

Meeting with Libra Association and Facebook – 23 October 2019

- A number of legal counsel from Facebook/Libra

Libra

- Slide: Internet has changed the world
 - Telecommunications costs and access to telecommunications
 - Often people who can't afford are most impacted
 - Same for the financial sector
- Slide: Financial networks look like telecoms pre-internet
 - Limited competition
 - Payment networks are siloed
 - Costs and reach of movement of money
- Slide: Addressing inefficiencies
 - Opportunity for widely accessible standardized platform
 - Libra can provide this backbone
- Slide: Remittance as an example
 - High costs for remittance
- Slide: Opportunity
 - 1.7 billion without bank account
 - 1 billion with mobile phone
 - Aim to pull these people into markets

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- Slide: Libra Vision
 - Secure stable blockchain
- Slide: Libra coin
 - Designed to be useful medium of exchange in daily transactions
 - Not designed to replace sovereign currencies; but supplement
 - 1:1 backing with a reserve
- Slide: Complement to existing currencies
 - Not new money creation
 - Libra reserve has not discretion in monetary policy
- Slide: Association
 - Independent Swiss association, with HQ in Geneva

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- **Will apply for a licence from Swiss FINMA as a Payment System Operators; and register with FinCEN as a Money Service Business**
- Slide: Stand up of Libra
 - Initial governance now in place
 - Coming months; work with governmental entities around world; adopt payment and procedures including AML compliance
- Slide: AML/CTF/Sanctions

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- Custodial wallets including Calibra are expected to comply with AML/CTF and sanctions based on local laws
 - Exchanges operating on the Libra network also expected to comply with local laws.
- Slide: Libra will be open
 - Designed to promote competition
 -

Calibra

- Slide:

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- Will be built into Messenger, WhatsApp and a stand alone app

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- Slide:

- Cost and time associated with remittance means it is a challenge for those communities to receive money in a timely fashion and at low cost.

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- Slide: Security and privacy
 - Built in fraud protection
 - Password recovery
 - Social and financial data are separate
 - Clear and transparent policies
- Slide: Customer support:
 - Investing in customer support
- Slide: Calibra's role in the Libra Network
 - Wholly owned by Facebook
 - One of the founding members
 - Operator of a node on the Libra network

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- Calibra would only carry Libra; not bitcoin etc

Questions

- Varying levels of confidence in ID docs around the world and verification. How will they manage that?
 - Chosen to start with high bar – won't be able to serve everyone around the world (eg refugees that don't have docs); but will look for ways in the future
 - NPOs part of association thinking about this issue
 - Calibra starting in a safe way; working to bring the bar down responsibly
 - Financial inclusion: internet access and acceptable ID; it is a challenge

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- What relationships between Libra and service providers?
 - Association will have know your business

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- Work with DCEs around the world

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- Would Libra conduct compliance checks?

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- What is the exchange
 - Calibra is the platform

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- What sort of businesses/processes that would allow the exchange of FIAT to Crypto?

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- How to regulate/manage reserve

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- How do you want this regulated?
 - From ground up, s47(1)(b)
 - No monetary sovereignty aspirations
 - Think as a payment instrument and with stable value
 - Supported by a payment network that is digital ready and low cost

- Relying on associations financial substance to back Libra?

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- Do designated dealers...

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- How far advanced the legal and technical progress?

- Desire to have 100 organisations as part of the association – contribute to technical build; they would have a ‘node’ in the blockchain
- In test net environment working to main net

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- Have had a test net since announce in June
- Contribution from entities around the world

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- Other aspects are unique – integration into Messenger and WhatsApp

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- Exchange operation

s47(1)(b)

- Incorporated parts in each country? So what if a dispute with an Aus resident?

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- Clarify breakdown of how this actually looks

- Association building payment infrastructure – a settlement engine

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- Consent of data going to Facebook or other providers?

- Calibra has zero intention of sharing data

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- Data protection

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- Where are the fees; profit?

