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Newsletter

Hi there,
Welcome to the June 2022 edition of the BRI Newsletter. We hope you find this content useful. As always, if you have any comments or recommendations for content in future editions or would like to contribute content, please let me know: douglas@blockchainresearchinstitute.org

From the editor's desk

Douglas Heintzman, Chief Catalyst, BRI

In this edition of our newsletter we are building off of some of the discussions we had at the April round table and shine a light on digital assets. Assets of various kinds are fundamental constructs of all modern societies and their economies. Assets are things that have value. They can be rare things of value like gold or governance constructs like a vote, or utilitarian things like a car, a unit of labour, or a piece of land. By tokenizing assets, we can reduce friction of exchanging them. The tokenization of land titles, for example, was revolutionary in the establishment of modern economies as was the introduction of coinage and paper currency.

A key failing of the original internet was that it was not designed for commerce. It didn't have the needed security capabilities, nor could it support payments or the transaction of digital assets. Part of that was by design (it was originally conceived of as a means of sharing academic research), part of it was partially solved with SSL and HTPPS, and part of it didn't work because there was no technological means of enforcing digital scarcity. The great innovation of blockchain was to solve the scarcity problem most famously manifested in the double spend problem.

Topic of the Month: ***Digital Assets***

As we increasingly digitize business, healthcare, education and government, the ability to transact digital assets will allow us to build completely new business models and configurations. Digital assets allow us to conceive of new governance models and multiparty multi-jurisdictional transactions. They allow us to raise funds for innovative projects though fractional ownership and efficiently distribute the proceeds of those ventures. They allow organizations to be "headless" and self organizing, healthcare systems to render better outcomes and will give a citizenry more confidence in the outcomes of elections. They allow us to move beyond advertising-based business models for artists and content creators and for identities to be self-sovereign. They will even allow completely new economies to be built in the multiverse. In short, digital assets are revolutionary.

To understand the brave new world that Web3 and blockchain is ushering in it is very important to understand what the various types of digital assets are and how they can be used. The BRI's latest book is called Digital Asset Revolution. It will be published on July 12th and is available for preorder on Amazon. It is a compendium of some of the BRI's best research on digital assets and is edited with a preface by Alex Tapscott, who not coincidently is this month's guest contributor.

Guest Contributor: ***Alex Tapscott***

A Taxonomy for Digital Assets

We are living in an era of rapid change. Financial services, foundational to all industry and economic activity, is going through the greatest upheaval since the invention of double-entry bookkeeping in the Middle Ages. Every aspect of the industry is about to change, from how we move and store value to how we access credit, invest, trade, transact and insure against risk. But this upheaval is about more than changes to existing industries like banking or insurance. It's about enabling new business models and organizational capabilities that will transform existing industries, redefine the architecture of the firm and other institutions, change profoundly how we interact online with companies and with each other, alter the fabric of daily life, reimagine the nature of work and more.

In this brave new world, we can move, store, manage, organize, govern, create, fragment and direct anything and everything of value to whatever end we desire, peer to peer. Financial services are no longer centralized within an industry; they are decentralized across blockchain networks such as Bitcoin, Ethereum, Solana, Avalanche and Cosmos. *Decentralized finance* (DeFi) is shaking the windows and rattling the walls of Wall Street banks, government agencies and global institutions. Call it the DeFi Revolution. Like many revolutions, it holds great promise and great peril. Critics malign its chaotic and seemingly uncoordinated growth and its potential to displace jobs and accuse it of undermining the monetary sovereignty of governments, exacerbating inequality, and warming the planet.

The revolution is being driven both by blockchain's ability to ledger and enforce digital scarcity, and by *smart contracts*. Contracts are the foundation of every asset class, every corporation and all economic activity. Yet, most of today's contracts are quite dumb. The changes wrought by smart contracts and *decentralized applications* (dApps) in general will be cataclysmic. Every industry will feel DeFi's impact, because finance is the cardiovascular system of the global economy, the lifeline of all other industries.

