

# CRYPTO A.M.

Our series on AI, Blockchain, Cryptocurrency and Tokenisation

PARTNER CONTENT

## CITY A.M.'S CRYPTO INSIDER

JAMES BOWATER

The past week has been action packed. It commenced with the announcement that our good friends at LBX.com have launched their well-researched, long awaited token sale for their utility token, LBXu. After an insightful catch-up this weekend with Adam Bryant, Executive Chairman, I was assured that the sale is going extremely well.

Adam told me, "It makes me extremely proud of the LBX Team, who have delivered so much over the last year. Running the UK's first & premier fiat to cryptocurrency exchange, a trusted and user-friendly exchange for both retail and institutional clients, paired with a full educational offering, making digital currencies easy and accessible to the masses."

Meanwhile, much of London's Blockchain industry upped sticks to attend Consensus Singapore. *Crypto A.M.* had his network on the ground and the key takeaway was that while Singapore is keen to become a blockchain hub, it is very much open to much-needed sensible regulatory discourse. There is growing recognition that nations that embrace blockchain will be the ones that profit from its disruption in the future, so it is positive to see the Singaporean Government so engaged.

The big story driving this has been Ripple's ('XRP') ballistic price rise and as a consequence we all get to learn a couple of new words: Flippens or 'the Flippening'. Flippen in Dutch means to go berserk or act out of the ordinary, but its etymology is from the English word Flip. It seems in the Crypto world 'Flippen' actually means usurp or overtake and, according to the Investopia website, "The Flippening" refers to a point in time at which Ethereum (or, potentially, some other cryptocurrency) switches places with Bitcoin, taking on the largest position in the cryptocurrency world in terms of market cap.



The interesting thing though was that it was the price of Ripple ('XRP') that went berserk, rocketing with vertical lift off to 'Flippen' Ethereum and for a day became the second most valuable cryptocurrency. At the time of writing the status quo has been restored with many speculating that this was some insane pump doomed to be short lived with everyone on the media channels openly describing the need to short XRP for beer money this past weekend.

The big upcoming event this week is Blockchain Live at Olympia tomorrow, 26th September, where Margot James, Digital Minister at the Department for Digital, Culture, Media and Sport ('DCMS') will be a key headline speaker discussing the role emerging technologies like Blockchain will play in the UK's digital future and outlining government support for their development and adoption. We shall listen with interest.

As the Crypto winter maintains its steady grip on token prices and the ICO craze of 2017 has all but subsided, for now at least, many are wondering what to make of all these tokens that now float around in cyber space? In this article we look at the emergence of all these tokens in this tokenized economy, if the concept is really new and what's installed in the next few years.

Blockchain technology has enabled a large wave of enormous innovation with respect to the creation of these so called "utility tokens", which are essentially promises that they can be redeemed at some point in the future for a product or a service.