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- Is there a Plan B if it doesn't survive the regulators

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Next steps

- Circulate the slides
- Questions from Regulators will be responded to in writing. Timing to be advised.

Libra -

Tuesday, 9 July 2019

2:02 PM

s22

(legal)- Facebook

s22

- Seeing tremendously positive comments coming out in relation to the use of the product as remittance

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- Libra team and association is visiting later in the year - happy to organise a briefing. s47(1)(b)
s47(1)(b)

s22

- Libra association is an attempt to unlock the benefits of crypto while also addressing some of those concerns.
- Libra association is a not for profit

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- 30 founding members, want to get to 100. Plans to start in first half of 2020
- Open source code. First instance it is permissioned blockchain with number of conditions to meet to transact.
- Facebook is building calibra (facebook product). Digital wallet - payment application, also integrated into products such as whatsapp and messenger to make it easier to use.
 - Subsidiary of facebook
 - Financial data gathered through calibra will be separate to facebook
 - Wont be used for targeted advertising
- Calibra one of many potential products built off libra
- See opportunity for developing and vulnerable, particularly around accessibility and fees.
- Understand that this will be a long process
- (Note) - highly aspirational in terms of reach.

Questions

s22 - timeframes question. s22

- No further details on timeframe, but still thinking 2020

s22

- How can you restrict the availability of the libra? s22

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s22

- How does it make money?
- About providing services of value. About putting forward products that people love.

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s22

- Why in Switzerland? Who is first off the rank?

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s22

- How does it make money if no targeted advertising?
- Where would data be shared? Not unless required by law enforcement or identity requirements.

s22

- How far is it actually progressed?
- Libra first half of 2020, calibra 2020.
- s47(1)(b)

s22

- s47(1)(b)
- Still at the early stage - no further answer

s22

- How do you avoid manipulation or reserve loaded up in a way that causes consumers losses?
- Libra only issued in relation to market demand, people should be able to cash out at any time.
- How do you set the exchange rate - team happy to brief further on this.

s22

- Will it be incorporated globally or locally?
- Intention is comply with all laws where they are. Calibra is incorporated in USA.
- Does facebook's investment give it a greater right to the tokenisation of the reserve?
- No greater share, exactly same rights as all the other members.
- s47(1)(b)

s22

- How to deal with the trust deficit?

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s22

- Q on how is feedback
- Happy to see positive comments, especially in relation to pacific and remittance.
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s22

- What are consumer rights in terms of loss?
- Will partly come down to the design of the product, will cover instances of fraud.
- Is Calibra wanting to come under a particularly regulatory regime?
- Key principle is transparency.

- How does it differ from s22 ?
s47(1)(b)
- What is the angle - s47(1)(b)

Pseudonymous transactions

- s47(1)(b)
- Members and Libra to ensure transactions is associated have a KYC.
- Calibra will be separate - will have to comply with KYC requirements. s47(1)(b)
- s47(1)(b)

Whats the motivation for joining the LA

- Altruistic

Regulator session

- s22 remains concerned about the vagueness
- Want to stay joined up.

TPs - should they be proactive or reactive in relation to queries. General feeling was better used as defensive rather than proactive.

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DAK Office

9/7/2019

Facebook: libra/calibra

For remembrance, law court

Rules of internet writer, privacy

Shape rules to govt

Large one: base, eb balls

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Launch next yr. Anti? s47(1)(b)

s47(1)(b)

Libra + Calibra Team will visit

Libra Association not for a, Facebook member

Blockchain opportunity across 6
large.

Cryptocurrencies & affordability
countries.

30 Foundry members → 100

White paper Open Source

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Application can be build to use
Libra

2nd component: Calibra
Digital wallet Facebook offers
payment applications std alone
& whatsapp etc whatsapp

A subsidiary of Facebook - Not
used for advertising
to serve those not able to access
high fees services & technology.

Timeline: 1st half 2020 Libra
2nd half Calibra

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the reserve: stable s47(1)(b)

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Libra - non for a family member in

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Calibra not sharing info.

Consumers do not interact with Libra Assoc.
Libra issued by demand - can get
any time. Settle exchange rate?

