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

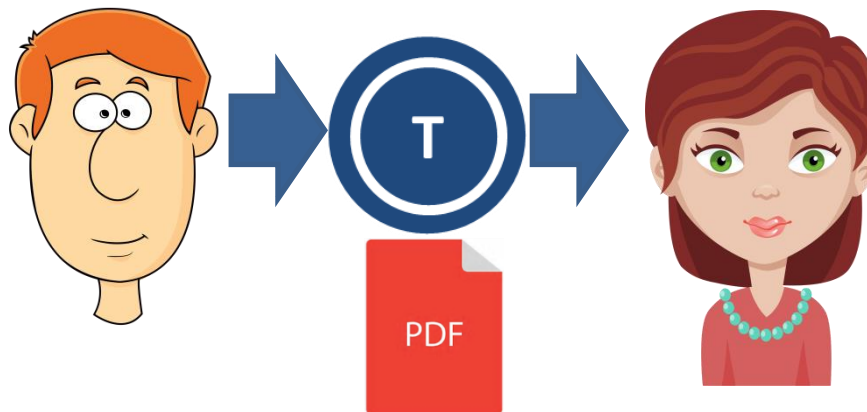- 2019: Parliament Discussion and Entry into Force

What is the use of Blockchain?

- Digital Information is copyable
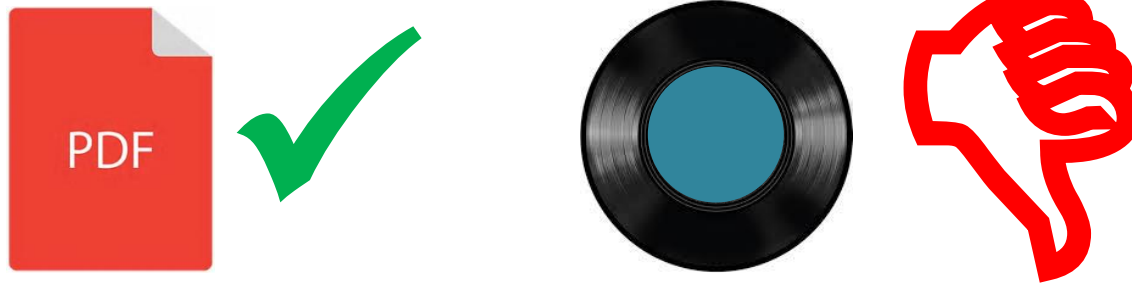
- Blockchain creates Digital Original Document

Current Token Use

Certificate of Stock (Spartans Industries, Inc.)	→ T →	Security Token
100 Euro banknote	→ T →	Digital Euro (Cash) Stable Coin
Software Usage Right	→ T →	Utility Token
(Nothing)	→ T →	Crypto Currency Crypto Asset

