

Canada's blockchain breakthrough: understanding the landmark report from the House of Commons

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On June 14, 2023, the Canadian digital asset and blockchain community witnessed a landmark development when the House of Commons Standing Committee on Industry and Technology (the Committee) published its report, "[Blockchain Technology: Cryptocurrencies and Beyond](#)" [PDF] (the report). This report marks the first time a House of Commons committee publication has been devoted entirely to the burgeoning field of digital asset and blockchain technologies.

Between October 2022 and February 2023, the Committee held five robust discussions, hearing from 31 expert witnesses. Notably, Osler's very own [Matt Burgoyne](#) and [Laure Fouin](#), co-leads of Osler's Digital Asset and Blockchain Group, were among those sharing their knowledge and insights on blockchain technology and its potential to revolutionize various sectors of the economy.

Recommendations

This extensive collaboration culminated in 16 insightful recommendations outlined in the report, seeking a proactive response from the federal government. As emphasized by Joël Lightbound, Chair of the Committee, these recommendations strive to bolster this nascent industry, secure Canadians' interests and fully harness the transformative potential of blockchain technology.

A sense of genuine commitment towards blockchain development in Canada resonates through the comments from the Chair and Committee members. A noteworthy recommendation urges the Government of Canada to formally acknowledge blockchain as a burgeoning industry teeming with long-term economic opportunities and job creation potential. While recognizing the teething problems that blockchain technology has faced (such as recent market failures), the Committee also affirms that Canada's regulatory environment is more robust than its counterparts, such as the United States.

National blockchain strategy

However, resting on current laurels is not an option. Notably, the Committee advocates for a national blockchain strategy, emphasizing the importance of providing a coherent policy framework for future growth. This is particularly critical given the sector's nascent stage. Sébastien Lemire, the Vice-Chair of the Committee, reiterates this vision by expressing his aspiration for Canada to establish itself as a global blockchain leader.

The report details that to create this national strategy, the government should convene a

team of field experts. These experts will not only provide advisory support but also undertake rigorous analyses to identify promising and high-risk areas within the industry. They will further facilitate an information exchange and monitoring platform.

The report's recommendations illuminate the Committee's nuanced understanding of the sector. Particularly, recommendation 8 highlights the need for a distinct regulatory approach towards stablecoins, acknowledging their unique challenges compared to other cryptocurrencies. This indicates that Canada's legislative powers are becoming increasingly conversant with the intricacies of this innovative technology.

To nurture innovation, the Committee recommends establishing a "sandbox" environment where entrepreneurs can test new technologies without regulatory impediments. Simultaneously, the Committee suggests launching a strategic initiative aimed at skill development, talent support and promoting research in this domain.

Risks

Despite the enthusiasm for technological advancement, the Committee doesn't overlook the potential risks to Canadians entering the cryptocurrency markets without adequate knowledge. Recommendation 11 hence proposes a public awareness campaign to educate citizens about the risks and benefits of engaging with regulated Canadian cryptocurrency entities.

Interestingly, the Committee advocates governmental adoption of blockchain technology to enhance supply chain efficiency and modernize democratic institutions (e.g., electronic voting, consultations). These recommendations, if implemented, could provide an unprecedented boost to blockchain technology and firmly position Canada as a leading player on the global stage.

Looking forward

In essence, this report manifests Canada's legislative readiness to embrace blockchain technology, recognizing its potential and challenges alike. We eagerly await the Government of Canada's response to this report, hopeful that it will echo the Committee's zeal and prudence in navigating this transformative technology's future.