

# Inmar Legal Ltd.: Blockchain might transform the regulatory environment

**The 11<sup>th</sup> of September, PrimaMedia.** The session addressed to new technologies in the Asia-Pacific financial sector, *New Technologies in the Asia-Pacific Financial Sector. How Blockchain is Transforming Reality*, which has turned out to be among the key ones due to the critical importance of the issues tabled, took place during the III Eastern Economic Forum, which was held on the 6<sup>th</sup> to 7<sup>th</sup> of September in Vladivostok at the Far Eastern Federal University campus on the island of Russky, as reported by IA PrimaMedia. As the Senior Partner of Inmar Legal Ltd. Dmitry Kafanov put it, the EEF has picked up the trend set by the Saint-Petersburg Economic Forum of 2017, and there were two sessions of today's forum dedicated to the distributed ledger technology, which generated great interest among participants of the event. Dmitry Kafanov, who visited these both sessions of the forum, has shared his impressions with us,

“Despite the term *blockchain* or *distributed ledger technology* has lately become quite popular: blockchain has been talked about by top public officials, leading Russians banks, state-owned and private companies have been developing their own projects based on blockchain, already there are successful national blockchain startups which in technology aspect have reached much further progress than the famous bitcoin; for the majority of ordinary people the word *blockchain* is something very obscure, associated with cryptocurrencies, and something that might quickly bring you a lot of money.

That being said, the distributed ledger technology has much broader potential applications than just creating cryptocurrencies. In fact, this groundbreaking technology will in the foreseeable future drastically change the global financial system, the business environment, the system of public and private communications.

The application of blockchain generates a whole range of legal issues associated with regulation of the distributed ledger system operation, securing the participant's interests, with regulation of the processes where blockchain is used, including the circulation of cryptocurrencies. It is no surprise that an online poll during the session showed that 53% of the participants had picked the development of general standards, security instruments and legislative provisions as the main steps towards faster development of blockchain.

On the other hand, applying blockchain itself may change the whole regulatory environment, including the legal business. For example, digital systems for certifying transactions and jural facts based on blockchain can ultimately replace the traditional notaries public, the technology of distributed ledgers may be an instrument for bringing registers of titles to real property and all operations made with the real property, databases of transactions with shares, including registries of shareholders, for creating systems of thorough and absolutely transparent accounting for the movement of any goods or material values, digital assets, objects of intellectual property.

Data verified with blockchain, by virtue of them being safe from unauthorized change, may be used as proof of various jural facts in the broadest spectrum of processes, including those in courts, as well as in processes devised to the combat with money-laundering.

Introduction of blockchain into the legal environment will eventually change the transaction-making procedure itself. For example, instead of the certain action sequence when buying and selling real property, which infers preparing a lot of hard-copy documents and connected with participation of numerous intermediate agents: title registration authorities, lawyers, cadastral engineers, banks, notaries, each of which brings additional transaction costs for the sellers and buyers; but selling apartments, buildings, yachts and other real property using blockchain will be practicable almost instantly by using your smartphone.”