Current Applications of Token

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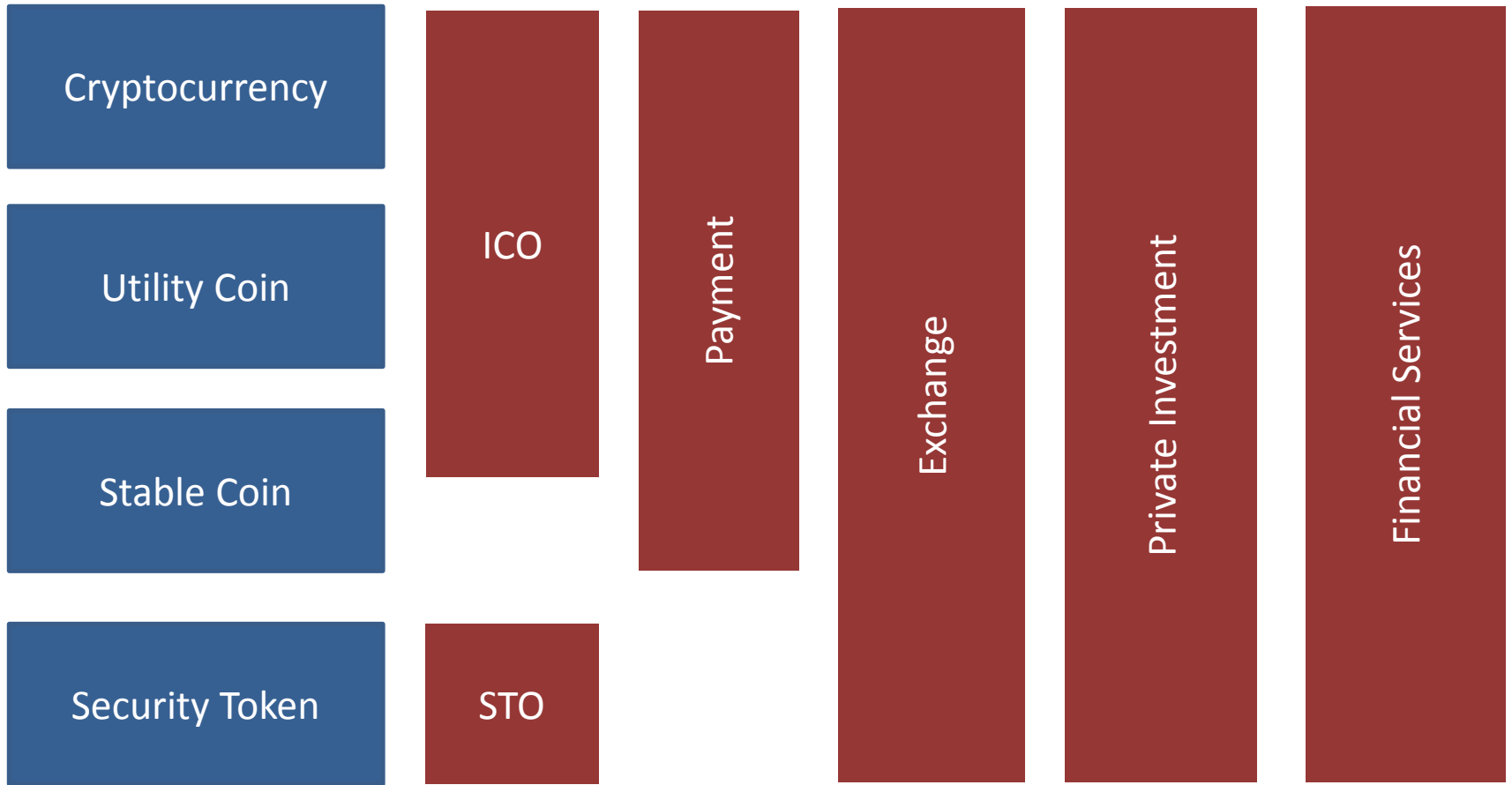
Use Case: Tokenization of Art / Physical Items

Right of ownership — T

Exhibition right — T

Lien — T

Copyright — T

Digital Economy

- Proof of Ownership
- Digital Contracts
- Selling Transactions
- Lombard Loan
- Portfolio Management
- Insurance Solutions
- Transportation Chain

Use Case: Real Estate

Owner Rights — T

Usage Rights — T

Lien — T

Digital Economy

Proof of Ownership

Mortgage

Rental

Guarantee

Access Rights
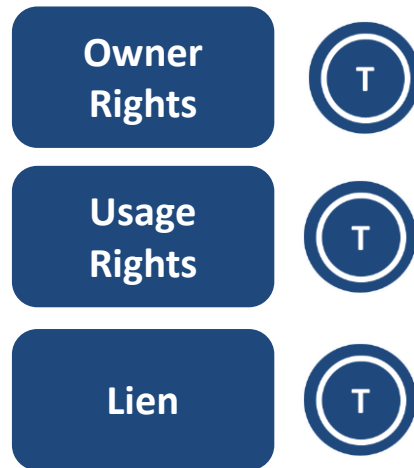
Use Case: Car

Right of ownership (T)

Usage Right (T)

Lien (T)

