

## Russia proposes ban on use and mining of cryptocurrencies

Major cryptocurrencies are trading higher Thursday morning despite the Central Bank of Russia's proposed a ban on the use, issuance, and mining of all cryptocurrencies.

Cryptocurrencies have posed threats to Russian citizens' well-being and the country's financial stability, the Central Bank said in a report Thursday.

Russia is among a list of countries that seeks or already implemented a blanket ban on cryptocurrencies. Other countries, such as the United States, are increasing regulatory oversight.

Russia's central bank on Thursday proposed banning the use and mining of cryptocurrencies on Russian territory, citing threats to financial stability, citizens' wellbeing, and its monetary policy sovereignty.

The move is the latest in a global cryptocurrency crackdown as governments from Asia to the United States worry that privately operated and highly volatile digital currencies could undermine their control of financial and monetary systems.

Russia has argued for years against cryptocurrencies, saying they could be used in money laundering or to finance terrorism. It eventually gave them legal status in 2020 but banned their use as a means of payment.

Despite the proposed ban on cryptocurrencies, Russia is rolling out its digital ruble, a central bank digital currency. The country plans to launch a prototype of the platform in early 2022.

On Thursday, investors are also eyeing a hearing hosted by U.S. Congress about the energy consumption of crypto mining. The hearing entitled "Cleaning Up Cryptocurrency: The Energy Impacts of Blockchains," will start at 10:30 am Eastern time.

In a report published on Thursday, the central bank said speculative demand primarily determined cryptocurrencies' rapid growth and that they carried characteristics of a financial pyramid, warning of potential bubbles in the market, threatening financial stability and citizens.

The bank proposed preventing financial institutions from carrying out any operations with cryptocurrencies and said mechanisms should be developed to block transactions aimed at buying or selling cryptocurrencies for fiat currencies.

The proposed ban includes crypto exchanges. Cryptocurrency exchange Binance told Reuters it was committed to working with regulators and hoped the report's release would spawn dialogue with the central bank on protecting the interests of Russian crypto users.

Restrictions on owning cryptocurrency are not envisaged, said Elizaveta Danilova, head of the central bank's financial stability department.

Active cryptocurrency users, Russians have an annual transaction volume of about \$5 billion, the bank said.

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