

## Bitcoin runs into Russian rules

Bristling tensions and looming laws in Europe could offer clues to two questions: Can bitcoin be a safe-haven asset? And can Russia emerge as a crypto superpower?

The answer to the first, for now at least, is no; while fortress gold has risen 2.3% over the past week, as Western warnings about Russian aggression have intensified, bitcoin has lost 3%. That was worse than the 0.9% decline of the Nasdaq Composite index.

"I don't see any evidence of bitcoin being a safe haven," said Chris Weston, head of research at Melbourne-based brokerage Pepperstone. "The Ukraine situation with Russia is a really hard one to price, so in that situation, you just buy crude futures."

Yet it's too early to dismiss the argument made by many bitcoin advocates who say the cryptocurrency, just into its teens, is destined to be a form of digital gold that should retain its value when riskier assets such as stocks tumble.

While bitcoin has slipped towards levels of around \$42,000 in recent days, it hasn't surrendered all the gains made from lows of \$32,950 hit on Jan. 24.

Matthew Dibb, chief operating officer of Singapore-based crypto platform Stack Funds, said he was bullish on crypto in the longer term as an alternative asset and a hedge to world events - "But not quite yet."

"We are beginning to see some disconnection between bitcoin and the equities market, which is very nice," he added. "But while we're seeing some traditional safe havens pop off with the Ukraine and Russia situation, we haven't really seen that in crypto."

A new law for crypto assets expected to be announced in Russia this week could potentially shape the global scene.

Russia's importance for cryptocurrencies has been growing over the past year after a ban on bitcoin mining in China, previously the world's dominant center for the activity, sent miners scrambling for alternatives.

Russia had become the third-largest center for bitcoin mining in the world as of last August, according to data from Britain's Cambridge Centre for Alternative Finance.

Some industry watchers believe Russia might have since overtaken Kazakhstan, where miners have contended with government internet shutdowns during unrest this year.

It remains unclear, though, what the Russian regulations will plan to do.

Russian Deputy Finance Minister Alexei Moiseev said on Monday that ensuring that money flows and crypto transactions could be traced was crucial, including being able to



identify users. If included in the draft law, that may diminish one of cryptocurrencies' major selling points - their anonymity.

Moiseev also told reporters that banks and exchanges, required to comply with anti-money laundering laws, would be the only legal entry point for crypto into the Russian market.

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