The Liechtenstein Blockchain-Act

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Bitcoin, Blockchain and Token Economy?

- 2008: Whitepaper of Bitcoin
- 2016: First ICO in Liechtenstein (Aeternity)
- «With Blockchain, no Banks are needed»
- 11/2016: «Blockchain Working Group» Liechtenstein
- 08/2018: Public Consultation of Blockchain Act
- 2019: Parliament Discussion and Entry into Force
What is the use of Blockchain?

- Digital Information is copyable

- Blockchain creates Digital Original Document
Current Token Use

- Security Token
- Digital Euro (Cash) Stable Coin
- Utility Token
- Crypto Currency Crypto Asset

- Software Usage Right
- (Nothing)
Current Applications of Token

- Cryptocurrency
- Utility Coin
- Stable Coin
- Security Token
- ICO
- Payment
- Exchange
- Private Investment
- Financial Services
- STO
Use Case: Tokenization of Art / Physical Items

- Right of ownership
- Exhibition right
- Lien
- Copyright

Digital Economy:
- Proof of Ownership
- Digital Contracts
- Selling Transactions
- Lombard Loan
- Portfolio Management
- Insurance Solutions
- Transportation Chain
Use Case: Real Estate

- Owner Rights
- Usage Rights
- Lien

Digital Economy
- Proof of Ownership
- Mortgage
- Rental
- Guarantee
- Access Rights
Use Case: Car

Digital Economy
- Leasing
- Car Sharing
- Car Rental
- Insurance
- Car Investments
- Theft Control

Right of ownership
- T
Usage Right
- T
Lien
- T
Use Case: Beer Voucher

Right to get Beer

Digital Economy
- Festival
- Restaurant
- Bar
Functional Overview of Token Economy

- Token Creation
- Cryptocurrency Exchange
- ICO
- Further Financial Services
  - Investment
  - General Services
  - Public Token Sale
  - Exchange
  - Custody
- Token Economy
  - Precious Metals
  - Real Estate
  - Commodities
  - Physical Items
  - Patents
  - Music Rights
  - Brand Rights
  - Software Rights
  - Machines
  - Development Aid
  - Beer-Voucher
- Utility Coins
- Security
- Currency
- «Bitcoin»
- (EMPTY)
Scope of Liechtenstein Blockchain Act

Further Financial Services

Investment

General Services

Public Token Sale

Exchange

Token Creation

Custody

SCOPE OF LIECHTENSTEIN BLOCKCHAIN ACT

ICO

Crypto-Exchange

«Bitcoin»

Currency

Security

Utility Coins

Precious Metals

Real Estate

Commodities

Physical Items

Patents

Music Rights

Brand Rights

Software Rights

Machines

Development Aid

«Beer-Voucher»
Fundamental Questions of Token Economy

• What is a «Token»?
• Can you own a «Token»?
• Is there a difference between «Ownership» and «Possession»?
• Can a «Token» be stolen?
• Legal aspects of «Token»-transfer?
• ...

...
Legal Classification of Token

- Cryptomoney
- Cryptoasset
- Representation of Right
Token is introduced as a new legal element in Liechtenstein law.

Representation of Right on Blockchain-System

«Right»

Currency
Security
Voucher
Warranty
Car
Many more...
Advantages of the Token Container Model

• All existing and many future applications of Token Economy are covered
  – Bitcoin = Empty Container
  – Security Token = Container is filled with Security
  – Utility Coin = Container is filled with Software Usage Right

• Legal consequences depend on application
  – Security Token => Security Laws and Financial Market Laws are applicable
  – IP Right Token => IP Law is applicable

• Relation between Token and Right can be clarified
  – Legal status of Token Owner and Possessor
  – Legal consequences of Token transfer
Main drivers of Token Economy

- Token Container Model
- Civil Right for Token
- «Trust»
- Regulation of Service Providers
Public law
Need to regulate Service Providers?

Example: Tokenization of physical assets

- Is the painting really genuine?
- Is the value really USD 793 Mio.?
- Is the painting stolen?
- Is he really the owner?
- Is the painting existing?
- Does the Token represent the Ownership Rights of this painting?
- Is the Token well programmed?
- Am I really the new owner if I buy the Token?
Physical Validator
- Interface between «real» world and Blockchain
- Ensuring that Asset is stored safely

Safe Storage

Token
- certificate of authenticity
- certificate of origin
- certificate of value

Token Generator
- Technical Correctness
- Legal representation
Basic Roles in Token Economy

Physical Validator
Token Generator
Token Issuer
TT Depositary
TT Protector
TT Exchange Service
TT Verifying Authority
TT Identity Service Provider
TT Price Service Provider

TT: Trustworthy Technologies (e.g. Blockchain)
Goals of the Blockchain Act

• **Legal Certainty for Token Economy**
  – Users
  – Service Providers

• **Creating Trust in order to foster efficiency of Token Economy**

• **Guidelines for Token Economy**
  – Requirements for Service Providers
  – Basic information sheet
  – AML Requirements
European Union

- Token Economy will be one of the important driver of digital economy

- Token Economy needs clear, appropriate and supportive rules

- EU is in a perfect starting position to be the leading region for tokenization
Idea 1: EU-Token Model

• Token = Instrument for digital representation of a «Right»

• Any kind of «Rights» can be represented

• The special regulation of the represented «Right» is applicable

• Clarification: Possession, Ownership, connection between token and right, consequences of a transaction
Idea 2: Legal Framework for cross-border tokenisation
Thank you for your attention

More information on:

- www.liechtenstein.li/
- www.regierung.li
- www.liechtenstein-business.li/
- www.impuls-liechtenstein.li/