

Press release – 14 May 2018

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**Paris EUROPLACE released a new publication on the impacts of distributed ledgers and blockchain technology on market activities**

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**Paris – As part of its effort to reinforce the attractiveness of the French regulatory framework, Paris EUROPLACE released a white paper on blockchain. This document identifies, for the activities of depository/custody account keeping and asset management, the impacts of the blockchain technology and the legal and regulatory evolutions required to foster the development of its use.**

Although far from maturity, the application of the blockchain technology to regulated activities, which will no doubt dramatically change practices, implies gradually detailing the applicable legal framework, be it to propose positive evolutions or, conversely, to confirm that the existing law does not hinder the use of this technology.

The main recommendations made in this publication are the following:

- Regarding **non-listed securities law**, the white paper considers that adapting the existing law is sufficient to apply it to the use of the blockchain technology.
- Regarding **asset management**, where France is recognised as a world leader, the white paper shows that blockchain may bring interesting responses to asset management companies which have for long voiced the need not only to better know their final investors but also to better control the distribution of units of collective investments. **The use of blockchain, which implies significant changes to the form of shares and units of collective investment vehicles in France, could entice a switch from bearer to registered securities.**

**Hubert de Vauplane**, Chairman of Paris EUROPLACE Blockchain Committee, Partner at Kramer Levin Naftalis & Frankel LLP ([hdevauplane@kramerlevin.com](mailto:hdevauplane@kramerlevin.com)), stated: *“The blockchain technology is a potential source of innovation for the financial industry. However, the French legislator should maintain the momentum which it initiated by supporting the development of fintech in France. As it aims at becoming a pioneer in this sector, France should give itself the means to develop an ambitious and evolutive legislation, fostering the use of blockchain”.*

Blockchain (or chain of blocks) may be defined as a certification tool which allows the establishment of a decentralised registrar, with no regulatory authority. Such a database, structured as a chain of information blocks, whereby blocks are linked to each other through a cryptographic chain aiming at

making the storage of data unalterable, is used to register the transactions of a peer-to-peer network. Deemed unfalsifiable, it could in particular be a preferred tool to address cybersecurity issues.

France hosts major international players in **post-trade and securities law activities** – the top three European global players in this field are French – and the blockchain technology may lead to a profound evolution of these activities. France has been a pioneer in developing legislation on the use of the blockchain technology in this sector and the first European country to adapt its legislation in particular concerning the post trade activities and securities account concept.

The Paris EUROPLACE white paper on the impacts of distributed ledgers and blockchain technology on market activities is available on the Paris EUROPLACE website at <http://www.paris-europlace.com/en/file/2995/download?token=KZojpYde>.

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*About Paris EUROPLACE:*

*Paris EUROPLACE is the organisation in charge of developing and promoting the Paris Financial Marketplace and the French financial industry internationally. It brings together all financial industry stakeholders; its 400+ members include issuers, investors, banks and financial intermediaries, insurance companies, attorneys and accountants, consulting firms, etc. The association is chaired by Gérard Mestrallet, Chairman of the Board of ENGIE.*

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