

UK LAWMAKERS' ATTITUDES TO CRYPTOCURRENCY

A QUARTERLY REPORT

SEC NEWGATE
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INTRODUCTION

Amid a pivotal time for the cryptocurrency industry, communications, advocacy and research agency SEC Newgate has conducted its now quarterly research into MPs' attitudes towards digital assets.

We previously found (between 1 March 2021 to 1 March 2022) that the lawmakers were almost silent on the growing industry and its potential pros and cons for British consumers and the economy, with only 7% of all MPs or 1-in-14 having mentioned cryptocurrency-related terms across social media and in the House of Commons.

Since our report – the first study of its kind in the UK – Boris Johnson's administration has announced its plans for a regulatory framework for the industry in a bid to make Britain a global crypto technology hub.

As City minister John Glen put it in an April speech, the government wants the industry to see that “the UK is open for business and open for crypto businesses”, something which has not always seemed to be the case as many firms have been previously left in limbo over their legal status in the country¹.

The Treasury plans² to recognise and regulate some stablecoins, which mimic and mirror the price of major fiat currencies like the US dollar and Euro,

and has commissioned the Royal Mint to produce a non-fungible token (for summer 2022). The Law Commission has been charged to investigate what legal-status Decentralised Autonomous Organisation (DAOs) have³, while the tax authorities will investigate DAO-backed loans. Financial regulator the FCA, meanwhile, has held its 'CryptoSprint' sessions in early May⁴, involving the industry, advisers and others exploring how regulation can evolve in the UK.

“Over the two days, the participants worked in mixed-discipline teams to explore some of the challenges facing the industry, including how we can support and balance innovation with high standards that protect consumers and markets,” the FCA said.

Understatedly, it has not all been positive noises from the UK's institutions and regulators towards the crypto industry. Bank of England Governor Andrew Bailey used an April speech to warn that digital assets were the new “front line” in criminal scams⁵.

Then came the great crypto crash of May. As war rumbled on in Ukraine, the world faced rising inflation and technology stocks saw a rout, whilst Bitcoin and other major cryptocurrencies began their own fall. Bitcoin dropped from around \$31,000 (£25,140) per coin at the start of the month, to around \$24,000 over the course of two weeks. The entire market saw a fall in the order of hundreds of billions of dollars⁶.

Matters were made worse when the cryptocurrency Luna crashed after its sister algorithmic stablecoin coin (opposed to an asset-backed stablecoin) TerraUSD (UST) de-pegged from the US dollar. Over the course of just days, the Luna coin plummeted from just under \$100 to virtually zero, which UST now trades way below the \$1 peg at around five cents. US Treasury Secretary Janet Yellen promptly intervened and, in comments which will no doubt be considered in the UK, called it “highly appropriate” for legislation around stablecoins to be published this year⁷. G7 finance leaders have also called for cryptocurrency regulation to come quickly in light of the crash⁸.

FINDINGS

SEC Newgate interrogated the official report of Parliamentary debates, Hansard, and MPs' favourite social media platform, Twitter, covering 1 March 2022 to 1 May 2022 for cryptocurrency-related terms, including 'blockchain', 'Bitcoin', 'Ethereum', 'crypto' and 'cryptocurrency'.

We found that just 14 MPs mentioned the industry, representing around 2% of all MPs. The figure was down from 22 or 3.3% in the December to February period. The lower figure in the March to May period could partly be due to the fact that Parliament adjourned on Thursday 31 March until sitting again on Tuesday 19 April.

When SEC Newgate previously looked at the period 1 March 2021 to 1 March 2022, it found that 7% of all MPs or 1-in-14 had mentioned the terms across social media and in the House of Commons. Between 1 March 2022 and 1 May 2022, there were just eight mentions of cryptocurrency and its related terms on Twitter and 13 in the House of Commons, up from the 11 mentions in the December to February period but down on social media mentions which previously amounted to 18.

The research found that former Health Secretary Matt Hancock has been most vocal on the subject. The Conservative MP has championed the industry, recently declaring that it was his “mission” to make the UK love crypto⁹.

Other movers and shakers in the regulatory debate were the aforementioned City minister John Glen as well as Labour's Chi Onwurah, a technologist who has previously warned that the government's Online Safety Bill does not encapsulate the developments of the blockchain industry.

“We are looking to more decentralisation of the web, which is being reflected in the use of blockchain as part of the future architecture of the web. For some, blockchain is a way of avoiding government,” the Newcastle MP and Shadow Minister of Digital warned.