Facebook do not have great share
or rights than other members
Integrity of members? Ensure?
Data portability - Calibra Calibra

Competition & remittance

Fraud protection on Calibra?
- consumer protection

Family member sole or KYC to
the application/product -

Consulting process:

Commit on white paper

August visit,

s22

Privacy concern

Commit on white paper

Questions - collate for August

(Expectations on legislation

Next as a gp

In 2 weeks, mainly list.

Most of govt. talking pfs -

How will Facebook generate revenue

Wallet transaction through blockchain

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Custodian of Calibra

" " \$ Libra currency

Purchases from Facebook

WhatsApp

Instagram

Will Calibra become a bank?

↳ transaction data

Will it share data with vendors

& service providers

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Facebook - Libra OAC

9/7/2019

ASIC, ASIC APPA (Money) (Bank Policy)

Austrac RBA, Treasury, Acco, OAC

s22

Facebook

s22

Sam Chidgen (Dep Sec)

s22

DOC s22

Matter No (Key No)

Deo Acco

Opportunity - new tech to drive offshores & run
position not fully known, results, process

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Not Facebook, a large company, technology

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Team for Calibra - new framework

2 areas

- Facebook and key roles of Libra Assoc.
- Set up with developer of Calibra

ABP
Payment tech & related to Libra Assoc.

Facebook product Calibra - a digital wallet offers
through a subsidiary - a payment app used
for payments, integration - Facebook & Whatsapp.

Subsidiary - legal, finance

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Captain. Going to reg, parking captain.
Along process

Timeframe for Australia!

- No more detail the answer - 2020

Some location dependent answers

- updating information

- how to exchange answers with Libia

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s47(1)(b)

Libia 18 2020, Colina 2020

George will send exchange papers - no
answer will be directly with Libia?

Did anyone on address?

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Compton pass?

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Facebook / Lisa

4/10/19

Part of voluntary efforts as per J. LA to engage
regulators & policy makers

Focus on privacy issues

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- Regd Policy in DC for California
- Regd - advised candid California
help for for big privacy
Regd. for California &
out Facebook - her

- born
- Lygia
- Lygia
- Lygia
- Lygia

- And

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s22

s22

- Oki

- RBT

s22

Tally to date may approach.

Adding a total figure - from
figures for those who went to war.

During 1st return may they
have figures.

Now the last report population estimates
4 no interest of range.

Chromosomes for 7-8. Were large
numbers for.

Only was to study Mx/Scrub
cystic program.

Yes were very - business
will be able to build agreement
between a top of it. Rubbing will
allow precise digital work
on top. Culture will

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s47(1)(b)

Culture - a record of power
power is a tendency - will keep
power data from for RB local data.

Recognize early a concern about his
of power -

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Culture being combat published early.

Culture returns contain standard one
year to the data.

Power by design process.

Modern idaho phase - the can
review process - stakeholders can report
internally.

Extend process of community engagement
to stakeholders.

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process go back to beginning
as s47(1)(b)

Data separate commitment

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Why there has to

Callers are not the ^{intended} customer via Libre Assoc.

Transparency -

- design for s47(1)(b) to ensure transparency.
- Callers are bound by our policies

Choice & control they have to put privacy controls

highly understandable & accessible language controls. only deletion of data.

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Positive interoperability hope Libre ecosystem together & Callers not only wallet & system.

Bring wallet interoperable because of open and free choice.

s22

- want other (and data?)

Earlier case - s47(1)(b) 2020.

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Typos & info to be collected - specify that to Libre & how it will be disclosed. FB user may choose to by FB data with Libre account.

To what extent will this be incorporated
in consent?

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Will this be incorporated
s47(1)(b)

s47(1)(b)

Will this be a Calibre user be capturing
in FB local data?

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Can this be a gross of FB local
data beyond this list?

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Is this using personal data collection
in Calibre account? of targeted activity?

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s47(1)(b)

*info from
Manner of Caliber to Larkin Larkin?*

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