

RBI/2017-18/154

DBR.NO.BP.BC.104/08.13.102/2017-18

121

April 6, 2018

All Commercial and Co-operative Banks /Payments Banks/Small Finance Banks /
NBFCs / Payment System Providers

Madam / Dear Sir,

Prohibition on dealing in Virtual Currencies (VCs)

Reserve Bank has repeatedly through its public notices on December 24, 2013, February 01, 2017 and December 05, 2017, cautioned users, holders and traders of virtual currencies, including Bitcoins, regarding various risks associated in dealing with such virtual currencies.

2. In view of the associated risks, it has been decided that, with immediate effect, entities regulated by the Reserve Bank shall not deal in VCs or provide services for facilitating any person or entity in dealing with or settling VCs. Such services include maintaining accounts, registering, trading, settling, clearing, giving loans against virtual tokens, accepting them as collateral, opening accounts of exchanges dealing with them and transfer / receipt of money in accounts relating to purchase/ sale of VCs.
3. Regulated entities which already provide such services shall exit the relationship within three months from the date of this circular.
4. These instructions are issued in exercise of powers conferred by section 35A read with section 36(1)(a) of Banking Regulation Act, 1949, section 35A read with section 36(1)(a) and section 56 of the Banking Regulation Act, 1949, section 45JA and 45L of the Reserve Bank of India Act, 1934 and Section 10(2) read with Section 18 of Payment and Settlement Systems Act, 2007.

Yours faithfully,

(Saurav Sinha)
Chief General Manager-In-Charge

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sarang v sontakke p

Current account of Bitfair Technologies Pvt Ltd

To: Cosmos@Coindelta.com, Cc: Yogeshri Wagh, Avinash Chavan, Subham

Dear Sir,

With reference to the RBI circular dated 06/04/2018, this is to inform you of that RBI has instructed regulated entities which already provide services to the companies dealing in purchase / sale virtual currencies shall exit the relationship immediately

Accordingly kindly visit the branch and do the necessary procedure at the earliest

Thanks & Regards,

Sarang V Sont akke.

Branch Manager,

University Road Branch, Pune.

Mobile - 8806033002 IP Phone-86771 Landline-020 67086771

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The Cosmos Co-Operative Bank Limited., 'Cosmos Tower', Plot No. 6, ICS Colony,

University Road, Ganeshkhind, Shivajinagar, Pune 411 007.

Sent by Connect Xf®

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Smita Rani F

RE: BITFAIR TECHNOLOGIES PVT LTD Account Closure

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To: Shubham, Cc: Aashish Sahu

Dear Sir,

Greetings for the day from RBL Bank Ltd !!!!!

With reference to your account of Bitfair Technologies Pvt Ltd, the Bank had found out that apart from providing IT Solutions to your clients your company online platform for cryptocurrency dealings.

The bank had already intimated you towards closure of your account vide mail dated 22.02.2018.

Since, RBI has now barred banks from entertaining any accounts involved in Bitcoin/ Cryptocurrency/ Virtual Currency trading and hence your account of Bitfair Technologies Pvt Ltd has to be closed immediately.

The attached closure form and the Board Resolution format are mandatory to be submitted for closure of your account.

Hence, request you to kindly sign (with stamp) and send the originals to us at the earliest as per details mentioned in the trail mail.

Also, as discussed request you to fund the account with Rs.1000/- towards account closure charges.

Smita Rani

Relationship Manager

RBL Bank Limited

Showroom No. 8, Vega Centre,

Ground Floor, Shankarshet Road, Swargate, Pune-411042

Tel: (O) 020-66040381 | (M) +91-9130081082 smita.rani@rblbank.com |

www.rblbank.com

See More from Smita Rani

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Important Communication regarding purchase of cryptocurrency

06 April 2018, 11:10 A.M

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Dear Customer,

In the wake of significant growth in the valuation of many virtual currencies in the world, RBI has clarified on unavailability of license / authorization to any entity/company to operate such schemes or deal with Bit coins or other cryptocurrencies owing to the potential economic, financial, operational, legal, customer protection and security related risks, associated in dealing with such virtual currencies.

