

Facebook's Libra payment token is neither a crypto nor a "stablecoin"



Crypto

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[Crypto news – Facebook introducing a new asset class in Libra](#)

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So what is “*Libra*” exactly?

“*Libra*” is, in fact, a new type of asset class. The reason why is quite simple. *Libra* is not a crypto currency because it is not *decentralised*, yet at least, whereas Bitcoin, for example, is totally decentralised, and not dominated by any one group.

So, *Libra* is not a crypto, due to it being “centralised”, currently, but it is not a stablecoin either because it is going to be backed by “*a basket of bank deposits and short term government securities*”. An asset that is backed by a security is normally a security itself.

A recent statement from the SEC seems to back this opinion up. It will be interesting to see how this progresses, Facebook want to establish *Libra* as the global digital currency of choice, but if it is considered a “security”, and buying and selling of that “security” would involve a capital gain or loss, and the requirement to report the transaction to the tax authorities!