To better understand what digital assets are, and how they can be used, it is useful to differentiate between different classes of them. The BRI's token taxonomy has grown to nine asset types:

1. **Cryptocurrencies (aka digital money):** Bitcoin is bearer asset which at its highest point had a market capitalization of over US$1 trillion and tens of millions of users. It is the final settlement layer for the crypto economy. It's digital gold for investors and a life-line for many of the world's unbanked. Bitcoin is unrivalled in this role.
2. **Protocol tokens:** These are the native tokens of the foundational platforms that power DeFi and much else. Examples include Ether, the native token of Ethereum; AVAX, the native token of Avalanche, SOL, the native token of Solana and ATOM, the native token of Cosmos and IBC. They are also what venture capitalist Joel Monegro calls "fat protocols" — meaning they accrue much of the value that is created at the application layer, which is built on top: They account for nearly US$1 trillion of cryptoasset market value.
3. **Governance tokens:** Governance tokens such as Uniswap's UNI, Aave's AAVE, Compound's COMP and Yearn Finance's YFI give holders say in the governance, specifically the allocation of resources from a common wallet of decentralized autonomous organizations (DAOs) and decentralized applications, or dApps. As dApps take in more assets and users, their governance tokens often appreciate as the economic value they control increases, and their fees increase. For example, the value of UNI, native token to the Uniswap decentralized exchange, is over US$11 billion.
4. **Non–fungible tokens (NFTs):** NFTs are unique, provably scarce digital assets; they provide a means to verify the scarcity, provenance and ownership of these assets. They can also represent physical assets, such as sports memorabilia and luxury goods. Today they are primarily used for art, collectibles and digital assets inside games. Ultimately, they can be used as identities, to represent intellectual property and express ownership of many other kinds of virtual goods. NFTs have exploded in popularity. OpenSea, one single NFT site, recorded over US$3.4 billion in transaction volume in a single month in August 2021.
5. **Exchange tokens:** Crypto-exchange tokens such as BNB and FTT (valued at US$80 billion and US$7 billion respectively) are native to centralized exchanges like Binance and FTX. Typically, these tokens are essential to the exchange's functionality and incentivize adoption but are more centrally managed and confer no governance rights. BNB serves a dual purpose as an exchange token and the native token of the layer-1 Binance Smart Chain.
6. **Securities tokens:** There are three kinds of securities tokens: digitally native securities such as DeFi investment funds, synthetic securities such as Mirror's mGOOGL or mTSLA and securities tokens originated by traditional financial entities, such as investment banks or asset managers. They are transforming markets for stocks, bonds and derivatives.
7. **Stablecoins:** Stablecoins are cryptoassets — such as USDT, USDC, DAI and UST — with stable value pegged typically to the U.S. dollar. Now with a total market value that exceeds US$130 billion, stablecoins use different methods to stabilize their value. Centralized stablecoins are backed by deposits of cash and equivalents inside financial institutions like banks. Decentralized stablecoins are typically collateralized by cryptoassets held in smart contracts.
8. **Natural asset tokens:** These are digital assets backed by real world commodities such as oil or gas, land, or carbon. For example, the blockchain-based ecology network Regen is connecting land stewards who protect and conserve ecosystems with buyers of offsets through the Regen registry, bringing transparency, liquidity and verifiability to the carbon credit market.
9. **Central bank digital currencies (CBDCs):** CBDCs are crypto versions of fiat currency, such as China's e-cNY (digital renminbi) and South Korea's digital won. Advocates tout their potential to reduce friction, improve stability, and broaden financial access; opponents point to their potential use for mass surveillance and political oppression.

This taxonomy is not intended to be exhaustive or predictive of every possible use case for blockchain and digital assets. History teaches us to be humble with predictions in the face of technological change. Unlike taxonomies in nature, it is also not completely mutually exclusive, as it's possible that one asset may fall in more than one category. However, any asset falls primarily into one of these categories. The taxonomy represents an attempt to organize this ecosystem of disparate assets into a coherent structure so that we can better understand what's happening and grasp its greater significance.