Digital Economy

Leasing

Car Sharing

Car Rental

Insurance

Car Investments

Theft Control
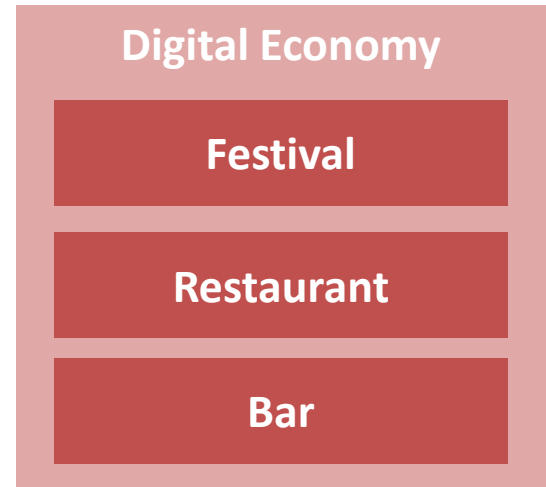
Use Case: Beer Voucher

Functional Overview of Token Economy

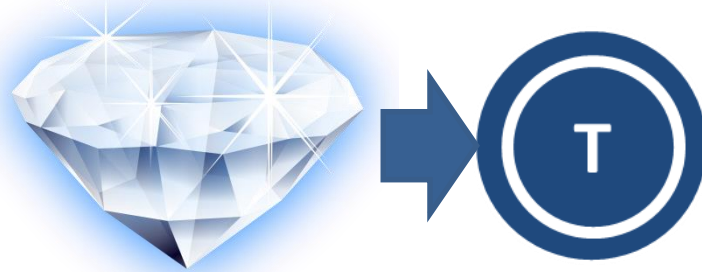|				Further Financial Services
				Investment
				General Services
ICO				Public Token Sale
Crypto-Exchange				Exchange
				Custody
«Bitcoin»				Token Creation
