



Insights

Calvin Koo Pens Article in *Wealth Briefing Asia* on the Legal Risks for Asia-Pacific Investors Interested in Bitcoin

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Bitcoin's rise in price has coincided with its rise in attractiveness for a growing number of investors, including ultra-high-net-worth individuals (UHNWIs). However, UHNWIs and their advisers should be wary of potential legal exposure as legal regimes are evolving around the world, including in Asia-Pacific, Kobre & Kim's Calvin Koo writes in *Wealth Briefing Asia*.

Many UHNWIs rightly value their privacy in financial transactions and may assume bitcoin offers safe anonymity. However, bitcoin uses blockchain technology, which immutably records every transaction on public ledgers. When combined with expanding know-your-customer requirements in key jurisdictions such as Hong Kong, Korea, Singapore and Dubai International Financial Center, this allows motivated governments and adversaries to track and trace a UHNWI's bitcoin transactions.

In addition, the legal trend in those jurisdictions and around the world is converging on the idea that bitcoin is property and therefore can be seized through injunctive court orders. Many existing laws such as tax laws, even if they do not explicitly mention digital currencies, may nevertheless apply, raising the risks of government enforcement. UHNWIs and their advisers should consider stress testing their bitcoin asset structures to spot vulnerabilities early on, and they should ensure they consult the appropriate legal experts to reduce their exposure.

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