To ensure YES BANK'S customers' security, we **prohibit** the use of YES BANK - Debit Card, Credit Card, NetBanking, MobileBanking, Digital Wallet, Prepaid Cards and Travel Cards towards purchase of or trading in virtual currencies.

Future transactions pertaining to the above stated reasons will be blocked without any liability or responsibility on the part of the bank.

Thank you for your cooperation.

Sincerely,

YES BANK LTD.

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ANNEXURE-P-28

By Courier/E-mail/Registered A.D

Dated: 11-04-2018

175

Kind Attn.: BITFAIR TECHNOLOGIES PVT LTD
GROUND FLOOR, MIDAS TOWER,
HINEJWADI PHASE I, PUNE - 411057

Sub: Termination of the Agreement.

Sir,

This is in reference to the Agreement dated: 19th March 2018 executed between BITFAIR TECHNOLOGIES PVT LTD and One Mobikwik Systems Private Limited (the "Agreement").

In pursuance to the terms and conditions stated in the Agreement we are terminating the said Agreement with the immediate effect.

The Agreement shall cease to be in effect with the receipt of present Termination Letter. The clauses of the said Agreement can be resorted for the future course of action and the needful, if required.

We wish BITFAIR TECHNOLOGIES PVT LTD all the best for its future endeavours and it was pleasure doing business with you.

Regards,

Kumar Arindam S
One Mobikwik Systems Private Limited
Orchid Centre, 2nd Floor,
Sector-53, Golf Course Road,
Gurgaon, Haryana-122002

TRUE COPY

From: **Mehak Sharma1** <mehak.sharma1@payu.in>

Date: Tue, Apr 10, 2018 at 11:58 AM

Subject: Deactivation of Account - koinex.in

To: Aditya Naik <aditya@koinex.in>, "rahul@koinex.in" <rahul@koinex.in>,

"paras@koinex.in" <paras@koinex.in>, Sweety Vasani <sweety.vasani@koinex.in>,

jeetnayak <jeet@koinex.in>

Dear Merchant,

This is wrt to the RBI circular (refer attachment) PayU is deactivating the Payment Gateway Services for your account.

Yesterday's Settlement will on hold & we will get back on the release timelines soon.

Thanks & Regards

Mehak Sharma, Key Account Manager

M: [+91 98118 07789] | Skype: [Mehak Sharma1]

W: www.payu.in

PayU, a Naspers company

Payments and Financial Services for Growth Markets

Pay U

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India offers most crypto jobs in APAC**April 11, 2018: Times of India**

NEW DELHI: Indian recruiters post the highest number of job openings for block chain and crypto in the APAC region. The demand for experts is from the software, entertainment and government sectors, while fintech — unexpectedly — isn't looking for as many block chain experts.

Almost 10 block chain jobs posted in 2017 on professional network platform LinkedIn were from India. The share of India in global block chain / crypto jobs increased from less than 1% in 2015 to about 7% in 2016 and over 8% in 2017, according to the company. China and Singapore remained behind at 1.5% each, while Australia had 1%. Globally, US had the most demand for blockchain and crypto related jobs.

Other recruiters have noticed the trend too. One job sites saw 290% increase in the number of crypto and block chain jobs posted in the six months to November 2017. Recruitment platform Randstad noted a 50% rise in demand for block chain experts in 2017 compared to the previous year.

Paul Dupuis, MD and CEO of Randstad India, said, "The core skills expected of candidates aspiring to make a career in block chain include proficiency in open source programming languages like Core Java and Python and a working understanding of algorithms, data structures and other aspects that aid in smart contracts (a self-executing contract that is the main use for block chain technology)."

Recommended By Colombia

The starting salary ranges from Rs8 lakh to Rs12 lakh a year, and can go up to Rs22 lakh a year for people with more than five years of experience, shows data from Randstad.

According to employment search engine Indeed, Bengaluru is the leading city for recruiters seeking candidates with crypto skills, with over 36% of all the block chain job postings in India. It was followed by Mumbai, Hyderabad, Pune and Chennai.