(EMPTY)	Currency	Security	Utility Coins	Precious Metals · Real Estate · Com-modites · Physical Items · Patents · Music Rights · Brand Rights · Software Rights · Machines · Develop-ment Aid · «Beer-Voucher»
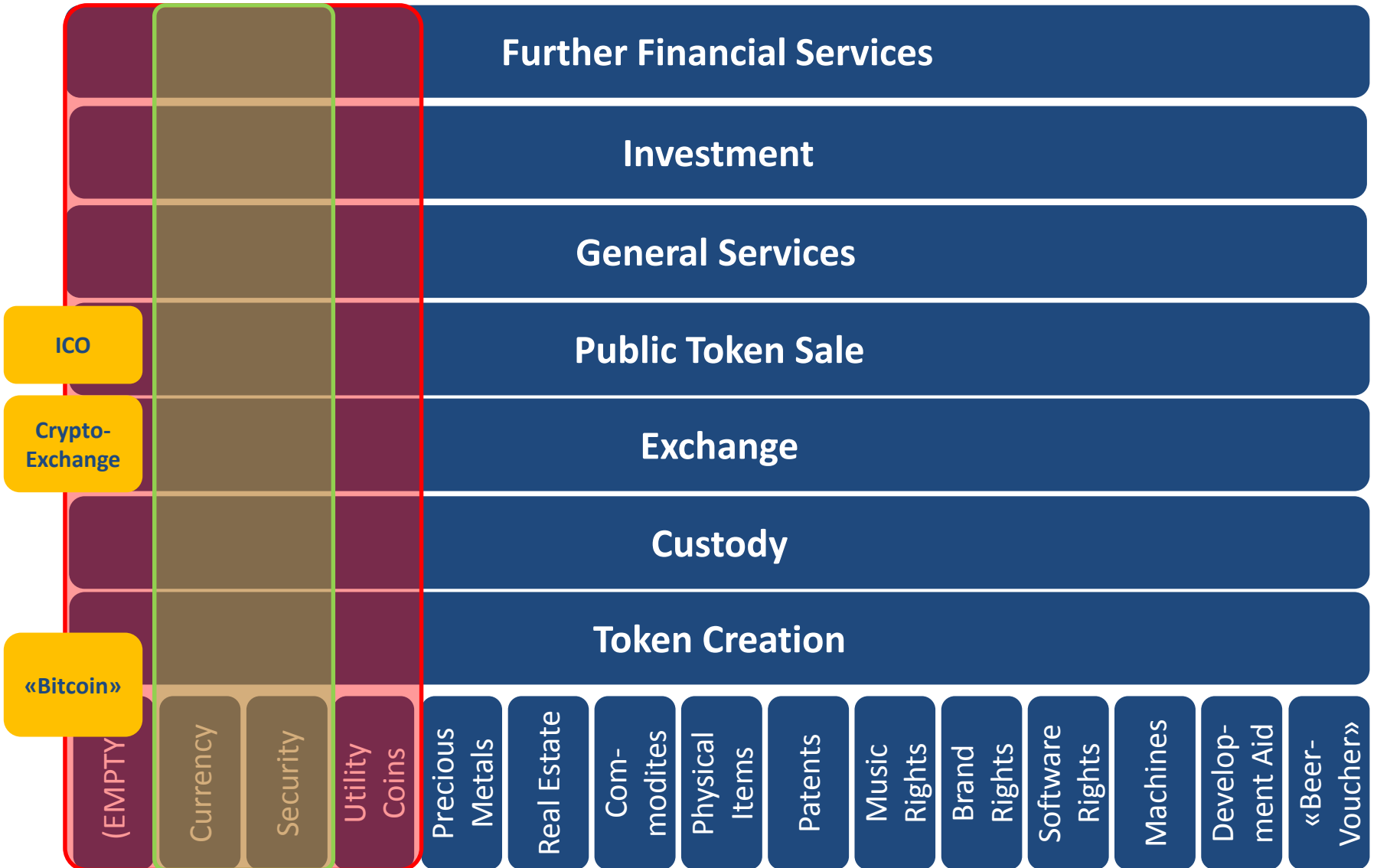
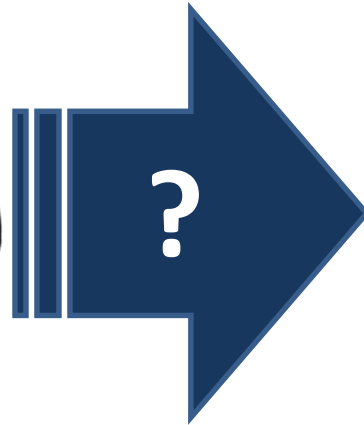# Scope of Liechtenstein Blockchain Act
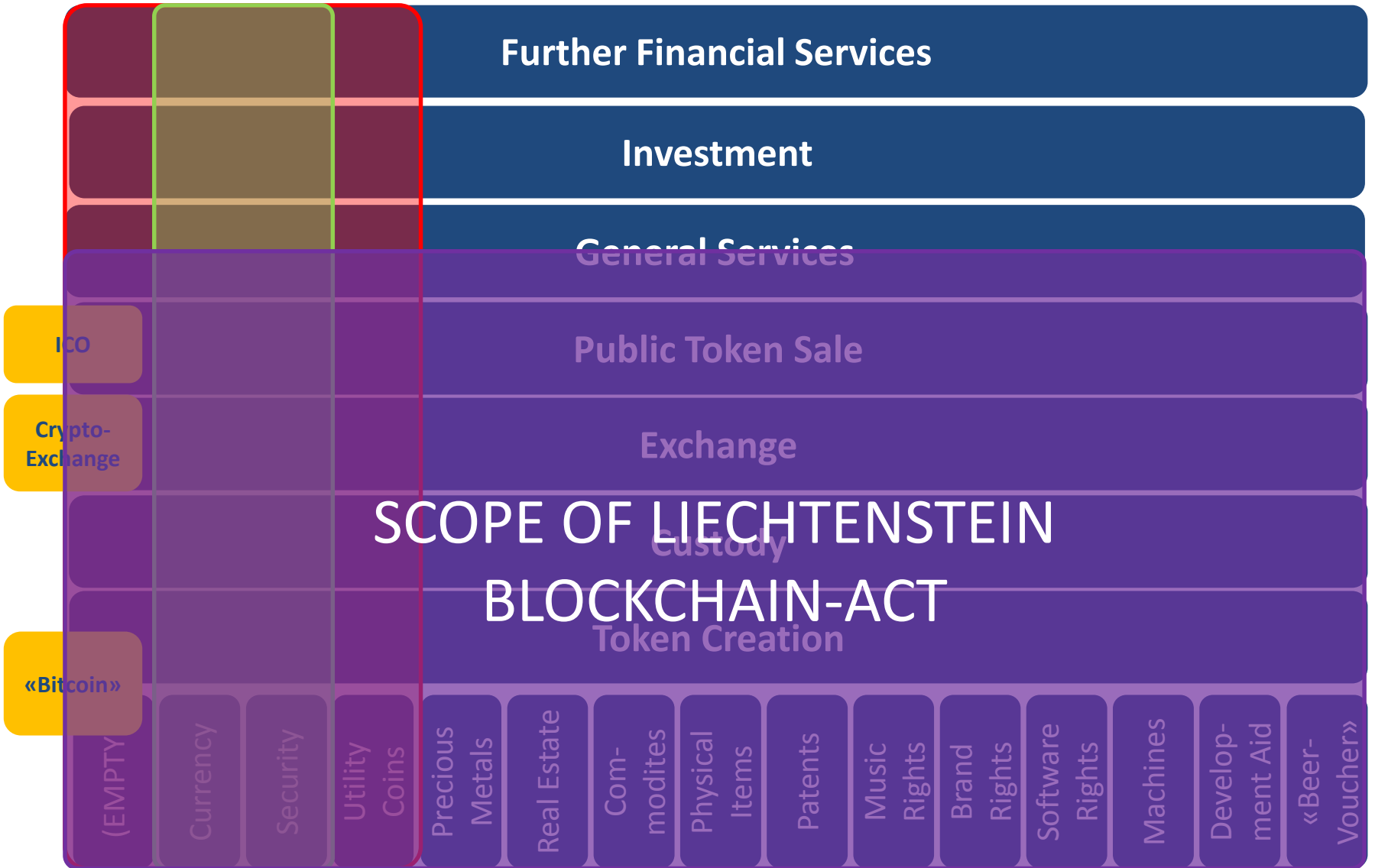
Fundamental Questions of Token Economy

