

BLOCKCHAIN COULD DRIVE A 'FOURTH INDUSTRIAL REVOLUTION', BUT LACK OF REGULATION IS A PROBLEM

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Blockchain technology, which acts as an incorruptible digital ledger system, has the capacity to drive what will effectively be the “fourth industrial revolution”, says Marta Gil de Biedma, partner at Ventura Garcés & López-Ibor.

However, for clients using blockchain the main problem is the lack of regulation, both at a national and European Union level, she adds.

One of the key issues is which is the applicable jurisdiction with regard to blockchain transactions as records can be located anywhere in the world, Gil de Biedma explains. In addition, there is the

question of how to enforce the 'right to be forgotten' – one of the main principles of the General Data Protection Regulation – when one of the main facets of the technology is that it is impossible to make alterations to the ledger.

These are just two issues that highlight the difficulty in regulating blockchain. However, lawyers are currently tasked with assessing what any potential regulations could mean for clients. For example, a fintech start-up may want to use the technology to make acquisitions, or large corporations may be testing blockchain to ascertain whether it can be used to improve the way they do business.

Gil de Biedma says Ventura Garcés & López-Ibor has spent considerable time and resources providing blockchain training for its lawyers. "We believe that blockchain will be part of all our futures," she says. "That's why we train our lawyers to become experts."

She adds: "Blockchain can be applied to all transactions involving currency, goods or property. One example is real estate transactions, which involve considerable amounts of paperwork. However, smart contracts mean there is no need for intermediaries and this reduces costs."