Thammaiah B, managing director at recruiting firm Kelly Services, said many companies were struggling to find candidates with suitable skill sets. Most are freelancers working on support and application development areas of a block chain network, and are not creating end-to-end applications/Frameworks. Data from Linked In showed that software technology companies posted the most jobs for crypto and lock chain-related roles, followed by media and entertainment, and companies in the government/ education sector.

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IN THE SUPREME COURT OF INDIA

CIVIL ORIGINAL JURISDICTION

I. A. No. OF 2018

IN

WRIT PETITION (CIVIL) No. OF 2018

IN THE MATTER OF:

Rajdeep Singh and Ors. ...Petitioners/Applicants

VERSUS

Reserve Bank of India & Anr. ...Respondents

APPLICATION FOR INTERIM RELIEF

To,

THE HON'BLE CHIEF JUSTICE OF INDIA AND

HIS COMPANION JUSTICES OF THE

SUPREME COURT OF INDIA

THE HUMBLE PETITION OF THE

PETITIONERS/APPLICANTS

ABOVE NAMED

MOST RESPECTFULLY SHOWETH:

- 1) The accompanying writ Petition has been filed *inter alia* seeking issue of appropriate writ, direction or declaration declaring that impugned Circular dated 06.04.2017 bearing no DBR.No.BP.BC.104 /08.13.102/2017-18 and all earlier press releases issued on the subject as being ultra vires,

unconstitutional being violative of Article 14, 19 and 21 of the Constitution of India.

- 2) That the facts and circumstances giving rise to this application have been stated in detail in the accompanying writ petition and the Petitioners/Applicants for reasons of brevity and to avoid prolixity craves leave of this Hon'ble Court to refer to and rely upon the same as part of the instant Application.
- 3) The Petitioners/Applicants submits that the impugned circular has inter-alia directed all entities regulated by the RBI, to not deal in Virtual Currencies or provide services for facilitating any person or entity in dealing with or settling Virtual Currencies. Such services have been stated to include maintaining accounts, registering, trading, settling, clearing, giving loans against virtual tokens, accepting them as collateral, opening accounts of exchanges dealing with them and transfer / receipt of money in accounts relating to purchase/ sale of virtual currencies.
- 4) It is pertinent to note here that the terms Virtual Currencies has not defined legally or statutorily, and the impugned Circular itself sheds little to no light on the exact meaning of the term. However, the Press Release dated 05 April, 2018 which preceded the impugned Circular states that virtual currencies are also referred to as crypto assets and crypto currencies. Thus, it may be seen that the effect of the impugned Circular is to exclude all

users, traders and holders across the nation of not just crypto currencies but also crypto assets (which in essence would include any entity/user that makes use of blockchain technology which are powered by crypto assets) from Banking services and thus the formal economy.

- 5) The common law maxim "*tout ce que le loi ne defend pas est permis*" which postulates that everything is permitted which is not forbidden and/or what is not prohibited is permitted and legal is a well - recognized principle of statutory law duly accepted and approved by judicial precedents in the country. There is no law in India which declares virtual currencies/crypto assets/crypto currency and/or the trade or usage of the same as illegal. Yet the impugned circular has by denying users or traders of crypto assets including crypto or virtual currencies from banking services, proceeded in a manner as if it is illegal. The assumption of illegality is palpably wrong, more so since it has been done through a circuitous route.
- 6) In the circumstances, the effect and impact of the impugned Circular which is hit by the vice of arbitrariness is also better explained and understood when one notes that as per records maintained by petitioner exchanges, the total number of investors in Indian crypto market is approximately 20,00,000

(twenty lakhs) and the average daily trade volume is at least Rupees One Hundred and Fifty Crores.