- What is a «Token»?

- Can you own a «Token»?

- Is there a difference between «Ownership» and «Possession»?

- Can a «Token» be stolen?
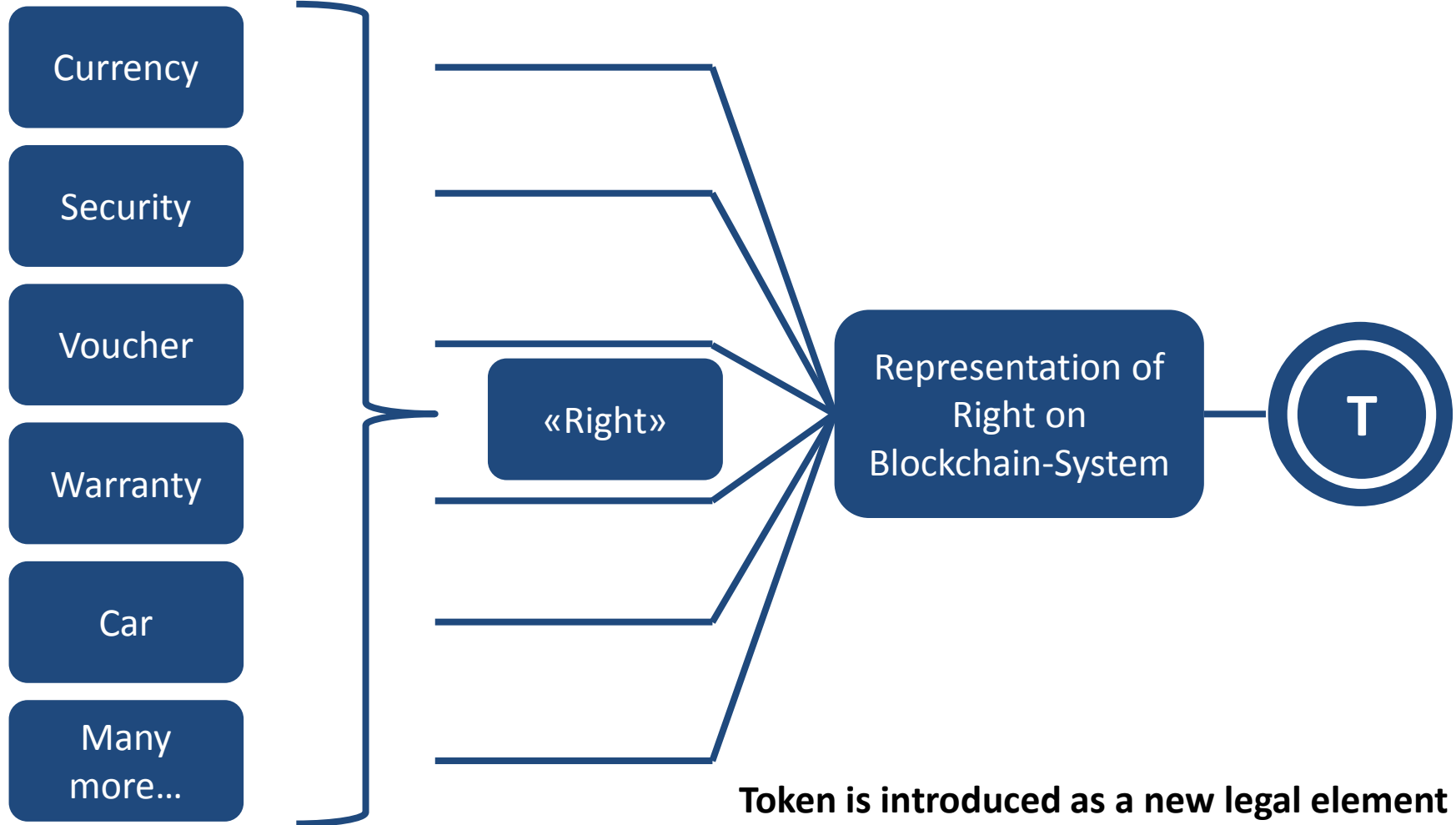
- Legal aspects of «Token»-transfer?

