

CRYPTO A.M.

Our series on AI, Blockchain, Cryptocurrency and Tokenisation

PARTNER CONTENT

CITY A.M.'S CRYPTO INSIDER

JAMES BOWATER



I spent last week in Malta, the self-styled 'Blockchain Island' to attend the Delta Summit. It was an extraordinary experience heightened by the 'can do' attitude the Maltese, who exhibit their absolute pride and self-belief in the Blockchain project led by Prime Minister Joseph Muscat. The only real dissent that I heard, on many occasions, was that mainstream bankers' attitudes to anyone wanting to set up their corporate accounts appears to be much less helpful than the Government itself. The reason behind this was explained to me as being that the big European banks tend to be dictating terms - their rules are the only rules! I really do hope that this method of stifling growth and innovation is not as rife as portrayed, especially given that the IMF issued its starkest warning yet that the mother of all financial crises will hit in 2020 echoing my 'Armageddon' column on 28th August. Speaking with Ben Boyle, COO of Drive Markets in Malta, he reassured me that he has an impeccable crash plan - I hope he shares it with Crypto AM in good time!

The Delta Summit itself, conceived by Dr Abdalla Kablan, was an extremely well organised and successful event with 4,000 people attending versus the expected 2,000. This success highlights the continued confidence the Blockchain industry has in itself and how seriously the Maltese government embraces it. It was also really exciting to hear from Parliamentary Secretary Silvio Schembri that AI, Internet of Things and Space research are all being looked at for special attention. Theo Priestley, the futurist and technologist, acted as host and anecdote teller was particularly enthusiastic about this broadening of focus.

The star of the summit was Changpeng Zhao 'CZ' the charismatic founder and CEO of Binance - the exchange and crypto issuer that has been one of the true successes of the last 18-months. When we had a moment to chat he confirmed that he had no immediate plans to come to London, which I take as my cue to ask what about post Brexit - if we get things right at a Corporation Tax level who knows? The UK might become just the place for innovative business to domicile.

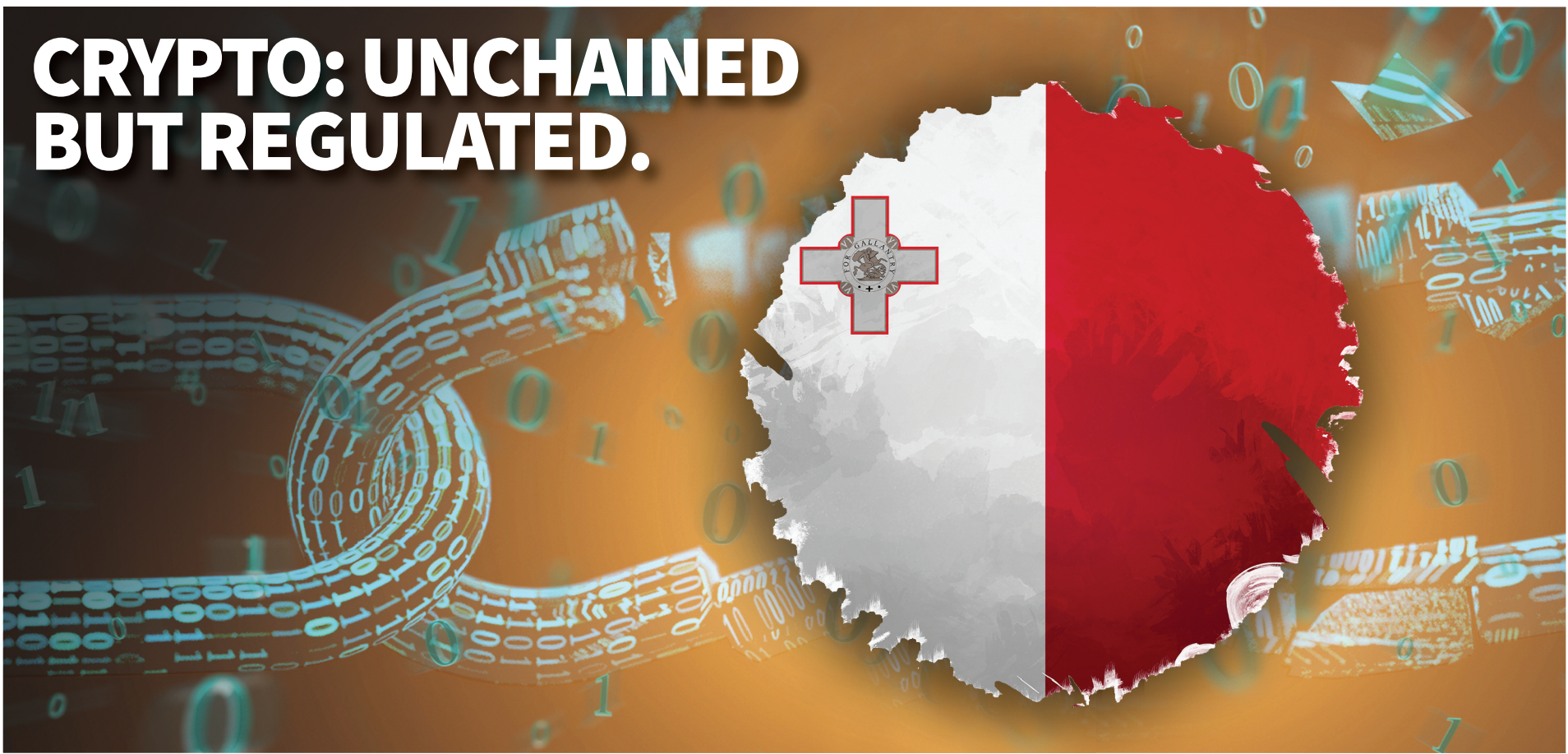
Speaking of innovation, I met Dubliner Ciaran Kelly, Founder of Ecoingot - who said "my experience of Malta has surpassed my wildest expectations. Our lawyers, Chetcuti Cauchi, have worked diligently to assist Ecoingot in its initial launch and offering in compliance with the current legal framework and upcoming developments. Malta has taken the first step in issuing legislation and regulations for this innovative market - I am really looking forward to sharing our story with your readers on 16th November."