Digital Asset Headlines

- Trade Association for the Digital Asset Industry Launches in Bermuda
- Singapore to Explore Digital Asset Tokenization on Public Chains
- A Look at Switzerland's Booming Digital Asset Ecosystem
- LevelField Selects METACO for Digital Asset Custody Platform on IBM Cloud
- Bipartisan Crypto Regulatory Overhaul Would Treat Most Digital Assets as Commodities Under CFTC Oversight
- IDEG Launches Flagship Institutional Digital Assets Summit 2022 to Foster Conversations About the Shifting Crypto Landscape
- Bosonic Launches Clearing and Settlement Solution for Digital Assets
- StoneX Group Expands Digital Asset Offering with StoneX Digital
- Metax Group Limited Launches MTX Exchange, a Digital Asset Trading Platform Integrated with Innovative Trading Features
- Sberbank to Conduct First Digital Asset Transaction on Own Platform

- Ethica to Release Its Flagship Solution - Digital Asset Exchange Platform and ESG-Based Social Platform

Announcements

2022 WEB3 & BLOCKCHAIN
TRANSFORMATION
AWARDS
SUBMISSION DEADLINE
07.31.2022

The Blockchain Research Institute and MCI Canada are excited to open award nominations for the 2022 Web3 & Blockchain Transformation Awards. Formerly known as the Enterprise Blockchain Awards, the Web3 & Blockchain Transformation Awards (W3BTA) recognize the exceptional leaders, researchers, innovators, entrepreneurs, and service providers driving global blockchain transformation.
Individuals and organizations that qualify under the six award categories are encouraged to submit a W3BTA nomination form by July 31, 2022. Finalists will be announced on September 26, 2022, and winners will be recognized at the Blockchain Transformation Awards Gala in Toronto, Canada, on November 8, 2022.

W3B 2022
Web3 & Blockchain World

Web3 & Blockchain World | November 8-9, 2022

The worldwide enterprise leadership community for Web3 & blockchain is convening in Toronto in November. W3B World brings together leading thinkers, builders, and pioneers to accelerate the Web3 & blockchain revolution.

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New and upcoming research

The new research brief Blockchain Revolution in the Oil and Gas Industry by Douglas Heintzman looks at ten major blockchain use cases in oil and gas and how energy companies around the world are implementing blockchain technology.

Keep an eye out for our upcoming report: Decentralized Resource Governance: A New Model of Engagement, Execution, and Trust.

This brief summarizes the findings of a substantial research project funded by Input Output (IO) and focused on discovering new approaches to the governance of resources in blockchain ecosystems. The team was substantial, with two dozen researchers from IO, the Boston Consulting Group, and the Blockchain Research Institute. The process was iterative, with write-ups, peer reviews, and discussions of research results and feedback.

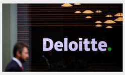
Based on its findings, the research team proposed a new form of stewardship, called the *decentralized resource governance* (DRG) model. It is a means of governing initiatives to deploy resources, shape events, and engage large numbers of participants in co-creating the future. The DRG model balances the organized chaos of products, projects, and commercial migrations with all their diversity and nuance within an ecosystem or community, with the directed efforts of ecosystem building, to develop new capabilities, grow the user base, and enter new markets. The model supports accountabilities end to end with protocols for rule setting, dispute resolution, intervention, oversight, auditing, and communications. The mechanism operates continuously during the life cycle of a project, with protocols executed by code or with human contributions as agreed. The goal is to sustain the ecosystem's competitiveness.

ECOSYSTEM NEWS

- Circle to Support Polygon USDC on Payments Platform as Adoption Grows
- Chainlink Brings Keepers and VRF to the Avalanche Blockchain
- Bank of Canada Official Calls for Faster Crypto Regulation
- SWIFT, Capgemini Team up to test Using the International Network for CBDC Transfers
- Huobi Launched $1 Billion Investment Vehicle Focused on Web 3 and DeFi
- Hyperledger Foundation Adds New Members to Its Consortium
- KPMG Hires CryptoUK Exec to Strengthen its Position in the Digital Asset Industry

Members and Partners

WISeKey to Participate in the "Digital Assets: Exploring the Metaverse & Crypto Assets" Conference



Deloitte: 85% of Merchants Expect 'Ubiquitous' Digital Currency Payments in Five Year

salesforce

Salesforce Leans In to Web3 with New NFT Cloud

Fidelity Plans Hiring Spree to Expand Crypto Services to Include Ethereum Trading and Custody