- 7) The Impugned Circular is violative of Article 14 of the constitution of India as it imposes arbitrary sanctions without any intelligible differentia. It unfairly and unduly differentiates between individuals who are all carrying legitimate business activity. The petitioners herein cannot be differentiated from other individuals purely because they are engaged in the use, trade or deal in virtual currencies and/or crypto assets.
- 8) All citizens of India, in the exercise of their fundamental right guaranteed under Article 19 (1)(g) have the right to carry on any trade, occupation or business relating to crypto assets for their livelihood. Such a right cannot be impinged upon without following the due process of law. Respondent by way of the impugned Circular has effectively imposed a prohibition on all trades and businesses which deal or trade in crypto assets, by curtailing all modes by which such businesses may have access to banking or payment and settlement services in India. The nature of restriction imposed is unreasonable and contrary to Article 19(6) considering the effect of the impugned circular on the infringement of the Petitioners right guaranteed by Article 19(1)(g).

9) That the Petitioners/Applicants herein, like all citizens who carry on any legally permissible trade, business or occupation have a right to partake and have access to essential public utility services including those relating to banking and payment and settlement. In the present instance Respondent No. 1 has without any reasonable basis chosen to discriminate only against those citizens who carry on trade in crypto assets by denying them access to the formal economy. The impugned circular is therefore also contrary and violative of Article 21 of the Constitution of India as it impinges upon the Petitioners/Applicants right to life without following the procedure established by law.

10) That the effect of the impugned Circular is such that it also impinges upon and violates the fundamental right to freedom of speech and expression guaranteed to the Petitioners/Applicants under Article 19(1)(a). The Petitioners/Applicants right to commercial speech so as to freely disseminate information regarding the product has also been contrived by the impugned Circular.

11) The impugned Circular has severely prejudiced the interests of the Petitioners and users – traders of crypto currencies as the said Circular directs all regulated entities including banking service and payment service providers to immediately cease the

provision of services to such users – traders and further ensure that with three months period exiting relationships are also ceased. In the circumstances, it is respectfully submitted that the impugned Circular has the direct and imminent effect of shutting down such businesses as immediately following the issue of the said circular and as has been stated in the accompanying writ petition, businesses engaged in the trade of crypto assets, including some of the petitioners have also started receiving intimations from banking and payment service providers asking them to complete all necessary formalities for the closure of their respective accounts.

12) In view of the totality of facts, it is submitted that the Petitioners/Applicants has a strong prima facie case and in all likelihood will succeed before this Hon'ble Court. In the circumstances, in case the Circular is not stayed, pending the disposal of the accompanying writ petition before this Hon'ble Court, the Petitioners/Applicants, will suffer irreparable loss and injury.

13) In the circumstances, it is submitted that, if the impugned Circular and is not stayed in the interim, by this Hon'ble Court then the Petitioners/Applicants will face huge financial prejudice and suffer irreparably. In the circumstances, there is a prima

facie case in favour of the Petitioners/Applicants for stay of the effect and operation of the Circular. The balance of convenience also lies in favour of the Petitioners/Applicants. The Petitioners/Applicants will suffer irreparable loss and injury if the operation and effect of the Circular is not stayed, pending disposal of the instant writ petition, which cannot be quantified in monetary terms.

14) That the Application is made bonafide and in the interests of justice.

PRAYER

In view of the circumstances mentioned above, that the Petitioners/Applicant herein most respectfully and humbly prays that this Hon'ble Court may be pleased to

- (a) pass an order staying the effect and operation of the impugned Circular dated 06.04.2017 bearing no DBR.No.BP.BC.104 /08.13.102/2017-18 and all earlier press releases, during the pendency of the instant writ petition; and
- (b) pass an order directing the Respondents to not restrict or direct any person or entity regulated by it including banking service and payment service providers from denying the provision of such service to all or any person using, trading, or dealing in crypto assets including virtual

currencies or crypto currencies, during the pendency of the instant writ petition; and

(c) Pass ad-interim ex-parte order in terms of prayer (a) and (b) above and confirm the same after notice to the Respondents; and

(d) Pass such other Order or Orders as this Hon'ble Court may deem just and proper in the facts and circumstances of the case.

FOR WHICH ACT OF KINDNESS THE APPLICANT SHALL AS DUTY BOUND EVER PRAY.

FILED BY:

Avinash Menon
Advocate for Applicant

DRAWN ON: 12.04.2018

FILED ON: 17.04.2018