Commonwealth Chair Malta introduces new Blockchain laws and launches the Malta Digital Innovation Authority (MDIA)

Crypto is the Millennials' Rock 'n' Roll" says Stephen Castell, "and Dr Joseph Muscat, the Malta Prime Minister, has emerged as the world's top crypto rocker, bravely positioning his beautiful, sun-kissed sandstone island country, Chair of the Commonwealth, and President of the Council of the EU, as the leader in regulating Blockchain applications, ICOs, cryptocurrency trading and, more widely, digital innovation".

But will the enactment of three new digital economy laws in Malta, intended to protect customers and investors, turn out simply to be a futile attempt to regulate the unregulatable? Castell thinks there is a good chance that this will be the outcome: "Experts know that computer software and systems are provably ontologically unreliable and unprotectable. Basing new applications, let alone digital investments and virtual assets, on supposedly cryptographically-secured Blockchain architecture does not magically alter that fundamental technical truth. Furthermore, the idea that 'digital innovation' can possibly be controlled and licensed will be scoffed at by many wildly-creative computer software coders. And bear in mind that there are as yet no ISO technical standards for Blockchain".

Castell however applauds this daring play by Malta to become the Blockchain Island. "The key to bringing cryptocurrencies into the community of acceptable protectable investment instruments, as Malta has realised, and now stunningly implemented, is to create a legal structure, and due diligence assessment protocols (including KYC and AML checks) authorising Trusted



Designed by Phill Snelling, Bowater Media

Third Parties (TTPs) who will be held accountable. TTPs can potentially be sanctioned, fined or de-authorised by a Regulator, and sued when anything goes wrong - just like other companies such as banks, funds, brokers and promoters handling and seeking punters' cash and investment in company shares, bonds, property and regular currencies. You cannot sue a piece of Blockchain-based software, or consensus-written data hashed in a block. But you should certainly be able, for example, to bring court action against an altcoin exchange licensed by the MDIA if it loses your money through being poorly managed and capitalised, or trading a scam utility

token, or promoting a shoddy suspect ICO, or simply lacking proper financial governance and reliable cybersecurity systems. Malta's MDIA initiative is a welcome development and I for one will be exploring becoming a Registered Systems Auditor under its new ITAS Act".

The MDIA is led by CEO Stephen McCarthy, a CPA, once Finance Director of Greenpeace Mediterranean, and formerly serving as CEO of the Malta Housing Authority. The MDIA launch by Malta's crypto rock star PM Joseph Muscat, and his Buddy Holly-lookalike Junior Minister for Financial Services, Digital Economy and Innovation, the Hon. Silvio Schembri, coming from the former

British Protectorate that is currently Chair of the Commonwealth of 53 sovereign states still paying allegiance to the British Crown, is a Blockchain bastion glaring, sun-drenched, in the face of the UK Government.

The HoC Treasury Select Committee's recent call for the UK Government to introduce rules to ensure cryptocurrency investors get regulatory protection, and 'end the cryptocurrency Wild West', was at last UK Parliamentary recognition of the rise and potential importance and beneficial impact of the new crypto-economics. Since the 2008 crash, which callously cut the financial and aspirational legs from under a whole generation of

Millennials, and exposed traditional financial markets' regulation for the row of beans that it sometimes still is (despite the supposedly reassuring oversight of bean-counters), the Millennials are getting on with imagination, technical skill, energy and enthusiasm in pioneering these new wild prairies of digital wealth-creation.

