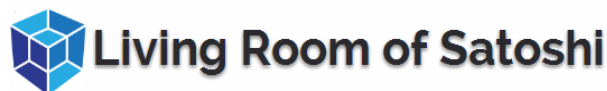


Living Room of Satoshi
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SEPTEMBER 8, 2017

RE: Inquiry: The Anti-Money Laundering and Counter-Terrorism Financing Amendment Bill 2017 [Provisions].

ABOUT:

My name is Daniel Alexiuc. I am CEO of Living Room of Satoshi, an innovative digital currency payments company that has been operating for 3.5 years in Australia. We provide our customers the ability to pay bills with Bitcoin and other cryptocurrencies. We currently operate as a Low Value Non-cash Payments Facility with ASIC, and most of our transactions are under \$1000. We are growing rapidly and offer a direct competition to existing payment systems.

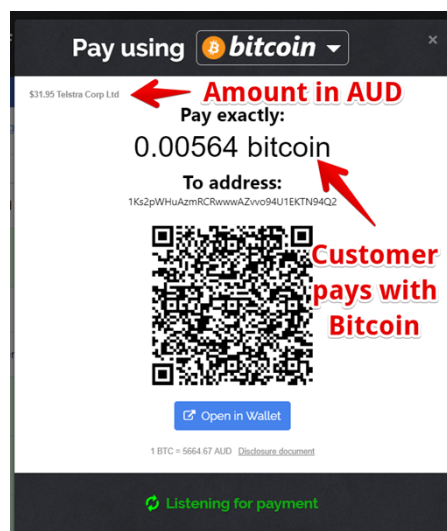
SUMMARY OF CONCERN:

The proposed legislation will have the effect of requiring KYC procedures of our customers for even very small transactions, like paying your phone bill or buying a Banh Mi for lunch. The legislation will impact our current business and stifle future innovation in the area of small payments, since many of our customers will feel KYC is unwarranted and too much of a hassle for small amounts. This will also reduce competition in the payments industry.

DETAIL OF CONCERN:

Living Room of Satoshi currently operates two payments systems that will be immediately impacted by the legislation.

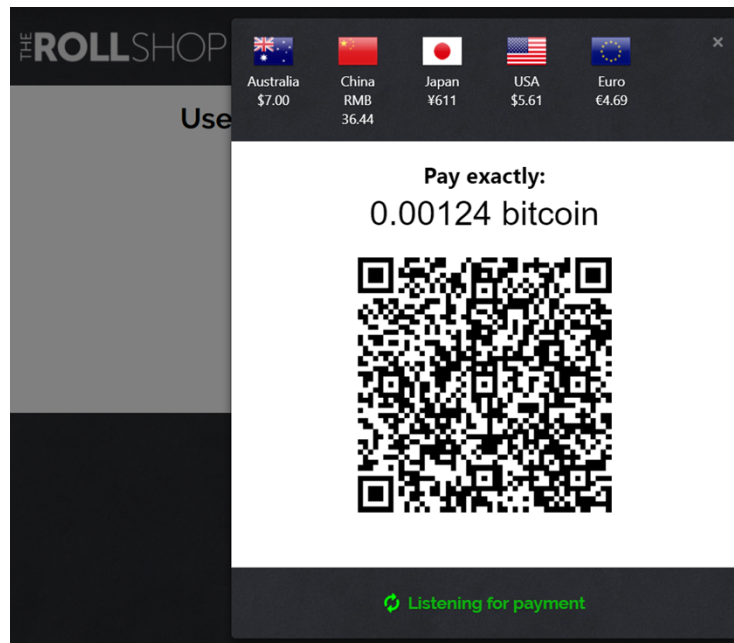
1. Online Bill Payments



Our customers use our website <https://www.livingroomofsatoshi.com> to pay low value bills without the need of KYC. However, amounts over \$1000 are subject to full KYC procedures. For example, you can pay small bills like your toll road fees or Telstra phone bill using Bitcoin without the need to register. This has been successful as it is a fast, low friction way to pay small bills.

Adding KYC requirements to low value payments like this would add unnecessary friction and make this payment system far less attractive than using incumbent payment systems, even if they are more expensive.

2. In-person retail payments



We also operate a [retail payments system](#), for example to buy a Banh Mi for lunch from your local Vietnamese store.

We currently accept low value payments from customers at retail locations, and convert the money to AUD on behalf of the merchant.

We also target international tourists, for which using international cryptocurrencies is a far more attractive option than converting their home Fiat currency into Australian Dollars. They avoid exchange fees, avoid the hassle of carrying cash, and are able to use the same cryptocurrencies they use at home.

Adding KYC requirements for these sorts of small payments will make this payment system completely infeasible, we cannot practically KYC a customer standing in line at a retail location.

PROPOSED SOLUTION:

I propose that the legislation includes an exemption on KYC requirements for low value payments. Ideally, this threshold would be the same as the one ASIC uses for Low Value Non Cash Payment Facilities (which is currently \$1000): <http://download.asic.gov.au/media/3797986/rg185-published-24-march-2016.pdf>

Warm regards,

Daniel Alexiuc

CEO, Living Room of Satoshi