

Alert

Polish authorities at war with crypto-exchanges

GESSEL Tech Law supports the biggest Polish crypto-exchanges in a legal dispute regarding their services.

On Monday, 5 February, the **Polish Financial Supervision Authority (FSA)** entered **Bit Bay** – Poland’s largest cryptocurrency exchange (and, possibly, the 2nd largest in Europe and 6th in the world by turnout) **on its so-called “public warnings list”**. The FSA claims that Bit Bay provides payment services without the required FSA license. In this spirit, the FSA submitted to the public prosecution authority in Katowice a notification on suspicion of commission of a crime by providing unlicensed payment services. The next day, FSA targeted another entity, **Abucoins Sp. z o.o.**, with the same allegations.

Interestingly, neither company was questioned or consulted prior to the notification. Both declare **they have not broken any laws and that the allegations are groundless**. They also assure their clients that their funds are safe and protected.

Setting aside the question of conformity with legal regulations, it seems clear that the environment for crypto-related business in Poland has shifted. Undertaking very aggressive actions with no prior consultation in a situation where the only allegation concerns potential lack of a license is regrettable. It sends a clear message that **Poland is not a safe country to launch innovative business models**.

To add to this newly unfriendly climate, last week the **Polish prime minister assembled a “special unit”** tasked with assessing threats related to investments in cryptocurrencies.

Recommendations are expected in a month, but it seems obvious that Poland will not support the market. We believe that heavy-handed regulatory approach now proposed will be maintained and that offensive actions will be continued. The Office of Competition and Consumer Protection (UOKiK) has already confirmed that it is about to start proceedings of its own.

The “special crypto-unit”:

1. Director of the Office of Competition and Consumer Protection;
2. Director of the Financial Supervision Authority;
3. Intelligence services coordinator;
4. The Attorney General;
5. Minister of Internal Affairs.

UOKiK inquiry

*In the event of receipt of an inquiry from the Office of Competition and Consumer Protection, we strongly advise you **to promptly seek legal advice**.*

Although informative in nature, the inquiries and market responses will have a great impact on future actions of UOKiK. Hence, responses should be duly prepared to afford the Office a clear understanding of the business model and to address possible legal concerns in advance.

GESSEL Tech Law | Our Support

- ✓ **Analysis** of the business model in the context of the regulatory framework in Poland;
- ✓ Ongoing **support** for business;
- ✓ **Compliance** assessment;
- ✓ Strategical **counselling**;
- ✓ Full **representation** in proceedings before regulatory and tax authorities;
- ✓ Full representation in criminal proceedings;
- ✓ Support in presentation of **legal issues in the media** (relying on our team's outstanding experience in media presence).

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