Britain's Millennials are as crypto-active and productive as any and, whilst some may perish, with hackers' arrows in their backs, they afford post-Brexit Britain a great crypto-opportunity. The paradox is, if there is to be Government regulation, then, as Malta has now pioneered, that will effectively have to bring

cryptocurrencies into line with other serious investment instruments based on TTPs - striking at the very heart of the much-vaunted 'trustless' Blockchain software architecture on which Bitcoin, and other altcoins and crypto-tokens are intrinsically operationally and technically dependent. "However, without TTPs regulation" Castell cautions, "it is difficult to see how cryptocurrencies can be brought into the portfolio of lawful, trusted investments. Meanwhile, of course, no-one should expect, or wish, their Pension Fund contributions to be crypto-invested".

Castell concludes: "For over eighteen months, the Maltese Government was working on the first-ever regulatory framework for DLT platforms and virtual assets. The Malta Delta Summit last week impressively featured an EU Prime Minister 'talking crypto' like he knew what it meant (Mrs May are you listening?), and involving all of Malta's main regulatory bodies. The new Blockchain laws, giving authority to the MDIA, came into effect from the 1st of October: any putative Blockchain start-up company, software and systems provider, ICT consultant, venture capitalist, or DLT or Smart Contract applications developer should be booking flights asap to Valletta, the 2018 European Capital of Culture - and now also Capital of Crypto. The UK has itself missed becoming the Blockchain Island, but, taking a delicious pastizz from the Maltese, a similar UK-Government-led British Crypto-Summit is clearly overdue".

Malta Digital Innovation Authority Act (MDIA Act) Innovative Technology Arrangements and Services Act (ITAS Act) Virtual Financial Assets Act (VFA Act)

Dr Stephen Castell CTPP CPhyS FIMA MEWI MloD in conversation with James Bowater. Dr Castell is an acclaimed award-winning international independent forensic ICT consultant and expert, and in the 1980s a founder of the UK's OTC Share Market for new technology-based firms, at the Malta Delta Summit, 03-05 October 2018. <https://delta-summit.com/>

MALTA BLOCKCHAIN SUMMIT 2018

The Blockchain Island: Malta to be a major hub for the digital economy

Malta's unprecedented economic success is a result of a collective effort - the political will of decision makers but even more so the hard work of our enterprises, our workers and our resilient institutions.

We have a solid financial services sector and through innovative technologies we've vowed to enhance it even further. We are now leading the pack in emerging distributed ledger technologies ('DLT'), amongst them Blockchain. This sector had been until now unregulated - with no peace of mind and serenity for both customers and businesses, with no checks and balances and no clear frameworks.

Over the last months, the Maltese Government has actively sought how to position Malta as a major hub in terms of the digital economy, which will play a central role in the economic

sustainability of the years to come. The Maltese Government has legislated three acts that will provide legal certainty to the space, involving DLT and digital financial products and services, such as virtual currencies and ICOs.

This environment has already attracted some of the world's leading companies that operate in the cryptocurrency and Blockchain ecosystem towards Malta. Leading stakeholders are choosing Malta to host high-level international events, which will pave the way to further investment.

One such important event is the Malta Blockchain Summit taking place on the 1st and 2nd November 2018. I look forward to meeting you then and to strengthen our ongoing efforts in making Malta the Blockchain Island.



Hon. Joseph Muscat, Prime Minister of Malta



TOKEN INTELLIGENCE

When the revolution begins

When will it kickoff? It already has! (You just cannot see it yet). Perhaps the most enjoyable part of my role these days is that I get to meet some of the brightest minds in business, not least via ICOrad.io interviews, but also strategy sessions - this last week with a sector leading CEO who others look to for a lead on all things digital.

One of the brightest minds in a sector yet to fully grapple with the last wave of the web who's contemplating the next one. We discuss the opportunities, threats and potential for deep and positive disruption in the sector. Not least the fractionalisation of his major asset base - with deep implications for the way business works in the sector as well as the potential to release and mobilise over half a billion pounds that remains effectively frozen until now. Multiply that be say 400 nationwide and it's not difficult to see how this one application alone of blockchain technology and tokens could make a huge impact not just locally or regionally but nationally. Especially as it bears on a major problem for successive governments and could affect, for the good, millions of households.

As 'Digital Human' author and Banking guru Chris Skinner has pointed

out the revolution is upon us: "When industries are being rebuilt from the ground-up with new technologies and new business models, then it is a revolution. When we are living in an age where every human on earth can be connected through technology, it is a revolution."