Bank of Canada: Number of Canadians Holding Bitcoin Doubled in 2021

Industry Headlines

- PayPal Converts Conditional Virtual Currency License to Full BitLicense
- Metaverse-Related Economy Could Be as Much as $13T: Citi
- Coinbase Took out the First Bitcoin-Backed Loan From Goldman Sachs
- New US Bill Looks to Incorporate Crypto into the Traditional Financial System
- Crypto.com's Cronos Launches $100M Accelerator for DeFi and Web3
- Binance Joined Forces With Vietnam Blockchain Association to Boost Crypto Development
- Tata Steel Explores Blockchain for Traceability
- Japan Passes Landmark Stablecoin Bill for Investor Protection: Report
- Argo Blockchain to Build Intel-Based Bitcoin Mining Rigs With ePIC Blockchain
- Coinbase Fires 18% of Staff Amid 'Crypto Winter' Warnings
- First Short Bitcoin ETF to List on NYSE

BRI RESEARCH

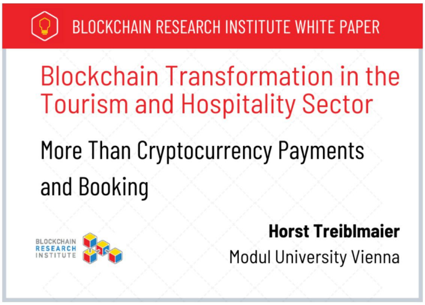
RESEARCH BRIEF

Blockchain Revolution in the Oil and Gas Industry

Opportunities for Transformation

Douglas Heintzman
Blockchain Research Institute

Read Latest Public Research



BLOCKCHAIN RESEARCH INSTITUTE WHITE PAPER

Blockchain Transformation in the Tourism and Hospitality Sector

More Than Cryptocurrency Payments and Booking

Horst Treiblmaier
Modul University Vienna

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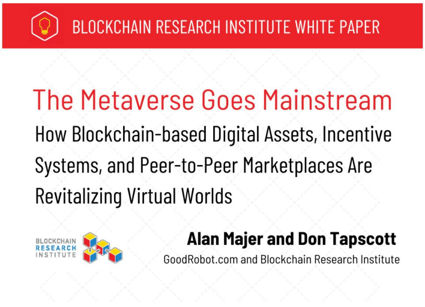
Read Latest Public Research



BLOCKCHAIN RESEARCH INSTITUTE WHITE PAPER

The Metaverse Goes Mainstream

How Blockchain-based Digital Assets, Incentive Systems, and Peer-to-Peer Marketplaces Are Revitalizing Virtual Worlds

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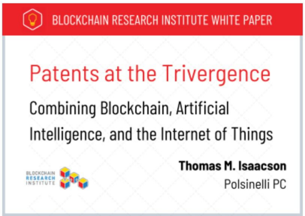
Alan Majer and Don Tapscott
GoodRobot.com and Blockchain Research Institute

Read Latest Public Research



BLOCKCHAIN RESEARCH INSTITUTE WHITE PAPER

Patents at the Trivergence

Combining Blockchain, Artificial Intelligence, and the Internet of Things

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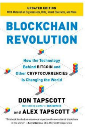
Thomas M. Isaacson
Polsinelli PC

Read Latest Member Research

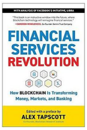
BRI NEWS & INITIATIVES

Book Series

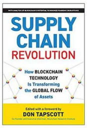
Buy our books on Amazon.com or Amazon.ca



BLOCKCHAIN REVOLUTION
DON TAPSCOTT
and ALEX TAPSCOTT

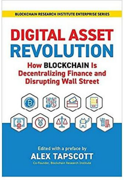


FINANCIAL SERVICES REVOLUTION
How BLOCKCHAIN Is Transforming Money, Markets, and Banking
ALEX TAPSCOTT



SUPPLY CHAIN REVOLUTION
How BLOCKCHAIN TECHNOLOGY Is Transforming the GLOBAL FLOW of Assets
DON TAPSCOTT

PLATFORM REVOLUTION
BLOCKCHAIN TECHNOLOGY as the Operating System of the Digital Age
DON TAPSCOTT