1. <https://www.ft.com/content/e2294ba4-3249-4272-91c4-0aee44e3368e> 2. https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/950206/HM_Treasury_Cryptoasset_and_Stablecoin_consultation.pdf 3. <https://www.lawcom.gov.uk/project/digital-assets/> 4. <https://www.fca.org.uk/firms/cryptosprint> 5. <https://www.bloomberg.com/news/articles/2022-04-04/boe-s-bailey-says-crypto-is-the-new-front-line-for-scams-11knk4m2#:~:text=Cryptocurrencies%20are%20the%20new%20E2%80%9Cfront,England%20Governor%20Andrew%20Bailey%20said>

6. <https://www.cnn.com/2022/05/12/bitcoin-btc-price-falls-below-27000-as-crypto-sell-off-intensifies.html> 7. <https://www.bloomberg.com/news/articles/2022-05-10/yellen-cites-usd-breakdown-while-calling-for-stablecoin-rules> 8. <https://www.reuters.com/technology/g7-countries-urge-swift-regulation-crypto-assets-draft-2022-05-19/> 9. <https://www.cityam.com/my-mission-is-to-make-the-uk-love-crypto-says-hancock/>

Some of the contributions came during the 7 March debate on the Economic Crime (Transparency and Enforcement) Bill and worries from MPs, namely the Shadow Home Secretary Yvette Cooper and Conservative MP Damien Collins, that cryptocurrencies could be used to avoid sanctions.

“Cryptocurrency has become the new way in which money is laundered. Corrupt and stolen money ends up in the pockets of one individual, and then gets back into the system for them to spend it elsewhere,” Labour MP and former minister Dame Margaret Hodge said. “I completely agree with the hon. Gentleman: it is important that we get our heads around cryptocurrency and that we legislate appropriately to tackle it.”

There was, however, more positive sentiment from trade minister Penny Mordaunt, who held a meeting with the president of the Texas Blockchain Council, Lee Bratcher, in mid-April to discuss potential partnerships with the City of London and other finance hubs across the UK. While SNP MP Martin Docherty-Hughes noted that technology could help “play a part” in building trust and transparency in voting systems, ahead of meeting of the All-Parliamentary Group (APPG) on Blockchain.

	MPs	Mentions
Labour	3	4
Conservative	9	14
SNP	2	3
TOTAL	14	21

Some cryptocurrency miners have vowed to only use renewable energy for their activities, while others have committed to building their own solar power plants. The issue has not featured prominently in frontline UK politics, instead concerns of safeguarding, cyber-security and financial manipulation have taken prominence. However, this could change as UK lawmakers become more familiar with the blockchain industry.

The group is not to be confused with the APPG on Crypto and Digital Assets, which was launched in January, chaired by the SNP’s Dr Lisa Cameron and is supported by blockchain trade body Crypto UK. Its vice-chairs include Docherty-Hughes, Conservative MP and member of the Treasury Select Committee Harriett Baldwin, non-affiliated peer Lord Taylor of Warwick and Conservative MP and member of the Business Select Committee Alexander Stafford.

Across all platforms, Conservatives MPs mentioned cryptocurrency and its related terms most, with Labour and the SNP trailing. Though Liberal Democrat MPs have not recently spoken on the topic, the party’s Business Spokesperson Sarah Olney confirmed in 2021 that it was broadly supportive of the industry.

“In today’s increasingly digital world people have so many opportunities to make the most of new technologies – and cryptocurrencies are an example of that,” she said, whilst urging the government to make blockchain technologies more climate friendly¹⁰. An ESG issue which surrounds some cryptocurrencies (like Bitcoin) is proof-of-work systems, where the creation and validation of coins (the work) becomes increasingly harder as an in-built, anti-inflationary measure.

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Ian Silvera, cryptocurrency and digital assets lead at SEC Newgate UK, said: “It is worrying that UK MPs still seem to be almost publicly silent on the cryptocurrency industry.

“London and Britain take great pride in being one of the world’s leading financial hubs and a champion of the fintech sector. However, rather than seeing blockchain technology as a post-Brexit dividend, the country could become a laggard and take its cues from other lawmakers if MPs, who sit at the heart of our democracy, aren’t further informed about the potential pros and cons of cryptocurrency.” “Education of policymakers remains a top priority for the crypto sector at this crucial time as global

governments and regulators are looking at their own approaches to crypto. “Crypto has the power to transform traditional financial services and it is important that we help policymakers develop their understanding of the sector as well as the potential benefits of a well-regulated crypto sector and the opportunities for the UK post-Brexit in terms of jobs, economy and innovation.”

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digital assets sector. The team uses their experience of delivering award-winning IPOs and transactions for companies listed on NASDAQ and the London Stock Exchange.

Our team has extensive experience providing communications support to some of the best-known brands in the cryptocurrency and fintech space. We have the capabilities to offer national and international support for token launches, STOs and other major transactions and developments in the

We take a strategic approach and work closely with clients to make sure that they are delivering proactive communication campaigns across all of their channels, including social media, digital, investor relations and the media (from trade outlets to mainstream outlets).



10. “In today’s increasingly digital world people have so many opportunities to make the most of new technologies – and cryptocurrencies are an example of that

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Beyond other organisations, SEC Newgate is a member of Crypto UK, the leading trade body representing the digital asset sector in the UK and Europe.

You can contact SEC Newgate's cryptocurrency team on

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