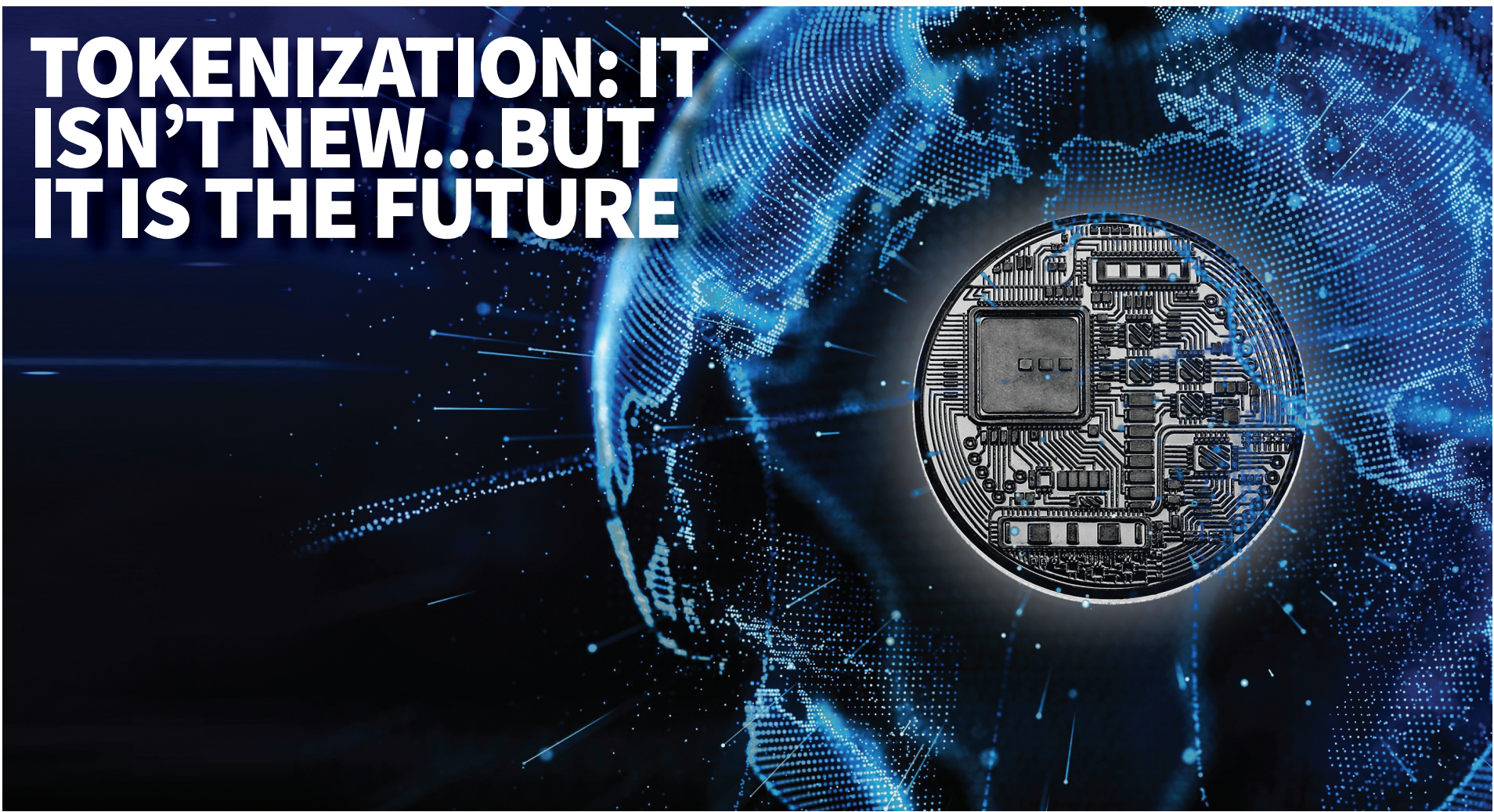
With over 1,600 tokens and counting, they all have created their own miniature economies battling for investors, developers and users and of course promised the masses that their Blockchain platform or application is the one that will solve the most relevant problems in today's society. Problems such as self-sovereign identity, monetization of personal data, or even

Value needs to be scarce and when created, must be registered and carefully tracked

the provenance of ethically sourced "insert product of choice here".

The truth is that we are only getting started. In the first wave of Tokenomics, ICOs made a lots of mistakes. The token supply was generally a best guess, some smart contracts were essentially a front end to a glorified excel spread sheet in the back end and the hype of 200% returns in days created the fear of missing out ('FOMO'), but

## TOKENIZATION: IT ISN'T NEW...BUT IT IS THE FUTURE



Designed by Phill Snelling, Bowater Media

the concept of a tokenized economy is not new.

We have actually lived in a tokenized economy for thousands of years where rocks, shells and even coffee beans have been used to represent value. However, for the first time in history, we have unleashed the concept of a decentralized token economy where we trust a network of computers instead of a centralized organization.

In fact, this tokenized economy is similar to markets in that there are lots around the world that co-exist with their own ecosystem. Just as markets have flourished, so too will the token economy due to Blockchain technologies that has allowed the creation of digital decentralized trust via very clever mathematics.

With this new technology, all of a sudden, the physical world can be represented in the digital or virtual world where not just information but value

can be represented and transferred. The difference? Information can and should be replicated and distributed as widely as possible. Value needs to be scarce and when created, must be registered and carefully tracked.

The token economy may seem like a revolution but on closer inspection, it is more of an evolution and we have all been here before. From the fax machine, to the telephone to the smart phone. From withdrawing money via a

teller, to a machine in wall (ATM), to 24 hour access in the palm of your hand (mobile banking apps). And finally from trading paper shares, to digital shares and now the emergence of a new tokenized economy to democratise wealth.