BLOCKCHAIN RESEARCH INSTITUTE ENTERPRISE SERIES
DIGITAL ASSET REVOLUTION
How BLOCKCHAIN Is Decentralizing Finance and Disrupting Wall Street
Edited with a preface by
ALEX TAPSCOTT
Co-founder, Blockchain Research Institute

Our latest book

Digital Asset Revolution: How Blockchain Is Decentralizing Finance and Disrupting Wall Street

The Hon. J. Christopher Giancarlo, former chairman of the US Commodity Futures Trading Commission, sees the book as "a wake-up call for financial and business leaders everywhere."

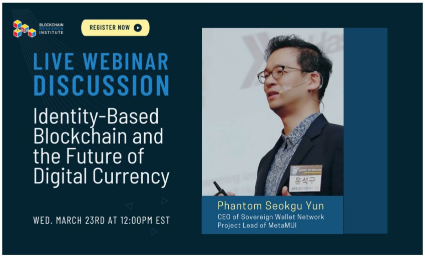
Tyler Winklevoss, co-founder and chief executive officer of Gemini Trust Company LLC, calls it "an important book for enterprise leaders to better understand blockchain and how digital assets will change the future of business."

Arrives July 12, 2022

Available for preorder on Amazon

Webinars

The Blockchain Research Institute hosts regular webinars featuring blockchain experts.


BLOCKCHAIN RESEARCH INSTITUTE
REGISTER NOW
LIVE WEBINAR DISCUSSION
Identity-Based Blockchain and the Future of Digital Currency
WED. MARCH 23RD AT 12:00PM EST
윤석구
Phantom Seokgu Yun
CEO of Sovereign Wallet Network
Project Lead of MetaMUI

On March 23, the BRI held a webinar discussion about Identity-Based Blockchain and the Future of Digital Currency. For those who missed the conversation or would like to re-watch it, the webinar is now available on Youtube here.

Watch the Webinar Recording

New Directions Webinar Series

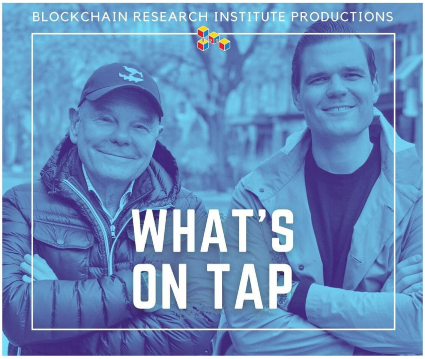
Watch our webinar series exploring digital policy and strategy in government for the next era of the digital age.

Each webinar in the series discusses a technological theme and how it intersects with government policy, featuring leading experts in blockchain, government policy, digital identity, healthcare, and more.

Check out our past Webinars

Weekly Podcast

Watch the latest episode of "What's on Tap?" featuring Don and Alex Tapscott.



Watch the latest episode of Don and Alex Tapscott's weekly podcast "What's on Tap?", now available on Youtube, Apple Podcasts, Spotify, Anchor, Google Podcasts, Pocket Casts, RadioPublic, and Breaker.

Watch the Latest Episode

COURSERA Online Courses

Enrol in our online courses produced in partnership with INSEAD Business School.

Discover how blockchain is transforming business, government, and society with our suite of online courses hosted on COURSERA. Anyone can enroll in our Blockchain Revolution Specialization, which includes four courses taught by Don Tapscott and Alex Tapscott. Produced in partnership with INSEAD Business School, the Blockchain Revolution Specialization covers everything you need to know about the disruption, opportunities, and implications of blockchain across industries and business sectors.

About the Blockchain Research Institute

Navigate, accelerate, and lead the blockchain revolution.

The Blockchain Research Institute is a global think-tank exploring the promise of blockchain technology for business, government, and society. Our syndicated program is funded by an international community of Member organizations, including enterprises, governments, and technology start-ups from around the world.

We're always looking for new organizations to collaborate with, through a number of initiatives.

- BRI Member Program
- BRI Global Partnership Program
- Blockchain Revolution Global conference

For all inquires, please email Douglas@blockchainresearchinstitute.org

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