

Risk Management in Assisting Clients with Blockchain Transactions

by

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Steven Gallagher was awarded a first class LL.B. He was called to the Bar of England and Wales in 2006. Steven teaches equity and trusts, property law, and art, antiquities, cultural heritage and the law. Steven has presented continuing professional development courses for solicitors in Hong Kong on many topics associated with property law and equity. Steven's research interests include equity and the law of trusts, Chinese custom and law, cultural heritage law, and law and technology. In 2023 Steven published the first treatise dealing formally and systematically with all the major aspects of and entitled, Digital Technology and Law.

This three-hour course will consider the risks for solicitors in assisting clients with blockchain transactions in Hong Kong.

Although the popularity of blockchain may be thought to have waned in recent times, the decision of regulatory authorities in Hong Kong to permit licensing of virtual asset trading platforms (VATPs), as part of Hong Kong's positioning itself as a global digital technology hub, raises a number of risks for solicitors in Hong Kong.

Solicitors' liability for their own actions and inactions is well-documented. It extends to liability that may arise to their clients under their contractual and fiduciary duties. Solicitors may be asked to advise clients on many activities involving cryptoassets. These include delivering advice on the issues and practical solutions: affecting general crypto legal services; to use and incorporate blockchain technology; the use of smart contracts and automation; to initiate and/or invest in initial coin offerings (ICOs), security token offerings (STOs), and initial exchange offerings (IEO), including issuing legal opinions for offerings, drafting offering documents, and reviewing white papers; to use and invest in tokenisation using non-fungible tokens; to set up Hong Kong crypto funds; of the regulatory status of cryptoassets including anti-money laundering & counter-terrorist financing (AML/CTF), and SFO; to licence and regulate virtual asset trading platforms (VATPs) and virtual asset service providers (VASPs); to use their services; to conduct cryptocurrency block trades and escrow; and, to take action in cryptocurrency fraud and recovery matters.

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Many of these crypto-activities are technically complex and high risk; things may go wrong because of accident, mismanagement and/or crime, and loss to the client may ensue. At this point, the client will look for someone to blame and to compensate them for their loss. As the crypto-world is cloaked in secrecy with pseudonyms the norm and anonymity seen as a great benefit for those operating in the crypto-world, it may be difficult for the client to find those they have dealt with or through, but they can (usually) find their solicitor quite easily. Thus, a solicitor advising clients on many issues involving cryptoassets may face action, both professional and legal, by their clients, and suffer penalty and/or incur liability.

This seminar considers the possible issues that may arise for clients as participants in the blockchain, investors in its products and facilitators in crypto-transactions. The criminal and civil liability of those involved with blockchain including those responsible for establishing the blockchain, promoters of coins and other tokens, auditors, nodes, members of a DAO, and digital asset platform providers including exchanges, are already being tested. The seminar considers the obligations and potential liabilities of solicitors advising on such matters, and how such risks may be mitigated.

Some of the topics which will be covered in this course include:

- What is a blockchain?
- Fungible tokens including cryptocurrencies;
- Non-fungible tokens (NFTs) including the tokenization of art and other receipts;
- Decentralized autonomous organizations (DAOs);
- Civil liability of promoters, auditors, nodes, members of a DAO, and digital asset platform providers including exchanges;
- Criminal liability including crimes and regulatory offences including theft of cryptoassets, frauds, money laundering, tax evasion, securities offences and insider trading;
- The potential obligations and liabilities of solicitors to their clients when advising on cryptoassets and other forms of blockchain activity.

Scan to Calendar



Code:	EVT000000463	Level:	Intermediate
Date:	27 May 2025 (Tuesday)	Language:	English
Time:	14:30 - 17:45 (Reception starts at 14:00)	Accreditation(s):	LSHK RME Elective Course status being applied for LSHK CPD Points being applied for
Venue:	Option of: (1) Online via Zoom; or (2) Kornerstone Institute 15/F, Hip Shing Hong Centre 55 Des Voeux Road Central Central, Hong Kong	Admission:	Standard Fee: HK\$2,280.00 Advanced Booking: HK\$1,980.00 <i>(on or before 13 May 2025)</i> Please call 2116 3328 for details and Group Discount



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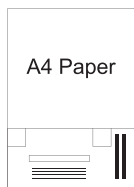
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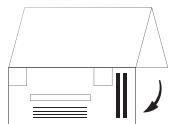
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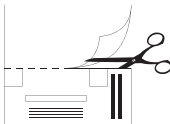
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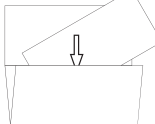
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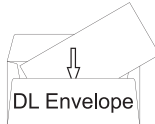
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