Now that we have had a taste of these tokens and seen some of the possibilities, in the next few years we will see more innovation particularly from the much hyped security tokens where

businesses large or small can tokenize their assets.

Tokenizing assets as a security can promote more economic activity because it provides access to capital that would once have been difficult to obtain. To raise capital requires a lot of trust in the stake-holders but now we can trust software. Imagine the need to raise capital where digital tokens can be issued and registered in a crypto securities market. Through automated smart contracts, funds received can be directed as appropriate under the control of custodial token wallets. All of this activity is transparent and verifiable on the Blockchain and should the funds be mis-appropriated, a refund mechanism can be put in place. Smart contracts brought about the term programmable money, the next evolution will be smart programmable tokens.

Extending this concept further, when we incorporate the world of smart devices that we are already seeing in the market, think of a refrigerator that knows to order more milk from the local super market, these devices will be able to participate in the token economy and literally be paid for performing certain functions. Think of a group of friends investing in a driverless car. The car receives income from users in the form of tokens and can return a weekly dividend along with any ride sharing analytics one could ever imagine.

In summary, we've seen the emergence of 1,600 plus tokens in the biggest experiment thus far. On closer inspection though, the evolution and not a revolution concept becomes clear and the future of living in a tokenized economy will transform the world to yet another level. The Internet democratised information, the token economy will democratise wealth.

Author:

Sean Au, Blockchain trainer, researcher, co-author of *Tokenomics*, the crypto shift of blockchains, ICOs and tokens

**IMPORTANT INFORMATION:** THE VIEWS AND OPINIONS PROVIDED BY CITY A.M.'S CRYPTO INSIDER ARE OF THOSE NAMED IN THE ARTICLE AND SHOULD NOT BE TAKEN AS INVESTMENT ADVICE. THIS COMMUNICATION IS MARKETING MATERIAL.

## BLOCKCHAIN VENTURE SCHEME

### Help Investors Cut to the Best Ventures

In the ever-growing blockchain innovation space, there is a lot of noise that ICOs and other new ventures need to cut through, to get noticed by investors and users.

This is mission critical. Even the best, most innovative, most promising, have to contend with a marketplace where the waters have been muddied by propaganda, some scams or bad actors affecting the reputation of the entire industry – not to mention those who are simply naïve.

Because of the need to empower start-ups to achieve greater traction through clarity of communication and transparency, the British Blockchain Association has teamed up with Token Intelligence to provide the means.

Launching at Blockchain Live, the new Blockchain Venture Scheme will support the best, most innovative blockchain ventures, bringing them the credibility and visibility to increase confidence, and harness investments.

The Scheme builds on the BBA's role promoting and supporting the adoption of blockchain technology across public and private sectors, and as a global hub for

blockchain ventures - especially startups.

The scheme will help ensure those creating tokens and blockchain solutions, who embrace transparency best practices, will get the credibility and subsequent visibility they need to succeed.

This unique global initiative is based on Token Intelligence's new transparency framework, which surfaces and rates a venture's transparency level. This encourages and supports best practices, and those who apply them, via data and analysis, providing clear signals.

While this transparency analysis is thorough, the output is a clear visualisation as a 'traffic light' system, conveying the level of transparency. Green status indicates successful verification; amber flags unverified projects; while red indicates a failure to validate on one score or another. Red flags indicate specific, outstanding, problems with transparency.

As the Global Blockchain Venture Scheme grows the BBA and Token Intelligence will work together to expand the range of offerings are at [TokenIntelligence.io/BBA](http://TokenIntelligence.io/BBA). [www.BritishBlockchainAssociation.com](http://www.BritishBlockchainAssociation.com)



## ICO NEWS



## Why The Next Step is Crucial

The last 18 months of ICOs, and now Token Offerings, is often characterised as the 'The Wild West'. So reminiscent of the early day of Crowdfunding, which so nearly got 'regulated away'. How can it be fixed?

We are clearly past this turning point with the world of Token Crowdfunding. Not least because so many smaller jurisdictions: Gibraltar, Malta, Singapore, Estonia, Switzerland, not to mention Japan, have embraced this new way of funding and launching ventures made for the networked era.