- …

Legal Classification of Token

«Token Container Model»

Token is introduced as a new legal element in Liechtenstein law.

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

Example: Tokenization of physical assets

- Is the painting really genuine?
- Is the value really USD 793 Mio.?
- Is the painting stolen?

USD 793 Mio.

- 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?

Illustration

Physical Validator
- Interface between «real» world and Blockchain
- Ensuring that Asset is stored safely

Physical Validator

T

Safe Storage

Token Generator
- Technical Correctness
- Legal representation

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

Token Generator

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
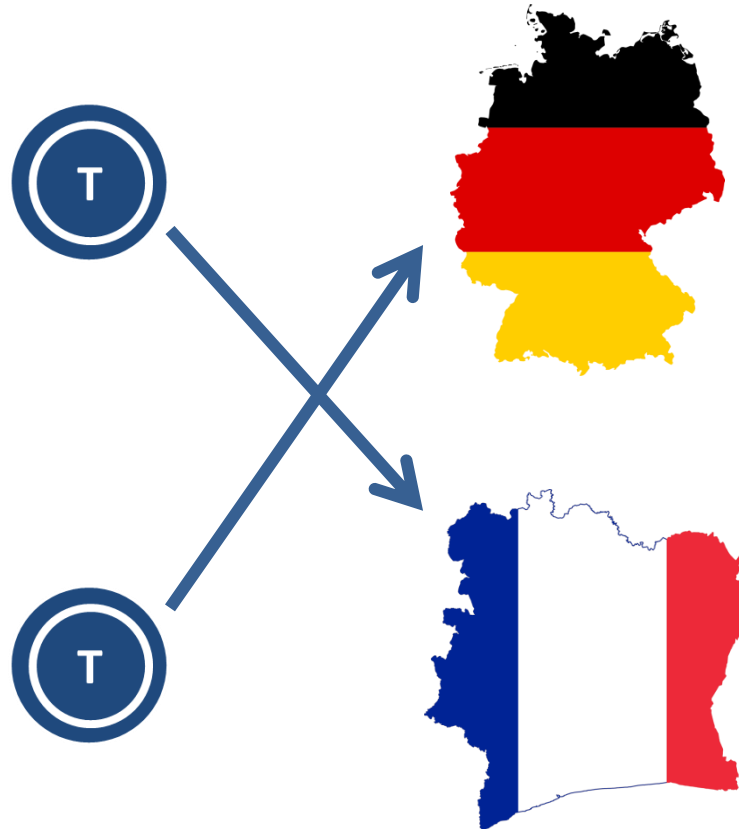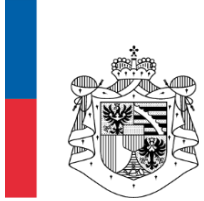
Idea 1: EU-Token Model

- 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

Thank you for your attention

More information on:

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