How, why and where, my interlocutor (let's call him Jonny) wanted to know does all this 'energy', this 'value' come from? How come this new technology can do so much more?

A deep question. The answer is not to be found in the code, or studying the technology itself, so much as what it can enable that could not practically be achieved before. Because the first thing it can do is all-but-remove the frictional forces which add costs and slow everything down, making possible a wide range of things that were intrinsically feasible but totally impracticable. It also brings mesh computing and smart-contract automation to bear at almost zero cost. On top of which tokens allow incentives to be aligned and distributed like never before. In ways that are so far from trivial that what we are talking about is, there is no doubt, a revolution.

Listen to the latest at ICOrad.io or email questionstoBarryJames@TokenIntelligence.io

Crypto A.M. shines its spotlight on Organtree

Organtree launches Blockchain-based communications portal for organ donation.

In the current system the waiting list for receiving an organ around the world is endless. Research from UNOS shows that someone is added to the waiting list every 10 minutes and there are 20 people dying a day whilst waiting. As a result of this a black market has erupted resulting in organ trafficking from poor countries. In 2012 the WHO reported 11,000 illegal organ trades.

Organtree was created to solve these issues by actively making more donors accessible through incentivising methods and by increasing efficiency and security through new technology. The current platform allows donors (who most likely don't have life insurance) to sign up and assures their family members will be compensated for the donation - helping to pay for bereavement costs. Partnered hospitals and medical entities have access to all donor information and are able to instantly match them to patients in need.

Organtree is aiming to develop the technology further into a Blockchain-based communications portal for the

organ donation industry. The purpose is to provide confidential live data of donors and recipients to the partnered medical entities worldwide searching for a potential match and subsequently increasing the amount of donors available.

The Blockchain-based platform is being developed on Block Lattice technology (NANO Blockchain) where each user will be assigned their own Blockchain and the data will be immutably kept on the OGT network.

Smart contracts will facilitate the exchange of data between donors and recipients, allowing hospitals to access patient data if an agreement is made and

The Blockchain-based platform is being developed on Block Lattice technology



Ron Gologorsky, Founder of Organtree Limited

OGT tokens have been designed to create an ecosystem whereby patients can pay for transplants and donor's families can be rewarded after cadaveric donations to help pay for bereavement costs.

Organtree does not claim or intend in any way to be an organ trading platform. Their aim is to simply develop a decentralized platform where medical entities and donors can connect directly, and

help save lives on a global level. In the future Organtree has planned to use raised funds for R&D into bioprinting of human tissue and organs which will further their goal into making organs more available and eradicate the need for a black market by tracking and vetting every organ.

With the aim of raising funds and awareness they are creating and launch-

ing an ICO. The project is currently in pre-ICO stage and will go live on 1st December 2018.

Those interested to contribute can purchase OGT tokens (22,000 OGT/1ETH) and benefit from extra bonuses now. www.ico.organ-tree.



WHAT MAKES A 'STABLECOIN' SUCCESSFUL?

Ryan Case, Chief Commercial Officer of Kinesis, precious metals and cryptocurrency expert.

With a number of stablecoins being released recently, we took the opportunity to share our thoughts on what might contribute to their success.

Audit: where a stablecoin is backed by another asset, it is important that an independent auditor can verify the holdings of those assets. The absence of a robust audit process and of frequent reports could lead to a loss of confidence in the coin.

Delivery: a stablecoin that allows its holders to easily and efficiently take delivery of the underlying asset could make it more attractive than alternatives. While the cryptocurrency has use itself, being able to secure delivery of the

underlying, should the need arise, could increase adoption. It may also be worth considering the capability of the average user of the coin to actually take delivery. For example, taking delivery of currency or a kilogram of gold is typically easier than it is to accept delivery of a ton of copper.

Asset liquidity: basing a stablecoin on an asset with a liquid market allows for the coin to be easily be priced using the most recent market price. Furthermore, having a stablecoin based on a large and liquid market allows the coin to attract participation from those already trading in that market, thereby expanding its reach.

Use case: For a stablecoin to be successful, there should be an incentive to use it. This use could be entirely within the

blockchain economy, such as on blockchain exchanges. However, where a stablecoin is based on an existing asset class, it may be possible to expand its use outside of the blockchain economy, as traditional businesses are able to more easily understand its value.

Why blockchain? Blockchain technology offers benefits to many physical assets. Considering the gold market specifically, combining gold and blockchain technology allows for gold to be easily used as currency once again, without many of the existing costs, if it is done the right way. Indeed, we may be moving past the point of asking 'why blockchain?' and instead should be focusing on what the best options are.