What's emerging from this global phenomenon is a new global economy, based on a global network and a patchwork of un-coordinated approaches, rules, laws and regulation.

This creates an unprecedented and crucial challenge. One that is crucial for all our future - not just the UK or London as a financial centre, but globally: how do we govern globally? A patchwork just won't do it!

Crucial because what happens next will determine the path we all take. This was acknowledged at the recent OECD meeting in Paris, which focussed on Blockchain's potential global economic impacts, its use in enabling inclusiveness, to promote sustainability, and strengthen governance and enforcement.

Governance is often a 'switch off, go to sleep word'. But at this point, the first time we as a race are forced to confront

the fact that we need to work out how to do this globally, it really matter. We are remaking money and the internet. What has been dubbed the 4th industrial revolution will therefore remake business, commerce and the world.

It's never been truer than, as Buckminster Fuller said, we can choose to be the architects of our future or its victims.

We, TokenIntelligence.io (I am founder/CEO), are working, together with the British Blockchain Association (BBA), to bring all we learned in the last decade, about regulation, innovation, and especially transparency, to bear directly.

The key concept of the next, 'Decentralised Web' is TRUST. In other words a trustworthy blockchain infrastructure. But trust is inevitably undermined without a foundation of transparency. This is the basis of the open-source, peer-reviewed, code on which this technology is itself built. It can be trusted because it can be scrutinised by anyone capable.

In the most significant step since the creation of this ecosystem tomorrow at Blockchain Live in London we, together with the BBA, will launch the world's first Global Blockchain Venture Scheme to bring a new level of transparency to Token Offerings and Blockchain ventures.

Join us there if you can, listen at [ICOrad.io](http://ICOrad.io) or email questions to [Barry.James@ICOrad.io](mailto:Barry.James@ICOrad.io)

## Crypto A.M. shines its spotlight on The Aziza Project

The Aziza Project is not your average crypto venture. This is not a technology play aiming to raise funds to develop an idea, it's a project laden with tangible business.

The Aziza Project comprises a team with blue-chip backgrounds, the navigation of securities legislation and a \$500m asset backing their token, the Aziza Coin.

The Aziza Project tokenises high potential oil and gas businesses in Africa to raise funds to fulfil their considerable potential: for profit and social good. Both are important criteria for the Aziza Project.

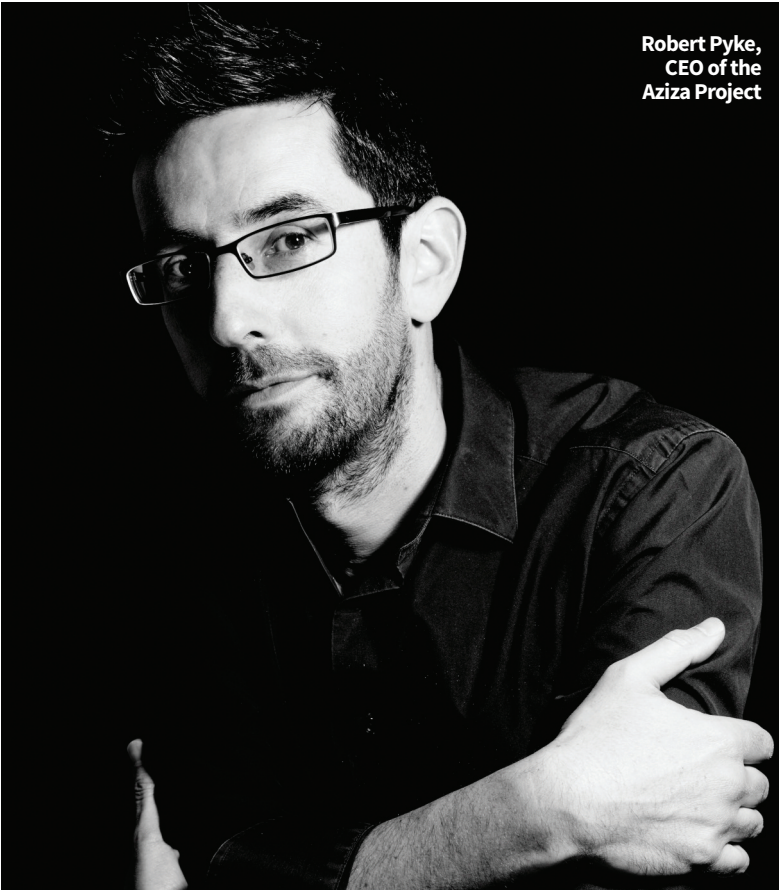
The first business in the portfolio is Africa New Energies, a UK registered company with rights to a 22,000 square kilometre oil and gas concession (the size of Wales) in Namibia.

