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Do no harm the right DLT approach, CFTC Commissioner

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April 13, 2016

Regulators and policy makers should adopt a ‘do no harm’ approach to the use of blockchain technology, according to Commodity Futures Trading Commission (CFTC) Commissioner J Christopher Giancarlo. In a [speech](#) at the Cato Institute, Giancarlo commented: “Do no harm was unquestionably the right approach to development of the internet. Similarly, do no harm is the right approach for distributed ledger technology. I believe regulators and policy makers have a choice: we can either follow a path that burdens the industry with multiple onerous regulatory schemes or one where we come together and set forth uniform principles in an effort to encourage DLT investment and innovation. I favour the latter approach.”

“I believe that innovators and investors should not have to seek government’s permission, only its forbearance, to develop DLT. Government must foster a regulatory environment conducive to the technological innovation needed to address the increased operational complexity and capital consumption of modern financial market regulation,” he added. “Once again, the private sector must lead. Regulators must avoid impeding innovation and investment. Instead, they must provide a predictable, consistent and straightforward legal environment. Protracted regulatory uncertainty or an uncoordinated regulatory approach must be avoided, as should rigid application of existing rules designed for a bygone technological era. Without such an approach, financial services and technology firms will be left trying to navigate a complex regulatory environment, where multiple agencies have their own rule frameworks, concerns and issues.

Regulators must come together to adopt a principles-based approach that is flexible enough so innovators do not fear unwitting infractions of an uncertain regulatory environment. Some have already openly acknowledged the need for light-touch oversight. The UK’s Financial Conduct Authority (FCA) has committed to regulatory forbearance on DLT development for the foreseeable future in an effort to give innovators space to develop and improve the technology. The FCA is going one step further and engaging in discussions with the industry to determine whether DLT could meet the FCA’s own needs. “I have no doubt that this will be good for DLT research and development. I also suspect that it will be very good for London’s burgeoning FinTech industry and job creation in the United Kingdom.

US lawmakers should follow the UK's lead. "American global leadership in technological innovation of the Internet was built hand-in-hand with regulators' enlightened, do no harm approach. The same opportunity for technology leadership is present today – if we have the good sense to seize it," said Giancarlo.