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Qredo COO Dives into Infrastructure Bill Morass

STACY ELLIOTT · AUG 20, 2021

Former Binance, Huobi exec points to European countries like Switzerland as good regulatory examples.

Welcome to The Ask, where each week Crypto Investor interviews essential voices doing the work to make crypto 'mainstream.' Exchange lightly edited.

This week, senior reporter Stacy Elliott spoke to Josh Goodbody, chief operating officer at Qredo, who previously headed up the EMEA region for Binance and worked as general counsel at Huobi Global. Goodbody discusses the pending \$1.2-trillion U.S. infrastructure bill, how it compares to European regulation and his path in crypto.

You can find Goodbody on Twitter at [@JoshGoodbody](https://twitter.com/JoshGoodbody).

I know the pending infrastructure bill in the U.S. is top of mind for you and many folks in the crypto industry right now. What's your take?

It's a really interesting moment because for the first time you've got clear political recognition of the crypto establishment. Otherwise, they wouldn't have included crypto without a broad package of tax-raising measures.

You've got, on the one hand, that's pretty positive. Crypto has made such a mark that it's been politically recognized. But on the other hand, you've had this quite slapdash approach to generating or looking to generate tax revenue by really including this catch-all wording that brings more or less every economic actor into the definition of a broker. And it foists these quite prescriptive KYC (know your customer) requirements onto these so-called brokers.

And that has a far-reaching impact, because for some participants in the space: Is it unworkable? If you are a wallet provider that releases wallets into the system on a decentralized basis, you're not an operator, but you're a provider of the source code, for example - technically you are now a broker. You now have to go get KYC information from your clients. That's unworkable.

Then you've got other businesses that are not brokers per se, in the traditional sense, that operate simple retail businesses where they provide quite simple services to their users. They now have quite complex regulatory burdens, in theory, to follow.

Will the wording about brokers in the U.S. bill impact Qredo?

Currently, at this moment in time, we don't have a legal presence in the U.S. We have a U.S. operation, so to say. We're actively looking at the U.S. market as an area that we want to enter into.

So as we expand our global operations, inevitably, we will be subject to certain elements of U.S. law. Now, the current state of the infrastructure bill, and in particular the wording relating to the definition of a broker, as it moves through to the signing stage, it is strongly believed there is enough political will to change that definition or clarify it before it actually comes into force as a measure that needs to be adopted by the community.

So, it has an impact in that people now have to start thinking about preparing for the worst case. But in reality, people still feel positive enough there's the will to try and remediate the wording to make it more appropriate.

How does what's happening with regulations in the U.S. compare to other regions you've worked in?

We've seen in Europe enough divergence in crypto regulations to make the landscape challenging, to the point where you have the regulator in France applying the rules differently to the regulator in Germany.

In Germany, all transactions are categorized – Bitcoin, Ethereum, or any other well-known asset – is being classified as a financial instrument. So what the German regulator has done is brought crypto broadly within the scope of financial instruments, and all the rules that apply to financial instruments and institutions. So they've made it quite clear and simple for the [parts of the] industry that's in Germany.

But that comes with additional burdens. You need to be a financial organization to operate in Germany, whereas in other jurisdictions, like France, you've got a bespoke regime that's been built around crypto assets. But the regime [in France] hasn't moved quickly. They released [the regulator] two years ago. No one's got their license from it just yet. And you've seen differing approaches, even in the U.K., where a similar regime has been put in place, but been applied very differently.

We've got standards being expected as financial service providers into financial services organizations. And that's made it hard for organizations to get approved in jurisdictions like that because they expect to look and feel and build as if you were a very large financial services organization with a very large presence.

Do you think anyone has got it right?

Well, I think the jury's still out on that. We've seen organized regulatory regimes in places like Switzerland that have been what we would call voluntary, non-regulatory rules, and can be (common) sense-checked. That has worked quite well to bring a lot of business to Switzerland, but still doesn't solve the problem of a pan-European regulatory regime, allowing people to really operate a business with competence throughout the entirety of Europe. It's really been a bit of a mixed bag.

I want to talk a little more about your work prior to Qredo. You started as a lawyer in traditional finance. What brought you into crypto?

I spent most of my career in the financial markets as a lawyer. I was primarily working on the sell-side of the derivatives markets as a commodities lawyer, working with trading desks. I did that for about 10 years and then at some point, I thought okay this fintech thing that's happening is interesting. I'm going to get involved in that and see what we can do.

My background as a commodities lawyer led me to think well, maybe I can take up in the commodity space a bit. That could be an interesting way to apply my skills. You might know that commodities is a massively antiquated, old school market – old systems, old ways of thinking, old school service providers and the supply chain is a mess.

So, in 2017 I started working as a general counsel for a fintech company [Autilla Ltd.] that was looking to shake up the commodity space. And in doing so, we stumbled across blockchain because of all the highs and the lows of 2017 in the Bitcoin price. We started playing around with blockchain as a way to do precious metals provenance, using it as a supply chain and tracking for tokenizing precious metals. We worked with the Royal Mint in the U.K. [We were] using it, for example, for trade reporting. And that kind of got me hooked.

And you've since worked with some very well-known big crypto firms before joining Qredo. How did that happen?

I could see that there were some valuable use cases for blockchain. I crossed paths with the Huobi global team. And at that time they were, you know in 2017, very much mainland China-based. They didn't really have a global operation. And they were feeling the first pinch of Chinese regulatory pressures in mid-2017, early 2018. So we started speaking, established a good relationship and rapport with the founders there. I ended up joining them in early 2018 as their general counsel to help build out a global footprint for Huobi, with offices in London, Singapore and Dubai.

And then I moved from a legal role into a business role to head up their institutional business in the back end of 2018, with the first wave of incoming corporates and institutions in the crypto space. Did that for two years and had a lot of fun back and forth between London and Beijing.

Then I joined Binance - Europe, Middle East and Africa region of the Binance group. Similar story at Binance. Not as Chinese, but more international. They'd already moved people over to offices in Singapore and Tokyo, but they hadn't internationalized their business. I joined when they were 450 people. When I left it was [more than] 2,000. I had done a lot of work scaling the organization, bringing in key leadership across different functions, building cool products and services.