With conventional fund-raising routes proving notoriously time consuming and expensive, with layers of intermediaries wanting to take their cut, part of the reason the Aziza Project exists is to give investors greater access to real returns. People who buy Aziza Coins will have an indirect fractional ownership of the assets that the Aziza

Project holds. And with tokens listed on exchanges investors will have a degree of liquidity that private company shareholders do not.

Africa New Energies has spent five years exploring their Namibian concession using innovative techniques that have indicated a prospective hydrocarbon resource of 1.6 billion barrels of oil equivalent. Last year, the company received an unsolicited bid of \$500m, which the founders rejected owing to social and environmental concerns. Being able to prove the resource on the back of successful drilling will create huge value

The Aziza Project believes that Southern Africa is the next great African frontier



Robert Pyke, CEO of the Aziza Project

for investors and have a transformational effect on Namibia.

"Africa New Energies has transferred 20% of its equity to The Aziza Project in exchange for the majority share of the proceeds of our token sale. This qualifies the Aziza Coin as a security token, and sets us apart from most digital tokens," says Robert Pyke, Aziza Project CEO.

Aziza Project's ICO, technically an STO – a securitised token offering – seeks to raise \$60 million to fund a ten well drilling programme to prove the resource. Being a security token brings a degree of scrutiny and regulation that utility tokens are not exposed to.

"The legal setup and development of our smart contract have been the most complicated and time-consuming elements of our project. We built the functionality so our contract can cater for different jurisdictional requirements, including US investor lock-in periods," Pyke added.

The Aziza Project has identified six junior oil and gas companies in Southern Africa on the back of positive news from the region – Tullow Oil, Chariot Oil and Gas and Exxon Mobil are all currently active. Southern Africa is largely under-developed, only dozens of wells have been drilled compared to many thousands in north and west Africa. The Aziza Project believes that Southern Africa is the next great African frontier.

Pyke concludes, "A successful drilling programme would be massive news – a win for token holders, for Africa New Energies and the people of Namibia."



## EXPLORING THE STABLECOINS BASED ON GOLD

Jai Bifulco, CMO, Kinesis – ICO, blockchain and cryptocurrency expert.

The rise of Bitcoin has opened a plethora of new and exciting opportunities in cryptocurrency. The future of cryptocurrency may very well rely on the fusion between traditional stable stores of value such as gold and silver to eliminate volatility.

A number of emerging projects allow investors the opportunity to participate in what is effectively a digital system for precious metals. The promise of a cryptocurrency offering price stability, allowing greater confidence from a wider market.

The result; a flood of ICOs presenting their solutions to gold-backed tokens. What does this really mean? What is the difference between a gold-backed token,

pegged to the price of gold and a gold-based monetary system enabling people to spend their gold as a superior alternative to paper money.

After exploring the majority of gold pegged stablecoins in the market, I struggled to find real world application to benefit the end user.

Almost all of the tokens are pegged to the price of gold with an underlying asset allocated to a physical counterpart, allowing investors to purchase and move gold over networks like Ethereum or Bespoke Proof of Stake. Unfortunately these networks will never allow for transaction speeds needed for scalable, global adoption.

A common thread is that fees are high

and the objective is to digitise precious metals, however I can't help feel this is no different than just buying and storing gold in a vault, what is the real world application and how can it change the way we transact? After all that's what cryptocurrency is meant to be about, right?

A gold based monetary system brings the concept of a digital asset into useable currency that is secure, easy to use and most importantly incentivises use over anything else. A system that is not only founded on scalable infrastructure but run by an experienced team, already in the gold markets years before the buzz word "stablecoin".

It's for this reason I have been drawn towards the Kinesis Monetary System.



TOKEN INTELLIGENCE  
TokenIntelligence.io

incuto  
www.incuto.com

