2018. The Panel is industry-led and brings together senior and expert voices to identify and address both barriers to and catalysts for the growth of lawtech.

About Tech Nation

Tech Nation is the UK's leading scaleup network for entrepreneurs. Its mission is to empower tech entrepreneurs to grow faster through knowledge and connections through running growth programs and developing digital entrepreneurship skills through its visa scheme for exceptional talent and through insights from reports, including the annual Tech Nation Report. Technation.io/report2019

Linklaters

Linklaters is a leading global law firm that has consistently held the position of market-leader in

advising on the application of new technologies to finance, from the implementation of SWIFT payments to the advent of blockchain and digital currencies. The firm combines legal expertise with a collaborative and innovative approach to help clients navigate constantly evolving markets and regulatory environments, pursuing opportunities and managing risk worldwide.

4 Pump Court

4 Pump Court are a leading commercial barristers' chambers widely recognised as the UK's premier set for technology and telecoms disputes. Our barristers are uniquely positioned to act and advise on some of the most complex disputes arising out of today's rapidly changing technological and regulatory environments. Chambers' global expertise spans contract termination, cyber liability and cyber risk, data security, emerging technologies, internet and e-commerce and IP rights and licensing.

Matthew Lavy

Matthew Lavy's previous experience as a software developer and technical writer prior to being called to the Bar gives him unrivalled industry knowledge to complement his advocacy work.

Twenty Essex Chambers

A leading commercial set of chambers, the barristers of Twenty Essex offer outstanding legal minds combined with a modern and commercial disputes experience.

Our clients include major global companies, institutions, governments and their advisors from around the world and our barristers advise and appear as advocates in court or arbitration in relation to a broad range of company and commercial, EU, competition, and public international law disputes. Practices involve the preparation and conduct of litigation before a wide range of courts and tribunals, in the UK, in foreign jurisdictions as well as on the international stage.

The vast majority of the work is international in nature and we have well-established links to many overseas markets, including through our Asian hub in Singapore servicing clients throughout Asia Pacific and beyond.

The set is also home to a number of highly respected domestic and international arbitrators and mediators, some of whom were previously judges either in the UK or overseas.

Twentyessex.com

Lawrence Akka QC

Lawrence has been involved with IT for over 30 years and has a thorough grasp of the technical and other issues involved in the industry. His practice encompasses high value and technically

complex commercial and contractual disputes and he specialises in cases involving new technologies, media and telecommunications, frequently with an international element. He is the vice-chairman (civil) of the Bar Council IT Panel.

Sam Goodman

Sam has a broad commercial practice covering both litigation and international arbitration, with a particular focus on civil fraud/asset recovery, banking, company and insolvency, energy, IT and international trade. Sam was featured in the 2018 edition of Global Data Review's "40 under 40", which recognised his expertise in cyberfraud and cybersecurity disputes. He was recently instructed in the first Bitcoin trial to take place in Singapore.

3 Verulam Buildings

3 Verulam Buildings ("3VB") is one of the UK's principal sets of barristers' chambers, with over 80 members specialising in a wide range of commercial law and practicing both nationally, in other countries' jurisdictions and internationally.

David Quest QC

David Quest QC is a barrister at 3VB specialising in commercial disputes across the fields of banking and finance, commercial and financial fraud, fintech, insurance and reinsurance, professional negligence, and technology and industry. He has a particular interest in crypto assets and has lectured extensively on the subject.