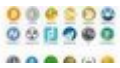
Facebook's Libra payment token is neither a crypto nor a "stablecoin"



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 tot he tax authorities!